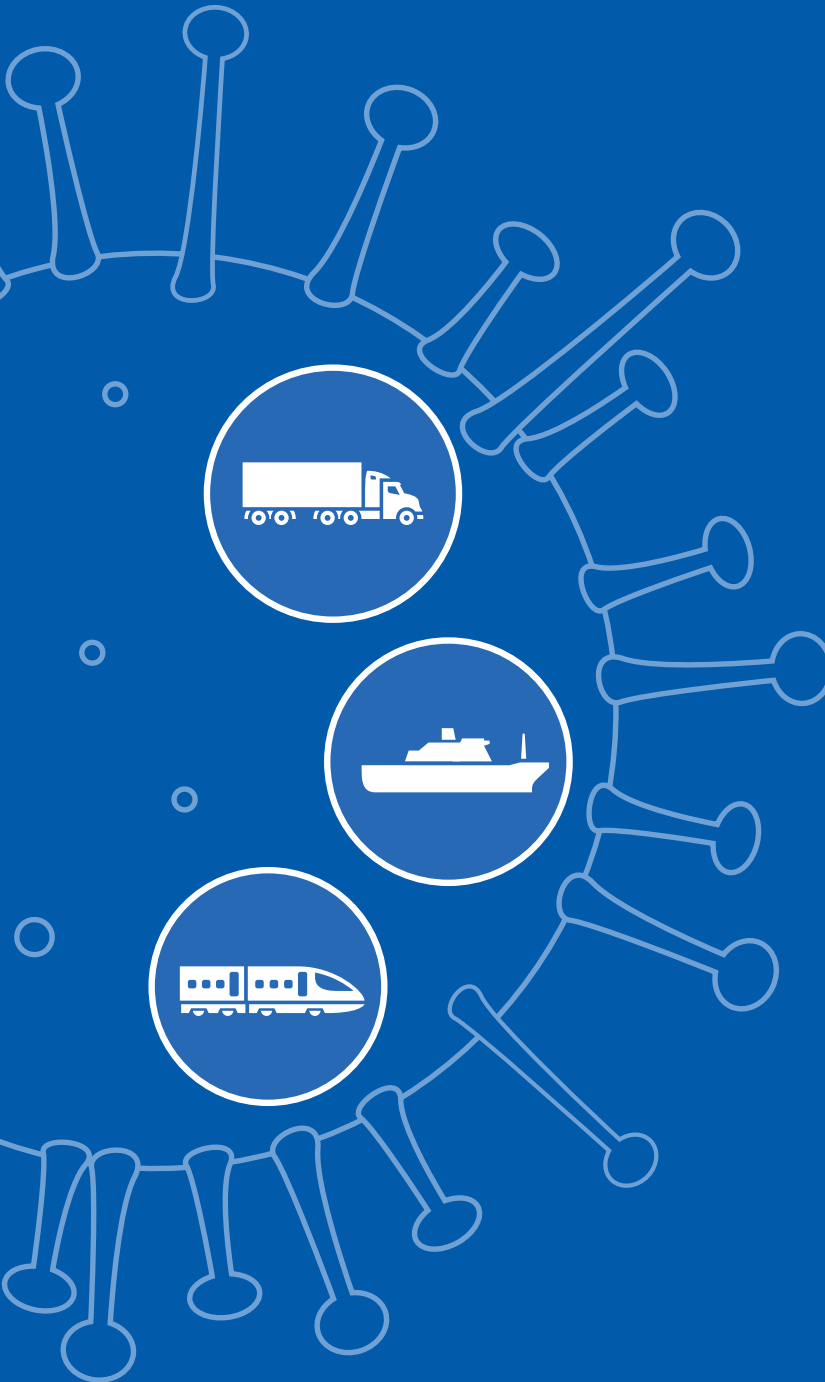


With the scientific partnership of



THE IMPACT OF THE CORONAVIRUS ON THE SUSTAINABLE TRANSPORT AND LOGISTIC SECTOR

ALIS



ALIS





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1 INTRODUCTION

THE REVIEW OF THE PRESIDENT OF ALIS GUIDO GRIMALDI

THE ALIS CLUSTER WAS ON THE FRONT LINE DURING THE EMERGENCY. IT NEVER STOPPED.

