**The Position of Rotterdam on the European Port Chessboard**

Evidence to the Permanent Commission on Infrastructure and Environment

**TWEEDE KAMER DER STATEN-GENERAAL**

Professor HE Haralambides  
Econometric Institute  
Erasmus University Rotterdam

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Dank u voorzitter, goede middag dames en heren.

In the little time I have at my disposal, I will try to sketch for you a *scenario*, placing the port of Rotterdam on the European port chessboard. As the word suggests, this is only a ‘scenario’, among many others, in a landscape that changes by the day.[[1]](#footnote-1) I would start therefore from the basic premise that, by its mere location, the competitive position of Rotterdam is enviable. This is so, in spite of the fact that our main competitors, Antwerp and Hamburg, subsidize their port infrastructure, while we, instead, pay every year a substantial dividend to our shareholder, the Dutch Government. However, the risks are not few either, and we need to continuously stand on our toes, and be in a state of permanent alert, rather than sit back and rest on our laurels.

Port competition in Europe is not straight, but *tilted*, if you would allow me the chessboard witticism. The board is placed neither North-South nor East-West. Rather, the chessboard is placed from North-West to South-East. In the former region we have the ZARA ports of continental Europe, i.e. **Z**eebrugge, **A**ntwerp, **R**otterdam and **A**msterdam, while in the latter region ports are aplenty in Egypt, Israel, Turkey and Greece. Amongst them, I must highlight the important future role of Piraeus, recently bought by COSCO Pacific of China, which intends to transform this port into the southern gateway to Europe, albeit amidst significant resistance by the communist Greek government.

The North-East (Baltic Sea, including Copenhagen) and South-West (Portugal, Spain, France, Italy) regions seem to be losing out in their ‘hub status’ aspirations, if they ever had any, while I foresee a declining market share of the port of Hamburg. The reason for the latter prediction is the competition posed against it now by Piraeus, for the hinterlands of Central and Eastern Europe, as well as Southern Germany, up to and including the Munich/Nuremburg region. This threat is not passing unnoticed by the North German port, and this is exactly why it now tries to develop, strengthen, and finance its links with the ZARA ports, intending to spend 350 million euros on road and rail infrastructure (including its part of the 3rd track of the BETUWE route).

The Mediterranean region is assuming an increasingly important role in the global East-West trades of containerized goods, and it is not at all certain that the continental ports of northwestern Europe, Rotterdam included, will continue to play as important a role as they used to. This observation is particularly relevant, in view of the overland rail transport plans of China and Russia, coupled to European distribution possibly from central Europe.

It should also be kept in mind that shipping networks are being reconfigured, so as to better serve the increasing African trades. The port of Tangiers in Morocco is a case in point, being developed as a key transshipment center, feedering West Africa with both Asian and North American cargo. The eastern part of the African continent, including its many landlocked countries, is principally feedered from Dubai, and somewhat less from S. Africa, while, in the future, this role is likely to be taken by the new port being constructed in Tanzania, south of Dar-el-Salaam. It is highly likely that the new port is selected for the *One Belt, one Road* (OBOR) network of China: there, half-empty ships with European cargo would top up before returning to Asia.

In parallel with African trades, competition is also increasing for supplying the world’s biggest consumer market, i.e. the American market east of the Rockies (US East Coast). Two oceans compete for this market: the Atlantic and the Pacific; in other words, the Suez Canal and the Panama Canal. Suez has recently increased its capacity, while Panama, under its current locks configuration, is unable to host containerships of the latest generation (bigger than 15,000 TEUs). With the tacit blessings of the United States, this problem has prompted Panama to sign, recently, a Memorandum of Understanding with Egypt. Although the *stated* intentions of the MoU are of the usual kind, i.e. exchange of information and knowhow, one should keep an attentive eye on ‘correlations’ between the *canal dues* of the two canals.

There are two main players at the European port landscape: Maersk-APM Terminals-Mediterranean Shipping Company (MSC) on the one hand, and COSCO-CSCL (and their current or future alliance, which might possibly include CMA CGM) on the other. As mentioned above, COSCO Pacific has already bought 67% of the port of Piraeus’ share stock, while I foresee that, soon, it will also win, amongst toughest competition, the complementary bid for the port’s 200-hectares distribution center at Thriasion. The two groups both compete and cooperate in many projects. For instance, APMT withdrew at the last minute from the Piraeus bid, although it had continuously proclaimed its strong interest in the project, as well as that “when APM bids for something it never loses”. This left COSCO as the main contender, securing the port at the extremely attractive price of €365 million. I predict that APMT will instead win the bid for the port of Thessaloniki in the north, to complement its investments in Izmir (Turkey). Again, I foresee that these developments will eventually encroach on Hamburg’s south European market share.

