First Italian Arab Business Forum

The new challenges of the Mediterranean area

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The growing role of Mediterranean

- The Economic relationship between Italy and the Mediterranean

- Drivers of competitiveness
Countries in the MENA area are growing at a good pace

- MENA (Middle East and North Africa) Countries economic size is growing. In the 1995-2016 period, the average GDP grew by **4.4% per year**, a higher rate compared with that of European Countries.

- **Qatar** is one of the most dynamic countries (annual GDP growth: over +10%), followed by Turkish (+4.9%), the United Arab Emirates and Egypt (+4.7% for both). **Italy’s GDP** grew by 0.6% a year in the period considered.

### Annual GDP growth rate

![Graph showing annual GDP growth rate](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>MENA Average</th>
<th>Qatar</th>
<th>Turkey</th>
<th>UAE</th>
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</table>

**Average annual GDP growth rate in the 1995-2016 period, %**

- **Qatar**: 10.05
- Turkey: +4.9%
- United Arab Emirates: +4.7%
- Egypt: +4.7%
- Jordan: +4.7%
- Bahrain: +4.7%
- Lebanon: +4.7%
- Morocco: +4.7%
- Kuwait: +4.7%
- Tunisia: +4.7%
- Algeria: +4.7%
- Oman: +4.7%
- Iran: +4.7%
- S. Arabia: +4.7%
- Djibouti: +4.7%
- Italy: +0.6%

**Source:** SRM elaboration on IMF data
Some Economies are reducing dependency from the Oil sector

- In 1980, in the UAE and in Saudi Arabia, Manufacturing accounted for less than 5% of total Value Added of their economy. Now it is about 10% for both.

- In 1995 ‘Oil’ products accounted for more than 50% of trade for Saudi Arabia and 40% for UAE. Now it accounts respectively for 40% and 21%

Some MENA Countries Value Added:
% share of Manufacturing

Some MENA Countries Trade:
% share of Oil sectors

Source: SRM elaboration on Unctad data
The renewed centrality of the Mediterranean: trade

- **Italy**: imports-exports with the MENA area is about €70 bn (+54.8% compared to 2001). Italy is MENA's 2nd trade-partner among European Countries. Germany is 1st.

- Bilateral trade between **China** and the MENA area is almost **10 times** higher than in 2001 (from €23 bn to €215 bn), 3 times higher than Italy's trade with MENA and €70 bn more than USA's.

- Italy's Trade with the MENA area is to recover in 2017 (+10.8%, much more than Italy’s competitor-countries). According to SRM’s **forecast**, it will grow to **over €80 bn by 2019**.

### Imports+exports: total % change in the 2001-2016 period

<table>
<thead>
<tr>
<th>Country</th>
<th>2001-2016 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>841.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>126.3%</td>
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<tr>
<td>UK</td>
<td>102.1%</td>
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<tr>
<td>US</td>
<td>61.2%</td>
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<tr>
<td>Italy</td>
<td>54.8%</td>
</tr>
<tr>
<td>France</td>
<td>45.5%</td>
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</tbody>
</table>

Source: SRM elaboration on Eurostat, Istat and Unctad
Italy’s investments in the MENA area: ‘trade’ and ‘FDI’

- **€70bn** is the trade between Italy and MENA (exports account for €41.4bn). **Turkey** (€17.1bn), **Algeria** (€8 bn), **Saudi Arabia** (€6.8 bn), the **UAE** (€6.4 bn) and **Tunisia** (€5.2 bn) are Italy’s main trading-partners.

- **Italy’s FDI** in the area are high and on the growth. For example, $8 bn in the **UAE** (close to ‘zero’ in 2005); $8 bn in **Egypt** (almost 10% of the Country’s total FDI stock). MENA’s total stock of FDI inwards is **$1.000 bn**.

