



German

ports face investment choices

Over the ten years to 2007, the number of ships deployed in Northern Europe increased 50% to more than 90 and – due to their increasing size – capacity more than doubled from 340,000 to 800,000 berths. A recent study by terminal design and development specialist Bermello Ajamil & Partners projects a 57% increase in the number of ships (to 144) through 2020, with a concurrent 88% growth in capacity to 1.5 million berths. That capacity should grow at a slower rate is in part a reflection of the industry as a whole as the market matures, and also to some extent the specific seasonal limitations of the region. Nevertheless, it represents an opportunity for German ports to increase their cruise traffic both as homeports and also as ports-of-call.

By Tony Peisley

One of the most important recent cruise company decisions, as far as German ports looking to increase their cruise traffic are concerned, could prove to be the move last year by Carnival Corporation to pull out of its proposed TUI Cruises joint venture with TUI AG. This is not because those ports would have any particular preference for either Carnival or its replacement Royal Caribbean Cruises Ltd. (RCCL) being part of the joint venture starting up

this new contemporary cruise brand for the German cruise market. It is simply that, as soon as RCCL stepped in, it was inevitable that Carnival would be looking to protect the position of its German market leader, AIDA Cruises.

Sure enough, two more, larger ships for AIDA were ordered almost immediately, and the capacity of one of the ships already on order was increased. These orders were significant for the German ports as AIDA's growth has also been their growth, as it meant the brand needed to expand its original Mediterranean/Carib-

bean destination mix into Northern Europe and use German ports as homeports in the process.

Although AIDA was already growing, the emergence of a rival brand can only be good news for these ports, especially as TUI Cruises is based in Hamburg and will be using that (and no doubt other German ports) as it, too, expands. In fact, the first TUI Cruises ship – currently Celebrity's 77,714 gross ton and 1,870-passenger *ms Galaxy* – will be renamed in Hamburg in May 2009. Hamburg will also be the venue for another significant naming ceremony – that of MSC Cruises' 92,407 gross ton and 2,568-passenger *ms MSC Magnifica*. The significance of this being that MSC's rapid capacity growth has also led to that operator becoming a player of increasing size in the Northern Europe market, cruising from German ports such as Kiel.

Half of cruisers under 50

Rostock Port (Warnemünde) estimated that the total number of cruise tourists to the Baltic doubled to 450,000 between 2001 and 2006, while the annual DRV census of the German source market showed that the number of Baltic-bound German passengers tripled (to 70,000) during the same period. Back in 1998, less than 6% of German cruise passengers chose the Baltic; by 2006, it was 10% and the growth is continuing.

AIDA predicts that there will have been 100,000 Germans cruising the Baltic during 2008, which would be a 43% increase over 2006 and would mean a share of the total German market of about 12%. It has seen a stronger demand for Baltic cruises from families, which has reduced the average age of its Baltic passengers by more than five years to just 50 since 2003. This is reflected in a Cruise Baltic survey, which found that exactly 50% of Baltic cruise visitors were under 50.

Although - as with the cruise industry in general - that age is unlikely to fall much more, the emergence of a short cruise sector in the region (highlighted by Royal Caribbean International's programme out of Oslo in 2007) should help at least maintain it around the 50 mark. Already, two-thirds of AIDA Baltic passengers are first-time cruisers and, in 2007, it carried 20,000 Germans on short Baltic cruises.

Although Cruise Europe only reports nationality figures from selected ports, they do give a fairly accurate breakdown for the whole region, which sources more than half its cruise visitors from North America with the UK and Germany supplying most of the rest on a roughly 50/50 basis. All three markets appeared to show small declines of between 1% and 7% in 2007 and, although France showed growth, it is still a much smaller market, which may soon be overtaken by Italy and even Spain as Costa Cruises as well as MSC are becoming key players in the Baltic.

With no sign of an end to the visitor growth (albeit at reducing levels) and to the arrival of larger ships in Northern Europe, German ports have some important choices to make in terms of the level of investment required to acquire, retain or even increase their market share of this sector. The shortness of the season (even with some inroads being made into the Christmas/New Year market by the likes of Hamburg) will be a factor as they seek to estimate the return on investment such developments will accrue and also the potential environmental and congestion issues involved.

