



ANALYSISITALY

Saving is finding increased business from moving production plants. In December last year, the company completed the movement of a Q8 refinery to Pakistan. The project involved shipping a total of 75,000 freight tonnes including road transport to the Flavio Gioia Naples terminal, terminal handling, export Customs clearance, loading operations, and transport to Karachi, Pakistan. Six full chartered vessels were used and 953 teu shipped.

Living with Italy's complex contradictions

Italy's engineering and manufacturing base is second only to Germany in Europe, which creates a wealth of opportunities for the heavy lift sector, writes Emma Murray. But it is a highly competitive market with a unique set of difficulties.

The year-long moratorium on the construction of nuclear power plants imposed by the Italian government in April could, on the face of it, have been bad news for the country's heavy lift industry.

Until the devastating events in Japan in March, nuclear was increasingly being embraced by many countries as the great hope for a clean energy future, and was shaping up to be ever bigger business for operators across Europe.

When Italy, in common with amongst others Germany and Switzerland, slapped on

ITALY FACTS	
Capital: Rome	
Time zone: GMT +1	
Currency: EUR	
Size of the country: 301,336 sq km	
Population: 60.5 million	
Main airports: Rome, Milan	
Main ports: Venice, Genoa, Spezia, Livorno, Naples, Gioia Tauro	
Railway infrastructure: 24,179 km	
Highway infrastructure: 6,661 km	

the ban in the wake of the European Commission's programme of stress tests at nuclear reactors, many could have braced themselves for bad news.

But, as is so often the case in Europe's fourth largest economy, the issue is a little more complicated.

"Italian manufacturers are starting to do some research into nuclear energy developments," said Andrea Bono, management engineer, Saving Shipping & Forwarding.

"But the fact is, we have a lot of political changes in Italy, and with one party against nuclear, and the other for it, there has not been a clear nuclear path developed as there has been in other European countries."

Italy's engineering sector, including mechanical machinery and equipment, is the second largest in the European Union (EU)



Agility recently shipped around 3,000 cu m from China, and another 3,000 cu m from Italy, to Uzbekistan. The cargo, which was bound for a gas compressor station under construction between Turkmenistan and China, included three compressors and three turbines weighing between 56 and 86 tonnes. All cargo delivered from Italy had to pass the Volga before the river froze for the winter.



Domenico Tafuro, Agility Italy: "Italy has its own issues. It is a market where the regional location of the freight forwarder is still important."

behind Germany. Dominated by small, family-owned businesses, there are over 41,000 manufacturing and engineering companies in the country.

The sector takes pride in delivering high quality goods, but few would argue that family and regional loyalties make doing business in Italy unique.

"In Italy, we still produce high quality products, which for the time being are often not matched elsewhere," said Domenico Tafuro, chief executive Italy, Agility. "But Italy has its own issues. It is a market where the regional location of the freight forwarder is still important."

Bono agreed that relationships are important. "We have worked with many of these manufacturers for over 30 years," he told HLPFI. "We have excellent long-term relationships with clients," agreed Giorgio Zanon, general manager, Foppiani Group. "We have been working with GE for over a decade, for example."

Larger cargoes

But despite the emphasis on long-term relationships, the heavy lift landscape has changed dramatically in the last ten years, with cargo becoming ever larger and heavier, and more companies vying for the same business.

"The Italian market is quite particular because competition is so strong," said Davide Santi, project manager, Fagioli S.p.A.

"The number of companies involved in a request for quotation (RFQ) could be up to 15. Of course, the reality is that there are not 15 companies who could actually undertake the job, but it does mean we have to up our game."

Tafuro agreed that the customer now expects more, and said that Agility is moving further up and down its customers' supply

chains. "We put a lot of effort into the partnership, and we try to deal with the project through all of its stages," he said.

With this in mind, at the beginning of this year Fagioli formed a spin-off department, the Fagioli Engineering Division, officially certified as an engineering company in its own right, in response to "the continuous request for dedicated engineering know-how" from clients.

Andrea Massera, Fagioli group chief technical officer, said: "Requests from customers are no longer just for our longstanding typical activities."



The big news is moving secondhand production plants to developing countries. We have entered into an agreement with Foppiani to create a company called Handtech, which focuses on industrial plant engineering.

