

## Logistics, territory and economic activity in Euram

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### **Abstract**

*In the past few decades, we have witnessed the emergence of territorial and economic processes with a new dynamic: globalisation, and a new scale: global, resulting in the reorganisation of the usual territorial hierarchy in our geo-economic analyses. This is why we suggest macroregional cooperation and collaboration policies for the Mediterranean Arc Euroregion (Euram), following the examples of three regions in Italy (within the same state) and the Rhine-Alpine Corridor (among different states), specifically in the areas of projecting the Mediterranean port front, the freight railway system and the overall logistics supply. These macroregional visions do not necessarily invalidate particular visions but instead complement them and prevent duplication, inefficiencies and wastage in the system of allocating fixed capital by the state and the autonomous communities. We need an overall view of the logistical potentialities of Euram and an in-depth reflection on the paradigm by which we examine our territories' relations in a globalised yet regionalised space.*

**Key words:** logistics, globalisation, infrastructures, regionalisation, macro-region.

### 1. The new interregional action scales in Europe: A model

On 24 March 2019, the Italian press reported on the first tangible results of the visit by the President of the Republic of China, Xi Jinping, to Italy. Christened *The Orange Pact* by the newspapers—because, among other things, it allowed Sicilian oranges to be transported to China in two days via air transport—29 far-reaching agreements were signed which the Italian government valued at 20 billion euros. We are interested in three of these agreements: Italy's cooperation with the New Maritime Silk Road Initiative and the two separate agreements between the Ports of Trieste and Genoa and the China Communications Construction Company.

Beyond the specific substance of the agreements, our purpose in this introduction is to show the emergence of territorial and economic processes with a new dynamic: globalisation, and at a new scale: global, which are directly influencing the future of powerful traditional European communication and transport infrastructures like ports, the prime site of logistics activities. China's signing of two private agreements with the Ports of Trieste and Genoa opens up the possibility for China to use these two hubs as touchpoints in its geostrategy in Europe, laying a favourable foundation—and not just metaphorically—for a more active role in logistics operations in the European Union.

The onset of this new dynamic and new scale includes one consequence: the reorganisation of the territorial hierarchies caused by these processes. On the one hand, altering the traditional scale of action and making it global and further-reaching changes the traditional playing field in our geo-economic analyses. With the entry of new actors in global relations, the rankings of the ports, cities, countries, nations, metropolises... are undergoing serious upheaval, and the scenario of competition is being reshuffled. One obvious case is what is happening with the cities in Spain. Professor Oriol Nel·lo has encapsulated how Spanish metropolises have to change their perspective with the subtitle of a recent article: *From the periphery of the centre to a secondary node in a global multipolar urban system*.

Dr Nel·lo's calculations show that while Barcelona was in position 30 in the global ranking of cities in 1950, its position will drop to 89 in 2030, while Madrid will go from 32 to 70, Valencia from 170 to 763, Seville from 241 to 901, Málaga from 336 to 1,091, Zaragoza from 350 to 878 and Bilbao from 400 to 1,609. Thus, from playing in the peripheral division of the global centre, the Spanish urban system will become a secondary node in a global galaxy. If we apply this urban criterion to our infrastructures, factories, ports, intermodal stations and even logistics plans and land planning, we see that we need greater muscle, a larger size and increasing visibility in order to compete.

Therefore, among neighbours, we have shifted from the logic of local competition to the logic of cooperation, because only by pooling territorial strategies and boosting the joint logistics supply will Euram's ports and logistics zones be capable of competing in a global world. However, we are not only witnessing a larger number of actors entering the scene and a shift in scale; as Joan Subirats pointed out regarding another topic, the problem is not just 'pluralism'. Instead, it is also a dynamic of mutual dependency among actors when solving problems, pursuing objectives and achieving certain results. After all, the new dynamics mentioned above are not only pushing for more muscle and a larger size but are also forcing us to deepen a networked structure that benefits

not only from the value of each node but more importantly from sharing ties with other nodes. In this sense, networked, cooperative proximity—neither in competition nor alone—is becoming more and more valuable.

Therefore, to briefly recapitulate, we can conclude that we are faced with a new global scenario with new actors which are upsetting the usual hierarchies to which we were accustomed, and this is pushing us to rescale our actions, following the famous principle of the geographer Neil Brenner.

Precisely what we wish to highlight in this brief article is two examples of the rescaling of territorial and logistical policies in Europe, which could serve as a model for rethinking strategies of this type in Euram. Both share a common feature: a certain institutionalisation of the cooperation, of the pooled efforts and of the focus on their networked structure.

