



**“The Hamburg Summit: China meets Europe”**

Keynote Speech

by

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*- Check Against Delivery -*

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Dear Federal Chancellor,

Dear Mr. Mayor,

Dear guests from China,

Ladies and Gentlemen,

Napoleon Bonaparte never walked on Chinese soil. But the French emperor could well imagine the power that slumbered in this enormous country. China is a sleeping lion, said Napoleon, and added the warning: "Let her sleep. For when she wakes, she will shake the world!" 200 years later the Frenchman's premonition has become reality. Thanks to enormous efforts over the past 50 years the lion has roused itself, and is in the process of shaking the world. The developing country that China still was in the mid-1950s has become a leading industrialised nation, which self-confidently contributes to setting the global political agenda. Strictly speaking, China has returned to the world stage. Anyone reading the travel reports of Marco Polo gains an impression of the prosperity, innovation and great cultural wealth that existed in China 700 years ago. Back then the poet Dai Liang told of the "rattling looms" and "hundred thousand lights" that illuminated the sky above cities like Chengdu. I myself know China from trips and projects over many years during my time with Daimler. Most recently I was able to see the rapid technological development at first hand as a member of the economic delegation that accompanied the Federal Chancellor Angela Merkel to China this year. In Hamburg at the moment we are very proud that the first electric bus went into operation here recently. In the Chinese city of Shenzhen that we visited with the chancellor, all the buses have been electric for ages.

Today, ladies and gentlemen, China is not somewhere in the Far East. The country is now on our doorstep: in the port of Piraeus, in the western Balkans, as a shareholder in German companies and naturally here in Hamburg too. Hamburger Hafen und Logistik AG (HHLA) has had commercial relations with Chinese companies, such as Cosco China Shipping, for more than 30 years. On 27 August 1982 the first freighter from China docked at what was then Shed 91 in Tollerort. Since then the number of containers carried by Cosco vessels to the HHLA terminal will have reached the millions. The first ship had a capacity of 1,200 standard containers, was 170 metres long, 28.4 metres wide and had two on-board cranes. In February this year, the Cosco Shipping Aries became the first ship with a capacity of more than 20,000 TEU and a length of 400 metres to dock here on the quay wall at the Container Terminal Tollerort. This shift in scale not only symbolises the technical advances in shipbuilding. We can also say: the bigger the vessels, the closer the cooperation between HHLA and Cosco China Shipping. And that, ladies and gentlemen, was at a time when the Cold War depressed economic relations between East and West.

As the gateway to the world, Hamburg has always had its sights set firmly on Asia. The Asian market, especially China, is extremely important for us as the biggest operator of container terminals in the port of Hamburg. Over 60 percent of total volumes stem from Asian markets, with 35 percent alone coming from China. About 15 million TEU are moved back and forth between Asia and Europe every year. The great bulk of them go by sea. There have been significant changes along transport chains in recent years, however. Goods traffic via the continental Silk Road continues to grow. A study by the International Union of Railways predicts that around 640,000 TEU will be transported via the land route by 2025. That would be a huge increase compared with today, but still represents a small proportion of

seaborne traffic. This trend is nevertheless very important for value creation, the structure of transport chains and the value of logistics assets.

The first train from China arrived in Hamburg in 2008. Now 235 weekly container rail connections link the Hanseatic city with 27 destinations in China. That is many more than there are to other port cities, for example Duisburg. I am a child of the Ruhr valley and have a great liking for the region, not only because of its curried sausage. I am glad that it can point to examples of successful structural change. And that includes the port of Duisburg. But the German end of the New Silk Road is not in Duisburg, ladies and gentlemen. The New Silk Road should end here at the port of Hamburg. And to make sure that message is heard in Beijing and Shanghai, we all – the Hamburg government and the port businesses – should join forces and drum up support for our case. There are many arguments in favour of our location, and I would address these primarily to our Chinese guests here today. I am not only thinking of the Elphi, one of the most beautiful concert halls in the world. Hamburg is Germany's biggest and most important seaport, Europe's biggest maritime rail terminal, and a global leader in terms of sustainability and innovative technology for a cleaner environment. The Hamburg Summit is a good opportunity to showcase the advantages of this city and its port, which is why I would like to give our heartfelt thanks to the people at the Chamber of Commerce for organising this conference.

Ladies and Gentlemen,

The New Silk Road is not only important for China. For a leading industrial nation like Germany, whose prosperity is based on the export of goods and merchandise, this gigantic infrastructure scheme offers many opportunities and possibilities. But I have the impression that this has not really sunk in yet. Some reports make the New Silk Road sound like an invasion by Chinese investors. Here in Hamburg too, there was a great fluster when people heard that Chinese companies wanted to build an automated container terminal on a previously vacant site in the port. Given the HHLA's existing capacities and reserves it does not make sense to build another container terminal. But I can well imagine a joint development of land in the port with Chinese partners.

Ladies and Gentlemen,

I don't believe in complaining about developments that are inevitable, and certainly not in being afraid of them. China will implement its plan of building a network of roads, railways, pipelines, airports and seaports to link the Middle Kingdom with Europe, Africa and the Middle East. Anyone who has followed how the country has developed over the past five decades, as I mentioned earlier, can have no doubts about that. How should we respond? In my opinion it would be wrong to freeze in shock and awe. We should rather make the best of it and shape the processes as entrepreneurs. What do I mean by that? First of all we have to grasp that we cannot determine the transport flows. We have to understand and anticipate them and position ourselves accordingly. We should be self-confident enough to become a part of the New Silk Road. And here in Hamburg we are already in a strong position to do so. Our container gantry cranes, that were mostly built by our long-standing Chinese partner ZPMC, are among the most up-to-date in the world. We acquired them in good time for handling even the largest container ships. In addition, Hamburg is the largest maritime rail terminal in Europe. So HHLA's activities are not limited to container handling in the port itself. Our rail subsidiary Metrans is one of Europe's leading train operators and connects the port of Hamburg with its European hinterland. We are the port for Budapest, Prague, Munich or

Vienna, if you will. We have already positioned ourselves to collect traffic flows along the Silk Road. We intend to keep on developing this traffic, in order to position HHLA as a logistics and digital hub on the New Silk Road. This was one reason for our acquisition of the biggest Estonian terminal operator last summer.

Ladies and Gentlemen,

We come from Hamburg, are at home in Europe and are entering the gateway to the future. And for us, this future is also on the Chinese market, where we intend to secure and increase transport on sea and land routes, develop complementary added-value services in digital logistics and open up additional market access to Asia. Our plan is to expand our long-term partnerships, like that with Cosco China Shipping, but also to look for new opportunities for collaboration. In early November, HHLA was one of 170 German companies exhibiting at the China International Import Expo in Shanghai. The opening address by President Xi included some remarkable statements. He announced further reductions in customs duties and said that more segments of the Chinese market were to be opened up. Steps to strengthen intellectual property rights are also intended to boost fair economic relations based on reciprocity, as is Beijing's aim of signing further multilateral investment and trade agreements. All this is in contrast to ongoing attempts to restrict free trade by means of tariffs and protectionist measures and so deserves our support.

Germany and China have worked together successfully for many years. Both countries have profited from this approach in the past. In future, the conditions for cooperation should still not only depend on the size of the respective wallets, but rather be based on supply and demand and the proven principles of our social market economy. Confucius puts it very well, I think: "There is one word that could serve as a practical rule for everyone: reciprocity." In logistics there is the saying: Cargo finds its own way. So together we should create the conditions for this way to lead through Hamburg as often as possible.

Many thanks for listening.