



# GLOBAL IMPACT



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## ITALIAN TRADE AND INVESTMENT GROWING

*AMERICANS HAVE CLOSE BUSINESS AND CULTURAL TIES*

*Dear Friends:*

*Just as domestic and international business impacts the ocean marine industry, the ocean marine industry impacts business. And as the industry evolves, the reach of Great American expands, helping companies to seize opportunities and reduce risks in the United States and abroad.*

*On pages 1-2, read about U.S.-Italian trade, business opportunities and cultural ties that date back generations.*

*On page 3, read how fire in the shipyard can be a two-headed monster and what the Occupational Safety and Health Administration has to say.*

*And on page 4, read why bridge safety again has become an issue deserving attention.*

*We hope you enjoy this issue and, as always, we welcome your comments.*

*Sincerely,*

*John A. Rowney  
Division President  
Ocean Marine Division*

The United States and Italy have enjoyed a strong economic and political relationship since WW II. Today, the southern European country is the United States' 11th largest trading partner and the sixth biggest world economy. Interestingly, U.S.-Italian cultural ties date back much further.

Italy offers U.S. companies numerous trade and investment opportunities. And, the country offers Americans a very friendly welcome as one of the world's top tourist destinations.

### **AMERICANS OF ITALIAN ANCESTRY RANK FOURTH IN U.S.**

Italian unification began in 1861 under King Victor Emmanuel II and was completed by 1870. Stagnant economic conditions in southern Italy, however, did not improve. In fact, according to scholars, they deteriorated. A combination of higher taxes, protective tariffs on northern industrial goods, a lack of coal and iron ore, natural disasters, epidemics, and soil erosion/deforestation that resulted in a scarcity of cultivatable land left many southern Italians in the state of poverty. Today, the Italian economy still remains divided into the developed north, dominated by private companies, and the less developed welfare-dependent agricultural south.



As a result, many of Italy's younger population departed their homeland in search of a better life. During the 19th century, more Italians migrated to South America than to North America. However, between 1880 and 1920, more than four million Italians were recorded entering the United States, although many intended to return to Italy in the future. Nevertheless, from 1876 to 1976, the U.S. became the largest single recipient of Italian immigrants in the world.

Before the American Civil War, a trickle of Italian immigration to the United States had begun. Surprising to many, the earliest Italian immigrants to the United States were from northern Italy, and often became fruit merchants in New York, and fishermen or wine growers in California. After the Civil War ended in 1865, Italian immigration grew dramatically, rising to 32,000 in 1882, and tripling to 100,000 immigrants per year by 1900, according to some estimates.

Based on the ethnic origin of one's parents or ancestors, Italian-Americans now represent the fourth largest ethnic group in America, according to 2000 data from the U.S. Census Bureau. German-Americans represent the largest group, followed by Irish-Americans and English-Americans. French-Americans and Polish-Americans represent the fifth and sixth largest groups, respectively.

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**U.S.-ITALIAN TRADE**

In 2003, the United States exported almost \$10.6 billion in merchandise to Italy. This represented an increase of 18 percent since 1997, according to the U.S. Department of Commerce. Currently, the best U.S. export prospects to Italy include computer services, computer software, safety and security equipment, computers and peripherals, telecommunications services, travel and tourism, franchising,

medical equipment, pollution control equipment and services, insurance services, and airport and ground equipment.



Trade with Italy varies from state to state. Ranked in descending order, the largest U.S.

state exporters to Italy in 2003 were California, Washington, Texas, New York, New Jersey, Ohio, Massachusetts, Georgia, Pennsylvania and Illinois.

Dominant Italian industries, which also produce attractive goods and services for worldwide consumption, include tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear and ceramics. In 2003, U.S. imports of these and other Italian goods and services reached \$25.4 billion. This represented an increase of 31 percent over 1997.

**THE ITALIAN INVESTMENT ENVIRONMENT**

As one of Europe's preferred investment destinations, foreigners typically do not incur major impediments when investing in Italy. However, bureaucratic requirements can be burdensome, according to Political Risk Services of Syracuse, New York. Under Italian law, 100 percent foreign ownership is allowed, but uncommon. Few sectors, such as defense and aircraft manufacturing, are closely regulated or prohibit foreign investment.

