

# ANNUAL MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE: 2018 EDITION

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Continuing its long and fruitful collaboration with the European Commission, the Central Commission for the Navigation of the Rhine (CCNR) is delighted to present its 2018 European Inland Navigation Market Observation annual report.

The publication of the annual Market Observation report on inland navigation in Europe is an example of successful European level collaboration, embracing all European inland navigation actors and stakeholders, including the river commissions and representatives of the sector. The forewords by Mr Hololei, Director-General of the DG Move (Directorate-General for Mobility and Transport of the European Commission), and Mr Georges, Secretary General of the CCNR, illustrate the publication's resolutely European dimension. Furthermore, this report coincides with a very special year for the CCNR, amid celebration of the 150 years of the Mannheim Act and its reaffirmed principle of freedom of navigation on the Rhine.

The new Market Observation report highlights the key results for the year 2017, providing abundant statistics and elaborating on important market evolutions in relation to various aspects of inland navigation, including transport demand, fleet evolution, inland waterway transport companies and river cruises.

This 2018 edition of the report also includes new and forward-looking thematic studies. These cover in particular new growth opportunities for inland waterway transport, like urban logistics and biomass, for which demand is expected to grow in the future, in the wake of important trends like urbanisation and the greening of the energy sector. By conveying a positive message for IWT in terms of growth potential, scope for improvement and foreseeable changes, these studies are essential components of this report.

You will find below the executive summary of this report. The full report can be downloaded in PDF format in French, German, Dutch or English from [https://www.ccr-zkr.org/files/documents/om/om18\\_II\\_en.pdf](https://www.ccr-zkr.org/files/documents/om/om18_II_en.pdf) or viewed directly online at: [www.inland-navigation-market.org](http://www.inland-navigation-market.org).

## ABOUT THE MARKET OBSERVATION AND MARKET INSIGHT

The market observation and market insight are respectively annual and quarterly publications by the CCNR dealing with the European inland navigation market. Free of charge, these analyses of the economic situation aim to assist strategic decision making in this sector in Europe, by both the profession and firms as well as in terms of transport policy and within administrative authorities. The gathering and analysis of this data by the CCNR 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, beyond the Rhine region to cover all Europe's navigable waterways.

## 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 Central Commission's activities now reach beyond the Rhine and are directly concerned with European navigable waterways more generally. The Central Commission works closely with the European Commission as well as with the other river commissions and international organisations.



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## EXECUTIVE SUMMARY

In the annual report 2018, a comparative analysis of several economic evolutions and structures in the European inland navigation sector is undertaken. The performances of certain rivers, countries and regions regarding transport demand for goods or passengers, are compared with one another. The results of these comparisons show that most European inland waterways have similar trends when it comes to particular goods segments.

Coal transport, for example, is declining throughout Europe, while the transport demand for containers and for chemicals is rising. The current evolution and outlook of iron ores and metals are much better than for coal, but their evolution is not as prosperous as for containers and chemicals.

The container market is still heavily concentrated on Western Europe. In 2017, more than 99% of total container transport performance took place in only four EU countries: the Netherlands 45%, Germany 40%, Belgium 10% and France 4.5%. The share of all other EU countries represented only 0.2%.

Furthermore, container traffic increased by 6% overall in the EU during 2017, and by 6% on the Rhine. By reaching a level of almost 2.37 mio. twenty-foot equivalent units (TEU) in 2017, the traditional Rhine's container traffic has grown by 84% since the beginning of the millennium (since 2000). Even if absolute values of container traffic are still quite limited on other European rivers, there is a great potential ahead.

This applies, for example, to the hinterland of the seaport of Hamburg, where container traffic on the Mittelland Canal and on the Elbe could play an ever-increasing role in the future. In 2017, the TEU numbers on these inland waterways increased by 3% and by 8% respectively.

This growing tendency is also present for the western German Canal network, which forms an essential link between northern Germany (the Elbe, Mittelland Canal) and the Rhine region. In France, container traffic on the Seine and in the northern French Canal network also continued its upward trend in 2017.

Danube navigation, however, is still very much concentrated on the dry bulk segment, with grain and iron ores representing slightly more than half of total Danube transport. Container transport is still very small on the Danube, but did show some minor increase in 2017.

