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THE PROJECT OF THE NEW JADE-WESER-PORT (Its Competitors and Recent Developments in Maritime Trade)

ABSTRACT

A giant new deepwater container terminal in Germany, the project of the "Jade-Weser-port" is being pushed forward by different actors in German shipping and transport politics. The article discusses the possibilities, the pros and cons of such a project against the background of the latest developments in globalised container shipping. Thus, new trends in containerisation, shipbuilding and global economy are taken into consideration, as well as the specific aspects of the proposed project in the vicinity of the competing harbours in the same port range. The focus is placed on the German ports, since they are part of the same legal and political framework, in which different interests are at stake. Specifically Hamburg's position as a possible shareholder or opponent of the JWP project, which is already under way, are discussed in detail. A critical evaluation of the JWP is given at the end.

KEY WORDS

Jade, Weser port, North range, Hamburg, Bremen, Eurogate, deepwater ports

Is the Super- Post-Panamax¹ coming or not? Will there be only a few remaining megaports? Will new alliances take place, where they haven't been seen before? Those were some of the questions addressed by the author of the article on "Trends in Seaborne-Transportation and their Impact on the European Port and Transport System" (Promet 13 (2001), No. 2-3). As a significant example for some of those trends and their specific interrelations, the proposed "Jade-Weser-Port" was mentioned as a preliminary and most recent project of different actors in German transport policies and economics. Nevertheless, in its closing remarks the article was somehow sceptical about the likelihood of such a joint project between traditional competitors in northern Germany, although by that time the politicians in Lower Saxony, Bremen and Hamburg gave joint declarations on the coming-true of this ambitious project.

Discussing the recent developments in the positioning of the northern Germany's mainports, this ar-

ticle is going to start from exactly that point, where the earlier one ended. It aims at discussing the chances for success by the introduction of such a project on the green meadows in the vicinity of Wilhelmshaven, thus taking into consideration the traditional main ports of Bremen and Hamburg within the scope of larger trends. As a matter of fact, the project of Jade-Weser-port has made significant progress in the last two years. Two years earlier, the discussion about the "if" was still on, as well as the discussion between the two possible candidates of Wilhelmshaven versus Cuxhaven. Those issues have clearly been decided in the meantime, with Wilhelmshaven as the chosen candidate, strongly supported by most of the relevant actors in that field of business. Thus, is there a German Gioia Tauro going to emerge, or might the JWP-project come out as a rather (self-)defeating competitor to the existing harbours in the northern German region?

First of all and in general, there is something like a worldwide push towards new deepwater ports taking place, which, by the way, reminds somewhat of the rush for UTM mobile phone licences in Europe and the billions of money spent in vain in that branch just recently. Currently, 59 (!) deepwater port projects are somewhere at a level between the initial planning phase and the construction (www.drewry.co.uk) phase; most of them in Asia, but partly also in Europe, like the JWP-project. Most of those projects are recently designed projects, some of them had been planned for quite a while or had even tried unsuccessfully to be implemented earlier, e.g. the Morocco's renewed Fendeq-project. This trend towards new container terminals in deep water locations simply reflects the enormous margin of annual increase in that field of transport constantly over the past three decades. Nevertheless, times seem to be changing now and some of the projects could easily find themselves in not too favourable economic circumstances in the near future.

The world's economic growth rate has slowed down remarkably after the year 2000 and many highly

industrialised states are still just a little ahead of recession. The world sea trade has also started to stagnate at an overall amount of transported goods of 5.4 billion tons in 2001, whereas - considering the distances as well - it even decreased by 1.5 percent to 22.7 billion ton-miles (VSM 2002). Only container shipping is still on the rise, nevertheless, its rate of increase is also going down clearly on the worldwide scale. No experts are predicting overall growth rates in the range of two digits any more. Only certain ports are still enjoying above-average increases in container handling, which rather reflects their specific investments in certain infrastructures and improved transport chains. Also, due to a too widely expanded transport fleet, freight rates are going down on the global scale. This is the general framework to be taken into consideration when discussing developments in the parts of the European north range.

