

EUROPEAN PARLIAMENT

# Working Documents

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DOCUMENT 146/79

## Report

drawn up on behalf of the Committee on  
Regional Policy, Regional Planning and  
Transport

on /  
possible measures to improve the situation in  
the inland waterway sector

Rapporteur: Mr K. FUCHS

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By letter of 26 May 1978, the Committee on Regional Policy, Regional Planning and Transport asked for authorization to draw up a report on possible measures to improve the situation in the inland waterway sector.

By letter of 26 June 1978, the President of the European Parliament authorized the Committee on Regional Policy, Regional Planning and Transport to draw up a report on the matter.

On 22 September 1978, the Committee on Regional Policy, Regional Planning and Transport appointed Mr Fuchs rapporteur.

The committee discussed the draft report at its meetings of 28 March 1979 and 24 April 1979. It unanimously adopted the motion for a resolution and the explanatory statement on 24 April 1979, with one abstention.

Present: Lord Bruce of Donington, chairman; Mr Fuchs, rapporteur; Mr van Aerssen (deputizing for Mr Starke), Mr Bertrand (deputizing for Mr Ligios), Mr Brugger, Mr Mascagni, Mr Noé, Mr Normanton (deputizing for Mrs Kellett-Bowman), Mr Schyns, Mr Tolman and Mr Wawrzik (deputizing for Mr McDonald).

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Annex: Questionnaire

A

The Committee on Regional Policy, Regional Planning and Transport hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on possible measures to improve the situation in the inland waterway sector

The European Parliament,

- having regard to the Report of the Committee on Regional Policy, Regional Planning and Transport (Doc. 146 /79),
  - having regard to the importance of inland waterway transport within the Community, particularly in Belgium, France, the Federal Republic of Germany and the Netherlands,
  - Concerned at the serious difficulties confronting this transport sector and in a desire to find Community solutions for this problem,
  - Anxious to maintain a balance between the competitive position of inland waterway transport and that of the other modes of transport,
1. Notes that the inland waterway sector is characterized by a recurrent cyclical and structural imbalance between supply and demand in transport capacity and that because of the resultant decline in transport charges inland waterway transport undertakings are faced with serious problems of viability;
  2. Is aware that one of the consequences of this is an aging fleet no longer able to meet the modern requirements of shippers;
  3. Fears that this state of affairs is a threat to competition in this sector;
  4. Notes also that the efforts being made to improve the situation in the inland waterway sector are based on divergent national and international measures and deplores therefore the lack of European solutions, particularly as regards cross-frontier inland waterway navigation, even though proposals have been submitted by the Commission;
  5. Takes the view that every possible effort must be made at Community level to find satisfactory solutions for this transport sector, which undoubtedly offers important advantages, in particular comparatively low costs and transport charges, low energy consumption, a low level of pollution and a high standard of safety;

6. Is fully aware that major seasonal fluctuations and changes in navigability result inevitably in some excess capacity in this sector, but takes the view that this excess capacity must be adapted and managed in such a way as to prevent it from having an adverse effect on freight charges in certain market situations;
7. Considers it therefore necessary for a coherent system to be devised to suit the requirements of the market, and points out that this would at the same time help improve the quality of the inland waterway fleet;
8. Considers therefore that to improve the situation in this transport sector within the European Community;
  - (a) the actual situation in the market should be kept under constant surveillance, with particular attention to fluctuations in supply of and demand for cargo space, and that, in this context, forecasts should be made in conjunction with the responsible shipping organizations concerning the short-, medium- and long-term prospects for inland waterway transport;
  - (b) standard regulations should be established governing access to the occupation of inland waterway carrier;
  - (c) transport permits should be made obligatory as soon as possible both for national and international commercial and own-account inland waterway transport;
  - (d) a definitive Community system of navigability certificates should be introduced based on standard technical specifications with which inland waterway vessels must comply;
  - (e) a coherent system should be established for the laying-up, scrapping and rotation of vessels to avoid adverse effects on freight charges in certain market situations;
9. Believes that all measures considered in connection with a policy on access to the market should take account of the traffic conditions, the type of vessel and the type of firm;
10. Urges that the necessary precautions be taken as soon as possible to prevent the opening of the Rhine-Main-Danube canal giving rise to distortion of competition by the state-trading countries and further deterioration in the situation in the Western European inland waterway sector:

11. Considers it essential in this connection to prevent Eastern European state-run inland waterway concerns being able to set up business in the Member States of the Community;
12. Considers it imperative for reciprocal quotas to be established for traffic to and from state-trading countries and that such traffic should be effected at economic freight rates;
13. Confirms the position it adopted previously<sup>1</sup>, in view of the social problems in the inland waterway sector, and hopes that the Commission will, in the near future, submit new proposals to the Council in this connection on the basis of that opinion, to bring about a swift, effective improvement in working conditions in this sector;
14. Calls on the Commission to consider what measures can be taken to assist inland waterway carriers and workers who, as a result of measures taken to reduce excess capacity, give up or lose their livelihood;
15. Takes the view that the Commission should play an active part in the planning of a European inland waterway network and that waterways of international importance should be eligible for Community financial aid;
16. Believes, however, that for reasons of efficiency and to avoid distortion of competition, any financial contribution made by the Community to improve the infrastructure of the inland waterways should be merely complementary to the financial efforts of the individual Member States;
17. Urges the Commission to consider whether, and if so, how the Community could provide supplementary aid for national scrapping operations, at the same time taking into account the modernization and improvement of the inland waterway fleet;
18. Is convinced that the setting up of a permanent advisory body on inland waterways chaired by the Commission and composed of delegates from representative inland waterway organizations and an observer from the Central Commission for the Navigation of the Rhine would help in devising satisfactory solutions and at the same time, in avoiding strike action harmful to the inland waterway sector itself;

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<sup>1</sup>OJ No. C 57, 7 March 1977, p. 9

19. Considers it moreover essential in view of the Mannheim Act and other inland waterway interests in Switzerland, for negotiations to be held with the latter before Community measures are taken;
20. Instructs its appropriate committee to pursue the examination of this matter and, if necessary, draw up a report;
21. Instructs its President to forward this resolution and the report to the Council and Commission.

