

Global Economic Trends

The latest World Economic Outlook indicates a -3% contraction of the global economy in 2020, an outcome far worse than the recession that followed the 2008-09 financial crisis. However, the IMF is predicting a more optimistic scenario in 2021, with a 5.8% growth rate, when economic activities are expected to recover partially, bolstered by policy support measures.

Among the advanced economies, Italy's GDP is forecast to shrink by -9.1%. In China (included in the emerging market and developing economies,) where the pandemic firstly arose, the economy is projected to grow by 1.2%.

World Growth Projections in 2020- 2021



Source: World Economic Outlook, April 2020 - International Monetary Found

Employment

Just three weeks after the International Labour Organization (ILO) predicted that 25 million jobs were threatened by COVID-19, the UN labour agency said the full or partial lockdown measures affect almost 2.7 billion workers (4 out of 5) and global unemployment is already at 190 million.

Although all regions of the world are suffering from the fallout of COVID-19, Asia-Pacific States, Arab States and Europe have seen the worst impact on employment in percentage terms.

Shipping & Logistics

Following the supply side shut down in China, orders that were placed during the outbreak of coronavirus were initially blocked, but are now en route to US and European destinations despite a collapse in demand, thus containers may end up being left at terminals, causing congestion.

Shipping Companies Measures

The shipping companies are re-acting in different ways, using slow-steaming or, mainly, introducing a delay in transit option for shippers seeking to delay to final delivery of their goods to import destinations. MSC, Maersk and CMA CGM will make space available at its transshipment hubs for cargo owners that wish to temporarily store containers until the recipient is ready for them to arrive at the final destination, with surcharge fees definitely lower than in gateway ports.

Italian Supply Chain Unlocking Provisions

The Italian Government issued new measures aimed at a first partial easing of the lockdown, which authorize the reopening of industrial warehouses to incoming goods and outgoing goods from April 14th.

Logistics companies can start to provide cargo picking and delivery service, while industries can be supplied with raw materials and resume production. Thanks to this provision, idle containers stored on port terminals yards, amounting to 400,000 TEUs, can be delivered, revitalising the supply chain.

Ports of Genoa

Ship Building and Repair Industry

The ship building and repair industry has a crucial role in the Ports of Genoa. Activities are grouped in two main hubs, one located beside the old port of Genoa and the other in the industrial area close to the Airport.

The comprehensive industry covers all the range of services linked with ship building, docking, maintenance, repair, ship supplies and bunkering. Grouping together approximately 65 companies and around 1.800 workers, the ship building and repair sector has a far-reaching impact on the local economy. The activity of the cluster generates a strong service demand on other sectors, creating around 5.000 jobs in induced activities.

The new-building cluster is mainly focused on the higher quality standard and added value segments, as cruise ships and yachts. Italy is a global leader in both sectors, detaining a 40% world market share in yachts and cruise ships (over 5.000 GT) building.

New-buildings Market Share in the Mediterranean Sea
(by country and sector)

| | Italy | Croatia | France | Turkey | Spain | Romania | Greece |
|--------------------------|------------|------------|--------|--------|-------|---------|--------|
| Yacht | 77% | 1% | 0% | 17% | 1% | 1% | 1% |
| Cruise ships (>5,000 GT) | 69% | 0% | 26% | 0% | 2% | 3% | 0% |
| Cruise Ships (<5,000 GT) | 35% | 42% | 0% | 2% | 2% | 19% | 0% |

The impact of COVID-19 health emergency restrictions on the industry has been different in relation to the varied nature of the sector.

Some companies had to stop their activities, while others are fully operational, though following more stringent safety measures. Fincantieri, the main ship building company in Italy, suspended operations by placing workers on layoffs, until the end of lockdown measures.

As declared by the President, Alberto Amico, in an interview to Ship2Shore, Amico & Co., a Genoa-based leading naval retrofitting company, activated COVID-19 protocols in January, anticipating Government regulations. Safety measures include distancing procedures, DPI adoption and strict rules on access to the shipyard, use of spaces, management of activities, interference with the vessel crews. Supplier companies were asked to be compliant with the protocols.

The adoption of these protocols made it possible to reduce the diffusion of COVID-19 among workers in the shipyard (over 300 people between Amico's and third party's employees) and to keep activity going, despite a necessary slowdown. The adopted safety protocols, representing a best practice for the ship building and repair industry, were shared with the companies of the Genova For Yachting consortium, which brings together forty companies operating in the cluster.

A partial re-opening provision was issued by Liguria Regional Administration on April 13, allowing companies to operate minor maintenance works on docked ships and to deliver to customers the vessels which were ready before the halt to the activities.

Container Ship Calls

Maersk informed customers about the temporary suspension of the Far East-Europe AE20 service during 2nd quarter 2020, advising that the alternative routing coverage from/to Genoa and La Spezia follows the AET1 between Barcelona and Far East. The Ligurian ports will then be connected with Barcelona by weekly feeder services, calling the SECH Terminal in Genoa. To/From Middle east our ME2 service calling Vado Ligure remains fully in place as usual.