

# North German Maritime Industry Analysis Report

*Discovering Opportunities for Knowledge & Technology Transfer*

**AREA OF STUDY**

Hamburg, Schleswig-Holstein and Bremen

**PREPARED FOR**

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November 2012



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## **Acknowledgements**

I thank Mrs. Subashini, Consul General of India, Hamburg for assigning to me this market study work, which also served as a base for my master thesis.

I thank my professor Dr. Rod J Franklin in supporting and guiding me to write this report successfully. I also wish to express my sincere gratitude to Ms. Martha Hannapel, Career officer, KLU.

I thank the officials of the maritime cluster in North Germany for assisting me in collecting valuable data and for sharing their valuable insights on the subject.

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## List of Abbreviations

BWF	-	Bremen Wirtschaftsfoerderung (Business Development Center)
DFC	-	Dedicated Freight Corridor
EUR	-	Euro (currency)
FDI	-	Foreign Direct Investment
HWF	-	Hamburg Wirtschaftsfoerderung (Business Development Center)
HWWI	-	Hamburg Institute of International Economics
IGCC	-	Indo German Chamber of Commerce
MNE	-	Multinational Enterprise
PPP	-	Public Private Partnership
USD	-	United States Dollar (currency)

भारत का प्रधान कौंसलावास  
हैम्बुर्ग



**DAYS OF INDIA 2012-2013**  
60 JAHRE DEUTSCH - INDISCHE ZUSAMMENARBEIT  
*connecting cultures - Kulturen verbinden*



CONSULATE GENERAL OF INDIA  
HAMBURG

## Foreword

The Free and Hanseatic City of Hamburg is one of 16 Federal States of Germany that prides itself as the 'Gateway to the World'. As Germany's most dynamic business region, this international city is a major trading hub and was designated as the European Green Capital in 2011. The Port of Hamburg enjoys the status of the third largest seaport in Europe with 9 million TEU handled in 2011. It is one of the most important ports in Europe for India as it serves as a leading feeder port for the Baltic region and northern Europe.

In January 2011, Maritime Cluster Northern Germany was launched in Hamburg to focus on the maritime economy of shipbuilding, ship supply, offshore and marine engineering industries with its links to the shipping industry, shipping companies and the port economy. The Logistics Cluster, founded in 2006 with more than 4500 members and with single largest network is Germany's most dynamic industry sector.

India has a coastline of 7516 kms with 13 major ports and 200 non-major ports. In the Twelfth Five Year Planning Period from 2012 – 17, India proposes to invest \$ One Trillion in development of its infrastructure sector and \$ 51.31 billion will be invested in development of port sector over the next eight years.

In this context, I am happy to present the North German Maritime Industry Analysis Report to showcase opportunities available in Hamburg, Schleswig-Holstein and Bremen for trade, knowledge, technology transfer and investments in maritime industry sector.

This Report was commissioned by the Consulate General of India, Hamburg in collaboration with Kuehne Logistics University in Hamburg especially for the Ministry of Shipping, Government of India and its subsidiary Port Trusts, Indian Ports Association, Inland

Waterways Authority of India, maritime companies, Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Punjab Haryana Delhi Chambers of Commerce and Industry and Association of Chambers of Commerce.

I take this opportunity to thank Mr. Prashanth Balasubramanian, Student of Masters' Degree Programme in Kuehne Logistics University, Hamburg for his research and preparation of the Report under the supervision of Prof. Dr. J. Rod Franklin, Adjunct Professor of Logistics and Academic Director of Executive Education, Kuehne Logistics University Hamburg. The publication of this Report was made possible under the Market Expansion Activities Programme of Investment & Technology Promotion Division of the Ministry of External Affairs.

November 2012

  
(M. Subashini)  
Consul General

## **Executive Summary**

India is currently celebrating 60 years of diplomatic ties with Germany through a series of events being organized in Germany. To honour this long relationship, 2012-2013 has been declared as the “Days of India in Germany: Connecting Cultures 2012-13”. India is now beginning its twelfth five year planning phase which will run from 2012 through 2017. During this planning period India will expand its Public Private Partnerships (PPP) programs across a much wider set of sectors than in the past with an aim towards improving its infrastructure and economy. During this phase, India would like to seek out opportunities in Germany to improve trade volumes and also learn about maritime and logistics cluster policies in North Germany to accelerate knowledge and technology transfers. India would like to showcase its tremendous market potential to attract Foreign Direct Investments (FDI) and offer PPPs in other sectors. In this study, previous Indo German trade relationships have been revisited and future opportunities for India and Indian businesses in Germany are identified.

## 1. Introduction

The North German maritime industry, comprised of the major port cities of Hamburg, Bremen and Kiel has a very rich and famous history. The industry saw its growth accelerate between the years 1871 and 1910 when colonial trade and emigration gave German ship owners large growth opportunities and propelled the industry into the world's second largest merchant navy behind Great Britain. Even after two world wars, the industry has continued to grow due to globalization and increased traffic in the Baltic Sea region. German inland waterways have also been put to good use through the establishment of new inland "ports" with complete multi-modal facilities in locations such as Duisburg, Kassel and others. Continued trade growth has allowed the North German states to realize rapid economic growth even with aggressive competition between the three Northern ports.

Today, Hamburg is home for thousands of international trade and logistics companies. It is the second largest port for shipping companies in Europe after London. Hamburg is still hungry for more expansion and growth, and is continuously innovating and welcoming new businesses. Hamburg has a very good geographic location when compared to most other European ports with good rail, road and hinterland networks for access to Central and Eastern Europe. The state sees a high potential for Hamburg to become the number one port in Europe in the near future based on forecasts of trade volumes. To handle larger trade volumes, Hamburg will have to improve its infrastructure and technology quickly to accommodate the future business needs.

The ports of Bremen and Bremerhaven work together under the governance of Via-Bremen. Via-Bremen is the single point of contact for all logistics and maritime activities in Lower Saxony. The logistics and the maritime clusters are integrated into a single unit that allows them to coordinate and communicate efficiently in their business operations. The Bremen Ports are among the most important universal harbours of Europe. At both sites in Bremen and Bremerhaven, terminals are concerned with nearly every type of shipment: containers and cars, piece and bulk goods, hazardous goods and project cargo. The Columbus Cruise Centre Bremerhaven offers the port group one of the most modern and efficient passenger terminals for cruise ships. The importance of the maritime economy to the city of Bremen is evident in the nearly 115,000 jobs provided by the industry. Through an efficient network

composed of several different logistics services providers, the Bremen ports offer many value-added services in container logistics.