### Italy’s main trading-partners of MENA area (Italy: imports and exports; €bn; 2016)

<table>
<thead>
<tr>
<th>Country</th>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>7.5</td>
<td>9.6</td>
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<tr>
<td>Algeria</td>
<td>4.3</td>
<td>3.7</td>
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<tr>
<td>Saudi Arabia</td>
<td>2.6</td>
<td>4.2</td>
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<tr>
<td>UAE</td>
<td>0.9</td>
<td>5.4</td>
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<tr>
<td>Tunisia</td>
<td>2.2</td>
<td>2.9</td>
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<tr>
<td>Egypt</td>
<td>1.5</td>
<td>3.1</td>
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</table>

Source: SRM elaboration on Istat data
Italy’s investments in the MENA area: the business presence

- Italy’s business presence in the area is big and sound: 1,360 companies in Turkey, 957 in Egypt, 647 in Tunisia, 330 in the UAE’s Free Zones, 150 in Morocco.

Number of Italian companies in some MENA Countries

- Turkey: 1,360
- Egypt: 957
- Tunisia: 647
- UAE: 330
- Morocco: 150

Source: SRM elaboration
Italy’s export to MENA is €41bn: 9.3% of Italy’s total exports

- Italy’s exports to the MENA area in 2016 (€41 bn) doubled compared to 2001. It accounts for 9.3% of Italy’s total exports (8.4% in 2010).

- **Germany** almost tripled its exports in the 2001-2016 period. **France**’s exports grew at a lower pace. **China**’s exports to MENA is 11 times higher than 2001.

Exports to the MENA area: total % change in 2001-2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Change %</th>
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<tbody>
<tr>
<td>China</td>
<td>955.3%</td>
</tr>
<tr>
<td>Germany</td>
<td>183.2%</td>
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<tr>
<td>USA</td>
<td>104.5%</td>
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<tr>
<td>Italy</td>
<td>103.3%</td>
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<tr>
<td>France</td>
<td>56.1%</td>
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<tr>
<td>UK</td>
<td>99.7%</td>
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</tbody>
</table>

Exports to the MENA area: €bn 2001-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>UK</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>USA</th>
<th>China</th>
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<tr>
<td>2001</td>
<td>33.1</td>
<td>37.7</td>
<td>41.0</td>
<td>65.9</td>
<td>82.2</td>
<td>136.3</td>
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* * 2017: SRM's estimates
Source: SRM elaboration on Eurostat, Istat, and Unctad data
Italy’s Exports to South Med and GCC Countries

Source: SRM elaboration
MENA’s demand (Imports) of manufacturing goods…

- **Typical sectors of made in Italy** (i.e. Food & Beverage, Textile, Furniture, Jewellery) and Mechanical account for 42% of MENA’s imports of manufacturing goods (€756 bn).

- In the last 5 years, imports of Transport and equipment (+46.9%), Mechanical (+25.3%) and Made in Italy (+16.6%) have shown a good growth.

**MENA’s imports (€bn)**

<table>
<thead>
<tr>
<th></th>
<th>2011-2016 Growth</th>
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<tbody>
<tr>
<td>Transport Equipment:</td>
<td>+46.9%</td>
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<tr>
<td>Mechanical:</td>
<td>+25.3%</td>
</tr>
<tr>
<td>Made in Italy:</td>
<td>+16.6%</td>
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<tr>
<td>Intermediate products:</td>
<td>+10.5%</td>
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<tr>
<td>Metals:</td>
<td>+1.0%</td>
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</tbody>
</table>

Source: SRM elaboration on Unctad data
...And Italy’s share

- Italy’s share of MENA’s imports is 4.9%. Excluding China, Italy is 1st for Made in Italy and Metals (in terms of market share); 3rd for Mechanical.
- In the 2017-2020 period, MENA’s demand of manufacturing goods will grow by 2.6% per year.
- Italy’s exports will grow to €42.8 bn by 2020 (+€6 bn compared to 2016).

Share of MENA’s imports of manufacturing goods (%): Italy and its main competitors

Source: SRM elaboration on Eurostat, Istat and Unctad data
The growing role of Mediterranean

- The Economic relationship between Italy and the Mediterranean

- Drivers of competitiveness
2 billion tons of cargo transit through the Mediterranean every year

- Container: 33%
- Dry bulk: 15%
- Liquid bulk: 20%
- Break bulk: 22%
- RoRo: 10%

Source: SRM on OECD, 2016
The most important data on the shipping sector in the Med

- **WORLD’S CONTAINER LINER SERVICES**: 25%
- **17 PORTS**: THROUGHPUT >1 MLN TEUs
- **GLOBAL SHIPPING TRAFFIC**: 20%
- **80%**: SHARE OF SEABORNE TRADE BETWEEN ITALY AND MED
- **819 MLN Tonnes**: SUEZ GOODS TRAFFIC
- **+431%**: GROWTH OF CONTAINER TRAFFIC 1995/2016
- **598 MLN Tonnes**: SHORT SEA SHIPPING

Source: SRM on Port Authorities
Import-export between Italy and the Mediterranean Area

- **Trade** relations between Italy and MENA countries account to €67 bn. In 2016, almost 80% of this traffic was seaborne.

