

# Speech by Mr Edouard Philippe

## Opening of the AIVP international congress

Venice, 16th of novembre 2023



Ladies and Gentlemen,

Dear friends,

As we approach this period of global upheaval, we could hardly find a more inspiring setting than Venice.

Venice, this world-city from which, in 1271, a young man of 17 set out to follow his father and uncle on the trade routes of Central Asia, a young man who would himself become a trader, diplomat and official at the court of the emperor Kubilai, at a time when Mongolian power was being sinicized. A few years later, this Venetian left us an exceptional testimony, entitled *Le Devisement du monde* (Book of the Marvels of the

World), on this moment of readjustment of world knowledge that was the 13th century. This talented Venetian is Marco Polo.

And if he were to recount his travels to young Venetians today, the effects of symmetry with our own time would be striking. The 13th century ushered in a climatic cooling that lasted 600 years - the so-called "Little Ice Age" - while we are now witnessing a period of global warming that we are actively working to ensure does not last six centuries. The 13th century saw the first impetus of globalization, while we are experiencing the jolts of a globalization that some would like to believe is coming to an end. The 13th century was dubbed the "Mongol century" because the expansion of the Mongol empire - with the famous Genghis Khan and his terrible warriors from the east - profoundly upset the tectonics of geopolitical plates: the fall of Baghdad, the beginning of the liquidation of the Byzantine empire, the rise of military powers such as the Mamelukes in Egypt, who tried to resist the Mongol wave, the strengthening of Islamic powers in northern India and the Indian Ocean...

One of France's greatest historians, Patrick Boucheron, evokes a reconfiguration of the ancient world's entire spatial system: "From the China Sea to the Mediterranean, vast interconnected horizons are now articulated, slinging the whole of Eurasia in a great corridor bringing the world's oldest civilizations into contact", he says during a lecture he devotes to Marco Polo (October 8, 2016, at the rendez-vous de l'Histoire de Blois).

In the 13th century, as today, the interweaving of climatic, geopolitical, economic and maritime phenomena appears with acute intensity. In the 13th century, climatic cooling helped explain the violence of the Mongol conquests. Today, global warming and the new perils coming from the east are having a direct and massive impact on our economies, on port traffic, and therefore on our port cities. So, short of rereading Marco Polo's "Book of the Marvels of the World", I'm delighted that we've come together to reflect on this readjustment of world knowledge and balance, which directly concerns our port cities.

I would like to extend my warmest thanks to our partner and member, the North Adriatic Sea Port Authority, which has worked alongside us to organize this event. I'd also like to thank the City of Venice and the Navy for welcoming us to the heart of this historic arsenal, and I'd like to thank all of you for coming to help us move forward together.

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Almost 18 months after our conference in Tangiers, **we are living through a moment characterized by a brutal turnaround in the shipping market.** Our maritime environment has changed profoundly, because our international environment has evolved significantly. As we all know, the shipping industry is highly sensitive to the global geopolitical and economic context.

In 18 months, we have witnessed a double phenomenon. Firstly, after the covid-19 epidemic, there was a strong recovery, with excellent results for ports and excellent profits for shipowners. Then the effects of Russia's invasion of Ukraine began to be felt, and the market turned.

In 2022, trade contracted, but freight rates remained high. In 2023, we gradually witnessed a collapse in freight rates, as a result of declining vessel fill rates. Whereas freight rates had reached nearly \$8,000 in May 2022, they have dropped to under \$2,000 since March 2023, and fell below \$1,500 in September and October. In 2023, thirteen of the top fifteen European ports for container traffic showed a contraction in activity, which only transshipment ports were able to withstand. The port world is thus bearing the full brunt of the reorganization of energy flows and the fall in consumption in Europe and China.

In response to this volatility in freight rates, which gives them little visibility, the major operators have embarked on an unprecedented vertical concentration of their activities. More than ever, they are seeking to regain their leverage by controlling the global supply chain, in a quest for greater efficiency. This increased control over the chain should enable them to gain economies of scale and improve the quality of their logistics services. In itself, this vertical concentration is not a bad thing, except that it puts a strain on the organization of our city-port territories, whose capacity to absorb flows is not infinite. Faced with hyper-powerful interlocutors, our port cities have every interest in speaking with a strong, united voice to defend their interests.

This is my second point. We're not just living through a turnaround in the shipping market. **We are living at a time when our association must mobilize, not just to exchange expertise and best practices internally, but to speak with one voice in defending our priorities to the world's major economic decision-makers and public authorities.**

Few cities are as spectacularly adaptable as port cities. We can be proud of that! This ability to adapt is in our DNA, as is our openness to the world. Built on the lagoon, in a victory of civilization over water and mud, Venice is a breathtaking example of this... But I could take many other examples, to the south, of port cities that have chosen to develop vast port infrastructures to stay connected to major international flows. Yesterday, it was the Port of Kribi in Cameroon, Berbera in Somaliland or Nador in Morocco. Today, it's the new port of Ndayane in Dakar, and soon the outer port in San Antonio, Chile.

For regions with land constraints, adaptation can take the form of inter-port collaboration or even mergers, as Antwerp and Zeebrugge have done. Over and above the quest for efficiency, these decisions reflect the desire of governments to tighten control over land strategies and national investments.

