

**Final Report for the “Study on Administrative and
Regulatory Barriers in the field of Inland Waterway
Transport” – Part B Country Reports**

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1 Country Report Austria

1.1 Introduction

The navigable waterways in Austria are mainly concentrated on the river Danube and comprise an overall length of approximately 360 kilometres. Over 96 percent (80,563 km²) of Austria's territory is drained by the river Danube, accounting for approximately 10 percent of the area of the Danube Basin.

In an average year 12 million tons, mainly bulk cargo (corn, ore, coal) and liquid cargo, are transported on the Austrian section of the Danube. In 2006 the transport performance of all vessels added up to 2,380 million ton-kilometres.

Like in all other countries within the Danube area the pushed convoy is the predominant vessel formation employed by Austrian shipping companies. Individual motorised cargo vessels are rather the exception.

The Austrian inland waterway transport (IWT) industry is dominated by two large operators which derive from the formerly state-owned Donau-Dampfschiffahrts-Gesellschaft (DDSG). In the year 1991 the company was restructured by outsourcing the operating divisions of freight and passenger traffic. Both corporations were sold to private investors. Most of the vessels nowadays are no longer operated under the Austrian flag. About 90% of the self-propelled vessels were flagged out to Hungary, Slovak Republic and Germany.

The DDSG-Cargo GmbH, which was sold to a German shipping company in 1993, has meanwhile changed ownership twice. With a market share of almost 20 percent the DDSG Cargo GmbH is the market leader in cargo transport on the Austrian section of the Danube. The company owns 160 (motorized and unmotorized) vessels with approximately 230.000 tons total capacity. Each year the DDSG Cargo is transporting around 2 million tons of goods. With around 30 tank vessels, the Donau-Tankschiffahrts-Gesellschaft (DTSG) is the second biggest player seated in Austria. The cargo transported by the tank vessels of the DTSG amounts to 1 million tons. Since the privatization of the DDSG, only a few smaller shipping companies were established in Austria. These operators for the main part pursue a strategy of occupying market niches. Unlike in the Netherlands and Germany, private vessel operators do not exist in Austria.

1.2 Methodology

The fieldwork for this national report covered a total of six interviews with Austrian operators, forwarders and experts (former captains active in Danube navigation). Great importance was attached to the selection of a representative sample of interviewees. Each person interviewed within the framework of this project stands for one particular segment of the IWT sector in Austria. The size of the considered companies ranges from small-sized private enterprises to large-scale, formerly state-owned companies.

All respondents received an outline of the questionnaire a few days before the interview and therefore had the chance to get acquainted with the questions well in advance.

The respondents showed themselves cooperative and interested in the cause. Therefore, contacting the key experts for an interview proved to be relatively uncomplicated. Some of them provided additional data and information or offered assistance for the subsequent phases of this project. The interviews carried out with operators in other Danube countries also brought up barriers regularly experienced in Austria. In addition to the interviews, rules and regulations in relation to the IWT sector have been identified and analysed.

1.3 Problems of market parties with the regulatory and administrative framework

1.4 General

In Austria the regulatory and administrative framework for inland waterway transport comprises far reaching requirements for the ownership and the operation of inland vessels. All fields relevant for the smooth operation of vessels like registration procedures, labour regulations, as well as port and lock procedures are tightly regulated by laws either specifically developed for the IWT sector or generally valid regulations applying to inland navigation.

The majority of all regulatory and administrative barriers mentioned by the Austrian interview partners result from the lack of standardised and generally applicable guidelines on the European level. Standards and requirements applied in the Rhine area vary to a great extent from the ones applied along the Danube. Since many vessels which are registered in Austria regularly navigate on the river Rhine these different regulations constantly cause irritations and problems which negatively affect the day-to-day business of operators and forwarders.

Furthermore, the regulations developed by the Austrian legislator – according to the interviewees - usually are a lot more restrictive and are more specific than the laws of other countries along the Danube. In particular Middle and South Eastern European countries tend to have fewer requirements with regard to working times, insurance coverage and technical standards and thereby gain a major competitive advantage over Austria. However, many Austrian companies have taken advantage of these more favourable conditions by establishing branch offices (flagging out) or chartering ships from companies seated in these countries.

1.5 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

Austrian shipping companies have to fulfil far-reaching requirements with regard to **ship insurances** and pay high rates for the provided services (much more than other comparable sectors).

According to the information of one Austrian operator the annual insurance rates per ship can add up to as much as 4% of the ship's total value in Austria, whereas some vessels from other Danube countries presumably navigate on the Danube without adequate insurance coverage. In cases of accidents, claims for indemnification thereby remains irrecoverable. The respective companies in many cases only have to pay compensation in the amount of the ship's value. As the current situation leads to severe competitive disadvantages for Austrian companies the harmonization of insurance standards by implementing uniform legal requirements in all European countries would be of utmost importance.

Additionally, the whole IWT sector suffers from the substantially **unequal treatment of the different modes of transport** with regard to insurance conditions by the national state.

The Austrian Railways, for example, are not obliged to pay their own insurance rates at all as the Austrian Republic assumes liability for damages caused by the company. The liability law applied in road transport on the other hand includes regulations, which make claims for damages a lot easier and allow substantially higher compensation sums. These circumstances combined with fundamental weaknesses of the current liability regulations for the IWT sector obstruct fair competition between transport modes.

Inland ship / barge hardware under national flag

In regard to **ship certification** Austrian shipping companies are facing a great deal of barriers along the authorisation process. Firstly, according to Austrian law a ship can only gain an Austrian ship certificate if it is listed in the national ship's register. This regulation results from the fact that the Austrian police authorities always treated ships with an Austrian certificate as Austrian ships. As the certificate originally only constituted a permission to use a specific vessel on the Austrian waterways and provided information on the power of disposal, but was not based on an Austrian ownership or an Austrian operator this proceeding seemed completely unfounded. Thus the current regulation of linking the approval of the certificate to the entry in the ship's register was introduced in order to clear up the misunderstanding. Nowadays, operators from any European country can register their vessels in Austria and subsequently navigate under national flag. Conversely Austrian shipping companies cannot operate foreign vessels unless they acquire ownership, although certificates for other countries could be easily obtained. The connection of the certificate with the register will be deleted with the transposition of the Directive 2006/87/EC into national law.

In the perception of some respondents, problems regularly occur when Austrian companies buy ships, which used to sail in the Rhine area. This is despite the fact that Directive 82/714/EC requires Community certificates to be recognised as equal to Austrian certificates. A second-hand vessel from another EU Member State is being treated as a used Austrian vessel. Conversely however, the operation of an Austrian vessel on the Rhine faces obstacles. If a company wants to gain an admission to use the respective vessel along the river Rhine it has to comply with currently valid requirements issued by the Central Commission for Navigation on the Rhine.

Community certificates are not recognised automatically. Changes to the transition regulations of the RheinSchUO in recent years have allegedly led to an improvement in this situation.

Inland ship / barge operation

Workforce

The **lack of qualified labour** is one of the fundamental barriers Austrian operators have to deal with in their everyday business.

Jobs on inland ships are perceived as relatively unattractive due to the specific working conditions on board and the irregular working time. Furthermore jobs on river cruise ships draw off skilled boatmen from cargo ships due to the more favourable working conditions there.

Basically, there are two reasons for the current shortage of staff: The first one lies in the **lack of an adequate education and training system** for people working or willing to work in the IWT sector. The existing opportunity to serve one's apprenticeship as an inland shipman at a trade school in Vienna is under the threat of closure due to a lack of interest in the course of education. The second reason results from the fact that Austria has one of the most **restrictive legal frameworks concerning the employment of foreign workforce** in Europe. Within the frame of older versions of the *Ausländerbeschäftigungsgesetz* (Law on the employment of foreigners) inland navigation was traditionally excluded from the general – basically stricter – regulations. However, at the request of the Austrian Chamber of Labour the sector was included into the scope of the currently valid version of the law. At present foreigners can only be employed if the shipping company can prove that the respective employee represents a key man for the inland navigation sector and earns a minimum wage of 2.300 Euro per month. According to some respondents, these restrictive requirements have to be questioned before the background of an enormous excess demand for labour and a situation where there are hardly any unemployed boatmen in Austria.

With regard to **working conditions and working time** the Austrian legislator imposes extensive rules and restrictions on companies by introducing the *Arbeitszeitgesetz* (Law on working time). Large parts of these regulations appear too inflexible and circumstantial to be fully implemented in the inland navigation sector. The basic hindrance for ensuring full compliance with the law are the specific necessities linked to the operation of an inland ship and the fact that the crew to a large extent is bound to the ship without being able to leave the "place of work" at any desired time.

Navigation

Another fundamental barrier with regard to the operation of an inland ship is linked to boat master's certificates and the imbalanced requirements applied within the **licensing procedure** along the river Rhine on the one hand and along the Danube on the other hand. In order to gain a Danube certificate a boat master from the Rhine area only has to prove 16 journeys along the Danube under the supervision of a pilot. The subsequently issued license entitles the boat master to navigate the vessel along the whole Austrian stretch of the river Danube. Boat masters from Austria on the other hand have to take a formal examination for every single section of the river Rhine. These exams in general are carried out in German language. Captains from e.g. Hungary or Romania on ships which are chartered by Austrian shipping companies have to pick up the German language before they can take the exam in the Rhine area. This regulation causes massive competitive disadvantages for the shipping companies from the Danube countries.

The Danube Commission issues rules for the installation of **navigation aids and signs** in all Danube countries and at the same time proposes deadlines for the implementation of these guidelines. Some respondents claimed that Austria and Germany sometimes are very late with applying these rules along the Danube and thereby sometimes cause confusion among captains.

Some operators also complained that fairway channels are sometimes not indicated precisely enough along the Austrian stretch of the Danube. The problem could be easily solved by installing a greater number of buoys and information panels – especially in the proximity of locks.

Market

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

1.6 Detailed description of the identified administrative barriers

Inland ship / barge ownership

In Austria the requirements to start a shipping company are much higher than the ones effective in other sectors (e.g. truck companies).

The main reason is that Austrian banks require more guarantees from shipping companies than from other comparable companies. These rigid requirements are a result of the still dominant view that IWT is an unprofitable sector – mainly caused by the former financial problems of the DDSG - and the lack of detailed information and know-how on the sector among bank employees.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

It remains one of the most important tasks for future to find an IWT specific definition for the term "working time" which reflects the working conditions on an inland ship more adequately.

The regulations presently in force fail in providing these fundamental definitions. As a consequence the existing **working and resting time regulations** are not observed by a significant number of enterprises.

However, these practically founded irregularities have to be discussed separated from intentional violations of the law. There is confirmed suspicion, that quite a few decision-makers advance the view that working time regulations only hinder their companies from being profitable and therefore try to circumvent the respective requirements.

These efforts are gradually leading to a situation where companies, which attempt to carry out their activities in compliance with legal requirements, have to fear not to be competitive anymore. If no measures are taken to provide applicable working time regulations – taking into account the specific necessities of the inland navigation sector - and to enforce minimum requirements more effectively it has to be feared that the IWT sector will have to face the same process of wage dumping and decreasing traffic safety like the road sector.

At the same time, the regulated working conditions as determined by Austrian law have to be evaluated against the background of an increasing competition with companies from other Danube countries and the threat of companies flagging out their ships to countries with more favourable legal conditions. Already today many former Austrian inland vessels are being operated by international branch organisations.

Navigation

Ensuring smooth exchange of information across the whole supply chain is one of the key factors to strengthen the position of inland navigation within the transport sector. In this respect, the **limited use of digital information systems** in the IWT sector is one of the biggest shortcomings.

At present ports, shipping companies and forwarders all deploy their own logistics systems, which are not compatible with each other. Up to now it was not possible to introduce one single digital transport document to be used throughout the entire logistics chain. The question remains whether some companies intentionally prevent the introduction of an effective supply chain management because they are afraid that a transparent system might affect their competitive position.

Border controls and revisions are time consuming and cost increasing procedures, which affect the day-to-day business of shipping companies and forwarders to a large extent. According to the manager of an Austrian shipping company each and every hour a ship has to stop for a revision and this costs about 300 Euro. One motorised push boat with two or three non-motorised lighters which has to stop for two hours induces additional costs of around 1.500 Euro. The Austrian water guard has already announced that it will carry on inspecting all vessels along the Austrian Danube even when the Schengen checks will be shifted to the Hungarian-Croatian resp. Hungarian-Serbian border in Mohács. This way of proceeding would clearly put IWT at a disadvantage compared to other modes of transport.

There are two main types of **port dues** charged by the Austrian ports: shore dues and demurrage. Shore dues are charged on basis of the weight of the transhipped cargo (EUR per ton). Like in other countries these dues can vary according to the type of goods transported. Demurrage is charged on basis of the time a ship is anchoring at a port (EUR per day / hour).

In general both port dues are significantly higher in the Danube area than along the river Rhine. In addition Austrian (and German) ports are charging the highest rates along the Upper Danube which cause substantial costs for shipping companies and forwarders respectively and could therefore potentially lead to a redirection of transshipment activities to countries with lower dues.

The table below gives an overview of the shore dues charged at different Danube ports in Hungary, Slovakia, Austria and Germany.

Table 1.1 Shore dues charged at ports along the Upper Danube (per ton and country)

	<i>Shore dues (per ton)</i>	<i>Country</i>
Budapest	EUR 0.35	Hungary
Győr-Gönyű	EUR 0.26	Hungary
Bratislava	EUR 0.20	Slovakia
Wien	EUR 0.38	Austria
Linz	EUR 0.38	Austria
Deggendorf	EUR 0.36	Germany
Regensburg	EUR 0.40	Germany

Source: Source: DTSG, www.portofgyor.hu

Additionally, unlike in Germany and Hungary – the two directly adjacent Danube countries – Austrian ports charge shore dues by the term "port dues". As in Germany and Hungary shore dues are borne by the forwarder whereas all other port dues have to be paid by the operator the Austrian regulation constantly causes irritations in these countries. The problem at present is solved by circumstantial arrangements in the Bill of Lading. However, sometimes the costs for shore dues have to be borne by operators because forwarders refuse to account for them.

It also has to be questioned if the current system of charging dues according to the type of transhipped goods can be justified by rational arguments. Under the current framework tank vessels, for example, have to pay the highest rates at Austrian ports (Vienna, Linz) although most of the investments are directed towards the facilities for dry cargo transhipment.

Operators and forwarders also heavily criticised the **restrictive opening hours** applied at the Austrian ports as they generally do not provide their services at weekends. Since airports and train stations are open 24-7 inland navigation again suffers from a substantial competitive disadvantage compared to other modes of transport.

As a result the IWT sector is currently not taking advantage of the fact that road transport is restricted by the general ban on motorised road traffic at weekends in countries like Austria and Germany.

With regard to the safety of ship crews and port personnel the **security at the Austrian ports** still remains insufficient in the eyes of the respondents. Especially the port Lobau where dangerous goods are loaded and unloaded is lacking fundamental safety measures. Until only recently a cycle path used to run through the port area. Up to today fishing licenses are issued for areas in close vicinity to oil pumps. Smoking cyclists and fishermen constitute a direct threat to the life of boatmen and port staff. The responsible authorities should ensure that all port areas are protected by a fence and trespassing is prohibited at any time like it is already the case in most of the other European ports.

Another problem shipping companies constantly have to deal with at Austrian ports is the insufficient provision of **waste disposal facilities** and services.

The existing collection areas for dangerous goods are furthermore badly equipped, unfavourably situated and insufficiently signposted. All Austrian ports are actually obliged by law to dispose the polluted bilge water of ships that "regularly" frequent the port for transhipment. The question remains how the term "regularly" is interpreted. The services of a local bilge de-oiler vehicle (either in Linz or in Vienna) have to be booked at least one day in advance for the time between 7 am and 3 pm. If the ship is late for some reason (waiting time at locks, long discharging time) the service can not be used any more. Additionally the responsible persons in Linz and Vienna try to shift the responsibility for the de-oiling of bilges to the respective other port authority.

The Austrian stretch of the Danube comprises a total number of nine locks. The unavailability of lock basins and the thereby induced extensive **waiting periods at locks** affect the smooth operation of inland ships and cause significant monetary damage for shipping companies. Especially lengthy lock overhauls carried out at inappropriate times of the year (peak season) instantly constitute a nuisance factor for inland navigation.

If an overhaul is inevitable it should at least be announced well in advance to the affected operators.

In addition, the increased number of river cruise vessels during summer has a negative impact on the lock procedures at the Danube. As the Austrian *Wasserstraßenverkehrsordnung* (waterway traffic regulation) grants priority to river cruisers operated by a fixed time schedule (§ 16.03 2.e), cargo vessels are even more adversely affected by the restricted operation of locks. According to the opinion of some national operators the current regulations only insufficiently reflect the fact that cargo vessels nowadays are bound to tight time schedules almost like river cruisers. If deadlines arranged with shippers can not be met, negative effects on future business activities (e.g. potentially culminating in the loss of future orders) have to be expected.

Other tasks to be carried out onboard

All ships passing the lock of Ottensheim are required to fill out a form provided by the national statistical office *Statistik Austria* and designed to collect **statistical data** on inland navigation traffic in Austria.

The main purpose of the respective form is to survey the number and types of ships and the amount and types of transported goods along the river Danube as well as to collect data on travel routes and travel purposes. In Jochenstein, a lock at the Austrian-German border, which is situated approximately 60 kilometres from Ottensheim nearly the same data has to be submitted once again to the German authorities. This double submission of statistical data constitutes an unnecessary burden for operators and tends to curb response rates. The data could be easily passed on from one lock to the other. Apart from that the form is up to now exclusively available in German. With regard to ships from non-German-speaking countries the form should be provided in other languages (at least in English, Russian and Romanian) as well.

Market

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

1.7 How to solve problems: some ideas

If one would want to simplify the matter he could state that the ultimate solution for the elimination of administrative barriers in Austria is the harmonization of IWT relevant regulations at the European level.

At first sight, the lack of these standardised regulations and procedures truly seems to be the root of most of the complications and problems experienced on the national level. But on the other hand, there are also many of cost increasing and time consuming procedures, which can easily be solved by national authorities and decision-makers.

With regard to registration and certification of inland ships the harmonization of procedures valid in the Rhine area and the Danube area is of utmost importance. Uniform legal requirements in regard to ship insurances should be binding for all vessels navigating in the European Union. Securing equal standards and preconditions for all modes of transport is the fundamental prerequisite for fair and transparent competition and an efficient utilization of their specific strengths.

In order to eliminate the lack of skilled workforce in Austria two strategies seem to be promising: On the one hand a differentiated education and training system for inland navigation has to be developed in cooperation with international partners and on the other hand the restrictive regulations in regard to the employment of foreign workers should be revised according to the current needs of the sector. The elaboration of IWT specific working time regulations remains one of the fundamental tasks in order to provide applicable standards for the everyday business on board of an inland vessel.

With regard to port and lock activities the employment of digital information systems is a condition "sine qua non" for accelerating and simplifying day-to-day procedures. Before the background of an increasing competition between the European ports on the one hand and the different modes of transport on the other hand the services provided at Austrian ports have to be improved fundamentally. Opening hours, port dues, security measures and the provision of service facilities should be evaluated on the basis of existing international standards.

The introduction of a uniform and transparent European scheme for port dues would help to eliminate administrative problems like the ones experienced by German and Hungarian companies at Austrian ports. Standardised terminology and consistent regulations in regard to the allocation of port dues between operator and forwarder would help to ensure equal conditions for all operators across Europe.

The reduction of waiting time at locks can be achieved by avoiding overhauls during the peak season and reducing the overall duration of overhauls through more efficient time management.

1.8 Conclusions and recommendations

In the table on the next page the most important barriers that were found in the country study for Austria are summarised:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. High standards/ requirements with regard to ship insurances and high rates paid for provided Services	Competitive disadvantages	Legal requirements	Austria
2. Unequal treatment of the different modes of transport with regard to insurance conditions	Competitive disadvantages	National state policy	Austria:
3. Problems using vessels bought from other MS and limitations in accessing Rhine	Time and cost increasing	National policy CCNR-requirements	Austria
4. Lack of adequate Education/training facilities	Lack of qualified labour/ shortages	Size of Student population is too small	Austria
5. Restrictive legal frameworks concerning the employment of foreign workforce	Lack of qualified labour/ shortages	IWT not excluded in overall restrictive legislation	Austria
6. Inflexible regulation with respect to working conditions and working times	Poor compliance with regulation	Austrian legislator does not take on board work into account	Austria
7. Imbalanced requirements applied within the licensing procedure along the Rhine versus Danube	Competitive disadvantages	Restrictive CCNR-requirements	Danube countries
8. Navigation aids and signs along A-and D-stretches of the Danube insufficient	Confusion/ problems finding the fairway among crews	Late application of agreed upon aid and signs by A and D authorities	A- and D- stretches Danube
9. Requirements to start a shipping company are much higher than the ones effective in other sectors (e.g. truck companies)	Competitive disadvantages	Banks require more guarantees; they think IWT is not profitable	Austria

10. Existing working and resting time regulations are not observed by a significant number of enterprises.	Safety risks, unequal competition	Term "working time" does not reflect the working conditions on an inland ship more adequately	National and International transport
11. Limited use of digital information systems in the IWT sector	Higher costs and time	Ineffective supply chain management	National and International transport
12. Annoying, time consuming border controls and revisions	Time and Cost increasing	Disadvantage compared to other modes of transport	National Transport
13. High Port dues and non-transparent calculation	Cost increasing	Unknown	Austria/ Danube
14. Restrictive opening hours ports in Austria	Time / delays/ waiting	Unknown	Austria/ Danube
15. With regard to the safety of ship crews and port personnel the security at the Austrian ports still remains insufficient	Accident risk	Too few measurers were taken	Austria
16. Insufficient provision of waste disposal facilities and services	Environmental risk	Too few measurers were taken in ports	Austria
17. Long waiting periods at locks	Time / delays/ waiting	Bad planning repairs, priority cruise vessels	Austrian locks
18. Double submission of statistical data	Time and Cost increasing	Bad planning of data collection	Austria

The most frequently mentioned barriers in regard to the Austrian IWT sector are the cumbersome registration and certification procedures for the recognition of Danube vessels planning to become active on the Rhine, the lack of qualified workforce due to missing education and training institutions and restrictive regulations on the employment of foreigners as well as working time regulations that are unsuitable for the IWT sector.

Most of the existing problems and hindrances could be eliminated by introducing uniform standards at the European level. Especially generally valid requirements for the ownership and operation of inland vessels (licenses, working time regulations, employment of foreign workforce) and standardised regulations in regard to port and lock procedures (port dues, security, level of service) would help to eliminate regularly occurring barriers for shipping companies and improving the competitiveness of the IWT sector.

References

Relevant legislation:

Arbeitszeitgesetz 2007 (German)

Wasserstraßenverkehrsordnung 2005 (German)

2 COUNTRY REPORT BELGIUM AND LUXEMBURG

2.1 Introduction

Inland waterways transport plays a significant role in Belgium. Belgium is one of the largest markets for inland waterways transport together with the Netherlands, Germany and France. In 2005 around 150 million tonnes were transported by inland vessels through Belgium. A large part of the carried volume consists of petroleum products and building materials. About 80% (120 million tonnes) of the carried volume is international transport mainly between Belgium and the Netherlands (Rotterdam) and Germany. The remaining 20% (30 million tonnes) consists of national transport from and to the sea ports like Antwerp and Ghent. Inland waterways transport has a market share in the modal split of about 12% (measured in tonne-kilometres).

Belgium has one of the largest fleets for inland waterways transport in Europe together with the Netherlands, Germany and France. Around 1800 inland vessels carry the Belgian flag. Similar to developments in other countries, there is a tendency of scale enlargement in vessel size and load capacity. In 2007 Belgium has introduced fiscal incentives for inland shipping operators to modernise their vessels and to improve the environmental performance of inland ships.

The length of the Belgian inland waterways transport network is over 1500 kilometres. The network of inland waterways connects all major sea ports of Belgium (Antwerp, Ghent, Bruges-Zeebrugge) as well as important economic centres and inland terminals (Charleroi, Liege, Hasselt, Namur). Belgium is also involved in the recent decision-making concerning the continuation of the construction of the Seine-Nord Canal from France to Belgium. Belgium continues to invest in expanding and enlarging the inland waterways infrastructure, inland terminals and docks ('Kaaimuren program' = grants for shippers to invest in the construction of docks at their facilities), Locks and bridges, etc.

Current legislation and administrative tasks in the field of inland waterways transport

Belgium is one of the five members of the Central Commission for the Navigation of the Rhine (CCNR). Therefore, Belgium influences European legislation and rules regarding inland waterways transport on the Rhine with the other members: the Netherlands, Germany, France and Switzerland. The Act of Mannheim introduced by the CCNR regulates the technical and policy aspects of Rhine traffic. The Rhine regulations are not only adopted and implemented by the member countries such as Belgium in national legislation but also by other countries. Since 2002 the European Commission has expressed the intention to improve and stimulate relationships with the CCNR in order to harmonise the legislative and administrative frameworks in the field of inland waterways transport in Europe.

The Federal Ministry of Transport is responsible for legislation and regulation in the field of inland waterways transport. Like in other European countries, inland shipping operators require specific documents and certifications with regard to their ship and their capabilities as an operator. Legislation and administration concerning the operation of inland ships on the Belgian waterways are documented in the 'Algemeen reglement der scheepvaartwegen van het Koninkrijk' which originally dates from 1935. However, specific amended versions of legislation are applicable for certain large waterways in Belgium.

In addition to the Belgian federal government the three regions (Flanders, Wallonia and Brussels) are responsible for legislation and administration in the field of inland waterways transport. Several departments from the three regions are responsible for the maintenance and operations of the waterways, locks and bridges.

Since there are miscellaneous parties involved in the process of maintaining the waterways, the Belgian government aims to improve the coordination between and within the three regions for the legislation, administration and maintenance of inland waterways. For example, in January 2007 Belgium has introduced standard rules of navigation for operators of inland ships and recreational vessels in the 'Algemeen politiereglement voor de scheepvaart op de binnenwateren'. These rules are based on the European CEVNI-standard (Code Européen des Voies de Navigation Intérieure). Also the federal government attempts to harmonise procedures to obtain required documents for inland waterways transport by creating 'one-stop shops'.

The federal government and the three regions are trying to fulfil the objectives and goals of NAIADES. In addition to the federal government and the regions, other organisations such as 'Promotiebureau Binnenvaart Vlaanderen' and 'Office de Promotion des Voies Navigables' strive to realize the objectives in NAIADES.

Inland waterways transport in Luxembourg

Inland waterways transport plays a marginal role in Luxembourg. In 2005 around 10 million tonnes were transported by inland ships through Luxembourg. Inland waterways transport in Luxembourg concerns primarily international transport including transits; about 75% of the carried volume on the Moselle can be categorized as transit heading for or coming from France. The market share of inland waterways transport in the modal split of Luxembourg is less than 1% (measured in tonne-kilometres). Around 80 inland vessels carry the flag of Luxembourg. The length of the inland waterways network in Luxembourg is about 37 kilometres.

Luxembourg applies European legislation and initiatives with regard to inland waterways transport. For instance, Luxembourg has ratified the treaty of Budapest (CMNI) concerning rules and regulations for shippers and operators with regard to the responsibility of goods transportation on inland waterways. In addition, Luxembourg is member of the Moselle Commission (with Germany and France as the other members).

According to the Moselle Act, the Moselle Commission should maintain the Moselle navigable for ships up to 1500 tonnes. The basic principles of the Moselle Act are similar to the Act of Mannheim of the CCNR.

2.2 Methodology

Desk research was undertaken to get an insight in the situation of inland waterways transport (e.g. carried volume, infrastructure, fleet, current legislation and administrative tasks) in Belgium and Luxembourg. The desk research provided several potential administrative and regulatory barriers, which served as input for the interviews.

Several Belgian inland shipping operators, forwarders, shippers and industry organisations have been contacted to identify relevant administrative and regulatory barriers. The concerning organisations operate in different freight markets ranging from the transport of dry bulk to chemical products. The respondents are all internationally active in the field of inland waterways transport and are primarily operating in Belgium, the Netherlands, Germany and France (Rhine area). An overview of the interviewed companies is provided in *Annex V.2*.

The names of the respondents and their contact details were gathered from previous studies and through the contact guide of 'Promotiebureau Binnenvaart Vlaanderen.' The respondents were initially approached by telephone to explain the aim and background of the study. As soon as the respondents agreed to cooperate, additional information including an overview of potential administrative and regulatory barriers were provided to them by email. Some of the interviews were performed by telephone (30 minutes - 1 hour), others were held at location. The interviews were semi-structured as respondents were first asked to prioritize barriers and next to discuss a list with potential administrative and regulatory barriers in the field of inland waterways transport.