EXPLANATORY STATEMENTI. INTRODUCTION

1. At its meeting of 23 May 1978 the Committee on Regional Policy, Regional Planning and Transport decided at your rapporteur's request to draw up an own-initiative report on the difficulties at present encountered and possible measures to improve the situation in the inland waterway sector. The motive for this initiative lies in the fact that a number of problems connected with inland waterway shipping have never been examined at Council level or only inadequately so. This is particularly true of certain aspects of rationalization of the market. The event which finally prompted your rapporteur to make his suggestion was the rejection during the plenary sitting of 11 May 1978 of the motion for a resolution tabled by Mr Damseaux on behalf of the Liberal and Democratic Group on the crisis in the inland waterways sector (Doc. 117/78). As your rapporteur has learned from his colleagues, this motion for a resolution, which followed on from Oral Question Doc. 73/78, was not rejected for fundamental reasons, but simply because some political groups, in particular the Socialist Group, considered that such an important matter should first be discussed by the European Parliament before the Commission was given specific instructions<sup>1</sup>.

2. To obtain a clear picture of the present difficulties confronting the inland waterway industry, your rapporteur drew up a questionnaire<sup>2</sup> and forwarded it to the principal organizations in the field, namely the Central Commission for the Navigation of the Rhine, the Europese Schippersorganisatie (ESO), the Werkgemeenschap voor de Rijnscheepvaart and the International Union for Inland Navigation (UINF).

3. Your rapporteur considered it best to concentrate in this report on problems which have to a greater or lesser extent been neglected by the Council. Thus, where the European Parliament has already delivered an opinion on a given problem, your rapporteur will simply refer to the relevant document. Particularly worthy of note are Mr Osborn's report on the Commission proposal for a regulation on the harmonization

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<sup>1</sup>

For more details, see Debates of the European Parliament, May 1978, p. 252-257

<sup>2</sup>The questionnaire is attached as Annex I to this report.

of certain social provisions relating to goods transport by inland waterway (Doc. 484/76) and Mr Albers' report on the proposal for a regulation concluding the Agreement establishing a European laying-up fund for inland waterway vessels, and adopting the provisions for its implementation (Doc. 382/76).

This report will therefore be mainly concerned with national measures to improve the situation, the problem of competition from Eastern European countries after the opening of the Rhine-Main-Danube link and measures which have been taken or are under consideration to assist those employed in the inland waterway sector who are in some way affected by the crisis.

## II. DIFFICULTIES AT PRESENT FACING THE INLAND WATERWAY SECTOR

4. The numerous statistics published concerning the development of the Western European inland waterway sector show beyond any doubt that this branch of transport has for some years been facing tremendous difficulties. Rather than reproducing all manner of tables, your rapporteur prefers to set out the main aspects of the inland waterway transport problem and to illustrate them with a few telling figures.

The development and the present situation of the inland waterway sector are marked by:

- (i) a relative fall in the inland waterways' share of total traffic;
- (ii) a continuing reduction in the number of crewmen, vessels and carriers;
- (iii) carriers' low profitability.

### (i) a relative fall in the inland waterways' share of total traffic

5. Since the Second World War the inland waterways' share of the total volume of traffic in those countries where a large proportion of goods is transported by inland waterway has shrunk. For example, the inland waterways of the Federal Republic of Germany accounted for 27.5% of all internal transport in 1955 as against 26.6% in 1974. In the Netherlands, the inland waterways' share fell from 45% in 1965 to 35% ten years later. In France, 7% of goods were transported by inland waterway in 1969 but only 5.4% in 1973<sup>1</sup>.

<sup>1</sup>Source: 'Trends in inland waterway fleet capacity, the infrastructure, output and main routes (1955 - 1975)', study by the European Conference of Ministers of Transport, 1977

This relative decline is due to the economic situation and also, in part, to the structure of the inland waterway sector itself, as will be illustrated below.

(ii) a continuing reduction in the number of crewmen, vessels and carriers

6. Both the number of persons employed in the inland waterway sector and the number of vessels have fallen steadily over recent years.

7. In 1965 it was estimated that 13,100 people were employed in the inland waterway sector. In 1970 and 1975 the number was 12,400 and 10,100 respectively; last year the number was estimated to be 7,100. The number of employed crew-members has fallen even more sharply: from approximately 4,800 in 1965 to about 2,150 in 1977, a reduction by more than half (55.2%). The Belgian Institut pour le Transport par Batellerie (ITB), from whom these figures have been obtained<sup>1</sup>, suggests that the main reasons for this are: (a) the fact that many crew-members no longer have any confidence in a better future and go ashore or urge their children to seek another occupation; (b) the financial difficulties resulting from the insufficient profitability, which forces operators to sell their vessels or have them broken up.

Of course, this development must be looked at in the light of the specific structure of this sector of transport, i.e. the fact that the vast majority of inland waterway carriers have only one vessel and that this vessel is operated by a family. Thus, in 1975 86.7% of undertakings in Belgium, 85.6% in the Federal Republic of Germany, 80.5% in France and 86.9% in the Netherlands owned only one vessel<sup>2</sup>. The social implication of this is that the loss of a vessel in most cases means the loss of a dwelling.

8. In the four countries mentioned above the total number of inland waterway vessels decreased by 30% between 1965 and 1975 from 34,799 to 24,517, which represents an average decline of about 1,000 units per year. This trend was most evident over this period in France and Germany. A relatively smaller decrease was registered in the Netherlands and particularly Belgium.

<sup>1</sup>1977 annual report of the 'Institut pour le Transport par Batellerie' (ITB), p.50

<sup>2</sup>Source: 'Een structuurschets van de Westeuropese binnenvaart', Studies of the Commission of the European Communities, Transport series No. 5, 1978 (available in Dutch, French and German). The figures in the following paragraphs are also taken from this excellent work.

