

Bankers, lawyers and Chinese investment

China wants better access to European markets, a conference in Naples was told last week. **Rod Lee** listened in

An American guest at the second annual Shipping and the Law conference held in Naples on 24 October summarised the situation shrewdly: "I don't see how they're going to get funding for all these plans if they don't trust their own banks."

The Naples conference was the brainchild of Neapolitan law firm Studio Legale Lauro, set up in 1993 and active in all shipping matters, particularly mergers and acquisitions (M&A), partnerships, joint venture agreements and special-purpose vehicles.

The emphasis of the conference was not the law *per se* but the extent to which modern legal constructs can successfully limit investor risk. However, with Western banks and bankers now posing the greatest threat to the wealth of nations, delegates had the feeling that many of the speakers were looking through the wrong end of the telescope.

In this context, the presentation given by a team from China Development Bank, led by Zhang Rong Rong, was listened to attentively. Zhang's literal message was lost in translation but the meaning was clear: China is willing to invest part of its foreign reserves in streamlining its access to European markets. Whether this is achieved through partnership with government officials or private enterprise is not yet clear, but there should be no doubt about its determination.

The conference, which attracted about 250 delegates, was held near Castell dell'Ovo,



'There should be no doubt about China's determination to streamline its access to European markets'

the Norman castle defending the old port. It provided a suitable setting for a discussion of the piracy now plaguing the eastern approaches to the Suez Canal. Only a few days earlier the Italian bulk carrier Montecristo had to be rescued by a combined US and British taskforce acting under the orders of Italy's Adm Gualtiero Mattesi, who commands the NATO Ocean Shield anti-piracy task force in the area.

The topic at the conference was the Italian government's agreement to allow Italian troops to be made available to national-flag merchant shipping transiting the area. Furio Samela, a partner in the Rome office of Watson Farley & Williams, spoke on the financial consequences of piracy in terms of total loss in loan agreements.

On the practical side, US Navy commander Sean Cantwell told shipowners to stick as close as possible to best management practice and carefully vet private

security companies. In the M&A session, Diego Pacella, MD of Grimaldi Group, and Fabrizio Vettosi of Venice Shipping and Logistics chaired a fluent discussion led by Claudio Cattabriga of Terra Nova Advisors and Bruno Castellini of the Milan office of Jones Day. Understandably, the blame for the present inactivity in the market was laid, politely but firmly, at the door of the banks.

The discussions on infrastructure centred on EU decisions on key routes and the effect these would have on the aspirations of individual ports. The map that emerges on applying this criterion would appear to favour Spain ahead of Italy, especially where rail links are concerned.

The assembled port dignitaries also heard the challenge thrown down by Gianandrea Rizzieri, the former Clifford Chance lawyer who is leading a bid to fund development projects in Turkey and the Balkans, where he

believes progress will not get bogged down in bureaucracy.

The conference was held in English, which must have involved a lot of arm-twisting but worked very well. Francesco Lauro, the organiser and moderator, is fluent and so, too, were the owners and operators who spoke. Sensibly the organisers gave the keynote speeches to Italy's most travelled members of the shipping community, including Paulo d'Amico, chairman of the Italian shipowners' association, Paolo Costa, former Italian minister for public works and now president of the Port Authority of Venice, and Emanuele Grimaldi, MD of Naples' largest shipowner and operator.

Alfons Guinier, a past master in this kind of international setting, invited Mark Love QC to speak, so standards were high.

And for a venue held in a venerable setting, the technicians did an excellent job. Microphones worked, slides came up when asked for and the interpreters, when needed, were up to the job. The organisers also had the foresight to hire a UK-based press liaison service.

If there was a hitch, it had nothing to do with the organisation. It came from the news, being flashed through on participants' mobile phones, of the increasing difficulties facing Italian and Spanish banks as European governments searched desperately for a convincing means of shoring up the system.

Reading between the lines, it looked likely that the delegates from China were not in Naples as willing merchants but as reluctant bailiffs. What the Norman builders of Castell dell'Ovo would make of that is an interesting question. ■