

# Fairplay - Trade 20 Oct 2011

*Italy:* Question time for the transport minister

## **Matteoli remains evasive about shipping's priority**

A chance to interrogate transport minister Altero Matteoli about the dire state of Italy's economy and international credibility and what the government intended to do about it was no doubt among the reasons for the unusually large attendance at the annual assembly of shipowners association Confitarma in Rome earlier this month.

But there were more soothing words than concrete proposals from Matteoli. Besides the weak economic recovery and Italy's vulnerability to international market speculation, several Confitarma speakers raised more concrete worries, including the blunting of Italy's competitive edge by its sluggish transport infrastructure and top-heavy maritime bureaucracy.

In his reply, the minister said the government was taking urgent steps to address both issues. However, in his remarks to delegates, Matteoli avoided any reference to the most pressing issue on owners' minds: the fate of Italy's very successful international register.

Earlier, both vice-president Cesare Trevisani of the industries umbrella organisation Confindustria and Confitarma chairman Paolo d'Amico had appealed to the government not to withdraw its support for the international register if further austerity measures became necessary. This summer the government has already announced an end to the financing of reduced social security contributions by owners registered under Italy's national flag.

D'Amico told the assembly that the international ship register was the cornerstone on which the entire sector depended. "The growth of the Italian-flagged fleet is a vital condition for the guaranteed continued employment of Italian seafarers," he warned.

He pointed out that the current regime of low labour costs and tax breaks was essential to the register's competitiveness and warned that any change to the status quo could result in a collapse of the flag and an end to ship ownership in Italy.

Pressed by journalists afterwards, Matteoli gave a guarded vote of confidence to the register. "Cuts to the international register are not envisaged," he told them, adding that he had signed a decree assigning a further €132M (\$175M) in measures to support the Italian shipping industry.

Speaking to Fairplay later, d'Amico said: "My gut feeling is that the international register will be defended by the government because it has been a winner and it doesn't make sense to abandon it. Long term, but not during my chairmanship, I think this issue will no longer be dealt with at national but at European level because the international register, tonnage tax etc are European ideas. So when we say that certain financial matters should be handled by the European Commission rather than by individual countries, perhaps the same should be true of ship registration for the good of all European shipping."

To stimulate economic growth and help the shipping industry, Trevisani said Confindustria had urged the government to take urgent action to improve the infrastructure around key Italian shipping nodes.

Particularly urgent, he told Fairplay, were immediate interventions to improve the transport infrastructure connecting the ports of Genoa, Trieste, Taranto and Gioia Tauro to European and other international markets. Delays in dredging especially were impeding the realisation of key port infrastructure, he said.

“We also need a vision and a programme for the medium and long term. We believe ports are attractive vehicles for private investment,” he added.

Earlier, minister Matteoli had observed that currently only Gioia Tauro, with its 18m draught, was able to accept the largest container ships. As reasons for the dredging delays, he pointed out that much of the dredged material is polluted and monitoring this was the preserve of the ministry of environment.

“Taranto also poses the particular problem that to dredge deeper you would first have to strengthen the quay wall to ensure it is not undermined,” Matteoli told the assembly. Trevisani also raised the surprising possibility that, to grow the Italian economy and create jobs, there was potential for Italian yards to once again build cargo vessels.

Italian owners now order most of their commercial ships at Asian and East European yards, but Italy still enjoys a leading global role in the construction of cruise ships, with orders for 10 units totalling 1.1M gt.

“I believe at this moment it is possible to reclaim the construction of cargo vessels from the Koreans because factors such as price structure and the cost of labour should no longer deter us from competing with Asian shipyards.

By bringing together the technical competencies that we still have at our disposal in Italy and the motivation there is in this sector, we have an opportunity to revive a shipbuilding segment in Europe that we have completely left to others,” he told Fairplay.