The port of Kiel is one of the most profitable ports in the Baltic Sea region. Its direct connection to the rail and motorway networks of Germany make the port ideal for both passenger transport and cargo handling. The geographical location of Kiel, on Kiel fjord and surrounding the Kiel Canal, makes the port the world's busiest man-made waterway. The port of Kiel is equipped with modern terminal facilities in an inner-city location allowing it to operate as the third largest hub port in all of Northern Europe. Each year over 375,000 passengers choose Kiel as their home port for travel.

The three North German states (Hamburg, Bremen and Schleswig-Holstein) have recently adopted a **cluster policy** in the maritime sector in order to strengthen the sector for future challenges and be competitive with other maritime clusters in the world.

## **2. North German Maritime Cluster**

North Germany has a very active logistics and maritime cluster. The ports of Bremen/Bremerhaven, Hamburg and Kiel are the three major ports in the states Bremen, Hamburg and Schleswig-Holstein respectively. Thousands of maritime companies are located in the North German cluster, supported by thousands of other logistics and support companies. All three ports are well connected to inland areas by road and rail networks. This inter modality allows them to reach a wider target market across Central and Eastern Europe. The three states recently introduced a joint cluster initiative in the maritime sector to address future competitive requirements for the region. Previously, only Hamburg had introduced cluster initiatives for various industries to strengthen them to tackle challenges and create competitiveness.

The first cluster initiative in Hamburg was started in 1997 and targeted the Media, IT and Telecommunication sectors. This initiative was called 'Hamburg@Work'. The cluster currently has over 2500 members from 650 different companies, and it stands as a powerful force for the digital industry in North Germany. The cluster provides a platform for exchanging ideas and putting the right people in contact with each other. This initiative has proven successful and it has given rise to new cluster initiatives in other sectors such as

aviation, life sciences, logistics, medicine, creative arts, renewable energy and maritime operations.

The newest cluster initiative is the ‘**Maritime Cluster Nord Deutschland**’, which was initiated in the year 2011 aimed at strengthening the maritime cluster in all three northern states of Germany. The following is a mapping of the maritime cluster that provides an overview of cluster segments and their contributions to the cluster.

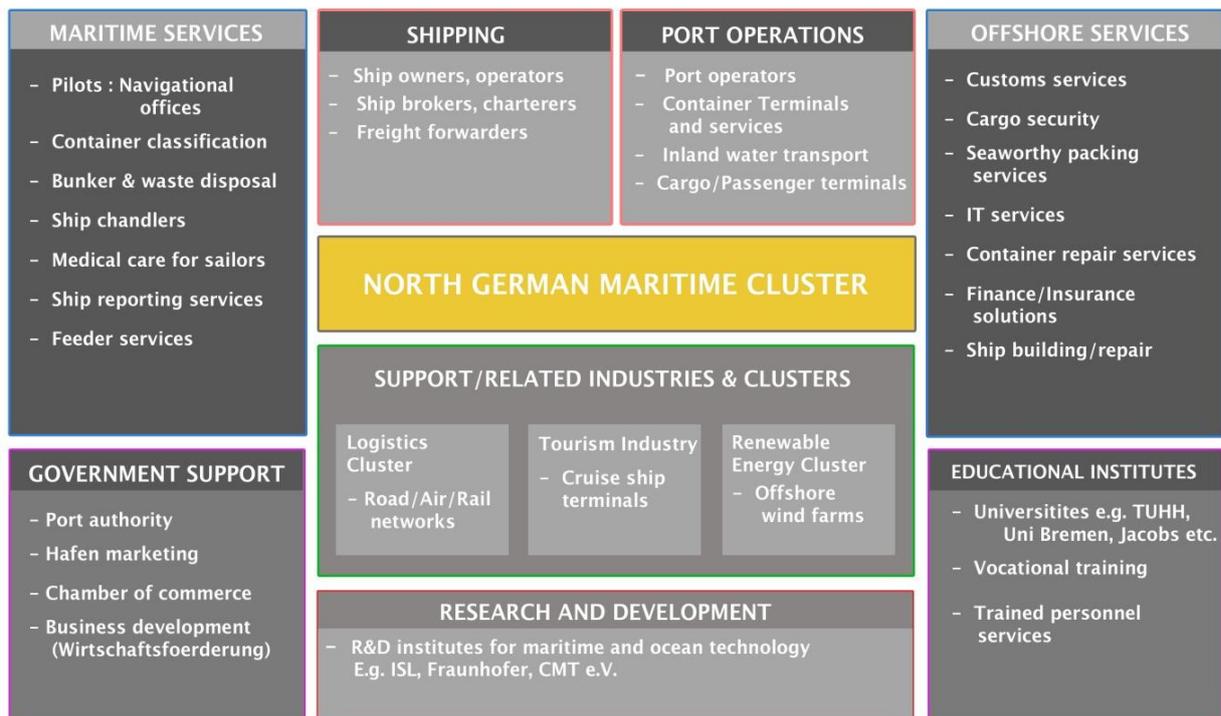


Figure 1: North German maritime cluster map

The figure shows the wide range of organizations, institutions and supporting industries in the maritime cluster. Mr. Thomas Lütje, managing director of the HHLA container terminal in Hamburg’s Hafen City, has commented that “The concept of a cluster in the maritime sector in North Germany was first realized ten years ago.” He also notes that “Hamburg has made numerous efforts to show the importance of the port to the public, and developed a business friendly environment to attract business and investors since then.” There has been a constant effort by various entities, along with the state’s support, to increase the number of port and off-shore services to make the industry more competitive. Let us now take a closer look at the various activities of the players in this cluster.

## **Shipping and Port Operations**

The maritime industry is of great importance to the German economy. Since much of Germany's external trade activities are by sea, this attracts many ship owners, charterers, brokers, operators and freight forwarders to set up offices locally.

The German ship owners association, which is called the Verband Deutscher Reeder (VDR) is located in Hamburg, unites all ship owners in Germany and has established a set of targets for the industry to remain competitive. The VDR was founded in 1974 with only 34 members, but now has over 230 members. Similarly, the freight forwarders in each of the port cities also have their own association. For example, the freight forwarders association in Hamburg is called the Verein Hamburger Speiditeure e.V. (VHSP), which was founded as early as 1884 and has over 350 members. These associations share a common interest in operating in a sustainable business environment. They interact with one another on an on-going basis to improve their services and thereby increase their competitiveness.