— Andrea Bono,
Saving Shipping & Forwarding

"Now we are also asked to deal with issues arising during the modularised plant construction pre-planning phase, for the definition of civil requirements, and logistics engineering."

Specialist services

Saving is also homing in on specialist services. "The big news is moving secondhand production plants to developing countries," said Bono. "We have entered into an agreement with Foppiani to create a company called Handtech, which focuses on industrial plant engineering."

"We have three engineers focusing on industrial dismantling and integrated solutions for clients."

Specialist services aside, Italy presents the heavy lift operator with a unique set of issues, both geographical and bureaucratic.

"Put simply, Italy has its own geographical challenges – it is not very large and there are mountains right down the middle of it," said Tafuro.

"While some ports such as Venice or Livorno are very easy to reach and offer perfect road, rail and even barge connections, Genoa and Trieste suffer from their hilly positions which cause limitations, especially in height when talking about reaching them with out-of-gauge cargo (OOG) from the hinterland," said Martin Gruber, managing director, Gruber Logistics.

Italy's only really viable inland waterway for OOG cargo is the river Po and its adjacent canal in the north, with Mantua and Cremona ports being important hubs for project freight. Fagioli has invested in its own specialist barges to navigate these waters.

The country's seaports, which have suffered from a poor reputation in the past,

ANALYSISITALY

are improving, according to Gruber.

"In general, the availability of heavy lift port cranes and other special lifting equipment in northern Italian seaports is very good. Terminals in Venice, Livorno or Genoa tend to work very efficiently and fast. The last couple of years have also seen a drastic decrease in strikes, and this positive trend seems to continue, which enables long-term planning and gives security to shippers and consignees. Unfortunately warehousing space is sometimes limited and customs operations last longer than in some northern European ports," said Gruber.

The country is renowned for its complex permitting system for OOG cargo travelling by road. Permits are needed from the owner of each road, and each has to be applied for individually.

Bureaucracy

With the whole process potentially taking up to two months, it is advisable to deal with a company well versed in the necessary paperwork.

"The bureaucracy is huge, and permits have to be requested from many different offices," said Gruber. "This increases the costs, and especially the time for obtaining permits."

"The Italian Association of Transport Companies (Anita) is working hard to simplify the official channels for the permits, and for a shorter timeframe for obtaining them. The goal would be to have only one office as reference for heavy transports. Anita is also trying to establish an electronic system for the request of all permits."

Cargo escorts and pilot cars are an additional issue that can quickly rack up the cost of transport.

Around five years ago, regulations changed so that private companies, rather than police, undertake the escorts, and up to four cars are needed for a typical OOG trip, each with two people in them.

Operators are unhappy at the cost of the cars, around EUR0.81 (USD1.172) a kilometre, and point to the ridiculousness of a situation which leaves old age pensioners making pocket money by being hired to sit in the passenger seats.

As a result, Foppiani has decided to buy in its own pilot cars, a not inconsiderable investment, and uses drivers who are also qualified to operate its heavy trucks so that it can introduce driving rotas and bring down costs.

Bureaucracy aside, most operators are cautiously upbeat about the outlook for the



Two reactors were transported, lifted and installed in a refinery in the north of Italy by Fagioli in March. Each reactor was more than 45 m long, with a net weight of almost 400 tonnes. Fagioli used 30-axle line SPMTs to move the reactors, then a crawler crane LR1750 with a capacity up to 750 tonnes, and a tailor-made tailing frame structure positioned on 2 x 10-axle line SPMTs, with two L600 strand jacks on top of the structure used to perform the tailing operations.

Italian market in the next 18 months.

Locally, there is bound to be business generated by the next Universal Exposition, Expo 2015, to be hosted in Milan.

Further afield, operators are finding business is steady to China, the Middle East, Latin America and Russia.

Gruber has plans for expansion primarily in Europe and Russia, whilst Saving sees big potential in oil and gas projects in Brazil, particularly with Petrobras. With this in mind,



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Saving has established a joint venture with Enterprise Logistics in Rio de Janeiro, Sao Paulo, and Santos in Brazil to handle logistics and Customs' clearance for Italian manufacturers and Brazilian EPCs.

