



**HK**

**Hamburg**  
Chamber of Commerce

## HAMBURG – A EUROPEAN HUB ON THE “BELT AND ROAD”



## The “Belt and Road Initiative” – China’s connectivity strategy

The “Belt and Road Initiative” (BRI), first unveiled by China’s President Xi Jinping in 2013, is currently the largest multi-lateral initiative for regional economic integration. In extension of its strategies to develop China’s western provinces (“Go West”) and to internationalise Chinese firms (“Going Out”), the Chinese government is investing in the construction of roads, railways, ports, pipelines, energy grids and fiber optic cables, in order to boost connectivity between Asia, Europe and Africa. Main policy goals are creating conditions for economic growth in less developed countries in these regions, opening up new markets and reinforcing economic, political and cultural exchange.

### Concept

The BRI is a constantly evolving foreign policy concept without a predetermined geographic and economic framework. The Chinese government emphasises the multilateral, open and mutually beneficial nature of this initiative, which explicitly includes cultural and scientific exchange, and is coined as “connectivity”.

#### Belt and Road Initiative



To dispel fears of a China-centric domination project, the English translation of the Chinese term, *yī dai yī lu*, has been altered from “One Belt, One Road” (OBOR) to “Belt and Road Initiative”. It is also referred to as the “New Silk Road”.

There is no official project database or list of participating countries. The BRI is an integral part of “Vision 2050”, in which the Chinese government sets out its plans to develop China into a leading industrial nation. Its progress is largely determined by bilateral cooperation agreements and projects.

According to the Chinese government, cooperating countries include all founding members of the Asian Infrastructure Investment Bank (AIIB) and all countries along the continental and maritime routes. This amounts to 65 countries representing 60 percent of the world’s population and 30 percent of global economic output.

#### THE EU CONNECTIVITY STRATEGY

*The European Union has developed its own concept for enhancing connectivity between Asia and Europe in response to the BRI. It is based on the experience of integration in the European Single Market, and claims to be comprehensive, sustainable and rules-based. The EU aims to promote connectivity in transport, IT/digital, energy and civil society. Its declared goals are the creation of free, undistorted competition (level playing field), transparency, sustainability (emissions reduction, market efficiency, funding) and the acceptance of internationally recognised regulations.*

### Continental and maritime axis

The BRI has two main pillars. The “Silk Road Economic Belt” (belt) follows the historic continental trade routes between Asia and Europe, while the “21st-century Maritime Silk Road” (road) involves the maritime trade routes between China, South and South East Asia, Africa and Europe.

#### “Silk Road Economic Belt”

The “Silk Road Economic Belt” encompasses several continental routes linking China with Europe and its South and South East Asian neighbours, as well as six economic corridors. The northern route leads to Northern Europe via Central Asia and Russia.

The central route connects China with the Mediterranean region via Central and West Asia. The southern route leads to South and South East Asia. The focus is on developing and expanding rail and road links, as well as energy grids and telecommunications infrastructure.

“Maritime Silk Road”

The “Maritime Silk Road” links China’s ports with South and South East Asia, the South Pacific, Europe and North Africa. The focus is on strategic investments in existing ports and logistics centres, as well as the construction of new ones.

