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Article — Digitized Version

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Intereconomics

Suggested Citation: Reisener, Wolfgang (1967) : How to face growing competition, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 02, Iss. 9, pp. 241-244,
<https://doi.org/10.1007/BF02930516>

This Version is available at:

<https://hdl.handle.net/10419/137797>

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How to Face Growing Competition

by Wolfgang Reisener, Hamburg

Hamburg's port, as a transshipment terminal and centre of trade, has more than national importance. Exporters and importers, shipowners and seafarers all over the globe know Hamburg as an international port of world rank. The exchange of goods across the seas lifts our port into the position of a catalyst drawing together the continents through a network of marine transport connections that grows progressively more elaborate. Government authorities and business people have joined together in Hamburg to undertake a vast task of reconstruction, when Hamburg's port was to be restored, after the last war, to its world importance. Hamburg's policies on port questions are devoted to the supreme effort of keeping the port abreast of the changing demands of future trade and transport. The present report is based on a highly authoritative study of the position and the development prospects of the port of Hamburg, that has been compiled by the Hamburg Department for Economic Affairs and Transport and was recently published *.

Before the war, the German economic area was placed in the position of Europe's naturally grown heart. Germany was the connecting link between neighbouring countries, which it drew together to form one overriding unit. Germany was crisscrossed by an elaborate transport network, in which the connections between East and West predominated. The seaports of this region linked it with many overseas nations, and the "gateway to the world", which Hamburg represented, did not open upon Germany only, but on the entire central area of Europe and on the Baltic littoral. A mere glance on the post-war map of Europe shows that the political carving-up of the old Continent into an eastern and a western sphere of influence has, for the time being, severed the natural east-western traffic arteries. This has pushed the former centres of economic and transport gravity from their erstwhile central positions into situations on the margins of economic activity. Through the division of Germany and of Europe, the port of Hamburg has lost its natural hinterland, which means that it is not able now to profit to the full from its geographically favourable position.

Post-War Development and the Situation Today

When Hamburg was radically cut off from its hinterland, its port was hit by this isolation at a time when its equipment and facilities were largely destroyed. After the clearing away of debris and the first emergency repairs, which started immediately upon the end of fighting, port reconstruction proper initially followed a plan that had been drawn up in 1946.

* "Bericht über die Lage und Entwicklungsaussichten des Hamburger Hafens" (Report on the Situation and Development Prospects of the Port of Hamburg), published by Freie und Hansestadt Hamburg (The Free and Hanseatic City of Hamburg), Department for Economic Affairs and Transport, April 1967.

The immediate aim of this plan was to enable Hamburg to handle, by 1950, about seventy per cent of its pre-war transshipment volume. Later, planning has been currently adapted to the day's requirements and possibilities. It was not only intended to achieve reconstruction in the narrow sense of the word but to transform the port so as to modernise it both technically and economically.

The total public outlay for reconstructing and enlarging port installations since the last war amounted to more than RM (Reichsmark) and DM 850 million, of which about RM 60 million were spent before the 1948 currency reform¹. In addition, about DM 100 million were spent for planning, supervision of construction, administrative costs, etc. Apart from the new investments, the City of Hamburg has been spending about DM 185 million for maintenance after 1945. Average investment spending for Hamburg's port over the last three years amounted to about DM 60 million annually.

The capital sums spent by private enterprise on the port and its installations have not been reliably recorded. A rough estimate of these investments, which comprise not only handling and storage facilities but also the creation and expansion of production plants, would probably result in a total of DM 1,000 million after the war.