- Maritime traffic between Italy and Mena Area fluctuated during the period 2000-2016 but it showed a positive annual growth rate (CAGR +2.4%).

- **In the first six months of 2017 maritime traffic reached €30.3 bn.**

**Import-export of goods by mode of transport, 2016**

- Maritime Transport: €53.5 bn; 80.2%
- Air Transport: €6.5 bn; 9.7%
- Road Transport: €6.6 bn; 9.9%
- Rail Transport: €0.1 bn; 0.2%

**Trend of Maritime traffic (import-export) between Italy and Mena Area, 2000 - 2016**

CAGR: +2.4%

Source: SRM on ISTAT
The Liner Shipping Connectivity Index (LSCI), realised by UNCTAD, shows the level of competitiveness in ports and shipping system of 237 countries.

Italy ranks 19th, China is the best in the world.

Source: UNCTAD
Traffic in the Suez Canal: ships and cargo

- Transit goods account for 8-10% of the entire globe. In 2016, 819 million tonnes of goods and more than 17,000 ships passed through the Canal.
- Between 2001 and 2016, the Canal’s traffic trends recorded a 120% increase in transit goods.
- In the first 8 months of 2017, about 600 million tonnes of goods (+9.7%) passed through the Suez Canal. In particular, southbound traffic showed the most significant increase (+19.4%).

Source: SRM on Suez Port Authority, 2016
The role of BRI in the Mediterranean

- Total value of the project: $1,400 bn
- Maritime and land infrastructure investments
- N. of countries involved: Between 60 and 100
- MENA region projects: $27 bn

By 2020, China’s export to the Silk Road countries will reach $780 bn, while imports will account to $573.6 bn.

- A second source of funding comes from the Asian Infrastructure Investment Bank (AIIB).
- China invested around €4 bn. in 6 Mediterranean and Northern European ports.
Chinese investments in the Mediterranean

Source: SRM
Daily position of ships - TEU (2012-2016)

Legend
TEU portacounter range
- 10001 <= TEU <= 13000
- TEU >= 13001
Ocean Alliance - COSCO, CMA-CGM/APL, Evergreen, OOCL: the routes
Naval density map

Legend
number of ships (density point)
- Yellow: 50 - 80
- Orange: 81 - 150
- Dark orange: 151 - 400
- Red: 401 - 3,000
- Dark red: 3,001 - 18,000
Free Zones

The growth of Free Zones in the world

- There are approximately 4,000 Free zones all over the world.
- These zones have created 68 million direct jobs and over $500 billion of direct trade-related value added.

Source: SRM on Trade Performance Of Free Trade Zones, 2014 and others
Tanger med: Industrial Zones, Logistics and Commercial

LOGISTICAL AND INDUSTRIEL PLATFORM ON THE NORTH OF MOROCCO

New free zones activities
New automotive hub
60,000 jobs created
Over 2.6 billion euros per year exported
Extra 50 km railway and highway connecting Tanger Med to the rest of Morocco

www.tmpa.ma
Basic requisites of a Free Zone according to the “Mezzogiorno Decree” (Law 123/2017)

- Being in a *less developed* or *transitioning* Region
- Including at least *one port area* included in the *trans-European transportation network*;
- Providing benefits related to the *incremental nature* of the investment of the companies;
- Having a *Strategic Development Plan*;
- Specifying possible agreements or framework partnerships with *banks and financial intermediaries*;
- Having an identified *Administration Subject* (Steering Committee).
Free Zones have had a dramatic growth reaching 4,000 units. This number will increase to 5,000 briefly.

Nowadays, 68 billion of workers and 500 billion dollars of value added are realised in the Free Zones.
Thank you for your attention

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