## **2. *Stati generali della logistica del Nord Ovest*, an institutional interregional cooperation policy within a state**

In 2015, the Italian regions of Lombardy, Liguria and Piedmont signed an interregional agreement protocol to create a specific body with the goal of driving strategic coordination and promoting the logistics system of the Nord Ovest, which refers to all three Italian regions under this ‘commercial’ name. The agreement sought to launch a coordinated effort which could define a supraregional strategy in the logistics, intermodality and freight transport system. After this initial agreement, the institutional, public and private actors met in Novara in 2016 and Genoa in 2017 under the name of Stati Generali della Logistics del Nord Ovest.

The third meeting was held on 15 March 2019, this time in Milan. It is important to note that this interregional initiative is supported by Italy’s Ministry of Infrastructures and Transport, which participated actively in the signing of the initial protocol and at the different meetings, along with the Italian railway network manager Rete Ferroviaria Italiana and the regional railway company Ferrovienord. This active participation by the Italian government may reflect the fact that 30% of Italy’s GDP comes from exports and that almost 41% of this export activity is concentrated in the three Italian regions participating in the agreement.

In short, the three Italian regions—which are clearly important in the logistics sector, intermodality and freight transport, as they comprise the largest concentration of industrial manufacturing in Italy and have the highest level of infrastructure allocations in the country—decided to reach beyond the administrative boundaries and the logic of local territorial and economic competition and instead plunge into the new reality. The territory of the Nord Ovest (Figure 1) is a functionally interrelated and interdependent reality whose ports, railway network, roadway network, intermodal terminals and other transport infrastructures play a decisive role in its competitiveness.

## Figure 1. Example of initiatives associated with the interregional strategy *Stati Generali della Logistica*

### 1. Actions to take in the sphere of regional competences.

- 1.1. Recognition, revision and improvement of the procedures regulating air freight.
- 1.2. Identification of possible company incentives aimed at the current 'CIF' contracts for imports and 'ex works' contracts for exports.
- 1.3. Incentives, by simplifying procedures as well, for current investments to further the infrastructure of the Cargo City at airports by:
  - Creating areas equipped for logistics operations in ground handling or in its immediate vicinity including in lorry parking areas;
  - Functionally integrating airport ground handling with other transport terminals (ports, interports, intermodal terminals).



- 1.4. Promoting better communication among the different actors in the supply chains interested in air freight.
- 1.5. Creating a Nord Ovest Regions Coordination Committee for air freight open to the participation of all the actors in the supply chain.
- 1.6. Supplying information to the manufacturing regions, the Chambers of Commerce, industrial and tertiary business associations, the headquarters of international companies and agents on the potential and supply of the air freight logistics system and its modalities of use.
- 1.7. Providing incentives for industry and commerce to use the logistics chain via air freight.

### 2. Being systematically in contact with the central administrations to define initiatives to develop air freight which require legislative actions or affect the central state administrations.

Source: Giovanni Constantini (2019). *Il cargo aereo al servizio del sistema logistico del Nord Ovest*.

Logically, all three regions adopted a coordinated logistics and transport development plan which even extends beyond Italy's borders and encompasses connectivity with European vectors, including the Rhine-Alpine Corridor, the Scandinavian-Mediterranean Corridor and the Mediterranean Corridor. Via a coordinating body, all three regions have reached agreements with the Italian state (the ministry holding authorities on these matters and the railway infrastructure manager) to improve the joint connections in the functional region by optimising routes and solving bottlenecks in the system.

In the March 2019 declaration, we can even read that one of the region's objectives is 'to construct shared policies on a macroregional scale', as well as to create standing working committees in areas like intermodality and freight transport, new work logistics, economic development and competitiveness, promoting maritime port activity, port connections and optimising ports' operations and oversight. A technical secretariat to rotate among the three regions was created to coordinate all these initiatives.

### 3. The interregional alliance of the Rhine-Alpine Corridor: *One corridor, one strategy. Regional cooperation among states.*

The Rhine-Alpine Corridor is one of the new corridors—like its Mediterranean counterpart—comprising the Trans-European Transport Network (TEN-T). As outlined in the official presentation of this corridor, the axis connects the main ports in the North Sea, Belgium and the Netherlands with the Mediterranean port

of Genoa. The regions it encompasses are the most populous and economically powerful in Europe: more than 70 million people live, work and consume in the Rhine-Alpine Corridor catchment area, which is also the home to numerous manufacturing and commercialisation companies, manufacturing plants and leading distribution centres. The corridor runs through what used to be known as the Europe's 'Blue Banana', which includes important economic hubs in the EU like Brussels and Antwerp in Belgium, the Randstad region in the Netherlands, the German regions of Rhine-Ruhr and Rhine-Neckar, the regions of Basel and Zurich in Switzerland and the Italian regions of Milan and Genoa. In short, the corridor is a spatial axis coherent with a host of common interests and interrelations that unite the regions through which it runs.