The men and women of sustainable transport and logistics are certainly among the heroes of the pandemic, after the doctors, nurses and healthcare workers. Despite the difficulties and challenges that companies in the sector have had to face in recent months, the cluster has shown compactness, responsibility and passion for its role in the country system. Without transport and logistics, Italy would have stopped without being able to ensure the correct supplies to hospitals, pharmacies and supermarkets.

Now the most complex challenge. That of the economy and the restart to get the country running again to overcome the worst crisis after the Great Depression of 1929.

The ALIS Study Centre with the scientific collaboration of Parthenope University of Naples, of Svimez and SRM, in order to better understand the effects of the coronavirus on the productivity of transport companies and to better plan the next steps and associative actions, has carried out this study through a cognitive survey among the members of its cluster.

From the analysis strongly emerges the ability of ALIS to resist and renew itself even in the hardest moment, but above all the will to start again faster than before. The great participation of the member companies - of which I am proud - is the most important testimony of belonging to our associative reality, but also the proof that the companies want to be concrete protagonists in solving problems.

This analysis is not only aimed at the past to understand the impact of the pandemic and lock-down, but essentially turns its gaze to the future of the sector, the economy and the country.

We have tried to encourage ideas, proposals, solutions. We have tried to identify problems, criticalities and priorities. And finally, we have tried to test the cluster's state of mind and confidence in the country system and its ability to recover more or less quickly.

The results of the study offer us - beyond the numbers you will read - the image of a solid, resilient sector, able to withstand the shock because it is governed by far-sighted entrepreneurs

and managers.

Above all, it gives us back the sentiment of the operators in the sector who - despite the many difficulties and the little help given to the sector - look with confidence at the recovery in the long term.

This is an important signal. It means that in the coming months the transport people will once again be protagonists, even in the restart, with the same mission as always.

The internationalisation of businesses, territorial continuity with the large islands, the relaunch of Southern Italy and environmental sustainability remain our guidelines for the country.

Aware of the central role of ALIS and its member companies, we hope that the institutions will pay more attention.

2 SCENARIO

VIRUS AND ECONOMIC CRISIS, THE PERFECT STORM

The coronavirus pandemic has, from the beginning, had a particularly alarming effect on the entire world economy.

From the United States to China, from South America to Europe, the world suddenly found itself facing a new economic crisis after the collapse of the banking-financial system in 2008.

Italy, according to the most authoritative surveys and forecasts provided by institutions, governments, international organizations and research centres, will undoubtedly be one of the countries most affected by this “perfect storm”, suffering fragility and delays accumulated over time.

In order to cope with the advance of the contagion and reduce health risks, most countries have adopted strategies that are highly restrictive of mobility and social life, leading to real lockdowns with the return of borders to Europe and the suspension of the Schengen Agreement.

The protracted lockdown of productive and commercial activities has already had a strong impact on consumption and, consequently, on the global, European and national GDP, the world of work and youth employment.

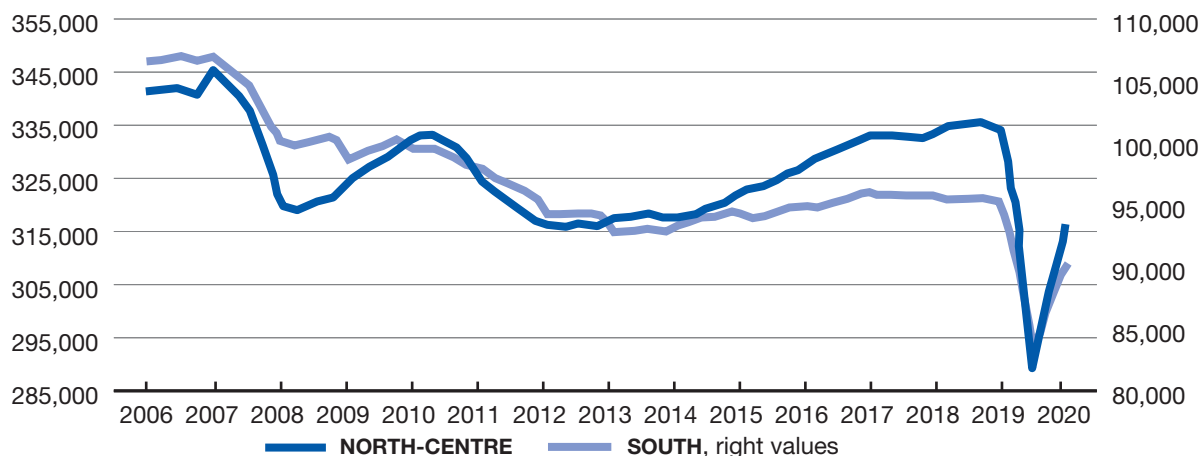
In particular, among the sectors most affected by the emergency - especially during the months of major shut-downs - are the transport, logistics and related services sectors, which according to the most recent estimates are worth more than 9% of the national GDP, testifying to their essential role for the country.