The total carrying capacity fell less rapidly over the same period: from 16.5 million tonnes in 1965 to 14.8 million tonnes in 1975, a 10% reduction. The decline was greatest in France at 20%, while the carrying capacity in the Netherlands remained practically unchanged. The decrease was greatest in the case of unpowered vessels while the total carrying capacity of powered vessels remained approximately the same and the number of push tugs rose sharply.

9. The number of inland waterway undertakings dropped by almost 30% between 1965 and 1975: from 21,707 to 15,649. There was a 20% reduction in Belgium, 25% in France, 30% in the Netherlands and as high as some 40% in the Federal Republic of Germany.

(iii) carriers' low profitability

10. Profitability in the inland waterway sector can quite simply be described as poor, and the situation has been getting worse since 1973. In spite of low energy consumption and the fact that many vessels are operated by families and therefore no wages are paid, profits are so low that many carriers find themselves obliged to cease operations.

11. The low net profit achieved by inland waterway undertakings is due to a number of factors: (a) most carriers own only one vessel (as mentioned above) and cannot therefore operate at the same conditions as large undertakings (economies of scale); (b) the inland waterway fleet consists to a large extent of small and less economic units<sup>1</sup>; (c) the fleet is working at far from full capacity<sup>2</sup> and days spent idle are obviously costly; (d) in general, the increase in freight rates is not keeping pace with the increase in costs.

12. In addition to this, the inland waterway sector is extremely sensitive to cyclical variations in the economy. In periods of recession, such as we have at present, the first sectors to be hard hit usually include the building and the iron and metal-working industries, which means that the business available to the inland waterway sector declines relatively more sharply than for other transport sectors, the inland waterways being principally used for the transport of building materials

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<sup>1</sup>

In 1975, of a total of 24,517 inland waterway vessels, 2,331 were of 250 tonnes or less, 10,444 of between 250 and 400 tonnes and only 1,260 of 1,500 tonnes or more. Moreover, a large number of smaller craft have been taken out of service in recent years: between 1965 and 1975 the number of vessels of 250 tonnes or less fell by 70.7% and of vessels between 250 and 400 tonnes by 24.1%.

<sup>2</sup>

In France for example, the number of days spent idle constituted almost 40% of the total number of days in 1971.

and the products of the metal industry<sup>1</sup>. Another factor is that inland waterway shipping is extremely dependent on water-levels, as is made clear, for example, in the annual reports of the Central Commission for the Navigation of the Rhine.

13. Low profitability inevitably leads to limited opportunities for investment, with the result that most private carriers are unable to modernize their vessels without government assistance, let alone have new vessels built. This in turn means that operating conditions become less favourable and inland waterway transport less competitive, and the carrier in fact finds himself in a vicious circle.

14. The effect of the difficulties outlined above has been that the Western European inland waterway sector has for a number of years been in a state of almost permanent depression, which in the summer of 1975 led to a nine-week stoppage by Belgian carriers, with some strike action also being taken in the Netherlands. In 1977 and at the beginning of this year private carriers again struck in order to wrest a statutory rotation system from the government for North-South traffic and the inland waterway sector in North-Western Europe was thus seriously disrupted.

15. To conclude this section, it can therefore be said that the difficulties in the inland waterway sector cannot be solved without appropriate governmental action. If efficiency is to be improved and distortions of competition avoided, your rapporteur also considers it extremely important that such governmental action should be coordinated at Community level and that to assist the inland waterway sector divergent legislation should no longer be adopted in the various Member States of the Community.

In the following paragraphs various solutions will be examined from a Community viewpoint, and your rapporteur will try to formulate practical recommendations with the aim of improving the situation in the inland waterway sector.

16. In view of the specific advantages which the inland waterway sector has to offer, particularly low energy consumption, a high degree of safety and compatibility with the environment, your rapporteur feels it to be the Community's duty to do its utmost to ensure that inland waterway carriers are given a fair chance.

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<sup>1</sup>

In 1973 building materials accounted in Belgium for 31.5%, in the Federal Republic of Germany for 34.3%, in the Netherlands for 42.7% and in France for 50.4% of all goods transported by inland waterway.

17. The Commission would be well advised first of all to carry out a thorough analysis of the various aspects of the inland waterway problem in cooperation with carriers' organizations. This study should moreover focus on the future and attempt to establish the expected principal trends in the short, medium and, if possible, long term. Such an approach is essential to a coherent Community inland waterway policy.

III. POSSIBLE STEPS TOWARDS A COMMUNITY POLICY ON CAPACITY AND IMPROVEMENT OF THE SITUATION IN THE INLAND WATERWAY SECTOR

18. For many years the Western European inland waterway sector has suffered above all from structural overcapacity. This problem has now become less serious because a considerable number of vessels has been taken out of service. This favourable trend for the situation in the inland waterway sector does not, however, mean that a capacity policy is not of prime importance.

19. A well-considered capacity policy is needed because the considerable seasonal fluctuations and differences in water level make reserve tonnage indispensable while an excess of cargo space has a negative effect on freight rates and makes stabilization of this transport market impossible.

20. It is precisely for this last reason that measures have been taken in the four Member States of the Community mentioned above to eliminate excess capacity, unfortunately without any coordination despite the Commission's efforts.

21. The Commission in fact submitted a proposal more than ten years ago for a regulation relating to access to the market for goods transport by inland waterway<sup>1</sup>. Both the European Parliament<sup>2</sup> and the Economic and Social Committee drew up detailed reports approving in principle the proposed measures concerning capacity. Sadly the Council has never managed to approve the draft regulation as a whole, confining itself to tackling only one aspect of the problem.

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<sup>1</sup>OJ No. C 95, 21.9.1968, p.1

<sup>2</sup>See the report by Mr De Gryse (Doc. 116/68)

22. A Community capacity policy for the inland waterway sector must obviously be based on a system of market monitoring with close attention paid to trends in cargo space supply and demand. It would also seem desirable to complement market surveillance with forecasts of likely trends in demand and supply on the inland waterway market in the short, medium and, if possible, even the long term. Continuous monitoring and forecasting are, in your rapporteur's opinion, essential to realistic capacity control, which is of fundamental importance if the situation in this sector of transport is to be improved. It might be mentioned here that the Central Commission for the Navigation of the Rhine introduced a market surveillance system at the beginning of 1977. The Community, for its part, set up a similar system in 1978, but only on an experimental basis.