Of what the State of Hamburg has invested in its port, about half has been used for rebuilding, modernising and enlarging handling facilities. The other half was earmarked mainly for maintaining and improving the port's traffic network, both in the water and on land. Ocean-going ships can now use 35 port basins, with loading quays that are 20 miles long

¹ All the figures quoted in this article have been taken from the above-mentioned "Bericht über die Lage . . .", of April 1967.

and 320 ships' berths distributed over a length of 13 miles of mooring piles. For the handling and storage of piece goods there are 73 wharves with a storage surface totalling 742,000 square metres (about 7.9 million sq. ft.). There are also six cold storage warehouses of 48,000 sq. metres (500,000 sq.ft.), and exporters and importers can use, in addition, the storage area of 564,000 sq. metres (about 6 million sq.ft.) of warehouse and store-room surfaces for piece goods and goods packed in sacks.

Technical equipment of the port includes 887 quayside cranes and hoists, about 1,000 surface transport units (forklifts, etc.), and 21 floating cranes, some of them able to lift up to 800 tons. Grain crops and oil seeds can be shifted by 57 stationary and 21 floating suction lifts, which will distribute the grain or seed into silos with a total capacity of storing 567,000 tons. Coal and ore handling is done efficiently by 36 bridge cranes and two floating grabs. Growing quantities of crude and manufactured oils are flowing into tank farms from eight tanker terminals with 30 tanker berths. The port's storage tanks on the quaysides can store 3.8 million cu.metres (over 114 million cu.ft.). Among the most important results of investment in recent years has been a large unit for distributing collected export cargo. The centre of this biggest cargo distributor in the world is a shed with a loading surface of 86,000 sq. metres (nearly one million sq. ft.).

Container ships are served by a special handling unit, where three ships can berth simultaneously. The handling unit is connected with two storage and collecting sheds of together 10,200 sq.metres (110,000 sq.ft.) and a container dumping surface of 40,000 sq. metres (410,000 sq.ft.).

Cargo Handling

The hinterland of Hamburg's port within and without the Federal Republic of Germany is almost everywhere the object of fierce competition, because it is overlapping in many places with the "catchment areas" of other big continental seaports on the North Sea coast, e.g. Bremen, Rotterdam, Antwerp, and of ports on the Mediterranean.

Although Hamburg's starting position for entering this competition was relatively unfavourable, the city has been able to establish and maintain a strong position. Hamburg has remained by far the most important German seaport, and measured by traffic volume, it now occupies third place among the big North Sea ports of the Continent, after Rotterdam and Antwerp.

In 1966, goods totalling 37.5 million tons passed through the port of Hamburg (the respective volumes were 130.4 million tons in Rotterdam, 60.0 million tons in Antwerp, and 17.4 million tons in Bremen). The 1966 volume was larger by 15 million tons than in 1935. Bulk traffic claimed the lion's share in the 1966 total 25.4 million tons, and mineral oil alone

came to 15.4 million tons among bulk cargo. Piece goods added up to 12.1 million tons. For a number of these cargo types, Hamburg is the leading West German port, especially for fresh fruit, of which more than one million tons pass through Hamburg each year.

About thirty per cent of the turnover of 37 million tons in 1966 came from other European ports or were destined for them. That means that more than two thirds of the total served true overseas transport needs to other continents. A breakdown of this overseas trade leads to the following result:—

Coming from or going to:—

North America	5.9 million tons
Central and South America	4.9 million tons
Africa	5.8 million tons
Asia	9.3 million tons
Australia	0.5 million tons

Shipping Traffic

In 1966, a total of 19,233 ships from more than 60 countries, and with a net tonnage of 36.6 million tons, have entered and left the port of Hamburg. This was an all-time record, and growth still continues, after pre-war traffic levels had already been surpassed in the middle 'fifties. The number of shipping lines and the frequency of liner departures are important elements in the attractiveness of any seaport, and in this respect, Hamburg can look back on a spectacular development.

Shipping Lines and Liner Departures from Hamburg

Year	Number of Shipping Lines	Number of Departures	
		Total	To Destinations outside Europe alone
1936	185	8,386	1,798
1950	171	3,813	1,162
1955	196	6,435	2,562
1960	249	8,582	4,365
1965	260	8,766	4,530
1966	260	8,729	4,592

Hamburg is directly connected by its shipping with more than 1,000 other ports. In other words, there is practically not a single important port the whole world over which could not be reached regularly and, in most cases, comparatively frequently from Hamburg.