The situation of Luxembourg is based on desk research and information provided by Belgian forwarders who make use of specific operators carrying the flag of Luxembourg. It was difficult to identify and contact companies operating in Luxembourg and/or carrying the flag of Luxembourg

2.3 Problems of market parties with the regulatory and administrative framework

2.3.1 General

Interviews with respondents and desk research show that in recent years several administrative and regulatory barriers have been removed in Belgium in order to create more transparency and a level playing field. In 2005 Belgium ratified the agreement of Budapest (CMNI: 'Convention de Budapest relative au contrat de transport de Marchandises en Navigation Intérieure'), which include regulations about the content of shipping contracts and liability of different parties in inland waterways transport.

In 2007 Belgium has introduced new navigation rules for operators of inland vessels and recreational ships based on the European CEVNI standard ('Code Européen des Voies de Navigation Intérieure').

Recently, the manning requirements and working hours (48 hours working week) for inland vessels and personnel have been aligned with European legislation. In line with the NAIADES program Belgium strives to promote inland waterway transport, create one stop shops, invest in education and training, initiate campaigns to recruit people for this sector, modernise the Belgian fleet and improve the multimodal network. However, Belgian inland shipping operators, forwarders and shippers still experience administrative and regulatory barriers in Belgium and Europe. *Annex V.3* gives an overview of the identified administrative and regulatory barriers.

Starting operators in inland waterways transport have a difficult position compared to starting businesses in other sectors due to the high capital needs (acquisition costs of a vessel). Starting inland shipping operators in Belgium are able to access general funds aimed at the start-up of new companies: 'Startersfond's' (which is part of the 'Participatiefond's' = financial support for young start-up companies). Belgium does not have specific funds for starters in the inland waterways transport sector. The position of starters has been improved due to the harmonisation of administrative procedures ('one stop shop' for vessel certificates). However compared to neighbouring countries, the position of starting operators in Belgium is less favourable as these countries have more fiscal incentives and grants. Grants may help starting companies, but hinder the market as subsidised vessels can ask lower tariffs compared to non-subsidised vessels.

Interviews with Belgian respondents and desk research did not show any specific administrative and regulatory barriers in the field of inland waterways transport for Luxembourg. Inland shipping operators carrying the flag of Luxembourg pay lower taxes for their personnel in Luxembourg compared to other countries.

2.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

The investment climate in Belgium is considered less favourable compared to the Netherlands and Germany according to the respondents. Banks in the Netherlands appear to be more willing to invest in new ships. Also respondents perceive that the Netherlands provide more grants and other types of fiscal incentives for inland shipping companies compared to Belgium;

Inland ship / barge hardware under national flag

Operators active in the transport of petroleum and chemical products state that the double hull requirement of vessels can create new problems for inland waterways transport vessels.

The large double hull vessels cannot reach destinations located on smaller waterways, which are now supplied by smaller single hull vessels;

Inland ship / barge operation

Workforce

High labour costs in combination with the legislative ban on employment of temporary workers (Belgian and foreign personnel) in the inland waterways sector constitute a real barrier in Belgium. In comparison to other European countries, the labour costs in Belgium are relatively high for employers mainly due to the high employer-based taxes. The ban on temporary workers is introduced to promote long term contracts for personnel. These barriers lead to extra cost inefficiencies and lack of mobility of personnel in the current situation, where there already is a shortage of personnel for the growing inland waterways transport sector in Belgium (and other West-European countries).

Recently Belgium has amended the legislation regarding manning requirements and working hours therefore creating a level playing field. The legislation allows personnel to work a maximum of 14 hours per day for a selected period of time. The possible introduction in the future of mandatory rest hours for vessel operations and/or a 48 hours work week for personnel in the transport sector is cost increasing and leads to inconvenient working conditions

Navigation

No barriers were mentioned in this field.

Market

A regulatory barrier on the European level is the difference in legislation and regulations concerning loading and unloading conditions. Also certain regulations are considered outdated like regulations on low water tariffs. The loading and unloading conditions from Belgium (originally dated from 1935) differ from German, French and Dutch loading and unloading conditions. There are even three different versions of German legislation (dated from 1993/1994/1999) regarding loading and unloading conditions. The legislation differs in allowed port charges and other conditions for operators (e.g. obligatory days to stay in an inland port, port tariffs, etc). The same applies for low water tariffs for different sized ships in for example the IVTB rules. The IVTB rules, which are established by the "Verein für Europäische Binnenschifffahrt und Wasserstraßen (VBW)", are considered outdated as they do not take into account the scale enlargement in vessel size and load capacity and the subsequent effects on the low water tariffs. These deviations in legislation and regulations lead to both cost and time inefficiencies for operators and forwarders. Also the deviations in tariffs due to loading and unloading conditions and low water tariffs create a lack of transparency for shippers.

Cargo

Tank vessels have to adhere to ADNR-regulations, while landside installations are not required to follow ADNR-regulations. This barrier is experienced by operators in the petroleum and chemicals freight market and only relevant to certain specific destinations, where landside facilities lack any ADNR-standard. There is also a lack of landside installations, where inland tank vessels can fumigate toxic gasses as required by law. These barriers create cost inefficiencies (vessels undertake empty trips to existing fumigation installations), different working conditions, and safety concerns at certain landside installations.

Infrastructure

No barriers were mentioned in this field.

Other regulatory barriers

A regulatory barrier specific to Belgium is the 'Law of Major' (Wet Major), which states that only Belgian workers are allowed to work on the docks of ports. This increases the handling costs for inland waterways transport and sea shipping and may lead to inconvenient working conditions as operators and shippers are not allowed to load and unload vessels without the dock workers;

2.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership and Inland ship / barge hardware under national flag

An administrative barrier for inland shipping operators in Belgium and other European countries is the time consuming procedure to obtain all the necessary certificates for a vessel (e.g. engine certificate) and personnel (e.g. licenses). Belgium has opened 'one stop shops' to streamline the procedures to obtain necessary vessel certificates, but not for all the necessary owner and personnel certificates (e.g. 'Toegang tot het beroep' = certificate of access to the profession of operator). Also the difficulty of renewing certificates is a time consuming procedure as different authorities are responsible for the inspection and renewal of specific certificates. In practice this leads to the fact that operators cannot renew all their certificates at a one stop shop. Another example is the time consuming procedure to obtain and deliver the correct customs documents.

At European level administrative barriers are created by differences in implementation and interpretation of legislation and the lack of harmonisation between the authorities of Belgium and neighbouring European countries. For instance, certain vessel certificates (e.g. engine certificate) are valid during 5 years in Belgium, while the same certificates are valid during 7 years in the Netherlands. Also, in the current situation a vessel could be inspected more than once by different authorities during the same (international) trip.

These barriers are cost increasing and time consuming and lead to unequal competition between operators

Inland ship / barge operation

Workforce

Respondents state that there is a lack of education facilities in Belgium for inland shipping personnel. The growth of the inland shipping sector demands more specific school for inland shipping. Belgium has only one school in Flanders and one school in Wallonia for inland shipping personnel. The quality of education is also debated as the current education is considered to be focused on transforming students in personnel working aboard vessels rather than entrepreneurs having their own vessel;

Navigation

At a regional level (Flanders, Wallonia and Brussels) administrative barriers are created due to differences in interpretation and implementation of legislation in the field of inland waterways transport. Each region has its own department that is responsible for the maintenance and operations of the waterways, locks and bridges. This results in each department using their own rules, documents and inspection standards. For instance, on certain Belgian waterways it is forbidden to sail on Sundays. Also locks and bridges have different opening hours, which leads to long waiting times for operators sailing between Flanders, Wallonia and neighbouring countries (the Netherlands and France). These deviations per region are cost increasing and time consuming for inland shipping operators

Another concern from operators is the introduction of security measures (ISPS code) in inland waterways transport. Sea ports and sea shipping already adhere to the ISPS code. Introduction of ISPS in inland waterways transport is considered cost increasing and time consuming;

Market

Another administrative barrier mentioned by respondents is the difficulty of reclaiming VAT-taxes from neighbouring European countries like France. The administrative process is time consuming and may on a short term be cost increasing for small firms

Several respondents mentioned the fact that some shippers are putting down additional and different demands in their contracts with operators and forwarders. Several possible reasons for this development are the discrepancies in loading and unloading conditions; strive towards efficiency of shippers in their production and logistic chain and other developments (e.g. cleaner environment). These demands are time consuming and may lead to different working conditions.

Cargo

The time consuming procedure to obtain a GMP-certificate and secondly the difference in interpretation and implementation of the GMP-code between different inspection authorities in different countries is an important problem and certainly a barrier. The Belgian GMP-code, which is developed by OVOCOM, contains rules for the production and transport of animal food products to prevent contamination. Operators and forwarders have to meet strict demands in order to receive a GMP-certificate. The administrative process is considered by operators as time consuming and cost increasing. Furthermore each country has implemented the EU directive in their own hygiene codes and legislation, influenced by independent authorities (e.g. animal food authorities and human food authorities) and government. This results in different interpretations of the GMP code between countries which results in unequal competition

Inconsistencies in the transport of waste materials cause another administrative barrier. The transport of waste materials is a relative new freight market in Belgium. Current legislation and regulations in Belgium and other EU countries does not specifically take into account transport of waste materials through inland shipping. The different procedures in Belgium between the regions are considered time consuming and cost increasing.

A future barrier could be the difference in interpretation and implementation regarding the 'waste materials of vessels' agreement. This agreement which originally dates from 1996 between the Benelux, Germany, France and Switzerland, describes the obligation to collect and separate bilge water and motor oils of inland vessels. Belgium has not ratified this agreement yet, as the landside installations for collection of waste materials are not constructed. Also the costs of collection for operators are not clear. In some countries the government intends to compensate operators, while in other countries operators have to fully bear the costs of collection;

Infrastructure

Although no direct administrative matter, the following barrier should be noted. The concern is that certain areas in Belgium, North-France and Germany which can only be supplied by small sized vessels, cannot be supplied in the future. It becomes more difficult to find vessels with a load capacity less than 1 000 tonnes. Several underlying causes mentioned by respondents are the difficulty of financing small ships (reluctance of banks), tendency for scale enlargement and the negative image of small ships for new operators (larger vessels have more luxurious living quarters);

2.6 How to solve problems: some ideas

In order to improve the position of inland waterways transport in Belgium and in Europe a continued focus in general of the European Commission and the national governments on transparency and a level playing field is recommended.

Several administrative and regulatory barriers are the result of legislation and regulations that are not specifically focused on inland waterways transport (e.g. labour laws). The removal or mitigation of these barriers requires further study of the effects and possibility of removing the legislation for all sectors. Another solution is to study the possibility of creating an exempt position for inland waterways transport in the legislation. The initiatives discussed in the following are recommendations focused on removing or mitigating administrative or regulatory barriers in the field of inland waterways transport. A distinction is made between initiatives to be addressed on a national level in Belgium and initiatives to be addressed on a European level.

- The federal Belgian government should continue to harmonise and streamline administrative procedures through one stop shops for both vessel and personnel certificates within Belgium. Differences in policies between the regions should be harmonised. The departments responsible for maintenance and operations of the waterways, locks and bridges should focus on clear and aligned procedures and opening hours of locks and bridges;
- The identified barriers regarding labour conditions appear to be specific to Belgium. First, study the effects, possibilities and desirability of removing or mitigating the high labour costs for employers and ban on temporary labour. The employer-based contributions and labour conditions are considered more strict and higher than costs and conditions in neighbouring countries. Second, study the possibilities of exempting inland waterways transport from the 'Wet Major', possible reductions in working hours for personnel and the possible introduction of rest hours for vessel operations.

Other barriers require a European approach in order to harmonise the legislative and regulatory framework in the field of inland waterways transport between countries.

- A continued focus to harmonise and streamline administrative processes in Europe by for example extending the concept of one stop shops (e.g. one stop shops in Belgium where one can also reclaim VAT-taxes from abroad, streamline customs procedures between the different parties involved). Another potential is the creation of a single database containing all European vessels for inland waterways transport;
- Governments should study the causes and potential solutions for differences in legislation regarding loading and unloading conditions and low water tariffs. Certain elements in legislation and regulation are also considered outdated. Harmonisation removes uncertainty and provides a basis for operators, forwarders and shippers;
- Study the necessity of introducing ADNR-legislation for landside installations of (petro) chemical companies. Legislation obligates shippers to adjust landside installations to ADNR-specifications if they have not done this already;

Study on the effectiveness of the GMP-code in Belgium and other European countries for the transport of animal feed by inland shipping operators. Identify potential areas of improvement and best practices in the procedures.

2.7 Conclusions and recommendations

In recent years the Belgian legislative and administrative framework regarding inland waterways transport has improved by creating more transparency and a level playing field.

However, field research shows that Belgian operators, forwarders, shippers still experience administrative and regulatory barriers in Belgium and Europe.

An overview of the main barriers found in Belgium and Luxemburg is contained in the table below:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Procedure to obtain and keep necessary certificates	Time consuming and cost increasing	Different documents from different authorities	Belgium and most other EU countries
2. Differences in implementation and interpretation of legislation on regional level	Time consuming and cost increasing	Different independently working authorities	Belgium
3. Differences in implementation and interpretation of legislation between inspection authorities in the EU	Time consuming and cost increasing Unequal competition	Differences in national policies and national legislation	EU
4. Differences between countries with regard to loading and unloading conditions and outdated low water tariffs	Time consuming and cost increasing Lack of transparency	Differences in national legislation	EU
5. Relatively high labour costs and legislative ban on temporary employment	Cost increasing Limitation of Freedom of personnel	Belgian legislation	Belgium
6. Discrepancy in legislation as tank vessels are obliged to follow ADNR-regulation while landside installations are not obliged to follow ADNR	Cost increasing Inconvenient working conditions Safety risks	No obligation to comply with ADNR-type legislation in the EU for ports	EU
7. The process to obtain a GMP certificate and differences in procedures with other European countries	Time consuming and cost increasing Unequal competition	Rules from OVOCOM for animal feed safety	EU
8. Difficulty in reclaiming VAT-taxes from European countries	Time consuming and cost increasing	EU legislation and procedures	EU

9. Loading and unloading of ships is not allowed by other personnel than dock workers"	Cost increasing Inconvenient working conditions	Belgian legislation	Belgium
10. Procedures to be allowed to transport waste materials by inland vessels	Time consuming and cost increasing	BE and EU legislation does not take IWT specifically into account	EU
11. Lack of clarification about waste materials from vessels agreement	Cost increasing Unequal competition	Differences in implementation of legislation	Belgium and some countries EU
12. Introduction of security measures based on ISPS regulation	Time consuming and cost increasing	Anti terror policy measures	
13. Possible introduction of work and rest hours directive for inland vessels and a 38 hours workweek	Cost increasing Inconvenient working conditions	Belgian legislation	Belgium

Administrative barriers

The administrative barriers in the field of inland waterways transport in Belgium have a cost increasing and/or time consuming effect on the operations of inland shipping operators and forwarders. The causes of these barriers can be brought back to differences in interpretation and implementation of legislation on a regional level in Belgium or national level in Europe. For instance, the differences in the opening hours and operations of locks and bridges can be attributed to the fact that different departments of the different regions (Flanders, Wallonia and Brussels) are responsible for inland waterways transport in Belgium.

On a European level governments and authorities interpret and implement European legislation differently, resulting in differences in validity of required documents (e.g. engine certificate is valid for 5 years compared to 7 years in other countries) and inspection procedures (e.g. multiple overlapping inspections). Another example is the time consuming procedure to obtain a GMP-certificate and the differences in inspection procedures between different European countries and authorities.

Other administrative barriers are the difficulty to reclaim VAT-taxes and the lack of transparency regarding the transport of waste materials through inland shipping.

Regulatory barriers

Regulatory barriers in Belgium and in Europe caused by differences in legislation regarding inland waterways transport and other topics are cast increasing, time consuming and negatively affecting the image of inland waterways transport.

The regulatory barriers in the field of inland waterways transport are cost increasing and time consuming for operators and forwarders. In addition to these effects the regulatory barriers related to labour conditions negatively influence the working conditions and freedom of personnel. Regulatory barriers also negatively affect shippers and their perception of inland waterways transport compared to other modes of transport. For instance, the differences in loading and unloading conditions create a lack of transparency in tariffs of inland waterways transport for shippers.

Several barriers specific to the situation in Belgium and Europe appear not to be specific to the inland waterways transport sector (e.g. labour conditions). These barriers are the result of legislation affecting the entire economy or several sectors. For instance, the ban on temporary labour and the 'Wet Major' in Belgium also affects other sectors such as sea shipping and the transport sector in general. The same holds for European barriers, where legislation affects multiple countries and several sectors including inland waterways transport. The issue of ADNR-legislation for landside facilities of shippers for instance is related to legislative developments in the (petro) chemical industry.

Other barriers

Finally, the effects of other type of barriers are equally serious if not more grave than administrative and regulatory barriers. Infrastructure problems (e.g. dimensions of canals, periods of low water, insufficient maintenance, lack and quality of berth places, etc.) play a significant role in inland waterways transport. Also, the shortage of personnel is a major concern in the inland waterways transport sector. Other issues are the concerns about the future declining availability of small sized vessels, the quality and availability of education facilities for inland shipping personnel in Belgium and the investment climate for new operators in Belgium.

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3 Country Report Bulgaria

3.1 Introduction

In Bulgaria only 43% (47,413 km²) out of a total area of 110.994 km² are drained by the river Danube. The country thereby only accounts for 5.9% of the total river basin. The navigable waterways are exclusively limited to the Bulgarian stretch of the Danube which covers a total length of 471 km. In 2005 5.27 million tons of goods were transported on Bulgarian inland waterways, corresponding to 757 million ton-kilometres.

The Bulgarian fleet was privatized in 2004. At present it comprises approximately 191 lighters and barges, 56 tugboats and pushers as well as 33 motorised cargo vessels. For the last 15 years – with only a few exceptions – no new vessels were built in Bulgaria. The modernization of the fleet is one of the most urgent tasks the sector has to deal with. Bulgarian River Shipping (BRP) is the biggest Bulgarian river operator. But there are an increasing number of small, flexible private operators navigating their vessel in Western and Eastern Europe. The IWT market can be described as specific, very dynamic and sensitive towards changes of any demand and supply of goods and raw materials.

3.2 Methodology

The fieldwork for this report was based on two interviews with operators from Bulgaria. One interview was carried out at a branch office in Vienna, the other one was carried out by mail. The respondent who was interviewed in Vienna received an outline of the questionnaire a few days before the interview and therefore had the chance to get acquainted with the questions well in advance. The interviews carried out with operators in other Danube countries also brought up barriers regularly experienced in Bulgaria. In addition to the interviews, rules and regulations in relation to the IWT sector have been identified and analysed.

3.3 Problems of market parties with the regulatory and administrative framework

3.3.1 General

Since **Bulgaria** entered the European Union a great part of the legislation was adapted according to the European Union's requirements. Many regulations were developed according to the existing legislation of other EU member states. The respective piece of legislation was often simply translated into Bulgarian. Unfortunately some of the adopted legislation is incompatible with the current administrative and political situation in Bulgaria or other national regulation relevant for the IWT sector.

The Bulgarian government hardly provides incentives or subsidies for national operators. The modernization of fleet and other investments in shipping companies have to be exclusively born by private actors.

The infrastructure at ports is outdated and does not fulfil the requirements of modern inland navigation.

The responsibility for the management and the maintenance of the ports and the fairway is shared by several authorities within the Ministry of Transport. It seems that all these authorities are lacking resources and personnel to carry out the tasks assigned to them. As the river Danube constitutes the major part of the border between Romania and Bulgaria a coordination of activities (dredging, fairway maintenance, etc) is of utmost importance in order to ensure efficient fairway conditions and to acquire European funding for joint projects.

As it is extremely difficult to find qualified staff Bulgarian operators are forced to work with limited personnel. The rather strict regulations in regard to minimum manning requirements additionally intensify the situation and lead to a significant disturbance of the day-to-day business of Bulgarian shipping companies.

3.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

According to the respondents, there are hardly any **incentives for inland navigation** provided by the Bulgarian state. The modernization of the outdated national fleet has to be almost exclusively financed by private operators. When the bridge of Novi Sad was destroyed, the Bulgarian state promised to grant financial compensation for the losses experienced by the national shipping companies. All applicants had to submit a long-winded and complicated form but received nothing after the time-consuming intensive application procedure.

Like in most European countries there are different kinds of **insurances** for inland vessels in Bulgaria. Practically all Bulgarian vessels have physical damage insurances. But - mainly due to the high costs of other insurances - the Bulgarian fleet only partly disposes of P&I-insurances (protection and indemnity) and other far reaching insurances. Many shipping companies only equip those vessels with a proper insurance that work on special contracts (e.g. container lines, fuel transports, etc).

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

No barriers were mentioned in this field.

Navigation

In Bulgaria all **port dues** are paid by the shipping company. However, the operators usually pass these costs on to their customers and include it into the freight. One agency responsible for the administration of ports within the Ministry of Transport fixes the rate charged at all Bulgarian ports, except for some smaller ports without dues. At present operators pay 20 cents shore dues for bulk and liquid cargo and 40 cents for general cargo. The reason for the lower dues charged for bulk cargo lies in the lower price of these goods.

Secondly, Bulgaria for a great part has to import these goods from Ukraine and Russia and therefore it seems in its own interest to charge lower dues for transshipment. The shore dues are collected by the administration of ports and go directly into the budget of the central state. Unfortunately the money is not redirected back to the ports to ensure better facilities and infrastructure. According to one Bulgarian operator the port infrastructure is in very bad condition. It was state-owned for a long time and long overdue investments have not taken place yet. The management of ports is not flexible enough and fails in attracting private investments into the port infrastructure.

Cargo

No barriers were mentioned in this field.

Infrastructure

In Bulgaria, with regard to the port procedures it is not only the lack of adequate infrastructure and facilities which inhibits the day-to-day business of operators. Another important barrier is the **depth of the fairway** in the proximity of ports. At present it is not possible to enter some ports when the water level is low. The problem is not the fairway conditions at the Danube itself. With a draught of 1.8 or 2 metres you can easily navigate along the lower section of the river. But if you want to navigate to a port you can not enter due to the shallows existing at the approaches to the ports. The Bulgarian government seems to lack resources and commitment to substantially improve the current situation.

3.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership

No barriers were mentioned in this field.

Inland ship / barge hardware under national flag

There are diverse requirements a vessel has to fulfil in order to get a **certificate for navigation on the Bulgarian section of the Danube**. The Ministry for maritime administration is the governmental body which is responsible for the control of the shipping sector.

There is no authority which is dealing exclusively with inland navigation. The Ministry has one headquarter in Sofia and four regional offices in Rousse, Lom (responsible for the river Danube), Varna and Burgas (both responsible for the Black Sea). According to the interviewed Bulgarian operators the application procedure is long winded and requires unreasonable long time (approximately one month). The main reason is that every single license has to pass through all the relevant stages within the Ministry and has to be signed by the Bulgarian Minister of Transport in the end. The relevant legislation in regard to the admission process was developed on the basis of regulations existing along the river Rhine. Unfortunately some of them are not working yet in the specific Bulgarian environment. The main reason are the much stricter requirements applied in Bulgaria (e.g. minimum manning requirements) and fundamental differences in the operation of inland vessels along the lower Danube and the river Rhine (e.g. pushed convoys vs. motor cargo vessels).

Inland ship / barge operation

Workforce

Bulgaria is also facing a substantial **lack of qualified staff**. According to the interviews carried out with Bulgarian operators many shipping companies are forced to work with limited personnel and sometimes even have to reduce the resting times of their crew in order to be able to sustain an efficient operation of their vessels. Thereby they get in trouble with the Bulgarian working time regulations which were basically adopted from Germany. There are also regulations in regard to the qualification of staff and in regard to minimum manning requirements. It proves difficult to find skilled workers which can fulfil the currently valid requirements. Additionally, Bulgarian ships have to sail with more crew than any other ships in the EU.

In Rousse there is a special school for boatmen. According to the information of one Bulgarian operator about 60-70 people graduate there every year. However, most of them seek positions in other sectors after their graduation as jobs in IWT are perceived as poorly paid and unattractive. In fact it is very easy to employ any kind of foreign workers except for captains and shipping companies. Unfortunately these are exactly the qualifications the sector would need most.

Navigation

No barriers were mentioned in this field.

Market

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

In regard to the **maintenance of the fairway** the river Danube between Bulgaria and Romania is divided into two sections. The maintenance of the Western stretch falls into the responsibility of the Romanian authorities, the Eastern stretch into the responsibility of the Bulgarian authorities. Taking into account that the Lower Danube is a wide river and fairway conditions change very rapidly both authorities have not enough resources to ensure adequate fairway conditions. Especially in Bulgaria the funding for dredging activities is very limited. Additionally, respondents spotted a lack of coordination between the Romanian and the Bulgarian authorities.

3.6 How to solve problems: some ideas

The Bulgarian IWT sector lacks incentives and subsidies for the national operators and investments in the outdated infrastructure at ports. In addition administrative procedures like the issuance of certificates requires unreasonably long time. The official channels are too bureaucratized and lack decentralization. It seems extremely important to speed up all bureaucratic processes and to delegate control and management functions to lower tiers of the state administration or to agencies especially founded for the respective requirements.

As the Bulgarian ports are managed by the national state port dues go directly into the state budget. According to one interviewed operator the management of ports could be much more effective if it was let in the responsibility of municipalities. Thereby the real needs of the respective port can be considered more adequately. Joint projects with the private sector on the basis of concessions and financial interests could be implemented much easier.

With regard to the maintenance of the fairway it would be very important that the administration in Romania and the administration in Bulgaria cooperate in order to gain European funding for the upgrading of waterways, ensuring adequate fairway depths for inland vessels. In both countries the financial resources for the improvement of the fairway conditions along the Danube are currently rather low.

3.7 Conclusions and recommendations

In the next table the most important barriers are summarised:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Lack of investment in infrastructure and fleet modernisation	Cost increasing and time consuming	Lack of resources	Bulgaria
2. Port dues are not fed back to port investments and improvement	Cost increasing	National policies, revenue raising for other spending purposes	Bulgaria
3. Lack of qualified staff	Cost increasing Employing less professional Saving on rest times	lack of adequate and differentiated education and training system as well as the unavailability of foreign workers	Bulgaria
4. Fleet is only partly insured; not full coverage for P&I- insurances (protection and indemnity) and other far reaching insurances.	Risk increasing	High costs of other insurances	Bulgaria
5. Application procedure to obtain certificates for navigation on the Bulgarian section of the Danube is long	Cost increasing and time consuming	National policies Various authorities involved	Bulgaria
6. Lack of incentives by the government	Lack of/ Limited level of fleet modernisation	Political choices	Bulgaria

The current situation of the IWT sector in Bulgaria is characterized by centralistic administrative procedures. There are hardly any incentives or subsidies for inland navigation. The Bulgarian ports are managed by the national state which does not redirect the income from collected port dues back to the respective ports. The delegation of port management functions to the local level (municipalities) could help to trigger long overdue investments in the port infrastructure and facilitate the involvement of private capital.

The low availability of skilled labour, complicated registration and admission procedures as well as inadequate management of the waterways due to a lack of (financial) resources and coordination between Bulgarian and Romanian authorities are the most frequently mentioned problems experienced by national and international operators in Bulgaria.

4 Country Report Croatia, Serbia and the Ukraine

4.1 Introduction

Croatia is a country situated on the crossroads of the Mediterranean area and Central Europe with a total surface area of 56,542 km². Although it is mostly known as a coastal country considering the sea area of 31,067 km² and a coast length of 5,835 km, Croatia also comprises approximately 4% of the Danube basin. Three main rivers in Croatia are the Sava (comprising a Croatian stretch of 562 km), Drava (305 km) and Danube (188 km). According to the European Agreement on Main Inland Waterways of International Importance (AGN agreement) all three rivers are a part of the European inland waterway network. The river Danube has the best conditions for navigation and it is classified as an AGN class VIc waterway on the whole Croatian stretch. In 2006 the total cargo transported by inland vessels amounted to 0.4 million tons, corresponding to 296 million ton-kilometres. Although the inland waterway transport (IWT) sector is growing, by approximately 10 percent per year, it is still only accounting for 0.3% of the total cargo transported in Croatia. The Croatian inland waterway fleet is rather small and old. According to the Croatian Register of Shipping it consists of around 200 vessels, mostly floating vessels, barges and tanks, with an average age of 40-50 years. There is only one Croatian inland shipper, Dunavski Lloyd, which is based in Sisak.