New terminals versus longer berths

There is always a temptation to opt for building terminals when often, the cruise companies would wish the money to be spent elsewhere. Even for homeporting ships, a fully-fledged terminal is not always required and for ports-of-call, it is usually seen as an expensive indulgence. Building longer berths and dredging for deeper drafts are more likely to be universally welcomed by cruise companies. AIDA, for example, pointed to limitations in that regard as needing to be corrected at ports like Stockholm, Bornholm, Gotland and along the Kiel Canal. It has also called for more berths allowing multiple simultaneous calls and for the ports themselves to become more of an attrac-

tion in their own right in the same way as classic train stations and some modern airports.

Rostock-Warnemünde opened the first section of a newly-extended (to 360 meters) berth for megaships in April 2008. At the same time, the surrounding water area was dredged to a depth of 10 meters. By the end of the year (delayed from the originally scheduled August), an additional 95 meters will have been added to the berth, the port's third for cruise ships. The total cost will be €10 million, of which €7 million will come from state funding and the rest from the port development company Hafen-Entwicklungsgesellschaft Rostock. Another €10 million has been set aside for more infrastructure improvements by 2012.

This has all been prompted by a study it commissioned which indicates that, following a 41% increase in calls and 52% in passengers to 2010, there will be further increases of 15% and 21% to 2015.

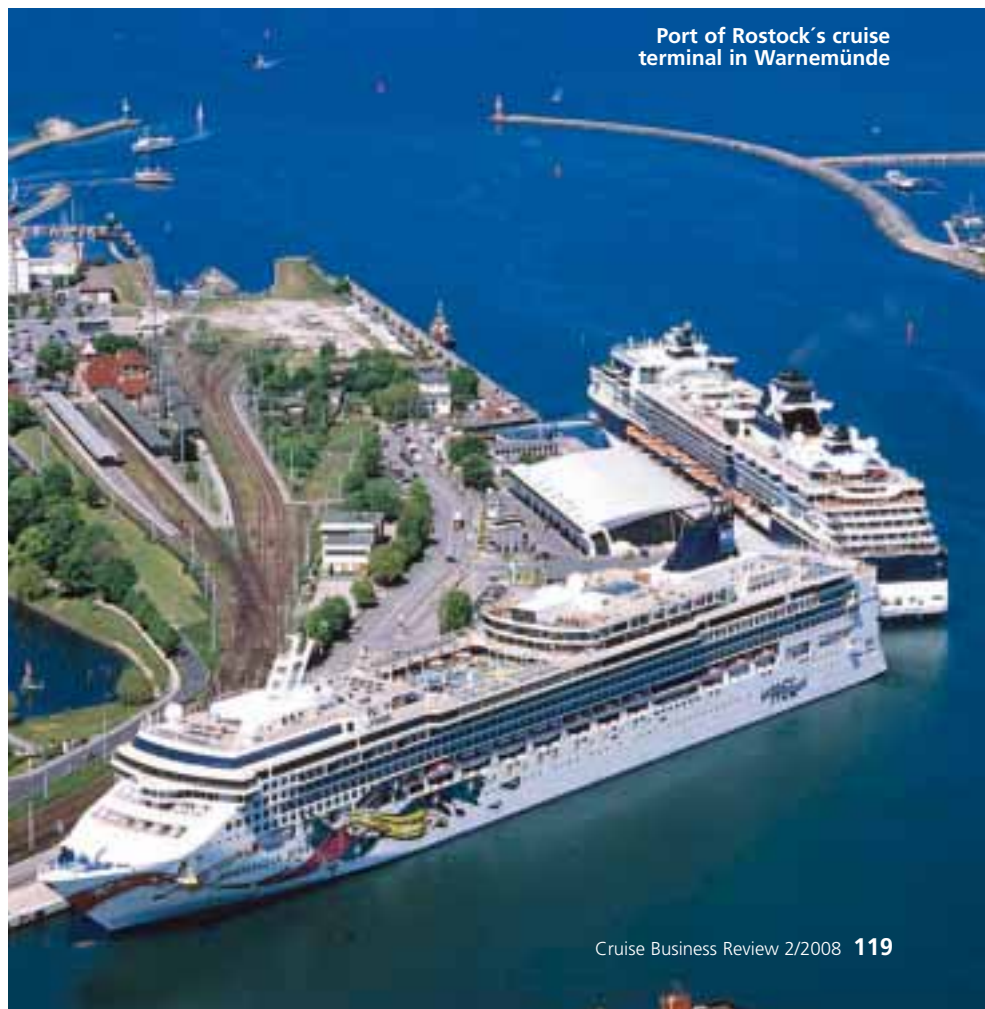
Port of Rostock Development Company Managing Director Dr. **Ulrich Bauermeister** said the growth forecast was based on "the growing size of both the cruise fleet and also those individual ships deployed in the Baltic. This year nearly half (56 of 116) of all our calls will be by large ships of 250-200 meters length." He also pointed to the development of new destinations in and around the Baltic, as well as the commitment of the most important ports to the marketing activities of Cruise Baltic, as key reasons for his confidence in the future cruise traffic growth in the region and therefore at his port.



