

ANNUAL MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE: 2024 EDITION

Ref: CC/CP (24)10

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 **2024** 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 Ms Rycquart, Director of the **Corporation Inland Tanker Barge Owners (CITBO)**, and Ms Luijten, Secretary General of the **CCNR**, illustrate the resolutely European dimension of the publication.

The new annual report provides an **exhaustive overview of the market situation** and developments in inland navigation in Europe **during 2023**. 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!

EXECUTIVE SUMMARY

The year 2023 showed several promising signs of an upcoming economic recovery, with most indicators pointing to a soft landing. However, the end of the year was marked by the emergence of new difficulties for inland navigation. With the Russian large-scale war of aggression against Ukraine still raging and tensions rising in the Middle East, uncertainty remains high for several market segments, leading to a negative impact on inland waterway transport activities and to a mixed outlook. More specifically, freight transport on the entire Rhine (from Basel to the North Sea) declined from 292.3 million tonnes in 2022 to 262.3 million tonnes in 2023, an overall decrease of -10.2%. This decline was far tamer on the traditional Rhine (from Basel to the German-Dutch border) (-6.0%) than on the lower Rhine in the Netherlands (-12.1%), where transport activity is more intense. The transport volumes for all market segments witnessed a negative growth rate, from -0.1% for mineral oil products to -28% for coal. The only exception is iron ore, which grew slightly (+1.3%) due to the replenishment of its stocks after a year 2022 of low iron ore imports caused by low steel production.

Inflation greatly diminished in the euro area in 2023, falling from 9.2% at the end of 2022 to 2.9% at the end of 2023, and is expected to reach the 2% target defined by the European Central Bank (ECB) by the end of 2025. This decrease is mainly due to the fall of energy and food prices in 2023 after their sharp rise following the invasion of Ukraine, most notably regarding natural gas, which until then was heavily imported from Russia. Coal then became widely sought after as a cheaper substitute to natural gas, strongly increasing coal demand and price in the euro area in 2022. However, as gas demand started dwindling in early 2023 and the transition to alternative energy sources – such as coal – was achieved, coal prices dropped to more usual levels, i.e. -53% between 2022 and 2023. Natural gas prices followed the same trend, falling -59% between 2022 and 2023. In the meantime, crude oil, faced with weakening demand and a fully caught-up supply, witnessed a -16% decrease in its prices, dragging fuel prices down along with it throughout 2023. Food prices also continuously decreased in 2023 as the increase in global supply more than fully compensated for the disruptions caused by the war, partly thanks to the Black Sea Grain Initiative.

These trends are very well illustrated by transport volumes on the Danube, which allows for direct access to the Black Sea and Ukraine: between 2022 and 2023, the transport of agribulk increased by +32.8% and the transport of food products and foodstuff increased sharply by +232.9%, while the transport of fertilizers and coal crashed by -46.3% and -99% respectively. Other segments witnessed more moderate declines such as iron ores (-6.6%), metals (-4.5%) and mineral oil products (-2.6%). In total, transport on the Danube decreased by -15.5%. However, on the Rhine, the figures are very much different. Although the presumed end of the energy crisis resulted in the aforementioned decrease of -28% in coal transport volumes on the Rhine between 2022 and 2023, other segments did not react in the same way as they did on the Danube. The volume of agricultural products transported by inland waterways (IWW) thus fell by -14.9% despite an increase in production in Rhine countries and ample global supply. Similarly, the container segment, which is thought to be a major growth market for inland navigation,



Palais du Rhin
2, place de la République - CS10023
F - 67082 Strasbourg Cedex

Tel. +33 (0)3 88 52 20 10
Fax +33 (0)3 88 32 10 72

ccnr@ccr-zkr.org
www.ccr-zkr.org

dropped by -10.4% in the same period after being repeatedly put to the test since the low water episode of 2018. Other similar declines were witnessed on the Rhine regarding the transport of chemicals (-11.4%), sand, stones and gravel (-9.2%), metals (-13.3%) and, to a lesser extent, mineral oil products (-0.1%).

European seaports suffered from the difficult, although improving, macroeconomic conjuncture, and from the geopolitical context. Indeed, nearly all of them witnessed negative growth rates in 2023, including even the busiest seaports with an inland activity. Inland waterway cargo handling in the port of Rotterdam thus decreased by -6.9%, in the port of Antwerp-Bruges by -3.4%, in the North Sea Port by -4.8%, and in Hamburg by -6.2%, with even greater declines when accounting for maritime throughput. As a rare exception to the rule, the port of Constanța reached its highest level of traffic ever recorded, both in maritime and in inland waterway traffic. This performance is largely attributable to it having become the most viable alternative route for the massive Ukrainian grain exports after the start of the war and the Black Sea Grain Initiative. The vast majority of European inland ports witnessed similar declines in cargo handling, with Duisburg being one of the least affected (-0.9%), and some ports showing increasing volumes, mostly along the Danube.