The Republic of **Serbia** covers an area of 88,361 km². Around 92% of the country, 81,374 km², lies within the Danube Basin (about 10% of the total basin). According to the Government of the Republic of Serbia there are a total of 1,419 kilometres of navigable waterways in the country. The river Danube is navigable along 588 km and accounts for some 85% of all cargo transported by ship in Serbia. Some 207 km of the river Sava are navigable in the Republic of Serbia, and some 41 km of the river Tamiš, for vessels displacing up to 150 tonnes. The Danube-Tisa-Danube system is a multi-purpose water-management network made up of a total of 12 navigable canals in the Bačka and Banat regions in Vojvodina. According to the Statistical Office of the Republic of Serbia, 6.36 million tons of goods were transported on inland waterways in 2005. In sum, 5.16 million tons were domestic transports (the domestic river transport of goods covers the overall traffic in river ports, also including traffic performed in other loading and unloading places outside ports by vessels under Serbian or foreign flag). According to the Statistical Office, in 2005 IWT had a modal split of 23.9% in freight transport, but according to the Serbian inland waterway transport Network Master Plan, there is a modal share of IWT in total freight transport of only about 7%.

The Ukrainian navigable waterways comprise primarily the Dnepr and the Danube. All the other rivers have rather local importance. Three sub-basins of the Danube are partly located in the **Ukraine** – the Tisza, Prut and Siret basins, as well as part of the Danube Delta.

The country comprises an overall area of 603,700 km² and 3.8% of the total Danube basin. Rail transport accounts for the biggest share of all traffic modes followed by road transport and IWT on the river Dnepr. While the rivers of the Tisza and Prut Basins cannot be used for navigation, Ukraine is united with Central Europe by the Danube River. The largest ports on the Danube in Ukraine are Izmail, Reni and Ust-Danube. According to the State Statistics Committee of Ukraine 14.3 million tons were transported on Ukrainian inland waterways in 2006

4.2 Methodology

Five interviews with operators and forwarders were carried out in the course of the fieldwork for this report. The representatives of two Croatian companies (one operator and one forwarder), one Serbian enterprise and one Ukrainian operator were questioned within the frame of a face to face interview. One Serbian operator provided information by mail on the basis of the questionnaire. All respondents received an outline of the questionnaire a few days before the interview and therefore had the chance to get acquainted with the topic well in advance.

The interviews carried out with operators in other Danube countries also brought up barriers regularly experienced in the three respective countries. In addition to the interviews, rules and regulations in relation to the IWT sector have been identified, analysed and also discussed with the interviewees.

4.3 Problems of market parties with the regulatory and administrative framework

4.3.1 General

Inland navigation in Croatia has been marginalized for the last 15 years, partly because of the war situation, partly because of a lack of interest and lobbying for this type of transport. As Croatia is working towards the accession to the European Union, inland navigation was brought back to the political agenda in connection with European initiatives to shift cargo from the roads to the railways and inland waterways. At present there are problems in many parts of the IWT sector. The first problem is the currently valid legal frameworks for inland navigation. Croatian IWT laws are outdated and do not properly cover all aspects of inland navigation (e.g. cargo handling). As Croatia is in the process of accession to the European Union, a new law on inland navigation is currently in preparation. According to the Croatian government the law will be in compliance with norms issued by the EU and will ensure a better regulatory frame for inland navigation in Croatia. Another barrier is the lack of understanding and initiative from the government's side in order to support and subsidize the IWT sector. Due to the unfavourable conditions for newcomers in the sector, the only Croatian shipping company is still Dunavski Lloyd, which has been operating since 1952. However, the biggest problem is the infrastructure.

Both waterways and ports need substantial investments in order to establish a more favourable environment for shipping companies.

The Serbian IWT sector also suffers from a general lack of lobbying power and support provided by the public authorities. According to some important stakeholders within the sector the government does not have a fair relationship towards all modes of transport. The national transport policy clearly gives priority to the improvement of road networks. Additionally the competencies for different aspects of IWT are shared among several public authorities and agencies throughout Serbia. The Inland Waterways Maintenance and Development Agency (PLOVPUT) are responsible for the management of all rivers in Serbia. The Danube-Tisza-Danube-Canal-System on the other hand is managed by Vode Vojvodine, another public agency seated in Novi Sad. All locks are operated and managed by the Serbian Ministry of Energy. These shared competencies are said to lead to uncoordinated activities. Additionally there is a substantial lack of funding for the maintenance and the regulation of the waterways. The currently valid legislation on inland waterway transport only insufficiently takes account of modern developments within the sector. The procedures at ports appear to be especially uncoordinated and inefficient due to a lack of a legislative base and adequate guidelines. Border controls at the Serbian borders are extremely lengthy and complicated. Many interviewed operators heavily criticised customs authorities and the fact that the same regulations are carried out differently at different ports.

4.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

In Croatia the **registration procedure** for inland vessels is not extraordinarily complicated. Every vessel owned by a private party with Croatian citizenship and legal entity with a seat in Republic of Croatia has to be entered into the Ship's register which is kept by the Captaincy. In addition every company intending to transport goods via inland waterways has to register its activities at the Commercial Court of the Republic of Croatia and also obtain the permission from the Ministry of the Sea, Tourism, Transport and Development. The permission for international transport can only be given by the Ministry while the permission for inland traffic can be given by the County's Office for Transport depending to which county the shipper belongs to.

In Serbia interviewees mentioned a general lack of **incentives and subsidies**. This problem is not exclusively related to inland waterway transport (IWT) but it affects the competitiveness of Serbian shipping companies and thereby fosters unequal competition. Furthermore all Serbian operators suffer from a general lack of initiatives and lobbying from the central government. The insufficient commitment from the government officials and the level of uncertainty regarding the future and likely privatisation of the remaining state companies creates difficult preconditions for the Serbian IWT sector.

Inland ship / barge hardware under national flag

The responsible authority for the **certification of vessels** in Croatia is the "Register of Shipping". The main office of the Register is in Split but one branch office based in Zagreb is responsible for the registration of inland vessels. Vessel certification is performed according to the *Technical Rules of Croatian Register of Shipping* and includes the certification of hull, machine and equipment as well as the control of ship's log-books and other necessary documentation.

Unlike in other European countries this check is performed on a yearly basis. It is obligatory for the renewal of ship's licence for navigation.

According to the Croatian law the only obligatory insurance for the ships is the insurance for owners of the motor vessels for the liability for damages inflicted on the third persons. There are no problems with insurance companies regarding the insurance of vessels.

Inland ship / barge operation

Workforce

No barriers were mentioned in this field.

Navigation

According to the Croatian interview partners **landside navigation aids and signs** constitute a big problem. It was even worse few years ago until the Croatian Agency for Inland Waterways was founded. The Agency at present is responsible for marking, signalization and maintenance of inland waterways. The Danube and Drava are for the main part properly marked today, but the Sava remains a problem in the border area between Croatia and Bosnia. According to the bilateral agreement both countries are responsible for marking and maintenance. However, as there is a constant lack of financial resources on the Bosnian side, Croatia takes over most of the tasks. In 2005 the Sava Commission was founded in order to upgrade, improve and regulate the river Sava. Thus it can be expected that the situation will get better in upcoming years.

There are two basic laws concerning the **regulation of the IWT sector** in Serbia: the *Law on Inland Navigation* (Official Gazette of RS, 54/90) and the *Law on Maritime and Inland Navigation* (Official Gazette of FRY, nr. 12/98, 44/99, 74/99 and 73/2000 and Official Gazette of RS, nr. 101/2005 and 85/2005). According to the opinion of one questioned Serbian operator both pieces of legislation do not sufficiently take into account modern issues brought up by recent developments within the sector. As Serbian requirements are much lower national operators can not fulfil the regulations currently valid in the Rhine area.

This preconditions lead to unequal competition between e.g. Western European and Serbian operators and therefore constitute a limitation of commercial freedom in a geographical scope.

Another regulatory barrier concerns the **conditions at Serbian ports** as well as the procedure of assigning the status of the term "international port" according to the *Regulation on conditions to be fulfilled in the ports and harbours for international traffic* (Official Gazette of FRY nr. 28/98) and the *Decision on determination of ports for international traffic* (Official Gazette of RS, nr. 51/2005). The port of Smederevo, for example, is an industrial port which serves basically as a terminal of the US Steel Company. As it was designated as "international port" by the Serbian authorities it should actually offer its services to all ships on equal terms ("first come, first serve"-principle).

However, port procedures are organised according to the needs of the production process of one particular company. This organisation regularly leads to congestions and delays in Smederevo. Furthermore all international ports are actually required to have waste reception facilities but none of them has adequate ones. Bunkering facilities are also very rare at the Serbian ports.

Both forwarders and shippers agree that the obligatory paperwork procedures with control bodies in Croatia (customs, border police, and sanitary inspection) are performed quickly without any special problems. The only objection made by the forwarder is that the customs zone in port Osijek is situated too far from the place where the cargo is actually loaded/unloaded. This causes unnecessary time delays. Another important problem in Serbia is the **lack of regulation on ports** in general. It leads to uncoordinated private activities as well as to time consuming and therefore cost increasing transshipment procedures. It seems to be high time to establish competent port authorities and to regulate their scope of activities, functions and jurisdiction adequately

Market

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

4.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership

According to one interviewed operator there are significant barriers with regard to the **financing of fleet** in Croatia. Shipping companies do not get subsidies, guarantees or favourable loans from the government. On the other hand Croatian banks are not willing to take existing fleets as a guarantee for a mortgage. The only way for an operator to get a loan for the modernization of fleet is therefore to mortgage the real estates owned by the company. This situation presents great difficulties for operators and is a significant obstacle for the expansion of businesses.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

According to the contacted interview partners the **lack of qualified workforce** constitutes one of the biggest problems for shipping companies in Croatia. There are numerous naval schools on the coast of Croatia but not one single specialised school for inland navigation. There were some ideas to establish one course for inland navigation within the existing naval school. The idea was abandoned because potential students would for the main part come from the inland and might find it too complicated and too expensive to commute to the coast. At present most of the inland navigation crews comprise workers formerly active in deep sea and short sea shipping. The professional exams for boatmen are held by the Captaincies which are under the authority of Ministry of Transport.

The Republic of Serbia on the other hand disposes of a comparably good **education and training system** for jobs in the inland navigation sector. The School for Shipping, Shipbuilding and Hydro-Engineering in Belgrade has recently updated its education programmes. It comprises both a nautical and an engineering branch. According to one Serbian interview partner one of the most challenging tasks for future will be to ensure the mutual acceptance of degrees between the Rhine and the Danube area which requires coordination between the Danube Commission and the Central Commission for Navigation on the Rhine.

Navigation

According to one interviewed German operator the **control procedures at the border** between Hungary and Croatia respectively Hungary and Serbia (Mohacs) are connected to unnecessary long waiting times. A lot of customs clearance papers are produced and different stations have to be processed.

At present there is no free navigation (without disturbances) like on the river Rhine. Additionally there seem to be major inconsistencies in the implementation of the Serbian *Law on the crossing of the state border and movements in the border area* (Official Gazette of SFRY, nr. 34/79, 56/80, 53/85 and Official Gazette of FRY, nr. 68/2002). Due to a lack of supervision from the central authorities in Belgrade every single border is treated differently. Many interviewed operators mentioned corruption and a lack of care for the interests of the transport industry in connection with the cumbersome border controls in Serbia. Recently new regulations have been introduced which prohibit that a custom officer stays longer than several months at one crossing point. The measure intends to eliminate and reduce corruption among the officials. But as a consequence officers are often not familiar with the specific procedures carried out in inland waterway transport. In most of the cases they apply the rules they know from land-based border crossings. This leads to a situation where ships almost have to undergo the same controls like trucks. In general controls are too strict and too harsh. According to one Serbian operator ships of different nationalities get different control procedures. Although the river Sava has been an international river since the disintegration of Yugoslavia, the Harbour Master Office (HMO) in Belgrade together with the police stops all vessels which want to enter the waterway. Various controls are carried out on the vessels including a check of fire protection arrangements and safety conditions.

Verbal clearance is issued for the navigation on the Sava River after the procedure. One questioned operator was not even sure if this proceeding is covered by Serbian law. As Serbian vessels are not subject to this procedure foreign vessels suffer from a substantial disadvantage due to the caused waiting time. On the Danube-Tisza-Danube-Canal foreign vessels even are claimed to have to pay the double fee for using the infrastructure.

Croatian operators pay the same **price for fuel** as any other transport company. It consists of a purchase price, an excise duty (special tax on oil derivatives) and a fee for roads and highways. There has been an initiative launched by the relevant stakeholders to at least allocate the fee for roads and highways for the IWT sector but it was not politically accepted. In Serbia the price for fuel also includes taxes for roads. However, operators can get the tax refunded after approximately 1.5 months if they can prove that the fuel has been used for inland vessels only. This regulation was introduced in 2005. Up to then operators had to pay the full price and thereby funded indirectly the road and rail network. One questioned Serbian operator has experienced problems with **loading tanker vessels** at the fuel terminal "Rousse – Free Zone". The Marine Administration Rousse has informed the company that some of its vessels are not in compliance with the requirements for the transport of cargo of category "UN1203" (gasoline and petrol) according to the *European agreement concerning the international carriage of dangerous goods by inland waterways* (ADN) resp. the *Regulations for the carriage of dangerous goods on the Danube* (ADN-D). Therefore the Bulgarian authorities stated that further loading of such tankers will not be allowed. According to the Yugoslav Ship Register the respective tank vessels are allowed to carry cargo from category K1 to K3.

However, the Bulgarian authorities are now demanding licenses for K-1N to K-1C (built-in tanks – covered type) due to the accession of Bulgaria to the European Union and the adoption of the relevant European legislation. One interviewed Croatian operator has been confronted with almost the same problem. According to the recommendation of the Danube Commission the new requirements for tanker vessels should enter into force as from 1.1.2009. As Bulgaria has implemented these regulations earlier Croatian and Serbian shipping companies, according to the interviewed operator, suffer from severe competitive disadvantages. One Croatian shipping company had to stop transporting primary petrol through Romania and Bulgaria because the vessels are not according to the ADN norms, which is obligatory since both countries are members of EU now.

Serbia has introduced a **Notices to Skippers** system which shall provide all inland ships with relevant information for the day-to-day business. Unfortunately the useful information within these notices is very limited. Preambles and references to legal requirements take up much more space than the actual information itself. As these NtS basically present a useful means for information exchange it seems important to adjust the system currently in operation to international standards.

On specific problem for the Lower Danube is the **lack of services for dumb barges**. In most ports you cannot disconnect and moor a single barge and leave it in the port since the administration there is not prepared to take it in custody. This leads to a situation where whole convoys have to wait because of one barge. The problem is caused by a lack of financial resources and ports staff. Although shipping companies would be willing to pay adequately for these services the port administration do not seem to be interested in tackling the problem of these extensive waiting times seriously.

Communication and language are a rather complicated issue along the Lower Danube (Ukraine and Romania) as workers which are active in the IWT sector rarely speak English or German.

Market

Considering the problems arising from market conditions the Croatian interview partners agree that it is good that the market was totally liberalized. At present there are no government regulated tariffs of any kind. One Croatian forwarder stated that the **entry conditions for new operators** are not favourable because there is no support from the government's side and banks are not willing to give loans for the purchase of vessels. According to his opinion foreign shippers are slowly entering the Croatian market and if the government does not establish some kind of support for new shippers they will not be able to hold their ground against the new competitors

Cargo

Although the port operating companies are charging the use of adjacent anchorage areas in Serbia they are not held responsible for the **safety and security of the fleet** which is anchoring there. It from time to time happens that cargo is stolen from vessels anchoring at ports. According to a Croatian operator the same problem occurs in the Ukraine as well. Shipping companies have to guard the cargo in the ports themselves as the Ukrainian port administrations cannot guarantee the security of the cargo.

Intermodal transport (e.g. rail transport and IWT) is connected to complicated administrative procedures and lacks a basic regulative framework. Unclear and outdated Serbian regulations in combination with an inadequate legal basis on the international level lead to a situation where the carrying out of intermodal transports is seriously inhibited. Firstly there seems to be a general lack of flexibility with **customs procedures** and a tendency towards applying the same rules differently at different ports. Secondly, containers and the goods within the containers until recently were treated like two separate entities. Now the procedure has been simplified by introducing container control sheets (CCS). Nevertheless containers still require registration (by the means of CCS) when they enter and when they leave the country. This proceeding causes too much paper work and induces additional waiting time and costs. Thirdly, goods are required by law to leave Serbia within a certain time span after being customs cleared. This regulation puts the IWT sector at a disadvantage in comparison with other modes of transport as the inland vessel is the slowest of all modes of transport.

Although customs services are provided 24 hours, 7 days a week in the Ukraine, customs clearance procedures appear rather cumbersome due to the huge amount of paperwork which is required. Although these procedures apparently do not severely restrain the business of experienced operators – who to a great extent just learnt how to deal with them over the years – these hindrances seriously affect the work of "newcomers". The experienced barrier thereby leads to unequal competition between the different operators and puts long-established companies at an advantage.

Infrastructure

In Serbia the so called Inland Waterways Maintenance and Development Agency (PLOVPUT) is insufficiently equipped with financial resources to carry out its tasks in an adequate way. Some experts state that the agency cannot even mark the Danube fairway properly due to a lack of resources and staff. Along the river Sava no marking or dredging is carried out at all.

4.6 How to solve problems: some ideas

The enhancement of the position of IWT within the national transport policies and the equipment of administrative bodies and management authorities with sufficient financial resources and staff are essential for the development of a competitive IWT sector in Croatia, Serbia and the Ukraine. The assurance of adequate fairway conditions and the pooling of IWT-relevant competencies at one authority responsible for all aspects in regard to inland navigation are even a prerequisite to increase the competitiveness of the sector.

In Croatia the Ministry of the Sea, Tourism, Transport and Development has proposed a master plan for the development of inland waterways within the next five years. The plan will presumably be adopted by the Parliament until the end of the year and will provide a legal basis for investments in the Croatian waterways. It seems to be of utmost important to coordinate development measures along the river Sava on an international level. Substantial investments in Croatian ports would help to organize transshipment activities more efficiently. The general preconditions for the IWT sector in Serbia can be fundamentally improved by providing a clear and practice oriented legal framework taking into account modern aspects and requirements of inland navigation. Private activities at ports should be better coordinated and regulated by introducing a comprehensive law on ports which does not exist in Serbia up to now. With regard to customs clearance and border controls standardised and transparent procedures have to be applied in order to reduce waiting times and ensure more efficient proceeding. These improvements can only be put into effect if the central government provides binding and consistent regulation and monitors the adequate implementation of the actual procedures carried out at the borders.

4.7 Conclusions and recommendations

The main barriers that were found to exist in the Croatian and Serbian IWT industry are summarised in the table below:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. IWT laws are outdated and do not properly cover all aspects of inland navigation (e.g. cargo handling).	Loss of market share operators	legislation do not sufficiently take into account modern issues brought up by recent developments within the sector e.g. ADNR/ tanker transport	Croatia and Serbia
2. Lack of understanding and initiative from the government's side in order to support and subsidize the IWT sector	Lack of incentives and subsidies financing of fleet is problem	Lack of knowledge about IWT Risk averse behaviour of banks	Croatia

3. Lack of lobbying power and support provided by the public authorities.	Uncoordinated activities lack of funding lack of incentives and subsidies	Priority to the improvement of road networks competencies for different aspects of IWT are shared among several public authorities	Serbia
4. Landside navigation aids and signs constitute a problem	Safety risk	lack of financial resources	Croatia
5. Conditions at ports as well as the procedure of assigning the status of the term "international port" Lack of regulation on ports in general	Congestion Environmental risk	No control on private activities. Monopolistic structures	Serbia
6. Theft in ports	Cost increasing Security of staff	Insufficient security measures in ports	Serbia, Ukraine
7. Lack of qualified workforce	Cost increasing	No education	Croatia
8. Control procedures at the border between Hungary and Croatia respectively Hungary and Serbia (Mohacs) are connected to unnecessary long waiting times	Time consuming and cost increasing	A lot of customs clearance papers have to be produced Controls are too strict and too harsh in Serbia.	Croatia, Serbia viz. Hungary
9. Communication and language	Time consuming and cost increasing	Little knowledge of English or German	Serbia and Croatia and Entire Lower Danube
10. Entry thresholds are too high	High entry cost	No support from the government's side and banks are not willing to give loans for the purchase of vessels	Croatia
11. Insufficiently equipped IWT development agency	Safety risks	Lack of funding	Serbia

Inland navigation in Croatia, Serbia and the Ukraine is adversely affected by a lack of support from the public authorities and a rather uncoordinated approach towards the development of the sector. Inadequate or even missing legal frameworks have a negative effect on the transparency and the efficiency of the day-to-day business in inland waterway transport.

Due to a lack of incentives and lobbying power operators in future might have difficulties to compete with foreign shipping companies.

Long overdue investments in infrastructure and ports as well as the transparent organisation of responsibilities connected with inland navigation are basic prerequisites to develop a competitive IWT sector. Existing management and development agencies should be adequately equipped with financial resources and staff in order to enable them to fulfil their specific tasks.

As Croatia, Serbia and the Ukraine are not members of the European Union customs clearance and border controls still constitute a major barrier for shipping companies operating in these countries. The time consuming and therefore cost increasing controls should be organised as efficiently as possible by applying standardised and transparent procedures.

5 Country Report Czech Republic

5.1 Introduction

There are about 20 companies dealing with IWT in the Czech Republic (as in 2005). Two shipping companies own more than 20 ships, 9 between 2 and 9 vessels and 9 dispose of only one. The registered tonnage amounts to 154000 tons consisting of 66 self-propelled vessels with a carrying capacity of just under 60000 tons, 177 dumb and pushed vessels with a capacity of just under 95000 tons as well as 111 tugs and pushers.

While self-propelled vessels mainly stem from the period between 1950 and 1970, dumb and pushed ships as well as tugs and pushers go back in about equal shares to the time spans of 1950 – 1979 and 1980 – 1989.

The average age of the Czech ships is 42 years. A renewal of the fleet does not take place virtually. Even a modernization occurs to a very limited extent only. The hold up concerning modernization appears to be significant.

Table 1 Overview on registered IWT-vessels in Czech Republic in 2005

		<i>Total Number</i>	<i>Year of construction by 1950 - 1979</i>	<i>Year of construction by 1980 - 1989</i>
Self Propelled Vessels	Number	66	57	3
	Reg. tons	59.610 tons	51.000 tons	3.390 tons
	Power	28.500 kW	23.320 kW	2.230 kW
	Av. size	903 tons/Vessel	895 tons/Vessel	1.130 tons/Vessel
	Av. power	432 kW/Vessel	409 kW/Vessel	743 kW/Vessel
Dumb and Pushed Vessels	Number	177	68	91
	Reg. Tonnes	94.670 tons	24.190 tons	62.670 tons
	Av. size	529 tons/Vessel	355 tons/Vessel	689 tons/Vessel
Tugs and Pushers	Number	111	52	49
	Power	31.960 kW	11.940 kW	17.340 kW
	Av. Power	288 kW/Vessel	230 kW/Vessel	354 kW/Vessel

Source: Transport Yearbook of Czech Republic 2005

In all, Czech IWT sector employs about 1600 persons. At this stage, shortage and qualifications of the employed personnel hamper the sector. Today, a large number of Czech crew members are working on German, Dutch and Belgian ships.

Navigable Czech waterways refer to the river Elbe and its tributary Moldau. The Elbe links the Czech Republic to the European waterway network, above all to Germany, the Netherlands and Belgium.

Consequently, important sea ports like Hamburg and the ARA ports are within reach for inland vessels.

In total, 303 km of the Czech waterways are navigable, 109 km according to class Va and 194 km according to class IV. 263 km are canalised and 40 km regulated. The upper part of the Czech Elbe between Usti nad Labem and Chvaletice as well as the Moldau between its mouth near Melnik and Trebenice belong to the canalised waterways. Nautical conditions along these stretches meet acceptable operating conditions. The lower part of the Czech Elbe however, close to the German border between Hrensko (close to Decin) and Usti is critical as to shipping.

The regulated 40 km stretch, previously already mentioned, falls upon this section and as regards its water level – in particular during dry summer and autumn – it is extremely low so that inland vessels are hindered to operate at all sometimes for a couple of months. Due to its location this section forms a bottleneck for the complete Czech Elbe and Moldau. Even the upper 263 km, which are completely developed, cannot be sailed on during those critical periods and thus must be dropped for international transports to and from the sea ports.

Figure 1 Czech inland waterways



Source: Transport Yearbook of Czech Republic 2002

From the shippers' point of view inland waterways become unreliable and they lose their cost advantages. From the operators' perspective it gets inefficient, as the fleet operation is limited. On account of these unsure conditions, investments in (quite necessary) modernization of fleet or new buildings do not take place or just take place on a very limited scale.

Ports cover sufficient transshipment facilities for break bulk and bulk cargo. The existing equipment for the handling of containers yet is unsatisfactory. There hardly exist areas for transshipment and storage of containers. To date, there are sufficient rail connections to inland ports (except for Prague ports and Lovosice). Transport volume of IWT within the Czech Republic reached about 2 m tons in 2006, the main share of which with about 79 % fell to cross border transports between the Czech Republic and Germany¹.

IWT contributes with about 1 % to Czech export and import volumes; during dry years this goes down to less than 1 %. Despite of the limited share in Czech transport volume IWT holds, this branch is important within the Elbe corridor, where it reflects a 7% share of the total transport volume. On the one hand local and regional transports of building materials and building waste material and on the other shipping of agricultural products, raw material, fertilizer, metal goods and project cargo are addressed to. IWT sector ensures favourable transport costs by its cost advantage and competitiveness and hence establishes an essential location factor for companies within this area.

5.2 Methodology

This survey on administrative and regulatory barriers in IWT is based on the answers relating to the topics given in the questionnaire. In total, one association and eight companies were interviewed.

The selection of companies comprises the majority of the Czech inland waterway sector representing according to the author about 95 % of transports by inland ships.

First and foremost to mention are the three companies ČSPL a.s., České přístavy a.s. and EVD-SPED s.r.o... Their ships transport more than 90 % of the Czech IWT volume. Furthermore, they operate forwarding agencies and ports on their own. Directors and managing directors were the interviewees.

Klaudysped s.r.o. operates a pure forwarding agency specialized on agricultural products. Navitrans owns ships and a forwarding agency. STES represents a small shipping company and a forwarding agency. In addition, 2 smaller companies owning one vessel each took part in the survey.

¹ Source: www.mdcr.cz

The Association of Inland Waterways Transport is a union of shippers, shipping companies, forwarding agents and additional stakeholders, using Czech and German inland navigation. Its 150 members cover individual persons and large corporations (e.g. Agrofert Holding a.s. or Deutsche Binnenreederei AG).

As in most cases the answers were given by persons without specific legal knowledge, in some cases they could not state the relevant regulations barriers were based on. In addition, a few barriers could not be broken down explicitly into regulatory and administrative ones, so that the author of this report did this attribution later on.

As Czech IWT is based on few companies only and a high level of representation could be reached, the results of the conducted survey are quite significant and representative.

5.3 Problems of market parties with the regulatory and administrative framework

5.3.1 General

Information on the hereinafter mentioned barriers as well as the respective approaches base on results obtained from interviewees and companies.

Ensuring a sufficient fairway depth for the Elbe section Usti n.L. – Hrensko is essential to Czech inland navigation and is considered to be a condition "sine qua non". In this context hindrances on the part of ecologists to the governmental upgrading planning should be pointed out¹.

Besides, as already indicated, the shortage of qualified nautical personnel is another obstacle to Czech IWT.

In all, 16 barriers and constraints could be identified during the interviews. Apart from the aforementioned existential problems, these barriers are above all of formal and administrative nature, which do not question inland waterways in general but rather cause unnecessary costs, time loss or administrative efforts. There are for example the sometimes less co-operative attitude of the national shipping administration or the missing willingness of national offices to use modern communication procedures. Some hindrances only concern the Czech Republic, e.g. unfavourable operating times of locks.

¹ From the Czech IWT sector's point of view the aims are to limit competitiveness of inland navigation and to hamper or prevent its competitive position towards railways. It is significant as there is an annual cross border transport volume of about 30 m tons (sum of all transport modes) within the Elbe corridor with increased rates of approx. 10 % p.a.. The only efficient railway connection between the Czech Republic, and Western Europe as well as Scandinavia runs along this corridor too. The fact that German railways (Deutsche Bahn) offered a 50 % discount for bulk transport departing from Hamburg thereby reacting on its competitor namely IWT, (at times of sufficient waterway depth) underlines the importance of an efficient and competitive inland navigation for companies located within this corridor.

