

ANNUAL MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE: 2017 EDITION

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For the second year running, the Central Commission for the Navigation of the Rhine (CCNR) is publishing its annual Market Observation report on inland navigation in Europe, 2017, in cooperation with the European Commission. The outcome of close collaboration between the two institutions, the report provides an **exhaustive overview of the market situation and of developments in European inland navigation during 2016**. The forewords by Mrs Bulc, European Commissioner for Mobility and Transport, and Mr Georges, Secretary General of the CCNR, illustrate the publication's resolutely European dimension.

ANALYSIS OF EVOLUTION ON THE MOST IMPORTANT INTERNATIONAL WATERWAYS IN EUROPE

The analysis of the development of transport volumes on major European waterways and in the principal European inland ports is a central component of the annual report. Accordingly, **in 2016, river transport represented goods transportation of almost 145 billion tonne kilometres, with an ongoing important concentration within the Rhineland countries**. The publication takes a particularly close look at each transport segment, according particular importance to container transport, which increased by 4.6% throughout the European Union to reach 15 billion tonne kilometres. Passenger transport, in particular the river cruise segment, also continued its upward trajectory in 2016: the 335 cruise vessels plying the Rhine, Danube, Seine, Elbe, the Rhone and other European Union rivers carried a total of 1.36 million people.

ANALYSIS OF INFLUENCES BEYOND INLAND NAVIGATION

Beyond the observation of traffic, the report provides an **analysis of the economic, environmental and social conditions** that have affected inland navigation in Europe. The favourable economic context, with growth in industrial output and world trade, has had a positive effect on the transport sector and on inland navigation in particular. The poor harvests of summer 2016 in France and the low water conditions on the Rhine and on the Danube also influenced river transport, this time for the worse. The annual report also offers a macro economic analysis of the river market, studying inland navigation and its sustainable development in a wider multimodal transport environment.

EXAMPLE OF SUCCESSFUL EUROPEAN LEVEL COLLABORATION

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.

You will find the executive summary of 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-en.html> or viewed directly online at: www.inland-navigation-market.org.

We wish you an enjoyable read!



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EXECUTIVE SUMMARY ANNUAL REPORT 2017

Since 2013 the European Union has been enjoying rather limited but steady economic growth and, in 2016, the GDP growth in the Eurozone indeed increased by 1.7%. These economic conditions, together with industrial production and trade growth, are expected to keep on evolving positively in the near future and will boost the transport industry activity as a whole and inland navigation activity in particular.

But 2016 also showed that inland navigation activity is not only dependent on the overall economic context. Sectorial conjectural evolution can have significant impact; French inland waterway transport was, for example, negatively impacted by the bad harvests during summer 2016. Navigation conditions also play an important role, and Rhine traffic was indeed impacted by low water conditions both at the end of 2015 and at the end of 2016.

On the other hand, inland navigation goods transport benefits from the dynamism of several transport segments. Container transport, waste transport and chemical transport on inland waterways are all segments that experienced growth of between 3% and 5% in 2016 compared to 2015 on the Rhine. Likewise, the dynamic steel industry activity in the Upper Danube area significantly boosted the transport of ores and metal products on the Danube.

Inland ports are of vital importance for the development of inland shipping, as they are, just like seaports, the places where inland shipping connects to other modes of transport. Good quality of the port infrastructure and the promotion of inland waterway traffic by the port can have an important positive influence on the development of this transport mode. A detailed focus on inland ports activity enables one to identify individual ports trends and specializations and to highlight ports initiatives to promote inland navigation.

As a matter of fact, this report does not only present an overview of the global situation of the inland navigation market in Europe; specific developments taking into account goods segments and geographical details are put into perspective in order to have a better understanding of the inland navigation market.

The inland navigation fleet structure is slowly evolving in Europe; the fleet size has decreased by 2.8% at the European level. While both tanker cargo fleet and dry cargo fleet saw their total number and their total tonnage decrease in 2016, the average tonnage per vessel is still increasing for these two types of vessels. But the overall fleet remains rather old; dry cargo and tanker cargo vessels have respectively an average age of 50 and 39 years. The utilization rate of the fleet remains between 55% and 85% depending on the vessel types, below levels that were experienced before the economic crisis. Sector turnover is therefore very much dependent on freight rate fluctuations.

Many innovative projects emerge locally and new buildings show that this sector is undergoing an upswing; this is particularly true in the passenger transport segment, where approximately one quarter of new vessels entering into service in 2016 were powered by diesel-electric engines. But even though innovation exists, one of the main challenges of inland navigation in the coming years will be to spread it at a larger scale in the market while it remains today limited to specific examples. This is, for example, the case for all innovative measures aiming at reducing emissions from inland navigation transport.

Inland waterways goods transport is maintaining a modal share of 6% of all transport goods (inland navigation, road, rail and pipeline) in the European Union and this modal share goes up to nearly 40% in countries with dense networks of waterways such as the Netherlands. Inland navigation transport belongs to a multimodal environment in which innovation enables one to be more efficiently connected to other modes of transport, more competitive and more environmental-friendly.



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