The maritime industry's growth has created many jobs on board ships, and off-shore as well. Future growth is expected to outstrip the labour supply and require substantially more skill than today's labour has. The VDR and VHSP, as well as other related associations, have invested significantly in training young people to meet the future requirements of skilled labour in this sector.

Port operations play a vital role in handling both cargo and passengers. All the ports in North Germany have state-of-the-art infrastructure and offer a wide range of services. EUROGATE and HHLA are two large companies that are involved in container handling in different ports in North Germany and have facilities that can handle bulk cargo, project cargo, liquid cargo and suction cargo. There are cranes in the terminals for every size of vessel. They also offer inter-modal services from their terminals. All of their terminals are well connected to the European railway network, roads and inland water ways, which allows users of their services to reach Central and Eastern Europe with ease.

## **Maritime and Off-shore Services**

Ships that arrive in to the ports require various maritime services such as piloting, classification of containers, repairs and more. As an example, the Harbour Pilots Association, with a number of pilots who work as freelancers, serves a large number of incoming ships through its pilot's knowledge of the area's depths, currents and shallows. A number of firms, such as HHLA and EUROGATE, also provide feeder services between the German and the Scandinavian ports.

There are health centres in the ports to take care of sailors in case of emergency. Ship reporting services have data on more than 26000 ships and their arrival/departure information. This information is made available to subscribers through numerous channels.

Off-shore services are readily available. Most banks have shipping desks with documents for letters of credit, transportation insurance, invoicing and more. A number of consulting firms that specialize in the shipping and logistics sectors are always available for guidance. As an example, the Hamburg Logistik Institute (HLI) offers consulting on a wide range of topics such as supply chain security, supply chain management and more. Ships and container repair services, operated by many leading firms, offer their services for container ships, luxury cruise ships and special purpose ships.

## **Educational and R&D Institutes**

The presence of this large maritime industry in North Germany has drawn the attention of many educational institutions in and around the area to offer numerous courses on marine/ocean engineering, logistics/supply chain operations and ship operation technology. Some well-known universities and training institutes are the Technical University Hamburg-Harburg (TUHH), Bremen University of Applied Sciences (ship operating technology), and Flensburg University of Applied Sciences (maritime traffic, logistics and nautical studies). Recently, a private university, The Kuehne Logistics University located in Hamburg's Hafen City, was launched to offer specialized courses in logistics and supply chain management.

The German federal Ministry of Economics and Technology (BMWi) intends to make Germany a high tech maritime location. 'Shipping and Maritime in the 21<sup>st</sup> century' is the research program started by the BMWi aimed at improving energy efficiency of ships,

flexible ship production and to develop new transshipment technologies. Many research institutions from the cluster are cooperating in this program. According to the World Competitiveness Report 2011-2012, Germany is one of the 35 economies in the world that are driven by innovation. German companies spend heavily on innovation and have the ability to absorb the latest technologies at the firm level. Some of the institutes that are involved in research and development are the Institute of Shipping and Logistics (ISL) in Bremen, Fraunhofer Institute for Material Flow and Logistics, Centre for Maritime Technology (CMT), in Hamburg, The Kühne Logistics University and numerous others.

### **Governmental Support Agencies**

Government support has been tremendous in North Germany for the maritime sector. There are various governmental bodies overseeing the ports, harbour marketing and business development. The Wirtschaftsförderung (Business Development Center) is present in the three states of Hamburg, Bremen and Kiel. They help local and international companies to set up offices in the local area by assisting them in finding locations and handling visa issues, government regulations and legal questions.

For each city's port, the Wirtschaftsförderung has a marketing division that is responsible for promoting the port's facilities and services to the world. They have set up offices in various countries to attract demand and strengthen the competitive position of the ports. Hamburg's port marketing division is called 'Hafen-Hamburg Marketing' and Bremen's marketing division is handled by 'Via-Bremen'. Companies can also become members in these marketing divisions to attend events, participate in international trade groups to make new contacts and form networks. The marketing groups also provide various Internet services to members for making company presentations, establishing websites, and other services/advice.

The port authorities in each of the ports in North Germany work on the development of the port's infrastructure, services and security. They are the single points of contact for any issues related to the port.

## Support and related Industries

Support industries are one of the determinants of national advantage. The main support industries to the North German maritime clusters are the logistics industry, tourism and the renewable energy cluster. There are a number of other support industries associated with the maritime cluster, but these three are the major ones.

The logistics industry of Germany is very competitive in Europe. According to German Trade and Invest (GTAI), logistics accounted for 8 per cent of Germany's GDP and recorded turnover of 220 billion euros in the year 2011.

According to Thomas Lütje of HHLA, the logistics cluster works very closely with the maritime cluster in North German. There is a very strong connection to Central and Eastern Europe from the ports of Hamburg, Bremen and Kiel through roads, rail and inland waterways. This strong hinterland connection makes the maritime sector very competitive in Europe. The figure that follows shows the numerous and dense network of hinterland connections from Hamburg and Bremen/Bremerhaven to the rest of Europe.



Figure 2: Hamburg's hinterland connection with Europe



Figure 3: Bremen/Bremerhafen's hinterland connection with Europe

The dense network of connections to the European hinterland is one of the major factors for the North German industry's success.

Since the logistics sector is very important to the nation's economy, in 2006 representatives of Hamburg's Ministry of Economics and the city's logistics business community set up the 'Logistics Initiative' to strengthen the logistics sector and position Germany as the top logistics centre in Northern Europe. The Logistics Initiative is a cluster initiative that supports companies working in the logistics field by helping them find young talent for their workforce and it encourages innovation. It is one of the most successful logistics clusters in all of Germany. Since its start in 2006, the initiative has proven successful by providing over 15000 jobs and enhancing the variety of logistics services offered by member companies.

Leisure services are another area in which the North German maritime cluster has found success. Every year thousands of tourists visit North Germany by cruise ships. There is also a huge demand from the local residents of Germany to travel in cruise ships. This attracts a number of top cruise ships to the North German market. A number of aquatic sports are being offered for the public on the rivers and along the Northern coast of the country. The

states also make sure that they demonstrate the importance of the ports to the residents in North Germany by conducting events that are related to the ports and the ships. For example, in Hamburg, the harbour's birthday is celebrated in a very grand way every year with various events. The 823rd Harbour Birthday Celebrations were celebrated this year in May 2012 where India was the Partner Country. India also launched its year long celebration commemoration of 60th anniversary of establishment of diplomatic relations between India and Germany "Days of India in Germany: Connecting Cultures 2012-13".