23. The practical measures described below must be commenced as soon as possible at Community level in order to improve the situation of the inland waterway sector.

- (i) The adoption of uniform rules on access to the occupation of carrier of goods by inland waterway

24. In 1976 the European Parliament approved a draft directive on access to the occupation of carrier. The report drawn up by Mr De Clerq on behalf of your committee (Doc. 90/76) stressed the requirements proposed by the Commission, i.e. personal probity, financial solvency and professional competence. The Council has still not taken a decision on this proposal for a directive.

In the same year Parliament adopted a resolution on a proposal for a directive aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for road or waterway passenger transport and goods haulage operators, including measures intended to encourage these operators effectively to exercise their right to freedom of establishment<sup>1</sup>. This proposal is also still being discussed by the Council.

Since both proposals are intended to help to improve the inland waterway structure by raising the professional knowledge of transport operators and improving the quality of the transport services performed, the Council should reach an early decision, taking account of the recommendations formulated on this matter by your committee.

- (ii) The introduction of transport permits.

25. A system of transport permits should be introduced both for national and international commercial and own-account inland waterway transport.

<sup>1</sup> See the report by Mr Albers (Doc. 91/76)

Apart from the fact that transport permits are an essential part of a balanced scheme for controlling capacity, they would also help to improve the quality of the fleet. Making permits compulsory for all inland waterway vessels would therefore allow capacity to be linked to quality and hence, in your rapporteur's opinion, this measure must be given priority.

If such a system is to function efficiently in practice, one requirement must of course be that no vessel may use inland waterways without a transport permit<sup>1</sup> and that account is taken of the actual market situation when permits are granted. Provision must also be made for controls and sanctions in the case of infringements.

The Committee on Regional Policy, Regional Planning and Transport requests the Commission to submit appropriate proposals to this effect at a very early date, particularly since the inland waterway organizations have advocated the introduction of permits for inland waterway transport.

(iii) The introduction of navigability licences based on uniform technical specifications

26. On 20 January 1976 the Council adopted a directive on reciprocal recognition of navigability licences for inland waterway vessels<sup>2</sup>. Article 5 of this directive provides for the establishment of a list of uniform minimum technical requirements for inland waterway vessels not later than 1 January 1978. Apparently it has not been possible to respect this deadline and the validity of the 1976 directive has been extended until the end of 1979.

Both Mr Gerlach<sup>3</sup> and Mr Albers<sup>4</sup> have, in reports drawn up on behalf of your committee, stressed the importance of uniform safety provisions. Navigability licences issued on the basis of uniform minimum standards will undoubtedly be a considerable contribution to the improvement of the quality of the inland waterway fleet. This point has already been touched on above.

(iv) A common position on the laying-up, scrapping and rotation of vessels

27. Opinions at present differ considerably on the various measures

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<sup>1</sup>This does not of course mean that exceptions cannot be made for certain specific categories of vessel (e.g. vessels used exclusively for the maintenance of waterways or government vessels).

<sup>2</sup>OJ No. L 21, 29.1.1976, p.10

<sup>3</sup>Doc. 395/75

<sup>4</sup>Doc. 580/77

taken with regard to capacity and on both the methods used and the application of these national measures. It therefore seems that the EEC should agree on a common approach to the most important measures, namely laying-up, scrapping and rotation.

(a) Laying-up arrangements

28. On 9 July 1976 a draft agreement on the implementation of arrangements for the temporary laying-up of goods vessels was initialled by the Community and Switzerland. These arrangements are intended to limit temporary disturbances of the balance between the supply of and demand for cargo space.

The European Parliament gave its approval to the European laying-up agreement at the end of 1976<sup>1</sup>. Since then the Court of Justice of the European Communities has given a negative opinion on certain legal aspects of the draft agreement and negotiations with Switzerland will have to be resumed. Furthermore, certain frontier carriers' organizations have objected to such a system.

The situation with regard to laying-up is therefore at present anything but clear, and the Commission can only be recommended to pursue its consultations with a view to adopting an unequivocal position on the matter before long.

(b) Scraping operations

29. To strengthen the inland waterway sector by improving the quality of the fleet and making it more competitive, scrapping measures have been in force since 1964 in the Netherlands, since 1969 in Germany, since 1974 in France and since 1977 in Belgium. Most of the vessels scrapped in these four countries were naturally obsolete and no longer met transporters' needs.

The various national scrapping schemes differ considerably as regards both financing and results achieved. Whilst scrapping premiums are granted by the inland waterway industry itself in the Federal Republic of Germany, the scrapping operations in Belgium are financed entirely by the State. Since 1977 the industry and the State have shared the cost on 50:50 basis in the Netherlands, and in France the industry pays a portion of the cost. As to the results, Germany above all has conducted a large-scale campaign.

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<sup>1</sup>For more details, see the report by Mr Albers (Doc. 382/76).

From 1969 until the end of 1978 4,147 inland waterway vessels were scrapped, representing a total tonnage of 1.86 million tonnes and the final disappearance from the market of 1,227 inland waterway undertakings; almost DM 130 million was paid out in premiums<sup>1</sup>. In Belgium the Royal Decree of 18 May 1976 called for the scrapping of 250 vessels with a total capacity of 120,000 tonnes, and this goal was achieved by the end of 1977. In France scrapping refunds have been linked to premiums granted to carriers ceasing operations; it is intended to scrap 360 vessels or a total tonnage of 125,000 tonnes. Finally, in the Netherlands several scrapping operations have been carried out with the aim of reducing the fleet by 400,000 tonnes<sup>2</sup>.

30. Although the importance of scrapping operations as a means of effectively improving the situation in the inland waterway sector cannot be overstated, your rapporteur regrets the lack of a coordinated approach. He is convinced that optimum results have not been achieved because of the differences in the financing of the national scrapping schemes and in the methods applied<sup>3</sup>. He therefore feels the Commission should put forward proposals for the implementation of a scrapping scheme coordinated at Community level.

