

Rotterdam as a World Port City



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Most studies and models on the port-city interface focus on the inevitable process in which ports and cities grow apart, both spatially and economically. What is often overlooked is the relationships that remain in the form of maritime business services (finance, insurance, legal). These maritime business services are in demand by port users, yet maintain a principally 'urban' profile. The local presence of these services adds important value to the urban economy, as these services imply highly

skilled and specialised jobs.

However, not all these services need to be in close proximity of the daily port operations and the physical handling of goods. In this paper we look at the role of maritime business services and address a typology of port cities. Next we focus on port policy in Rotterdam, in particular its Port Vision 2030, and highlight how various local stakeholders have been mobilised to form the Rotterdam Maritime Services Community (RMSC).

The case of Rotterdam as such shows how the port and city still evolve together and can strengthen each other strategically and economically.

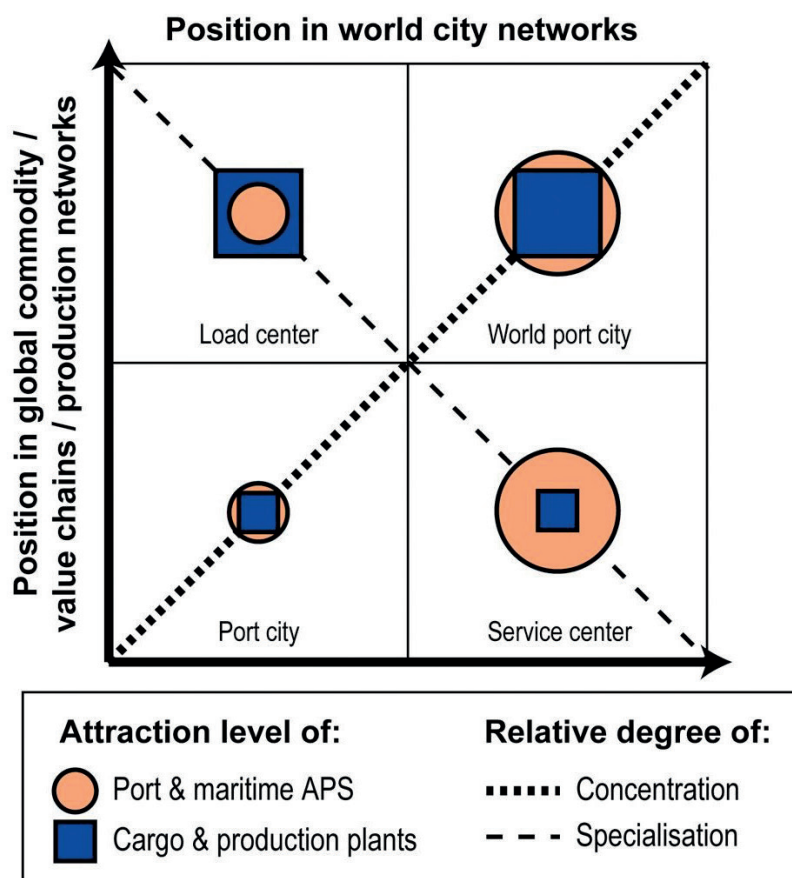
The evolution of port cities

Most evolutionary models depict ineluctable stages of spatial and functional separation between port and urban activities locally. Spatially, the increased intensity of port-industrial activity in combination with urban growth and the lack of available land for further expansion, as well as environmental constraints, has led port facilities to move away from city centres. In economic terms, ports have become less dependent on the urban labour market due to increased automation and operational rationalisation.

Cities have also become less dependent on 'their' ports for local economic growth, as much of the cargo is destined for distant hinterlands. Indeed, much of port-city policy and planning efforts of the early 1980s onwards dealt with the redevelopment of derelict, largely brownfield urban waterfront sites that were formerly used for shipping activities and, often closely located to 'downtown' areas. Many historical waterfronts across the world underwent dramatic transformations, with London's Canary Wharf and Hamburg's HafenCity the most iconic.

The pure focus on waterfront transformations combined with a strong belief that ports and cities will inevitably grow apart has brought policy focus away from the economic linkages that remained between port and city in the form of advanced business services such as ship and trade finance, marine insurance and risk management, and all kind of legal aspects concerning the international carriage of goods. Indeed, many of these business services came into being near