Significance for Hamburg

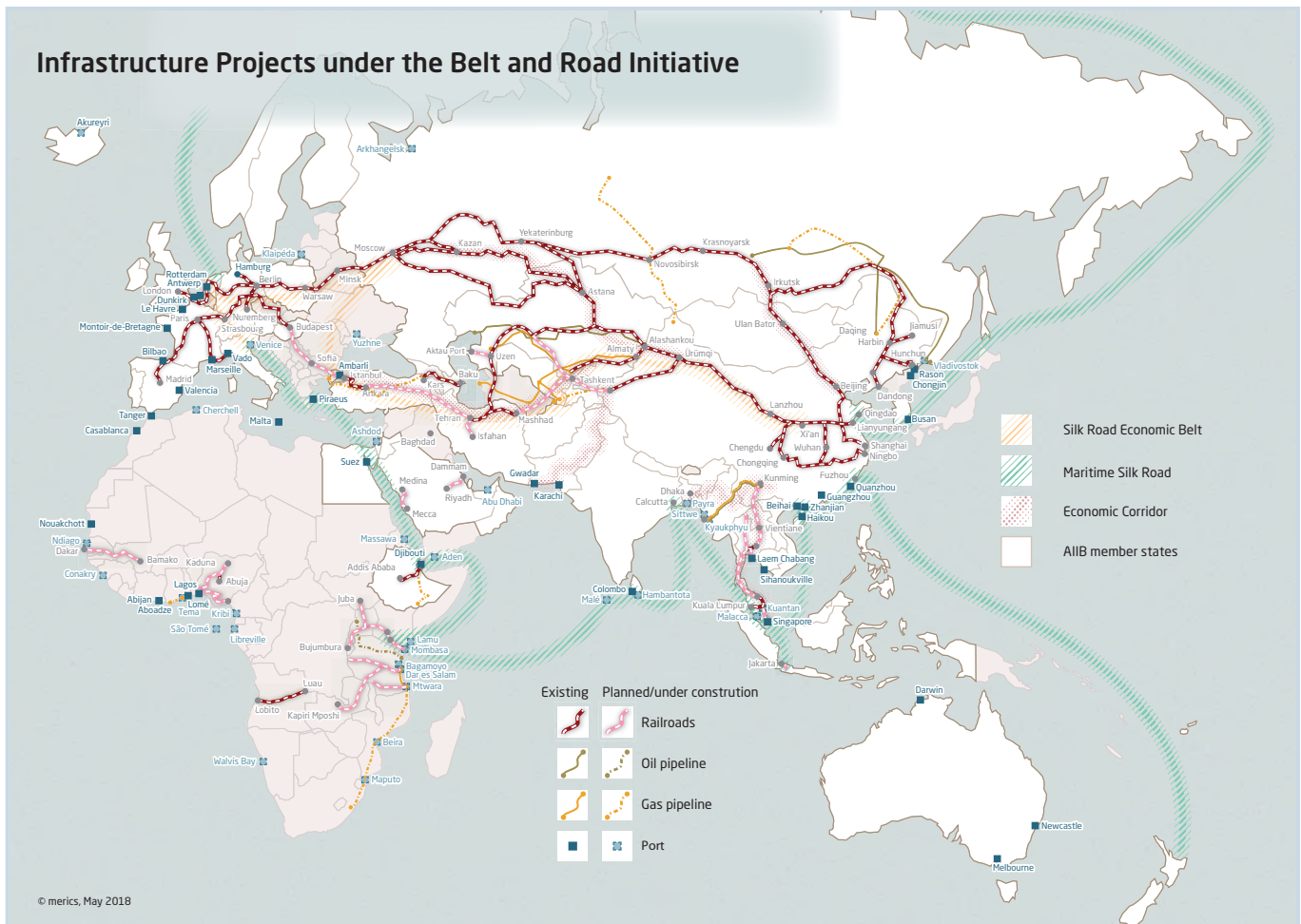
The “Belt and Road Initiative” is a powerful driver of global infrastructure development. This can create the conditions for growth and development in the countries along the

continental and maritime routes. As an international trading centre and logistics hub for Northern and Eastern Europe, the Baltic States and Russia, Hamburg can benefit from these developments and expand trade and cooperation with both China and the countries along the belt and road. Hamburg is a major hub in the European TEN-T transport network and has a central role to play in linking European and Chinese connectivity projects.