(c) Rotation

31. A Commission working document defines rotation as a system whereby freight is allocated to carriers in the order in which their vessels become free after unloading; firms enter their transport requirements in a list and choose in the order of their entries a vessel travelling to the intended destination of their goods.

Rotation, which was originally operated on a voluntary basis, has in recent years become the subject of legislation with regard to domestic shipping in Belgium, the Netherlands and France. In France it is also applied to transfrontier inland waterway shipping except on the Rhine, in Belgium to transport operations to and from France. As noted in the introduction, private Dutch carriers took strike action in 1977 and January 1979 with the aim of obtaining legislation on inland waterway traffic

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<sup>1</sup> See article in the 'Deutsche Verkehrs-Zeitung' (DVZ) of 13 February 1979

<sup>2</sup> These figures are taken from a Commission working document

<sup>3</sup> For example, whether a carrier can reinvest the scrapping premium he has received in the inland waterway sector or not.

between the Netherlands on the one hand and Belgium and France on the other, known as the 'North-South connection'.<sup>1</sup>

32. Rotation is in fact a very controversial question: on the one hand it is pointed out that an indispensable reserve capacity can be maintained without its having a negative effect on freight rates; on the other hand it has been emphasized that no lasting solution can be reached in this way since capacity is not reduced, modernization and replacement are not stimulated, the consumer's freedom of choice is not respected and the scheme as such conflicts with the Community's transport policy concept. The counter argument is that a rotation system governed by legislation providing for compulsory minimum rates will neutralize the impact on the scale of charges and that statutory rates will ensure a profit margin which will allow carriers to modernize or replace their vessels.

The result of this is that transporters, shipowners and many inland waterway carriers with modern equipment, particularly in West Germany<sup>2</sup>, are fiercely opposed to rotation, while on the other side, private carriers in France, Belgium and the Netherlands are unqualified champions of legislation on rotation<sup>3</sup>.

33. The Committee on Regional Policy, Regional Planning and Transport welcomes the fact that the Commission has entered into negotiations with the trade circles concerned and hopes that a satisfactory solution can thus be found very quickly to the vexed question of the rotation scheme.

34. With regard to measures to improve the situation in the inland waterway sector, your rapporteur would in conclusion suggest that:

- (a) the various measures taken or under consideration should be incorporated into a coherent body of measures to stabilize the inland waterway market, and this should be done at Community level;
- (b) these measures should take account of the type of waterway or

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<sup>1</sup>On 15 December of last year the European Parliament adopted a motion for a resolution on this subject tabled by Mr Albers (Doc. 517/78)

<sup>2</sup>In a letter to your rapporteur, the Bundesverband der Deutschen Binnenschiffahrt (Federal German Inland Waterways Association) stressed that rotation ultimately undermined the competitive position of the inland waterway sector itself.

<sup>3</sup>The Europese Schippersorganisatie (ESO), which has approximately 7,000 members, remarks in this connection that a voluntary rotation system operates unsatisfactorily in practice because a certain volume of freight is transported outside the arrangement and there is too much undercutting.

transport link<sup>1</sup>, the category of inland waterway vessel (tug, push-tug, powered vessel, etc.) and of the type of undertaking (line, single-vessel undertaking).

IV. COMPETITION FROM THE EAST EUROPEAN INLAND WATERWAY FLEET AND THE OPENING OF THE RHINE-MAIN-DANUBE CANAL

35. There is a danger that the effect of the measures described in the previous section for the improvement of the situation in the inland waterway sector in Western Europe will be completely negated by ruinous competition from the East European state undertakings when the Rhine-Main-Danube Canal is opened. It is therefore extremely important to Western European carriers that precautions are taken as early as possible.

(i) Competition from the COMECON countries

36. The Committee on Regional Policy, Regional Planning and Transport has repeatedly expressed its concern about the possibility of ruinous Eastern Bloc competition on the Western European transport market. For example, Mr Giraud devoted a chapter of his report on problems of EEC transit traffic through Austria and Switzerland (Doc. 500/75) to this very problem. Last year your committee adopted an opinion by Mr Nyborg, which was incorporated in the report drawn up by Mr Schmidt on behalf of the Committee on External Economic Relations and adopted on 15 June 1978 on the state of relations between the EEC and East European state-trading countries and COMECON (Doc. 89/78), which examined the difficulties posed by this competition in the various transport sectors. The Committee on Regional Policy, Regional Planning and Transport is considering another own-initiative report, concurrently with this report, by Mr Jung on the EEC's relations with the COMECON countries in the field of maritime shipping (PE 57.084).

Your rapporteur consequently intends to deal here only with the main features of COMECON transport policy and the situation as it affects the inland waterway sector.

37. Characteristic of the transport policy pursued by the COMECON countries is:

- (i) the fixing by government authorities of scales of charges that bear no relation to costs, which in practice amounts to systematic undercutting;

<sup>1</sup>It is clear that, for example, the navigation of the Rhine should be subject to different provisions from those governing smaller rivers which modern vessels cannot use; there are also other requirements with regard to safety and the environment. A distinction should also be made between national and international waterways.

- (ii) the practice of importing FOB and exporting CIF so that freight is reserved for their own carriers;
- (iii) the lack of any consideration of profitability and a frequent failure to apply the principle of reciprocity;
- (iv) the establishment of branches or participation in transport agencies in Western Europe while prohibiting this in Eastern Europe;
- (v) the employment of military personnel on board sea-going and inland waterway vessels, which naturally keeps down costs.

This aggressive transport policy of course makes it difficult, if not impossible, for Western European transport operators, to obtain a fair share of East-West traffic. In addition, they are very often faced with a number of discriminatory practices. For example, Eastern European inland waterway vessels do not have to pay any dock charges in Eastern Europe and are invariably given priority when loading and unloading<sup>1</sup>. This difference in treatment naturally affects the cost structure. Very often Western operators, having transported goods to the Eastern Bloc do not succeed in obtaining cargo for the return journey. In addition the two-tier exchange rate system and other unilateral measures aimed at bringing in foreign currency seriously jeopardize the competitive position of our inland waterway operators. These few examples show that in practice there is no real equality or reciprocity.

