
GLOBAL PROJECTS' COMPETITION IN THE MEDITERRANEAN SEA

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The purpose of this research is to examine the competition of global projects in the Mediterranean Sea in the context of the “Three Seas System” theory² by examining the competitive situation around key Mediterranean ports.

In terms of maritime communication in the Three Seas System, the main load falls on the Mediterranean Sea and the Red Sea with its Bab El-Mandeb Strait³.

In this study, it is only the deepwater ports with an annual handling capacity of 1 million TEU and over that are the object of investigation. The impact of lower-capacity deep-water ports on Mediterranean trade is not critical. Thus, there are several ports which can be singled out from the ports of the Mediterranean Sea that meet this criterion.

The Western European Mediterranean basin mainly includes the Spanish, French and Maltese shores of the Mediterranean as well as the Italian shore along the Tyrrhenian Sea and the Strait of Sicily. The Western Mediterranean washes the coasts of Morocco and Algeria from the south.

The Western Mediterranean accounts for 40% of the entire Mediterranean trade, approximately 14 million TEU. Therefore, the volume of goods circulation in the entire Mediterranean is approximately 35 million TEU⁴.

Let us consider the Western Mediterranean. French and Spanish ports share the main volume of goods turnover in this sector. It is interesting to observe the geographical positions and service areas of these ports as well as to understand their management frameworks.

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² See: David Hovhannisyan, Regional tendencies in the context of “Three Seas theory” // *Analytical Bulletin*, Vol. 1 No. 9 (2016), pp. 8-36.

³ About Bab El-Mandeb Strait in the “Three Seas System” theory see: Hayk Kocharyan, The importance of Bab-El-Mandeb in the context of “three sea system” // *Analytical Bulletin*, Vol. 1 No. 9 (2016), pp. 36-58.

⁴ General introduction to the Western Mediterranean Sea basin, European MSP Platform, <https://maritime-spatial-planning.ec.europa.eu/sea-basins/west-mediterranean> (accessed 14.12.2021).

The largest French port in the Mediterranean is the port of Marseille, which is significant in a number of ways and serves both passenger and cargo transportation. The port of Marseille serves the western and northern directions of the Mediterranean and provides an annual volume of cargo transportation of 1.4 million TEU. The port of Marseille is fully managed by the French shipping giant CMA CGM Group⁵.

There are three deepwater Spanish ports in the Western Mediterranean: the ports of Valencia, Algeciras and Barcelona.

The largest port in the western half of the Mediterranean Sea is the port of Algeciras with its cargo terminals. This port, equipped with modern infrastructure for cargo transportation, is located right next to the Strait of Gibraltar and is the first major port when entering from the west. The annual capacity of Algeciras is approximately 5.1 million TEU (2019). The French cargo transportation giant CMA CGM Group has become the owner of 51% of “Total Terminal International Algeciras”, one of the main cargo transportation terminals of Algeciras⁶.

The advantage of the port of Algeciras is that it is used for both north-south and east-west sea freight routes, connecting Asia, America and Africa to Europe.

Unlike the port of Algeciras, the other large Spanish port, the port of Valencia, is an important hub for the “Mediterranean Corridors”, which feed the “Trans-European Transport Network”. The development of road and railway infrastructure increases the importance of the port of Valencia for the European cargo supply system. In reality, the port of Valencia consists of the ports of Valencia itself and the ports of Sagundo and Gandia, all of which are controlled and managed by the Spanish state. The annual cargo transportation of these ports is about 5.44 million TEU⁷.

The next Spanish port significant for Mediterranean trade in terms of cargo volume is the port of Barcelona, which has an annual cargo volume of 3.32 million TEU. The port of Barcelona is distinguished by its technological

⁵ The port of Marseille Fos, <https://www.marseille-port.fr/en?PAGEID=-90000119> (accessed 22.12.2021).

⁶ For details see the official web page of TTI ALGECIRAS, <http://www.tti.algeciras.com/en/the-company/> (accessed 23.12.2021).

⁷ Statistical Report, Port Authority of Valencia, December 2021, <https://www.valenciaport.com/wp-content/uploads/2112-Statistical-Report-December-2021.pdf> (accessed 23.12.2021).

development and specialized terminals. This port is also controlled and managed by the Spanish state through the state agency “Puertos del Estado”.