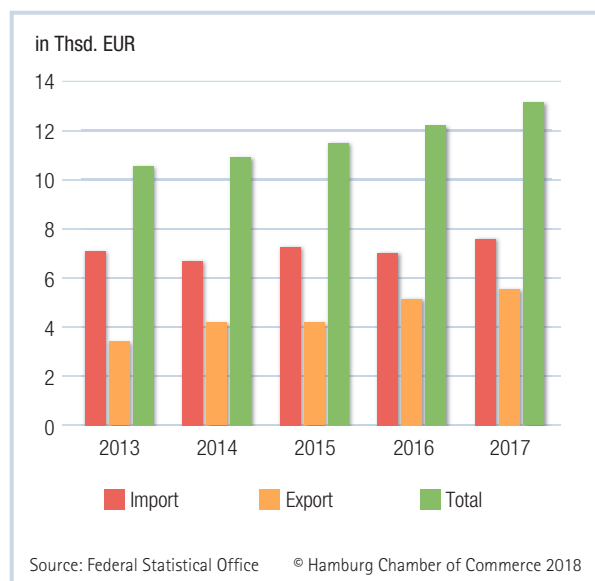
Hamburg is part of the “Belt and Road” – since many years

A leading location for trade with China

China has been Hamburg’s most important non-European trading partner for years. In 2017, exports grew by 7.2 percent year-on-year to EUR 5.7 billion and imports by 8.5 percent year-on-year to EUR 7.6 billion.



**Trade between Hamburg and China 2013-2017**



of Hamburg's largest partner for maritime container traffic since many years.

In 2017, twelve liner services operated between Hamburg and China, serving eleven Chinese ports.

**Top performer in multimodal transport**

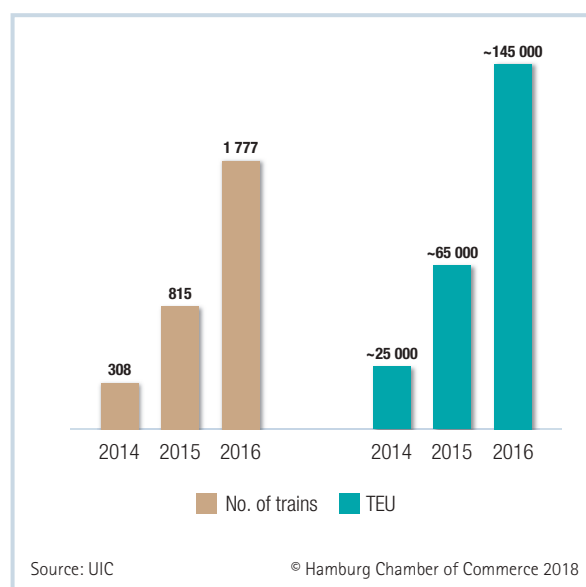
Besides maritime container handling, rail freight transport between Hamburg and China is becoming increasingly important. The development of the BRI's northern and southern continental routes is leading to strong growth in rail freight traffic between China and Europe. According to the International Union of Railways UIC, transport volumes are projected to rise from approximately 145,000 TEU in 2016 to up to approximately 640,000 TEU in 2027.

Main exports are aircrafts, followed by electronic and optical products, chemicals and machinery. Major imports from China to Hamburg are data processing and electronic products, garments, electrical equipment and machinery.

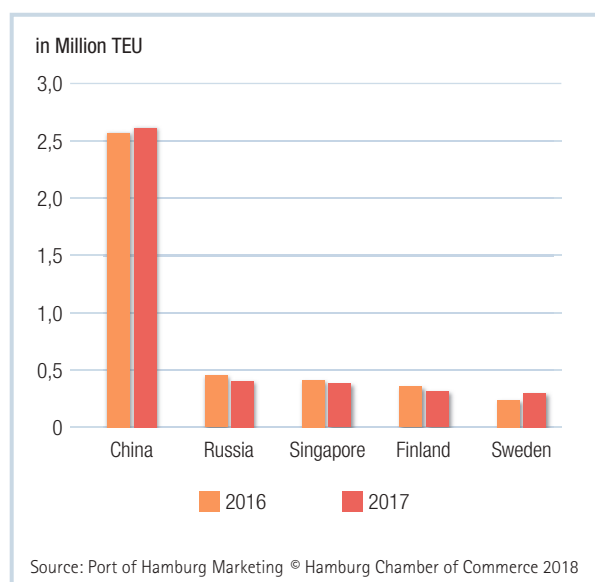
**Gateway to Europe for Chinese goods**

With a turnover of 2.6 million TEU in 2017, Hamburg is one of the major transshipment hubs for Chinese goods in Europe. Around three quarters of German container traffic with China is handled in the port of Hamburg. China is Port