The one common problem faced by all, and shared by the industry as a whole, is where to find the next generation of staff. Italy has no official or accredited training course for logistics, and, as a result, many companies offer their own schemes.

Bono said Saving's emphasis is on recruiting young talent and training them up so that they stay with the company.

When HLPFI visited Fagioli's offices we were introduced to the latest engineering apprentice about to embark on a year-long scheme, which the company hopes will persuade him to stay.

"I think finding good staff is a challenge everywhere," said Gruber.

"Unfortunately in Italy there is no official school for dispatchers, so the industry has taken over the task of training people. Mainly you learn by doing the job. As a consequence, we offer internal classes for all different sorts of duties, and we also offer language classes to our employees. The risk is that once you have invested time and money in an employee, you may lose him to competitors."

"Agility supports its young talent with individual courses to develop personal and technical skills," said Tafuro. "We offer our young people the opportunity to be on the radar for new job opportunities within the company, which is very much appreciated, and so some have started a new job in the Middle East or the USA." **HLPFI**



The advertisement is enclosed in a red border. It features a black ant carrying a large, light-green leaf fragment on its back. A speech bubble originates from the ant, containing the text: "Next time I'm gonna call GRUBER LOGISTICS for the heavy Job!". In the top right corner, the Gruber Logistics logo is displayed, consisting of a stylized 'G' with red and blue arrows and the text "GRUBER LOGISTICS". At the bottom center, the website address "www.gruber-logistics.com" is printed.



Next time I'm gonna call
GRUBER LOGISTICS
for the heavy Job!

www.gruber-logistics.com



At Terminal San Giorgio in Genoa, company executives are detecting signs of an uptick in business after a dismal 2010.

Middle East turmoil slows Italian recovery

The heavy lift market is not recovering as fast in Italy as in other regions, according to local operators. But at Terminal San Giorgio, Genoa, there is hope of a much better 2011, writes John McLaughlin.

It has been a trying couple of years for the heavy lift and project cargo industry, with the slowdown in contracting that succeeded the collapse of Lehman Brothers at the end of 2008 finally catching up with this slow-moving segment of the shipping business.

For those operating in the Mediterranean market, however, the political turmoil of recent months in many of their key markets has only added to the uncertainty over when an eventual recovery might come. Genoa, one of the region's key hubs, is feeling it as much as anywhere.

At BBC Chartering, managing director Matteo Fortuna admitted to having been ribbed by colleagues for his relative pessimism a year ago, but added that he now feels somewhat vindicated by the year that has just passed. "It is not easy at the moment for several reasons," he said.

He noted that the price of 14380 bunker fuel has more than doubled to USD700 per tonne. "Our 12,000 tonne carriers consume 25 tonnes a day. That makes USD17,500 a day in total, and over 30 days' sailing it adds up fast." At the same time, "the market is picking up, but only a little".

"I talk with colleagues all over the world, and we have offices in every region. The situation in the Mediterranean is not improving as it is in some other places. Bunkers aside, the political situation in north Africa is having an effect on inbound cargoes. It is not influencing exports a lot, but then for our kind of cargoes these are not really exporting countries," said Fortuna.

Hard hit

Italy, which has a burgeoning maritime trade relationship with the countries of north Africa, stands to be particularly hard hit by delays and cancellations to major projects. "In Egypt, Danieli [supplier of plant and equipment to

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– Matteo Fortuna, BBC Chartering

Venice terminal still cautious

Such is the severity of the ongoing economic crisis that even the largest and seemingly most robust players in the shipping sector have taken a hit. Venice-based Multi Service, Italy's most significant terminal for project and heavy lift cargo, is no exception.

As director Franco Volpato said: "It is certainly not the boom years any more." Global economic woes have combined with the impact of unrest in North Africa and the Middle East to limit shipments of project cargo in particular.

Unlike many companies in Italy's broader shipping industry, he said Multi Service Terminal has not yet put any workers into temporary layoff, although it is holding back on its investments. "Being a service company, we live off the hopes of others," he said. "We are ready to invest, but we are being a little cautious at the moment."

At the same time, he insisted that the terminal is diversified enough to withstand the downturn. "We do a bit of everything and it is often the case that when activity drops in one sector it goes up in another." On the project and heavy lift side, "we are still getting a few orders, nothing great but the occasional project is still coming through."

