

# **Towards enhanced connectivity and sustainability in the Mediterranean transport and logistic sector**

**Alberto Palacios Cobeta, Technical Director, CETMO**

**Jordi Selfa Clemente, Senior Analyst, CETMO**

The collection of contributions done during 2022 shows the state and trends of transport and logistics in the Mediterranean at a time of multiple changes, and offers interesting proposals to take advantage of the existing opportunities. As a consequence of multiple disruptions and transformations since the Covid-19 pandemic, important processes of change have been initiated or intensified in global transport, production and consumption systems. Moreover, new challenges arising from major geopolitical tensions have emerged, not to mention the increasingly urgent need to act on climate change. It can be asserted that the current moment appears as a point of no return of a structural transformation in which the decisions and strategies that are adopted will mark and define both the organisation of transport and logistics in the Mediterranean in the medium and long term and the capacity of the region to emerge strengthened and integrated in the face of this disruptive moment that is being experienced.

A comprehensive reading of these articles corroborates the idea that we are at an important turning point and exposes possible strategies, measures or lines of action for the Mediterranean countries to successfully face the current challenges. From the joint consideration of these measures, a strong idea emerges: the need for cooperation and collaboration between the many different actors in the Mediterranean, which is fundamental for the development and exploitation of the opportunities that arise. Therefore, it is necessary to highlight the integrated vision at the Mediterranean level of the different challenges and opportunities and the shared effort to confront them.

## **A time of disruption and change**

Considering intra-Mediterranean maritime connections, these are currently immersed in a process of transformation towards a more ecologically and economically efficient model that allows for greater competition with road transport and, therefore, greater sustainability of the transport system as a whole. This transformation refers both to the reduction of polluting emissions, the transition towards new energies and greater multimodal integration. These transformations appear to be the premises on which a new model of maritime relations in the Mediterranean should be based, allowing for greater integration of trade and production systems on both shores.

This transformation in maritime connectivity in the Mediterranean cannot be separated from other disruptive processes that have occurred and are occurring in the field of maritime transport on a global scale. While the global transport system was able to provide an exemplary service at the height of the Covid-19 pandemic, in the recovery process that followed, a number of factors disrupted the logistics chains that had underpinned the globalisation process until then. The increase in freight costs to unprecedented levels and a decrease in the reliability of maritime services are the most notable consequences of this alteration, which have forced a process of adaptation on the part of the actors involved in them. This adaptation includes changes in production and supply patterns in the sense of relocating and diversifying the origin of the components of the production chains, the internalisation of the control of logistics services or the change in the management of stocks. These transformations are fundamentally aimed at increasing the resilience of supply chains in the face of foreseeable disruptions in the logistics chain. It is precisely this restructuring of supply chains that should be considered a historic opportunity for the Mediterranean.

This transformation of global supply chains and maritime connectivity patterns finds a new element of change when the environmental variable is taken into consideration. The logistics sector is already immersed in a set of actions aimed at limiting its harmful effects on the environment. Their full implementation together with the adoption of future measures already envisaged will have a considerable impact on current operational patterns.

Another historic decision is the implementation of the African Continental Free Trade Area, which is an opportunity for North Africa, and thus for the Mediterranean region as a whole. The effective implementation and development of this free trade space should help North African countries to extend their supply chains, strengthen their hitherto weak regional integration, position themselves in global value chains for goods and services, and ultimately promote private sector modernisation.

Finally, another potentially disruptive factor is the situation of the transport and logistics labour market in the Mediterranean. This sector is affected by a structural crisis that the effects of Covid-19 and the subsequent recovery process have only accentuated. This crisis refers both to the problems of the working conditions of seafarers, the shortage of trained professionals and the lack of generational renewal of the workforce and, therefore, its ageing.

The challenges posed undoubtedly require sectoral solutions, but the high degree of interrelation between them cannot be overlooked, especially the proposed adaptation actions.

## Shared proposals for dealing with change

While the current situation undoubtedly involves profound transformations in the field of transport and logistics, the challenges arising from these transformations also present opportunities. Overcoming these challenges requires determined and ambitious action by a wide range of actors, but also, and above all, coordination and collaboration between them.

The opportunity outlined for diversification and regionalisation of supply chains to make them more resilient would imply increasing productive integration between the European Union and the countries of North Africa, which in turn would need to improve the efficiency of intra-Mediterranean exchanges by improving the economic and environmental efficiency of maritime and land transport. This improvement in economic and environmental efficiency must result from measures such as the promotion of motorways of the sea or the effective consideration of the external costs of road transport. These activities require public action, but also the collaboration of private actors and especially the involvement of maritime and rail actors in the creation of new chains that are more economically and environmentally efficient.

Along the same lines of promoting trade integration, especially that of the North African countries, the creation of the African Continental Free Trade Area appears to be a noteworthy opportunity. However, taking advantage of this potential opportunity requires the modernisation of North African countries' economic structures, which in turn will require not only the involvement of the productive sectors of these countries, but also coordination between different international actors involved in regional development.

It becomes evident that collaboration, in this case, between customs offices is once again the basis for facilitating intra-Mediterranean trade. Such collaboration must serve to harmonise and reduce procedures linked to the import/export of goods and enable the opportunities offered by the digital transformation to be fully exploited.

Similarly, the definition of joint strategies in the maritime field is an essential element for progress towards the sustainability of maritime transport in the Mediterranean Sea and, therefore, coordination between countries to improve the environmental aspects of shipping.

Finally, the creation of a common training structure for transport and logistics, as well as the facilitation of the conditions of movement of workers between the EU and the countries on the southern shore of the Mediterranean also requires collaboration and agreement between countries. These actions are proposed to overcome the different crises affecting the transport and logistics labour market in both the southern and northern shore countries.

## **Integrated rather than isolated proposals**

This variety of proposals should not be seen as a set of isolated and individual measures, but rather they should be viewed together and the multiple intersections between them should be pointed out.

Perhaps the clearest example is how the environmental element is integral to various areas of transport and logistics improvement. If the sustainability of the transport system can be considered as an objective in itself, with the improvements brought to the environment, health and the mitigation of climate change, it is no less true that it is configured as a central element in the efficiency and modernisation of both future supply chains and production systems. Moreover, the possibilities that the current scenario offers for true trade integration in the Mediterranean rest on these two elements, supply chains and production systems.

Digital transformation is other measure that should be noted for its cross-cutting nature. It is not only a question of digitising the data exchange processes linked to flows, but this transformation also encompasses aspects as diverse as the content of training for transport professionals, improving the energy efficiency, and therefore the environmental efficiency, of land and maritime vehicle fleets or the productivity of economic sectors aimed at sustaining greater regional and global integration of the Mediterranean. And in the case of such integration, beyond trade facilitation measures, efficient transport and logistics systems, modernisation of economic sectors and training and mobility of professionals appropriate to the multiple challenges that arise are necessary.

## **Conclusion**

The different contributions collected in 2022 highlight the uniqueness of the moment, in which different crises or disruptions pose multiple challenges and diverse opportunities. The vision of an integrated, efficient and sustainable Mediterranean entails a wide range of decisions that require the shared assumption of challenges and opportunities. In other words, dialogue, coordination, cooperation and multilateralism between different actors, whether state, regional or international, public or private, on both shores of the Mediterranean are necessary if the present disruptive moment is to be successfully faced.