**Development of rail freight traffic between Asia and Europe 2014-2016**



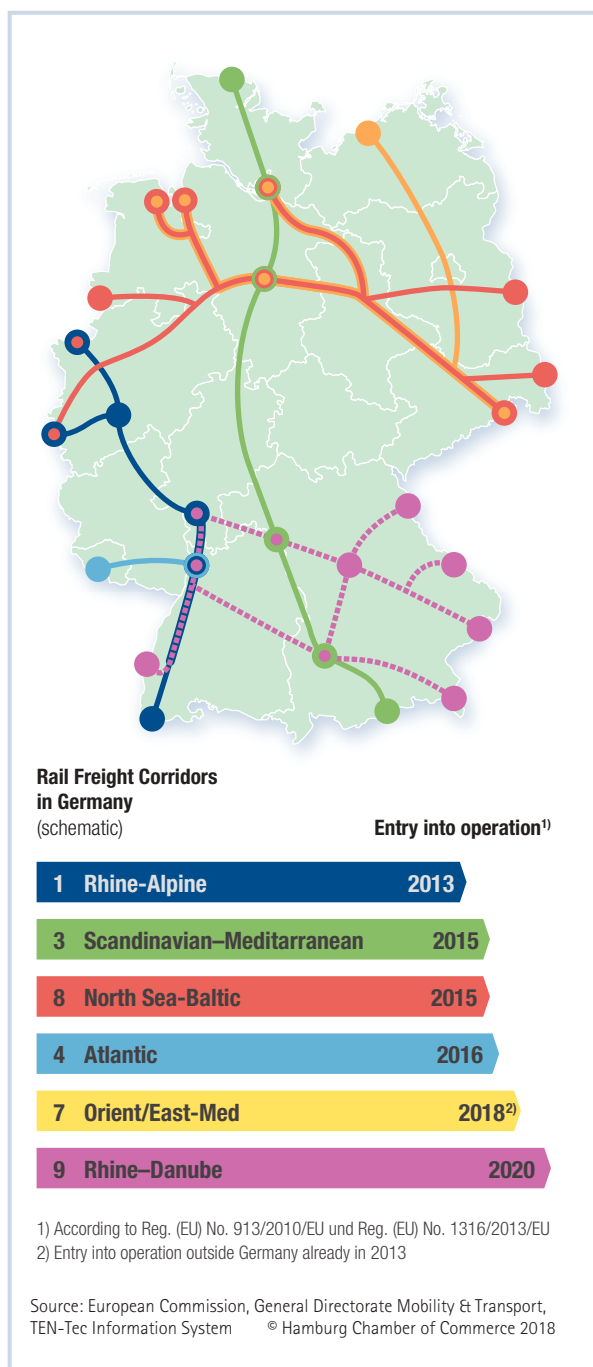
**Top 5 partner countries for maritime container handling 2016-2017**



Hamburg is Europe's number one rail port and a hub for three European rail freight transport corridors. Almost half (2017: 48%) of the combined rail traffic of the northern range ports is handled in Hamburg.

With its shunting yard in Maschen, the largest in Europe, Hamburg is ideally placed to benefit from the increasing rail freight traffic between China and Europe.