The Renewable Energy Cluster was initiated in January 2011 in Hamburg. This cluster aims to promote the use of renewable sources of energy in various sectors. A number of projects have been initiated to harness power from wind, solar and biomass sources. The cluster's primary objective is to create synergy with other sectors such as the aerospace, maritime and materials sectors. By 2030, Germany's aim is to build off-shore wind parks to harness over 25,000 MW of power. Achieving this goal will provide not only clean energy to the other sectors, but also a great deal of employment and business opportunity in the German mechanical, plant engineering and maritime sectors.

The ports of Emden, Cuxhaven and Wilhelmshaven in the State of Lower Saxony have already seen a lot of investments in offshore wind power as the needs for employment are high in these areas. Jade Weser Port, a joint venture by the States of Bremen and Lower Saxony is the new deep water container port (with a depth of 18m). It was inaugurated in September 2012. This easternmost deep water port in Northern Europe will be able to berth the largest container vessels up to a size of 12000 TEUs (Twenty Foot Equivalent Unit). The port area consists of the container handling zone, a logistics zone and major railway installations. There will be sixteen major cranes for the loading and unloading of ships. These cranes are the largest in the world, able to handle ships with 25 parallel rows of containers. The logistics zone allows for the establishment of cargo handling facilities. The first installation is the Nordfrost fruit and reefer terminal which opened end of July 2012. It also houses a number of authorities such as customs and agricultural services. A marshalling yard with 16 tracks is situated at the northern edge of the port area, whereas the goods station with six tracks for loading and unloading of trains are located in the centre of the port area between the handling and the logistics zone.

### 3. North German Maritime Cluster Policy

The Northern German states of Hamburg, Bremen and Schleswig-Holstein launched a joint maritime cluster management venture in January 2011, which is called the '**Maritime Cluster Nord Deutschland**' ([maritimes-cluster.de](http://maritimes-cluster.de)). The main objective of this cluster initiative is to strengthen the position of North Germany as a maritime location – nationally and internationally.

Some of the goals of the initiative are:

- To promote transfer of technology between companies and research facilities
- To cooperate with other clusters in a better way
- To extend the number of players in the cluster and thereby make it more competitive
- To start innovative projects for the betterment of the industry.

The responsibility of this cluster initiative is to provide information, communication and healthy networking opportunities to the participants in the maritime cluster. They also operate yearly conferences, workshops and working groups that help the companies within the cluster keep track of the newest technology, opportunities and provide support in implementing innovative ideas.

This cluster management is a PPP initiative with fifty per cent of the funding provided by the state. Within ten months of the start of the initiative, 78 members had joined the cluster. Several projects have already been started in a number of fields such as offshore wind, offshore oil and gas, ship emissions, ship efficiency, security and surveillance, IT on board and more. Stephan Piworus of the cluster has stated that “this initiative is proving successful everyday with new members joining in and also it has started to build trust between companies”.

#### **Why do Clusters matter?**

Clusters are a critical component of a business environment within an economy. Clusters induce competition and cooperation between the players involved. This competition pushes the rivals to offer better services and more products that make the cluster and the industry

very competitive. Competition and cooperation can co-exist since they involve different roles for different players depending on the opportunity. Clusters also induce innovations, create employment opportunities, spark ideas for new businesses when the industries work together and also attract foreign investors or companies to relocate or expand their operations in the cluster.

The key idea of a cluster is to make the various players in the cluster interact and work together to create **synergy**. This is why nations should focus on developing clusters within industry sectors rather than focusing on individual industries. The value of a cluster is far greater than the value of the individual elements of the cluster. Figure 6 shows how synergy is created by the Maritime Cluster of North Germany.

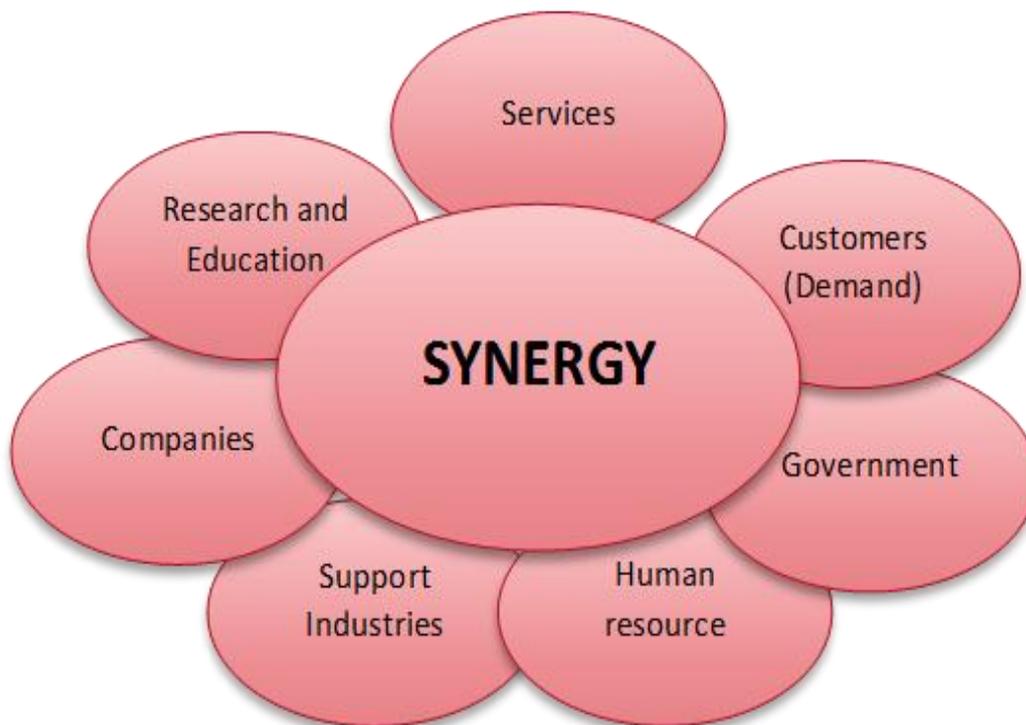


Figure 4: Synergy created in the maritime cluster

#### 4. Shipping Market Overview

The maritime industry is one of the largest industries in Germany and accounts for a substantial share of the national GDP. Approximately 400,000 people are directly employed in the maritime industry. The different sectors within the maritime industry are shown in the pie chart below. Altogether, the industry records an annual turn-over of EUR 55 billion.