But that's not all. As a consequence, the closure of mobility and transport - consequently - has had a heavy impact both on tourism, with all the economic induced activities that the sector produces in Italy, equal to 13% of the national GDP, and on the import/export market. The World Tourism Organization (WTO) has estimated the drop in international tourism with a figure that would be between minus 60-80% of the flow in the year and a loss of over 1 billion international tourists.

The forecasts on the impact of the pandemic for Italy - made in recent months by Svimez, the

Association for the development of industry in the South - report a drop in GDP of about 8.4% for the country with a loss of over 47 billion per month distributed between the Centre-North (7 billion) and South (10 billion).

GDP dynamics in the period 2006-20. Quarterly data, millions of euros, values at constant 2010 prices



The graph shows the evolution of GDP in 2020. Source: Svimez

The Bank of Italy - in its Annual Report on 2019 activities and in particular in the Governor's Final Considerations - focused on the impact of the pandemic on the Italian economy assuming a fall in GDP between -9% and -13% with serious repercussions in terms of employment, family wealth, increased poverty and inequalities between geographical areas and social classes.

According to the latest estimates of the International Monetary Fund (IMF) the crisis is a "catastrophic blow to the labour market" and the contraction of the world economy will be unprecedented (-4.9%).

This is the global and national macroeconomic context in which we drop the analysis conducted by ALIS to investigate the difficulties of the sector during the hardest months, the current situation in the first phase of the restart, the operators' sentiment on the future of the sector and the requests for regulatory intervention that companies want.

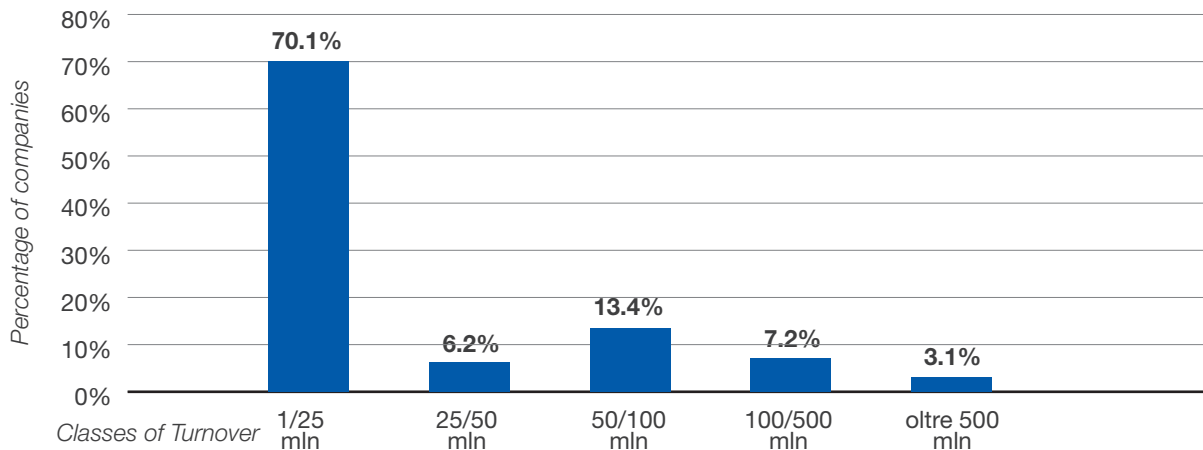
3 IMPACT

THE RESILIENCE OF TRANSPORT AND LOGISTICS

From the study carried out by ALIS with the scientific collaboration of Parthenope University and Svimez emerges a panorama of companies particularly compact in their responses and considerations.