Here comes the Jade-Weser-Port project, and these are the facts: The federal administration, the States of Lower Saxony and Bremen and various terminal operators had temporarily agreed, in March 2001, on establishing a new (supplementary) container port at Wilhelmshaven, using the Jade estuary as a suitable location.² The city state of Hamburg, always in favour of Cuxhaven as the location for a supplementary port, was still very sceptical by that time and finally decided, in May 2002, to completely withdraw from such a project and rather invest its money in the building up of additional capacities in Hamburg itself. The final decision for Wilhelmshaven had fallen a while before that. A few months earlier, other actors mentioned above, had already established a project consulting and development agency (Jade-Weser-Port Entwicklungsgesellschaft) in order to push the project forward. The shareholders are the State of Lower Saxony with 71%, Bremen with 20% and the city of Wilhelmshaven with 9%. There is also a paragraph included that still entitles Hamburg to join and acquire an overall 20% stake among the holders. Planning is supposed to be completed in 2002/2003, including the administrative legal approval, which would be very fast by German standards for a project of this dimension. Constructions shall start in 2004 and be finished by 2008. Costs are estimated to be in the range of €800 million, most of it to be spent for the quay structure itself. At first, a length of 1.5 km is proposed for construction (4 berths). Financing is somehow unclear, although there is little doubt that the State of Lower Saxony has to bear the brunt. Terminal operators have given very vague proposals for some co-financing but still believe that the supra-structure has to be provided by the authorities as it goes in the traditional pattern.

Indeed the Jade estuary with its natural deep see channel of about 16-18 m below sea level is a very suitable spot for a harbour, also being very close to the

open sea. Difficulties may lie in the fact that the proposed quay is not protected from waves and currents.³ However, the proposed area has a waterfront of up to ten and a hinterland of up to two kilometres, with an additional km, the actual quay construction, to be built up in front of the current shoreline. Thus the area could theoretically provide a maximum of up to 30 km (!) for a container port. This generates plenty of capacity reserves for even the most optimistic container scenarios for the future. The Autobahn A 31 goes directly into port, splitting 50 km south of Wilhelmshaven into the three directions to Bremen (east), A 1 southwards to Rhine-Ruhr area and the third branch westwards to the Netherlands, but before the border separating again in another branch which runs parallel to the A 1 close to the NL-border south to Rhine-Ruhr. The latter one (A31) has a missing link of about 40 km furthermore to the south (Geeste-Wietmarschen), which is currently under construction. Train connection to Wilhelmshaven, which mainly handles oil by pipeline, is rather poor. There is only one non-electrified track from Oldenburg to the port by now.⁴

In reviewing the project within the framework of recent trends in maritime trade laid out before, the key question simply is whether the whole JWP-project makes sense economically or not, and under which circumstances it may do so. To find out about that, the interests of the various actors in the great port gamble have to be identified as well as their needs, options and abilities. Thus, it will be quite easy to see why certain decisions are taking place, because, in a very traditional way in fact, it all comes down to competition of harbours and port politics coming along with that. Who are the actors? The driving forces behind, are the governments/port authorities and operators of Bremen/Bremerhaven, Lower Saxony, and the town of Wilhelmshaven, all of them backed by the federal government on one side and basically Hamburg on the other side. Rotterdam is left out here, because it is not part of the framework of German actors and its positioning is very well known.

Wilhelmshaven's interest is most easy to define. The city with its monostructure is as poor as the whole region, being highly dependent on the maritime and naval sector, which shrunk significantly over the past decade. Unemployment is very high and thus any investment makes good sense, regardless of how many jobs it is going to create. Those in favour of the project are proposing far more than 1,000 new jobs for the town; one of the consultants mentioned even up to 4,200 jobs (FAZ 18 July 2002), which is highly disputable, as we will find out later. The federal government is headed by a chancellor who had served as the Prime Minister of Lower Saxony before and still takes high interest in the development of the coastal region of

