

## Link research to business: an international seminar on European maritime industry

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Changes in the maritime industry were the focus of a lively debate within an international seminar titled "Issues for the European Maritime Industry". This seminar, held in Amalfi from June 14th to 16th, was organised by the Research Institute on Service Activities (IRAT), based in Naples, of the National Research Council (CNR) in collaboration with the Centre for International Transport Management of the London Guildhall University. The seminar was sponsored by Confitarma – Italian Shipowners Association, by the targeted project "Trasporti 2" of the National Research Council, by the journal *Maritime Policy & Management* and by the Chamber of Commerce of Naples. Aim of the initiative was to have an exchange of business practice and late research developments on some issues which seem to be quite crucial to the maritime industry, such as logistics, human resources management, finance and investments, port issues. Presently, these issues are stimulating new and interesting research paths and simultaneously challenging managers and company owners to find new successful solutions to promote and increase competitiveness of the European shipping industry in the year 2000. The seminar attracted a number of eminent researchers, academics, consultants, entrepreneurs and managers of maritime and logistics companies like Prof. Heaver, Professor Emeritus at the Centre for Transportation Studies of the University of British Columbia, Vancouver (Canada), Mr. Tanzillo, Director of intermodality and logistics at Interporto Campano and Mr. Calcagnini, maritime consultant.

The three-day seminar was subdivided into five sessions. Works began with few introductory words by Prof. Gennaro Ferrara, Rector of the Naval University of Naples and President of the Scientific Board of IRAT-CNR and by Prof. James McConville, Director of the Centre for International Transport Management of the London Guildhall University and editor of the journal *Maritime Policy & Management*.

The first session, focused on market perspectives, started with the paper presented by Peter Wild – a leading consultant in the cruise industry – dealing with the latest developments in the international cruise market. Wild highlighted the major challenges for the industry companies in the next years. On the one hand cruise companies shall have to solve the overcapacity problem resulting from high investments in new ships (round 14.7 billion of dollars). On the other hand, the need has also emerged to develop more aggressive marketing policies due to the increasing competitiveness within the industry. Poul Kyprianou, Commercial Executive of the Grimaldi Group from Naples, after some remarks on development opportunities of short sea shipping in Europe, illustrated the present development strategies of the Group aimed to widen

the scope of the business to provide not only door to door transport, but also a set of other value added services. For this reason the Grimaldi Group is pursuing a vertical integration strategy which has resulted so far in controlling many port

terminals in Italy and abroad. Attention is also given by the Group to the establishment of cooperative agreements with operators performing within other segments of the transport chain upstream and downstream the maritime stage.

The second session was focused on the relationship between logistics and maritime transport. The first paper by Alfonso Morvillo and Pietro Evangelista, transport and logistics researchers at the Research Institute on Service Activities, focused on the development opportunities of Italian shipping companies within an increasingly complex and competitive environment. Also as result of market deregulation Italian companies have lost their situation rent which had sheltered them against foreign competitiveness. On the other hand, Global Carrier strategies, also carried out through strategic alliances, tend to affect market niches where smaller firms were traditionally positioned. A real revolution is likely taking place within the Italian shipping market. The demand side is characterised by higher qualification and complexity levels also as result of the increasing need for logistic services, while the supply side is characterised by a process of rearrangement often carried out through mergers, acquisition and alliances. This process – dominated by foreign companies – is substantially changing the traditional boundaries of the sector. Within this new scenario focusing on costs is no longer sufficient to gain competitive edges. In the medium term Italian companies might focus on service differentiation strategies aimed to meet specific demand requirements. In this context the experiences of the Grimaldi and Coe & Clerici Groups seem to be quite meaningful. In conclusion, Italian shipping companies can grow if supported by an entrepreneurial culture and a management capable of understanding and catching market opportunities.

In his paper, Riccardo Sciolti, Marketing Director of the Merzario S.p.A., highlighted how – despite the deep changes in the demand – the core business of the major Global Carriers still remains transport. In Sciolti's opinion, freight forwarders leadership in third party logistics market, seems to be unrivalled. The marginal position of the liner shipping companies in this market is due to different reasons; however one of the main reasons is their fear to become competitors of their major customers. Sciolti also added that the need to develop specialised logistic services is perceived in short-sea shipping which mainly object is to shift cargo from road to waterborne transport.