The most important data concerns - in the months of lockdown (March/June 2020) - **the reduction in turnover** both in percentage terms and quantified in millions of Euros.

Turnover of sample companies during 2019



70% of companies have suffered a decrease in turnover of less than 30%, 20.1% of companies have registered a decrease between 30-50%. Only 6.4% recorded decreases between 50-70% of turnover and 3.5% of the sample over 70%.

In the same period, already taken into consideration previously, the percentage of loss of turnover on the foreign market is not excessively different with almost 75% of the companies that have lost less than 30% of **turnover on the foreign market** and only 4% that have seen their business outside Italy reduced by more than 70%.

This is a data that once again highlights how even during the most acute phase of the pandemic, transport and logistics companies continued to ensure their full operations even in the face of substantial losses, empty returns and the capacity to move goods in half.

The percentages - on a transport and logistics sector made up of national and international champions - do not, however, fully illustrate the drastic nature of the losses suffered, which - for the sample taken into consideration alone - are well in excess of 250 million euros only in the reference period between March and June 2020.

This last number - although substantial - is to be considered only for the sample of the 100 companies analysed. In quantitative terms and projecting the figure on the entire transport and logistics cluster - taking into account the estimated loss percentages - companies in the sector could have lost more than **20 billion euros in total**.

Significant - again - is the figure that concerns the **estimate of the total annual turnover** in relation to the previous year.

More than 75% of respondents believe that 2020 will close with revenues 30% lower, determined by the recovery of production activities and the restart of consumption already in the second half of 2020.

Heavy is the decrease for 17% of the companies that estimate to have left on the ground due to the pandemic between 30 and 50% of annual turnover.

ALIS has a strong international character due on the one hand to a consistent presence of European companies and on the other hand to the dynamism of the Italian companies of the cluster that operate every day with continuity abroad.

For this reason, the analysis could not fail to take into account the damage caused by non-participation in **trade fairs and promotional events** both in Italy and abroad.

For companies it was a major damage both in terms of turnover and - above all - in terms of marketing, visibility, loss of job opportunities and finally relations with new potential customers.

An interesting fact concerns the **redundancy fund**.

IMPACT

In **January 2020**, 98.9% of companies had no or less than 50 employees on layoffs, while only 1.1% of companies had more than 51 employees on layoffs. The figure suggests that transport companies at the beginning of the year were in a particularly stable state of health with few employees being laid off.

In **June 2020** the percentages changed significantly. In the range of 0-50 employees on lay-off (CIG), more than 87% of companies remain firm. The number of companies with 51 to 100 employees rose to 6.4%. While they reach 7.3% the enterprises with employees in CIG in the range between 101-500.

Analyzing the results we can affirm that the companies of transport and logistics have not made a massive recourse to the use of the social shock absorber aiming to preserve their human capital and their workforce confident that within a few months the volume of traffic could resume the levels prior to the pandemic.

Focusing the attention always on the emergency period, companies were asked what were the major difficulties encountered in operating on the Italian market, both in terms of work organization and in terms of political and institutional management. In particular, companies were asked to indicate a score between 1 and 10 to evaluate - among examples given - the degree of incidence of the criticality on the work activity.

Companies unanimously reported a decrease in demand as the worst criticality faced. It was also strongly highlighted the difficulty in finding personal protective equipment for 71 out of 100 companies and the persistent administrative bureaucracy for 63 respondents. Less relevant are the lack of clarity of the regulations in force, the lack of knowledge of the risks and the return of customs barriers.

On the side of aid and support to businesses, on the other hand, there is a decidedly critical business front towards the measures adopted by the Government, especially in the first phase. Poor financial incentives, lack of tax relief, liquidity problems due to the difficulty in collecting overdue invoices are the critical issues reported by companies.

In the long term, on the other hand, the perception of an increase in costs to be faced in the coming months in the presence of a slow recovery in demand is almost unanimous (over 80%). In addition, more than 30% of companies reported the possibility that the full operation of the vehicle fleet and plants will not return to full capacity.