In the context of the Mediterranean trade infrastructure, the Malta Freeport and Valletta ports occupy a unique place through which up to 4 million TEU pass annually. The uniqueness of Malta lies in the fact that it is an intermediate stop in the Mediterranean trade system. With natural deepwater ports, Malta is able to accommodate the industry’s giant bulk carriers, providing a downstream supply chain with smaller tonnage bulk carriers.

The companies involved in the management of Maltese ports are mainly established with the involvement of private capital, and, in some cases, the involvement of large European cargo carriers can be seen.

Due to their geographical location, Italian ports are a link between the Eastern and Western Mediterranean. The Italian ports of the Western Mediterranean—Genoa, Vado Ligure, Savona and Pra—are managed by the Western Ligurian Sea Port Authority (WLSPA). Those of the Eastern Mediterranean, of which the main one is the port of Trieste, are managed by the Eastern Adriatic Sea Port Authority. In addition to the above-mentioned ports, other Italian sea hubs, such as the ports of Venice, Taranto, Gioia Tauro, Naples, Salerno and Ravenna, are also notable for their importance. The ports of Venice and Gioia Tauro can be distinguished from the latter. The terminals of the port of Venice are operated by the French shipping company CMA-CGM, and the second port of Gioia Tauro in Italy is operated by the Swiss Mediterranean Shipping Company (MSC), a private company owned by the Italian Aponte family.

The geographical location of Italian ports is of great interest to China in terms of its “One Belt, One Road” initiative, as evidenced by the “Memorandum of Understanding” signed between China and Italy in March 2019. It is noteworthy that the signing was followed by the signing of a number of agreements, including a “memorandum of agreement” between the ports of Genoa and Trieste and the China Communications Construction Company (CCCC), which is controlled by the Chinese state⁸. The separation of these two ports shows the key points in the Western and Eastern Mediterranean that China is considering for the implementation of its global project.

⁸ See: Francesca Ghiretti, *The Belt and Road Initiative in Italy: The Ports of Genoa and Trieste // IAI PAPERS 21 // 17 - APRIL 2021*.

The Sino-Italian memoranda caused some tension among the other European Union member states and the United States. One of the main reasons for the tension was the fact that by that time China had also managed to establish control over the largest port in the Mediterranean, the Greek port of Piraeus. In fairness, it should be noted that, despite many attempts, relations did not go any further in the period after the signing of the memoranda. The resistance of the European Union legislative framework, including the Italian legislation regulating the sector, and the 2020 US sanctions against the China Communications Construction Company should be highlighted among the main hindering reasons.

It should be noted that, despite resistance, the Italian port infrastructure did not escape Chinese capital. In particular, the Chinese COSCO and Qingdao Port Group have a 49.9% share in the new terminal of the port of Vado Ligure. In Savona, Chinese capital controls a crane manufacturing plant that manufactures and maintains cranes for port terminals. China is also participating in the Trihub project, which is intended to refurbish and modernize railway stations around the port of Trieste⁹.

In order to work in the European market in general, the Chinese company COSCO (China Ocean Shipping Company) founded the European company Diamond Line GmbH, whose headquarters are in Hamburg, Germany. Germany, Italy and Turkey are the target countries for this company.

Chinese companies compete with European, particularly French and German companies in the Italian port infrastructure market. For example, Hamburger Hafen und Logistik AG (HHLA) acquired the right to build the Logistic Intermodal Platform of the port of Trieste and the corresponding leasing management, which bought 50.01% of the aforementioned platform, leaving the Chinese companies out of the competition.

The picture changes if we move to the large ports of the Eastern Mediterranean, the largest and the leader in terms of cargo transportation being the Greek port of Piraeus. In addition to Greek ports, Turkish, Israeli, Syrian, Egyptian, Tunisian and Libyan ports are involved in the trade of the Eastern Mediterranean.