this State, still being governed by a red-green coalition. Since by constitutional law neither Wilhelmshaven nor Lower Saxony can construct state-crossing Autobahnen (highways) or railways on their own behalf, the backing by the federal government is essential. It has promised to do so and to provide the funds for the railway line towards port, once the planning process is completed (www.bmvbw.de/cms-aussen-spezial 2002). In June 2002, a Secretary of State at the Ministry of Transport officially declared support for the JWP as an essential tool in order to strengthen Germany's position in the wider ranges of port system competition, thus declaring JWP as sort of a national task. This is also disputable, since it is a well known fact that globalised economies have at least partly moved away from being beneficiary to national frameworks in favour of company and/or regionally/locally centred benefits (cf. to LÄPPE 1998, 1999). The "made in Germany" has been replaced by a "made by Daimler-Chrysler" or any other global players, however they might be named. It could be only in the German national interest if it was to attract cargo away exclusively from foreign ports and not from other German ports like Hamburg.

The strongest interest in the JWP indeed, comes from the port economy in Bremen/Bremerhaven, traditionally arch-rivals of Hamburg since both ports are very close to each other and their various hinterlands are broadly overlapping. For that reason they cannot avoid being in a competitive relation, even if they liked to do so. Unlike Hamburg, Bremen's container terminal at Bremerhaven is facing a problem, and that is the geographical limitation of further growth of capacities for container storage. This limitation is expected to be reached at about 6 mio. TEU, whereas currently about 3 mio boxes are handled. If growth rates continue to be as they were in the past, this maximum capacity will have been reached already by the end of 2008 (10% scenario), if they slow down it will be a few years later, e.g. 2013 at 6% scenario (www.bwk-niedersachsen.de). The year 2008 is the very one, in which the JWP shall be fully operational, if everything works out according to plans. Nobody can see this as a coincidence, indeed.

Europe's biggest terminal operator, the EUROGATE group is very much in favour of the JWP. No surprise at all, since the core of EUROGATE is the parent company of BLG (Bremer Lagerhausgesellschaft), Bremen's traditional terminal operator. Since BLG/EUROGATE will or would be the leading operator in the new JWP, it might function mainly as a supplementary port to Bremerhaven, because BLG will be able to operate at both locations according to its interest. Thus, anything going against Bremen's interest, shareholder of the BLG, can easily be avoided. But how about HHLA (Hamburger Hafen Lagerhaus

AG), Hamburg's state-owned terminal operator? With a minority share in the JWP holding, it wouldn't have the means to nail down the operations in the JWP to the limited extent which has been proposed so far: purely functioning as a supplementary port to Hamburg and Bremen. Although it might be true that the JWP aims mainly at cargoes otherwise going to Rotterdam, how can it be avoided that other cargo, which used to be handled in Hamburg, is attracted by the new port as well? How about distributing future acquisitions among different actors with different interests? How could all this be handled practically? Is JWP going to refuse transshipment cargoes which Hamburg could easily handle? Is any mode of procedures imaginable to sort out which cargoes are likely to be supplementary and which are rather originally meant to be handled at the JWP? Impossible, and thus very likely the JWP will automatically become another competitor, not least to Hamburg.

It is the simple logic of self-interest in a capitalist market-economy which makes Hamburg's position in the great quarrel for the JWP clear. Consequently, Hamburg had decided to stay out and concentrate its investments on the facilities in Hamburg. This decision makes sense, since the city-state of Hamburg is in a more comfortable position than Bremen. Currently, there are about 4.5 mio. TEU handled in Hamburg, but local authorities see additional capacities in the port of another 9 or 10 mio. TEU's. Although this seems to be a very high estimate, it might be something not too far from that. Hamburg's position, not only geographically, is unbeatable anyway. The port is in the centre of the north German traffic net, located at the intersection of major highways with the river Elbe, being also the crossing point of 5 major railway lines and able to handle traffic in the Baltic and the North sea likewise. Being a very fast and efficient port, Hamburg operates to Vienna and the gates of Milan via block-train within 24 hours and has been expanding ever since 1990 when the hinterland in central and eastern Europe returned. Currently, Hamburg and its HHLA is working on improving its position in the Baltic with plans e.g. for a new terminal in St.Peterburg. The very much improved transport chain "Baltlink" between Hamburg and Lübeck-Travemünde has just recently started operations.