### Rail Freight Corridors in Germany

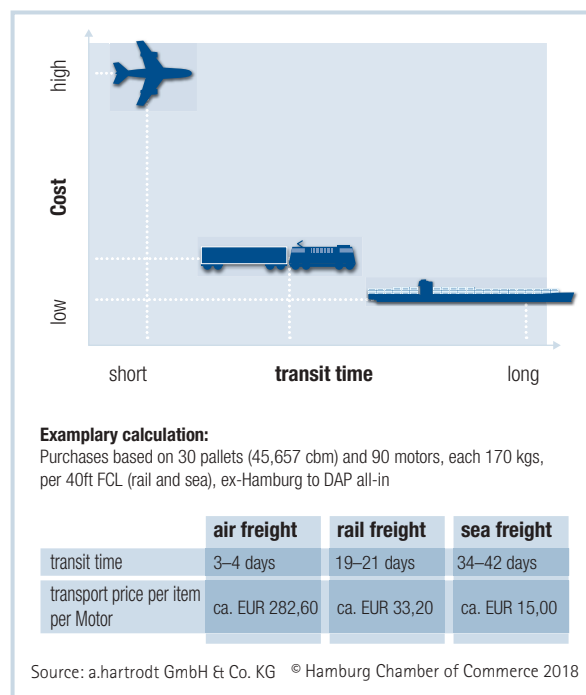


Hamburg is already one of Germany's major locations for rail freight transport to and from China. 25 to 30 goods trains run between Hamburg and China every week, and this number is set to increase considerably.

Although volumes are low compared to maritime container traffic, rail transport has great potential for time-critical goods such as fashion or consumer and luxury goods, but also cars, electronics, machinery and equipment.

Rail transport significantly reduces logistics costs and transit times for deliveries between Europe and Western China's inland industrial centres. Rail transport plays an important role in reducing CO<sub>2</sub> emissions in freight transport and is therefore crucial to national and EU transport policy.

### Specific benefits of various modes of transport



Key economic actors in Hamburg jointly drive further development of existing strengths in multimodal transport, zero-emissions and SmartPort into a hub for future logistics. This makes Hamburg even more attractive for local as well as international industry, trade and services companies – including business partners from China.

**QUOTE**

*"As a port city, Hamburg is Germany's gateway to the world. Hamburg is very popular in China."*

*Shanjun Hu, Managing Director of Bank of China (BOC) in Frankfurt*

## More than port and logistics: industry, trade and services hub Hamburg

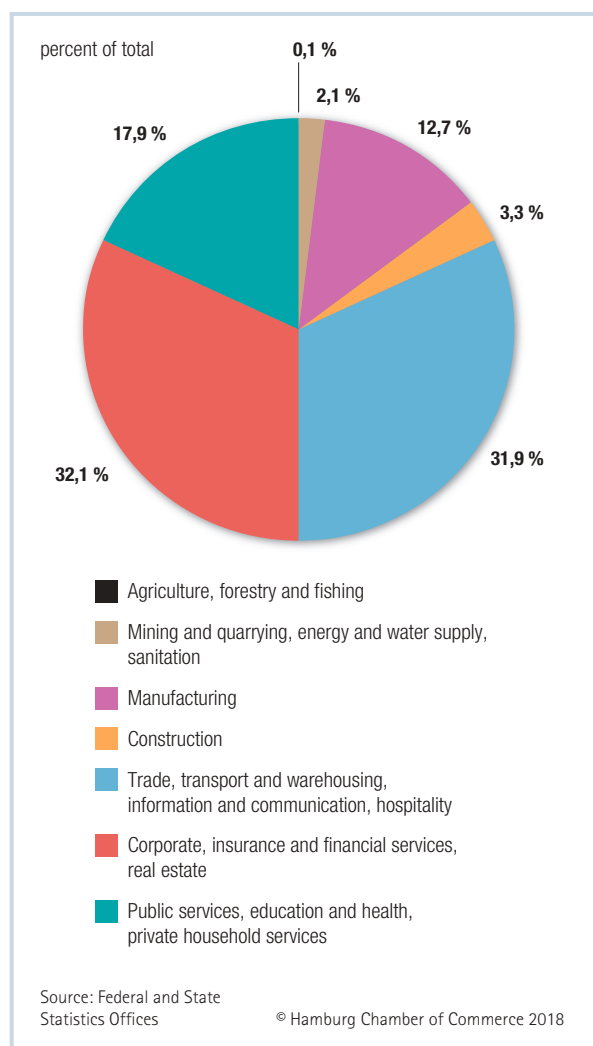
The second largest city in the world's fourth largest economy, major port location, domicile of the International Tribunal for the Law of the Sea, birthplace of Nivea and Montblanc, production site for Airbus, waterfront city with a high quality of life ... Hamburg is all of this and much more!