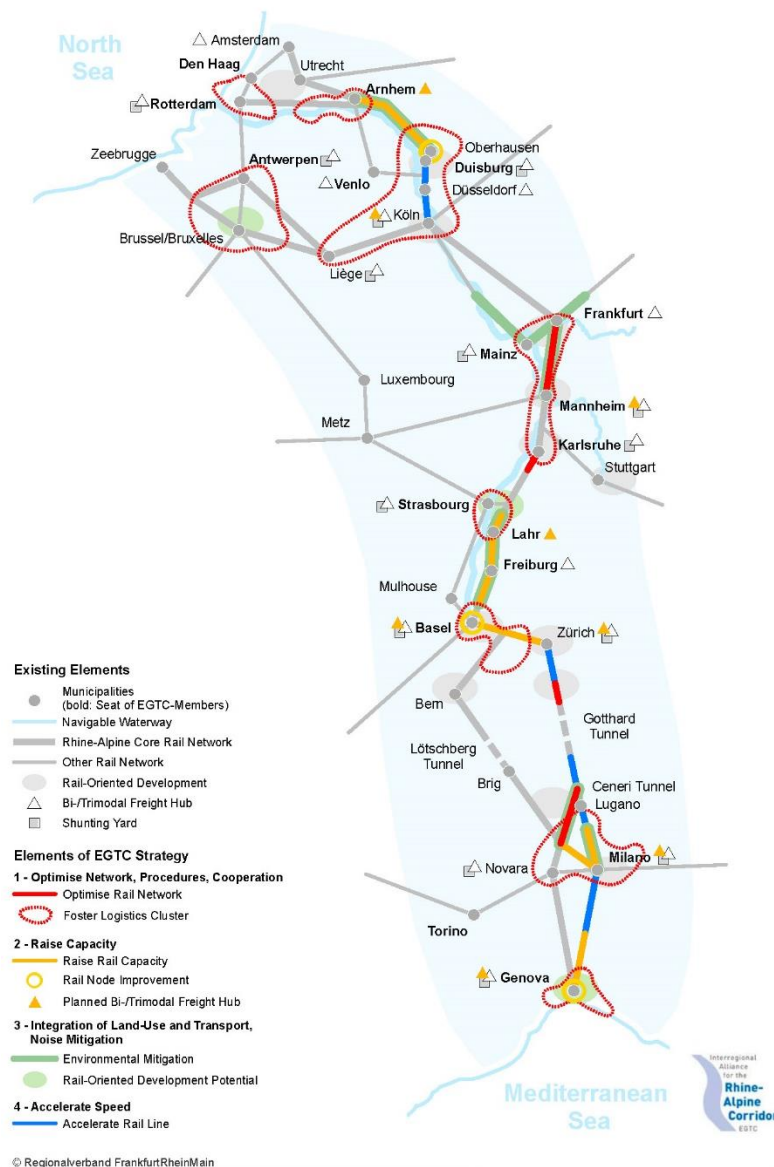
Consequently, in 2015 the EGTC (European Grouping of Territorial Cooperation) was created to represent the voices of the regions, cities and territorial stakeholders associated with the European corridor project. Since then, the EGTC has materialised the regional and local scale of the project with the aim of achieving joint, shared development of territorial and economic strategies.

This is a clear example of how an ambitious infrastructure project like the Rhine-Alpine Corridor (as well as other new ones in TEN-T) can be complemented by the development of a free association of actors that contributes to its territorial coherence. Indeed, in this case an interregional alliance was created (a name which clearly expresses its members' ambitions) which is the continuation of the first efforts developed under the name of CODE24—Corridor 24 Development Rotterdam-Genoa, a strategic initiative under the aegis of the European INTERREG IV initiative which lasted five years (2010-2015).

Therefore, the origin of the current interregional alliance was the creation of a common strategy for the future development of the region through which the Rhine-Alpine Corridor runs. The current consortium—which, as mentioned above, has adopted the European legal form of an EGTC—has 21 partners, more than twice the initial ten in 2015. They include ports, cities, metropolitan areas and provinces in Belgium, the Netherlands, Germany, Italy and even Switzerland. A president assisted by two vice-presidents, a joint office director and the permanent secretariat organise the work of six commissions (cross-border issues, smart mobility, resilience, green corridor, noise reduction and communication). The projects it has launched in recent years include RAISE-IT, which explores high-speed railway integration and saving time on commutes through a focus on accessibility at different scales, with the goal of attending to the exchange of the transport demand with the corridor via TEN-T nodes in the zones around and through the nodes. Coherently, three scales of study were planned: urban and adjacent nodes, larger areas of nodes on a regional scale and connections among nodes along the entire corridor.