5.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

Legal Liability Insurance

According to § 8 regulation no 223/1995 (collection of statutes) of the present version a ship must have a liability insurance to cover damages, which are caused by its operation, towards third parties. However, there is no regulation forcing insurance companies to contract insurance with a shipping company.

Czech insurance institutions were rejected for a long time to conclude insurance contracts with inland navigation companies. Foreign insurance companies have provided very unfavourable conditions, especially to smaller ship operators.

According to the Czech Ministry of Transport an agreement on these aspects is envisaged amongst the Czech Ministry of Transport and the transport and insurance associations.

Proposed solution: Envisaged agreement between the Czech Ministry of Transport and the Czech insurance sector. According to the Czech Ministry of Transport this arrangement could be effected until the end of this year.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

Crew consisting of two persons on the regulated Elbe

Depending on the vessel type, its size and the operating mode a crew consisting of 2 persons only is permitted on European canals. The Czech Waterway Administration, however, resists accepting crews consisting of 2 persons (instead of 3 persons) on the regulated Elbe (section between Střekov und Mělník).

Proposed solution: Shipping companies suggest that this should not turn into a normal procedure; basically however it should be feasible.

Medical examination for Rhine certificate

A Czech applicant for the Rhine patent must have a proof of a medical examination. He is only allowed to pass the examination if a German doctor and not a Czech doctor issues this health certificate.

Proposed solution: Confirmation of health fitness by a Czech doctor should be permitted.

Certificate, confirming that ship owner is an EU citizen

Waterway Administration confirms in writing that the ship owner is a citizen of the EU. This certificate with a validity of 12 months has to be renewed every year. This certification is required for the admission of cabotage transport on EU territory. Consequences: Costs and administrative expenditure.

Proposed solution: Adjustment of this regulation, so that this certificate has only to be issued in case the owner changes.

Navigation

No barriers were mentioned in this field.

Market

No barriers were mentioned in this field.

Cargo

Certification of feed transports

The Dutch market association for feed issued rule *GMP⁺ - Standard B4.2* in 2006, according to which ships need a certificate to be allowed to transport feed. This certificate is valid only half a year and costs about 1000 €. According to this rule not only shipping companies (or owners and operators of ships) require this certificate. Also forwarding agents and port companies, though not owning the vessels but rather chartering them from certified shipping companies, are forced to apply for it.

Result: Rise in costs for waterborne transport as well as administrative efforts

Proposed solution:

- a) Restriction of certification to a single position, e.g. freight forwarders
- b) To extend the validity of certification to a longer period, e.g. to 2 years

Infrastructure

Noncompliance with development standards according to the AGN agreement¹

As already mentioned, there are considerable restrictions of the draught on waterways, which are not regulated by dams. Consequences are the already described strong effects on efficiency and reliability of IWT.

Background: The guaranteed draught on particular stretches of rivers Elbe and Moldau (Vltava) of 2.5 m as required by AGN-agreement are not realised, the draughts are restricted to between 2.0 and 2.2 m limits. Nevertheless, this situation would be acceptable for IWT but the removal of sediments from river bed after floods lasts too long and therefore, on some stretches a draught of only 1.5 metres exists during several months. This considerably affects the efficiency of IWT or the critical stretch between Usti and the Czech/German border none of the conditions quoted in the AGN-Agreement are met.

From the point of view of the Czech sector the following solution proposals are mentioned:

Soon implementation of the improvement measures which are intended from the ministry of transport;

Change of legislation referring to the construction of public infrastructure in the Czech Republic;

Better maintenance of respective stretches of Elbe and Moldau rivers by the Ministry of agriculture, responsible for the maintenance of waterways in the Czech Republic. Appropriate proposals of the Czech Transport Association have been already presented to the new Minister;

Rise in publicity with national support in favour of inland waterways.

5.5 Administrative barriers

Inland ship / barge ownership

No barriers were mentioned in this field.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

¹ The international AGN agreement was ratified in Geneva on 19 January 1995 (European Agreement on the main inland waterways being significant at international level). The validity of this agreement for the Czech Republic began on 26 July 1999 and was implemented into the Czech law by a memorandum (no 163/1999) of the Department for foreign Affairs. This agreement claims the following responsibilities as regards waterways on the part of the Republic:

-to ensure a minimum draught of 2.5 m for at least 240 days p.a.

-as an exception a draught of 1.2 m is allowed for about 60 % of the navigation period

-interruptions of navigation are not allowed during low water period.

Inland ship / barge operation

Workforce

a) Personnel shortage

As already mentioned, the unsatisfying status of Czech inland navigation produced slackening interests in this profession on the part of young people. Apart from the fact that today a considerable number of Czech crew-members work aboard of German, Belgian and Dutch vessels, a shortage in staff followed this development.

Personnel shortage is not an administrative barrier as such. Nevertheless, it is a complex field with different aspects: as far as the job profile is not attractive, the number of apprentices decreases. At the same time the sector highlights the limited practical knowledge of graduated apprentices. The latent danger to close down the Czech school for vocational education of IWT apprentices in Decin occurs.

Proposed solution:

- a) To continue the education of apprentices at Decin's Nautical School despite of decreasing transport volumes on Elbe and lower number of students
- b) To improve the present vocational education by integrating practical education aboard of sailing vessels
- c) In addition, appropriate promotion measures could be carried out in order to make the profession more attractive.

b) Number of crew members

German authorities in some cases do not accept the existing number of personnel aboard of Czech vessels, even though this corresponds to the statement within the vessels certificate, which is accepted.

Background: The Czech ship's certificate contains a statement on minimal number of crew-members on board. This rule is valid also on the German part of the Elbe River. The ship operating on the Rhine must have a certificate issued by SUK (German ship inspection committee) containing the information on the minimal number of crew.

The problem occurs basically on German navigable canals where an additional certificate on the minimal number of crew-members is required. German authorities would issue such a certificate and the conditions for this would be perhaps a simplified SUK inspection.

Another option would be that this certificate would contain similar data as the ship's documents issued in the Czech Republic.

The envisaged standardisation of ships' certificates in the EU would allegedly leave the problem of number of crew-members on board to individual Member States.

Proposed solution: contacts between responsible parties in Czech Republic and Germany; if appropriate supported by Czech associations.

c) Application of Rhine boat master's patent for skippers outside the Rhine area

CCR informs that there are plans to facilitate the procedure related to the application of the Rhine boat master's patent for skippers outside the Rhine area. Above all this refers to applicants who require the patent for particular relations. They do not need the detailed knowledge of the complete navigable river Rhine but merely concentrate on this very section, the patent addresses (the relevant skipper must gain knowledge of the nautical conditions of the river Rhine in an indispensable extent).

At present, negotiations run on this subject between representatives of „Asociace vnitrozemské plavby" - AVP (Association for inland waterways CZ), who would prefer to take advantage of this possibilities for the masters of their shipping companies, and CCNR. According to the latter the envisaged proposal has not been decided yet, but it seems that this procedure might only apply to masters with Danube patent.

This circumstance is not a barrier in its original sense, as a liberalisation concerning the application of a patent cannot be claimed. Although the Danube is the most similar river to the Rhine among the European inland waterways this draft represents a disadvantage compared to the skippers on the Elbe.

Proposed solution: Ongoing discussion between AVP and CCNR

Navigation

Availability of "non-professional" printed regulations aboard

The master/skipper must possess written nautical regulations in the wheel house during operation. German shipping police only accepts documents, which are "professionally" printed and bought. They reject any current comprehensive version printed at home from the internet. To date police has not shut down any vessel; several masters however paid fines after police issued a caution. In case of recurrence masters lose their patents for German waterways. "Official" documents cost about 200 € while the latest home-printed version from the internet makes only a small percentage thereof.

Proposed solution: Contacts between responsible representatives of German river police and Czech Ministry of Transport, where appropriate with support of Czech associations.

Formal objections of Czech patents (documents) on the part of the German river police

German river police rejects those Czech patents (documents), where the text contains the expression "skipper", while the front page states "boat master". Due to this mistake of the Czech authorities the ship is not allowed to operate for days.

The ship owner has to travel to the Czech Republic to obtain a new front page from the Czech Shipping Administration (Státní plavební správu).

Consequences: The vessel cannot operate for at least three days (loss of earnings) as well as travel expenses incur.

Proposed solution: Ship owner should check patents. In case of faulty documents, correction should take place fast and non bureaucratic on the part of the Waterway Administration.

Market

Refunding of value added tax

Refunding of paid value added tax takes too long. Czech shipping companies sometimes receive the refund from Poland after two years only, from Germany and the Netherlands within 6 to 12 months, from Belgium within 6 months (non-fulfilment of EU directive no 377LO388)

Consequences: Loss of interest and administrative burden (regularly controls even after a long time span)

Proposed solution: Contacts between the responsible ministries of the affected States. Possible support by Czech associations (Association of inland waterways (AVP) and Transport Association / Department inland waterways)

Cargo

No barriers were mentioned in this field.

Infrastructure

a) Canal fees in Germany

(Czech) vessels have to pay different canal fees in Germany when passing the same section depending on the fact whether the port of loading and unloading is in Germany or in the Czech Republic. If a ship is running on German canals to or from a Czech port, the appropriate canal fees will be higher than for a vessel operating between two German ports. The issuing of invoices, correctness of tariffs and details on the accounted trip (accounted trips) are difficult to check.

The Czech shipping organisation has already informed the German Water- and Shipping Directorate East, but up until now, this has been in vain.

Proposed solution: Contacts between responsible offices within the German and Czech Waterway Administration, where appropriate, with support of Czech associations.

b) Payment of services within Czech public ports

Czech inland ports passed into private hands. Nevertheless quite a lot still have the status of a public port so that they have to fulfil given regulations on part of the Czech Ministry of Transport.

In this regard, it is uncertain who shall bear necessary investments and costs of for instance inspections, disposal of waste, provision of potable water and fuel etc.

Which fees port operators can claim from inland shippers?

This question has to be answered since large parts of port infrastructure have been erected in former times by the Waterway administration and not by present port operators. The situation as to the payment of fees for port services is legally quite unclear.

Once again this is no barrier in its original sense, but rather an undecided legal position between the port operators, the Ministry of Transport and the Waterway administration, respectively.

Reference: CZ regulation no 222/1995 (*collection of statutes ČR*).

Proposed solution: Internal clarification of still existing questions with responsible offices of the Czech Ministry of Transport and Waterway Administration.

c) Operating times of locks, mainly along the river Moldau

Previous operating times of locks between 7 am and 5 pm are insufficient. This problem mainly affects the river Moldau, where large quantities of building material and building waste material are to be transported by ship. The ship operator claims expanded operating times, which up to now have been refused by the lock operator for cost reasons, as regular operations cannot be guaranteed by the carrier.

Proposed solution: Enabling of a more flexible handling of lock operating times taking into consideration the required demand. Prerequisite would be a close co-operation and communication between ship operator and Waterway Administration

Other barriers

Use of modern electronic procedures

Waterway Administration does not or only in part accept modern communication procedures (fax and e-mail) for correspondence purposes.

Proposed solution: the Waterway Administration should enable the use of modern communication procedures if not for official documents but then at least regarding normal correspondence and document drafts.

5.6 How to solve problems: some ideas

The interviewees pointed out several aspects, which from their point of view represent barriers to inland waterways. A number of possible solutions were proposed when discussing the problems in the previous sections. Most of the problems affect primarily Czech inland navigation as they appear within the Czech Republic, where mainly Czech ships operate. Some others relate to Czech ship operators who are confronted with them abroad, e.g. in Germany.

According to the Czech branch's point of view the aspect "infrastructure deficits" is of existential importance. The elimination of this constraint is considered to be a "conditio sine qua non".

In addition, the shortage in staff is another central barrier. The necessity to keep and improve the existing vocational education system for IWT is proposed. In comparison to the a.m. barriers, others rather of formal or administrative nature could be solved more easily, from the sector's point of view. For example, the use of modern communication procedures like e-mail or fax for correspondence with waterway administrations etc. is considered necessary.

5.7 Conclusions and recommendations

The main barriers that were found to exits in the Czech Republic IWT industry are listed in the next table:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Ensuring a sufficient fairway depth for the Elbe section Usti n.L. – Hrensko is a problem	Competition with other modes threat for existence of IWT in CZ as such	hindrances on the part of ecologists to the governmental upgrading planning	Czech Republic
2. No regulation forcing insurance companies to contract insurance with a shipping company	Cost increasing (foreign insurers with unfavourable conditions)	Czech insurance institutions rejected for a long time to conclude insurance contracts with inland navigation companies	Czech Republic
3. Czech Waterway Administration, does not accept crews consisting of 2 persons (instead of 3 persons) on the regulated Elbe	Cost increasing	Unknown	Czech Republic
4. Czech applicants for the Rhine patent must use for medical certificates issued by German doctor can not Czech doctor	Cost increasing	German/ Rhine requirements / certification list of doctors	CZ and other Non-Rhine countries
5. Certificate, confirming that ship owner is an EU citizen for cabotage has to be renewed every 12 months	Cost increasing	Current cabotage legislation	Czech republic and other EU countries
6. GMP+ rules and requirements in the Netherlands are expensive	Cost increasing	Animal feed safety	Netherlands

7. Noncompliance of Czech authorities with development standards according to the AGN agreement	Cost increasing	Guaranteed draught on particular stretches of rivers Elbe and Moldau (Vltava) of 2.5 m as required by AGN-agreement are not realised	Czech Republic
8. Personnel shortage	Cost increasing	Many Czech crew-members work abroad Job profile is not attractive	Czech Republic
9. Non-acceptance of existing number of personnel aboard of Czech vessels	Time consuming and cost increasing	Problems with the appropriate certificates for shipping	Germany
10. Application of Rhine boat master's patent for skippers outside the Rhine area is easier for Danube skippers than Elbe skippers	disadvantage for skippers on the Elbe	Proposed procedure by CCNR only applies to masters with Danube patent.	Czech Republic
11. Availability of "non-professional" printed regulations aboard not allowed	Time consuming and cost increasing	German shipping police only accept documents, which are "professionally" printed and bought	Germany
12. Formal objections to Czech patents (documents) on the part of the German river police	Time consuming and cost increasing	Mistake of the Czech authorities in travel documents	ic

Existing regulatory and administrative barriers impeding efficient operation of inland navigation should be reduced as far as possible or eliminated. Aspects given by the interviewees demonstrate the main focus.

References

Links:

<http://www.mdcr.cz>

<http://www.spspraha.cz>

<http://www.mze.cz>

<http://www.spcr.cz>

Ministry of transport of the Czech Republic
State IWT administration Prague
Ministry of agriculture of the Czech Republic
Industry and transport Association of the Czech Republic

6 Country Report France

6.1 Introduction

In France, the IWT industry ("Profession") consists of two main groups:

- "Compagnies" (Companies, 3 to 5 of them), operating some dozens of crafts;
- "Artisans" (equivalent of the German "Partikulier"), owner-operators, operating a few craft and subjected to a special tax regime, whatever the deadweight of their craft, as long as they do not employ more than six wage-earners¹.

Between these two main groups, two other groups can be distinguished:

- small companies ("Petites Flottes", a dozen of them) operating at the most 15 or 20 craft, with more than 6 wage-earners;
- cooperatives or groupings of owner-operators for better commercial visibility, (this group has appeared only recently).

The French fleet totals some 1500 craft with deadweight of 1.1 Mt. After a long period of decline the fleet has been increasing since 2000. About 650 craft are Freycinet type (Peniche/ Spits).

Domestic traffic is 4.7 Gtkm (Gtkm=billion tkm), out of which 0.3 Gtkm (9%) is cabotage. Exports/imports are 3.3 Gtkm, out of which 80% is by foreign flag craft. Transit on the Rhine (1.1 Gtkm) is 100% foreign flag. International activity is thus using a foreign flag for 84%.

The industry is represented by two bodies, CNBA for owner-operators, CAF for Companies and small fleets. CAF is a voluntary structure (Association), CNBA is a compulsory structure (Etablissement Public National à caractère administratif) for those who fall in their domain (up to 6 wage-earners).

The highest traffic is that of Building Materials (NST 6), with 47% of Voyages (and 31% of tkm). Second is Agriculture & Foodstuff products (NST 0&1, 21% of voyages, 23% of tkm), a traditional customer for IWT. When chartering activity or the number of craft employed is considered, Container & Car traffic (NST9) comes third, due to the very light density of what it carries. However, if the tonnage or the intensity of traffic is considered, then Petroleum products (NST3) is the third biggest market segment (note that biofuels are included in this category but this product could also be counted as agricultural). Next come Metal trade (NST4&5), Coal (NST2) and Chemical trade (NST7&8). For an overview see Table 1.

¹ This is a change compared to earlier or foreign definitions, which limited to 2 boats the number owned by an own account operator.

Table 1 Market share of various spheres of economic activity in 2006

NST0&1 Agriculture and agro-industries			NST2 Coal			NST3 Petroleum products			NST4&5 Metal trade			NST6 Building materials			NST7&8 Chemical trade			NST9 Manufactured products (containers & cars)		
v	T	Tkm	V	T	Tkm	V	T	Tkm	V	T	Tkm	V	T	Tkm	V	T	Tkm	V	T	Tkm
21,1%	17,7%	22,7%	4,2%	8,7%	8,8%	7,0%	13,1%	11,8%	6,6%	8,5%	8,8%	46,7%	39,2%	30,9%	5,2%	6,0%	8,0%	9,2%	6,8%	9,0%

Source: VNF, with voyages recalculated by AFTM

6.2 Methodology

For the French case study more than 20 interviews were held: 10 with "Owner-operators", 3 with "compagnies", 3 with shippers, 1 interview with the representative organisations of the industry, and interviews with the Ministry and VNF to clarify some statements of other interviewees. Generally, the response to the questions was excellent.

According to businesses and experts the current French regulatory framework and the accompanying administrative requirements have strongly improved since the year 2000. To many people it appears that most problems with entry to the industry and working in the industry have now been solved or have become less severe by recent measures taken by the Ministry for Transport. *So, when interpreting the results of the interview in the next pages, it should be kept in mind that what has been found are problems and possible improvements in an already strongly improved situation.*

Of course this does not mean that there are currently no critical problems facing the industry. On the contrary the growing numbers of personnel about to retire, and the small quantity of new entrants in the industry is such a problem.

6.3 Problems of market parties with the regulatory and administrative framework

6.3.1 General

Official freight "bourses" do not exist anymore. This structure disappeared on 1/1/2000, and no Freight Bourse is maintained by VNF anymore. However, a third of the fleet is still organised in the form of voluntary cooperative that uses a kind of internal bourse system.

6.3.2 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

Banking system

The main barrier to entry in the market is the general reluctance of the banking system to finance vessels. Prospective small barge owners find it extremely difficult to obtain loans, banks require for instance collateral or long term contracts to venture into this terrain. The required amount of self financing is high, often 35%, which limits the scope for increase in craft size, or even the start of a new enterprise. The duration of loans is also felt to be too short, and it is regretted that the State abolished an earlier subvention scheme, that gave a bonus to lower the interest rate ("bonification d'intérêt"). In one particular case, in a region where there is high potential demand for Freycinet craft, shippers could not get a commercial, competitive bid from the inland waterways industry because new craft would have to be built and this could not be financed in an acceptable way. Loan conditions offered to individual barge owners by banks could even be worse.

Although this problem is not directly a problem related to regulation directly, it is felt by the industry that the solution is to be found through a regulation, i.e. re-activation of the Bonus Scheme.

Registration as owner / operator company

The ACP (Attestation de Capacité Professionnelle, Proof of Professional Ability) is obtained through an examination¹, just like anywhere else in Europe. But there are two issues, with regard to preparation and curriculum:

- Preparation: there are two itineraries to go to this examination, either for a youngster, with a "mention complémentaire" (supplementary year) after a "CAP" (certificate of professional aptitude), or as a "candidat libre" (free applicant), usually for older people, without any form of preparation. It is difficult for new entrants to get the requested training, since they do not possess nor have access to a craft (no "Sailing School" available for large craft).
- Curriculum: it is a "well balanced" curriculum, which makes it inconvenient for both audiences distinguished in the previous point. It is too theoretical for people in the trade, and too practical for entrants. This is obvious from the poor rate of success, less than half passes the exams. This is a real problem because there are only a couple of sessions a year. So, this could further delay entry into the trade.

As could be seen above, a vessel-owner with up to six wage-earners has to register into the CNBA, whatever his flag. Any owner having an establishment in France has to do so, even if his craft is registered, and remains registered, in a foreign country.

¹ Not counting obtaining it by "équivalence", for people already in the trade.

This CNBA registration qualifies the enterprise for a number of advantageous tax and social regimes. It imposes a compulsory subscription fee, called "tax" which is recovered by VNF and amounts only to 0,0000353 €/tkm. However, if a carrier produces 1Mtkm/month he has to pay 350€/month to CNBA. Freycinet craft pay less than that, but some owner-operators pay up to 4 times this amount.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

The main barrier with regard to workforce, which has a significant impact on the overall structure of the French IWT-industry, is the famous "35-hour" law, limiting to that figure the normal work duration per week. An overtime charge has to be paid for any hour worked above this ceiling. This regulation is common to all industries in France and, thus, affects the competitive position of the French economy as a whole. Less well known perhaps, is that within France, it also affects competition between large sized and small sized companies because the regulation does not apply to very small businesses. Whence the "unfair" competition between companies. This means that in inland waterways transport owner-operators are usually not bound by the limits imposed by this regulation since they are self-employed, or have only a few wage-earners, below the threshold provided by the law to apply. However, larger companies active in the IWT industry have to deal with it.

Large sized companies in inland waterways transport complain that in their international activity they have to compete with actors that are not limited by a similar type of regulation. In order to stick to a "1 day on board/1 day on shore" system, they need more personnel than their foreign competitors. This explains the reflagging from French to Luxemburg flag of some pushers, which operated in the French Rhine fleet. So, this process was clearly triggered by a legislative measure. Furthermore, large scale companies have also to cope with another type of "unfair" competition, namely that of trucks operated by small sized companies in road freight transport, that are not subjected to the 35-hour" law either, and are legally bound only by driving and resting time regulation (i.e. their tachograph).

In order to avoid reflagging, many companies have sold their pushers to their crews, which operate them either as an owner-operator, under a time charter with their former owners (provided they meet the requirements) or as "*société de gestion des moyens de poussage*", a management Co of pushing craft, which works below the threshold of the 35h Law.

Manning (qualification, number of required persons)

With regard to manning a revision of the existing rules should be contemplated, in co-ordination with the European rules.

A recent change has been the authorisation for one-man sailing of smaller craft. It requires the owner to obtain a certificate from the "Commission de visite" (new name) every year, and applies only to craft shorter than 40m (One-man sailing is also allowed in the Netherlands up to a length of 60m). Besides, a 2,5km stretch bars a Freycinet craft to sail between Gennevilliers (downstream of Paris) and the Upper Seine, and a good number of waterways are excluded from this possibility, mostly big rivers. Thus, on its route in France, a craft may have different staffing rules, apart from Rhine rules. However, this one-man rule is not accepted in Belgium.

Qualification is rather classical, and does not bring too many problems (certificat de conduite, Driving ability Certificate). The only problem is "patente du Rhin" (Rhine boat master's licence): the exam has to be taken in the domain of one of the "Commissions de Visite", which again can be far away from the domicile of the applicant.

Regulated working conditions

There is not yet a limit for duration of sailing or working per day in France, except for wage-earners, through a professional agreement (convention collective).

The latter mainly covers two different systems. The "Classical" system provides for:

- a yearly average of 49 ½ h per week of presence on board, spread out over at least 5 days. This is deemed to be equivalent to net weekly work duration of 35h. This is to be adapted when the wage-earners have their domicile on board and it should be remembered that most of the waterways network is not open for more than 10h/day.
- a maximum of 52 h of presence per week

The "Continuous" system (especially applicable in the push barge segment) provides for:

- one period on board, one period on shore (usually equal periods of 7 days)
- up to 12h/day of work
- with no shift longer than 6h
- and at least 6h of continuous rest within 24h.
- Finally, the average over 12 weeks shall not be over 46h/week

However, it should be emphasized that wage-earners (to which alone the above regimes apply) are a minority in the workforce of the French IWT.

Required records /control bodies in charge

The control is about to be rationalized, today mostly effected by 7 specialised Police or Gendarmerie squads, plus some agents of "Services de la Navigation".

Navigation

The rules are contained in an outdated "Règlement Général de Police" (RGP, 1973) which is about to be modernised and brought in line with the Rhine Rules. CEVNI (European Code for Inland Waterways) is applied, but is not officially endorsed. Each waterway is about to have its own "PPE" ("Plan Particulier d'Exploitation", Specific Operational Provisions) that more or less replaces the 1974 RPP's ("Règlements particuliers de police"), which were adaptations of the RGP to specific circumstances.

Navigation rules on the Rhine border follow the "Règlement de Police pour la navigation du Rhin" (Rhine Police Regulation), and on the International part of the French Moselle, the "Règlement de police pour la Navigation sur la Moselle" (RPNM, Mosel Police Regulation), which is a close copy of that on the Rhine.

Furthermore, specific rules are enforced on the maritime parts of the network, mainly the Maritime Seine (below Rouen, down to the sea).

So CEVNI is followed, more or less. Still, differences exist between countries, especially regarding Dangerous goods (number of cones, etc.). On the Mosel for instance, the Mosel Police Regulation is followed even on the French part of the river, as far as number and colour of cones is concerned, in order that navigation on the large gauge waterway follows a consistent rule throughout, even though it differs from the French RGP.

There is room for improvement as regards the interaction between recreational craft and goods craft, especially in rivers with a narrow deep channel. At present there is only one set of signs for both, recreational craft have a tendency to stick to the middle of the deep channel, while they would have plenty of space on the sides with their limited draught.

Most French documents can be obtained in foreign languages; some of them are available on Internet. Yet, communication has to be in French. Although this may seem a bit nationalistic, this is also the rule, it appears, in each of the other countries: English is not an IWT "lingua franca", as it is in other fields.

Market

Up till now, there is very little opportunity for an easy entry into the French maritime bound market, due to the limited IWT connectivity between river basins. To enter the market, a carrier often has to bring his craft by sea, or has to choose to operate only small sized vessels, which makes the business less competitive. Similarly, cabotage can only be done with small craft, at the most "Canal du Nord" type vessels, around 750t capacity. This is because there is no large gauge connection with French basins, except in the northern part of France as well as on the Mosel and the Rhine. Some foreign vessels complain that this French policy of not connecting very well to the North European network is deliberate, and that it is meant to bar or reduce competition. Thus, France should be prosecuted for not opening its network. However, the procedure to connect the Seine basin to the European network is underway, thanks to the proposed Seine-Nord-Europe Canal, and this will change the access conditions substantially.

Cargo

No barriers were mentioned in this field.

Infrastructure

On some parts of the waterway network, for instance on the Rhône river, there is a charge to load or unload a car from the vessels. Although this may not be a really severe barrier it is a noticeable obstacle to smooth and unobstructed access to the waterway.

The levels of tolls on the VNF network are rather modest, and do not appear to be a limitation to competition. The tolls apply equally to foreign or French craft. The only part of the network with a high level of tolls is the Mosel. However, this waterway is open 24/7, which is not the case with any other waterway, except the Saône, Rhône and Rhine rivers. Even the Seine is only open freely 12h a day, otherwise craft have to pay to pass the locks, and announce their request for locking some hours in advance. On other waterways, craft can cross the locks only during 10 to 14h a day, sometimes little hours more if they pay (Upper Seine, Dunkirk-Scheldt Canal, Yonne, Sarre, Briare Canal) or if they declare their moves in advance.

This limitation of lock opening times is really a hindrance to development of IWT. Actually it is a side effect of the "35h" law, since VNF had to operate with less people and 10% less time. Basically, it reduces the competitiveness of the industry versus other transport modes, and it reduces the income of Freycinet vessel-owners (it lowers the utilisation rate of the vessel) as well. It is estimated that this resulted in a loss of revenue by 15% on average.

Rendering lock passages automatically does not help much since it is forbidden to cross the locks after the waterway hours, and the passage of automated locks is noticeably longer than with a lock-keeper. This results in a further lowering of IWT competitiveness by 10%.