The importance of cruise traffic to Rostock-Warnemünde was underlined by recent (2005 and 2007) economic impact studies, which found that port-of-call passenger spending amounted to between €2.4 million and €3.1 million and homeporting passenger spending to between €1.1 million and €2 million. Adding crew spending of more than €0.9 million, this means a total (direct) impact of between €4.5 million and €6.2 million.

It is recognition of these potential benefits for the port and city that has prompted the development of Rostock Port Parties to coincide with the departures of selected ships during the year. There will have been six during 2008, with evening entertainment and fireworks centered around the €6.5 million terminal (opened in 2005) to mark the departures of two, three and four ships at a time plus the first call of a Carnival Cruise Lines ship (the 112,000 gross ton and 3,000-passenger ms Carnival Splendor).

Rostock's major event, though, was the April christening of the 69,203 gross ton and 2,050-passenger ms AIDAbella, which was marked by a four-day celebration including a parade of ships, a public festi-



val, tug ballet and fireworks. (Rostock is now the headquarters of AIDA Cruises). Between April and September this year, the port will have handled 30 different ships – more than any other German port – making 116 calls. An estimated 40,000 passengers (out of 170,000) will have embarked their cruise at the port – most on the 19 AIDAbella departures, the rest on three by Transocean's ms Astor. Including the AIDA and Carnival ships, there will be eight maiden calls and a total

Line Kiel-Gothenburg overnight service and also as a cruise terminal with gangway connection to the 300-meter-plus berth at Bollhörnkai-Nord. The new terminal will also have both roles – Stena Line year-round and cruise ships in the summer – and so will have services for passengers and cargo on its lower level with offices above. It will be built south of the existing terminal and in alignment with the Hafenstrasse and Hostenbrücke, thus opening up direct access to the city cen-

Hamburg grows fastest

In total, Kiel now has eight cruise berths (six of them connected to terminals) but, while it remains the leading German cruise port and the fourth busiest Northern European homeport (after Southampton, Copenhagen and Dover) with more growth to come, Hamburg is the fastest-growing. In fact, if its own projections prove accurate, Hamburg could soon take over at the top. With 75 calls already scheduled for 2009 by May 2008, those projections show 270,000 passengers from 120 calls next year and then 300,000 from 140 in 2010, 450,000 from 200 calls in 2015 and 600,000 from 250 calls by 2020.

It is certainly planning for growth with a new megaship berth opening next year and the new HafenCity terminal set for the Ueberseequartier by 2011. Building on the new berth at Altona – the port's second for cruise ships – began in April 2008 and will be completed in April 2009. Measuring 300 meters, it will be linked to a new 2,000-square-meter, single-tier terminal, which has parking for 200 (long-term) and 100 (short-term) cars and 20 buses. The development cost is €12.5 million, bringing cruise-related port spending to €15.5 million since 2000. Work began on the 3,000-square-meter HafenCity terminal in September 2007 and is due for completion at the end of 2011.