In 2002, European Union (EU) countries accounted for 66.3 percent of foreign investment in Italy. The Netherlands, France, U.K., Luxembourg and Germany were the principal sources. The largest non-EU direct investors included the United States, Brazil and Argentina. From 1999 through 2003, the U.S. direct investment position in Italy, measured

on a historical-cost basis, increased 70 percent to \$30.4 billion, according to the U.S. Bureau of Economic Analysis.

**PERIOD OF SLOW ECONOMIC GROWTH APPEARS OVER**

Italy's real gross domestic product increased only 0.4 percent in both 2002 and 2003. However, Italian exports and investment activity rose markedly in the first half of 2004, ending a protracted slump, according to the Organisation for Co-operation and Development (OECD). And future projections are favorable. A planned tax cut in 2004-2006 and pension reform as of 2008 could improve conditions. Thus, real GDP growth is anticipated to rise by 1.3 percent in 2004, 1.7 percent in 2005, and 2.1 percent in 2006, according to the OECD.

Italian unemployment, which has declined from 11.5 percent in 1999 to an estimated 8.1 percent in 2004, is expected to continue to fall. But the long-term direction of unemployment, as well as economic growth, is partly contingent on the impact of economic reforms designed to improve the country's level of competitiveness. Some economists believe Italy will not correct its structural deficiencies, which could jeopardize support for Prime Minister Silvio Berlusconi.

**ITALY CONTINUES TO PLAY MAJOR GLOBAL ROLE**

Joining the European Monetary Union (referred to as Euroland and the Euro Area) in 1999, Italy has been at the forefront of European economic and political unification. It has been a major American ally in the fight against terrorism, and ranks fourth among the world's leading tourism destinations. In fact, according to the U.S. Commercial Service,

from 2001 through 2003, Italy was a tourist destination for an average of 52.5 million people annually.

Italy, with a population of 57 million people, is one of America's most trusted world partners. Today, more than 7,500 U.S. companies are actively represented in Italy; approximately 850 of them have subsidiaries there. And while many Italian companies are represented and/or operate in the United States, few countries—through immigration—have had such a cultural impact on America. ■

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# OSHA TARGETS SHIPYARD FIRE RISK

*NEW STANDARD SHOULD SAVE LIVES, PROPERTY AND LOST WORK HOURS*

**F**ire is a two-headed monster in the shipyard. Employees face unique risks of injury and death from flames, explosions and toxic gases, while those who fight the fires also are at special risk. Yet until now, the industry has not had a single fire safety standard for all aspects of shipyard employment, making regulatory requirements for employers unclear and enforcement difficult.

The Occupational Safety and Health Administration (OSHA) changed that in September 2004 when it published the Fire Protection in Shipyard Employment final rule, effective December 14, 2004. The result of years of industry guidance and support, the new standard provides increased protection from fire hazards for nearly



100,000 workers in the shipbuilding, ship repair and ship breaking industries.

Each year shipyard fires result in an average of one death, 110 lost-workday heat/burn injuries and more than three times that many total injuries, according to the Bureau of Labor Statistics. But OSHA believes the new standard can prevent that one death and 292 workplace injuries annually. In doing so, the rule will affect approximately 670 employers, including large shipyards, government shipyards, operations owning a dock or dry dock, and the majority of small firms that perform shipbuilding and repair work.

## WATCHING FOR DANGER

Foremost among the rule's requirements are the creation of fire safety plans and the designation of fire watches during hot work such as welding, cutting or grinding. The standard spells out the conditions when fire watches are needed and outlines the qualifications, training and responsibilities of fire watches. That's an important development, says Guy Colonna, assistant vice president of the National Fire Protection Association (NFPA), which develops national consensus standards. For years there was no standard for fire watches and only minimal guidance from OSHA. As a result, watches received little attention and often lacked training and experience.

"If more attention had been given to them, they probably could've controlled a lot of fires before they got out of hand," Colonna said. "Because fire watches tended to be

less qualified, less trained and improperly equipped, they often contributed to the growth of a minimal fire event into a more significant event."