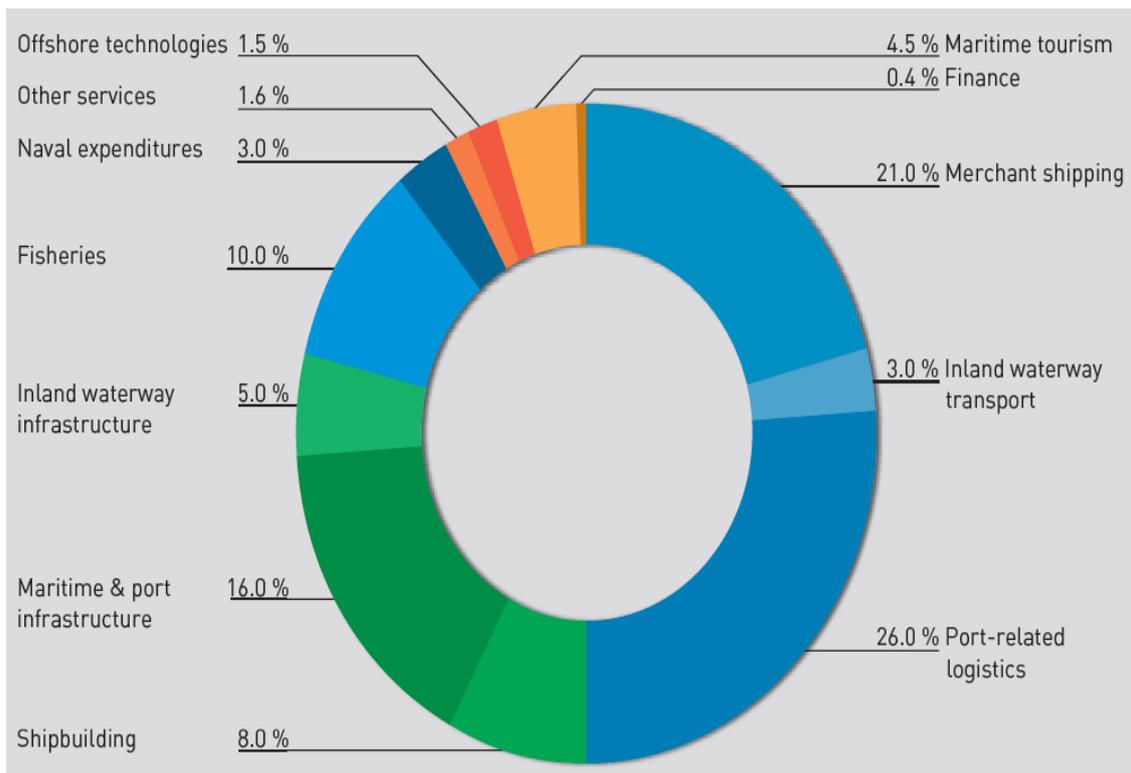


Figure 5: Maritime economy based on the turnover in the sub segments (2004)  
Source: GTAI 2011 report

Merchant shipping and port-related logistics have been the major contributing sectors to the turnover in the industry. Maritime cargo turn-over through German ports has consistently risen every year.

In 2009, ports around the world were challenged by the effects of the economic slowdown. German ports were the first to bounce back with strong results across the sector in the maritime industry. The port of Hamburg has led the way in this strong come back.

While the port of Hamburg remains the third largest port in Europe, it is estimated that it will overtake the port of Antwerp by the year 2015.

The figure that follows shows the importance of Germany's port operations by tracking their yearly turnover.

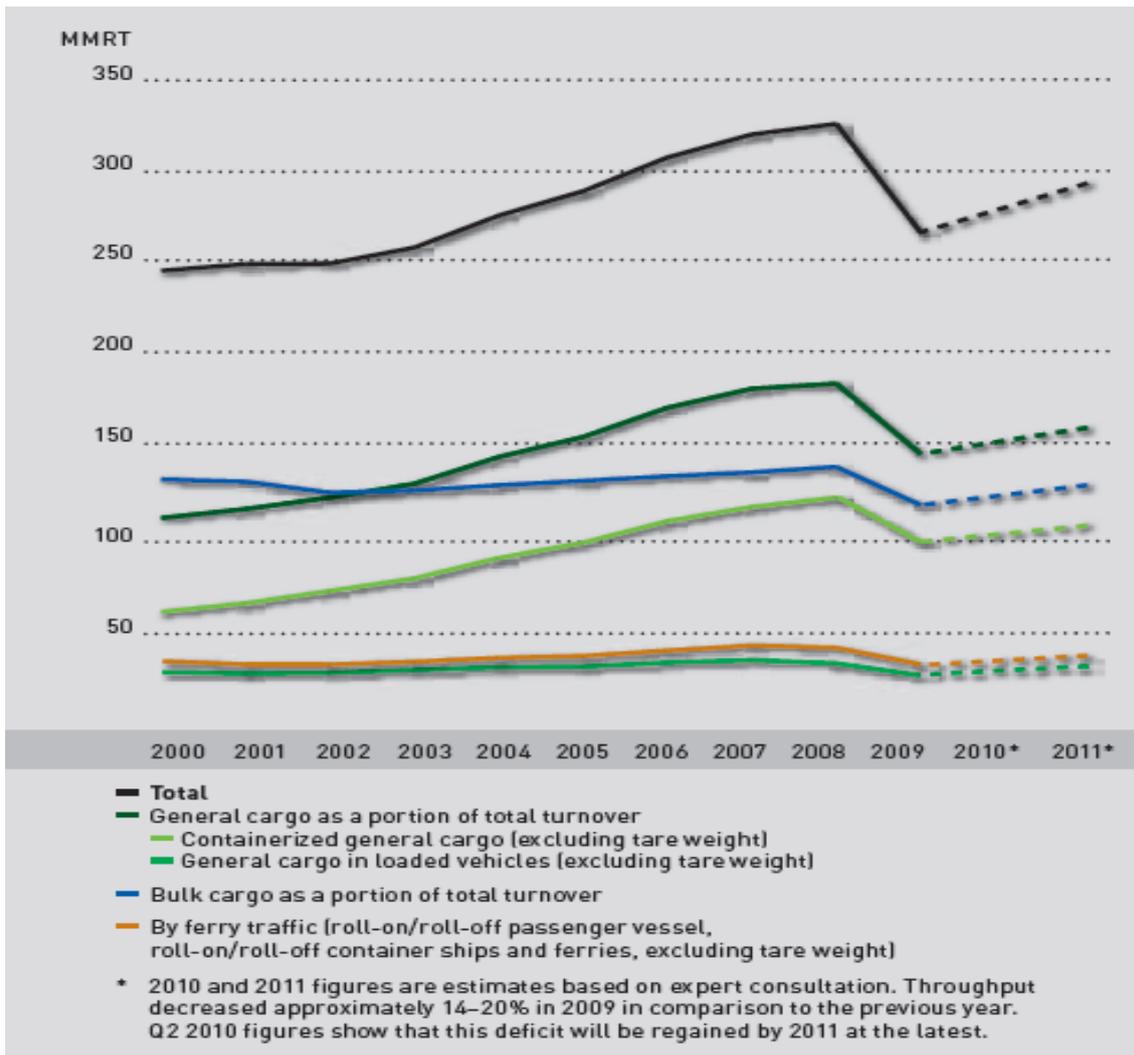


Figure 6: Maritime cargo turnover through German ports (2000 – 2011)  
Source: GTAI 2011 report