Port Policies and Public Administration

The State develops a definite policy on seaports consequent on the right and the duty of any government to practise an economic policy and to act in this field, as long as this will be found necessary in the interest of the entire economy and of the geographical region served by the port. In general, seaport policy can have only the aim to enable the ports and their in-

stallations to meet to the full their focal tasks as transport centres and industrial agglomerations.

State management of the ports is finding its limits in the need to keep to a rational relationship between expenditure and results. Seaports policies may require economical sacrifices from a whole nation, from a region, and from individual businesses. Though this is usually very difficult, current comparisons between expenditure and its results are absolutely indispensable. Evaluating expenditure and success, in the last analysis, is a task devolving on the political authorities as success not often can be calculated in pounds, shillings, and pence, and as it is equally difficult to allot it pro rata to individual regions and/or branches of the economy.

In Hamburg, it is a matter of course that all economical and financial deliberations must pay particular attention to the port, in particular also because the port is so immensely important far beyond the borders of the Hamburg region, in the interest of the entire German national economy. It is intended to plan future port developments flexibly enough to make it possible to adapt them to future shifts of the internal German, European, and worldwide trade and transport arteries. To keep the port efficient, economical considerations have to be kept in the forefront of any deliberations and decisions. To improve the port's competitive strength further, whilst keeping the relationship between expenditure and results on a favourable level, private business initiative is left as much freedom as possible for its development.

As the demand for port services has steadily grown over the years, the port's capacity has been correspondingly increased, and it is intended to maintain a rational future relationship between these two factors. When the port is to be enlarged, and also when the usual renewal and replacement investments are coming to be made, measures will also be taken to equip the port installations for new transport methods and techniques.

The tasks of the public administration in the port are to be fully integrated in a single organisation, as has been done in other large seaports of the world. The tasks of State sovereignty in the port area must be vested in a single authority, which makes for swift decisions and a streamlined administration. These requirements are not met by the

multitude of State agencies that have hitherto been dealing with various tasks in the port. This was the reason why the State and City of Hamburg have set up a unified port authority within the Department for Economic Affairs and Transport for dealing with all the important political and administrative tasks in the port.

Development Prospects of the Port

The future picture of the port of Hamburg will be shaped by a great number of influences springing from economic and technological developments or from politics.

Hamburg's port has been adversely affected by the shrinking volume of economic relationships with the areas beyond the Iron Curtain, and when the economic revival refertilised Europe, Hamburg had to face much stronger competition from the ports in the Soviet Bloc and the Benelux countries. In spite of all efforts to establish Hamburg as an entrepôt for commodity trade between East and West, the city did not succeed in achieving the same turnover volume as before the war, or a volume similar to the present-day turnover of Rhine estuary ports. Trade with Eastern Germany and transit traffic to and from the former catchment areas beyond the borders of Germany have both gone down, among other things also because of the East European governments pressing much of their foreign trade into new channels via East German and Polish ports on the Baltic Sea. This redirection of traffic is hitting Hamburg at least as hard as the effects of the competition by ports on the western edge of the North Sea. The ports of Wismar, Rostock, Stralsund and of Stettin, Danzig and Gdingen are assuming a growing part in the foreign trade of countries and areas which formerly channelled their seaborne foreign trade connections almost exclusively through Hamburg. As the capacities of all these ports are progressively being enlarged, it is to be feared that ground which has once been lost here can hardly be regained later. However, a progressive liberalisation which would intensify the flood of goods flowing between East and West might restore to Hamburg at least part of its traditional hinterland.

Closer integration of the EEC also results in certain effects that must be closely watched by Hamburg.