As we have mentioned above, the important nodal port of the Eastern Mediterranean is the Greek port of Piraeus, which provides an annual

⁹ Ibid.

turnover of 5.65 million TEU, connecting the European continent with the Asian one. As of 2020, 67% of the shares of Piraeus port are owned by the Chinese company COSCO¹⁰. China considers the port of Piraeus to be the most important hub in the context of the maritime component of its “One Belt, One Road” project and is investing heavily in expanding the port’s capacity, as well as trying to keep the so-called “17+1” format, China’s cooperation with 17 Central and Eastern European countries¹¹.

In addition to the advantage of the geographical location, the port of Piraeus is the only one in the Eastern Mediterranean that has the appropriate infrastructure to handle transshipment cargo and also has Free Zone type II status, when control is carried out by warehouse customs processes.

The busiest Turkish port in the Eastern Mediterranean is the international port of Mersin, which is the leader among all Turkish ports and has an annual volume of 1.8 million TEU. This port serves not only the Turkish market but is also a transit route for the European market. 51% of the shares of the port are controlled by the leading Singapore company PSA International Pte Ltd.

After the explosion of the port of Beirut, the active deepwater ports on the eastern coast of the Mediterranean Sea which continue to be part of the international trade network are the Israeli ports of Haifa and Ashdod. Haifa is the largest of these ports and provides an annual turnover of about 1.3 million TEU. In order to increase the turnover of its ports, the Israeli entity tried to attract additional capital and build new terminal infrastructure next to the aforementioned ports under state control.

China showed great interest in this Israeli initiative, which through the state-owned Shanghai International Port Group (SIPG) will invest about US\$1 billion to build the new port of Haifa. After construction, SIPG will manage the port until 2046¹².

¹⁰ Shin Watanabe, China's COSCO raises stake in top Greek port Piraeus to 67%, October 26, 2021, shorturl.at/bipz8 (accessed 23.12.2021).

¹¹ Andreea Brinză, The “17 +1” Mechanism: Caught Between China and the United States // *China Quarterly of International Strategic Studies*, Vol. 5, No. 2, (2019), pp. 213–231, DOI: 10.1142/S237774001950009X

¹² Wang Ying, SIPG automates Israel's port in Haifa, China Daily, 2021-09-04, <https://www.chinadaily.com.cn/a/202109/04/WS6132c913a310efa1bd66d4df.html> (accessed 25.12.2021),

China also made an offer to invest in Ashdod port, but Israeli laws did not allow Chinese companies to participate in both tenders at the same time, as a result of which the Chinese side preferred to focus on Haifa port. As a corollary, the private port of Ashdod will be built by the private company of another giant of the sector, the Swiss Mediterranean Shipping Company (MSC).

In contrast to the European and Near Eastern ports of the Mediterranean Sea, the Mediterranean ports of the African continent deal with relatively smaller volumes. An exception is the port of Port Said in Egypt. Its main cargo terminal, the Suez Canal Container Terminal (SCCT), is located at the beginning of the Suez Canal and is the main link between the Red and Mediterranean Seas. About 3.8 million TEU of cargo passes through the port's terminals annually. 55% of the shares of the Suez Canal Container Terminal belong to APM Terminals, a part of the MAERSK group, which also carries out the management. The second largest share of SCCT, 20%, is owned by the Chinese company COSCO.

Among the 13 Algerian commercial ports on the African continent of the Mediterranean, Jijel deserves attention. Its infrastructure is undeveloped and not adapted for serving container ships. The port of Jijel can serve only break bulk vessels. However, it is a natural deepwater port that can accommodate ships with a draft of up to 18.2 meters. Considering the fierce competition in the Mediterranean, it is predictable that this port will become an object of interest for various superpowers. France, Italy and Turkey compete with each other in the Algerian market. Of the latter, about US\$35 billion have been invested in Algeria. It should not be excluded that in the near future, China may actively join the above-mentioned three competitors in the struggle for Algerian infrastructures.

Due to their strategic location, Tunisian ports stand out from the ports on the African coast of the Mediterranean—especially those located in the north of Tunisia, as they are mainly in the Mediterranean Sea.

The northernmost Tunisian deepwater port is the port of Bizerte, which has naturally deep water and a sheltered bay; and the nearest European coasts in Sardinia and Sicily are approximately 200-250 km away.