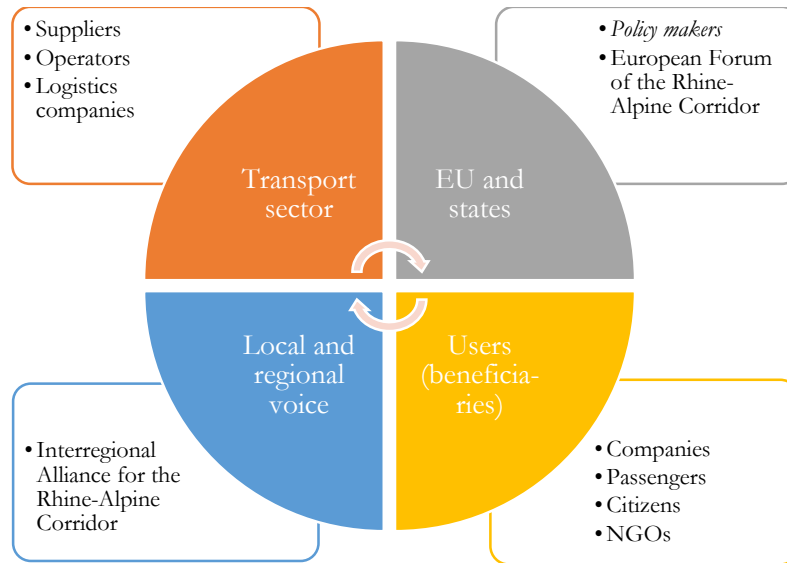
However, more than specific projects, here we are interested in highlighting the working philosophy of this interregional alliance that supports the development of the European transport corridor. This philosophy is epitomised in the title of one of its initiatives: *One Corridor – One Strategy!* (Figure 2).

**Figure 2. Overview of the region through which the Rhine-Alpine Corridor runs with the essential features of the common strategy**



Source: Interregional Alliance for the Rhine-Alpine Corridor EGTC.

*One corridor – one strategy* focuses on five development priorities for the entire region: optimising the network, procedures and cooperation among the essential stakeholders; increasing the capacity of the transport system; solving territorial and sustainability problems; accelerating the speed; and contributing to societal acceptance of the project. In short, this interregional alliance is the fourth pillar in a joint strategy illustrated in the figure below (the ‘interregional’ quadrant is coloured to highlight its importance).

**Figure 3. Stakeholders in the Rhine-Alpine Corridor**

Source: Author based on the figure from the EGTC Interregional Alliance for the Rhine-Alpine Corridor, 2017

As mentioned above, the common strategy that the CODE24 initiative launched has a plan integrated into the landscape, settlements and transport development, which is essential in such a densely populated region with such intense use of the territory. And this vision is materialised by putting three essential dynamics into practice: avoiding the ‘bottlenecks’ of territorial organisation and transports on the corridor-wide scale, getting all the public and private stakeholders operating in that territory involved, and creating conflict-resolution platforms.

#### 4. Conclusions

We have seen two examples of strategic cooperation among nearby territorial actors, one within the same state, Italy, and another that extends beyond the boundaries of a single state. Both were created to meet the new economic demands of a connected world, and both could serve as the model for a cooperation policy in the Euram territory which should adopt several fundamental principles:

- An increase in the role of logistics in the global scene thanks to the growth of regional and global value chains and new forms of manufacturing and consumption.
- Greater importance of European interregional cooperation, not only in response to Europe’s traditional concern for subsidiarity but also as a fundamental principle that is somehow reflected in the development of the European transport corridors in the TEN-T network, which were ‘originally’ multipolar and networked.

- Increasing attention to decarbonisation processes in passenger and especially freight transport, which drive railway transport in Europe and necessitate the interoperability of private systems and cooperation in managing flows.
- The demand for an integrated vision of the transports and logistics system which uses the European logic of considering the connections, hubs, corridors, cross-border axes and nodes.

With the Spanish government playing a potential leading role, as the Italian government does, Euram must develop cooperation and collaboration policies—while safeguarding free competition among actors—in at least three different spheres: the projection of the Mediterranean port front globally (competing with other European port fronts), the freight railway system (which is partly being done already with the development of the Mediterranean corridor) and the logistics supply and associated connections to create and supply a market to a large cross-border region in southern Europe specialised in freight transport and movement. These macro visions do not necessarily invalidate micro visions but instead merely complement them, and they prevent many duplications, inefficiencies and wastage in the system of investments and allocations of fixed capital. Therefore, we need a joint vision of Euram's logistics potentialities following the example of the three Italian regions. Only in this way will we be able to compete in a global market and gain muscle in a scenario where the size of the network does matter.

Reconfiguring the proximity effect—drawing from the title of the aforementioned book by Joan Subirats—will be one of the challenges in the forthcoming decades, with a paradigm shift in how this relational factor based on short and middle distances and neighbour relations has traditionally been handled. The upheaval introduced into the lives of territories by the global phenomenon should spark an in-depth reflection on the paradigm with which we examine this order relationship in space.