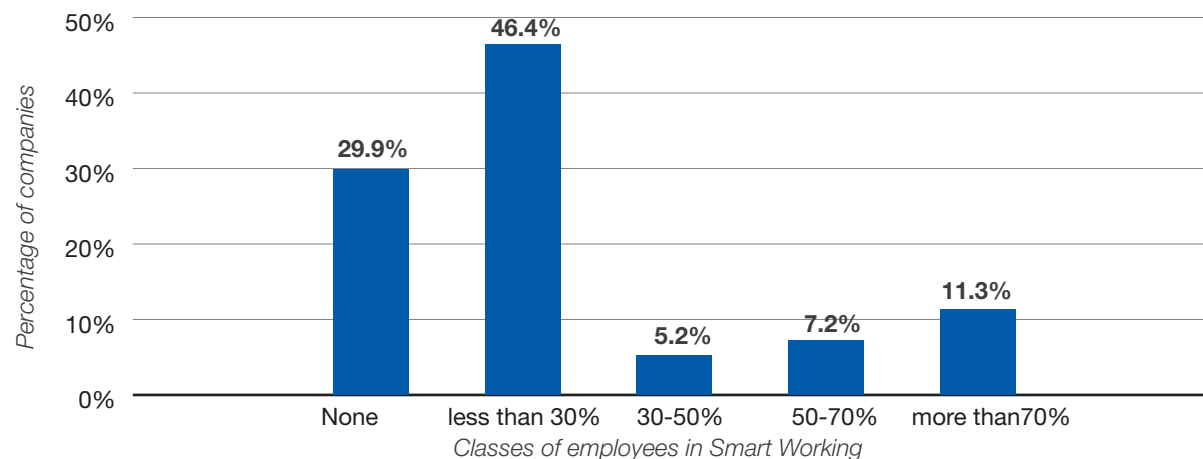
Still on the emergency response front, the cluster's ability to innovate by experimenting with new services, technologies and forms of work organization is interesting.

More than 60% of companies, demonstrating an efficient adaptability to organizational and regulatory changes, responded positively with a clear prevalence for the implementation of smart working (81.4%) and for the digitization of business processes (42.4%). Surprisingly, the figure for the increase in work productivity (14.4%) as a strong point of the company during the health crisis.

Think of the renewed use of videoconferencing to organize work within the company and to maintain contact with customers and the institutional world. In this ALIS has been a leader with a cycle of institutional videoconferences involving politicians, institutions, trade union representatives, the professional world and the academy.

In particular - as far as smart working is concerned - despite the fact that transport companies have always been called to full operation, as they have never stopped, it is interesting to note that 11% of companies have had more than 70% of their employees in agile work. Only 30% of companies had - not even during the most acute phase of the health crisis - no employees working from home.

N. of Employees in smart working during lockdown



THE RELATIONSHIP WITH INSTITUTIONS AND POLITICS

81% of the companies are dissatisfied or very dissatisfied with the containment measures, economic aid and regulatory innovations issued by the political world at every level (Government, Parliament, Regions, local authorities and public bodies). A fact that testifies to the fact that companies in the sector have felt that they have been undervalued by the institutions. Only 18% consider themselves satisfied. The message is clear. Businesses feel that they have been neglected and abandoned by politics, despite the fact that they have allowed the country's essential supply chain not to be interrupted.

Finally, the issue of **future prospects**.

How **confident** are companies about the country's complete economic recovery? The figure is in contrast depending on whether we focus on the short or long term.

In the **short term**, 60% of respondents are pessimistic or not very confident, while 37% are moderately confident. Residents - at 3% - are very confident.

In the **long term**, confidence in the recovery increases significantly. More than 67% of companies are confident about the restart of the Italian economy. The remaining 33% remain - even in the long term - sceptical.

4 FOCUS

CONSIDERATIONS AND ANALYSIS ON THE IMPACT OF PANDEMIC ON SEA TRANSPORT

In the context of the analysis carried out so far, the **maritime transport sector** deserves particular attention, with a **dedicated focus** on it, which - in these months of health crisis - has increasingly taken on an important role in the short-term response to the emergency, facilitating the transport of vital goods and products and consolidating its function in global supply chains that have shown great fragility in this crisis situation.