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Hamburg, of course, is definitely in favour of the Common Market, but the city is also keen on preventing an inward-looking attitude and economic policy caused by the EEC, which would insulate it against the rest of the world. Hamburg's economy is mainly dependent on world trade, and its port is predominantly oriented towards commerce with third-party (i.e. non-EEC) countries, and therefore the town must cultivate and extend its contacts in every direction.

Grave concern is caused by the enormous extensions now being built for the ports of Rotterdam and Antwerp. These two ports are making ready to maintain and increase their superiority which is already big enough, and thus to grow into the principal EEC ports. This is why Hamburg is highly interested in a joint European traffic and transport policy. Establishing harmonised and liberalised transport markets would strengthen Hamburg's position in the contested common hinterland of all the ports of the EEC, and it would obviate the present distortions of competitive conditions for the traffic entering and leaving German seaports.

Hamburg is carefully studying and keeping under review all new technological developments in sea-borne trade, and its port policy makes allowance for them. Growing carrying capacities of the ships used

for oil and other bulk transport make it necessary to improve the access lanes to the port from the sea. The Elbe is being deepened by dredging to 12 metres (about 39½ ft.) below average low water, which will enable ships up to about 75,000 dead weight tons to enter the port of Hamburg under a full load. Other preparations are in hand for building an advance port that may become necessary for truly big ships, eventually permitting tankers of up to 200,000 dwt to discharge their cargoes there.

The importance of containers in ocean shipping has already caused Hamburg to create special container handling berths. Under the flood of novel transport methods, including roll-on/roll-off and truck-to-truck services, Hamburg is forced to develop special activities, in order to face up to the competition of the ports on the Rhine estuary, which have an immense hinterland with first-rate feeder traffic lines.

A far-seeing port policy must also deal with the possible effects of future mass offers of cheap air cargo space, and it must prepare for rational co-operation between the „wet“ and „dry“ sides of port operations. For such cooperation, Hamburg is in a good starting position, as it owns both a big seaport and an important airport, whose cooperation could meet with the wishes and demands of the shippers in the best possible way.

AUSTRIA

Improvement of the Export Promotion System

by Dr Walter Stermann, Vienna

The vigorous growth of Austria's imports during the last years is showing among other things that the economy's increasing purchasing power is absorbed to a large extent by goods from abroad and that Austria is increasingly integrated into the international division of labour due to an extensive liberalisation of the international exchange of goods. For it is quite natural that a small country is buying abroad as cheaply as possible those high-grade consumer- and investment goods that it cannot produce competitively on its own.

Unfortunately world economic integration is more or less still a one-way road, for Austrian exports by no means are growing to the same extent as its imports, though this would be desirable in the interest of a long-term balance of payments equalisation. On the contrary, the deficit in the balance of payments is gradually growing in the course of this unpleasant development: in 1964 it amounted to 11,370 million Austrian Shillings (S) at a total foreign trade volume of about 86,000 million S, in 1965 it increased to 13,010 and in 1966 to 16,740 million S. The net excess

of the balance of services (tourism) was not able even approximately to close the gap, as had been the case until 1962 still. The structural shortcomings on the side of exports become also apparent in a comparison of Austria's per capita export quota with those of other export orientated minor states. Thus in 1966 Austria exported goods to the value of 6,000 S per capita of its population, while the comparable figures for Denmark are 13,400 S, for the Netherlands, Sweden and Switzerland 14,000 S, and for Belgium 18,600 S even. The proportion of per capita exports to the per capita GNP is 1:6 in Austria as compared with between 1:4 and 1:3 in comparable countries. Just because of the still existing not inconsiderable income and prosperity differential between Austria and most of the other Western industrial nations, that is caused by a too low industrial productivity—which again is being expressed by too small wages, profits, savings and investments—the average efficiency and prosperity standard of the other industrialised countries must still be caught up with. However, apart from an improvement of the Austrian economy's capacity this