



Mixed prospects in Europe's powerhouse

High growth rates, low unemployment and thriving international trade – Germany is recognised as Europe's strongest economy. But does this reflect a positive picture for the project logistics sector? Felicity Landon reports.

Low oil prices and consequent low investment mean fewer project cargoes in the oil and gas sector. In the renewable energy field, uncertainties over Germany's wind energy ambitions have left some projects in limbo. There is some optimism – but that sentiment is far from universal. From a negative perspective, there are continuing problems with crumbling road infrastructure and immense frustration over long waits for road permits.

Of course, Germany's strong economy has a positive effect on the logistics sector, but not necessarily for the movement of heavy lift and project cargo, said Inke

Onnen-Lübben, managing director of the Seaports of Niedersachsen. "More and more of these cargoes are being shipped in containers as the container lines have discovered the breakbulk and project cargo market to be an interesting field, which compensates for the difficult situation in their business. Although cargo is generated in Germany due to the good economic situation, it is not necessarily shipped via German ports. There is strong competition with other ports in Europe specialised in these cargoes."

However, Herbert Loesing, managing director of breakbulk and heavy lift shipping line Coli Group, sees some signs of

improvement in the market. "The container carriers are doing better and are partly shutting off bigger loads," he said. "We are seeing more [larger loads] coming to the market now because the container carriers are restricting their capacity for non-uniform cargo and even for larger lots of unitised cargo. I do not think the bad market is over – certainly not – but there are some signs that things are improving."

Wind turbines

Holger Dechant at Universal Transport, said: "At the moment, we have a lot of business for oversize cargo, particularly for wind turbines and construction. Because of the low interest rates at present, a lot of companies are building new warehouses."

The strongest part of Germany's economy is still the automotive sector, followed by mechanical engineering products, along with chemical and IT goods, said Nora Kohlhase, corporate



Universal Transport is handling an increasing amount of cargo for the wind energy industry.

communications manager at SAL Heavy Lift. “Only the mechanical engineering sector is producing heavy cargo in dimensions that need specialised vessels like those we are providing,” she said. “But the major part of such products still do not require vessels like ours.”

MPV oversupply

German-manufactured shiploaders/unloaders, ship engines, large turbines and generators, and cranes all create business for SAL, said Kohlhase. “But in our niche of project shipping, we do not witness an extraordinary increase in heavy lift/project shipments out of Germany when considering the classic business sectors. That is not to forget that we currently face a significant oversupply of multipurpose vessels (MPV) in the global market, which makes it more challenging for us in heavy lift shipping.”

However, she said, offshore wind is growing significantly. SAL is engaged in the Walney Offshore Wind Farm extension project, with Svenja transporting 67 monopiles and transition pieces to Belfast in a 260-day ‘shuttle’ service. The monopiles – 8.4 m diameter, 72 m length, and weighing up to 960 tonnes each – are manufactured at EEW, a pipe constructor based in Rostock. “And with Siemens, we have a German global player in the production of wind turbines. This is for sure an important

market for SAL and it is growing fast – not least because of the Germany ‘Energiewende’, leading to special legislation which provides government subsidies for renewable energy.”

Most of the project cargo handled by the Niedersachsen ports is generated by the renewables and power generation industries, but there are also shipments of industrial plants and machinery parts, said Onnen-Lübben.

“Regarding the offshore wind developments in Germany, since 2017 we have had a new tender model in Germany derived from the Renewable Energy Act (EEG), which is intended to limit the costs for wind energy projects and in the end to limit the subsidies paid by the state to wind park operators.

“In this context, during April this year German energy provider EnBW won the construction of a 900 MW offshore wind farm free of subsidies. Dong Energy will conduct two offshore projects without

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getting subsidies. There is still a target of only 6.5 GW of offshore wind energy that has to be installed by 2020, and a target of 15GW by 2030. The industry, and also the ports, hope that this limit will be cancelled by the government, due to the fact that they now have the proof that offshore wind energy is working without subsidies.”

Grid connection shortage

It is said that there is a need to extend offshore wind power in Germany to reach the aims of the Paris climate agreement, she noted, but there is still a lack of proper grid connection in Germany.