Each of the German ports has world class infrastructure and an area of particular specialization that allows them to handle and direct almost any kind of product throughout Germany and beyond. Let us take a closer look at some of the North German ports.

### Hamburg

The port of Hamburg recorded handling 132.2 mi tonnes of cargo in the year 2011 and is forecasted to rise up to 295 mi tonnes by the year 2025. The Elbe River will be soon dredged to increase the capacity of the port and meet the future demands. Some of the facilities and services offered by the port are:

- Ultra-modern container terminals
- Flexible multipurpose terminals
- High performance bulk cargo terminals

- Site of the largest oil processor in Germany
- Warehousing and distribution
- Attractive cruise terminals
- Intermodal terminals

The logistics landscape around Hamburg has been carefully developed in line with the port to meet the logistics requirements of the port. Railway lines and roads are well connected from the port to other locations in Germany and Europe to ensure rapid transportation of goods in and out of Hamburg. Hamburg was recently ranked the number one location in Europe for logistics by several research institutes. Hamburg's excellence in logistics and infrastructure has attracted investments, which are also due to the port's stable growth in cargo volumes over the years. Even companies who are not involved in the maritime sector are investing in the port to obtain superior returns.

### **Bremen/Bremerhaven**

In the year 2011 a total of 80.6 mi tonnes of cargo were handled at the Ports of Bremen (Port of Bremen and Port of Bremerhaven together are called Ports of Bremen). Cargo movements between India and the Ports of Bremen amounted to 1694 tonnes in that same year. Bremen is well known for its handling of automobiles. Yearly, 2 million cars are loaded and unloaded at the Ports of Bremen, which makes Bremen Europe's largest garage. The Ports of Bremen can hold 120,000 cars at a time. Forecasts say that the Ports of Bremen will handle around 145 mi tonnes of cargo by the year 2025.

The Ports of Bremen have strong rail and road connections from the ports to other European destinations, which supports their importance as ports in Germany.

## **5. Logistics Market Overview**

The geographical location of Germany in Europe makes it the crossroads where all the trans-European paths meet. Nine European countries border Germany, making Germany the continent's commercial hub. Half of the European population lives within 500 kms of the German borders. Germany's central location gives it an edge over most other European countries, with the added advantage of a 'state-of-the-art' logistics infrastructure.

The following figure shows the logistics turnover of Germany compared to the other European countries.

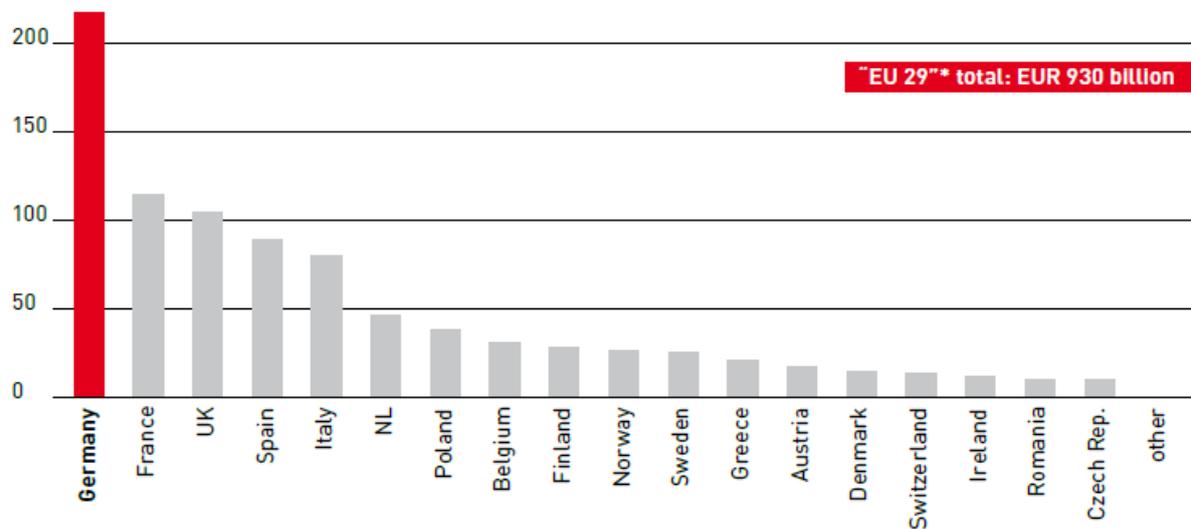


Figure 7: Logistics turnover in Europe (EUR billion/2008)  
Source: GTAI 2010 logistics report

Germany is clearly the leader in the European logistics market. As was shown earlier, the wide range of connections from the North German ports to different parts of Germany and Europe are capable of handling almost any type of cargo with swift and efficient dispatch. Let us take a look at the various logistics regions in North Germany.

### Hamburg

Hamburg has its own cluster for logistics, which is called the 'Logistics Initiative'. Hamburg is ranked number one in Europe for its sophisticated logistics infrastructure. Several highlights of the region are:

- Approximately 6000 logistics companies reside here with over 350,000 (8% of Hamburg's population) employees working.
- Major highways, rail freight hubs, airports, and inland ports are all connected to the best infrastructure to support smooth movement of goods.
- HWF, the Hamburg Business Development Corporation that manages the logistics cluster, is the place to visit should someone wish to invest and set up a new business in Hamburg.

- The main industries, maritime, research/development, chemical, media/IT, healthcare, life sciences, automotive and mechanical engineering, all support the initiative's objectives.