## Productivity capital

With a GDP of EUR 117,572 billion in 2017, the city of Hamburg generated 3.6 percent of total German economic output. GDP per employed person stood at EUR 94,279, clearly exceeding the German average of EUR 73,680. Hamburg has topped the productivity ranking of the federal state for successive years.



## Gross value added in Hamburg by sector (at current prices)



## International trade and services hub

Hamburg has been shaped by its international trading houses and service providers such as banks, insurance companies and logistics firms. Main imports into the city-state include aircraft, textiles, petroleum products, electronic and data processing equipment, ships and copper ore, as well as coffee and tea. Major export goods include aircraft, petroleum products, chemicals, car parts and medical equipment.

## Important industry location

Hamburg's industry is extremely diverse. There are few places in Europe with a similar concentration of raw materials industry (including copper, steel and aluminium). Hamburg is also the world's third largest hub for commercial aircraft construction. Airbus and Lufthansa Technik are among the City's largest employers. Beiersdorf AG, one of the TOP 100 consumer goods manufacturers worldwide and cradle of global brand NIVEA, is also based in Hamburg.

## Centre for wind power and healthcare

Hamburg is the wind power capital of northern Germany. Around 25,000 people are employed in this sector. Some of the world's major producers of wind turbines are headquartered in Hamburg, including Senvion and Siemens Gamesa Renewable Energy.

Hamburg's healthcare industry is a growth sector and employment generator for the Hanseatic city: around one in seven residents work in this sector, and one in eleven Euros of revenue is generated in healthcare .

## Retail metropolis and media capital

With around 2,686,000 square metres of retail space and sales of around EUR 13 billion per year, Hamburg is the most diverse and economically significant retail location in northern Germany. Many internationally active retail firms operate their distribution centres from here.

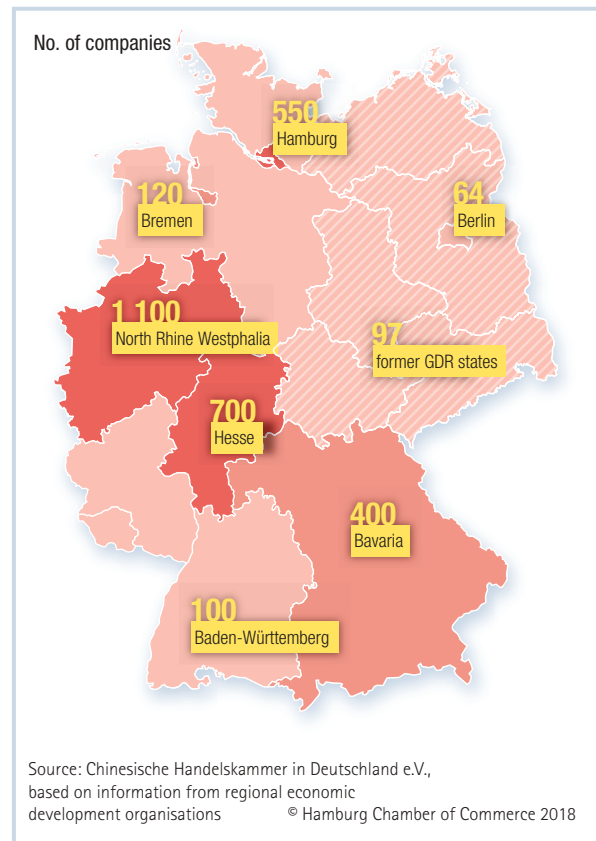
Communication is the main strength of Germany's media capital. Hamburg is home to numerous publishing houses, but is also creative advertising metropolis, game city, stronghold of the film industry and centre for high quality TV information and entertainment – in short: one of Europe's most important media locations. Over 23,000 creative and tech businesses employ more than 100,000 employees, making the city an important technology and creative hub.