Figure 1: A Typology of Port Cities



Source: Jacobs, Ducruet and De Langen, 2010

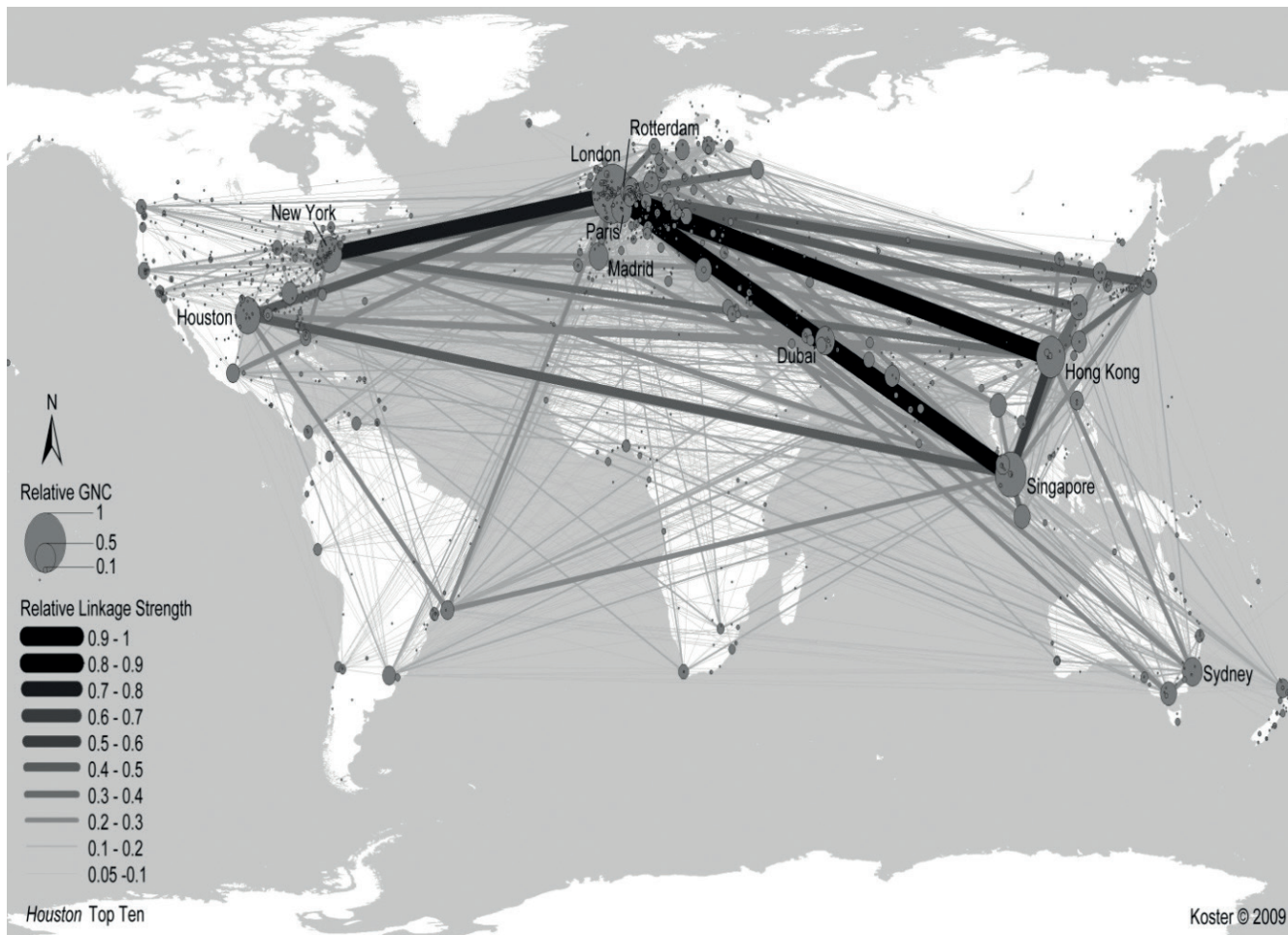


Figure 2: The Global Network Structure of Maritime Advanced Business Services

shipping activity and trade entrepôts at the historical waterfronts of port cities such as London and Amsterdam. In the current age of rapid transmission of information and finance, these services however are not needed in the direct proximity of ports any longer. However, this does not imply that they are entirely footloose, as they are still concentrated geographically.

World Port City networks

The essential philosophy of World Port City networks is not so much the successful redevelopment of a waterfront site within a particular port city, but rather how certain port cities are linked through international shipping and business networks. These networks are, on the one hand, the cargo flows and supply chains that move through ports. On the other hand, these networks are corporate ties of maritime business services and the transactions they facilitate among port users across the globe. These two types of networks do not necessarily overlap. Based upon this simple distinction, four types of port cities can then be distinguished:

- Load centers: Port cities in which seaports handle large volumes of cargo yet host only a limited number of advanced producer services. These services will be purchased from exterior arenas such as service centers or World Port Cities. Examples are the major cargo handling ports in Asia and mining ports in Brazil, Australia or South Africa
- Port cities: In this category port and urban functions coexist in relative harmony and interdependence. The port handles a considerable amount of traffic and the city hosts some maritime business services. However, the intensity of traffic handling has reached a certain limit and maritime business services operate only local markets. Examples include Liverpool, Baltimore and Bordeaux
- Service centres: These are port cities that act as (international) centres for specialised advanced producer services (such as ship finance or marine insurance) although their ports have lost economic importance and attract only limited volumes of cargo. In extreme cases, they do not have a seaport at all. Examples include London, Oslo, Paris and Madrid
- World Port Cities: These are port cities that act as important physical nodes in global trade and which at

the same time host a comparatively large number of maritime business services. Examples include Singapore, Hong Kong, Hamburg and New York Rotterdam

The question is then, how are port cities in the world positioned and how do they evolve?