## **Bremen**

Bremen also has a world renowned port and transportation infrastructure. Numerous logistics research facilities around the area enable the development and implementation of novel logistics solutions for the city. Some highlights from this region are:

- Airports, highways, inland and sea ports, rail freight hubs and logistics/freight villages (GVZ) all provide a suitable environment for the smooth flow of goods
- 96,000 employees are involved in the logistics sector, which is 8.4% of Bremen's population
- Main industries involved in logistics are automotive, trade/commerce, aerospace, food/beverage, energy/chemical and break-bulk
- Bremen is home to some of the logistics giants like BLG, Kuehne + Nagel, Eurogate, Rhenus Midgard, and others.

## **6. Marine and Offshore Equipment Market Overview**

Germany is the World's largest exporter of marine equipment with export volumes of over 75% of the industry total for 2009. The yearly turnover in 2011 was recorded as 12.0 billion Euros. There are more than 400 manufacturing companies involved in this sector with over 72,000 employees.

Meyer Werft, a German ship building company, has a reputation for constructing special purpose vessels. They are well known for large and modern cruise ships. Approximately 2500 people work in their yard and their main focus is on building special purpose vessels. They are the largest ship builder in Europe, but are ranked number 38 in the world.

Educational and research institutes in North Germany are always on the lookout for technology improvements for this sector. Because of the size of the market, North Germany

is definitely a place to invest if a company has knowledge and technology that is at the cutting edge of the industry.

VDMA (The German Engineering Federation) is one of the largest engineering networks in Europe with over 172 member companies. The VDMA has published a directory with the contacts of all the companies who are involved in the marine and offshore equipment industry in Germany. (VDMA – Link to the directory has been provided at the end of this report.)

## **7. Business Opportunities and Support for Indian Companies**

Germany, the largest economy in Europe, with a strong domestic base and globally competitive businesses is an agile and stable player with plenty of opportunities for investments. Indian firms have made good use of these opportunities in the past, but there is still considerable untapped potential, particularly in the maritime and logistics sector. Taking advantage of these opportunities is not only beneficial for Indian firms looking to operate within Germany, but could prove to be useful in transferring knowledge and technology back to India.

According to the Federal Statistical Office, Germany's exports grew from EUR 340.4 billion in 1991 to EUR 1.0 trillion in 2011. This export growth is projected to continue into the foreseeable future. This makes Germany a very popular destination for FDIs (Foreign Direct Investments).

GTAI (Germany Trade and Invest) helps foreign companies invest with more than just location, labour and local regulations assistance. They also provide consulting services to ensure that the investor is in safe hands. GTAI offers project management support, legal and tax services and site evaluation for visiting companies.

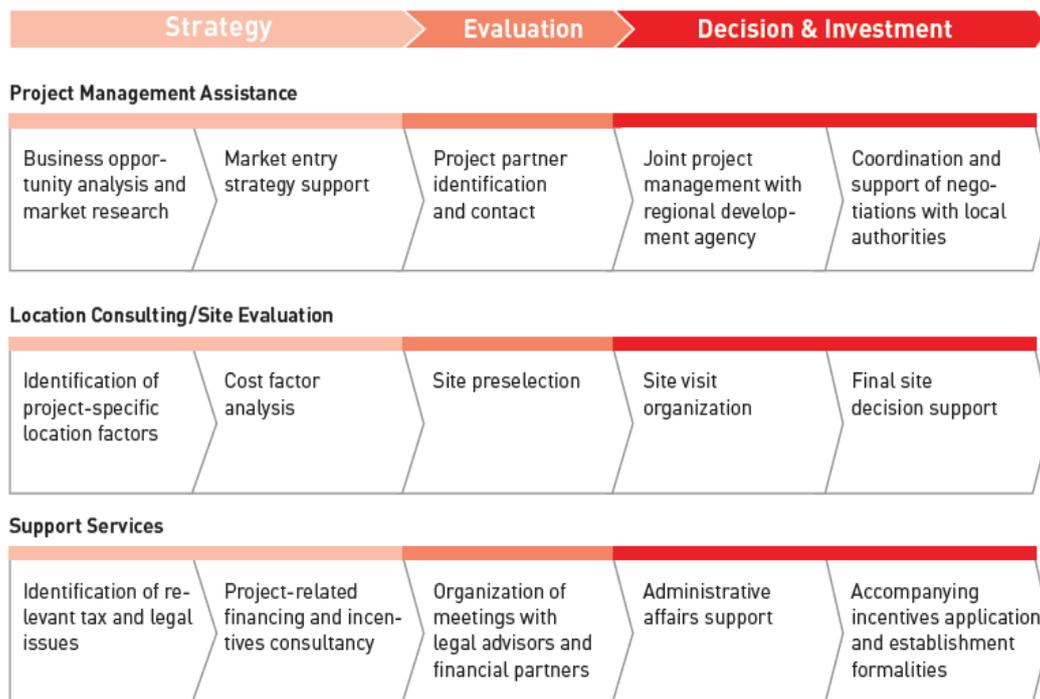


Figure 8: GTAI assistance to investing companies in Germany

Let us now take a look at several ways to reach out to the companies in each of these sectors or clusters that we discussed earlier.

### Logistics Sector

The Logistics initiative is a cluster initiative started in Hamburg in 2006 by the senate. The main objectives of the cluster are to create business networks, promote research and innovation and to improve the profile of Hamburg as a major logistics hub in Europe.

The cluster has over 492 members who actively participate in the various events that are organized by the cluster management. New investors in the logistics sector can contact the cluster initiative office in Hamburg to get in contact with any of the member companies.



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### Maritime Sector

The Maritime Cluster Nord Deutschland heads all three Northern states initiatives and has its head office in Kiel. It is a new cluster initiative and has approximately 72 members and is still

growing at a very rapid rate. Similar to the logistics cluster, the members of the maritime cluster can be reached through the cluster management. Considerable time and money is being spent on developing this cluster initiative, which can only mean that the cluster is actively looking for investors and traders from other countries to demonstrate opportunities for local firms and thereby make the cluster initiative popular. Contact to local cluster members can be made by contacting the cluster directly.



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### **Marine and Off-shore Equipment Sector**

VDMA has offices in both Germany and India. The member companies of the marine and off-shore equipment association can be reached by getting in contact with VDMA either in Germany or India. [www.vdma.org](http://www.vdma.org) has information and contact numbers and addresses of important people from the organization.

