

NEW FORMAT FOR THE MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE, PUBLISHED BY THE CCNR IN COLLABORATION WITH THE EUROPEAN COMMISSION

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Providing ever more reliable and diverse information, as frequently as possible and to the widest possible audience, is the challenge to which the Central Commission for the Navigation of the Rhine (CCNR), in collaboration with the European Commission, is seeking to rise with a new format for its market observation reports on inland navigation in Europe.

AN IMPORTANT CONTRIBUTION

The market observation report on inland navigation aims to contribute to strategic decision-making in this sector in Europe, at professional and company level and at transport policy and administrative authority level. Continuous monitoring of economic performance and structural and cyclical trends has proved to be important given the inherent risks facing this transport sector.

The CCNR's collation and analysis of this data has been co-financed by the European Commission since 2005. This fruitful collaboration has enabled the CCNR to extend this activity, which historically it has been carrying on for almost two centuries, from the Rhine region to the entire European waterway network, subject to the availability of reliable information capable of supporting the relevant analysis.

FOUR REPORTS A YEAR

In consequence of this approach, the CCNR will now publish **four reports on this market each year**. Three of these reports, published in March, September and December, will be quarterly and concentrate on the markets and regions most susceptible to regular updates. A fourth more detailed report, published in June, will present a more comprehensive overview of the trends and developments in inland navigation throughout Europe, as well as a more complete look back on the past year and medium-term outlook.

In this project, **close collaboration** with the European professional inland navigation organisations, the EBU and ESO, as well as the River Commissions for the Danube, Mosel and Sava, is critical in ensuring the quality and reliability of the information.

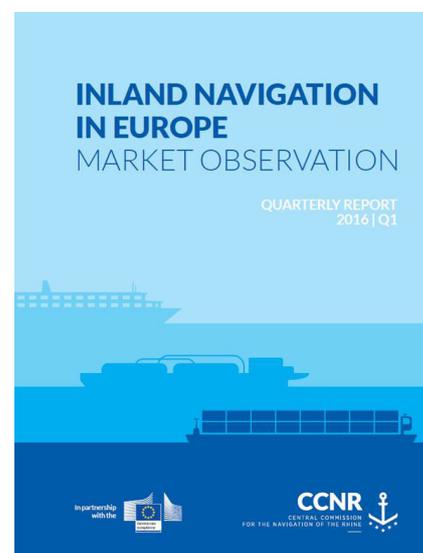
NEW DESIGN AND AVAILABLE AS ONLINE DIGITAL VERSION

The market observation report is being given a makeover as well.

The graphic design has been revamped and the report, available as before as a PDF, will now also be available as an online digital version at www.inland-navigation-market.org. This "responsive" quadrilingual website (English, French, German and Dutch) will make it easier for the widest possible public to view the report, or relevant sections of it, online, be it from a computer, tablet or smartphone. Every summer, it will be possible to order an annual hard copy version incorporating the latest quarterly reports and the June annual report from: eco@ccr-zkr.org.

The CCNR is now pleased to present the first quarterly report of this type for 2016. You will find the key statistics from this report in the attachment. The full report can be downloaded in PDF format in English, French, German or Dutch from <http://www.ccr-zkr.org/13020800-fr.html> or viewed directly online at: www.inland-navigation-market.org.

We wish you an enjoyable read!



The new appearance of the report



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SUMMARY

Freight transport on the traditional Rhine in the first half of 2015 was almost 99 million t. This represented an increase in volume terms of 3% year-on-year. This development then deteriorated in the third quarter of 2015 as a result of restrictions in the transport of large quantities owing to the persistent low-water phase. The aggregate result of the first three quarters of 2015 was around 145 million t and thus 1.5% less than for the same period the year before.

There were increases in the Netherlands and Germany in the first half of the year as well. Transport volumes on Dutch waterways increased by almost 1% and in Germany by 3.2%. Here too this increase was followed by a decline in the third quarter. The transportation of dry bulk goods and containers in particular was affected by the low water levels. While the multi-year transport trend remains positive it is however sensitive to restrictions affecting navigation conditions.

Notwithstanding the increased volumes, transportation prices and turnover exhibited no upward movement in the first half of the year. It was only with the onset of low water conditions in August that there was a (significant) revival in prices and thus also in turnover. This illustrates that in the current state of the market a significant improvement in revenues (freight rates, turnover) can only be achieved through external factors (water levels). The current relationship between supply and demand is too unfavourable for it to be capable of triggering an inherently upward trend in the market.

The protracted low-water phase did not just affect freight rates and turnover but operating conditions as well. On the one hand there was a decline in the load factor of the vessels employed - which varied depending on the stretch of river and type of vessel in question. At the same time, more vessels were used (+20-30%) in order to maintain important raw materials transport chains.

The supply side was characterised by further declines in new construction rates. In the dry shipping sector the total number of new vessels entering the market in 2013, 2014 2015 accounted for only around 1% of West European fleet capacity. In the tanker shipping sector this rate is somewhat higher, the total for the three years being approximately 7%.



Contrary to the low new construction rates in the freight navigation sector, the expansion of the passenger navigation fleet (river cruises) continues unabated. 30 new cruise ships entered the market in 2015 alone. The total for 2013, 2014 2015 was around 80 ships. This corresponds to an increase in capacity of one third in only three years.

For the river cruise sector, significant differences are to be observed in the pace of development between the supply and demand side. A continuation of this differential pace of development could give grounds for concern.

Notwithstanding these imbalances an upward trend in turnover is apparent in the passenger navigation sector. Companies specialising in the North American passenger market are posting larger increases in turnover.

The outlook for 2017 is cautiously positive; transport volume growth of around 3-4% is to be anticipated in the freight navigation sector. However corporate profitability is improving only gradually, the current market situation preventing any faster pace.

Further increases in turnover are to be anticipated for the river cruise sector. However, the ongoing decoupling of supply and demand is increasing the risk in this market and there is an increasing vulnerability to sudden economic “changes in course”.