In the first quarter of this year, total volumes lagged slightly compared with the same 2010 period. Project cargoes were down, while heavy lift tonnage was relatively stable. Steel shipments, on the other hand, were on the rise.

Volpato reasoned that: "If steel is going up, it probably means manufacturing is going on that could lead to exports in the future." Indeed, he anticipated an upswing in project activity in the fourth quarter of this year.

the metals industry] has two projects and one has been cancelled, while Ansaldo [a railway and mass transit transportation systems business] also has a project on hold." Libya, meanwhile, where Italian firms are a growing presence, is clouded in uncertainty. As for Syria, "it was always a good area because it provides a door to Iraq, so its political situation is creating problems".

BBC's Genoa office has 15 ships to fill every month in the Mediterranean, and Fortuna said it is managing it, although it is focusing its activity more on the Americas – with monthly sailings to Brazil and the USA – than in the past.

He added: "We have seen a small improvement over the last few weeks, but it is unclear whether this is a trend or something

ANALYSIS ITALY



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unusual sparked by, for instance, the situation of Beluga,” which is now in financial difficulties. Longer term, however, he believes it will be the end of 2011 before a sustained recovery begins to take hold, “but it will be very slow”.

Meanwhile at leading freight forwarder Aprile, Stefano Repetto added that the first quarter of this year was “a little below expectations. It has been affected by the situation in North Africa and the Middle East, which is an important market for our sector, whether you are talking oil and gas or steel.” In Libya, in particular: “Italian companies have invested heavily and have a lot of contracts there. But nobody knows what will happen.”

Competition

He added that fierce competition from established players and new entrants into the market over the last year had also made life tough. “Small companies who were doing something else and are now trying to move into project cargo”, are helping drive down rates, he said. “But the real problem is the usual players,” he said, claiming that they are cutting prices to unsustainable levels to get more work.

At Terminal San Giorgio (TSG), meanwhile, Genoa’s most significant facility for heavy lift and project cargoes, company executives are detecting signs of an uptick in business after a dismal 2010.

As commercial manager Maurizio Anselmo described it: “In 2010, we moved around 70,000 tonnes of project and heavy lift cargo, including industrial plant and yachts. That was

down from 85,000 tonnes the previous year. Obviously, that is quite a significant drop, but you have to consider the context.

“In 2009,” he said, “the crisis hit the container business very heavily. But on the project cargo side, we still did fairly well because we were handling cargo that was tied to contracts signed before the crisis began, and that applies particularly to cargo linked to the oil and gas sector.”

Last year, however, the roles were reversed, with container throughput at TSG surging 25 percent, but project cargo tonnage slumping as a crisis-hit economy caught up with the market.

The first quarter of 2011, on the other hand, “started the year off very well”. Rickmers, which is also a minority partner at TSG alongside Scerni and the Gavio Group, the major investor, has seen a notable uptick in volumes.

Just as significantly, and after a long courtship, TSG has signed a wide-ranging service contract with Ansaldo Energia, a major turbine exporter located just along the coast at Cornigliano.

Ansaldo has been seeking competitive

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access to the sea for years and finally opted for TSG as the surest option. Under the terms of the deal, which will run for six years with an option for six more, Ansaldo is expected to move some 20,000 tonnes a year of industrial equipment through TSG, with north Africa, the Middle East and the USA among the major destinations.

Anselmo added: “The contract is not just about loading cargo. It is an exclusive deal that also includes additional services, such as storage and packaging of units before loading.”

Terminal dispute

The contract is a major boost for TSG following the confirmation by an administrative court of its concession at the port of Genoa. Its terminal area was one of several caught up in a dispute over the legality of the 2004 concession process that partitioned the entire Multipurpose Terminal.

Last year, in a bid to restore order and kick-start investment in the Multipurpose Terminal, the Genoa port authority launched a new bidding process for the entire facility, which was won by a partnership of TSG and Ignazio Messina & C., which operates a nearby area.

As it awaited confirmation of the concession following a legal challenge from rival bidders, TSG continued to invest in the expectation of carrying the day. Last year, it pumped a further EUR1.5 million (USD2.2 million) into handling equipment at the facility, including 20 mafis, taking the total to 50. With the concession now confirmed, investment levels are only likely to increase.