38. Although the situation in the Western European inland waterway sector cannot yet be described as dramatic (unlike the maritime shipping market) because few East European vessels ply Western European waterways, it is clear that the active participation of these state-owned lines does represent a serious threat to the West European inland waterway carriers, many of whom may be forced off the market.

39. At the moment the Federal Republic of Germany is hardest hit by Eastern European competition in inland waterway transport. Bilateral agreements on inland waterway shipping have been reached between the Federal Republic on the one hand and the German Democratic Republic, Poland and Czechoslovakia on the other. Although the various bilateral agreements will not be discussed in detail<sup>2</sup>, it can be said that as a

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<sup>1</sup>Even though the Belgrade Convention, which governs shipping on the Danube, solemnly states in Article 41 that no discrimination whatsoever is permissible with regard to dock charges and the use of port installations for the transshipment of goods.

<sup>2</sup>For more details, see the excellent opinion by Mr Hennig on behalf of the Economic and Social Committee on transport problems in Eastern European-EEC relations.

result of the difficulties they have in obtaining freight and of freight rates<sup>1</sup> which do not cover costs Western European operators find they are no longer competitive. For example, three large Austrian companies have had to cease operations on the Danube and only national subsidies have saved the remaining Bavarian and Austrian companies from bankruptcy. The West German and Austrian share of the Danube fleet has moreover shrunk to barely 10%<sup>2</sup>.

(ii) The opening of the Rhine-Main-Danube Canal and precautions that should be taken

40. In a few years time the Rhine-Main-Danube Canal will be open to traffic. There will then be a waterway approximately 3,500 kilometres in length linking the North Sea with the Black Sea, or Rotterdam with Constanța (Romania). This transcontinental waterway, linking thirteen countries, will undoubtedly increase the inland waterway share of total traffic<sup>3</sup>. West European inland waterway carriers fear, however, that the opening of the Europa Canal between the Rhine and Danube basins will mark the beginning of an East European invasion which will very soon cripple the West European inland waterway sector and completely undermine the measures taken to control capacity and improve the situation in the sector. That this fear is not unwarranted is clear from the fact that the inland waterway undertakings in the Eastern Bloc have actively prepared themselves for the future not only by accelerating the expansion and modernization of their fleets but also by making a number of statements in which they claim complete freedom to use the canal and the Rhine<sup>4</sup>. If COMECON fleets gain free access to the Rhine and obtain business by the methods outlined in the previous section, it is evident that West Europe's inland waterway sector will find itself in a hopeless situation.

41. Although care must be taken to ensure that transport policy measures do not disrupt trade between Eastern and Western Europe or lead to a confrontation or a chain reaction of countermeasures, it

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<sup>1</sup>The tariffs laid down for the Danube by the Bratislava Agreement of 1955 and quoted in roubles remained unchanged until the beginning of last year. They were raised at the beginning of 1978 not because costs had increased, but the rouble had been devalued.

<sup>2</sup>In an article in the International Herald Tribune a journalist wrote, 'The Danube isn't blue any more, it's red'.

<sup>3</sup>This waterway is expected to attract industrial development and help Bavaria out of its rather isolated position. In some circles it is also hoped that the canal will play a role in trade between Western Europe and the Middle East.

<sup>4</sup>One such statement was made by Mr Gushenko, the Soviet Union's Minister for Maritime Shipping.

nevertheless seems absolutely essential to take certain precautions as soon as possible so as to protect the legitimate interests of Western carriers before the canal between Regensburg and Nuremberg is opened. It is important that unilateral measures should be avoided and that any bilateral agreements can be incorporated in a balanced multilateral scheme.

42. It is, however, no easy matter to find a satisfactory multilateral approach because, quite apart from political factors, the legal situation is extremely complex. Navigation of the Rhine is governed by the 1868 Mannheim Act, Article 1 of which states that vessels of all nations are free to use the Rhine. There are no restrictions on access and no obligations with respect to rates charged. Moreover, Switzerland is also a party to the Mannheim Act, (the only non-EEC Member State) and it cannot therefore be amended without this country's agreement. The 1948 Danube Convention also (formally) permits free use of the river by vessels of all nations, with the exception of national cabotage. Finally, the Federal Republic of Germany regards the Rhine-Main-Danube Canal as a national waterway.

43. In 1976 the parties to the Mannheim Act<sup>1</sup> initialled an additional protocol, designed to solve the problems posed by competition from Eastern European fleets.

44. This additional protocol - about which Mr Baas questioned the Council during the plenary sitting of 13 September 1978 - is now, following the resolution adopted by the Council of Transport Ministers on 23 November 1978, being discussed with Switzerland<sup>2</sup>. The Committee on Regional Policy, Regional Planning and Transport hopes that a solution can be found in the very near future.

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<sup>1</sup> Belgium, France, the Federal Republic of Germany, the Netherlands, the United Kingdom and Switzerland

<sup>2</sup> See the press release issued after the meeting, PE 56.319, p. 4

45. In addition to solving the legal problems, annual quotas must be introduced for third countries, i.e. countries which are neither members of the Community nor parties to the Mannheim Act. In practical terms this would mean a third country receiving a certain number of permits to navigate Western European waterways, the number being based on the principle of reciprocity.

46. To back up these measures, care must be taken to ensure that the rates charged for transporting freight over inland waterways are sufficient to cover costs, for it is crystal clear that, if fleets from the Eastern Bloc indulge in dumping, Western European companies will not be able to meet Eastern European competition without government aid. It is highly likely that, if Eastern European undertakings charge unprofitable rates, insufficient use will be made of Western European transport permits.

47. All these precautionary measures can, however, be easily circumvented if no specific measures are taken on the freedom of establishment. In his report on the EEC's relations with the COMECON countries in the field of maritime shipping (PE 57.084, paragraph 19), Mr Jung states 'the COMECON countries make use of the freedom of establishment and capital movements in many Western countries either to set up their own branches of shipping companies or transport agents, or to buy shares or controlling interests in existing firms. Consequently they are able to benefit from the whole range of possibilities offered by the free access to the transport market in the country concerned. But no such freedom of establishment is offered in return to Western firms in the Soviet Union: and Western firms have even less opportunity to buy shares in Soviet firms since these are all state-owned.' Eastern Bloc countries have already set up various freight offices in Western Europe, notably in Brussels ('Sobelmarine', a subsidiary of the Soviet company) 'Sovracht', Rotterdam and Hamburg.

