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*Chairman Malta Maritime Authority*

## **9<sup>th</sup> EURO-MED CONVENTION FROM LAND TO SEA**

### **THE ECONOMIC INTEGRATION OF EUROPE: THE ROLE OF THE MOTORWAYS OF THE SEA MALTA - 21<sup>st</sup> OCTOBER 2005**

*Honourable Ministers*

*Distinguished Guests*

*Ladies and Gentlemen*

It is my pleasure, on behalf of the Malta Maritime Authority, to welcome all of you and especially the foreign participants to Malta. We are proud that Malta is hosting this very important conference and I thank the Grimaldi Group Napoli for choosing to come here this year. I am particularly honoured by the fact that the Grimaldi Group, which is undergoing substantial and constant growth, is continuing to show great confidence in the Maltese market.

For years the company has maintained a regular service with its multipurpose ferry vessels to the port of Valletta. The repeated

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\* Born in Malta, Dr Marco Bonello received his tertiary education at the University of Malta and later, as a Commonwealth Scholar & an Overseas Research Scholar, he followed doctoral studies in Structural Reliability Theory at the University of London within the United Kingdom. An architect and a structural engineer by profession, Dr Bonello specializes in the structural restoration of historic and prehistoric monuments. He lectures at the University of Malta and also has several research publications in his name.

Dr Bonello has occupied the post of Chairman of the Malta Maritime Authority since the year 2000 after having served as Vice-Chairman of the Authority in the preceding year. He has been involved in the construction of a harbour extension in the North of Malta serving the inter-island ferry service, the privatization of the cruise-lining operations in Malta, the reform process within Malta's international

inclusion of Malta on its liner service emphasizes the commitment and the good relationship that has evolved with the Grimaldi Group. This is of great benefit to the Maltese economy particularly when one considers that the service has been constantly upgraded with more modern, faster and bigger vessels capable of handling passengers, accompanied cars and cargo on a regular service. This means that the Maltese business community and the leisure market shall have a fast and reliable connection to other Mediterranean ports and consequently frequent openings to the European continent.

The Malta Maritime Authority has always supported the initiatives taken by the European Union to effect a modal shift from land to sea since it sees that it could contribute significantly to this process. Moreover, it depends on such maritime connections for its cohesion with the European continent. The goals and objectives of Motorways of the Sea are now well known to all, but if I may remind they could be summarised as follows:

- Reduction in the use of the road network
- Wider market penetration in goods/passenger transport
- Safer and more secure transport modes
- A more environmentally friendly mode
- A more cost-effective transport system
- Better connections between Member States and 3<sup>rd</sup> countries
- A means that effectively meets the challenges arising from ever increasing demands on shipping and ports

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ports, and the enhancement of maritime safety standards within the Malta Flag and its vessels. In July 2002, Dr Bonello was decorated with the Order of Maritime Merit by the Government of France for his significant contribution to the improvement of maritime safety. Furthermore, in 2003, Dr Bonello formed part of the van Miert High Level Group of Experts which was responsible for the revisions to the EU Trans-European Networks of Transport, better known as the TEN-T networks. These revisions have now been approved by the EU Parliament and form the basis of a number of national and regional transport infrastructure projects.

Dr Bonello is currently co-chairing a Steering Committee which has been set up by the Minister of Competitiveness and Communications with the specific task to advise on and implement the port reform initiatives within the Port of Valletta and the Malta Freeport at Marsaxlokk located in the South of Malta.

- Facilitating trade and responding to the needs of diverse economies

Particularly in the Mediterranean the motorways of the sea concept gains significant importance because it is characterised by:

- Island States
- Archipelago states
- Long coastal states
- Peripheral regions
- Geographical bottlenecks
- Bordering 3 continents
- Fast Developing Economies

A brief overview of the maritime industry in Malta will highlight the importance that Malta gives to the sea connections. Ports and maritime services have always played a very important role in the history of the islands mainly due to Malta's geographical position. It is a small island state with no natural resources except the human resource. Despite such drawbacks its natural well protected ports have been the magnet which have drawn throughout the centuries the attention of maritime empires which ruled the Mediterranean. The history of Malta has seen a continuous battle between such empires to have Malta as their naval and logistics base. The commercial importance of maritime activities has increased after Malta achieved its independence and the economy of the island had to depend on the development of the manufacturing and tourism industries and international shipping services, for its survival.

Today the island may be considered as a maritime nation wherein a complete maritime package within a hub concept can be offered. This is proving to be of great benefit for the country and its economy. It is not surprising that ports and shipping play a vital role in the well-being of Malta because they carry our economic life-blood: our trade. In fact over 95% of our trade is carried by sea. Another important indicator of the importance of the maritime sector in Malta is that over 14% of the local employment is directly or indirectly involved in maritime related activities. Therefore, we recognize that efficient shipping and ports are

needed to serve our importers and exporters, and the community at large. To this end we shall continue to support initiatives to achieve open markets and fair competition.