While Rotterdam, Bremen/Bremerhaven and Antwerp faced reductions in Container handling in 2001 for the first time, Hamburg grew by another 10.8 percent in the first 9 months of 2002. Consequently, the "cui bono"-question related to the JWP has once more to be addressed: what can the real benefits of this project be and for whom? If JWP is only handling containers in transit, and that is what it is meant to be, not much money will remain in Wilhelmshaven or the region, once operations have started. Not too many

people are involved in fully mechanised handling of containers anymore. BLG can easily operate JWP from Bremen/Bremerhaven, even shifting container bridge operators back and forth through the new Weser-tunnel each day, according to local needs in both ports and in order to cut down costs on employees. The number of jobs created permanently might be rather in the range of a fifth or a tenth of the proposed numbers. Wilhelmshaven will almost purely function as an entry/exit point for transshipments. But what brings money to a region is mainly the "pro loco" share in container operations, and this share in Hamburg is very high - about a third of all boxes handled, whereas it will be in Wilhelmshaven close to zero for the beginning. It requires the build-up of a network of companies doing all sorts of business in and around port, loading and unloading containers and dealing for various purposes with their contents locally or regionally. Increasing pro loco shares requires next to the transport network also an agglomeration with a satisfying number of customers (3.5 Mio in and around Hamburg in this case). Wilhelmshaven has almost none of those characteristics of a cash generating port. On this basis, it is going to compete with players like Hamburg and Rotterdam.

Taking all that into consideration, does the JWP project really make sense economically at all? One can be very sceptical about that. The expert evaluations ordered by Lower Saxony and Bremen (Roland Berger & Partner, PLANCO consulting) are speaking in favour of the chances of the JWP-project, the independent ones are very sceptical and that ordered by Hamburg speaks against it. For carriers and forwarders, of course, it is convenient to have another option with the JWP. The small margins on freight rates in transshipment of container will go down further, because it is very likely that over-capacities are going to be created and the forwarders can lean back and ask for further reduction on rates and then choose among the competing harbours. It shall be also taken into consideration that growth rates in container handling are going down. This is rooted not only in the global trends in maritime trade, it is also due to the fact that not many more goods can be put into containers. The latest steps were the introduction of climatised units for food and units for liquids, but very soon the scope

of containerisation is going to reach its qualitative peak. Neither petroleum nor iron ore is going to be handled in containers. There is an end of containerisation.

Very recently, the trend towards bigger vessels became fuelled by the arrival of the first unit breaking the 8.000 TEU margin. The "OOCL Shenzen", the first of a series of eight and carrying up to 8.063 TEU, has just started services. Still nobody has ordered a super-Post-Panamax of more than 10.000 TU yet, and some forwarders seem to become more sceptical about bigger units (cf. to FAZ 02.10.2002) which require more and more logistics and time to handle, before the vessel can sail. But since the width of the locks of the Panama canal is broken anyway, there is no need anymore to stay within the framework of a certain margin. It also means, that vessels don't necessarily have to become deeper in draught but can grow rather in breadth. Newer container bridges are anyway equipped for that option. This constructive matter could resolve the problem of harbours with limited draught of their sea channels. For Hamburg it's not a big problem anyway, since there is an effective treaty with the Federal Republic which has to adjust the depth of the bed of river Elbe anyway, according to needs of shipping. The environmentalist won't be able to stop furthermore dredging of the river bed to be deepened by another meter, if the 10.000 or 12.000 TEU unit might ever appear. Therefore, the ULCC question doesn't seem to be too significant for the moment anymore.