6.4 Detailed description of the identified administrative barriers

Inland ship / barge ownership

At the time when the interviews were conducted, there was a 2004-2007 plan with a number of subventions. However, there was no new funding in 2007; all funds were earmarked by earlier applications up to 2006. So, this was not really a regulatory problem, nor an administrative problem, but rather a political one.

However, later on, after the interviews with industry representatives were held, the French authorities came up with a new aid-scheme and new funding for fleet modernisation that should run from 2008-2012.

One of the 2004-2007 schemes, however, had a flaw, which had important implications. It was the "aid to transmission of French flag craft to young professionals, entrants in the trade or wage-earner boatmen creating their own enterprise", coupled to an "aid to preservation of existing fleet".

It was initiated in an earlier 2001-2003 plan, and provided to all qualifying people a subvention of 43€/tdw (within a 152€/tdw ceiling price) to buy their vessel, with a global ceiling of 46000 €. It was obviously aimed at the Freycinet trade, since the maximum size fully eligible was 300 t. The problem arose from the long time interval that it took for applicants to receive the money, this could take one year! Vessel owners, who wanted to finalise the sale would of course prefer to receive money sooner, and this was possible if they sold it to somebody who wanted to use a vessel as a house-vessel (bateau-logement). This was exactly what the scheme was trying to avoid. This drove prices of Freycinet vessels up (+25% in 2 years, due to the rise in shore real estate), and made it difficult for entrants to get any vessel. In one particular case it happened that the newcomer accepted to pay to the seller the arrears of the unpaid subvention in order to finalise the sale. That amounted to more than 5000 €.

Another flaw of the 2004-2007 Plan was that such a subvention was given only to retiring people, and not to dynamic operators who had a vessel and wanted to buy a larger craft.

As already indicated, recently a new, improved aid-scheme was presented that should run from 2008-2012.

Inland ship / barge hardware under national flag

Hull, machine and equipment certification

This sector is currently being reorganised¹.

Hull certification is effected by only a limited number of poorly staffed bodies (10, with 58 personnel). This fact causes delays and inconvenience for all improvements to existing craft, and especially to entrants, who have to pass a full survey. Although understaffed, these "Commission de Surveillance" (Supervision Commissions) or "de visite" for the Rhine (Rhine Vessel Inspection Commissions) were not recognising surveys and certificates issued by experts outside the Administration. Besides, to obtain a Rhine certificate, the owner had to bring the craft within the region covered by one of the "Commission de Visite", which may be hundreds of km away from his home.

The worst is "francisation", i.e. reflagging: the subvention referred to earlier (previous point on subventions to selling/ ownership) is given only to French flag craft. Thus, the foreign seller has to reflag before the sale otherwise his buyer will not be entitled to the 46000 €! And the delay for the required examination was often 6 months. Besides, duration of an approval varies depending on the equipment, and there are 26 different documents to keep up to date.

All this is about to change, hopefully for the better. The changes are inspired in many ways, it seems, by the Rhine Vessel Inspection Regulation, itself followed by the Directive 2006/87/CE. The Décret has been published on 2nd August 2007. It provides for the "Préfets" to deal with all demands.

¹ Entry into force is planned for 1/1/2008, providing for 6 centres with 61 personnel, to be trained over the next 3 years

The specific Préfets dealing with this issue and the details of the "Commissions de Visite" are yet to be announced (by an "arrêté" of the Minister in charge for Transport, planned in early September 2007). The rules applicable to new buildings (2006/87/CE) have been released by the European Commission in December 2006; they are yet to be transposed in the French laws.

Required records /control bodies in charge

One of the records to be obtained is the registration as owner, which is done at the "Greffé du Tribunal de Commerce" (clerk's office of the Commercial Court), at some cost. Another one, more difficult to obtain or rather to maintain, is the "oil carnet": there are only a few service stations able to deliver it, and some of them accept the spent oil only if you buy the new oil from them. The control bodies are the Commissions de visite themselves, reinforced by agents from the Ministry of Transport (Services de la Navigation) and the police forces.

Inland ship / barge operation

Workforce

Young people are trained in two schools only: CFANI near Paris, and Schiltigheim "Lycée" in Strasbourg. These two schools provide well trained people, with a good rate of success to the final exam (75%). The only problem is that there are too few applicants, and that they prefer working on board of passenger river vessels rather than on Freycinet craft or other dry or liquid cargo vessels.

Older people may perhaps be willing to enter the trade but there are no arrangements made for them and they have no access to facilities. For instance they cannot use, even against payment, the training craft and facilities of the above schools. So it is for them very difficult for fulfil requirements (e.g. to spend 100 days on board, at the helm what is more). Besides, they have to come up with the craft on which they undergo the practical test. The type of craft will be mentioned on the permit and will limit their possibility to sail on larger craft for at least 3 years.

Navigation

No barriers were mentioned in this field.

Market

Insurance

Operators think that insurance premiums are higher in France than in Belgium. This may be a source of unequal competition between French and Belgian craft.

Besides, hull coverage is not compulsory, which is a source of risk to the general public: In the event of a waterway blockage by a foundered, uninsured craft, it may not be raised, except by the State.

Taxes

The general rules of the capital gains tax apply in France to all types of mobile and immobile property, including vessels. This is not always the case in other countries. E.g. in The Netherlands and of late in Belgium the gain in value of a vessel is not taxed provided it is re-invested in another vessel. So on this point, operators believe, there is unequal competition between IWT operators for all international activity (even for cabotage).

In addition, within France this is known to have markedly slowed transfers of vessels when owner-operators retire. This is because, in order to reduce their taxation, the government has introduced a specific rule for owner-operators willing to retire: if they do not want to be taxed, they have to show a very low turnover over the last 3 years. To achieve that, many of them voluntarily reduce their activity during the 3 last years of their career, aiming at maybe 20% of their former activity. This situation with a delayed sale of vessels can thus last about 3 years. The result is that transport demand is high while the industry is lacking vessel capacity.

Taxing capital gains can have a negative impact on the entry of newcomers in the trade as well, who might be deterred to start afresh by a lack or delay in availability of vessels on the second hand market. And finally it may also be a problem for professionals who want to buy larger vessels. Because if they have to pay a huge tax on the resale of a totally amortised craft, it reduces their potential to buy a new vessel. This was not the case up to the 1960's: provided they were re-using money obtained from the sale of their former craft, they were spared the full brunt of taxation.

The Finance Ministry states it cannot revise its policy, because it is too complicated and would treat sectors unequally¹. Yet, a similar system has been offered in 1997 to the fishing industry²: in this industry it is allowed that the gain in value is spread over 7 years, provided a similar amount is invested in a newer fishing craft. Thus, there seems to be no ground for the present official stance, which can indeed be termed as a barrier.

Another tax at issue is VAT. All business activities are covered by this tax in France, which is not always the case in some other countries. E.g. now that European VAT is applicable at export, French enterprises have to charge it, which artificially increases the bill (and vessel owner turnover) and the shipper needs to recover it. This is not the case in Belgium for instance; the invoice is VAT free, a much better solution for shippers as well as vessel owners.

Finally, the fuel tax: IWT fuel is not taxed in Belgium, while it is not tax-free in France. Of course, "fuel domestique" is a little-taxed fuel (5,66 €/100litres), compared to gas-oil (41,69 €/100l) or gasoline (63,96 €/100l). Yet, it still bears some tax, which makes that French vessels crossing the border to Belgium refuel to the max before returning to France.

¹Annex7 to the Report of Working Group CHARGES ET PRIX at OBSERVATOIRE NATIONAL DU TRANSPORT FLUVIAL, Conseil National des Transports, 2005

²(Loi Pêche, art. 25 ; CGI, art. 39 quaterdecies 1 quater nouveau)

This is also one of the reasons that vessel owners from Belgium, for instance, have a strong competitive position in some operating areas. Having lower costs and a more healthy domestic market, they are in a strong position when crossing the border to compete with French vessel owners in export-import trade and cabotage. They can more easily offer low prices to customers. This is particularly the case in the Northern region of France, where the network is freely accessible to most European craft. But it affects competition in France as a whole: Belgian Freycinet vessels actually operate as far as the Mediterranean Sea¹.

However, this has no impact in the Rhine Basin², where there is no tax on fuel for French vessels. The only difference in competition on fuel prices in the Rhine comes from the size of the fuel supplying industry in this market and the role played by the Rhine Delta, where fuel is cheaper than anywhere else.

Social contributions

The level of compulsory contributions is comparatively high in France; according to operators it is higher than in neighbouring countries. This is of course in particular a problem for large scale companies, and they worry in advance of taking the full brunt of competition once Seine-Nord-Europe is open. According to them this may amount to a 20% higher level of costs compared to other countries. However, it also applies to owner-operators: It is a well known fact that many French owner-operators are operating from Belgium, where there is a markedly lower level of charges. At some point in time, there were up to 500 French owner-operators who were doing so.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

¹However, French vessels specialising in international activity can also use Belgian fuel, since there is no more any limit to the quantity they can carry back from foreign countries. They compete nearly at par with other flags on this issue.

² Article 190 du Code des Douanes:

Sont exemptés des droits de douane et des taxes intérieures les produits pétroliers destinés à l'avitaillement des bateaux naviguant sur les cours d'eau ou parties de cours d'eau internationaux.

Un arrêté du ministre du budget fixe les conditions d'application du présent article et peut en étendre les dispositions aux navires de mer naviguant dans la partie des cours d'eau non comprise dans les limites prévues au paragraphe précédent sous réserve que ces navires n'effectuent pas dans cette partie des transports de cabotage.

6.5 How to solve problems: some ideas

As far as present problems in France are concerned, here are some ideas to solve them:

Banking system

An aid to the sector, in the form of a subvention scheme, providing a lowering of the interest rate or a guarantee for the deed, would probably make the banking sector be more inclined to finance craft.

Taxes

There are many opportunities in this field, some suggestions are:

- Capital gains tax: the scheme devised for the fishing sector could be extended to the IWT sector. It allows capital gains to be spread over 7 years, provided a similar amount is invested in a new craft. Also, a part of the capital gains would be non-taxable. This would help to solve for new entrants the problem of obtaining a craft, and for people in the trade to be in a position to change craft;
- Conversely, the "quirat" system could be extended to IWT. Also known as the "German dentist" scheme, it enables wealthy individuals to finance new vessels at very favourable tax conditions, and place them on the charter market at reasonable prices;
- As far as retirement is concerned, a scheme could be devised to induce shippers to delay their retirement, and to dispense with the rule of having a low turnover at the end of their career. A spread over 7 years could be offered, if the craft they sell remains in the trade, rather than being sold as a house vessel;
- Due to the high share of fuel expenses in the operating costs of IWT craft (some 20 to 40%, depending on the type of waterway they sail on); it would be useful to provide a fully "detaxed" fuel, without VAT or fuel tax. This would lower the operating costs by 6 to 12%, and be a bonus nearly equivalent to the salary presently gained by owner-operators.

Workforce & social contributions

There are few possibilities to improve the situation, since the "35h" and the high level of social contributions are strongly linked to the political climate of the country. Most shortcuts to avoid negative impacts have already been found by the industry. It remains to be seen whether a harmonisation of these social rules within the European Union is possible or likely.

Registration & ACP/PPA

There could be a scheme for inducing older people to enter the trade, possibly by calling in former boatmen of the 80's when there was a drastic reduction in IWT operators and wage-earners. The curriculum of the exam and of the training could be adapted, to be made more practical, possibly by providing 2 different tests: one for people in the trade and one for newcomers. As has been remarked, it is presently too broad-based.

Inland ship certification

It remains to be seen whether the new system is more efficient than the former one. The certificating authority is the "Préfet" of the "département" where the control body (Commission de Visite) is located. This rule has to be applied with care, as for instance the whole Mosel River in France is now under the control of the Strasbourg Commission de visite, 100km away. One may question whether it will be easy for the staff to cover such a big area (from the neighbourhood of Basle to that of Luxembourg), which, moreover, has some of the highest traffic volumes of France (around 40% of all tonnage).

Technical rules as per Part II of Annex II to Directive 2006/87/CE dated 12 December 2006 are yet to be introduced in the French legislative corpus.

Oil Carnet

The problems with the oil carnet are more of a commercial nature. However, as it is a legal requirement that all craft carries such a carnet, oil stations should be notified more explicitly to remind them that they have to provide this service irrespective of the contractual relationship they have with the craft. Enforcement of this instruction could be done by the Finance Ministry, through Douanes or "Direction de la concurrence et des prix".

One-man sailing

It would be very helpful if some kind of rule be agreed by the various countries of the North European network. This would make it easier for craft to cross borders. E.g. it seems one man sailing is not allowed in Belgium and Germany and restricted to France and The Netherlands. So, this might be a case for the Commission or Professional bodies (PIANC, UENF, etc.) to work out such an agreement.

As far as France is concerned, the network accessible to one man sailing is rather extensive. It enables one for instance to go from Gennevilliers (Paris) to the Belgian border. It would be an improvement if one-man sailing was allowed between Arsenal (pk 168.160) and Pont National (pk 165.510), as this would enable a Freycinet craft to sail between the Marne, Yonne or Upper Seine, and Gennevilliers, through Paris canals, and from there to Dunkirk and the Belgian border.

Rhine Patente examination

The problem with the Rhine Patente examination may be solved in the new text, since all Commissions are "de Visite" now, and (hopefully) staffed with people conversant with the Rhine rules. Thus, a patent might be obtained in Lyon, for instance.

Professional education

There is presently a strong effort to recruit young people in the 2 existing professional schools. This is a step in right direction. However not much has been done for attracting older people. There could be a structure in each river basin to provide for training of the older "newcomers. This structure could just consist in t a few owner-operators ready to entertain on board these newcomers (for the 100 days and the examination) against a limited fee. One such Owner-operator would be ready to do it for around 50€/day, food and lodging included, a limited sum which could be partly funded by the state.

Police control

Under review, the new text is due to be issued before the end of the year.

There would be a case for a different set of C5 signs, applicable to pleasure craft, and showing for instance the limit of a 1.5m deep channel, maybe with an extra C, as shown below.

C.5bis The channel lies at a distance from the right (left) bank; the figure shown on the sign indicates the distance in metres, measured from the sign, to which *pleasure craft should keep*



6.6 Conclusions

The main barriers that were found to exist in the French IWT industry are:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. General reluctance of the banking system to finance investments in vessels	Market entry Difficult: High entry cost High capital cost in general	Unknown	France
2. Current system of education and training not well accommodated to new entrants in particular older entrants	Limited influx of new staff in the industry	In particular access to/ experience with vessel may be a stumbling block	France
3. "35 hours" law limiting the normal work duration per week	High costs Unequal competition between en within modes and countries Reflagging	Policy of government aimed at improving employment levels	France
4. A revision of the existing rules on crew size should be contemplated, in co-ordination with the European rules	Current rules are too costly and inflexible with respect to staffing	More flexibility and adaptation to new technical possibilities	EU
5. Traffic rules on the interaction between recreational craft and goods craft, especially in rivers with a narrow deep channel	Safety risk	Increase in intensity of traffic of recreational craft on French waterway network	France

6. General Limited lock opening times are a hindrance to development of IWT	Time consuming and cost increasing	To a large extent was also caused by 35h week	France
7. Badly designed subvention programmes favour the use of vessels as house boats in stead of second hand vessels	High market entry costs for investors Lack of ship capacity in the market	Long delays in paying the subventions to sellers makes other offers (e.g. for housing) more attractive	France

There has been a substantial improvement in regulation and the accompanying administrative requirements in France since the year 2000. Nevertheless the French IWT industry still suffers from unequal competitive conditions, some of which are caused by regulation. One of the most important sources of unequal competition is the 35h week which does not exist in other countries. This affects the IWT industry in various ways: directly by its cost increasing effect on prices of service, indirectly while it favours owner-operators versus large sized operators and finally it has also an effect on opening times of locks and thus influences the access to/ from the French waterway network. Although in the next years further improvements in reducing administrative burdens and legislation could be expected from measures that have been set in place by policymakers, there is still scope for a number of proposals for additional improvements, some of which were made in the previous chapter.

References

Feedback of interviewees (filled in questionnaires, minutes of discussions, e-mail- /memos: files (scanned))

7 Country Report Germany

7.1 Introduction

Approximately 672 of a total of 860 companies within the German IWT industry operate in dry cargo transport and the remaining 184 in the transport of liquid cargo. This business sector employs around 4000 people, 3300 as crew members. About 800 of the crew staff are owner operators ("Partikuliere"), their relatives or family members, respectively. The total turnover in 2004 of the German IWT industry amounted to about 484M Euro.

The German inland navigation fleet with a total capacity of nearly 2.8M tons at the beginning of 2006 consists of 937 dry cargo ships with a total carrying capacity of more than 1.1M tons and 369 tankers with a total carrying capacity of approx. 600000 tons. While the total number of vessels decreased in recent years the deadweight capacity of the total fleet went slightly up.

In 2006 the total cargo volume, which had been transported by inland shipping on German waterways, was 236.4M tons with a total transport performance of 63.7 m ton-kilometres. About a third of this was carried by the German fleet.

7.2 Methodology

About 30 companies and associations like BDB Bundesverband der deutschen Binnenschifffahrt (Federal Association of German Inland Waterways), BDS (Bundesverband der Selbständigen Abteilung Binnenschifffahrt), VBW (Association for European Inland Navigation and Waterways) were contacted by phone and asked whether or not they would like to contribute to the study. Most of them agreed to participate.

The following options were offered to them:

- interview on site;
- questionnaire;
- interview on the phone;
- combination of a.m. possibilities;
- oral and written comments (also per e-mail) on previously formulated statements.

As it turned out later on, several companies and/ or organisations –contrary to their initial consent –were not able to participate in the survey. High work loads and tight timeframes were the reasons most frequently mentioned why they had to call off the interview or were not able to fill in questionnaires

Nevertheless, the response of 20 companies or associations could be processed by the consultants.

The sample comprised:

- 4 owner operators (family operated);
- 5 shipping companies with a logistic service department;
- 3 logistic service providers with a shipping department;
- 5 other operators;
- 3 associations.

A few companies, which took part in the survey, are not exclusively involved in IWT but are active in other, related business fields as well, like the operation of terminals or ports. They added some insights on issues partly outside the field of inland navigation (for instance on transshipment and storage of waste material).

As in most cases the answers were given by persons who had no specific legal know-how, they sometimes could not state the relevant regulations or laws a barrier was based on. In addition, some barriers could not be broken down explicitly into regulatory and administrative ones, so that the author of this report made this breakdown later on. The investigation was carried out in the spring and the summer of 2007.

7.3 Problems of market parties with the regulatory and administrative framework

7.3.1 General

In Germany the administrative and regulatory framework is rather complex: operators have to take into account not only the German national and EC regulation but also have to look at restrictions/ requirements of various Federal States. To this one may add the fact that within Germany three river commission regulations will have to be considered (Rhine, Danube and Mosel), not to mention all the rules that local and port authorities impose upon Inland waterways operations. Germany is the only country in Western and Central Europe that has to cope with such a high level of complexity in the administrative and regulatory environment¹, and, consequently, operators that have to work on the German waterways network are the ones that are likely to benefit most from harmonization and simplification.

It was therefore not a surprise at all to learn from the interviews that German operators and shippers are highly motivated and interested in the subject of administrative and regulatory barriers and that they came up with an extensive list of barriers.

¹ In Eastern Europe when one has to cope with various local authorities, like in Romania, matters can get very complicated as well. (e.g. compare Romanian country report)

This section discusses the most important barriers they mentioned and presents some suggestions of respondents on how to solve the problems. The wide range of identified aspects that will come to the fore in the next pages reflects the broad scope, taken by the interviewees of this subject, and, consequently, also of the German case study.

The material presented is contained in two subsections. In subsection 7.3.2 the main regulatory barriers will be presented and in subsection 7.3.3 the main administrative barriers.

In each subsection the barriers are broken down further according to the following categories:

- Inland ship / barge ownership
- Inland ship / barge operation
- Workforce
- Navigation
- Cargo
- Market
- Infrastructure

A barrier is allocated to the category that corresponds best with the nature of the barrier. However, this allocation is sometimes ambiguous because the barriers may relate to more than one category.

7.3.2 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

With regard to ship/ barge ownership the main regulatory barriers in the view of operators are:

- a) **The German insurance tax of 19 %**, which cannot be offset and thus may adversely affect competitiveness (no insurance tax in Belgium, 7 % in the Netherlands) of Germany companies;
- b) **Unfavourable depreciation conditions:** new buildings can be depreciated over 14 years; for financing reasons 20 to 25 years would be more appropriate and more favourable;
- c) **Insufficient instruments for modernisation and financing purposes**
Some helpful measures would be:
 - setting-up funds to guarantee the future modernisation of the fleet;
 - funding programmes for young shippers (to purchase their own ships).

Inland ship / barge operation

The main problems identified by the market parties concern:

a) EU-Directive (2006/87/EG) concerning the technical requirements of inland waterway vessels

Up to now the implementation of the (former) Directive 82/714/EWG into German law has resulted in stricter requirements (for example compasses are required for operation on certain waterways) than in other EU countries. IWT companies fear that there will be specific national procedures when following appendix III to the Directive 2006/87/EG. This might result in a distortion of competition.

b) The process of issuing hull certificates (and other types of approvals) is too cost-intensive and long-winding for new ships with ship certificate in Germany.

In Germany the services of an external classification society (GL, BV, LR etc.) are required; the Inspection Commission (SUK) does not carry out the building inspection, like it is done e.g. by the Dutch SI.

Following an accident the certificate might be withdrawn so that a surveyor has to inspect the repair work to enable the ship's further operation. This could probably be done without an inspection in most cases (as with cars). A declaration on the part of the repair company confirming the ship's capability to operate should suffice.

c) There are too many authorities and certification offices (Inspection Commission (SUK), Accident-prevention & Insurance Associations (Berufsgenossenschaft), IVR, GL, Safety Engineers).

According to operators there are too many authorities and offices involved in certification. This results in confusion about responsibilities and unnecessary high costs because of this confusion. For instance there are different types of regulations of Inspection Commission and Accident-prevention & Insurance Associations with regard to the same safety aspect (e.g. required signposting at a dangerous place within a double-hull tanker).

Workforce

A number of barriers with regard to the workforce were experienced by operators. According to them the following are the most important ones:

a) Lack of a standardized European shipper certificate

For international staff aboard inland vessels a simple certificate is needed that confirms that he/ she is a crew member. Cross-border transports are often hampered to some extent by unnecessary controls, hindrances (sometimes also a visa is required) or even harassment, resulting in a delay of international transports.

Such incidents occur in particular on the Danube and at the EU external borders. Perhaps, a standardized European shipper certificate could help to make matters less complicated.

b) Manning regulations (number and qualification) are obsolete

Operators think that the present regulations could be more flexible regarding the number and qualification of crew members. Here are some of the suggestions mentioned by interviewees:

- one could think to allow the replacement of staff with higher qualification by additional crew members (e.g. two able crewmen or one boatman and one ordinary crewman could replace one steersman);
- equally additional applications for boatmen could be considered (for example they should be allowed to substitute the steersman (level 3 L > 86 m of operating mode A1 and B) (at least in case they have already been trained on this ship);
- a reduction of the minimum number of crew members during operation without any cargo could be considered;
- also a reduction of minimum crew could be considered for operating times of less than 10 h/day;
- one could enable the change of operating mode more easily with existing crew members;
- Some operators think that there is an imbalance between the minimum crew requirements of medium-sized vessels and large vessels (According to present manning regulations the same minimum crew staff for vessels between 86 and 135 m is required.) From some interviewees however, a differentiation according to the vessels length is required.

c) Manning regulations for operating modes A2 and B require too many crew members

This view of the respondents is based on a comparison to the A1 mode. They think that in mode B two skippers would be sufficient, depending on the operating area and the ship's equipment. Furthermore many operators think that the requested job qualifications for the crew are too demanding as well.

d) Obligation to replace deck boys and girls during their school attendance – except for a few cases as to § 23.10 section 3 a and b, § 23.11 section 3 a and b, § 23.12 section 6 a and b (RheinSchUO)

e) It is criticized that boat masters' trainings differ considerably within the EU; in addition, mercantile contents are missing in the training course to a large extent.

Currently there are no standard job qualifications due to EU-wide differing training standards. Moreover, access to inland navigation for new entrants with other professions is at present not very satisfactory.

According to interviewee statements EU-wide (incl. Switzerland and the Ukraine) harmonized education standards and job descriptions are urgently needed for all nautical qualifications, like ordinary crewman, able crewman, boat man, steersman, skipper etc.. Education periods, requirements as well as trained skills and qualifications should be adjusted.

Persons at an age of about 30 to 40 employed elsewhere but interested in applying for a boat master's certificate, view the current long training period of 4 to 5 years (the same as for a sixteen year old apprentice) as an obstacle. The inflow of new entrants in the industry is however very important, because there is high fall-out in jobs amongst young crewmen, resulting in a significant lack of qualified nautical personnel.

f) Education of skippers should take place to a certain extent without extensive technical equipment; thus the apprentice is able to acquire the feeling how to handle a ship in case the technical equipment fails.

g) High contributions to Accident-prevention & Insurance Associations (German Berufsgenossenschaft);

From the branch's point of view contributions to the accident prevention insurance are too high compared to the international level.

h) Differences in the implementation and handling of EU-wide regulations.

The implementation of new EU-wide effective regulations for inland waterways is done by the individual member States. There are differences between Member States in the speed with which the implementation process takes place, but also in the extent and quality of implementation. Differences in speed and quality of the implementation may, at least temporarily (speed), but perhaps also more fundamentally (quality of implementation) affect the competition in markets.

Navigation

a) Safety regulations within ports (ISPS),

These regulations could significantly impede IWT. Both professional operational activities like changing crew as well as the social life (cinema, theatre, shopping etc.) of crewmembers could be affected.

b) Requirement of pilot

Though the navigation in the **Kiel Canal** is not challenging from a nautical point of view, even **inland vessels are obliged to operate with a pilot aboard**. Pilot costs of approx. 700 € are rather high and market parties feel that inland ships should be able to operate less costly on this waterway.

Market

a) Customs clearance for transport to and from Hungary

In border-crossings to and from Hungary, for inland waterways transport, freight documents in Hungarian are required. However in truck transport freight documents in English suffice.

Cargo

a) Waste transports: 1: permission granting procedures in Germany

Both within Germany (between different individual Federal States) as well as between Member States of the EU significant differences in requirements in waste transport exist. E.g. German authorities request permission (fees) for waste transports while in other countries (like Belgium and the Netherlands) a notice on those transports suffices. As another example one could mention the fact that a certificate for a company disposing waste issued in Hesse is not valid within North Rhine-Westphalia. Furthermore, the list of materials (definition of waste) varies between different states. So, when transporting waste from (for example) Cologne to Rotterdam and Antwerp regulations of three different states have to be observed.

b) Waste transport 2: non-uniform handling of given permits within Germany

Also the scope of permits varies between Federal States in Germany. E.g. permits within North-Rhine-Westphalia only cover operators' vessels¹. Other Federal States, however, extend this permission to the operation of chartered ships as well.

c) Feed transports

For the transport of food products, cereals and fodder a special registration as well as a special quality management system is required. Inland Waterways Transport operators have to adhere to a set of given rules² (of the Dutch market association) in order to remain in business. This is a form of industry self-regulation which is very demanding with respect to time and costs.

¹ Individual Federal States have in part considerable legislative competencies on their own expressing the so called federalism.

² see http://www.institut-fresenius.de/presse/news-archiv/verifizierung_des_hygienkodex_fuer_binnenschiffstransporte_40106.shtml

Infrastructure

Only 2 points with regard to infrastructure were mentioned by respondents:

a) Insufficient number of berths for loading and unloading of dangerous goods

Repeatedly it has been reported that too few berths are available for ships transporting dangerous goods. This means an increased safety risk on the one hand and an extension of operating times on the other. This is primarily the case in the Rhine corridor. The rising demand in berths for vessels transporting hazardous goods should be met by the identification and creation of additional berths without reducing the existing safety level.

b) Time span between planning and realization of infrastructure projects

Compared to other IWT countries, planning procedures in Germany are considered to be too long, too complicated and uncertain as regards their results. The uncertainty in infrastructure adaptation may be a cause for uncertainty in fleet investments (modernisation of fleet) of operators as well (since they have to decide on the size of vessels) as for investments of customers of the IWT industry (e.g. regarding their site selection).

The "acceleration law for infrastructure planning" of particular infrastructure projects¹ heads in the right direction. By means of it a reduction of the normal procedures by about 1.5 years should be reached. However, the industry notices that many significant projects for cross-border transport of inland waterways are missing on the list of projects to which the accelerated procedure will be applied (only 6 IWT projects are included on the list).

