

## EC white paper on transport in 10 questions Public consultation on mid-term review

Looking at the transport situation in the EU, many people consider multimodality to be a nice political dream but a great failure in practice. Nevertheless, the success stories of waterborne freight demonstrate that modal shift is not dead. In regions of quality waterways, inland navigation grows at a faster pace than road transport. No slogans and prestige projects but a no-nonsense and bottom-up approach of some governments positively influences the business cycle. When attractive and known, shippers are eager to invest in multimodal solutions. A pragmatic policy package of pro-competitive regulation, promotion and a reduction of investment barriers creates a favourable business climate. The upcoming EC communication on inland waterway transportation can strengthen such national policies and contribute to the multiplication of good policy and business practice throughout the EU. It is time to adopt it.

### 1. The situation of intermodal transport and inland waterways (3)

In the nineties inland waterway transport has resumed with a trend of growth in a series of countries after decades of decline. The steady growth in usage over the last 10 years underlines the demand to relieve congested areas for moving freight. This change has not happened by chance. Multimodal transport still is not an obvious choice. Inland waterway transport's revival in these countries is the result of an enhanced dialogue between authorities, users and operators and positive action.

Inland waterway transportation is intermodal by excellence, requiring pre and post haulage by road to deliver goods to the final customer. All-in packages are offered by a growing number of forwarders, ship and terminal operators to organise door-to-door transport. The main demand factors for shippers to opt for barge transport both for bulk and fast moving consumer goods are cost-effectiveness on long and short distances, reliability in the supply chain and the opportunity to reduce CO2 emissions. In Belgium, France and the Netherlands, inland navigation has continually risen for the past 10 years. Traffic picked up again in 2004 in Germany and most Danube countries after the dry summer of 2003.

#### France

2004 saw an increase of 6.2% in traffic with a total of 7.3 billion tonne-kilometres transported. Tonnage increased by 6.1% to 58 million tonnes. The container market continued its growth to 370,000 TEU, an increase of 31.3% compared to 2003. The increase of 120% in the transport of waste is most notable. In 2004 the growth rate of waterways transport was higher than road (4.2%) and rail (-3.7%). Over the last 10 years waterways transport has increased by 30.5%.

#### Belgium

Inland shipping in Flanders has grown compared to the previous year, the eighth year of continuous growth (2003/2004: + 4.1 % tonne-kilometres, higher than economic growth). This is mainly due to increased demand of raw materials and semi-manufactured products. Container traffic gave rise to a remarkable increase of 38.4%. Waterway transport in Flemish ports reached the milestone of 100 million tonnes.



In the southern part of Belgium, 2004 proved to be an excellent year, the best in the last 20 years. Traffic volumes grew to 1.74 billion tonne-kilometres (an increase of 3.4%) and 45.1 million tonnes (+5.4%). This positive evolution was set in the mid-nineties, a 52.4% increase can be observed for the last ten years, 37.9% in volume. Main contributors to this result are the transport of coal (+25%), containers and foodstuffs (+20%).

### **Germany**

Traffic on German waterways has increased by 7.2% in tonnes to 235.8 million and by 9.5% in tonne-kilometres to 63.6 billion tonne-kilometres. This is a considerable increase compared to the poor results of 2003, a year of historical low water levels. In services (tonne-kilometres), numbers are not yet up to the level of 2002, but a growth in volume of 4 million tonnes compared to 2002 should be noted. Growth is most notable in the container market (up 18%) with almost 2 million TEU transported, almost double the level of 1998, and the shipping of coal and chemical products, both rising over 10%.

### **Austria**

The market also saw a revival after the severe droughts of 2003, with volumes reaching 7.9 million tonnes in 2004, a growth of 2.4%. A 16% rise to 7.2 billion tonne-kilometres compared to 6.2 in 2003 confirms the growing trend. Compared to 2002, however, volumes still need to catch up (-6.3%), nevertheless an increase of 7.1% in tonne-kilometres should be noted.

### **Netherlands**

2004 was an extremely good year, which saw volumes increase by 13.5% to 106.75 million tonnes, while tonne-kilometres rose by 23.3% to 12.84 billion. Container traffic literally boomed with an increase in tonnage from 3 million tonnes to 4.82 million tonnes.

### **Danube countries**

In 2004 strong results were observed in the Danube countries, as demonstrated for example by a 27% growth in tkm in Hungary, and a huge increase of 40% in tkm in Slovakia (compared to 2003). As the temporary pontoon bridge in Novi Sad is no longer an obstacle for navigation since the end of this year, increasing traffic volumes for the coming years are predicted, enabling the Danube to resume with its role of transport artery.

## **2. The financial situation of companies and infrastructure managers (6)**

The inland shipping sector largely consists of small enterprises, many of them family-owned with a tradition of entrepreneurship, but facing an ageing population. They have the ambition to innovate, but under the pressure of tightening bank lending and crippling regulation they are compelled to cut investments. The entry of new and bigger players, such as maritime operators, will not compensate the decreasing fleet capacity. Difficult access to capital is a barrier for new entrepreneurs to enter the market and for existing businesses to expand.

There are two type of waterway managers: those who manage the waterway network as engineers looking after a fixed asset and those who take a horizontal development approach on logistics activities and land use planning, creating added value for mobility, economic growth, employment and environmental protection, and producing return on investment. Inland waterway transportation develops particularly well on the network of the second type.



### **3. The development of infrastructure investments (7)**

The inland waterway network faces a huge maintenance backlog. The figure of 1.62% of the total TEN-T allocated to inland waterways sadly illustrates this fact. Since the solid increase of traffic volumes, Austria, Belgium, France and the Netherlands have started to re-invest in the network. Rather than a problem of finance, investment in inland waterways is a matter of priority setting. Seine-Scheldt is a mature project thanks to a strategic insight into mobility and innovative financing. On the Rhine-Main-Danube corridor, Austria combines the improvement of navigation conditions with environmental restoration. These are best practices for other Member States.

### **4. Reinforcement of actions and new actions for the EC white paper (8)**

The Commission should focus on its role of catalyser to promote modal shift. If you enable it to happen, the industry will make it happen. Therefore, policy measures will be successful when they are pragmatic and focus on concrete development needs of users and operators with special attention for small-business-friendly measures such as measures to facilitate development:

- bringing users and operators together by supporting promotion centres and their networks
- creation of tailor-made incentives for modal shift and innovation
- improving the access to capital to facilitate the entry of new entrepreneurs into the market and the expansion of existing businesses
- removing administrative barriers and prioritising pro-competitive regulation
- investment in traffic-generating infrastructure.

### **5. Priority actions between now and 2010 (9)**

Intermodality is a matter of the right mix of measures, because it is per definition more complex than single mode solutions. Rather than singling out a specific priority action, INE recommends to compose a package of complementary measures with a concrete effect in practice, positively influencing the choice of transport users. Measures should take into account the freight flows in Europe and their importance for competitiveness of the continent without neglecting the challenge of sustainable development.

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**Inland Navigation Europe (INE)** is the European platform of national & regional waterway managers and promotion bureaux, established in 2000 with the support of the European Commission. INE sees major opportunities to contribute to long-term strategies for sustainable transportation by moving more goods by water in EU regions with accessible and navigable rivers and canals. To capture this business, INE members share their experience and know-how with enterprises ready to rethink their freight logistics. INE is a neutral platform without commercial interests.