This will combine cruise facilities with a hotel overlooking the River Elbe. A two-story building will be adjacent to the bus terminal, underground parking and subway. It will be capable of handling two 154,407 gross ton and 3,634-passenger Freedom of the Seas-size ships simultaneously. Just as in Rostock-Warnemünde, Hamburg is hyping up its cruise business through what it hopes will become an annual event: Hamburg Cruise Days. In 2008, these ran between July 30 and August 3 and featured ships including rms Queen Mary 2, ms AIDAaura, ms Astor and ms Deutschland making calls plus a couple of historic vessels. Various trips are based around the Cruise Days for which tourists pay for a closer look at the vessels, but the prime aim is to associate Hamburg with cruising – both as a homeport and also as a port-of-call.

Hamburg Cruise Centre Managing Director **Dirk Moldenhauer** also played a leading role in last year's creation of the Atlantic Alliance. With an initial membership of 15 ports (including Hamburg) along the North Sea, English Channel and North Atlantic coasts of Germany, France, Belgium, The Netherlands, France, Spain and Portugal, this group has been set up to promote member ports to cruise lines as potential short-cruise itineraries rather than simply stopping off points on positioning voyages between Northern Europe and the Mediterranean.

Bremerhaven is also a member as it seeks to increase business at its Columbus Cruise Center, where €25 million has been spent since 2000, but traffic had remained static between 2005 and 2007



Dirk Moldenhauer

of 19 international brand ships making transit calls.

In 2009, Carnival has scheduled 10 calls by the 110,000-gross ton and 3,600-passenger ms Carnival Liberty, which will keep the port in the top three of German ports behind Hamburg and market-leading Kiel.

The Port of Kiel's Managing Director **Dirk Claus** has estimated that its 2008 cruise traffic – boosted by calls from the largest ships yet to dock at the port, the 76,000-gross ton and 1,900-passenger ms Costa Victoria and a total of 40 calls by MSC ships – will reach 190,000 passengers from 125 calls.

With 100 calls already scheduled for 2009 by May 2008, including those by the even larger, 102,000-gross ton and 2,718-passenger ms Costa Magica (replacing Costa Victoria as the brand's homeporting ship) and the 92,407-gross ton and 2,528-passenger ms MSC Orchestra, more than 200,000 passengers are expected during next year. These totals exclude the cruise-ferry passengers travelling on Color Line's ms Color Magic and ms Color Fantasy between Kiel and Oslo. Including DFDS and Stena, there were 1.3 million ferry passengers through Kiel in 2007.

Having opened its third (6,000-passenger) Ostseekai (Baltic Sea) terminal in April 2007 to bring its recent cruise-related spending to €33.7 million, Kiel has more plans to upgrade its cruise infrastructure. These include the building of a new passenger terminal at the Schwedenkai. The current building has a dual role as ferry terminal for the Stena

tre from the port. Costing nearly €16 million, work has begun with completion due in autumn 2009.

Klaus described the terminal's design as "spectacular" and predicted it would act as a "calling card for Kiel." The port has been boosted by the Holland America Line (HAL) decision to make its first calls at Kiel in 2008. The new 86,700-gross ton and 2,104-passenger ms Eurodam will dock seven times, the 37,650-gross ton and 840-passenger ms Prinsendam twice and the 59,650-gross ton and 1,650-passenger ms Rotterdam once – all at the new Ostseekai terminal.

Klaus praised the role of the Sartori & Berger agency in persuading HAL to make these inaugural calls. Describing Kiel as "the most popular cruise port in Germany today," Klaus said, "We know we have to adapt ourselves to the demands of the international cruise market, so this is a big success for us, as it is the first time an important U.S.-based cruise line has chosen to call regularly at Kiel." The HAL decision is also a fillip to the port's ambitions to be accepted as a port-of-call as well as a homeport, and its efforts have further been rewarded by Crystal Cruises including it as a transit call in 2009.