7.3.3 Detailed description of the identified administrative barriers

Inland ship / barge ownership

a) Application for grant programmes is rather complicated and partly cost-intensive

(a) Marco-Polo-Programme

The application for funds is rather complicated for a single (even larger) shipping company. Since most IWT-companies have limited experience, professional advisors need to be contacted to exactly carry out the application. In a particular case consultant fees amounted to €35000.

¹ In Germany approval and realization of infrastructure measures (starting with the first planning up to the complete realization) are time-intensive. The "acceleration law for infrastructure planning" shortens the average period compared to the complete procedure by about 1.5 years. Fewer parties are involved.

(b) Support programme „engines with reduced emissions“ of the German Ministry of Transport

The application form comprises 12 pages. Additional costs partly arise for required certificates (i.e. proof of SME to be confirmed by a tax consultant, certified copy of the ship's register pages). A similar programme in the Netherlands requires only 3 pages to be filled in. Form and handling are less restrictive, more unbureaucratic and flexible regarding timing, as funding can be applied for both planned and implemented measures.

b) Problems affecting the financing of the German owner operator fleet

The modernization process of the German fleet does not receive a sufficient level of support. Existing German investment support programmes do not meet the financing needs of inland vessels. Net-worth assistance, increased amounts of loans, extended running times and lower interest rates would be needed. Companies in the Netherlands and Belgium are considered to receive more and better support, and as a consequence have a much higher rate of fleet renewal. The Netherlands and Belgium support ship financing to a large extent (for instance state guarantees cover between about 60 and 85 % of the bank risk).

Inland ship / Registration under national flag

Complicated, long-winded and time-consuming change of registration

A change of registration can only take place, after several requirements, like the alteration of all existing certificates of the vessel concerned, had been fulfilled. The application of preliminary certificates might lead to a loss of insurance protection. Therefore, the procedure to change registration should be accelerated e.g. by establishing a short-term „registration under reserve“.

Inland ship / barge operation

a) Harmonized language within IWT

Depending on the operating area, frequently different languages have to be used. So, the use of a single language (like in air and sea transport) would be an obvious efficiency improvement. However, within the inland waterway sector there are different approaches to this topic. On the one hand a uniform language, which consists of fixed common phrases being comprehensible in all countries, would prevent misunderstandings and accidents. Alternatively, the existing procedure takes the relevant prevailing language in the operating area, i.e. German as far as the Rhine is concerned. A compromise would be the creation of an international database for multilingual operating instructions (not only radio communication).

b) Controls by river police

Controls during a voyage in inland waterways are considered to occur more frequently compared to other transport modes. Basically, such a high control rate would imply high safety standards.

However, repeated controls (for instance control of a ship in a Federal State after it had already been inspected in another Federal State) should be avoided. It seems that there is still room for Improvements in the coordination between relevant authorities, also at the international level.

c) Procedures in ports (European-wide) and during locking (Germany) are relatively slow

Time delays and cost increases are caused by low speeds of loading and unloading facilities as well as by staff shortages at the waterway and shipping administration. More should be invested in loading and unloading facilities

Furthermore, many respondents believe that locking procedures could be improved either by automation and a simultaneous reduction of staff or without any automation but with additional lock personnel. However it should be remarked, that within IWT industry, the opinions on what is the best option differ.

Further suggestions as to locks¹:

- enabling of a progressive signal system;
- optimization of waiting, overnight stay and mooring possibilities within the lock areas;
- disposal of domestic waste and moreover of problematic waste at approx. every 10th lock;
- possibilities to load and unload private cars;
- availability of nautical information on the part of the lock supervisor;
- construction of additional lock chambers (for instance river Mosel). Eventually, they should be longer, wider, faster, safer (floating bollard) than the existing ones and moreover heated and possibly protected against ice formation.

d) Preferential locking of passenger ships

In some circumstance this may cause long waiting times and thus high costs for cargo vessels. This problem is in particular relevant along the Mosel River. A solution may be to switch to a regime of equal treatment of cargo and passenger ships or limit the time section for the preferential locking of cruise vessels (period starting with the notified arrival time at the lock and ending with the actual arrival).

e) Different handling of ISPS-certification (International Ship and Port Facility Security) of ports within the individual Federal States

Diverging security requirements in ports require more information from operators and may cause confusion in the industry.

¹ Depending on the evaluation of a disadvantage, only part of the items mentioned belong to administrative barriers. Additional lock staff (employees of waterway administration) might speed up operations on the one hand. On the other some items represent additional services, which do not explicitly fall to the core tasks of a shipping administration.

f) Shortage of berths in general and moreover of well equipped berths in the vicinity of inland ports (above all along rivers Rhine and Mosel)

This complaint is frequently heard in the industry. With regard to port services the following points were mentioned:

- sign on and off via radio communication, fax or e-mail with standardized forms;
- disposal of cargo remnants;
- disposal of tank cleaning water;
- disposal of domestic waste;
- possibilities to load and unload private cars;
- emergency plans with sketches for arrival and departure;

g) Difficult recruiting of crew members

The recruitment of crew members is very difficult across the entire industry. In Germany the central organization for the recruiting of crew members in Duisburg was closed. Some companies think that a comparable agency at European level is urgently needed.

h) Complaints of missing or inadequate electronic guidance systems as well as poor fairway signposting

Waterways sometimes can not cope with the requirements of transport and traffic. In some cases clearance heights of bridges, lock entrances, passing of narrow bends, signposting along the fairway, indicators of latest clearance heights of bridges etc are not adequate. Electronic guiding devices as nautical aid could offer some assistance (e.g. enabling container transports¹ in three layers on the Main and the Main-Danube-Canal) as well as help to raise safety levels. However, in general most interviewees accept that actions have been taken by the authorities that the conditions gradually are improving.

Market

a) In many cases not all required shipping documents are on board.

- Because of very tight time schedules, shipping documents are frequently (up to 90% in some cases, according to some industry representatives) not issued before the voyage starts. In such a case they will be sending by mail and may arrive with a postponement of three days when, possibly, the ship has already been unloaded. Except for container transport, electronic procedures are not used regularly. There should be an increased use of electronic procedures

¹ Sometimes only a few centimetres or decimetres are missing to allow for a container transport in three layers. Present systems and information are quite uncertain and imprecise to be able to assess the given situation at a bridge exactly. Therefore any system that offers help can be useful.

b) Problems within inland ports:

Operators are not entirely satisfied with ports, amongst other they complain about:

- An insufficient willingness to work overtime, inflexible shift-work and standby times (e.g. transshipment later than 4 pm)¹. Some operators notice that in practice personal relationships between transshipment staff and barge operators could improve the situation.
- Partly a shortage of qualified staff for transshipment. This often causes long transshipment times within inland ports.

Cargo

a) A shortage of intermediate storage places in Danube ports downstream of Austria (Bulgaria, Serbia) (except for grain). Those ports are bottlenecks and often prevent a shift of cargo to waterborne transport. In the past inland vessels were often used as storehouses.

b) Obsolete and poorly equipped transshipment facilities in various inland ports

Operators complain about facilities in various Danube ports in particular in Bulgaria and Serbia that are subject to all kinds of weather conditions (not roofed), that are unsafe to work and that can not accommodate modern vessel types, e.g.:

- ships must move permanently during e.g. loading and unloading;
- it is dangerous to pass from ship to shore;
- insufficient mooring equipment ;
- insufficient lighting.

They are urging that professional organisations representing the inland navigation authorities as well as inland ports should take steps.

c) Increase of transshipment costs within inland ports by increasing environmental requirements

Operators notice that there is a growing tendency to expand the nature and type of environmental requirements in ports; this might result in a significant increase of the costs of transshipment. Such conditions are in most cases set by local authorities and aim at the avoidance of noise and dirt emissions to protect adjacent housing areas (e.g.: encapsulation of conveyor belts to diminish noise emission).

¹ This problem affects all kind of cargo (not only containers) and is in part based on applied regulations / labour contracts of the public service.

Infrastructure

a) Missing maintenance of fairways along the lower Danube (downstream of the Iron Gate II); several ports are silted and cannot be called at during low water periods e.g. Csepel (Budapest/Hungaria), Apatin (Serbia), Giurgiu (Romania).

b) Partly high port fees, in particular within public ports. Compared to the Netherlands, services in German inland ports are considered rather meagre (with regard to supply with potable water, disposal of waste, number of berths etc.); the price-performance ratio is inadequate. Even calculation methods for port fees are often considered as inadequate. It is proposed to reduce tariffs, or improve the level of services and increase in number of berths¹.

c) Shipping fees: regular rates are relatively high, unnecessary differentiation

According to interviewees this problem mainly concerns the German waterways. Generally they want a reduction of tariffs, a simplification of tariff structure: e.g. standardized rates (per ton-kilometre) and a better adjustment of tariffs between cargo and passenger shipping, which according to them is skewed.

Other barriers

In addition to the barriers already discussed a few other barriers were mentioned by the respondents:

a) Missing presentation of inland waterways to broad public in Germany

The aim is to improve public relations and to raise awareness for IWT by e.g. intensified support of business associations or of promotion offices like the Short Sea Shipping Inland Waterway Promotion Centre (SPC).

b) The support of IWT in Germany in general is considered as insufficient compared to e.g. the Netherlands or to the rail transport in Germany.

Public promotion and support of inland waterway transport should be improved.

c) Communication / exchange of data

At present, it is still not possible to transfer basic reporting data on hazardous goods between the different national systems (there are still compatibility problems). Furthermore, currently filled-in „declaration of duties“ forms are passed on at the locks. This means, depending on the local situation at the lock, an unnecessary risk for the crew staff (they have to leave the ship). Therefore, the paper-bound system for duties to be paid should be supplemented by an electronic version

¹ Improvements have been announced here; cp. press release of BDB of 16 August 2007 – "Federation is going to invest 10 m Euro into berths along middle and upper Rhine"

d) Rising problems related to available areas within the majority of German inland ports

Many city- and county administrations strive to limit the use of parts of port areas for transshipment and industrial use because they want to raise the recreational value of port areas. This is a growing tendency according to many operators and shippers. As a consequence IWT-operations are severely restricted in these ports (e.g. with respect to opening/operating times) and transshipment costs increase as result.

f) Improvement measures as regards the river Elbe

There were complaints about the restriction on the Elbe River. The targets set in the 1992 Federal Transport Network Plan to improve the navigability of the River Elbe have not been reached. Public and private investments in transshipment facilities and production capacities, which took place against the background of the envisaged improvement measures, can now not be utilized to the intended extent. This affects shipping companies covering the operating area starting upstream Geesthacht (near Hamburg) up to Ustinad Labem (CZ) on the river Elbe.

7.4 How to solve problems: some ideas

- It is necessary to take care that the EU directives implemented into national German law and, in addition, the different regulations of individual Federal States do not contain elements which result in a distortion of competition;
- The process of infrastructure improvements needs to be accelerated and a higher level of investment is necessary. The share of the different modes in transport performance should serve as indicator for infrastructure investments;
- A more widespread application of electronic procedures is suggested. That concerns navigation (e.g. creation and expansion of electronic guiding systems) and the processing of forms, for instance for charging operating duties (beside paper versions electronic procedures should be accepted and introduced);
- Procedures to apply for general or industry specific support programmes are often too complicated and need to be simplified. This would enable micro and small enterprises also to use support programmes without external advice.

7.5 Conclusions and recommendations

The main barriers found to exist in the German IWT industry are summarised in the table below:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Existing rules and regulations in Germany in many cases are the most restrictive and stringent in Europe	Higher costs and competitive disadvantages	National policy and EU Directives are implemented more strictly	Germany
2. Very expensive to invest in and finance capital cost of vessels	Higher costs and competitive disadvantages	High insurance tax (19%), unfavourable depreciation conditions and insufficient instruments for modernisation and financing purposes	Germany
3. Implementation of the (former) Directive 82/714/EEG into German law resulted in stricter requirements than in other countries	Higher costs and competitive disadvantages	National policy and legislation in Germany	Germany
4. Issuing hull certificates and other approvals is too cost-intensive and long-winding for new ships with permission certificate	Time consuming and cost increasing	National policy and legislation in Germany	Germany
5. Many authorities and certification offices involved	Time consuming, cost increasing and unclear responsibilities	National policy and legislation in Germany	Germany
6. Lack of a standardized European shipper certificate	Time consuming/ can cause delays	National policies	EU
7. Manning regulations (number and qualification) have become obsolete	Time consuming and cost increasing	Regulations should be more flexible as regards number and qualification of crew members	EU
8. No standard qualifications / job profiles in the EU	Limited labour market mobility and higher cost	EU-wide differing education standards	EU
9. Area of validity for the Rhine boat master's patent is too restrictive and should be extended to additional relations e.g. Elbe	Time consuming and cost increasing	Unknown	Rhine countries

10. Distortion of competition by differences in how fast and strict implementation and handling of EU-wide regulations take place	Unequal/unfair competition	National policies	EU
11. Extreme safety and security regulations within ports	Time consuming and cost increasing, limitation of freedom of personnel	ISPS/ anti terror policies	EU
12. Complicated customs clearance for IWT transports to and from Hungary	Cost increasing and unequal competition between modes	Documents in the Hungarian language are expected while English is sufficient in road haulage	
13. Waste transports: extreme permission granting procedures in Germany compared to other countries in the EU	Higher costs and competitive disadvantages	National policy and legislation in Germany	Germany
14. Waste transport: non-uniform handling of given permits within Germany	Lack of transparency in the market and cost increasing	Different policies by regional authorities	Germany
15. Feed transports: significant efforts needed in conforming to Dutch GMP+ standards	Cost increasing and unequal competition between modes	Food safety requirements	Netherlands
16. Insufficient number of berths for loading and unloading of dangerous goods (transports of certain hazardous (flammable) materials)	Safety risks	Infrastructure planning is inadequate	Rhine corridor
17. Time span between planning and realization of infrastructure projects is quite long	Uncertainty with regard to investments	Infrastructure planning/ decision process are long winded	Germany
18. Funding/ level of subsidies in fleet modernisation is low and some subsidies are rather complex	Low level of fleet renewal	Application forms for support programmes in Germany often are complex. The total level of financial support is limited	Germany
19. Forms of investment support in ships (e.g. bank guarantees like in the Netherlands) are not available	Unequal competition	National policy	Germany
20. Change of registration is complicated.	Time consuming and cost increasing	Implementation of national legislation in Germany	Germany

21. The recruiting of crew members is difficult	Time consuming and cost increasing	Agencies have disappeared	Germany
22. There is a lack of a harmonized language within IWT	Time consuming and cost increasing	IWT has been relatively regionalised phenomenon in the past	EU
23. Inefficient controls by German river police	Time consuming and cost increasing	Insufficient coordination leading to "double" checking	Germany
24. Procedures in ports (European-wide) and during locking (Germany) take a long time	Time consuming and cost increasing	Understaffing	EU/ Germany
25. Preferential locking of passenger ships	Time consuming and cost increasing	Unknown	Germany
26. Different handling of ISPS-certification (International Ship and Port Facility Security) of ports	Time consuming, cost increasing and a limitation of freedom of the personnel	Federal states did not harmonise the implementation of ISPS	Germany
27. Shortage of berths in general and moreover of well equipped berths in the vicinity of inland ports	Safety risks and inconvenience	Infrastructure planning is inadequate	Rhine and Mosel
28. Missing or inadequate electronic guidance systems as well as poor fairway signposting	Cost increasing and safety risks	Poor customer orientation on the part of the responsible authorities	Main and the Main-Danube-Canal
29. A uniform contract law is not available on European level	Cost increasing and non-transparency	CMNI only covers liability, there is a need to harmonise other contractual conditions as well	EU
30. Obsolete and poorly equipped transshipment facilities in numerous inland ports	Time consuming, cost increasing and also safety risks	Unknown	EU
31. Ports have to meet increasing environmental requirements	Increase of transshipment costs	Pressure of the general public to reduce noise etc.	EU
32. High port fees, in particular within public ports	Cost increasing	Unknown	Germany
33. Communication / exchange of data in hazardous goods transport is inefficient	Cost increasing	it is not possible at present to transfer basic data among the different national systems	EU

34. Rising problems related to available areas within the majority of German inland ports	Reduced availability	Local authorities sometimes decide to increase the recreational value of port at the expense of IWT	Germany
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References

Feedback of interviewees (filled in questionnaires, minutes of discussions, e-mail- /memos: files (scanned))

Some Links:

Schifffahrtsrecht

Übersicht

<http://www.elwis.de/Schifffahrtsrecht/index.html>

Schifffahrtsrecht

Rheinschiffsuntersuchungsordnung (u.a. Besatzungsvorschriften RHEIN)

<http://www.elwis.de/Schifffahrtsrecht/RheinSchUO/index.html>

Schifffahrtsrecht

Verordnung über die Schiffssicherheit in der Binnenschifffahrt (u.a.

Besatzungsvorschriften außerhalb des Rheins)

http://www.gesetze-im-internet.de/binschuo_1988/BJNR002380988.html

Schifffahrtsrecht

Rheinpatentverordnung (RheinPatV)

<http://www.elwis.de/Schifffahrtsrecht/Patente/RheinPatV/index.html>

Statistik

Zentrale Binnenschiffsbestandsdatei

<http://www.elwis.de/Verkehrsstatistik/zbbd/index.html>

Verband / Vereinigung

BDB Bundesverband der deutschen Binnenschifffahrt

<http://www.binnenschiff.de/>

Verband / Vereinigung

BDS Bundesverband der Selbständigen Abteilung Binnenschifffahrt

<http://www.bds-binnenschifffahrt.de/bds/>

Verband / Vereinigung

VBW Verein für Europäische Binnenschifffahrt und Wasserstraßen

<http://www.vbw-ev.de/>

8 Country Report Hungary

8.1 Introduction

Landlocked Hungary is situated entirely (93,030 km²) within the heart of the Danube basin. The navigable waterways in Hungary comprise an overall length of 1,688 kilometres. Commercial navigation mainly exists on the river Danube and to a very small extent on the Tisza River. In 2006 7.33 million tons of goods were transported on Hungarian inland waterways, corresponding to 1,898 million ton-kilometres. Inland waterway transport (IWT) had a modal share of about 4% in 2006. The market share of combined inland waterway transport (RoRo) is still low (11,600 units in 2005).

According to the CCNR's Market Observation for European Inland Navigation 2006-I (published in January 2007), in 2005 the Hungarian fleet consisted of:

- 92 motorised cargo vessels
- 360 lighters and barges
- 56 push boats
- 24 tug boats

The predominant vessel formation employed by Hungarian shipping companies is the pushed convoy. In this respect, the port of Komárom which is situated at the Hungarian-Slovak border is of utmost importance for navigation on the river Danube. It can be compared to a marshalling yard in rail transport. Since the Danube upstream Komárom can only be used by pushed convoys with a maximum of four vessels, larger convoys have to be split at the port before they can navigate further. On the other hand convoys navigating downstream can be merged to larger units.

The Hungarian IWT sector comprises several shipping companies of different sizes and with different specialization in regard to the provided services. Most of the existing companies are somehow connected to the formerly state-owned Mahart Company which provided vessels, skilled workforce and know-how for the new founded companies after its privatization. Fluvius Kft., at present the largest Hungarian shipping company, was for example founded by former employees of the Mahart organisation.

8.2 Methodology

The fieldwork for this national report covered a total of three interviews with Hungarian operators and forwarders. One interview was carried out in Budapest, the two other ones at another occasion in Germany. The size of the questioned companies ranged from small-sized enterprises to large-scale shipping companies. All respondents received an outline of the questionnaire a few days before the interview and therefore had the chance to get acquainted with the questions well in advance.

The interviews carried out with operators in other Danube countries also brought up barriers regularly experienced in Hungary. In addition to the interviews, rules and regulations in relation to the IWT sector have been identified and analysed

8.3 Problems of market parties with the regulatory and administrative framework

8.3.1 General

The Hungarian transport policy of the last years and decades focused rather on road and rail transport than on the IWT sector. Due to this lack of support and incentives the Hungarian shipping companies for the most part have to manage their day-to-day business without the help from the public sector. The respondents stated unanimously and independently from each other that, before the background of an urgent need to modernize the Hungarian waterway infrastructure and fleet, these preconditions inhibit the development of a competitive and efficient IWT sector.

The bigger part of all administrative and regulatory barriers mentioned by the questioned Hungarian interview partners results from the inconsistent implementation of Western European standards and regulations (especially from Germany) into the Hungarian IWT sector or - in the broader sense - from a lack of an effective regulatory and administrative system on the European level. Especially the registration of ships from the Rhine area in Hungary is connected to cumbersome requirements and time consuming administrative procedures. As a result, companies look for ways to circumvent these procedures by relocating parts of the company to countries with more favourable conditions which leads to price dumping and non-transparent decision-making structures.

In particular small and medium-sized shipping companies struggle with complicated procedures in regard to the application for bank loans. Hungarian banks are lacking know-how regarding the financing of fleet and risk assessment in IWT. Further important barriers are an ineffective insurance system for inland vessels and the insufficient expertise provided by public authorities in regard to insurance and liability issues.

8.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

Inland navigation only plays a minor role within the framework of the Hungarian transport policy. The fact that the Hungarian Ministry of Transport does not comprise a department dealing exclusively with inland navigation matters is seen by the respondents as a sign for the poor status of the sector within the national context. The road and rail sector dispose of comparably more lobbying power to push through their interests. Thus, the Hungarian state does hardly provide **incentives and subventions** for the development of a competitive IWT sector.

The modernization of the Hungarian fleet and the start-up of new enterprises are managed by private actors without adequate support from the public side. A slight pressure from the European Union would be welcome in order to achieve a change of national policies and priorities towards a comprehensive strategy to support the IWT sector.

In comparison with Western European countries like Germany or the Netherlands insurance rates for ships are substantially lower in Hungary. But at the same time the **insurance coverage** in case of an accident is much lower as well. It sometimes takes up to one year until liability issues are clarified. The reason for the long duration of procedures lies in the lack of expertise available at insurance companies and public authorities. As a result some Hungarian shipping companies insure their vessels in Germany where they can get better conditions. In Hungary there is no general obligation for the insurance of inland ships. Life and accident insurances for the crew, however, are already obligatory.

Inland ship / barge hardware under national flag

Inland ship / barge operation

No barriers were mentioned in this field.

Workforce

No barriers were mentioned in this field.

Navigation

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

8.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership

In regard to the **registration of ships** Hungary has adopted exactly the same requirements as applied at the river Rhine (*Rheinschiffahrtsuntersuchungsordnung*). Nevertheless, an additional Hungarian certificate is required for vessels which were bought in Germany and still have a valid certificate for the Rhine area.

These vessels have to fulfil the currently valid requirements of the regulations issued by the Central Commission for Navigation on the Rhine. The licensing procedure comprises three different steps: the application for a license, the technical inspection of the ship by the public authorities and the issuance of the certificate in combination with a list of deficiencies which have to be remedied within a given period. These requirements cause additional costs of 1–15 million Forint resp. 4,000 to 60,000 Euro (depending on the ship's age) and constitute a serious barrier for Hungarian shipping companies. Some Hungarian companies therefore operate vessels under the German flag in order to circumvent these requirements.

In Hungary the **financing of vessels** by bank loans is much more difficult than in Western European countries. Hungarian banks are lacking experience and do not have sufficient means to assess the value of inland ships and the risk involved in the financing of such a vessel. As a consequence 15-30% equity capital has to be provided by the shipping company. The interests charged by Hungarian banks are with 5-7% also substantially higher than in Western Europe. As Hungarian companies are not allowed to sign direct contracts with Western European banks the harmonization of legal and financial frameworks is of utmost importance in order to secure equal preconditions for all European market parties.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

Due to the emigration of skilled workers to Western Europe and towards passenger shipping the IWT sector in Hungary suffers from an enormous **lack of qualified labour**. As a consequence labour costs have reached an all-time high in the course of the last few years. It is particularly difficult to hire personnel experienced in port procedures and logistics. In addition the current education and training system in Hungary does not raise hope of a brighter future. The last inland navigation school aiming at the education of executive personnel was closed down 10 years ago. Another secondary grammar school for shipping (technical engineering skills) will be closed within the next 5 years.

In spite of these unfavourable conditions the national authorities do not pursue an active strategy to support the sector in developing a new job qualification system.

At the moment some Hungarian shipping companies train and qualify workers themselves. But according to one operator about half of the qualified staff leaves the company after graduation. Therefore the risk and the costs for the qualification of staff lie exclusively in the responsibility of the private enterprises although there is no certainty that they can also capitalize the advantages later.

One Hungarian association (Magyar Belvízi Fuvarozók Szövetsége) recently launched an attempt to establish an inland navigation course at the Szent István University in Gödöllő on the basis of a private initiative.

Navigation

The implementation of River Information Services is of utmost importance. An interactive **connection between the boat crew and the management of shipping companies** would help to optimize logistics processes and journeys (locking, schedules, etc). The software necessary to establish this connection is extremely expensive and therefore requires funding from the national authorities.

With regard to **customs clearance and border controls** inland vessels are regularly confronted with time consuming control procedures and administrative hindrances at the Austrian-Hungarian border. It is reported that Hungarian officials sometimes request licenses from foreign operators for the transport of dangerous goods although the cargo loaded by the ship does not fall under the regulations on dangerous goods. Another example is the request for German ship certificates or compliance with other German regulations that of course do not apply to Austrian ships. Comparable problems are also experienced by Hungarian ships entering the Austrian section of the Danube. Although these control procedures are constantly causing delays there is no official authority where shipping companies could directly lodge a complaint against this inadequate control procedures. In addition the control procedures at the Hungarian-Croatian resp. Hungarian-Serbian border in Mohács would also require unnecessary long time (half a day or more), especially when more vessels approach the border crossing at the same time. The officials get on board, customs clearance papers are produced and different stations have to be processed.

It is difficult to introduce boatmen to the required formalities connected to **port and lock procedures**. Especially during the last years the whole procedures have become increasingly difficult and require profound computer skills. The people working in the IWT industry in many cases do not possess this computer proficiency and therefore at regular intervals meet problems which inhibit them in their day-to-day business. Like in other European countries the restricted opening hours at Hungarian ports weaken IWT in comparison with other transport sectors.

Forwarders do not care whether it is the mistake of an operator or another actor along the transport chain which causes lengthy transport times and delays. They base their decision for one mode of transport by evaluating the overall costs and transport times. If ports worked around the clock this would induce enormous positive effects for the whole sector.

With regard to **communication** particularly Hungarian operators would welcome the introduction of one single language for information exchange as well as for administrative and business procedures along the European waterways. As the Hungarian language is not related to any of the dominant languages used in the IWT sector along the river Danube (German, Russian and Romanian) the current situation is especially complicated for operators from Hungary.

The introduction of English as the standard language for communication all across Europe would facilitate the development of seamless and efficient information and transport chains.

The time required for the **installation of warning signs** in the case of adverse or dangerous fairway conditions (caused by an accident for example) varies from country to country. In Hungary it takes public authorities in average 2-3 days to install such signs; along the Lower Danube up to two weeks. From the point of view of one interviewed operator it would be desirable to cut down this time to 24 hours like in Germany

Market

The **Convention on the Contract for the Carriage of Goods by Inland Waterways (CMNI)**, signed on the 22nd of June 2001 in Budapest, does not provide standardised regulations for all aspects of inland waterway cargo transport. Loading and unloading conditions as well as the charging of demurrage (e.g. the definition of a lay day) at ports is still not regulated consistently along the Danube. The provision of standardised regulations is one of the basic preconditions in order to increase the competitiveness of IWT compared to road and rail transport.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

8.6 How to solve problems: some ideas

The basic prerequisite for a competitive and efficient IWT sector is the enhancement of the position of inland navigation in comparison to other modes of transport. This overall objective can be achieved by ensuring that the interests of the sector are reasonably reflected within the national transport policy as well as in the institutional resp. personnel framework of public administrations (e.g. Ministry of Transport).

Especially in the case of Hungary, it seems to be of utmost importance to accumulate lobbying power and expertise within the responsible administrative bodies and the relevant economic sectors (banking, insurance industry, etc).

A competent and well-resourced organisation dealing with the promotion and development of the IWT sector, which additionally bundles political lobbying power, could provide additional assistance in building up adequate institutional frameworks as well as high-capacity waterway infrastructure and a modern fleet. With regard to the registration of inland vessels the harmonization of procedures valid in the Rhine area and the Danube area are of great importance.