Despite the difficult historical moment, most **ports** have managed to remain open to loading/unloading operations by allowing access to commercial vessels carrying vital medical equipment, agri-food products, raw materials, fuel and manufacturing goods essential for the functioning of modern society.

That said, the impact of Covid-19 on the world economy and trade is still negatively affecting **global shipping demand** for 2020, as **80 to 90% of import-export** goods are transported by ship.

For **international trade**, the Monetary Fund (IMF) predicts a 11.9% collapse with an 8% rebound in 2021. UNCTAD estimates a reduction for the current year of about 20%. According to the analysis company Clarksons, **global shipping demand** is expected to decrease by 5.6% in 2020, while overall volumes handled by ports by 10%.

The final data of UNCTAD in the first 3 months of the year show a **5% reduction** in the value of **world trade** in goods compared to the previous quarter with a forecast of **-27% for the period april-june**. No area of the world has been spared by the decline in international trade, however Asia and the Pacific appear to have contained the decline.

Region	Q1 2020		April 2020	
	Imp	Exp	Imp	Exp
North America	-5%	-2%	-24%	-32%
Central and South America	-7%	-6%	-30%	-20%
Europe	-10%	-7%	-14%	-14%
Africa	-2%	4%	-21%	-36%
Middle East and Southern Asia	-3%	-6%	-23%	-40%
Central-western Asia	-5%	-11%	-18%	-27%
South-eastern Asia	-3%	-7%	-2%	-4%
Oceania	-4%	0%	-9%	0%

Source: SRM on UNCTAD data

UNCTAD specified that trade has been particularly reduced in the automotive, energy, machinery and equipment sectors where a strong decrease in demand has been noted, while a **positive impact** has been shown by the computer and computer accessories sectors and even more so by the medical equipment and pharmaceutical products sectors.

World trade patterns inevitably also have an impact on shipping in the **Mediterranean basin**, given that maritime trade flows between its shores account for almost 25% of the volume of global traffic.

In conclusion, the pandemic has exposed the **fragility of modern supply chains**, the vulnerability of maritime networks, the efficiency and connectivity of ports in the face of a major and unpredictable crisis. As a vital factor for the proper functioning of international supply chains, the maritime industry can seize the opportunity to change the way it operates.

Resilience seems to have become the key to governing the recovery. In the maritime sector, resilience means that ports and port dependent organisations can adapt to changing conditions and, when disruptions occur, they can quickly recover and resume their business stronger than before. To this end, accelerating digitisation must be a top priority in the post-COVID-19 era.

With a view to resilience, new and more integrated solutions must be implemented to foster the organizational renewal of regional logistics chains, including through the strengthening of short sea services, industrial transition - including relocation and re-regionalization of some production systems - and, finally, the improvement of skills and qualifications to face all these changes.

5 RESTARTING

ALIS' PROPOSALS FOR A GREEN ITALY IN MOVEMENT

In recent months ALIS has promoted the drafting of numerous technical documents with proposals, measures and ideas sent to national and local institutions. Also through its intense media activity ALIS has made the voice of transport and logistics strongly heard.

Not only that. ALIS has joined the agreement with ABI for the extension of the banking moratorium also to large companies affected by the virus.

The survey carried out was once again an opportunity to take stock with its associates of the requests for intervention of an economic, fiscal or administrative nature that companies feel necessary.

The analysis of the responses highlights the strong demand for **decontribution and tax relief** and the establishment of a **tax credit for companies** that maintain the pre-crisis employment levels unchanged.

In addition, respondents' attention was focused on other measures such as:

- Intervention on the cost of fuel, insurance and tolls.
- Incentives to green conversion of vehicle fleets and support for sustainable mobility.
- De-bureaucratisation and digitisation of administrative procedures.
- Strategic infrastructure investment plan.
- Reduction of tax burden.

In particular, there are two topics on which cluster companies are very sensitive: the **lay-off fund** and the **Mare/Ferro Bonus**.

On the first front, the excessive slowness of the social shock absorbers has led to a heavy outlay for those companies that have advanced the cash to their employees even in the months in which they have suffered the greatest reduction in receipts. This system of advance payments had direct consequences on the lack of liquidity.

The bonus system, on the other hand, despite the fact that it has been renewed by the Re-launch Decree, should be strengthened and paid more immediately in order to promote inter-

RESTARTING

modality as an ordinary sustainable transport regime.