The handling of containerised cargo was particularly heavily hit by the geopolitical context, mostly by the Red Sea crisis. In late October 2023, Yemeni rebels started attacking merchant ships traveling through the Bab-el-Mandeb strait indiscriminately. As 75% of European exports usually travel through this strait, these attacks caused an important decline in container transport to and from European ports in the latter months of 2023 as shippers diverted vessels from their usual routes. This crisis played a significant part in the poor performance of the container segment at the end of 2023.

On average, freight rates for all segments decreased by -11.8% in 2023 compared to 2022, after increasing by +42.5% in 2022 while reacting to low water periods. This is mainly because of the important decline in dry cargo freight rates – that is to say -21.4% on the spot market and -10.6% with regard to contract prices – dragged by decreasing demand, and more specifically coal demand. Despite a struggling chemical sector in 2023, liquid cargo freight rates slightly increased (+3.9%) on average due to an increase in demand, although freight rates from the spot market alone decreased by approximately -25%. In the meantime, container freight rates rose slightly (+2.2%), but less than in 2023 due to weaker demand.

The inland fleet in Europe in 2023 comprised almost 15,319 vessels, among which 9,658 were registered in Rhine countries, 3,355 in Danube countries and 2,306 in other European countries. In 2023, the dry cargo fleet in Rhine countries consisted of almost 7,000 units, confirming the downward trend that started in 2021. This is attributed to difficulties in company succession and to the more recent export of dry cargo vessels to the Danube in response to the Solidarity Lanes Initiative in support of Ukraine. The liquid cargo fleet in Rhine countries consisted of 1,434 vessels, with the same observed downward trend as in the dry cargo fleet. However, there has been a growing tendency of vessels to become larger and larger in recent years, resulting in a stagnation of the overall loading capacity of the dry cargo fleet, and an even increase in the loading capacity of the liquid cargo fleet. The innovative vessels fleet, monitored by the CCNR as a part of its roadmap for emissions reduction, is growing steadily despite representing less than 0.2% of the European inland navigation fleet.

In 2023, the European river cruise fleet accounted for 408 vessels, two fewer than in 2022. The newbuilding activity for cruise vessels continued to decline in 2023 as it did in 2022, as the shipbuilding costs remained high despite the resorption of inflation.

It is however expected to pick up again in 2024 and 2025. Very similar to 2022, some vessels were used as floating hotels in parallel to their usual cruising activity in 2023, and some of them have even been permanently converted in order to accommodate Ukrainian war refugees. The number of cruise vessel transits on the Rhine grew in 2023, while those on the Danube and the Moselle declined; even then, the figures remain markedly higher than in 2020 and 2021, and are, as in 2022, comparable to those witnessed before the pandemic. Although vessel movements on the Danube decreased, the number of passengers and the average number of passengers per vessel increased, confirming a pick-up in river cruise activity.

The number of persons employed in passenger transport companies in the IWT sector in Europe decreased significantly in 2020 compared to 2019 due to the Covid-19 pandemic, despite rising steadily since 2012. The employment level has been slowly recovering since, but, as of 2022, has not yet reached pre-pandemic levels. The number of companies in freight transport, conversely, started rising abruptly in 2020, while the number of companies in passenger transport kept



Source: Adobe Stock



CCNR

CENTRAL COMMISSION
FOR THE NAVIGATION OF THE RHINE

Palais du Rhin

2, place de la République - CS10023
F - 67082 Strasbourg Cedex

Tel. +33 (0)3 88 52 20 10

Fax +33 (0)3 88 32 10 72

ccnr@ccr-zkr.org

www.ccr-zkr.org

increasing as it had since 2010. The net turnover in the EU-27 (plus Switzerland and Serbia) for IWW freight companies was approximately 7.5 billion euro in 2022, a pronounced increase compared to the 6.0 billion euro registered in 2021. For passenger transport companies, this figure was 2.8 billion euro in 2022.

Inland waterway transport is thus faced with a mixed outlook. 2023 was a difficult year for freight transport, as the economic conjuncture remained difficult – despite notable improvements – and the geopolitical context uncertain, between the lasting war in Ukraine and rising tensions in the Middle East. Improvements are foreseen in the coming years for most market segments as well as for passenger transport and newbuilding, although a precise forecast is difficult to establish..

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.

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 thematic reports, 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.



Palais du Rhin
2, place de la République - CS10023
F - 67082 Strasbourg Cedex

Tel. **+33 (0)3 88 52 20 10**
Fax +33 (0)3 88 32 10 72

ccnr@ccr-zkr.org
www.ccr-zkr.org