At present the registration of Rhine vessels in Hungary is connected to a time consuming and cost increasing application procedure with negative effects for the concerned company and the sector as a whole. Insurance conditions should be adjusted to Western European standards in the medium-term. This is only realistic if the relevant authorities acquire the necessary expertise to analyse and assess damages and liability cases and have the legal competence to hold the respective operator responsible for the damages he caused.

In order to mitigate the lack of skilled workforce the existing private initiative to establish a more differentiated education system for inland navigation should be developed further. However, it seems to make sense to put the initiative on a firm footing and integrate other Danube countries into the project.

In order to secure efficient and seamless logistics chains the implementation of River Information Services all along the Danube is a fundamental requirement. Boatmen have to be adequately trained in applying these new technologies. Furthermore, the information exchange between vessels and land-based facilities could be improved by introducing one common language for communication along the Danube. Hungarian operators would particularly benefit from this regulation as Hungarian is not widely used in the IWT sector along the river Danube. The liberalization of opening hours at ports would provide the opportunity to strengthen the position of IWT within the competition of transport modes and would help to reduce the waiting time at the Hungarian ports.

8.7 Conclusions and recommendations

The next table summarises the main barriers that were found:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Lack of incentives and subventions for the IWT sector	Low level of development of the industry	Priority to other modes of transport, IWT is only a minor mode of transport	Hungary
2. No general obligation for the insurance of inland ships/ unfavourable conditions	Insurance in other countries (Germany) Cost increasing	Lack of expertise available at insurance companies and public authorities	Hungary
3. Cumbersome registration of ships	Cost increasing Reflagging	Extensive licensing procedure	Hungary
4. Financing of vessels is difficult	Cost increasing: Very high interest rates Market entry difficult	Hungarian banks are lacking experience and do not have sufficient means to assess the value of inland ships and the risk involved	Hungary

5. Lack of qualified labour.	labour costs have reached an all-time high in the course of the last few years	Educational institutes have closed down. Private training courses have a high fall-out	Hungary
6. Delays because of control procedures and administrative hindrances at the borders	Time consuming and cost increasing	inadequate control procedures by Hungarian authorities	Borders with Austria, Serbia and Croatia
7. Lack of standard language for communication all across Europe	Time consuming and cost increasing	Unknown	EU
8. The time required for the installation of warning signs is very long	Time consuming and cost increasing	It takes public authorities in Hungary twice as many time as in other countries	Hungary

Most of the Hungarian interview partners mentioned a lack of support from the political and institutional side as the fundamental administrative barrier for the development of a competitive inland navigation sector and the creation of a favourable environment for small and medium-sized companies.

The accumulation of expertise and lobbying power on a national scale remains one of the most important objectives for the years to come.

Time consuming and cost intensive registration procedures, especially for vessels bought in Western Europe also inhibit the business of Hungarian enterprises. The harmonization of these procedures on the European level would eliminate unreasonable competitive disadvantages and could help to ensure equal conditions for all market parties.

The development of an adequate insurance system for inland vessels, the improvement of the communication between all actors along the transport chain and the upgrading of the inland waterway infrastructure (especially ports) to Western European standards (Rhine area) are other prerequisites to improve the overall performance of the IWT sector.

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9 Country Report the Netherlands

9.1 Introduction

The Netherlands has an excellent natural infrastructure for waterborne transport. The river Waal constitutes one of the most important connections between the Rijnmond area and the hinterland, and the Rhine. The Maas and Schelde are likewise important transport arteries. Also, the Netherlands has an intricate network of smaller waterways, which means that practically every industrial location is accessible by inland vessels. The Dutch inland waterway network covers some 4,800 km. Together, the main transport axes and main waterways cover approximately 1,400 km and are managed by the Dutch Ministry of Transport. Virtually all of the other waterways, which extend some 3,400 km, are run by the various regional governments. The regional waterways mostly serve as capillaries, facilitating delivery and transport and serving as connectors to the main waterway network. Many goods originate from or are destined to reach a place along one of these regional waterways.

The Dutch seaports constitute the interface between the Hinterland Rivers and North Sea. The seaports have an immediate added value of EUR 12.8 billion, and indirectly generate EUR 9.6 billion. The seaports directly employ 144,000 people and 121,000 indirectly. The 389 inland ports in the Netherlands are important as well and serve as important places of business for industrial and logistics companies.

The modal share of inland waterways transport, measured in tonnes, is about 65% in international and 20% in domestic transport. The total volume shipped by Dutch inland vessels amounted to 305 mln. ton in 2003 and this increased to 324 mln. ton in 2005 (see table 1.1). As the last row in the table shows, growth in the last year occurred primarily in the international market (more than 10%).

Table 1 Overview of the total volumes and tonkm shipped by the Dutch inland waterways transport industry in the period 2003-2005

	2003		2004		2005	
	1000 ton	Mln. tonkm	1000 ton	Mln. tonkm	1000 ton	Mln. tonkm
Domestic transport	95101	10668	99197	11125	95003	10518
International transport	209378	30202	228973	32440	229278	32546

Source CCNR

At the start of 2006 the Dutch fleet consisted of 3789 barges (2008 self-propelled and 781 push barges and tugged vessels), 461 tugs and 500 pushers. The current fleet is relatively modern; despite the old-for-new regulation in the period 1995-2005 about 275 vessels were added to the fleet. At present (2007) about 300/350 vessels¹ have been ordered and are being built.

9.2 Methodology

Two different methods were chosen to approach the industry, namely direct interviews and a survey amongst businesses by email and/or phone. The two-way approach was chosen because the more detailed information that could be expected from the interviews, would give only limited information on the relative importance of types of barriers, while the survey would give little information on the background, and would have to be a lot simpler. So the methods were thought to be complementary.

In the Netherlands 11 in-depth interviews were held with companies (4 transport companies and 7 shippers). In addition interviews were held with a bank, 2 industry organisations and the Ministry of Transport, Public Works and Water Management. These were all direct personal interviews conducted in pre-arranged meetings, mostly at the site of businesses and using a structured questionnaire as a guideline to the interview

These types of interviews were combined with another surveying technique. A simplified version of the questionnaire, in written form, was sent to a large number of businesses (operators and shippers/ forwarders) which were asked to fill in the questionnaire and to return it to the project team. To clarify ambiguities in the returned forms and supplement gaps in sample also a number of companies were approached by phone. The general survey was held amongst operators and shippers. About 580 companies were approached in total and after correction about 138 useful responses were obtained. These responses were given by 87 companies (some companies described more than 1 problem). By far most of the companies that responded were operators, namely 84%, 12% were shippers and 4% were forwarders. The apparent imbalance between number of operators on the one hand and shippers and forwarders in the survey on the other hand is natural and reflects the fact that the market is "mono- or oligopsonic": a relatively large group of suppliers services a small group of buyers.

So the total number of companies and organisations approached, both methods combined, was 98.

One of the surprising findings that emerged from the analysis of the survey at the outset was that almost 30% of the companies in the sample state that they do not have many problems with regulation or administrative requirements.

¹ Alarming messages in the press, earlier this year, that about 600 vessels had been ordered are probably due to double counting (many vessels under construction are traded again)

So apparently, a significant part of the inland water transport industry thinks that the administrative and regulatory environment is not particularly burdensome and is reasonably satisfied with how things are now running.

Some of the companies which stated that they had few problems sail on long term contracts with fixed transport relations, so in these cases one might expect that in such a stable environment there are few problems. However, this could not be a complete explanation because others were active in markets as agribulk and/or liquid cargo transport where it is known that many companies have difficulties with regulation and accompanying administrative requirements.

Perhaps another explanation is that there may be a number of companies which are somewhat ambiguous about some types of regulation like certification of ships and/ or companies. Although it is not easy to comply with all the requirements initially, a certification system also limits competition because it creates a threshold for other companies that may want to become active in the market. In approaching operators arguments along such lines were being heard a few times.

9.3 Problems of market parties with the regulatory and administrative framework

9.3.1 General

In the year 2004¹ an inventory was made by the Ministry of Transport, Public Works and Water Management of possibilities to reduce the administrative burden for all transport modes. Reduction of the administrative burden for the general public and business became a popular topic in Dutch politics in the late 1990s. In many fields the possibilities to simplify rules and reduce forms have been investigated in the last years. In 1998 even an advisory board was established (ACTAL, the Dutch Advisory Board on Administrative Burdens). This independent advisory body advises the Dutch government on red tape reduction issues.

It was estimated that the total administrative burden for inland waterway transport companies at that time was about € 27.6 mln. Furthermore, it was judged that it would be possible² to reduce the administrative burden for the inland waterway transport industry with € 3.6 mln. on its own. This could be achieved by a range of measures until the year 2008. Further reductions would only be possible in the international framework.

¹See the report "Minder lastig voor bedrijven" (Ministerie van Verkeer en Waterstaat, april 2004)

²Note, according to the report 19.0 mln of the administrative burden is caused by international legislation

The measures to be taken involved:

- Reducing the number of certificates and application forms for various regulations;
- Abolishment of some certificates and some on-board equipment type approval requirements (e.g. for radar and some other navigation systems);
- Integration and a substantial simplification of some of the existing main legislation on inland waterway transport by incorporating these into a single legislative framework that will be introduced in 2008;
- Using electronic appliance forms and transport documents;
- Elimination of certain inefficiencies in the service (double work) and registration requirements (in some cases companies faced also double registration requirements).

In 2006 it was reported that at that time about half of the planned reductions had already been achieved and that in 2006/ 2007 the additional targets of the reduction program could be achieved. In April 2007 one of the main simplification measures, a significant change off the current legislation, the so called "Binnenvaartwet" (integrating 3 current laws namely "de Binnenschepenwet", de Wet vaartijden en bemanningssterkte en de Wet vervoer binnenvaart) passed the 2nd chamber of the Parliament. On 30 December 2008 the new law should be in force. Although this major adaptation of the legislation certainly is a simplification, a closer look learns that it hardly affects the administrative burden of businesses and the public as a whole, because the application forms it eliminates are mainly forms that have in the course of time become obsolete (e.g. the application own account operator because of market liberalisation) and there is also a burden increasing effect on recreational transport (some of the larger craft will also have to apply for sailing certificates).

Furthermore, the Ministry of Transport, Public Works and Water Management and four of the main inland waterway transport operator organisations concluded an agreement in November 2006¹ about a number of activities aiming to strengthen the IWT industry. Among the articles agreed upon, article 7 refers to "simplification of regulations and administrative procedures". In Annex 2 of the "Convenant" a list of 11 documents/ certificates/ type approval procedures is mentioned where actions will have to be taken (the main regulatory authorities involved in are either CCNR, the Dutch Ministry of transport itself or the Ministry of Environment).

It has to be remarked that the type of legislation and regulation on which the Ministry focuses in its simplification program is the sector/ industry specific type of legislation and regulation which moreover could be changed by the Netherlands unilaterally. This is only be a limited part of the total regulation and accompanying administrative requirements that companies have to cope with in practice.

¹"Convenant tussen het Ministerie van Verkeer en Waterstaat en Koninklijke Schuttevaer, Kantoor binnevaart, Centraal Bureau voor de Rijn- en Binnenvaart en de Vereniging van sleep- en duwbooteigenaren Rijn en IJssel"

In addition to the sector specific *international* regulation (according to the Ministry approximately 70% of the total industry specific regulation) companies in practice also have to cope with rules and procedures required by a number of the authorities (e.g. general administrative requirements for businesses, special kinds of taxation, environmental, security requirements etc) as well as administrative requirements put on them by other commercial parties (e.g. banks, shippers with ISO systems).

So one may take the estimated €27.6 mln. for the inland water transport industry in the Netherlands (the estimated costs mentioned in the 2004 inventory) as a lower boundary to the true (unknown) costs of the administrative burden of the companies.

Despite the efforts of the Ministry of Transport, Public Works and Water Management and despite the fact that 30% of the companies said they had few problems it turned out that from the companies that do have problems about 80% said that they have become worse in the past 5 years. Only 10% said that clear improvements have been realized in the last 5 years (about 10% said there is little or no difference).

This means that in the sample (taking into account the companies that do not have problems at all as well) there is almost an even split between on the one hand the group of companies having no problems and/or seeing clear improvements and on the other hand the group of companies having problems and/or thinking that the problems are getting worse. The actual split is 44%-56%, with a slight majority of the pessimistic group.

In table 11.1 an overview is given of the market segments where the transport companies in the sample are active. The table shows that the main inland waterways market segments are included. Since companies were allowed to indicate more than one market (if applicable), and from these indications table 1 was produced, it is not valid to directly compare this table with indicators like market share measures in tonnes or tonkilometers.

Table 11.1 Overview of markets in which sample companies are active

<i>Type of transport</i>	
Containers	10%
Agribulk	22%
Coal or Ores	6%
Sand and Gravel	14%
Metal products	14%
General cargo	18%
Tank shipping	16%
Total	100%

In the table 11.2 a breakdown is presented of the problems mentioned by sample companies in particular fields:

Table 11.2 Relative shares of types of problem sin the sample

Problem area	
1) Starting/ financing businesses	4%
2) Certification of ships or ship equipment	22%
3) Barge operation/ crew and navigation	18%
4) Market	9%
5) Cargo	27%
6) Infrastructure	9%
7) Other	11%
Total	100%

This table gives some insight in the relative importance of different types of problems. It is surprising that the highest category ("Cargo") is also the category of problems that stems from "elsewhere" (outside IWT industry) or required by authorities not directly involved in regulation in IWT. The rules/ administrative requirements in this category are to a large extent of a commercial nature (forms of self regulation of other market parties). Finally this is also the category of problems which has strongly increased in the last few years, because of various developments in society (increased environmental, food safety, security concerns etc). Amongst others this category encompasses systems like GMP, EBIS, ISO-systems, waste transport requirements, dangerous goods treatment etc. (EBIS to some extent also in category 2).

Since these requirements have all emerged in the last few years, operators that are active in these markets may very well have experienced an increase of the administrative burden and problems with regulations. On the other hand companies with no or modest activities in these markets may think that not much has changed in the market. Therefore, this to some extent may explain the dichotomy in the sample.

9.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

At present (2007) about 300/350 new inland vessels are being build in the Netherlands. So, apparently, there is no need to worry about the renewal and the future of fleet. The high rate of fleet renewal does not mean that there is an equally high rate of entry of new companies in the industry. On the contrary, this rate is very low and needs to become higher. By far most of the investments are being realised by already existing companies. The low influx of new companies in the industry is caused by a number of characteristics of the market and to some extent also by the existing investment support regulation that exists in the Netherlands and which is biased towards starting companies.

First it has to be noticed the inland waterways transport is very capital intensive. This means that a relatively high level of investments is necessary. Starters should have some own capital to finance a vessel. To finance a vessel the starter/ captain/ vessel owner should have about 20 to 30 percent own capital / investment capital to become vessel owner. Banks will screen clients and ask for a good business plan that consists of¹:

- who becomes the vessel owner (track record/ references)
- IWT market segment (and route)
- commitment shipper / shipping office
- vessel conditions (maintenance, engine, insurance)

In general it is difficult for starters to obtain the capital necessary to finance a vessel. An old small vessel cost about 1 million Euro and a new large vessel cost about 4-6 million Euro. So the starter should have between 0.3 and 1.2 million Euro capital to become owner of a ship. The current (state guaranteed) loans for small businesses have some facilities meant to stimulate starters but these are generally not sufficient. Banks are more interested in new vessels than old/ second hand vessels so a starter will have to take a significant financial risk to become an operator. A state guarantee helps to finance the vessel (finance in term of 12 years), however, in order to stimulate starters more the financing and exploitation cost for a vessel should be more attractive for the starter (term of 15-20 years).

Inland ship / barge hardware

Because the rules on emission norms of Engines are CCR rules and not based on world standards like those of IMO, the ship engine industry is not interested in building special engines for inland waterway transport. The IWT market for this type of engine is simply too small for the manufacturers to invest heavily in development of new types of engines. As a consequence the engines either are not available in time and/ or very expensive. It is clear that in the latter case the new engines weigh heavily on the overall exploitation cost of the vessel. One world wide standard of rules (e.g. IMO) would be preferable instead of European or Country and river standards. No distinction of rules between modes (inland waterway, rail and road).

A possible future problem mentioned by a number of operators and forwarders is that old vessels that not comply with ROSR rules in 2010 will be difficult to sell. For a large number of vessels it will not be feasible to fulfil the equipment requirements. It is uncertain how EU (CCR/ IVW) will take care of these new rules especially for the old vessels (transitional arrangement?).

¹Additionally prospective tariffs are very important and they together with cost effectiveness and maintenance of the vessel are the success factors for long term profitability. For starters it is important to have insight of the financing and exploitation cost for a vessel. Banks demand every year an annual account of the IWT operator to monitor his performances. For some operators setting up an accounting report is already a barrier as such.

A problem area that has become increasingly important are the rules imposed upon vessels by shippers in tanker transport. Increasing emphasis on Health, Safety and Environment issues led oil and chemical companies to examine ways to reduce the risks associated with their barging operations and minimise. An example is EBIS, the European Barge Inspection Scheme, which started operations on 1st July 1998. The Scheme has been developed by oil and chemical companies as part of their commitment, analogous to Sea ships, to improve the safety of tanker barging operations. The EBIS inspection is superimposed on the inspections by authorities (IVW/ ADNR). The effectiveness of this type of inspections (safety improvements that should come about) is doubted by many operators and cost a lot of time.

More upheaval in the market of tanker shipping arose because of the requirement by shippers of a (the phased out) replacement of mono hull tankers by double hull tankers. The phasing out was also purely thought out by shippers and not required by some type of European, EU Memberstate or River Commission regulation (there is an indirect relation with regulation in sea transport, however) This phasing out of mono-hull tankers could very well create a temporary overcapacity in the market, despite the current booming economy. Some experts believe that this situation has already come about. Furthermore, it turns out that in practice the time periods allowed for the phasing out are considerably shortened by shippers demanding a much faster rate of replacement.

Inland ship / barge operation

Workforce

The working conditions differ per country. In Switzerland the requirements for the manning of vessels are less demanding than in the Netherlands. More harmonisation in the Rhine and EU market as a whole is needed. Because there are shortages in personnel in the Dutch market there is a need for staff of other (EU) countries. A high labour mobility in the EU IWT market requires working condition to be as uniformly as possible for inland waterway transport in EU.

Some companies think that the education period to become a sailor is too long (3 years) and could be shortened to a maximum of 1 year; this will help to stimulate young people to work in IWT sector and may reduce the shortage of staff. Furthermore, the certificates of all crew staff members could be more harmonised than at present.

In the opinion of many respondents there is a lack of thorough economic and commercial training of entrepreneurs. For investments decisions, accounting/ bookkeeping and tariff negotiations such skills are indispensable. Especially when entering new markets or when starting up new companies economic know-how is required. More in general, it is noticed that in the industry as a whole education usually is at the level of middle management at most. It is thought that there is a need for more people with skills on the higher professional level.

Staff on board of vessels needs health declaration from recognised doctors (medical declarations are required every time an individual employee workbook has to be asked or for Rhine shipping certificates). For employees from the new Member States certificates can not be obtained in the country where employees originate, although the countries are members of the EU (some examples mentioned concern Czech employees). As a result companies have to finance journeys for the medical investigation of candidate staff. This is awkward, inefficient and not necessary since in every MS there are enough competent doctors to establish that eyesight and hearing of a person are functioning properly and that a person can lift 20 kilogram's. The use of a list of "recognised doctors" does not seem necessary. Simply make the special IWT health requirements objective (e.g. list/describe these in application form-per staff category if necessary) in IWT and each local GP could then put their signature in the health declaration.

Navigation

Market

On top of the phasing out of mono-hull vessels the prospects for tanker shipping market have become even bleaker, because of the plans of policymakers and the EC to significantly reduce the use of fossil fuels by 2020 (at present cut rates of about 20-40% to 1990 levels of fossil fuel volumes are announced by politicians). So it seems that in the year 2020 in tanker shipping the EU markets will be "jack-knifed" on both the supply (fleet) and demand (fossil fuels) side by different types of regulation which will very deeply change the market (regulation partly due to shippers partly to authorities). To call these "barriers" would be an understatement.

A barrier for starters is the strong competition in some of the IWT segments like container and tanker transport. For a starter it is difficult to arrange a contract with a shipper / operator for a fixed charter and have a contract for a period of 1 to 3 years. Amongst others this makes it more difficult to convince possible investors in the company. Most of the vessel owners work for shipping offices that have the commercial contacts with shippers (and the cargo). Existing companies/vessels often have long term relations with shippers and carry goods on the same corridors and for the same shippers for years (fixed relation). Starters usually do not have this type of commercial contacts.

Furthermore, because of regulations (double hull) and high growth expectations in new markets (container) where special types of vessels operate, the shippers are interested more in operators with new and modern large vessels. This creates an additional threshold for starters because this means that even more private capital will be required to start a business in these markets.

In the market still exist types of default (such conditions are valid when parties have not explicitly agreed other conditions) *legal* conditions with respect to the unloading and loading of cargo.

Amongst other such condition specify number of day of loading/ unloading, the height of compensating payments for crossing the standard boundaries (e.g. letting vessels wait too long). The differences between Member States of these types of regulation in some respects are very high (e.g. the fixed compensation in money terms for time outside agreed upon loading time boundaries in Germany is much higher than in the Netherlands). All these regulations cause a considerable confusion and should be harmonised according to (associations of) operators.

Cargo

There has been a lot of turmoil in the last year about obligatory cargo documents in containers transport with operators and shippers generally favouring abolishing the obligation except for hazardous goods and waste transport .Given the freeing of the market, and the fact that historically the purpose of this obligation was to check on fairness of the competition in the market, this point of view seems straightforward. However, a number of authorities (e.g. the police) and also some politicians are reluctant to implement this, arguing that the documents are useful for security reasons. Although such reasons have little to do with the original motivation some politicians were sensitive to them, in particular when the police and IVW in made public the results of real checks of containerships in June 2006. It appeared from these that in 39 of 76 cases of real container vessel transport there was something wrong with the documents. So, on the wave of publicity about "black boxes" travelling through Europe with unknown contents, and a heightened awareness of security risks, proposals were put forward for some new obligatory freight documents for (preferably all European) container transport. The industry generally remains fiercely opposed to such obligations (apart from dangerous goods cargo and waste transport), pointing to the fact that the new CMNI already prescribes (albeit private instead of official) cargo documents.

Another cargo related issue which, according to many operators and shippers, has been bad for the international market is the lack of harmonization in the transport of waste materials. One has to register and be certified separately in each country in which a company wants to become active. The current practice in this market is a clear example where leaving to Member States too many freedoms in implementing EC Directives, unfortunately has had an adverse effect on the market. Instead of one type of regulation in the European market one ends up in the nightmare situation wherein one has to cope with as many types of regulation as there are Member States plus one on EU level.

Infrastructure

Generally port dues in the Netherlands, which are usually fixed by local/ port authorities, are thought to be completely non-transparent according to shipping, forwarding as well as operating companies. Large unexplained differences in tariff levels exist between ports and cities it is completely left to individual cities to determine. It would be much better if there were a general transparent national system.

In cross border transport problems with port tariffs are similar to the problems in domestic transport, so here the same remark about the desirability of transparent port tariffs applies.

A barrier mentioned by a number of companies and also a transport association is that it is increasingly difficult to find suitable rest areas during voyages along the Rhine and that many of them, in particular in Germany, are disappearing. This was one of the reasons for bad compliance with sailing and resting time regulation, according to some operators. The claims are that it simply is not always possible to find suitable rest places.

As it turns out this problem of a dwindling number of rest places is not confined to the Rhine area and similar processes seem to be going on with port areas in city centres and in tourist areas. Ports and rest areas in densely populated areas and in tourist areas like the Middle Rhine and parts of the Meuse River have to compete with alternative forms of land use, like housing which often are more attractive for local planners. It often happens when ports are located in or near city centres that companies experience that there is a constant pressure on opening times and restrictions on activities of the port. NIMBY ("Not In My Back Yard") behaviour of the local population and environmentalist local pressure groups has meanwhile become a familiar phenomenon.

Many shippers, transport companies, terminals and companies active in storage or warehousing in ports are convinced that the advantages and economic societal benefits that the IWT industry has to offer to societies, and which can only be seen and worked when looking at larger network impacts, are insufficiently taken into account into local infrastructure planning processes.

This problem could be dealt with by authorities themselves, by carefully investigating how the IWT-benefits, which frequently will surpass purely local interests are included in these planning processes and if this is indeed not satisfactory, how to get this right.

A number of operators owning ships which are longer than 135 m complained that there are not facilities at all for these types of ships. This ship dimension has not yet been taken into account in infrastructure design and planning. So there are too few facilities (e.g. rest areas) and there are problems at some locks.

Other barriers: a general remark from a transport organisation

The representative transport organisation in the sample noted that, unfortunately, it has happened several times that in IWT different implementations of EC Directives in Member States have been the cause of new types of unequal competition in the market to emerge (a good example is the market of waste transport) The transport organisation, moreover, expressed the view that River Commission legislation generally is less prone to implementation differences to emerge.

This would imply that if there should be a field where both the EC and River Commission could come up with regulation, it would be preferable that the River Commissions do this, at least from the point of view of uniformity of competition. To put it more bluntly, they considered the type of EC-legislation: by means of directives that have to be implemented by Member States, to be a kind of legislative barrier as such.

The high level of generalisation that this statement requires (across various types of EC legislation) makes it a difficult statement to discuss with individual transport companies.

9.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership

No barriers were mentioned in this field.

Inland ship / barge hardware under national flag

Many complaints (about 22%) of Dutch operators in the questionnaire are aimed at the authorities (and private certification bodies- to some extent inspections have been privatised in the Netherlands) involved in inspections of vessels and of equipment on vessels. The complaints involve long delays in obtaining certificates, long duration of inspections, long waiting times, lack of flexibility, mistakes made in certificates and lack of competent staff. So, it is clear that many operators are not satisfied with the present performance of the organizations involved in the inspections.

However, it should be realised that in the last years the level of required activities of these organisations has increased significantly because since the old-for-new regulation has become ineffective there has been a substantial increase in new building of vessels and investments in adaptations of existing vessels. Many complaints seem to point to a problem of understaffing of the organisations involved; besides, the expansion of the number of (competent) inspectors is also frequently mentioned as a solution to the problems experienced. Given the rather specialised nature of this type of work it is clear that significant expansions can not be realised in the short term. Moreover the current "boom" in investment in the fleet could be temporary, as it has been in many times in the past, so that such an expansion is not sensible from an economic point of view either.

Inland ship / barge operation

Workforce

About 18% of the respondents in the survey complain (see also table 2) complain about the administrative burden related to the sailing and resting time regulations.

This involves in particular the required registration of voyages made for individual crew members ("dienstboekje") and the ship ("vaartijdenboek").

That there are indeed problems with this regulation is apparent from the large number of cases of structural non-compliance, as found in regular checks by the enforcing authorities (IVW and police). According to the annual report of IVW in 2006 the non-compliance rate was no less than 40%. It is however very unlikely that the poor compliance with sailing and resting time regulation is solely due to heavy administrative requirements. Since in checks in 2006 many cases of non-compliance were noted there simply were too few crew members on board. This was one of the worrying findings of IVW. So at least in these cases administrative burdens were actually lower than usual! It is much more plausible that this phenomenon has something to do with the shortages of staff.

Many operators stated that the control and enforcement bodies in the Netherlands are too stringent in their checks on sailing and resting times. According to them the Dutch checks are much more stringent than those of the German control bodies, let alone the Belgian checks which are perceived by many operators as not very serious (however there seems to have been a shift in the Belgian approach lately, according to other operators).

Finally, there is a lot of irritation about the fact that some operators are subjected to the same type of checks more than once during a single voyage. This happens because of poor communication between police forces within the same country or (which happens more frequently) between police forces of various countries. More generally, many operators notice that a lot of "double work" takes place during such checks.

The obligatory advisors (obligatory by the Dutch "Arbowet"-law on labour conditions) that should make an inventory of risks in labour situation goods are generally regarded in the industry as a nuisance.

Navigation

Many operators find it annoying and burdensome to fill in the (obligatory) questionnaires of the Central Bureau of Statistics (CBS). Some of the questionnaires aim to record voyage data (e.g. origin/destinations, cargo type, tonnes loaded etc.) others company data.

In particular when sailing and during voyages the use of languages can be a problem since there is no universal language like in sea transport and air transport everywhere English is used. Some officials, therefore, have advocated the use of English in IWT as well (amongst others, the former transport minister has argued in favour of English). However, the use of English is virtually non-existent in the industry. Thus German seems to be a far better choice. For most Dutch operators e.g. German is the "second-language" rather than English.