It's a London thing

Despite the major inner-city London port losing its significance during the second half the 20th century, the city has remained the most important maritime business service centre up until today. This can be explained by the historical presence of important maritime institutions such as the Lloyd's of London insurance market, the Baltic Exchange and the establishment of the IMO and other international institutes. While other insurance markets became fully electronic, business at Lloyd's continues to be face-to-face in which reputation, trust and skills remain the most important traits for the agents operating on behalf of the syndicates at Lloyd's.

In the wake of Lloyd's many (re-) insurance companies, underwriters and insurance brokers have a strong presence in the city. In terms of maritime law, London benefits greatly from the fact

that the arbitration clause in standardised contracts of the Baltic and International Maritime Council (BIMCO) mentions English maritime law as the default cornerstone, and furthermore, the fact that most ship financing contracts, including second-hands, are based upon English law. Anglo-Saxon law firms are generally the most globalised when compared with their European peers, thereby capable of servicing clients domestically and abroad. Nonetheless, London's pre-eminence does not imply that there are no other locations that cater for global and local business.

Singapore

Singapore has developed into Asia's leading maritime centre. It has a local branch of Lloyd's and a number of syndicates are active, with all the major international and regional banks remaining very active in shipping and trade. In addition, Singapore has its Court of Arbitration which has become a default arbitration centre in BIMCO contracts, as well as introducing its own 'Ships Sale Form' and providing a variety of incentives for P&I Clubs and other marine insurance companies to set up office.

Singapore's growth strategy is best exemplified by the port authority's mission statement: 'To develop and promote Singapore as a premier global hub port and an international maritime centre, and to advance and safeguard Singapore's strategic maritime interests'.

The example of Singapore shows there remains a strategic element in keeping both functions (port operational and business services) in place. This is also recently recognised by port planners and urban policymakers in Rotterdam, Europe's biggest port. According to a 2013 OECD study, the potential economic synergies between port and city are nowhere better represented than in the case of Rotterdam.

Rotterdam's vision for 2030

In 2011, the Port Authority and the municipality of Rotterdam jointly published their long term vision on the future of the port. Based on trends and developments, the vision presents ambitious growth strategies for the hub function and the industrial cluster of the port. In order to accomplish its goals, ten factors of success have been identified and each of them has been modified into actions to be undertaken. In addition, the Port Vision 2030 now also includes a strategy on how both port and city can mutually benefit each other's presence.

Formation of the RMSC

Turning Rotterdam into a leading international maritime (business) service centre has become the main strategy of the city government with the adoption of the Port Vision in 2011. It is well known that the Rotterdam region is in a strong competitive position in regards to ship building, ship repair, dredging and salvaging services. However, it is less well-known that Rotterdam also has an important concentration of maritime business services such as maritime insurance companies, ship finance, ship brokers, maritime law firms and shared service centres.

Rotterdam ranks fifth in the world in terms of companies (behind London, Singapore, New York and Hong Kong) and the city hosts the tenth largest maritime insurance market in terms of written premiums. Moreover, within the Netherlands, bankers and law firms have concentrated their maritime desks in Rotterdam. This was a well-kept secret and an important asset for both the port and the city's economy that had never been promoted before. Therefore, the municipality and port authority developed a strategy to promote Rotterdam as a world leading maritime business service centre. The Business University of Nyenrode was contracted by the City of Rotterdam to align the various actors along common objectives and design an appropriate governance arrangement.

In a series of informal meetings hosted by the city, various companies from the Dutch financial sector such as ABN Amro Bank, ING Bank and Rabobank; the insurance sector such as AON, HDI Gerling Allianz and Amlin; and the legal sector such as Nauta Dutilh and Van Steenderen Mainport Lawyers were invited to think about possibilities to strengthen the competitive advantage of the maritime business service cluster. Knowledge institutes were also invited to the collective brainstorm.

This gathering resulted in an interactive process with a shared vision and action plan. Throughout 2014, there was a trade mission to Athens, a new course on ship finance underway, and the Mare Forum on ship finance was hosted for the first time in Rotterdam. The network partners, who were mainly private companies, were confident that the Rotterdam Maritime Services Community (RMSC) could become a success, and at the end of 2014 it was decided to turn the network into a privately driven formal association. The formal launch of this association happened only very recently on February 3, 2015.

About the authors

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About the organisation



PortEconomics is a web-based initiative generating and disseminating knowledge about seaports. It is developed and empowered by the members of the PortEconomics group, who are actively involved in academic and contract research in port economics, management, and policy. Since October 2012, Port Technology International and PortEconomics have been engaged in a partnership.

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