Nevertheless, total Danube transport on the upper and middle parts of the river recorded an increase in 2017 compared with 2016, despite very difficult climatic conditions at the beginning of 2017. Ice and low water levels blocked Danube navigation in the winter, but the river traffic recovered strongly afterwards.

River cruising is a market segment where the Danube plays a leading role in Europe. The Danube is the most prominent river for cruise traffic in Europe, even ahead of the Rhine. Some long-term figures

can be mentioned: between 2002 and 2017, cruise vessel traffic on the Danube (at the German-Austrian border) increased by 89%, on the Rhine by 128%, and on the Main-Danube Canal by 295%. Hence, the famous link between the Danube and the Rhine basin, inaugurated in 1992, saw its cruise traffic almost triple in only 15 years.

Another chapter of the annual report 2018 analyses the economic conditions of inland shipping companies, their turnover evolution, freight rates and general conditions. With regard to turnover, it can be observed that the goods transport segment shows a relatively flat long-term annual turnover trend for Europe as a whole. Negative deviations from this flat trend can occur in years with pronounced low water periods, as was the case in 2015, 2016 and 2017.

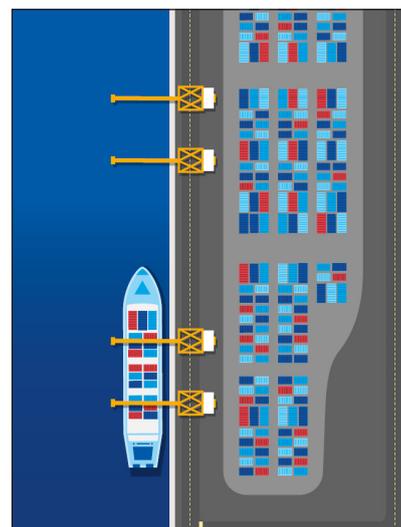
Low water periods have both a stimulating effect on freight rates (transport prices) and a negative effect on cargo traffic. However, the negative effect on turnover due to less cargo traffic can be stronger in magnitude than the stimulating effect due to higher prices. This was the case in the winter of 2016/2017, as the available quarterly turnover figures for selected countries show.

In the passenger shipping segment, the boom in river cruising created an upward trend for the turnover evolution. This upward tendency is visible when looking at the turnover results of Swiss passenger shipping companies, bearing in mind that almost half of all active river cruise vessels in Europe are currently registered in Switzerland.

It seems reasonable to assess the economic sentiment in the sector also by looking at the newbuilding rates of vessels and at the rate of creation of new companies. The results show that newbuilding rates in the goods transport sector continued their recovery in 2017, having reached a low point in 2014 (for dry cargo vessels) and in 2016 (for tanker vessels). New enterprises were created (in the Netherlands) at a higher rate in 2017 and there were fewer bankruptcies than in previous years. If these figures are considered as a whole, the evolutions indicate a better economic climate in the goods transport sector in 2017, compared to the situation a few years ago.

In the cruise sector, newbuilding rates have weakened in recent years, as they did in 2017. However, this weakening is also a result of the very high rate in newbuilding in the recent past and can be considered as a kind of normalisation process.

The annual report 2018 also includes a study of new market opportunities for IWT, such as urban transport chains and biomass transport. In large European agglomerations, characterised by air pollution and saturation of roads, inland waterway shipping sparks renewed interest for urban logistics. Based on the example of Paris it can be seen that IWT is able to absorb transport segments with high growth potential such as building materials, shops delivery and e-commerce.



Another new market of inland shipping is biomass transport. With the growing role of biomass in the energy sector (both for producing electricity and heat), new possibilities for IWT arise. Since biomass is of a mass cargo character (wood, wood pellets, rapeseed, and other materials that can be transported at low cost in large volumes), inland shipping is perfectly suited to become the main transport mode for this major energy resource of the 21st century.

To illustrate this scenario, the report analyses three important case studies by looking at the way biomass is exploited in the inland ports of Liège (Belgium/river Maas), Mannheim (Germany/river Rhine) and Straubing (Germany/river Danube). They may serve as benchmark cases for other cities and ports in Europe.

**We wish you an enjoyable read!**



**CCNR**

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