This will further boost the economic impact of cruising on Kiel and the surrounding region, which has been assessed at an annual €8.1 million and projected as increasing to €11.3 million by 2012. It may increase still further if the port is successful in persuading the city to allow shops to open on Sunday – a day when it received 38 calls during 2007.

before additional calls from the UK-based ms MSC Armonia, Saga Cruises and Fred. Olsen Cruise Lines boosted the 2008 season. The number of calls is expected to have increased by more than 40 and passenger volume by about 70% by the end of the year. Having extensively upgraded the Cruise Center passenger facilities and also revamped the bus station area, the port is currently evaluating its next raft of cruise infrastructure developments.

The Port of Sassnitz on the island of Rügen has been handling between 10 and 20 cruise ship calls and this continued with 12 in 2008 expected to bring 21,500 passengers and 16 in 2009 carrying 22,600 passengers. This year, the AIDAbella became the largest ship to dock on the first of 10 scheduled calls. The port has a 250-meter berth with water depth of 10.5 meters (navigation depth 9.5 meters) and a glass terminal building with a bus and taxi station. Its Chief Executive, Captain Harm Sievers said, "We are right on the sea with no time-consuming river journeys or costly pilotage required. Rügen has striking scenery coupled with tranquil fishing villages and romantic traditional seaside resorts. Within a day's excursion, a visitor can experience the broadest variety of landscapes in Germany."

The most recent European Cruise Council (ECC) figures show that in 2006 Germany attracted just 1.6% of the total number of visits made by European cruise

NORTHERN EUROPE CRUISE TRAFFIC 2005-2007

Port	2005		2006		2007	
	Calls	Passengers	Calls	Passengers	Calls	Passengers
Kiel	91	132,000	93	154,248	114	173,000
Hamburg	33	35,087	62	75,586	88	132,678
Rostock	97	92,209	138	143,000	92	115,600
Bremerhaven	77	72,000	64	72,000	71	74,458
Cuxhaven	26	25,000	22	21,500	11	8,000

Source: Cruise Europe

ROSTOCK-WARNEMÜNDE TRAFFIC PROJECTIONS 2007-15

Year	Cruise calls	Passengers
2007	92	124,500
2010	130	190,000
2015	150	230,000

SOURCE: ROSTOCK PORT (BAUERMEISTER/BENKENSTEIN)

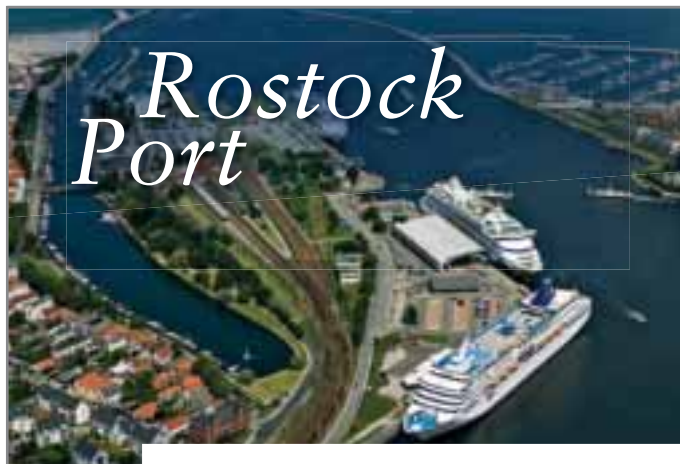
passengers within Europe, while Rostock-Warnemünde is the only German port (11th) in the top 12 European ports of call according to Cruise Europe figures. Germany was much higher up the list of European countries where passengers embarked their cruises - in fifth place with a 5.6% share. This suggests that those German ports targeting the port-of-call or

transit market have identified an area of potential growth especially as the problems of congestion at the marquee ports in Northern Europe show no sign of easing. As a result, the lines are looking for different options and different itineraries to offer clients in order to fill their rapidly increasing capacity in the region. ■

CRUISE *business* REVIEW

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Warnemünde Cruise Center – Gateway to Berlin Discover the beautiful south of the Baltic

The modern Warnemünde Cruise Center is your gateway to Germany's capital Berlin. Warnemünde - the lovely seaside resort of Rostock - welcomes 116 cruiseliners with more than 170,000 passengers from all over the world in this year. The nearly 800 years old Hanseatic City of Rostock is well-known for its churches and brick Gothic. Many castles and manor houses nearby are worth a visit too.



**ROSTOCK
PORT**

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