## Partnership with a history – and future potential

Hamburg and China have been connected by trade since the 18th century. In 1986, Hamburg has twinned with the Chinese port city of Shanghai. In 1995 the Hamburg Liaison Office (HLO) was opened to strengthen ties and lobby for Hamburg as a business location and important trade partner.

5,900 Chinese nationals currently live in Hamburg. Many of them have been here for decades, are well integrated into urban society and run successful businesses. Thanks to the services of the Hamburg Welcome Centre and the the city's investment promotion agency Hamburg Invest, various assistance and community services are available for Chinese citizens who have newly settled in Hamburg, facilitating their integration into local life.

## Distribution of Chinese subsidiaries across German states



## Attractive location for Chinese companies

Hamburg has been home to Chinese firms in Germany for decades. In 1984, the China United Trading Corporation set up a trading centre for the whole of Western Europe in the city. COSCO Shipping, one of the major Chinese providers of transport and logistics services, opened its European headquarters here in 1989. The Bank of China is present in Hamburg since 1993.

Other major Chinese firms based here are ZPMC and the Cixing Group. While the majority of the approximately 550 Chinese companies in Hamburg are active in wholesale trade, several of them operate in Hamburg's strong industrial sectors such as aviation, logistics, renewables, life science and digital, too.

Hamburg Invest helps Chinese companies settle in the city and cooperates with the Hamburg Liaison Office in Shanghai in promoting Hamburg as business location in China. For years, Chinese firms have been the largest group of overseas customers for Hamburg Invest. In the last five years, more than 80 Chinese settlement projects in a wide range of industries have been completed.

Hamburg Chamber of Commerce and Hamburg Invest jointly organise the quarterly Chinese-language networking event, "China Info Forum" for Chinese entrepreneurs.

While Hamburg was Germany's main target location for Chinese investments until around 2010, some of the larger and economically sound states in Germany have caught up in recent years. In terms of direct investment from China, Hamburg ranks fifth in the national ranking and seventh in terms of project investments (Bundesbank, figures for 2016). There is considerable potential for improvement here.

### "Hamburg Summit – China meets Europe"

Hamburg Chamber of Commerce's biannual event "Hamburg Summit" has established itself as one of the most important conferences for Chinese-European economic relations since it was launched in 2004. This platform enjoys high recognition from the Chinese government and within the Chinese business community, and ensures Hamburg is on the radar of Chinese decisionmakers. It is also valued and supported as an important platform by the German government, the EU Commission and the Hamburg Senate.

### Hamburg-Shanghai: Twin cities

Shanghai and Hamburg share lots of common ground which constitutes the basis for their partnership as twin cities since 1986. There are close ties at economic, scientific and cultural levels, but also people-to-people ties between residents of both cities.

#### Editor

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### Hamburg Liaison Office Shanghai

Since 1986, Hamburg Liaison Office (HLO) has been the official representation of Hamburg Chamber of Commerce, the Senate of the Free and Hanseatic City of Hamburg, Hamburg Invest, Port of Hamburg Marketing and Hamburg Tourism. Based on many years of experience, the office has extensive expertise and a wide network that includes many partners in both Hamburg and China. Its comprehensive services are essentially free of charge for Hamburg-based firms. In 2016, the HLO expanded to Beijing, where a branch office has been opened.