“State secretary Rainer Baake [German Ministry of Economics] said during Offshore Wind Energy 2017 in London that Germany’s aim of installing 15 GW by 2030 will not be changed unless the grid connection is expanded so that the wind power electricity can be transported from northern Germany [where it is generated] to the southern parts of the country.”

Both onshore and offshore wind remain important business sectors for the ports in Niedersachsen. Siemens’ new D7 turbine production site in Cuxhaven will be finished this year. The new fourth berth at Cuxhaven will be a multipurpose facility for project cargo and offshore wind components – providing 85,000 sq m of handling area and a 290 m quay with a 16 m draught for deepsea vessels as well as jack-up installation vessels.

bremenports' EUR180 million (USD204.5 million) Offshore Terminal Bremerhaven (OTB) was expected to open in 2018, when the plans were first announced, but objections by environmental organisation BUND means the opening date is now more likely to be 2021-22.

Contracts have been signed and agreements are in place for the 25 ha (61.8 acre) terminal with a 500 m quay, but the legal challenges mean bremenports must verify the need for offshore wind infrastructure in the port. OTB would provide heavy load capacity and unrestricted access to deep water to allow for the pre-assembly, storage and transshipment of offshore wind turbine components.

Competitive pressure

Thomas Hoffmann, coordinator for worldwide transports and projects at Kübler Spedition, said there is perhaps a little growth in the project market, but the strong competition from companies in Spain, France and elsewhere means "an even harder market than it used to be".

He added: "We will see less [activity] in sectors such as mining and oil and gas. However, as the whole automotive sector moves towards electric cars, there will be new projects we do not yet know about."

Kübler is expecting more work as Germany continues its move from nuclear power to renewables, with new networks and transformers to be installed. However, Sascha Goldinger, head of finance and control at Kübler, pointed out the difference in attitude from one federal state to another, with some, such as Bavaria, trying to prevent onshore wind farms because of their proximity to cities or environmentally sensitive landscape. "Some are more open-minded, so it is very regional," he said.

The first wind farms built ten to 15 years ago are now being replaced with new, more efficient wind turbines, said Hoffmann. "That means the old turbines are being taken down and sold to other countries, so there is still work to be had. We are not really into the trucking sector for these wind turbines – that is almost already standard transport – but we get involved when we can use our Mannheim terminal for loading from barge to truck or truck to barge."

All of those involved in transporting oversize and overweight cargoes within Germany highlight the problems caused by poor road infrastructure, often forcing diversions to avoid weak bridges, adding many miles to a planned transport route. This is leading to an increasing shift of

Colt Group, seen here loading a catamaran, is witnessing an improvement in the heavy lift and project cargo shipping market.



project cargoes to inland waterways; rail is also gaining in importance, although more for breakbulk such as steel and pulp.

Last year the government announced plans to spend EUR269 billion (USD301 billion) on construction and modernisation of the country's infrastructure, but that means that transport must now work around traffic jams as well as weak bridges.

Goldinger said: "The road infrastructure is getting worse every year and giving us more problems. You often have to double the mileage compared with the direct route, because of weight limitations.

"Kübler is starting to invest more knowledge, money and power into the rail sector. We believe that heavy lift rail transport will have a bigger future in Germany because the road infrastructure has become so bad. Taking 80 tonnes from south to north, we have problems on the roads. We have customers willing to invest together with us into rail logistics."

Kübler's trimodal Rhine terminal in Mannheim, where a major expansion project is under way, will play an increasing

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role in moving heavy lift from road to rail and waterways, he said. "When you use rail or barge, the logistics will be slower – but it will be more reliable and predictable, because you do not have problems with police escorts, closed bridges, and so on. Sometimes it can be cheaper than going by road; for transformers, for example, it is easier to move long distances by rail than by road."

Road permits

Road permits are another hurdle to overcome for the heavy transport sector. Universal Transport's Dechant said the industry is already trying to cope with a shortage of trucks for oversize cargo as well as a shortage of drivers. "Everybody is looking for truck drivers at the moment. If someone asked me if it is possible to buy eight new trucks, I would say yes, but there is only one question – where are the truck drivers? And it is not possible to take drivers from elsewhere because they have to be able to read the permit in German."

A shortage of staff to deal with permits is one thing, but another reason for the difficulties is the lack of tolerance in any given permit, he said. "For example, if you need to move a turbine in three weeks, you need to get a permit. But you do not know if it is the right permit because you do not know which tractor will be used. If there is a difference between the axles of 3 cm, then you need a new permit.

