

## CCNR WEEKLY NEWSLETTER – N°5

### Rhine navigation in the context of COVID-19

*Given the exceptional situation in relation with the COVID-19 pandemic, as well as its impacts on the Rhine and European navigation, the Central Commission for the Navigation of the Rhine (CCNR) wishes to share relevant information via a “Weekly newsletter”. This newsletter will be published every week on the [CCNR dedicated webpage](#) “Information regarding Rhine navigation in the context of COVID-19”.*

#### **The German Federal Ministry of Transport and Digital Infrastructure (BMVI) publishes a report (available [here](#)) on the effects of the corona crisis on the German freight transport market**

The survey results which served as a basis for this report are not representative in a scientific sense but represent a qualified snapshot of the current effects of the crisis on companies in the transport and logistics industry. Regarding the impact of the crisis on the inland navigation sector specifically, the report reads that the transport volumes to be transported in inland shipping continue to decline.

**Dry cargo:** agricultural products from 2019 harvest have all been transported, demand for gear mills not as high as a few weeks ago, animal feed transport mainly domestic as foreign transport chains are highly disrupted, steel transport declining due to decline in automotive industry but some steel work in Berlin/Brandenburg reports increase in demand for metal products. Increase in demand reported regionally for the building materials industry, especially for cement.

**Liquid cargo:** demand for mineral oil transport continues to decline, so that tank farms for storing oil products in seaports are fully filled. Some inland navigation companies are still benefiting from contracts concluded by contract customers last year. Demand for heating oil is still stable.

**Containers:** some companies are expecting import volumes from China to the ARA ports to rise again in the coming weeks as the production in most economic sectors in China is starting again. The Rhine shipping industry in particular could benefit from this.

There is currently a certain low water situation emerging on the Rhine and the Elbe. Vessels can therefore sail only with a reduced draught. This means that more vessels are put into operation in order to transport the cargo. With more vessels in operation, the number of vessels laying idle is lowered a bit, and overcapacity is reduced. In particular, cross-border transport to the Czech Republic is currently not possible or only possible to a very limited extent.

Despite this aforementioned effect, the current capacity utilisation rate of inland navigation vessels is significantly lower than usual at this time of year, due to a lower transport demand.

The decline in transport volumes is leading to significantly lower freight rates, which could contribute to a further deterioration of the liquidity situation of companies. Danger of an imminent insolvency does exist for small companies (self-employed barge owners), while most of the medium-sized and larger companies have larger liquidity reserves.

On the side of **IWT (Inland Waterway Transport) crews**, due to a lack of employees from abroad, individual companies report that they are increasingly recruiting personnel from the passenger shipping industry. Crews from the Rhine riparian states do not currently have any entry problems, but time-consuming checks at the borders are now more frequently observed. It is reported that for some trips from Germany to eastern countries (e.g. Poland) crew members are not allowed to leave the ship. Then the crew is provided with food from vessels in the vicinity.

Due to the stricter entry conditions in some European countries, it is often difficult for companies to change sailing personnel from one shift to another. In some cases, personnel has to enter Germany

from their homeland not via the usual way but via countries for which traveling across borders is easier. This is creating delays, with the result of delays in ship operation which cannot be ruled out.

The surveyed companies indicated that personnel availability and the permanent availability of the waterway infrastructure are the greatest current challenges in inland navigation. Apart from the current challenges, the ageing of the fleet and the lack of enough new young entrants into the industry are other important problems.

The **maintenance of the waterway infrastructure** is still of utmost importance for the companies surveyed. (Source: Bundesamt für Güterverkehr, Marktbeobachtung Güterverkehr - Auswirkungen der Coronakrise auf den deutschen Güterverkehrsmarkt, 16/04/2020)

