ANNUAL MARKET OBSERVATION REPORT ON INLAND NAVIGATION IN EUROPE: 2022 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 **2022** 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 Smit**, Secretary General of the **European Shippers' Council (ESC)**, 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 2021**.

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!

SUMMARY

The year 2021 was marked by a robust recovery, resulting in different cargo segments of IWT (Inland Waterways Transport) reaching and sometimes exceeding pre-pandemic throughput and transport levels. In the wake of the economic recovery, commodity prices were already on a rising trend throughout the second half of the year. The rapidly increasing demand, however, also induced disruptions in trade for industrial components.

The economic recovery has been particularly pronounced for the inland navigation freight transport sector, which experienced a growth in 2021 compared to 2020 in almost all its market segments. Cargo transport on the traditional Rhine increased by 5.4%, although it remained 3.2% lower than in 2019. Similarly, transport performance in 2021 increased by 4.5% compared to 2020 but did not reach the pre-pandemic value.

The increased steel production and the high gas prices led to a sharp rise in coal demand and, thus, coal transport on the Rhine, which increased by 28.5% in 2021. The surge in coal transport on the Rhine corresponded to the surge in maritime coal transport. The Port of Amsterdam is a clear example of this trend, as in 2021 the seaborne handling of coal rose by 41%. Because of a recovery in steel production, the transport of iron ore and metals grew consistently by 15.7% and 11.2% respectively. Other cargo segments, namely containers, agribulk and foodstuff, sand, stones and gravel as well as mineral oil products and chemicals, remained moderately stable.

The economic upturn recorded in 2021 is well marked by the trends in transshipment of goods in main European seaports. Indeed, but for the Port of Hamburg, which sustained a strong decrease in inland waterway goods transport (-16%), an increase was observed in main European seaports (+6% for the Port of Rotterdam, +9.7% for the Port of Constanța, +9% for the North Sea Port, +7.5% for the Port of Antwerp).

Overall, the recovery in cargo transport was reinforced by water level conditions. On the Rhine, the number of critical low water days was somewhat limited in 2021. As an example, for the gauge station of Kaub at the Middle Rhine, the number of days below a critical low water level (equivalent water level) was 10 in 2021, compared to 107 in the low water year 2018. An analysis of water level data for the Danube indicates a slightly higher number of low water days in 2021, and also in the time frame from 2015 to 2021.

Although the overall hydraulicity conditions were rather positive, there was nevertheless a deterioration of these conditions at the end of the year (Q4 2021). This drop in water levels led to an increase in transport prices or freight rates in Q4 2021, in particular for dry cargo available on the spot market. Freight rates for liquid cargo have shown a slightly negative trend in the last two years, which was only interrupted in Q4 2021 due to low water levels. The reasons for the more negative trend lay in less transport demand for liquid cargo due to the Covid pandemic.

For cargo transport, the outlook is overall orientated towards recovery for 2022-2024. However, there are considerable downside risks that stem from the Russian war of aggression against Ukraine and its impact on the economy. These economic impacts mainly consist in increased commodity prices and supply disruptions.

Grain transport is expected to be affected by the war in Ukraine, as this invasion has led to strong bottlenecks in grain export from the Black Sea Region to many grain-consumer markets. Therefore, alternative grain export regions gain in importance. It is expected that harvesting regions in France and related inland waterway hinterland transport on French waterways will benefit from this situation.

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.

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The river-seaport of Rouen is a major grain export hub, and inland vessels in the hinterland transport grain to the port. With the revival of trade patterns between the Port of Rouen and countries in North Africa, inland waterway transport of grain in northern France is expected to benefit. Countries in North Africa are large importers of grain and need to secure their grain provisions.

In 2021, the number of inland vessels in Europe comprised more than 10,000 vessels registered in Rhine countries, 3,500 in Danube countries and 2,300 in other European countries. The newbuilding rate for dry cargo vessels decreased by eight units, from 26 in 2020 to 18 in 2021. The number of newly built tanker vessels increased by 4 units, from 40 units in 2019 to 54 in 2020 and 58 in 2021. The majority of the new liquid cargo vessels are dedicated to the capacity categories of 3,000-4,000 tonnes and 2,000-3,000 tonnes.

The development of employment in goods and passenger transport in the IWT sector in Europe shows a changing pattern from 2019 to 2020. The consequences of the pandemic have been particularly severe for passenger transport. Indeed, reports for this category show an increasing trend from 17,895 employees in 2010 to 23,100 in 2019, whilst in 2020 the employment decreased to 21,023 employed persons. The number of employed persons in the transport of goods sector counted 23,170 persons, mildly above the employment in passenger transport.

The measures adopted to contain the virus during the pandemic severely affected the passenger transport sector in 2020 and 2021. Even though in 2021 it is possible to observe a recovery of cruise vessel movements due to the easing of prevention measures, river cruise vessel movements on the Rhine are still 55% below the pre-pandemic level of 2019.

The number of cruise vessel transits at the lock of Iffezheim on the Rhine grew from 534 in 2020 to 1,315 in 2021, although it remained far below the 2,929 transits in 2019. Comparable trends are registered for the Danube and the Moselle. For the Danube at the German-Austrian border, figures increased from 324 cruise vessel transits to 1,255, even if still below the 3,668 in 2019. For the Moselle, the number of transits fell from 1,536 to 469 between 2019 and 2020 but grew to 1,000 in 2021. Not only did the vessel movements fail to reach pre-pandemic levels, but the occupancy rate of the vessels was far below the values known for the year 2019.

Even if the river cruise market seems to be improving, some sources of uncertainty for the outlook on the passenger transport sector for 2022 could ensue from the ongoing war in Ukraine as well as the increased prices of raw materials such as steel, necessary for building new vessels.

Many countries opened their borders to travellers in spring 2022 and new orders for river cruise vessels are once more starting to be placed. Nevertheless, the war in Ukraine is causing some difficulties for the European river cruise market. Firstly, the attractiveness of the lower Danube might significantly decrease due to the potential risk of sailing in the area. Secondly, passenger demand might also be affected on other European rivers. The reason is that US-American tourists will perceive the war in Ukraine as a phenomenon linked to Europe in general. Moreover, the war has caused a significant reduction of Ukrainian personnel working in the river cruise market. Furthermore, the rise in fuel prices may lead to surcharges on the travel fares, thereby impacting tourism as well.

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.

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