During the last 10 years the number of ships calling in Maltese ports have almost doubled reaching over 9,000 ships, while the corresponding gross tonnage has increased by over 60%. This clearly shows that the local ports had to cater not only for the increase in volumes but more importantly for an increase in the size of vessels. Local ports have successfully catered for the largest vessels presently sailing around us, whether they are container vessels or cruise liners. This was mirrored by increases in cargo and passenger throughputs.

As regards to cargo handled in our ports we can see that this has increased from about 8 million in 1994 to about 22 million in 2004. This means that the ports industry in respect of cargo throughput has almost tripled in just 10 years.

The last years has seen also a regular growth in the cruise lining business in Malta. Since its beginning in 1992 the Malta Maritime Authority has invested heavily in such an industry, both as regards to port development as well as in services, especially in the provision of high quality safety and security. This investment has ensured a steady increase in the number of cruise liners and passengers visiting Malta. Although there has been a decrease last year, which could be attribute to a number of factors, including the loss of duty free status, relocation of cruise operations and the construction work on our water front, it seems that we shall soon recover and continue on the growth path. The new private operators have now taken this business opportunity a step further by upgrading the whole waterfront area and the construction of new terminals in order to be in a position to nurture the cruise hubbing potential of the Grand Harbour.

One of the major port developments within our hourbours during the last 15 years has been the sustained growth of the Malta Freeport as a leading maritime logistics centre in the Mediterranean, handling over 1.3 million TEUs per annum. Malta Freeport is increasingly becoming an important node for international busi-

ness linking markets across continents, being strategically located on the main trade routes in the Mediterranean between Gibraltar and the Suez Canal with minimal diversion distances. Through regular services operating from Malta Freeport clients reach over 100 ports worldwide. Furthermore, an excellent feeding and short sea network linking around 70 ports in the Mediterranean and European regions has been established, highlighting Malta Freeport's hub mission status. Transshipment centres can be considered as nodal points within the Motorways of the Sea concept to transport cargo closer to the final destination and thus avoid lengthy road voyages.

In summary local ports have:

- Adequately served the colonisers
- Catered for local needs of the economy
- Maximised on local product-potential
- Attracted foreign trade by serving as a maritime link between continents

Despite such past success we are still looking to the future since upgrading and modernisation of infrastructures and superstructures are a continuous programme for the Authority. One of the main problems for the further development of the Grand Harbour has always been the lack of hinterland. Surrounded as it is with historical sites, land based industries and residential areas there is little room for expansion. However, the Malta Maritime Authority has embarked on an ambitious project to identify new areas for development. This certainly involves the injection of considerable amounts of monies in the development of facilities, equipment and personnel which shall ultimately serve for the further enhancement of the local economy and the improved overall service offered to present and prospective users of our port with the notion that the country's main foreign economic partner being the European Union. As a first step the Authority has issued a number of tenders to carry out feasibility studies, EIAs and geotechnical studies of such expansion and development projects. These studies are partly financed by the EU and their conclusions shall help the Authority to participate fully in the development of Motorways of the Sea projects.

Port development on its own is not the solution for attracting port business the Authority is convinced that there are further opportunities that could be attracted to Maltese ports but, of course, the whole package has to be right. This shall require changes and adjustments on the way we do things by all those employed in the industry – not only the workers but also the government agencies, and the private and public service providers and port users. Therefore, on the operational side it is considering the way forward for the implementation of various recommendations dealing with improving working practices, and hence the port reform process. As part of this process the Authority and the Government are reviewing the encouraging interest received from bidders for the terminal operations in the Grand Harbour.

Besides reforming the work practices in our ports, the Malta Maritime Authority is also investing in ways and means of facilitating the passage of cargo through our ports. Hence it is investing in a maritime trade centre which shall some time in the future be able to house all regulatory bodies which deal with cargo clearances. It is also looking at opportunities that are offered with the use of information technologies and explore such avenues as the development of electronic notification systems and the Single Window concept for our ports.

Notwithstanding the above-mentioned commercial development in the ports the Authority has not neglected its regulatory obligations particularly in respect of safety and prevention of marine pollution. Within this scenario of increases in shipping the maritime risks around our shores and within the ports are continuously on the increase. We are all aware of the sensitivity of our shores in view of the tourist industry, water supply, fishing and other related maritime industry. With the assistance of EU expertise and financing, the Authority has a programme of upgrading the safety of navigation and protection of the environment. This strategy to enhance maritime safety and pollution prevention is spread over a number of years. It involves not just the drafting of legislation, but also capacity building, development of risk management tools and procurement of modern technologies, particularly in monitoring shipping traffic around our shores.

The achievements reached so far indicate a continuous commitment on the part of my colleagues and the industry in general towards the growth of the ports and shipping industry for the benefit of the whole economy.

Ladies and gentlemen I hope you enjoy your stay in Malta.

THANK YOU