

ANNUAL MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE: 2021 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 2021 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 Seitz, Director General of the Secretariat of the Danube Commission, and Mr Georges, Secretary General of the CCNR, illustrate the resolutely European dimension of the publication.

The new 2021 annual report provides an exhaustive overview of the market situation and developments in inland navigation in Europe during 2020.

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 or viewed directly online at: www.inland-navigation-market.org.

We wish you an enjoyable read!

ABOUT THE MARKET OBSERVATION AND MARKET INSIGHT

The Market Observation and Market Insight reports are respectively annual and biannual publications by the CCNR dealing with the European inland navigation market. The CCNR also publishes a thematic report once a year, the theme of which is defined in consultation with the European Commission. These analyses of the economic situation, which are free of charge, 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 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.



CCNR

CENTRAL COMMISSION
FOR THE NAVIGATION OF THE RHINE

Palais du Rhin

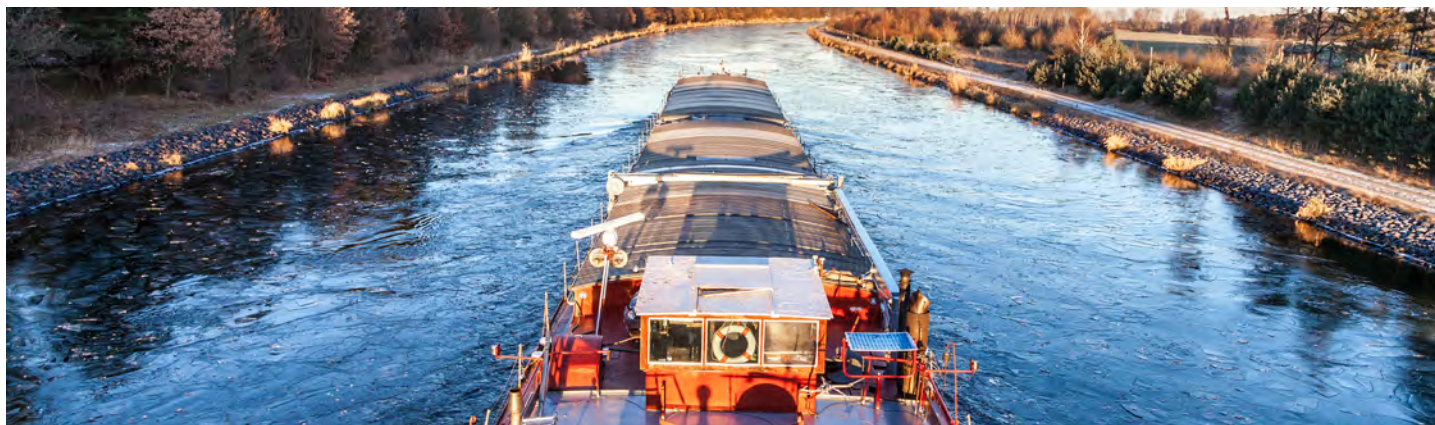
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SUMMARY

The year 2020 saw an economic crisis out of the ordinary. Lockdowns, regulations of individual mobility and social distancing affected the economic behaviour of societies on an unprecedented scale. Real GDP¹ contracted by 6% in the EU in 2020, which is a stronger contraction than during the financial crisis in 2009 (-4%).

The impact that this pandemic had on economic activity was felt by the transport sector in general, and by inland navigation in particular. However, inland waterway cargo transport was more resilient than in earlier crisis situations, most likely because of an uneven reduction of economic activity across economic sectors:² The percentage decrease of goods transported on the Rhine was -8.4% in 2020, compared to -18.3% in 2009.

One example of this resilience was container transport, amounting to 15 million tonnes on the Rhine in 2020, which was only a small difference compared to the value of 2019 (15.2 million tonnes). However, all cargo segments related to steel production (representing 25% of Rhine transport), witnessed quite strong decreases (Iron ore: -14.2%; metals: -14.6%). The transport of sands, stones, gravel was reduced by 8.4%. Transport of agricultural products was a positive exception, reaching an increase in cargo transport on the Rhine in 2020 (+10.7%).

The resilience of IWT (Inland Waterways Transport) during the pandemic is not only found when looking at Rhine transport, but also when looking at inland waterway transport in large European seaports whose hinterland is intensively linked to the Rhine region:

- In the port of Rotterdam, inland waterway traffic reached a cargo turnover of 149.7 million tonnes (-2%).

- In the port of Antwerp, the result was almost stable compared to 2019 (101.0 million tonnes in 2020, 101.3 million tonnes in 2019).
- In the North Sea Port (Ghent, Terneuzen, Borsele, Flushing), the result was 55.0 million tonnes, representing a limited decrease of 6%.

The development of transport prices or freight rates in 2020 followed overall the transport demand. After a drop in the first half year, dry cargo freight rates on the Rhine recovered towards the second half year. For liquid cargo freight rates, the reduction of oil prices in March triggered a temporary uptake of transport demand in April and May. This resulted in temporarily higher freight rates for gasoil and components. However, when this effect subsided, freight rates settled on much lower levels in the second half of the year.

For cargo transport, the outlook is overall orientated towards recovery for 2021-2024, due to an expected increase of industry production in main source markets of IWT (steel and chemical production, refinery activity and mineral oil product demand, construction activity). However, the economic activity is expected to remain below end-of-2019 levels until 2022.

Due to the consequences of the pandemic (distance rules, travel restrictions, etc.), passenger transport was halted completely in March 2020 and was subject to strong restrictions throughout 2020.

The number of cruise vessel transits at the lock of Iffezheim on the Rhine went down from 2,929 in 2019 to 534 in 2020 (-82%). On other European rivers with considerable cruise traffic, the decrease was also severe. For the Danube at the German-Austrian border, figures dropped from 3,668 cruise ship transits to 324 (-91%). For the Moselle, there was a reduction from 1,536 vessel transits down to 469 (-70%) at the lock of Koblenz.

Likewise, the day-trip passenger segment suffered heavily from the crisis in 2020. In Strasbourg, for instance, the number of passengers dropped by almost 80% in 2020 compared to 2019.

For the outlook on passenger transport in 2021 and beyond, three main scenarios can be regarded as possible:

1. a complete lifting of quarantine in all countries;
2. easing or maintaining quarantine measures only in some countries;
3. maintaining restrictions on passenger transport.

Which of these scenarios will materialize, will depend primarily on the pandemic situation at the end of 2021 and in the year 2022. Even in case of a complete lifting of restrictions, it is however likely that the pandemic will continue to impact inland navigation cruises, particularly because the high degree of risk aversion of major client groups from oversea.



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¹ Real gross domestic product (Real GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year (expressed in base-year prices).

² The 2009 crisis was a more 'classical' economic crisis with huge losses in industrial activity, while the 2020 crisis was more orientated towards losses in the service and tourism sector, which has less impact on cargo transport.