### **Press release from EBU and ESO on the effect of COVID on the IWT sector and the Green Deal**

In a press release (available [here](#)) from 24 April, EBU and ESO warn against the effect of COVID-19 on the Green Deal. Indeed, the COVID-19 crisis is expected to have a much longer impact on the sector than strictly limited to the health crisis. According to EBU/ESO, to mitigate the negative impact on the sector, an EU wide recovery strategy is needed to overcome the economic crisis and to keep up with the future European policies, in particular the Green Deal. Indeed, IWT has a huge modal shift potential on the entire European network of waterways and already today has very low CO2 emissions compared to road. It can therefore substantially contribute to deliver the Green Deal, in particular the objective to reduce transport emissions by shifting a substantial part of the freight carried by road to inland waterway transport and rail. In their press release, EBU and ESO propose measures relating to the fleet, infrastructure, social aspects which contribute equally to the realisation of the Green Deal and the recovery of the sector after the crisis. (Source: EBU/ESO, [Requested support measures by the IWT sector to overcome the COVID-19 crisis and to deliver the Green Deal](#), 24/04/2020)

### **The impact of the coronavirus on entrepreneurs in the transport and logistics sectors – analysis from ABN AMRO**

According to a publication by ABN AMRO (available at the end of the following [page](#)), the Dutch economy is expected to shrink by 3.8% this year in a scenario in which the “lockdown” lasts two months and is then phased out. The growth forecast (in volumes) for the transport and logistics sectors is estimated at -7% in 2020.

Indeed, the transport and logistics sectors are hit in various ways:

- reduction in international freight volumes as a result of reduced/stopped industrial production,
- substantial decline in freight volumes due to a major drop in demand,
- serious disruption of logistical flows, including border controls and entry bans.

The consequences of the corona crisis for the transport and logistics sectors are and will be major. However, they vary greatly from one company to another and from one sub-sector to another. In particular, transport companies with clients in the leisure (including hospitality and events) and retail (non-food) sectors are directly affected. Ports are faced with disruptions and delays due to a shortage of personnel and a sharp decline in the supply of goods. There are bright spots in some other sub-segments such as supermarkets, companies in e-commerce and pharma-logistics.

In order to prepare for the future, ABN AMRO discusses the consequences of the virus on three aspects: staff, liquidity and operational, and proposes measures.

For inland navigation, ABN AMRO foresees that the biggest challenge may lie in freight price developments which could be severely impacted as a result of overcapacity. The biggest opportunity could be a possible modal shift in favour of inland navigation transport. (Source: ABN AMRO, 24/04/2020)

## **A crisis exit strategy for river tourism, in the short- and medium-term – contribution from E2F (Entreprises Fluviales de France)**

**Entreprises Fluviales de France (E2F)** has developed a **short- and medium-term crisis exit strategy for the river tourism sector** (article available [here](#)), which was submitted to the French Secretaries of State in charge of Tourism and Transport on 20 April 2020.

- **In the short-term**, the strategy proposes a **reorientation towards national and local tourism** as river tourism has been deprived of an international clientele. It then presents **actions and measures to prepare the deconfinement of river tourism businesses and the resumption of activity** for what will remain of the 2020 season.

E2F proposes the following “re-opening” timetable for the 2020 season:

- o 11 May for pleasure boats, charter boats and hotel barges
- o a progressive opening for boats organizing events,
- o Bin boats, ferries and shuttles could be aligned with the public transit schedule,
- o For river cruises, E2F recommends the schedule that will be set for the hotels.

- **In the medium-term**, the strategy details the **conditions of economic support to prepare the recovery from 2021 onwards** and the years after:
  - o **It encourages investment**: an idea would be to develop a financial strategy on the basis of existing assets, such as boats, to save river tourism SMEs (Small and Medium-sized Enterprises) and VSEs (Very Small Enterprises).
  - o **It proposes to amplify and adapt support measures** (already implemented by the government since the beginning of the crisis) **to the specificities of river tourism**, ex:
    - State-guaranteed loans: increase the loan duration from 5 to 10 years and the guarantee to 60% of turnover.
    - Solidarity Fund: modify the criteria of turnover, results and integration of dividends in the scheme.

(Source: [E2F](#), 24/04/2020 ; [NPI](#), 23/04/2020)

*Keep safe and healthy!*

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## **About the CCNR**

The Central Commission for the Navigation of the Rhine (CCNR) is an international organisation that exercises an essential regulatory role in the navigation of the Rhine. It is active in the technical, legal, economic and environmental fields. In all its areas of action, its work is guided by the efficiency of transport on the Rhine, safety, social considerations, and respect for the environment. Many of the CCNR's activities now reach beyond the Rhine and are directly concerned with European navigable waterways more generally. The CCNR works closely with the European Commission as well as with the other river commissions and international organisations.