

## Cosulich christens Porto Nogaro as Ukrainian hub for metal-related logistics

A twinning agreement has been signed between the Ukrainian port of Mariupol and the Porto Nogaro industrial area, represented by Consorzio di Sviluppo Economico del Friuli (COSEF), where Metinvest Group has been unloading steel products for a year now.

An Italian-Ukrainian partnership has been established between two multinationals, operating in different sectors and with complementary roles in the logistics chain for the production and distribution of manufactured products.

The agreement, which was entered some time ago between Fratelli Cosulich SpA, Genoa and Metinvest Group, Mariupol (Ukraine), will be sealed on 20 November 2018 with a special event.

“It will be a very important day for the Porto Nogaro port community and in general for the entire Aussa Como industrial area, as a twinning agreement will be signed between the Ukrainian port of Mariupol and the Porto Nogaro industrial area, represented by COSEF, which is responsible for the management of the Porto Nogaro industrial area.

The collaboration agreement provides for the study of new business opportunities between the two ports, exchange of information of an economic and business nature, and management of thematic events with visits of respective delegations. In a word, the purpose is to render Porto Nogaro as a preferential hub for handling steel products and more coming from Ukraine,” Augusto Cosulich explains to Ship2Shore. “There they have committed themselves to realise this ‘twinning’ in view of their interests in common which are, to be precise, the rolling mills in the San Giorgio di Nogaro area and the subsequent necessity to manage and organise to the best the logistics and origins of the Cosulich Family and its Group in the North-East of Italy, which is particularly dear to it and for which it wants to make a contribution to the economic growth”.

In the council room of San Giorgio di Nogaro’s town hall, mayor Roberto Mattiussi will sponsor the twinning agreement between Mariupol and Porto Nogaro. The two partners will be represented respectively by the Ukrainian Sea Ports Authority (USPA) in the persons of CEO Raivis Veckagans, the head of the Mariupol Port Authority, Igor Barsky, and the head of the Mariupol Commercial Port, Oleksandr Oleinik; and, for the Italian side, by Renzo Marinig, President of COSEF.

“Mariupol is the principal port of call from where millions of tonnes of steel depart, bound for the rolling mills in San Giorgio di Nogaro, which is amongst the principal players of industrial development in the area.

Historically speaking, the port used to unload steel bound for Porto Nogaro’s rolling mills has always been Monfalcone” explains the Genoese shipping agent, a sort of ‘patron’ of the Italian-Ukrainian agreement. “The quantity of goods unloaded to send by road to Porto Nogaro and subsequent presence of fleets of lorries along the road between the two ports and complaints raised by local citizens induced Regione Friuli to find an alternative that would not affect the economy of the region, launching a call for tender for sector operators prepared to bid on said project with the subsequent potential to unload part of the steel products directly at Porto Nogaro”.

The sponsorship of the project by the Genoese Group – which, we note, has its historic roots in Friuli Venezia Giulia, specifically in Trieste – began in April 2017, when a partnership was entered between Fratelli Cosulich SpA, Trieste and Metinvest Holding, Kyiv. On this basis, the Giulia-based company was appointed as the exclusive general agent for the Ukrainian iron and steel maker for ports in Italy.

Entering the logistics chain coming from Eastern Europe therefore expanded the shipper’s options.

In 2016, Metinvest launched a regular shipping line from Mariupol to Monfalcone, Ravenna and Marghera. For this purpose, a handysize ship was hired from the Turkish shipping company Canbaz Group: the 30,000 dwt bulk carrier Esra C.

Seeking innovative logistical solutions, the partnership succeeded in unloading part of the cargo that until then had been unloaded in the Giulia-based port directly at Porto Nogaro.

“While Metinvest continues to regularly call at the principal Italian ports, including Monfalcone, thanks to the

partnership between Fratelli Cosulich SpA and Metinvest Holding, an innovative logistics project has been created making it possible to unload part of the goods on board, on bulkers up to 15,000-16,000 dwt, as compared to the 7,000 dwt allowed up until then, directly at Porto Nogaro”.

This new venture was announced in December 2017. In November 2017, Ata was the first ship to complete the service between the port of Mariupol and Porto Nogaro. Since then, a further 21 ships have called regularly, unloading an average of 7,300 tonnes each. In the first 11 months of activity, the following results have been achieved: 200,000 tonnes of goods have been unloaded directly at Porto Nogaro; road traffic has decreased by some 5,000 lorries; and volumes at Porto Nogaro have increased by 25% year-on-year.

“Precisely because the first experiment almost a year ago turned out to be a success, we carried on with the activity”, added Cosulich. “The most evident advantages to be had from the operations resulting from the aforementioned partnership were, apart from reducing road traffic, certainly an improved logistical organisation, lower environmental impact due to pollution produced by lorries and subsequent improvement in the quality of life for local residents. The twinning agreement not only considers retaining and respecting the current collaboration between the two ports, but will also have, as its principal purpose, the idea of fostering an increase in the operational activities in both ports, not only for steel products but also for all commodities of interest. Porto Nogaro and its industrial area could therefore become preferential partners in trading with Ukraine, to the great benefit of both countries”.

Service conducted in the alternative port should enable the foreign customer to rationalise its transport chain and therefore most probably reduce the cost of supplying metal products to Italy.

Fratelli Cosulich is owned by the Cosulich family, with registered office in Trieste and operational office in Genoa. It is a well-established company covering all sectors in the shipping industry and has been on the market for over 160 years now. The Group comprises over 70 companies, employs about 1,000 people worldwide and has an annual turnover of EUR1 billion.

The company has of late been very active in shipping metals products. Last spring, it concluded the acquisition of half Tecnoservice, a Brescian forwarding company specialising in steel products.

Metinvest is a leading Ukrainian company that manages the production and transportation of steel products. The holding owns two factories in Italy: Trameital (acquired several years ago from the Genoese Hofima Group, belonging to the Malacalza family) at Porto Nogaro; and Valsider Spa in Oppeano (Verona). Its head office for Italy is located in Genoa. Since the beginning of Metinvest’s work in the country, the primary ports that it has used have been Monfalcone and Marghera, which are well equipped to handle, unload and load precisely the type of goods that it ships.

In late 2014, Metinvest Group created a shipping division to cover destinations such as Bulgaria, Turkey, Italy and Spain. In 2016, the fleet capacity was increased to 150,000 tonnes a month, including up to 12 ships. It has also added new destinations: North Africa, the Middle East and the United States. Metinvest Group’s Ilyich Steel and Azovstal facilities are both located in Mariupol. The holding’s principal shareholders are SCM (71.24%) and Smart-Holding (23.76%).

In the first half of 2018, Metinvest Group generated a 22% EBITDA margin on revenues of US\$6.2 billion.

Angelo Scorza