In addition to the above, Bizerte is also a land hub for the SEA-ME-WE-4 submarine telecommunications cable. The SEA-ME-WE-4 cable was commissioned back in 2005. The capacity of the SEA-ME-WE-4 cable is 2x64x10Gbps, and it connects Southeast Asia through the Indian

subcontinent and the Middle East to Europe (France). This cable, about 18,000 km long, has 17 land nodes and connects about 15 countries in one network. It can be said that control over the Bizerte land hub allows for control over the traffic entering and leaving Europe.

Based on the circumstances listed above, the issue of control over the port of Bizerte keeps French Bouygues, Vinci et Eiffage, Chinese Yuanda Commercial Financial Investment Group and American companies in hot competition. China, France and the USA are trying to establish control over the port of Bizerte, but the final result is not yet clear. At the time of the study, negotiations are still continuing, and it is not clear which of the parties will succeed. The problem is also complicated by the internal political crisis in Tunisia, but it is expected that the interests of two of the three players, the USA and France, coincide in terms of excluding the Chinese from a presence near their (NATO) shores.¹³

In addition to its commercial importance, the port of Bizerte also has a military use, and a part of Bizerte Bay is used as a military anchorage. Located nearby is also the Tunisian Air Force's Sidi Ahmed Air Base, which, according to unofficial information, is used by AFRICOM for the operation of unmanned aerial vehicles.

Summarizing the study of the situation around the Mediterranean ports, a number of important points can be highlighted.

- The Mediterranean Sea with its infrastructure is an area of sharp competition for both regional and extra-regional players. This struggle is found mainly in the competition between projects implemented by different centers in the Mediterranean. The struggle between the EU's European Neighborhood Policy (ENP), the Union for the Mediterranean (UfM), the United States' "Greater Middle East" and the Chinese "One Belt, One Road" projects is shaped by the approaches of these forces to the infrastructures of the Mediterranean.

- It can be noted that the infrastructures of the Western Mediterranean are mainly controlled by the EU countries, particularly by France and Spain, but there is internal competition here as well. The French shipping giant

¹³ CI VIEW: Bizerte triggers new great game between the US, China and France, March 11, 2018, <http://capitolintelgroup.com/ci-view-bizerte-triggers-new-great-game-between-the-us-china-and-france/> (accessed 25.12.2021),

CMA CGM Group is trying to acquire controlling stakes in various European ports, a clear example of which is its management of shares in Spain's Algeciras. It should also be noted that France considers the western Mediterranean to be a vital area for it and that is why it is involved in the situation around Tunisian Bizerte; it should be expected that France will take serious steps to control the port of Bizerte. It is likewise noticeable that France is taking steps to spread its influence in the European ports of the Eastern Mediterranean as well, which is currently manifested by French companies' ownership of non-controlling shares in some ports.

- The Eastern Mediterranean remains an area of intense competition between China and the EU's main players, France and Germany. A Chinese state-owned company's takeover of a controlling stake in the Greek port of Piraeus and large-scale investment in building new terminals is further straining competition and concerns the United States, which is taking active steps to curb China's influence on NATO's intercontinental trade. Thanks to the joint efforts of the EU and the United States, the potential increase of the influence of Chinese companies in the Italian ports of Genoa and Trieste was suspended at this stage, as a result of which the German company gained an advantage in Trieste. It should be assumed that this is a temporary pause taken by the Chinese side in order to understand the actions of the new U.S. regime and to develop possible countermeasures.

- Despite the unsuccessful attempt to acquire Italian ports, it should be noted that China's influence in the Eastern Mediterranean is significant, as the main ports of Piraeus in Greece and Haifa in Israel are controlled and managed by the latter and it is the second-largest investor in the Suez terminals of Port Said, Egypt.

- In the near future, it is possible that the Mediterranean African ports will become objects of competition, especially considering the situation where a heated battle is already underway for the Tunisian port of Bizerte. It is likely that the next arena of struggle will be the Algerian Gijel. It should be noted that in the struggle for African ports in the Mediterranean, China may have the chance to bypass the main obstacle, which is EU regulatory laws reducing opportunities to acquire European ports in the Mediterranean.