Finally, and summarising, for all the newcomers in port business the struggle will be even harder than for the traditional players, due to the reasons mentioned above, and also due to the "soft issues" of trust, good experience and confidence in partners, which can take years to be established and which even in today's economy will not be completely neglected as factors in choosing certain sites for operations. The failure of Amsterdam's newly opened and widely empty Ceres-terminal, state of the art by means of technology, sends a stern warning to all competitors who think that growth goes on forever and entrance barriers into the market are still low. Whether it really makes sense for the highly indebted state of Lower Saxony to borrow at least another €500 mio. to invest in a port, with

1997	Hamburg	Wilhelms-Haven	Bremerhaven	Bremen
Total turnover of goods (Mio. tons)	76.0	36.4	19.7	14.0
Tot. number of employees in port (incl. administration)	75,000	1,100	37,500	
Employees in port related industries	20,000	1,200	17,700	
Employees in port per hectar of port area	22.8	1.0	25.3	
Registered companies in port business	1430	72	185	500

Sources: Verkehrs-, Hafen und Schleusenstatistiken der deutschen Nordseehäfen und Adressbücher der Hafenwirtschaft (1999)

rather little chances for generating money for the region itself, remains very questionable, compared to other imaginable options, e.g. investing that amount of money in creating a centre of IT technologies or whatever is imaginable. Risks for the terminal operators indeed, is very limited, since the traditional pattern of administrations providing the supra-structure is still applied. BLG/EUROGATE would not suffer too much, if the JWP failed economically. The taxpayer is simply going to pay most of the bill. Arguably, Hamburg is on the safer side by staying out. It can wait and see, if the "coalition" does the next step or if the disaster of state finances in Germany puts a halt to the JWP-project, although it seems too late by now.

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ZUSAMMENFASSUNG

DAS PROJEKT JADE-WESER-PORT, DIE WETTBEWERBER UND NEUERE TRENDS IM SEEGÜTERVERKEHR

Der Beitrag analysiert das Projekt des geplanten neuen Groß-Containerhafens in Deutschland, des Jade-Weser-Port an der Nordseeküste in seinen Bezügen zu jüngsten Trends im Containerverkehr wie auch zu den unmittelbaren Konkurrenzhäfen. Nach einer kurzen Skizze globaler Trends im Bereich neuer Tiefwasserhäfen und im globalen Seegüterverkehr, wird zunächst das JWP-Projekt selbst beschrieben. Dazu gehört eine Analyse der Hinterlandsverbindungen und der möglichen Auslastungen bzw. des Bedarfs. Hieran schließt sich eine akteursbezogene Analyse dieses Projektes, in dem die unterschiedlichen Interessenlagen der nahegelegenen Universalhäfen, der Terminal Operator und der politischen Akteure voneinander abgegrenzt werden. Dabei zeigt sich, daß vor allem Hamburg aus der deutschen Koalition für das JWP-Projekt ausgeschert ist. Warum diese Position nachvollziehbar ist und welche Risiken das JWP-Projekt beinhaltet, fließt in eine kritische Bewertung des geplanten Tiefwasserhafens ein.

SCHLÜSSELWÖRTER

Jade, Weser, Port, North Range, Hamburg, Bremen, Eurogate, Tiefwasserhäfen

NOTES

1. Later referred to as ULCC (Ultra large container carrier), i.e. ships in the range of 10.000 and more TEU (transport equivalent unit, i.e. capacity of possibly carried standard container boxes).
2. The discussion why Cuxhaven, for many reasons seen as the better location, was not chosen is being avoided here, since it would go too much into the details of German (transport) politics. Furthermore, the fact that Wilhelmshaven has been chosen now, and thus a discussion about alternatives would not help anymore regarding questions being addressed in this paper.
3. Cf. to Ballast Neddam, quoted at Rinske VAN DER MEER 2002.
4. Railway connections of Wilhelmshaven and Cuxhaven are discussed in comparison and in detail at www.niederelbebahn.de 2002.
5. Actually the world's largest operating unit, HAPAG-Lloyd's "Hamburg Express" with a capacity of 7,800 TEU is sailing from the port of Hamburg.

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