48. If Eastern European state **undertakings** are to be prevented from capturing a substantial share of the Western inland waterway market through subsidiaries and majority interests in existing companies in the West and by offering low freight rates your rapporteur considers it extremely important that measures should be taken in good time with regard to freedom of establishment<sup>1</sup>. Furthermore, a common ruling on the right of establishment should be introduced at Community level and in consultation with Switzerland to prevent COMECON shipping lines from establishing themselves in countries where the rules on establishment are the least strict. The highest priority should be given to a ruling of this nature.

#### V. SOCIAL PROVISIONS FOR THE INLAND WATERWAY SECTOR

49. If social problems are discussed only briefly in this report, this of course has nothing to do with the nature of the question itself but rather the fact that your committee has already examined this matter in detail in connection with Mr Osborn's report on the proposal for a regulation on the harmonization of certain social provisions relating to goods transport by inland waterway (Doc. 484/76) and will have a further opportunity to do so shortly since the Commission, in answer to a written question by Mr Albers, has promised to present an amended version of its original proposal to the Council, which will take into account inter alia, the amendments suggested in the Osborn report<sup>2</sup>. The Committee on Regional Policy, Regional Planning and Transport hopes that this amended proposal will soon appear because it considers that common provisions must be adopted as a matter of urgency to improve working conditions on inland waterway vessels. It also hopes that this amended proposal will be more realistic and bear witness to the thorough consultations that have been held with all interested parties<sup>3</sup>.

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<sup>1</sup>Austria has already introduced legislation allowing permits to be granted only to inland waterway undertakings which are at least 75% Austrian-owned (see the opinion by Mr Henning on behalf of the Economic and Social Committee referred to above).

<sup>2</sup>Written Question No. 562/78, OJ No. C 282, 27.11.1978, p. 52.

<sup>3</sup>The first proposal for a regulation was sharply criticized by most inland waterway associations. According to the 'Bundesverband der deutschen Binnenschiffahrt' the application of such a system would result in a cost increase of approximately 25% and would therefore seriously threaten the viability of this sector.

50. Your rapporteur considers that satisfactory social provisions concerning inland waterway transport must include measures to assist those who have to leave this sector as a result of scrapping operations or other steps to reduce capacity.

In answer to a written question by your rapporteur, the Commission stated that it has requested the Member States 'to couple their scrapping schemes with specific social measures in aid of the affected wage earners, including their re-education and retraining with assistance from the European Social Fund'.<sup>1</sup>.

51. These measures ought therefore to form an integral part of the new proposal for a regulation in the social field, which it is hoped will be submitted shortly.

#### VI. INFRASTRUCTURAL MEASURES

52. Complaints are often heard in the trade about the lack of government efforts with regard to inland waterway infrastructures. In this respect, inland waterway carriers feel they are badly treated in comparison with other branches of transport, particularly the road haulage sector<sup>2</sup>.

While it is true that there is no European inland waterway network and investments in infrastructure projects in this sector have not kept pace with investments in the construction of high-speed road links, it can hardly be said that most countries have not taken action to improve, modernize and expand their national inland waterway networks.

53. For an objective examination of this question, a distinction must first be made between the major routes and the smaller waterways.

54. The waterways of the first category are generally adequate; there are only a few bottlenecks which need to be removed. It is, however, regrettable that the Rhine-Rhone Canal, which has been under consideration for half a century, still faces numerous difficulties and that this essential link between the North Sea and the Mediterranean cannot be opened until 1987 at the earliest and not as originally anticipated in 1985 to coincide with the opening of the Rhine-Main-Danube Canal.

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<sup>1</sup> Written Question No. 709/78, OJ No. C 57, 2.3.1979, p.8

<sup>2</sup> Displeasure at inadequate investments in infrastructures and the astronomical subsidies granted in most countries to national railway systems is such that most inland waterway operators feel they are being given 'Cinderella treatment' by their governments.

55. The small waterways appear to be in a much worse position at the moment. In the Netherlands, Belgium and France many clients of the inland waterways sector are established along smaller rivers which are neglected by the authorities. Now that government expenditure is being cut, there is a fear that smaller waterways will be the subject of even greater neglect in future and that this will lead in the long term to a loss of business for the inland waterway sector. Most carriers' associations are therefore calling for investment to enable the introduction of modern techniques and the adaptation of the smaller waterways to present-day transport needs.

France has fallen behind particularly badly and this is held to be one of the explanations for the unsatisfactory situation in the French inland waterway sector at the present time.

56. Your rapporteur feels the European Community should be involved in both the construction and the financing of major European waterways. He therefore requests the Commission to draw up, in consultation with all the organizations and associations concerned, a kind of 'European waterways plan' covering the main inland waterway routes and showing where improvements, widening or new links are desirable and also providing a well-considered list of priorities based on cost-benefit analyses<sup>1</sup>.

57. The following remarks should be made on a possible financial contribution by the Community to inland waterway infrastructures:

- (i) The Committee on Transport Infrastructures set up on 20 February 1978<sup>2</sup> should be instructed to investigate the inland waterway projects of interest to the Community and thus eligible for Community aid;
- (ii) After the governments concerned have applied for aid for eligible projects, the competent departments of the Commission must establish which of the Community's financial instruments appears most suitable and what procedures can be employed for the granting of aid;

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<sup>1</sup>During the plenary sitting of 10 October 1977 Mr Bouquerel, in a debate on the oral question on financing wide inland waterways in Europe (Doc. 260/77), rightly deplored the lack of coordination between the various European countries and emphasized the need for a coherent strategy on European waterways.

<sup>2</sup>OJ No. L 54, 25.2.1978, p. 16

(iii) The level of Community aid will of course depend on  
(a) the budgetary appropriations set aside for transport  
infrastructures<sup>1</sup> and (b) the funds made available for a  
specific project by a national government or governments.