Efforts to cement Rotterdam’s position on the Chinese OBOR network are imperative. “Antwerp” is already talking a lot to China on this, and Rotterdam should not lose its step. A lot of uncertainty prevails at this point on the “One Belt, One Road” project of China, both within that country and in the rest of the world. India, Russia and the United States see the project with a pinch of suspicion, as a move on the global geopolitical and security arena. India has described the project as a unilateral initiative, claiming that China should have brought it to the Asian Infrastructure Investment Bank (AIIB) to be discussed jointly with others. Also, India is neither happy with Chinese investments in Pakistan and Bangladesh (seeing them as *encircling* it from the north), nor with the massive Chinese investments in Sri Lanka. Russia does not welcome the Chinese encroachment into Central Asia, which it sees as its own backyard, while the United states has three concerns: China’s activities in the South China Sea; its increasing links with Pakistan and that country’s willingness to, perhaps, accommodate a Chinese naval presence at the port of Guadar. Finally, the USA sees OBOR as a competitor to the Trans Pacific Partnership (TPP), in view of China’s interests in the Pacific (investments in Australia and a possible construction of a new canal in Nicaragua). Finally, all three superpowers are equally concerned with China’s intentions to use the Yuan as the underlying currency for the development of OBOR.

The ‘stated’ objectives of this multi-billion dollar project are to secure China’s energy demands; develop the fairly underdeveloped northwestern part of the country and connect it, through central Asia, to Europe; better connect China with South-East Asia; and provide a circular sea-land transportation network, running westwards overland, and returning to Asia by sea, through the Mediterranean, starting, in all likelihood, from the port of Venice.

Enough anecdotal evidence indicates that China is showing serious interest in Venice’s offshore container terminal (VOOPS), designed by our own *Royal Haskoning*. In July 2016, the Mario Monti Foundation is organizing an international conference in Venice, with strong Chinese participation, to discuss VOOPS. The project concerns an innovative offshore-onshore port system, able to accommodate ships of the latest generation. Information also indicates that China might be interested to finance 70% of this 1 billion euro project, with the remainder financed by the Italian government. The Port of Rotterdam should to try to find ways to connect to this project, including a possible expression of interest in taking a small part in its financing. It should be kept in mind that Venice, or better the port system of Venice-Trieste-Ravenna, is ‘the port’ of the very important Milan/Turin distribution system to which Rotterdam is connected by rail. To my view, it is the importance of this rail connection that, if played well, could anchor Rotterdam as a principal port in the OBOR system. Increasing both the capacity and the quality of this rail link presents us with an opportunity not to be missed, and resources shouldn’t be spared either.

In conclusion: Rotterdam’s future strategy should be more to its south (Venice-Trieste-Ravenna), where it could synergistically cooperate, rather than to its east (Hamburg-Bremerhaven), where it competes. Entering the Piraeus landscape at this (late) point in time might be difficult, but a presence there would be advisable and hopefully welcome. On the basis of the above, the following steps are recommended as Rotterdam’s southern strategy:

1. Improve the capacity and quality of the Rotterdam-Milan rail link
2. Express a non-binding interest in taking a share in the financing of VOOPS
3. Under the auspices of the highly enterprising Dutch embassy in Athens, and possibly in cooperation with COSCO, establish the *Netherlands Institute of Maritime and Port Studies* (NIMPS), as a branch activity of the Netherlands Institute at Athens (NIA) where the maritime institute could be comfortably housed.
4. Stand firm on its expressed conviction for a “level playing field” and “full cost recovery” among European ports and reconsider its decision to allow dredging costs be excluded from the forthcoming European Commission’s State Aid Guidelines.-

1. Disclaimer: Expressions in what follows are at times exaggerated, limited in scope, or at variance with conventional wisdom. The intention is only to carry a point across as effectively as possible. No disrespect is meant, therefore, to other great European ports, carriers, terminal operators, or countries and their aspirations. [↑](#footnote-ref-1)