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Greening Transport and Inland Navigation

Mr. **HANS VAN DER WERF**, Secretary General adj., Central Commission for the Navigation on the Rhine (CCNR), Strasbourg

## INLAND NAVIGATION AND ITS CONTRIBUTION TO THE MODAL SHIFT

1. After the more political and general introductions, which have shown us that IWT, thanks to its environmental profile, is placed in a privileged position for further expansion and growth, the question rises how to make the objective of a modal split towards IWT more instrumental; what should be the focus when deploying measures to reinforce the mode of transport?
2. Although the issue is quite challenging, I will thereby not touch upon the rather complicated question of pricing and its expected positive effects on the competitive position of IWT. I think we still have some time for evaluation and, more specifically, when time has come, the development of adequate methods to charge inland navigation, taking also into account the eventual legal obstacles that might show up in this process.
3. The European integration of IWT has made great progress since the restructuring programme of the '90ies. IWT has been given a European dimension, which has largely contributed to its visibility on the transport market and in logistics. Although national markets still exist as geographical entities and by the way function well, they are no longer isolated and 'closed shops' but parts of a European transport system, called IWT.
4. However, when considering modal shift from a European point of view, IWT should not be described under one common denominator of the mode of transport. It has many faces, which all have their market profile, in terms of strengths and weaknesses. I therefore would like to address the segmentation of the IWT market, with a view to the objective of modal shift and possibilities to make it more instrumental.
5. Targets and effectiveness of instruments vary with the characteristics of the specific markets concerned. All depends on the specific competitive position of IWT in relation the other modes. Actual market shares are decisive here. But other factors count as well.
6. According to the latest statistics, the European market share of IWT is 6.6% in TKM. Over the last 10 years, this share has slightly changed. In spite of the modernisation of the shipping industry, of the development of new markets and new concepts for IWT.
7. Can't IWT cope with the challenge of growth? It can, but it has to deal with an important traditional market, on which it faces less competition from the other modes, but is much more impacted by the changes on the side of the respective industries.
8. Let us have a closer look at the structure of the IWT market.
9. In the first place IWT is a hinterland carrier. It plays a vital role for the intercontinental trades, passing by the seaports. The market share of IWT on German waterways and taking into account the ARA-HAMBOURG-BREMEN range, is 61%. On the waterways of the Netherlands, more than 70% may be considered hinterland trade.

10. This traffic largely consists of bulk cargo, which is the core business of IWT. Specific market shares go up to more than 90% for some goods; together with rail, IWT cover most of the bulk trades of Rotterdam almost entirely, leaving no room at all for further modal shift.
11. In other ports, however, and in particular Hamburg and Le Havre, but also Amsterdam, market share of the green modes is modest, in spite of the presence of adequate rail or pipeline connexions.
12. In the container segment, on the contrary, the market is divided more equally between the modes, with some time a strong position of IWT, in others of rail. Here, the modal split reflects the market forces between the modes much more, showing shares between 33% for Antwerp and 30% for Rotterdam. In Hamburg and Bremen, which show market shares of only 2%, an enormous potential for gain seems available.
13. The segment of general cargo, basically vehicles and special transport, is a market niche, developing rather well, with a stable but modest throughput over the years.
14. The second entry is the one of the intra-continental traffic and trades, all over the IWT network. It is basically a bulk trade, with predominant share of agri-bulk, building material and chemicals (fertilizer). Market share is difficult to evaluate, as the transport patterns of the modes do not correspond.
15. Given that containers are primarily maritime objects, they are transported, but in much smaller volumes as between the sea ports.
16. The third and last entry, the regional and local trades, concerns in many cases the so called "capillary part" of the waterway network. In particular after the liberalisation of the market, transport in this segment has regained and shows dynamism in the form of all kinds of concepts, going from distribution of consumer goods and garbage collect systems in great agglomerations like Paris, Berlin or London, to the traditional transport of building material and distribution of feed stock for the farming industry.
17. Container transport in this sector has proved to be feasible, although the volumes remain modest.
18. How does inland navigation face the challenge of increasing its market share? And what framework conditions could be provided to facilitate this process?
19. Measures on different level and of different nature can be taken into account.
20. Starting with the intra-continental traffic, opportunities exist in the bulk segment with regard to upcoming new trades of bio-energy, as far the relevant sites for production and distribution of the fuels are located along the waterway network. In the segment of recycling material, IWT already has a strong market position, which will further grow with the increase of the recycling industries.
21. Logistic innovation including barge transport and supported by the research programs of the EU can and already do facilitate the further penetration of IWT in the general cargo segment.
22. The same applies for the regional and local trades.

23. In all of these cases, an intensive promotional back up of the marketing initiatives is essential when it comes to creating awareness of and interest in the possibilities of IWT. In so far, the national and European promotional organisations are indispensable instruments for modal shift.
24. But let us now focus on the hinterland trades, the largest segment of the IWT market. Several opportunities could be identified.
25. On the market, there is the challenge of further growth through economies of scale in the transport of containers. Two examples may be cited.
26. in the first place: the strategy of the big carriers to concentrate the flows of containers in the hinterland on a limited number of large hubs and logistic platforms, to be supplied on the basis of highly frequent and reliable transport. Depending on the location of these hubs, IWT disposes of course of a strategic position for the feeding concerned.
27. secondly: on the shorter distances, within the wider range of some 50 to 100 kilometres from the seaport terminals, important gains in productivity and modal shift could be reached in creating transfer platforms for the continental distribution of containers; platforms for the three inland modes, enabling an optimisation of the hinterland trade in terms of the relevant parameters time, cost and capacity.
28. As has been shown, the market seems to be quite capable of strengthening the competitive position of inland waterway transport, contributing to modal shift and increase of market share. However, the realization of the political objective of the greening of transport cannot be left to the market alone.
29. The biggest fish to catch swims in some of the sea ports as the comparison has shown us. The great potential they hold, looking at the unbalanced ratios between the green modes and road-haulage, opens the perspective of infrastructure improvements.
30. To put this potential into perspective a simple scenario has been developed for the ports in the North range. The political objective could be translated in an additional 10% market share for IWT. When this is worked out as a basis for improvement of the hinterland connections, the effects on volumes and growths give an idea of the feasibility.
31. For the ports of Hamburg and Bremen, which have both a substantial hinterland trade, the result would be a growth of even 143 and 130%. Such growth could be supported easily by the market parties, provided the infrastructure would be corresponding.
32. A 10% scenario for Hamburg and Bremen corresponds largely to the targets set for the development of the Seine-Nord connection.
33. To sum it up, the market shows potential, dynamism and engagement when it comes to innovation, penetration of market segments and strengthening of IWT in its core business: the development of economies of scale. All these efforts need to be backed up by an adequate infrastructure.
34. It is often stated that IWT has large capacities available. This is in principle true of the entire waterway network. Congestion doesn't exist. However, to be able to respond to the political challenge of modal shift and hence to contribute to the greening of the modal split, more performing infrastructure is an essential precondition.

35. Taking into account the environmental profile of the sector, the investment in IWT infrastructure –even when it concerns natural waterways- are not in conflict with a sustainable development but on the contrary, when carefully selected, may be considered as the most ecological one might wish.

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