The first session of the second day was focused on human



resources and finance. With respect to the first issue Prof. James McConville, director of the Centre for International Transport Management of the London Guildhall University, presented the results of two surveys aimed to study on seafarers in Europe and in the United Kingdom. After highlighting the various factors which make this study quite difficult, he stressed how these problems are due to the available data published by the main statistical sources which include inconsistent and sometimes even conflicting data. The surveys showed a substantial decline in maritime labour force and an in depth analysis on every sections (ratings, cadets and officers) was given. Conclusively Prof. McConville stressed the need to raise the quality of the data on the numbers of seafarers and the need to increase research efforts on national and regional basis for a better understanding of the dynamics of the phenomenon investigated. This would enable to carry out targeted investments for training and to set out some basic guidelines to implement proper development policies of the industry both at European and national level.

Heather Leggate, Research Fellow in the Centre for International Transport Management of the London Guildhall University, highlighted the difficulties encountered by shipping companies to founding their capital requirements resulting from the high replacement cost of ageing fleets. These difficulties are due to the reduction in the number of banks willing to support this type of activity. Also the latest bond issues of some major operators of the industry were not successful due to the high yields resulting from unfavourable ratings awarded by rating companies. Leggate suggested then to improve the perception of the industry performance by the investment community which often has a rough knowledge of the maritime business.

In the afternoon session two papers were presented dealing with the issue of port competitiveness from two different standpoints. The first paper – focused on the latest evolution of the ports of Naples and Salerno – was presented by Francesco Saverio Russo, managing director of the Marimed Shipping Agency S.r.l. based in Naples, and former President of the Association of the Shipping Agents of Naples. After a short review of the specific characteristics of these two ports in Campania, Russo maintained that the success of the port of Gioia Tauro is a turning point in the relationship between the ports of Naples and Salerno. In fact, in his opinion, the development of the port of Gioia Tauro triggered a process which has brought about a higher specialisation of the Campania ports. As result of this process, while the port of Salerno is focusing its efforts to increasingly become a feeder port, the port of Naples is increasingly turning into a mini-hub port. Additionally, the renewed attention given to Naples and to its neighbouring area by international tourism stimulated the development of cruise activities which have recorded unprecedented growth rates over the last few years. Russo concluded that it is possible to create synergies between the two ports establishing a collaboration, rather than a competition relationship, also allowing for the positive effects on the ports

of Campania resulting from the recovered central position of the Mediterranean Sea within the international maritime traffic.

The second paper, presented by Prof. Eddy Van de Voorde and Prof. Hilde Meersman from the Department of Transport & Regional Economics of the University of Antwerp, focused on the international scenario and, specifically, on the effects of the increasing number of mergers and strategic alliances between major liner companies on competition between European ports. The authors, after a review of the major co-operation forms between firms performing in the maritime industry, highlighted how the efforts made by liner companies to increase their operational efficiency are directly affecting the behaviours of other actors involved in the transport-logistics cycle, such as stevedores, hinterland transportation modes, forwarders, agents and port authorities. The authors highlighted the effects of non-competitive strategies implemented by shipping companies on competition between European ports. They concluded that there are potential conflict sources hindering the logistic integration process in Europe. This process may also affect public intervention at all levels, thus stressing the need to evaluate the government role in the development of infrastructure.

In the third and last day two papers were presented which probed into some regional crucial issues. Prof. Borruso from the University of Trieste, analysed the development opportunities of maritime traffic in the Adriatic Sea corridor. Specifically he highlighted how, as result of the Balkan crisis, the Adriatic Sea corridor has developed above all in the Ro-Ro traffic between Europe and Turkey. In this case the delay in re-opening road and rail links damaged by the recent wars is a source of potential increase in maritime traffic. Prof. Borruso observed how, surprisingly, the initiative of this traffic was taken by Turkish road hauliers which chartered Ro-Ro ships, rather than by shipping companies.

The paper presented by Prof. Mauro Catalani from the Naval University of Naples focused on forecast models of the demand for maritime transport in the Mediterranean area. The latest studies on this topic were carried out before the establishment and development of the port of Gioia Tauro. As it is well known, the establishment of this terminal has changed the port and traffic geography in the Mediterranean area. In his paper Prof. Catalani analysed the application of a demand forecast model allowing for the impact of the port of Gioia Tauro on traffic in the Mediterranean area.

In the last session Prof. Van de Voorde summarised the papers presented, while Prof. Ferrara and Prof. McConville, in their conclusive remarks, agreed on the necessity to probe into the results of the colloquium. For this reason the two scholars expressed their wish to create higher synergies between the research centres and the firms attending the seminar. This would be an example of real synergy between research and business. To this purpose a conference was planned that should be held in Naples in autumn of next year.