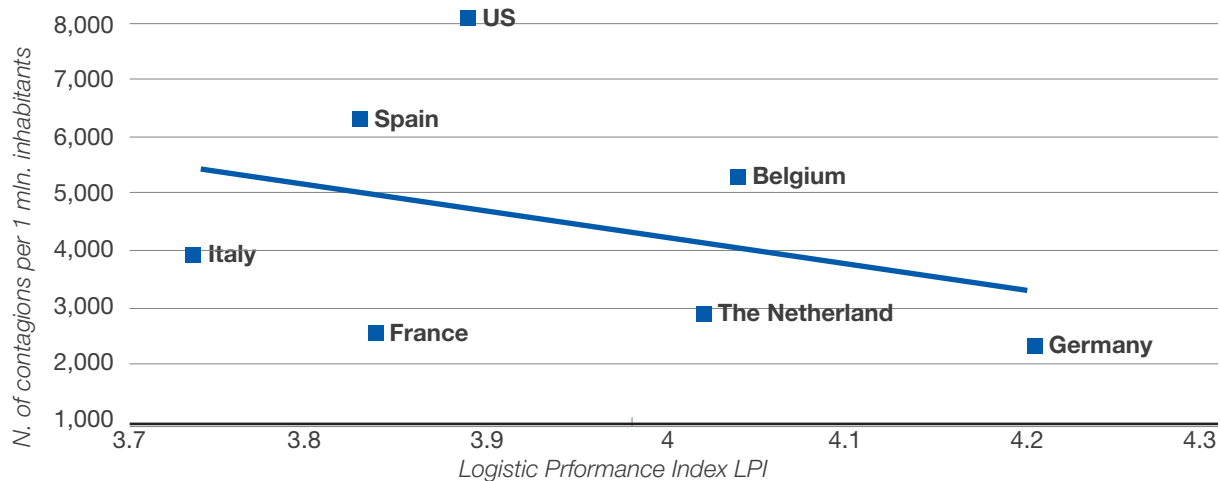
The theme of **intermodality** - central in the associative life of ALIS - was also decisive in the analysis conducted on the impact of the coronavirus, just as a response to the pandemic and the effects it has brought in the sector.

For operators and companies, enhancing intermodality would mean:

- Reducing the gap between North and South by creating new rail infrastructure.
- Creating less pollution through the use of maritime transport.
- Reducing transport costs.
- Creation of a green economy of scale.

This central role given to intermodality and the central theme of the development of the green economy is a clear indication of policy coming from companies. The sensitivity to the “green” themes of the ALIS cluster as a new factor in the development of the country and as a key element in the reduction of inequalities even within the peninsula, is absolutely in line with the public policies that the European Union is asking for in terms of investments to be made in order to access the economic aid that will be made available.

Moreover - it has been noted - that intermodality and logistics are “enemies of contagion”.



SRM elaborations on World Bank and Worldometers data

The graphic elaboration - reporting on the axes both the value of the indicator LPI - Logistics Performance Index of the World Bank that measures through 6 parameters (infrastructure, maritime competitiveness, customs, tracking and tracing, logistics time and skills) the logistic efficiency and effectiveness of a country and the rate of coronavirus contagion per 1 million inhabitants - shows how the more a country is performing from the logistic and intermodal point of view, the more easily it is able to withstand economic shocks.

The graph shows, through a simple regression line, that logistics is a tool that gives the country, as we have mentioned several times, resilience and the ability to resist; if this is also associated with investments in sustainability, aimed at creating mechanisms that reduce environmental impact and polluting emissions, it becomes a “devastating” tool at the service of a nation’s competitiveness.

Finally, also in this analysis, the lack of a workforce specialized in transport and logistics has emerged. It has been proposed the creation of an Academy that can bring highly qualified and competent students directly into the world of work.

6 FINAL CONSIDERATIONS

In conclusion, the analysis carried out gives a detailed picture of the life of companies in the last six months, which have been both a real stress test for the transport and logistics sector and seriously debilitating for the economy, industry and the entire socio-productive fabric of the country.