*Contact person at VDMA (marine and off-shore):*

Verena Roeschmann  
Secretary, service, meetings...  
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## **8. Indo – German Relations**

India and Germany have had good trade relationships during the past sixty years and statistics from the Statistisches Bundesamt shows that trade is increasing between the countries. The bilateral trade volume in calendar year 2011 registered a large growth of 18.7% and is estimated to have stood at €18.4 billion, up from €15.5 billion in 2010 (Tiwari, 2012)<sup>3</sup>. This growth in bilateral exports and imports outperformed the overall growth in Germany's trade.

Table 1 show Germany's exports to India and India's relevance as an export destination for German firms.

	2010	2011	Annual Growth
Germany's exports to India	9.28	10.87	17.1%
Germany's total exports	951.96	1060.20	11.4%
India's Share in Germany's exports	0.98%	1.03%	5.1%
India's ranking as export partner	21	21	-----

Table 1: Germany's exports to India in billion Euros and India's relative position<sup>1</sup>

Table 2 shows Germany's imports from India and India's relevance as source of imports for German firms.

	2010	2011	Annual Growth
Germany's imports from India	6.24	7.50	20.2%
Germany's total imports	797.10	901.96	13.2%
India's Share in Germany's imports	0.78%	0.83%	6.4%
India's ranking as export partner	26	25	-----

Table 2: Germany's imports from India in billion Euros and India's relative position<sup>2</sup>

<sup>1,2</sup>According to: Statistisches Bundesamt, 2011; 2012

<sup>3</sup>Rajnish Tiwari (2011) - Indo-German Trade Continues its Dream Run in 2011

In 2011, India was ranked twenty fifth by value as largest trading partner for Germany, which is one rank higher than the previous year of 2010.

## 9. Hamburg and India

Hamburg is a port city state with an active logistics and maritime cluster. Thousands of shipping and logistics companies reside in Hamburg, which has the second largest number of shipping companies after London. Hamburg has always had close relations with India in terms of culture and trade. Following is a summary of the trade volumes between India and Hamburg for the years 2009, 2010, 2011.

Year	2009	2010	2011
Import	646.0 mi EUR	815.5 mi EUR	793.5 mi EUR
Export	837.4 mi EUR	444.9 mi EUR	466.2 mi EUR
Volume	1.483 bi EUR	1.260 bi EUR	1.260 bi EUR

(In 2012, the exports are estimated to rise higher because of new orders made to Airbus.)

Approximately one hundred twenty firms from Hamburg either have an office, a branch, a share or a production plant in India. The industries in which these firms are involved are shown below.

Aviation	Airbus, Lufthansa Technik
Export trade	Machinery, chemicals, iron/steel goods
Import trade	Textiles, machinery, chemicals, oil
Renewable energy	Wind energy, solar power plants
Port, transport, logistics	Export of services
IT/Media	Import of services
Water supply	Export of services
Life sciences	Biotechnology and pharmaceuticals

Some important points of contact for businesses between Hamburg and India are:

- **German India Round Table (GIRT):** Promoting economic relations between India and Germany. Association of individuals with business interests in India. It facilitates exchange of information between Germany and India.
- **India Desk, Hamburg Chamber of Commerce:** The Hamburg Chamber of Commerce has set up an Indian desk at their office in response to increased interest in India by Hamburg based businesses. It was launched in the year 2007.
- **Service Point for SME – Market Access India:** Since October 2010, small and medium sized enterprises from Hamburg can receive specialised support for accessing the Indian market. The service point is operated by the HWWI (Hamburg Institute of International Economics) in collaboration with the IGEP (Indo-German Export Promotion Foundation).
- **Hamburg Representation Mumbai:** To strengthen relations between the two countries, the Free and Hanseatic City of Hamburg, the Hamburg Chamber of Commerce, and Hamburg Marketing e.V. have established an official representative office at the German-Indian Chamber of Commerce (IGCC). The Hamburg Representation Mumbai was opened in January 2011. [www.hamburgmumbai.com](http://www.hamburgmumbai.com).

This strong relationship between India and Hamburg is itself a window of countless opportunities to share knowledge and technology, especially in the maritime and logistics sector in which Hamburg excels.

## **10. Recommendations and Conclusion**

The German maritime and logistics sectors are dynamic, growing, innovative and world-class groupings of businesses. The nature of these sectors makes them an attractive opportunity for Indian companies to partner and invest. Companies have the opportunity, through the contacts mentioned above, to access some of the most innovative and successful organizations in the world of international logistics. Indian companies seeking business relationships, knowledge transfer and market access would be wise to begin their discussions with the cluster management teams mentioned to ensure that they are directed to the proper business contacts in the North German industry.

Besides going through the process of contacting and acquainting the cluster management teams with the capabilities of the interested Indian company, a number of other broad recommendations can be advanced to generate awareness of Indian company interests as well as to transfer knowledge to Indian organizations.

- Developing university partnerships to encourage knowledge sharing and transfer. As an example, the PSG Institute in Coimbatore, Tamil Nadu has formed a partnership with the Hof University of Applied Sciences, Hof, Bavaria. Hof University has developed a specific course called 'MBA in German-Indian management studies', for which students must spend one year studying at the PSG Institute and one year at Hof University.
- Encouraging and promoting Public Private Partnerships (PPPs) as a key element in attracting private investors. PPPs, such as the maritime clusters in North Germany, link businesses with governments in a positive manner and ensure that innovative approaches to sector problems are developed. PPPs also provide industry players

with the opportunity to connect with one another and form partnerships that encourage knowledge and technology transfer.

- Research centres can be opened in India and money can be invested to attract German scholars to conduct research for the current infrastructure requirements in various sectors in India. This is a good way to perform knowledge transfer. Similarly, India can open research centres in Germany and promote Indian scholars to work with German scholars to learn the latest technology.
- SMEs in the North German maritime industry lack funds for innovation, but show a higher than average ability and interest in innovation. This may be an opportunity for Indian companies to invest in SMEs in Germany to leverage their capabilities for innovation and benefit from any resulting innovation.
- Buying machinery and equipment directly from German firms can directly transfer technology as well as knowledge. VDMA has an office in India and organizes exhibitions every year to promote newly invented technology in the maritime sector. Participation in these exhibitions by interested Indian companies could provide valuable insights into the newest technologies as well as into the companies that might be worth pursuing in Germany for partnership discussions.

The German market is large and open to collaboration. The secret for an Indian company in getting to play in this market is to develop knowledge of its brand in the market. This requires contacting the appropriate cluster management groups, attending exhibitions, speaking to potential partners and leveraging existing relationships between German organizations such as the Hamburg investment office in Mumbai, the VDMA, and the various local Chambers of Commerce.

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