"There are two solutions: either you have to wait for a new permit, or a lot of forwarders and truckers get not only one permit but apply for a second to be 'safe'.



Lando was responsible for the transport of a 112-tonne water turbine with its intake manifold from Saarland to Enns (Austria) – and installing it in the trough.

The problem is that the authorities have only two or three people handling these, and the forwarders and truck companies apply for more and more permits.

“We are speaking increasingly with the politicians; in reality, it is not our problem if we have to carry out transport a week later, but it is a problem for our customers – in other words industry. If a load is waiting on the quay, or waiting with a crane and people ready, but no permit, it is the customer that has the problem.”

Trimodal port

Universal Transport, which has a fleet of 350 vehicles for transporting heavy and oversize loads, also has its own trimodal port in Nuremberg, with loading out capacity of 600 tonnes, through its acquisition of Züst & Bachmeier Project last year. “We look at rail and water alternatives, but the main question is, what does it cost? For example, you have a project for an industrial customer and you know that transport by waterway would cost EUR250,000 (USD279,738), but by truck it is EUR200,000 (USD223,790). Customers are focusing on cost and with these price differences it is understandable that customers choose the cheaper way. Trucking is too cheap, but maybe in a few months or years, if we have no truck drivers, that will change,” explained Dechant.

Essen-based Lando Eurasia, which started its heavy haulage activities with its own fleet two years ago, is mainly active in the wind power, machinery and plant engineering sectors. Ralf Fischer, registered

officer representing Lando, said: “The large heavy haulage projects in Germany are largely export. On the one hand, this shows a very positive picture for the project forwarder, and on the other hand it still means a strong pre-load traffic to the harbour. Lando is active in both fields and we see a positive development with a potential market growth.”

Growth markets

The EU countries remain the most important business partners for Germany, he said, but really large projects are being organised for/with third countries. Lando has strong links with Russian-speaking countries and Central Asia.

Fischer also highlighted the poor state of road infrastructure in Germany, specifically the bad condition of bridges along the German motorways. “Then there is the slow casual response to the processing of permitting and licensing orders in some regions and, finally, the availability of official escort services. These challenges make the organisation of project cargoes more difficult, and certainly the budget is always influenced.”

However, he said, Lando believes that road transport for heavy cargo remains a real option.

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– Ralf Fischer, Lando

“We see a clear demand for it, although the motorway infrastructure needs to be developed and the approach of the administration needs to be more effective and faster.”

BSK, the German heavy haulage association, has been lobbying hard for improvements in the situation, said Marion Seeger, representing general manager Wolfgang Draaf. “We really have stagnation on permits – our members are really frustrated and we receive many calls and letters about the problem,” she said.

“About half of the federal states have problems processing permits because they do not have enough staff. Operators have to wait far too long to get a permit and the situation is very bad.”

BSK continues to lobby and put pressure on ministers, officials and authorities, she said. Meanwhile, there are reports of some operators going ahead and driving loads without securing the necessary permits or permissions.

In an increasingly competitive market, know-how and expertise are vital, said Loesing of Coli Schiffahrt: “If you have nothing to offer, then you will disappear. Having contacts and partners around the world is equally important.”

Client breakdown

Coli, set up as a broker in 1974, now operates half a dozen ships, transporting various heavy lift and project cargoes.

The main industrial sectors generating business within Germany are offshore and onshore wind power, along with civil and industrial infrastructure, he said.

Coli is busy transporting wind turbine components from Asia into Europe, with India emerging as a major exporter, as well as importer of turbine blades. “Some of the manufacturers are preparing to manufacture here, but China and South Korea are the main suppliers,” said Loesing. “There is also still industrial demand from Germany, such as power stations and cement factories.”

Keeping prices down remains vital, and that depends on expertise and maximising resources, he said. “You can reduce expenses per unit if you understand stowage. And something that helps is the lower daily rates in the charter market.”

Loesing reflected on the takeover of Rickmers-Linie by the Zeaborn Group and said he both hoped for and expected further consolidation in the market. “It is what is needed, especially when you hear of the losses of some operators. Many are under pressure because the market is really tough.”