Among other provisions, the OSHA rule requires a written fire watch policy and prohibits workers who perform hot work from acting as their own fire watch. The rule allows employers to rely on a combination of fire response organizations rather than requiring them to establish internal fire brigades. Employers also have options—such as moving combustible materials or moving hot work to a safer location—that can help them reduce the impact and cost of hot work. "There's still an element of performance in the standard that says if employers are diligent in their planning, they may be able to do the hot work more effectively and efficiently," Colonna said.

## SAVINGS WITH A COST

General satisfaction with the rule among affected parties follows years of input from industry, labor, and state and federal regulators. OSHA relied on several advisory committees in developing the standard, including the Fire Protection in Shipyard Employment Negotiated Rulemaking Advisory Committee, of which Colonna was a member. The Committee unanimously approved a recommended standard at its final meeting in February 2002. The final OSHA rule also incorporates many familiar national consensus standards, including 19 from the NFPA. According to OSHA, its rule "does not require any practices not already undertaken in many shipyards today."

Even so, the rule will result in new industry costs of around \$4.3 million per year, most of which are related to fire watch provisions, OSHA says. In return, the agency estimates approximately \$6.2 million in cost savings "to society" from prevented injuries alone. Savings resulting from reduced fire damage, which OSHA did not attempt to quantify, are certain to be significant as well.



Employers who engage in strategic planning that makes use of the rule's flexibility should be able to achieve compliance and savings with minimal impact on daily operations. For more information and a copy of the final rule, see the OSHA Office of Maritime web site at [www.osha.gov](http://www.osha.gov), or contact the office at (202) 693-2086. ■

## BRIDGE SAFETY AGAIN IN PUBLIC EYE

More than two years after a towboat-bridge allision in Oklahoma killed 14 people, government and industry officials have released new recommendations for enhancing the safety of bridge navigation. Bridge allisions involving towing vessels occur at the rate of about six per 10,000 towing vessel trips, with 90 percent of the accidents attributable to human performance, according to the American Waterways Operators (AWO). The vast majority of bridge allisions are minor accidents resulting in little or no damage.

In August 2004, the National Transportation Safety Board (NTSB) concluded that the 2002 allision near Webbers Falls, Okla., resulted from the towboat captain's loss of consciousness, possibly from an abnormal heart rhythm. One of the NTSB recommendations was that the U.S. Coast Guard Research and Development Center evaluate the effectiveness of wheelhouse alerter systems, which sense control movements on inland towing vessels and set off an alarm if the operator appears incapacitated. The AWO, representing tugboat,

towboat and barge operators, immediately pledged to assist in implementing the NTSB recommendation. The most recent AWO joint safety committee meeting, in fact, featured a presentation on alerter systems.

"They are already being installed throughout the industry," said Capt. Robert Clinton, AWO vice president of safety. "Many companies operating on the river system are installing them. This is relatively new technology and AWO members are interested in the positive impact it could have on safety."

### SETTING THE SAFETY STANDARD

The high-profile Oklahoma allision also set in motion other industry efforts that continue to advance the goal of bridge safety. Immediately following the accident, the AWO and Coast Guard formed the Bridge Allision Working Group, which examined 10 years of accident data and published a five-point action plan in May 2003.

In October of this year, the AWO Board of Directors voted to add safe bridge transit and operator incapacitation procedures to the Responsible

Carrier Program (RCP), a mandatory, audited safety management system for all AWO members. The detailed bridge transit procedures establish standard operating practices and guidelines for bridge transits aboard all coastal RCP vessels. The operator incapacitation procedures include assigning personnel to make regular checks on the officer on watch, in addition to checks made before navigating through bridges or other areas that require critical vessel maneuvers.

While the AWO may assist a Coast Guard study of wheelhouse alerter systems (by offering test vessels, for example), it's unlikely that specific technologies would become part of the RCP. "Normally speaking, the program doesn't mandate equipment," Clinton told *Global Impact*. He noted, however, that use of the systems could become a recommended practice for members.

Until then, vessel operators would be wise to investigate the loss prevention advantages of alerter systems on their own, or with AWO assistance. Government regulation may not be far behind. ■

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