Since 2022, societal pressure to reduce the amount of new land dedicated to human activity has continued to grow. Yet port cities are unique in that they have both land reserves and control over traffic flows. It's this dual strength that enables ports to assert a long-term vision in response to collective development challenges and territorial projects. This strategy obviously requires consultation with citizens and all stakeholders. It's a complex process, requiring time, transparency and a certain amount of courage, but one that maximizes the chances of legibility, sustainability and success of a City-Port strategy.

Here's just one example: after two years of consultation involving citizens in a process entitled "Dialogo Valparaiso", the Port, the City and the Province of Valparaiso, in the presence of the President of the Republic of Chile, last month endorsed a collective vision for the development of this magnificent bay, a World Heritage site. It's a great source of inspiration.

And for certain port cities, let me remind you with great gravity that adaptation remains adaptation to war. I would like to express our solidarity with our Ukrainian member, the city of Marioupol and its port community. The acceleration of international tensions concerns us all, but some cities are paying a heavier price than others, and their reconstruction will be a priority for us all.

If international tensions are on the rise, it's because we are living in a time marked by **accelerating climate change and growing concern about the ability of our international community to meet its environmental commitments.**

Extreme weather events are multiplying on our coasts. A few days ago, hurricane Otis devastated Acapulco in Mexico, while storm Ciaran had a major impact on West European port cities. Over and above its one-off effects, which are catastrophic in themselves, climate change is structurally disrupting maritime trade:

- Traffic on the Panama Canal has just been further restricted by low water levels in the lakes that feed it.
- The port city of Manaus in Brazil is deprived of cargo traffic, due to the reduced flow of the Rio Negro.
- In the summer of 2023, port cities on the Rhine, Europe's major economic artery, experienced a slowdown in port activity due to reduced shipping capacity.

**Port cities are the first to be impacted by global warming, but let's not forget that they are also the first to implement ad hoc or sustainable solutions.** In Mayotte, for example, the delivery of drinking water by sea has enabled the island to cope with the worst drought in 25 years. More generally, port cities are the first to be affected by the need to successfully decarbonize maritime transport and our globalized economy.

The "Fit for 55" pact in Europe and the "Inflation Reduction Act" in the United States are decisive milestones on the road to energy transition, freeing our economy from fossil fuels. These programs encourage the relocation of certain types of production, to diversify locations and sources of supply. It's up to all of us, as port cities, to consider this transition as a priority and as an opportunity to remain fully involved in our territories. And it's up to all of us to assume our responsibilities by supporting and accelerating the decarbonization of the maritime economy, starting with shipping.

After remaining outside international agreements for too long, maritime transport has finally turned the corner to decarbonized propulsion, whether based on hydrogen, ammonia or bioethanol, or whether wind-powered - since there's nothing more inexhaustible and universal than the wind. All these low-carbon solutions require the City-Port regions to set up new energy channels and offer diversified bunkering capacities, without forgetting to ensure the social acceptability of these new technologies. The installation of an ammonia production unit, for example, calls for a certain amount of anticipation, transparency and education.

To support the decarbonization of the maritime economy, we need to put forward our ideas without hiding the difficulties. Today, all economic sectors are talking about green hydrogen as one of the major energy sources of the future. However, given the accumulated delays, more and more experts are warning us that production capacity will not be available. On this subject, as on others, it will be up to us to ensure that shipping continues to be considered a priority sector.

To support decarbonization, we also need to modify our port engineering by advising and inspiring each other. I'm thinking, for example, of the construction of the New Port of Dakhla Atlantique, in Morocco, whose first step was the commissioning of a photovoltaic park to supply the site.

Last but not least, we need to integrate the issue of biodiversity into the design of our port infrastructures, so that they become refuge zones. We still have a long way to go to respect port ecosystems, which often have their own natural originality.

The AIVP is therefore determined to defend, in the eyes of international bodies, our ambition to establish ourselves as exemplary and innovative territories in terms of decarbonization and environmental protection. We'll be talking about COP 28 shortly. AIVP will also be representing the voice of port cities at the 3rd United Nations Conference on the Oceans, organized by Costa Rica and France in June 2025, in Nice.

Once again, I'd like to thank you for your mobilization, and I'd especially like to thank the members of the AIVP board: Mr. Mario Girard, President of the Port of Quebec, Mr. Mohamed Ouanaya, President of Tangier City Port, and Mr. Alberto Cappato, Director of Innovation at Porto Antico in Genoa.



Marco Polo spent some time in Genoa prison, during which time he wrote the *Le Devisement du monde* (Book of the Marvels of the World). The fierce rivalry between Genoa and Venice has, fortunately, given way to bonds of friendship and healthy emulation, which I hope will unite all our port cities today. Because we share the same concerns, the same interests. We are subject to the same threats, climatic, economic and technological - I'm thinking in particular of the cyber-attack that has just hit Australian ports. And we share the same hope that the young men and women growing up in our port cities, from Venice to Sydney, will rediscover the confidence and almost irrepressible desire to travel the world's great maritime routes, like Marco Polo in his day.