Italy - as has been mentioned - had not yet fully recovered the losses suffered during the financial crisis of 2008 and a new unprecedented crisis in a few years could prove insurmountable for many companies, causing an exponential increase in the rate of redundancies and new unemployed.

In this scenario, as shown by the analysis, the transport sector has overcome the toughest challenge and it is comforting to note the poor use of the welfare instrument of the redundancy fund despite the drop in turnover for the entire transport and logistics cluster.

More complex, without doubt, the overview that emerges with respect to the state of mind of entrepreneurs and managers of companies. Respondents pointing out a strong pessimism in the short term, show a widespread awareness of the seriousness of the moment, which requires courageous, rapid and visionary choices on the part of national and local institutions.

Regulatory, fiscal and administrative interventions are desirable that address the entire country system and with particular attention to the transport cluster, in order to allow companies, not so much economic support made up of subsidies or forms of assistance, but to work better to compete in the global market.

Italian companies are finally asking to be put in a position to be put on a par with the European national champions. It is in this direction that ALIS directs its associative activity, working to stimulate innovative, fast and incisive strategic choices.

If - in the short term - the public policies necessary to reduce this gap are not implemented, the confidence and credit of companies towards the economic recovery of the country will be irreparably compromised also in the long term.

7 PARTNER, METHODOLOGICAL NOTE AND BIBLIOGRAPHY

The analysis was conducted on a representative sample of **more than 100 companies** of the ALIS cluster operating in maritime transport (7.2%), rail (9.3%), road (67%), logistics companies (35.1%), logistics related services (15.5%).

	SEA	ROAD	RAIL	LOGISTICS AND SERVICES
ITALY	4	67		26
UE		1	2	

The table shows the areas of activity of the sample analysed.

	SEA	ROAD	RAIL	LOGISTICS AND SERVICES
NORTH	1	9		9
CENTER	1	4		9
SOUTH	2	54		8

The table shows the location of the operational headquarters of the italian sample companies.

The data were processed and aggregated anonymously using Questback Essential software.

The ALIS Study Centre in the phase of realization of the questionnaire has availed itself of the scientific collaboration of Prof. Marco Ferretti of the University of Naples Parthenope, Prof. Adriano Giannola President of Svimez - Association for the development of industry in Southern Italy Dott. Alessandro Panaro Head of Maritime and Energy Department at SRM and Prof. Ennio Forte.

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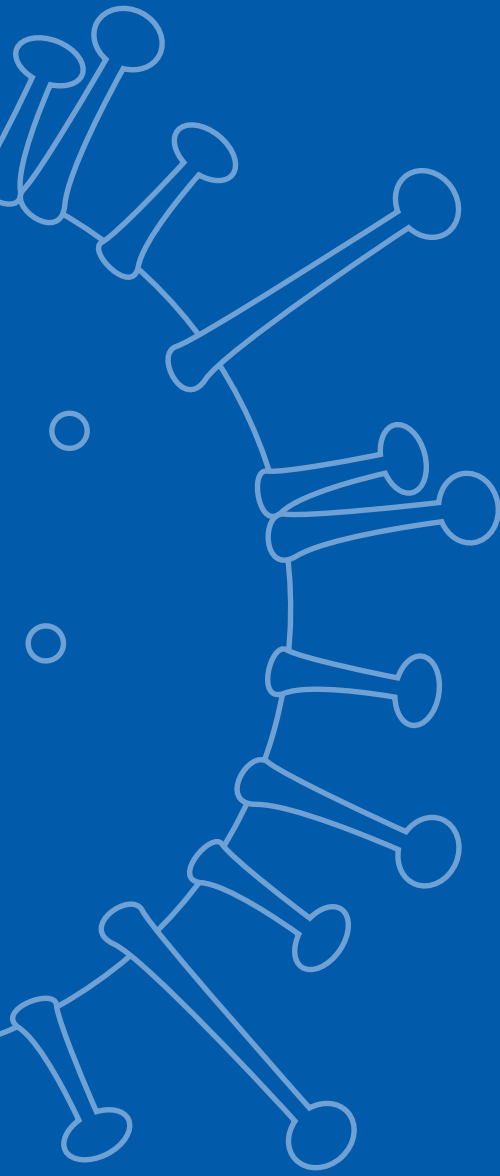
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