58. To prevent distortions of competition and to ensure effective use, your rapporteur considers that the granting of financial aid by the Community should respect the principle of additionality i.e. it should supplement national investment and not replace it.

59. A typical example of an inland waterway link to which the Community could give aid is the Rhine-Rhone Canal<sup>2</sup>, which is clearly of interest to the Community and on which work has been delayed by financial problems. The size of the investment, approximately FF 6,500 million, has also evoked considerable controversy in France.

60. To conclude this section, the Committee on Regional Policy, Regional Planning and Transport requests the Commission to draw up a coherent European waterways plan and to establish Community financing procedures. The Council is requested to adopt at the earliest opportunity the proposal for a regulation concerning aid to projects of Community interest in the field of transport infrastructure, which the European Parliament approved as long ago as mid-1977 on the basis of Mr Nyborg's report (Doc. 185/77).

## VII. CONCLUSIONS

61. Having considered the main problems facing the Western European inland waterway sector, your rapporteur has attempted to formulate a number of practical recommendations for Community action with a view to improving the market. The action suggested comprises: an efficient system of capacity management; modernization of the Western European inland waterway fleet and its adaptation to present day transport needs; precautions which must be taken as a matter of urgency to prevent ruinous competition from the Eastern European fleets after the opening of the Rhine-Main-Danube canal; a satisfactory solution to social problems; and a coherent policy on infrastructure with regard to both planning and financing.

<sup>1</sup>In her opinion on behalf of your committee on the EEC budget for 1969, Mrs Kellett-Bowman suggested that the appropriation of 300,000 EUA proposed by the Commission for financial aid for transport infrastructures reduced by half in the draft budget should be reinstated (PE 54.542/fin.). This amendment (PE 55.013) was adopted by the European Parliament.

<sup>2</sup>There are, of course, other important projects such as the plan to join the Scheldt to the main inland waterway routes or the 'Canal du Centre' between the Seine and Northern France, to name but two.

62. In your rapporteur's opinion a well-considered Community policy on inland waterways should involve the active participation of all representative inland waterway associations. He would therefore suggest that a permanent consultation body for the inland waterways sector should be created, that this body should meet under the chairmanship of the Commission and that representatives from the competent inland waterway organizations should take part.

63. Furthermore, your rapporteur considers it absolutely essential for the Commission to enter into negotiations with third countries having important inland waterway interests before submitting proposals for Community legislation to the Council. Switzerland must be consulted by virtue of its particular position as a riparian state of the Rhine and as a party to the Mannheim Act. Austria too must be brought into the negotiations as a riparian state of the Danube since, after the opening of the Rhine-Main-Danube Canal, it will occupy a key position in East-West transport by inland waterway.

64. Your rapporteur wishes to apologize for the fact that he has not been able to deal with all aspects of the inland waterway question in this report. He has had perforce to limit himself to a number of acute problems urgently in need of solution. He hopes nonetheless that he has outlined the main features of future Community action in this field.

65. In conclusion, he would request the Committee on Regional Policy, Regional Planning and Transport to continue to follow closely the problems considered here and, where appropriate, to draw up a report on topics referred to in it. He would also request parliamentary committee responsible for transport matters to continue to keep under review those questions which the rapporteur has not discussed, such as the charging of infrastructure costs to the consumer and the application of VAT to the inland waterways sector.

QUESTIONNAIRE<sup>1</sup>

1. How would you assess the present state of the inland waterway sector?
  - (a) - in general
    - tanker traffic
  - (b) with regard to
    - competitiveness
    - the profitability of inland waterway undertakings
    - the structure of the inland waterway fleet
    - the volume of freight

2. Do you consider that the main problem of this sector of transport is structural overcapacity?

If so:

- (a) How extensive is this overcapacity? (expressed in number of boats and/or tonnage)
- (b) What in your opinion are the worst effects of this overcapacity?
- (c) What practical effects might the following measures have:
  - scrapping operations
  - laying-up
  - restriction of new building
  - freight distribution (rotation)
  - controls on access to the market
  - introduction of permits
- (d) What practical measures would you advocate for the elimination of overcapacity?
- (e) Are you in favour of the creation of a market surveillance system?
- (f) How could national measures best be coordinated and how might the Commission of the European Communities usefully contribute to this?

If not:

How would you describe the main problem?

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<sup>1</sup>This questionnaire was sent to the Central Commission for the Navigation of the Rhine, the Europese Schippersorganisatie (ESO), the Arbeitsgemeinschaft der Rheinschiffahrt and the International Union for Inland Navigation (UINF).

3. With respect to competition between the Western Europe and Eastern Europe in inland waterway shipping

- (a) What in your view are the greatest difficulties and differences?
- (b) What developments do you foresee after the opening of the Rhine-Main-Danube Canal?
- (c) What are the best means of preventing Western European vessels from being driven off European waterways?
- (d) What is your view of the planned nationalization of the Rhine-Main-Danube Canal by the Federal German Government and do you regard as adequate the conditions the Federal Minister of Transport plans to impose before allowing access to Eastern Bloc vessels?
- (e) Do you feel the Mannheim Act should be revised and what form should this revision take?

4. What aspects of the improvement of the situation in the inland waterway sector could in your view be assumed by the national governments?

- Do you think that state subsidies are necessary and, if so, in what way and for what purposes should governments assist the inland waterways sector?

5. With regard to the infrastructure

- (a) Do you consider that the existing and planned inland waterway network can be regarded as adequate?  
If not, what projects would you propose?
- (b) What is your opinion of the possible introduction of a compensation system for infrastructure costs?

6. How might social conditions in the inland waterway sector be improved?

- (a) Are you in favour of a national or a European solution to this question?
- (b) What measures might be taken in favour of workers affected by scrapping operations or other measures taken to overcome the crisis?

7. What policy on rates would you propose?

- (a) Do you prefer the introduction of binding rates (minimum and maximum) or free price formation?
- (b) What is your opinion of the reference rate system?

8. What might in your view be the effect of the application of value added tax to the inland waterway sector?