Market

Bad planning of loading/ unloading processes in sea ports and incompetent personnel employed by terminals cause a lot of delays and annoyance in the transshipment of cargo, especially containers, in sea ports. The problems have increased dramatically in Rotterdam and Antwerp recently as a consequence of the strong growth of container transport.

Although these problems as such do not have a direct relation with regulation or the administrative requirements, they may indirectly result in problems with port authorities. The reason for this is that the occupation of rest areas in ports has become equally uncertain; as such areas are directly needed when vessels meet with delays in the transshipment. Some operators mention unfair treatment and inflexibility of port authorities as a barrier and blame the rules customary in ports for this. The real cause of the problem is, however, the bad and inefficient planning of the terminals and the right answer is to punish them for the problems in finding rest areas. E.g. percentage compensatory payments for delays as some operators recently have demanded seems to be perfectly justified.

Cargo

By far most of the complaints (28%) of operators and shippers are complaints about legislation and accompanying administrative requirements related to particular types of cargo. Examples of legislative problems were mentioned earlier, e.g. the problems in tanker transport (e.g. EBIS- but this is not only cargo but more barge related) and the problems with (lack) of harmonisation in waste transport. However the problems also concern the administrative requirements connected to the legislation. Many complaints of operators are about costly certification procedures connected to the hygiene quality systems (operators are obliged to keep a hygiene code book on board) that are required in the transport of animal fodder. These requirements on companies are imposed by an organisation PDV (Product Board of Animal Feed) which represents all meat processing and agricultural industries in the Netherlands. This organisation has issued a certification scheme (GMP+) aimed at improving the food safety in the entire chain of animal feed production, transport and storage. One of the sources of the present GMP+ scheme is the adoption of Regulation (EC) no. 1831/2003 of the European Parliament and the Council of 22 September 2003 laying down requirements for feed hygiene. Amongst others this organisation keeps a list of certified inland water transport companies which regularly have to participate in audits. The GMP scheme is thus an example of self-regulation, although related to EC regulation. It could be seen as a consequence of concerns of people (politicians and the general public) about food safety after a number of incidents had occurred in the past.

The complaints of transport operators concern the cost and effectiveness of the regulation. According to some operators the bi-annual certification cost of operators are about € 400,-.

There is also a group of operators that the GMP rules are useless and completely ineffective because they could be circumvented very easily.

It is interesting to observe that the historic background of GMP+ is similar to the background of the problems with mono hull tankers and EBIS. In the latter case concerns of the population and politicians about accidents with tankers causing huge oil spills triggered countries to take measures (in this case the US) and this in turn led companies active in the oil industry to introduce strict forms of self-regulation.

Another somewhat less important, but different example of self-regulation, leading to an increase in administrative burden, can be found in the supply chain of industrial sand and gravel in The Netherlands. Here the market parties (shippers, operators and the receiving production companies) use a quality system that they have introduced to reduce the number of complaints about polluted cargo. The original quality system however was somewhat too demanding since about two years ago it had to be simplified again because it proved to be too burdensome for the parties involved.

The obligatory safety advisors for companies that transport hazardous goods are widely regarded in the industry as a nuisance.

Infrastructure

ISPS has caused some problems in seaports. Cases are known where the access of operators and staff to/from their own vessels were severely restricted during loading and/or unloading.

9.6 How to solve problems: some ideas

Some straightforward solutions, mentioned by companies participating in the survey, for particular problems mentioned in the previous chapter are:

- Stimulate starters and small entrepreneurs who are willing to become an operator with better financial conditions in the start up phase;
- Promote the education and profession of inland operator because more people are needed to transport the growing amounts of goods and potentials by barges in the future;
- Synchronise more ship inspections, make various types of administrative requirements the responsibility of one person/department ("one-counter" policy);
- Improve the harmonisation of regulations across member states;
- Expand the number of ship inspectors;
- Spread responsibilities for safety and security of cargo and people more across actors in the logistic chain;
- Expand the number of rest areas along the Rhine and in seaports;

However, many problems do not admit easy solutions, if at all. For example in it was noticed that "expansions" of the number staff of ship inspections may not be solution in the long term if the present wave of investment turns out to be a temporary phenomenon.

9.7 Conclusions and recommendations

The main barriers the Dutch IWT industry has to cope with are:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Low entry rate of new businesses in the industry	Low rate of renewal, innovation	Capital intensive nature Start-ups need a relatively high level of own funding Banks prefer funding of new instead of second-hand vessels	Netherlands
2. New types of engines that comply with emission norm are not available in time and/ or are very expensive.	Cost increasing	The IWT market as such is too small for manufacturers	EU
3. Old vessels that not comply to Rhine shipping rules will be difficult to sell in 2010	Cost increasing	It will not/ hardly be feasible to fulfil the equipment requirements.	Rhine corridor
4. EBIS and ISO requirements in tanker shipping are burdensome	Time consuming and cost increasing	Effectiveness is doubted by many	EU
5. Phasing out of mono hull tankers by double hull tankers	Cost increasing Pressure on tariffs by creating overcapacity in the market	Safety and Environmental concerns with regard to tanker transport	EU
6. Lack of harmonisation with regard to manning requirements and working conditions	Unfair competition	National legislation	Rhine corridor
7. Education period of certain crew e.g. to become a sailor is too long	Time consuming and cost increasing	National policies	Netherlands
8. Lack of thorough economic and commercial training of entrepreneurs	More professional management Better investments	National policies	Netherlands

9. Use of recognised list of doctors for medical certificates for crew/ not allowing Eastern European doctors to sign certificates	Cost increasing	National policies and Rhine country legislation	Rhine corridor
10. Market prospects tanker shipping in view proposals to reduce the consumption of fossil fuels	Future decrease of revenues Low value of vessels Low market entry	Environmental concerns with respect to levels of greenhouse gas emissions	EU
11. Existence next to each other of various types of legal loading and unloading conditions	Confusion Legal uncertainty Cost increasing	Left over of regulated market. Discussion about whether or not such regulation is still necessary	Netherlands
12. Obligatory cargo documents in transport of non hazardous goods, especially container transport	Time consuming and cost increasing	Leftover of the regulated market, now justified for "security reasons"	EU
13. Lack of harmonization in the transport of waste materials	Cost increasing Unfair/ Unequal competition	Distinct implementations of EC Directives by MS	EU
14. Non-transparency of calculation of port dues/ charges	Cost increasing Uncertainty	Strongly localized (city or port authorities) systems of charging.	Netherlands
15. Difficulties in finding suitable rest areas during voyages along the Rhine and in inland ports in cities or tourist areas	Safety risks	Many of these, in particular in Germany, are Disappearing Localised infrastructure planning process	Rhine corridor

The country study for the Netherlands shows that about 30% of the companies have had few problems with regulation or administrative requirements in the past year.

Of the companies (70%) that do have problems, about 80% think that they have become worse in the past 5 years. Only 10% said that clear improvements have been realized in the last 5 years (about 10% said there is little or no difference).

In the sample, taking into account the companies that do not have problems at all as well, there is almost an even split between on the one hand the group of companies having no problems and/or seeing clear improvements and on the other hand the group of companies having problems and/ or thinking that the problems are getting worse.

The most frequently mentioned categories of problems are problems in the category "Cargo", that are problems related to particular types of cargo that is being transported.

The category of problems listed under "cargo" mainly consists of problems that stem from outside IWT-industry or result from requirements of authorities not directly involved in regulation in IWT. In addition, the rules/ administrative requirements in this category are to a large extent of a commercial nature (forms of self regulation of other market parties).

The relative importance of this category of problems has strongly increased in the last few years, because of various developments in society (increased environmental concerns as well as food safety, security concerns etc);

Operators, active in markets where such new requirements have emerged, may very well have experienced an increase of the administrative burden and problems with regulation. On the other hand companies with no or modest activities in these markets may think that not much has changed in the market.

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10 Country Report Poland

10.1 Introduction

Inland waterway transport plays a marginal role in the Polish transport system. The share of inland waterway transport in the cargo traffic has amounted to 0.7% for years. In 2005, 9607 000 tons of cargo were shipped, i.e. 1277 Mton-kilometres were performed.

Crude and manufactured minerals (about 35% in 2005), hard coal (24% in 2005), metal products and scrap metal (10% in 2005) are the predominant types of cargo in the international traffic. Raw and processed (aggregates) minerals, which in 2005 amounted to 52% of the total shipments and to over 70% in the domestic transport, clearly predominate in domestic traffic. The average haul length for such cargo in the domestic traffic amounts to merely 9 km, which is due to its local character: sand and gravel are extracted from a river's or a water reservoir's bottom and delivered to the nearest port. This freight market segment has always been the exclusive domain of inland waterway transport.

Inland shipping companies have a fleet with a cargo carrying capacity of over 280.000 t, including 95 self-propelled barges with a capacity of 50.000 t, 475 non-propelled (push) barges with a capacity of 232.000 t and 242 pusher-tugs with a power of 66000 kW (as of 31.12.2005). According to the statistics for 2005, about 81% of the operated pusher-tugs and over 58% of the push barges were produced before 1979. Almost all the self-propelled barges date back to the 1950s and 60s. In 2005 nearly 87% of the cargo was transported in the push system. The push fleet makes up over 83% of the total fleet.

The characteristic feature of the inland shipping industry structure in Poland is the dominance of two companies: ODRATRANS S.A. and Żegluga Bydgoska S.A., formerly state-owned companies, which jointly carry 75% of the total cargo. For three years now they have constituted one capital group. The other carriers are 45 small companies (each with 1-3 vessels) set up in the last 10-12 years.

The river ports are under the administration of local authorities, shipping companies and trade companies. Their number has been declining and most of them are obsolete, considering both the physical wear of the port infrastructure and the fact that they have not been upgraded to new shipping technologies: the ports can handle mainly conventional bulk cargo.

10.2 Methodology

The companies were selected for the survey on the basis of their representativeness:

ODRATRANS S.A. and Żegluga Bydgoska S.A. constitute one capital group and jointly carry about 75% of the cargo carried by all the Polish shipping companies. Beside the market share, the location of some of Żegluga Bydgoska S.A.'s operations on the Vistula River and the need to get to know the opinion on the utilization of the connection between the Oder's and the Vistula's waterways were the arguments for including this company in the survey.

TRANSBODE (general partnership) is the first (set up in 1992) private shipping company in Poland. Currently it is the largest company after the ODRATRANS S.A. capital group, with a nearly 10% share in the whole shipping market.

Śródlądowy Transport Wodny 'Muflon 09' is an average company from the group of the remaining companies (each with 2-3 river vessels) which have been in business for several years now.

The Association of Polish Inland Carriers, to which 45 shipping companies belong, was included in the survey as well. The Association represents the interests of the shipping companies in dealings with the national and local authorities. Here one can get acquainted with the problems in and the opinions about the functioning of inland waterway transport in its totality in Poland.

The shipping companies: Śląskie Centrum Logistyki S.A. and Rentrans Cargo Sp. z o.o., located in respectively the upper (Gliwice) and lower (Szczecin) course of the Oder Waterway are the leaders among the carriers.

Zarząd Morskich Portów Szczecin-Świnoujście S.A. (Szczecin-Świnoujście Port Authority) is the principal trans-shipment link in Poland-Western Europe relations and Port 'Głogów' in Middle Oder-Western Europe relations. So matched companies make up an over 95% share in the waterway transport market.

As in most cases the answers were given by persons without specific legal knowledge, they in some cases could not state the relevant regulations or laws a barrier was based on. In addition, some barriers could not be broken down explicitly into regulatory and administrative ones.

10.3 Problems of market parties with the regulatory and administrative framework

10.3.1 General

All the survey participants pointed out that the **poor condition of the waterways** in Poland not only constitutes the main barrier to development, but also threatens the very existence of inland waterway transport in the country. Poland belongs to the countries which have an extensive network of waterways. In terms of the length of operated waterways it occupies the fifth position among the EU countries. According to the statistics there are over 3600 km navigable waterways, but the actual suitability for inland waterway transport is very limited. Merely 5% of the length of the waterways in Poland meets the Class IV and V requirements. The class IV and V waterways consist of seven 9-55 km long unconnected stretches located in different parts of Poland. About 10% of the length of waterways, i.e. about 400 km of unconnected stretches of rivers and canals, belongs to class III.

Another problem area that is clearly indicated in the interviews is the growing **deficit of qualified crews on river vessels**. While the poor condition of the waterways is a result of underinvestment and the lack of proper maintenance and repairs in the last decades, the shortage of crews on vessels is the result of neglect and mistakes made in the last few years.

The shortage of crews forces the shipping companies to employ persons who long ago passed the retirement age or are not very well educated.

Another obstacle is the **lack of funds for the purchase of new vessels and the upgrading of the existing fleet**. Although an Inland Waterway Transport Fund was set up (in 2002) as part of the pre-accession to the EU, it does not meet the expectations of the shipping companies.

The next group of problems raised by the interviewees relates to the **work of the representatives of the offices**: the National Work Standards and Safety Inspectorate, the Inland Navigation Office and the Polish Register of Ships. In order to obtain documents certifying a ship (which was, for example, under the German flag with a complete set of documents) to sail under the Polish flag more than 150 recommendations made by Polish officials had to be carried out. This is due to the fact that the relevant regulations in Poland and in Western Europe have not been harmonized and to the – from interviewees' point of view - bad office-applicant relations that were shaped in the past.

The **height of tolls and charges** for ship locking on canalized stretches under various restrictions (one-shift operation of locks, locks closed on Saturdays and Sundays) should be considered problem having a bearing on the operating costs of shipping companies and making it difficult to organize shipments.

IWT sector representatives pointed out the **neglect in promoting** a positive image of the sector. The lack of widespread knowledge of the potential of inland waterway transport is not conducive to its development. This is an important problem and it should be addressed by the central government bodies, local authorities and the sector itself together with its trade partners.

Relative importance of the problems' impact

As indicated above, by far the most important barrier to inland waterway transport in Poland is the bad condition of the waterways and their limited availability for transport purposes. The other problems are, compared to this, less important.

10.4 Detailed description of the identified regulatory barriers

Inland ship / ownership

Only the two shipping companies belonging to the ODRATRANS S.A. group, operating on the market (being former state-owned companies they have been in business for over 60 years) with a 75% share in it have substantial capital assets. All the other companies (45) have been set up in recent years with very limited assets. Their owners are former employees of the former state-owned shipping companies. With their modest capital they could buy only partially worn out ships from the former state-owned shipping companies and from ship-owners in the Czech Republic, Ukraine and Belarus. Most of the vessels were worn out, needing repairs and retrofitting.

Since Poland joined the EU there have been some purchases of second hand motor cargo vessels from Germany and the Netherlands where they were operated for over 20 years. A partially worn out barge with a carrying capacity of 1000-1100 will have a pay back time of about 6 years.

A similar new barge would cost 5-6 times more and it would take about 30 years for the investment to break even. No bank will finance such an investment under the given conditions, e.g. concerning infrastructure. In 2001 the European Commission in its report on the progress that Poland made on its way to EU membership recommended to establish an IWT fund to finance mainly the modernization of the inland shipping fleet. The aim was the creation of a financial mechanism by the state to support the restructuring of the existing obsolete shipping fleet.

Having existed for four years now, the Funds have not met the expectations of the Polish inland carriers. More than half of the funds have been allocated to one shipping capital group; the average credit for the other carriers (about 47 firms) amounted to about 10000 EURO per annum. The loans have been spent on retrofitting and repairing ships and buying second hand vessels. No obsolete vessels were scrapped.

From the interviewees' point of view the Act itself is a barrier preventing new entities from entering the shipping market since it requires them to have been in shipping business for a minimum of 5 years in order to obtain funding from the Fund. The Act does not provide any system of guarantees which would support small- and medium-sized shipping firms. By giving preference to large companies, able to provide bank loan guarantees, it, moreover, restricts competition and free market in this region.

Inland ship / registration under national flag

No barriers were mentioned in this field

Operation of inland ship

Workforce

A major common problem acutely affecting the shipping companies is the lack of staff. This applies to the whole workforce, i.e. its qualifications, education and the required documents. The total employment on river ships in Polish shipping companies (47 firms) is about 700 persons. The permanent employment shortage amounts to approx. 10%. The problem emerged in the last 2-3 years and it is becoming more acute. Its causes lie in the legal regulations introduced in the educational system in the late 1990s. For decades specialised schools had covered the human resource needs of the IWT sector. By force of the Educational System Act the sector's three vocational schools were brought under the control of local governments (communes). But these authorities they were transformed into multi-sector schools, the number of students and graduates was reduced and one of the three schools (the one in Wrocław) was closed down. Another consequence of the above legal regulations in the educational system is the current curricula controlled by the Ministry of Education and Science.

Previously the curricula had been professionally designed and updated by the Ministry of Transport, taking into account the current needs of the carriers. Furthermore, the schools do not run any extra courses for students or graduates to acquire additional qualifications, e.g. for operating radars.

Navigation

No barriers were mentioned in this field.

Cargo

No barriers were mentioned in this field.

Infrastructure

The free-flowing Oder from the Brzeg Dolny barrage to the mouth of the Lusatian Neisse.

The Oder is the best developed waterway in Poland, handling 80% of inland waterway transport cargos on the home market. The main barrier for inland waterway transport in Poland is commonly considered to be the condition of the River from the Brzeg Dolny barrage to the mouth of the Lusatian Neisse.

This 260 km long stretch is characterized by the worst technical parameters and navigation conditions and so it is not used for regular navigation. Only occasionally it is used to tow ships built in the river shipyards in Kędzierzyn-Koźle and Wrocław to Western Europe. The transport of a ship from a shipyard located in the Upper Oder area to the waters of Western Europe sometimes takes a few months. The depths along this stretch are totally random and in places they are less than 1 m. Consequently, the Oder River is not a continuous waterway. This is a key barrier for inland waterway transport, due to the lack of connectivity between the Oder waterway and the waterways of the regions situated on the Upper and Middle Oder and the port in Szczecin and the waterways of Western Europe.

Szczecin – the Oder - Berlin – Western Europe

The free-flowing Oder from the mouth of the Lusatian Neisse to Szczecin in most part borders Germany. It is connected by the Oder-Spree Canal and the Oder-Havel Canal with the inland waters of Western Europe.

For this sailing region the interviewees raised two groups of problems concerning infrastructure:

- the non-uniformity of navigation conditions on the Eisenhüttenstadt-Hohensaaten stretch;
- the Szczecin-Oder-Western Europe waterway limit ships' cargo carrying capacity to 1000 t.

The too small clearance under the bridges and the dimensions of the locks make it impossible to exploit the potential of the waterways in this region and limit IWT productivity and competitiveness (e.g. the waterway constraints considerably limit the capacity of container carriers and make this business unprofitable – loss-making).

Vistula-Oder

In the category Infrastructure the bad condition of the Oder-Vistula waterway which links waterways in the east-west direction was indicated.

The Vistula River

The Vistula – the largest river in Poland – as a waterway is characterized by even worse navigation conditions than the Oder. Practically, no stretch of the Vistula has been brought up to a condition enabling regular navigation

What regulations have caused this situation to arise and even to worsen?

In the opinion of the inland waterway transport companies, the above problems are mainly due to the improper allocation among the central government's different departments of the responsibility for the condition of the waterways and the transport policy.

Officially the Minister of Environment is responsible for the condition of the rivers and for making/ keeping them navigable. According to all the interviewees, the Minister's first priority, however, is environmental and flood protection. Ensuring acceptable conditions for navigation on the waterways is clearly less important. This is also clearly demonstrated by the assignment of responsibilities for inland waterways and inland waterway transport within the organizational structure of the Ministry of the Environment: the waterways and inland waterway transport are the responsibility of the Chief Nature Conservator.

Furthermore, the withdrawal of inland waterways from the responsibilities of the Minister of Transport in mid 1980s made it impossible to develop a coherent policy concerning the country's transport infrastructure and the shaping of a balanced industry structure of shipping in accordance with the guidelines of the EU's common transport policy.

(2) Charging and tolling of waterways

Charges for the use of inland waterways and locks are a significant cost component for shipping companies using the canals and navigable river stretches. The charges are highest along the Gliwice-Wrocław direction which includes the Gliwice canal (about 40 km) and the canalized stretch of the Middle Oder from Koźle to Wrocław (about 200 km). Here the share of waterway charges amounts to almost 13% of the transport costs. For comparison, on German waters the share of waterway charges in freight amounts to 8.5%.

10.5 Administrative barriers

Inland ship / barge ownership

The interviewees indicated several administrative barriers, which they encounter, when they submit applications for loans from the IWT Fund.

The main barriers are:

- no amortization of a part of a loan from the IWT Fund;
- no procedure for amortization of a part of a commercial bank loan with funds from the IWT Fund;
- tardiness in payments to the IWT Fund account by the central government administration and restrictions on the Fund's loaning capacity;
- the small capital of the IWT Fund;
- the designated bank requiring high security (2.5-3 times the loan amount) for loans granted from the funds of the IWT Fund;
- the bank which administers the funds of the Fund and grants loans does not recognize fleet property as loan security.

Given the modest capital wealth of average shipping companies (which have been in business for only a few years) and the Fund's low capital, administrative preference is given to loans to large companies which are able to provide the required high loan security.

Ship / barge hardware under national flag

The problems raised in this category are to:

- excessive requirements of the control and supervision bodies towards carriers (e.g. concerning the width of gangways, railings, etc.),
- over interpretation of the regulations (e.g. it is not always necessary to pull out a ship onto a slipway, check the main engine shafting, etc.),
- the high fees for inspection and classification documents,
- discrepancies between Polish and, for example, German or Dutch regulations.

The abovementioned problems are very acute in the current (2007) situation.

The problems arise from administrative actions of the offices (and persons) and are not due to legal regulations.

Inland ship / barge operation

Workforce

The removal of inland waterway transport vocational schools from the Ministry of Transport by the Educational System Act and their transfer to local governments (communes) resulted in several administrative impediments for the sector:

- a considerable reduction in the number of schools (one of the three vocational school complexes was closed down);
- a reduction in the funding of the schools and in their educational base;
- the curricula are neither updated or adapted to the needs of carriers;
- no extra training of students and graduates to acquire additional qualifications, e.g. for operating radar.

Navigation

No barriers were mentioned in this field.

Market

According to most of the persons interviewed, the image of the sector in Poland is not very well developed and presented to the general public. The general public's knowledge about the sector's role and potential is actually very limited. The public is reminded of the sector's existence only occasionally, by persons emotionally committed to it, but not in a systematic way.

Although the Inland Waterway Transport Fund and the Repair Fund Act of 28.10.2002 includes a chapter entitled 'Promotion of inland waterway transport', the latter deals only with supportive actions within the sector (financial assistance to carriers) and not with the promotion of the sector to the public. The same applies to the Council for the Promotion of Inland Waterway Transport empowered by an appropriate act.

Cargo

No barriers were mentioned in this field.

Infrastructure

(1) Access requirements for sailing

Background

The flood in July 1997 was the most devastating flood in the Oder River basin in the 20th century. It caused the death of 54 persons. In the Czech Republic 20 fatalities were reported.

This revealed the inadequacy of the flood protection system in the Oder's reception basin and made it clear that even after repairs and remodelling it still would not meet safety standards or guarantee the free flow of flood waters (even in less than extreme cases). Therefore, by force of the Sejm's Act of 6th of July 2001 the Oder 2006 Programme was established.

It was assumed by the IWT sector that improvement in sailing conditions on the Oder Waterway would contribute to an increase in the transport of bulk cargoes such as hard coal, aggregate, cement, fertilizers and above all, oversized cargoes and container loads. In total 20 M tons of cargo per annum. As a result, it would be possible to effectively use the connection between the Oder and the West European system of waterways via the Oder-Spree canal and the Oder-Havel canal. This would also create the basis for the international use of the Oder Waterway as an on-the-water tourist trail.

However, the Oder 2006 Programme in its current shape only to a small degree takes into account the needs of inland waterway transport. Only 11.5% of the planned expenditures are to be allocated directly to IWT. Therefore, one cannot expect that when the Programme is implemented the Oder will meet international waterway standards. Nevertheless full implementation of the Programme would create new, qualitatively more favourable conditions for IWT than the present ones. Upgrading the freely flowing Oder (Brzeg Dolny-mouth of the Lusatian Neisse) to the class III waterway is feasible and would meet the expectations of the IWT sector. The Oder would become one continuous thoroughfare.

The experience from the 5-year Programme implementation period, however, makes one pessimistic. The construction and modernization objectives specified in the Oder 2006 Programme are carried out with a considerable delay, bureaucratic sluggishness and administrative negligence.

(2) Charging and tolling of waterways / locks / port tariffs

Shipping companies have been petitioning the Ministry of Environment to lower the charges for using inland waterways and locks. The carriers question the payment of tolls for using waterways which do not meet minimum navigation parameters. They demand that the charges are reduced or temporarily suspended.

Additional difficulties and costs for the carriers are created by the local water management administration. Locks on canalized stretches are open for only one shift from Monday to Friday. However, on Saturdays, Sundays and on the second shift, carriers are allowed to sail if they pay the wages for the lock operating personnel. This is a clear case of abuse, but it illustrates to some extent the attitude of the government administration responsible for inland waterways towards shipping activities on the waters.

10.6 How to solve problems: some ideas

Information on the hereinafter mentioned approaches base on the results obtained from interviewees and companies.

Financing Fleet

It was suggested to ask commercial banks for loans for the modernization of ships or the purchase of new ships. Because of limited securities though, which ship owners could offer the bank (bad condition and low value of vessel), this solution does not seem to be promising. It will be required that the state intervenes and creates conditions conducive to starting up new shipping companies and stimulating the development of the already existing companies (for a transitional period of, e.g., 10 years). The EU's experience in this field could perhaps be used.

One should be aware that in Poland, there are about 150 private shipping companies leasing ships owned by mainly former state-owned companies belonging to the Odratrans group. For such lessees one should create conditions of independent access to the market. Currently the latter do not have such access.

Inland ship: workforce

In Poland the current system of preparing young people for a profession in the inland waterway transport sector is generally criticised. There is also widespread agreement as to how to solve this problem. Inland waterway transport industry schools should be brought back under the Minister of Transport. The few decades long period when they were under this Ministry was highly productive as regards the quality of education and the number of graduates (it is said that every fifth person employed on river ships on the Rhine is a graduate of a Polish inland waterway transport school).

Infrastructure

(1) Access requirements for sailing

In this area the priority should be to precisely assign the responsibilities of the authorities for the condition of waterways. In order to conduct a coherent policy concerning the country's infrastructure and the shaping of a balanced industry structure of shipping in accordance with the guidelines of the EU's common transport policy, the sphere of inland waterways should be included in the scope of competence of the Ministry of Transport.

The Ministry of Transport, as the only ministry responsible for the policy of transport development, should:

- set directions for the development of inland waterways as an integral element of the country's infrastructure;
- conduct negotiations with Germany, concerning border/Oder management;
- ensure that the formal requirements for access to the EU funds for transport infrastructure (sign the AGN agreement, include investments on waterways in the Sector Transport Programme) are met;
- make efforts to obtain EU funds for investments related to the transport functions of waterways;
- be active in setting up logistic centres in river ports and in upgrading the waterway infrastructure elements (e.g. increasing the clearance under the bridges) in cooperation with local authorities.

The lack of consistent action in the above areas is currently the main barrier in the development of inland waterways in Poland.

Therefore changes should be immediately introduced into the Government Administration Departments Act, including a new scope of competence of the Minister of Transport, covering inland waterways.

(2) Charging and tolling of waterways / locks / port tariffs

In view of the bad condition of waterways in Poland high charges for the use of the inland waterways and locks are difficult to justify and the list of waterways subject to charges should be reduced considerably. In this respect one should note that the amount of the dues for the use of inland waterways represents an insignificant income (less than 500,000 Euro per annum) for the National Environmental Protection Fund, so a substantial reduction of this budget should not be a problem.

Inland ship/ Registration under national flag: Certification

The inland waterway transport sector strongly believes that painful and costly administrative barriers in this particular area could be removed or significantly reduced once the European Parliament and Council Directive of 12 December 2006 laying down the technical requirements for inland vessels is implemented. Since the implementation will (amongst others) lead to a change in the standards of supervision and control over companies and ships.

Market: promotion

The scope of action of the Council for the Promotion of Inland Waterway Transport should be extended to cover the promotion of the sector and informing its environment and the general public about the condition and prospects of waterway transport. The establishment of an Information Bureau within the Council for the Promotion of IWT to do professional transport market research and promote the sector should be considered.

Furthermore, the intake of young people into the IWT sector schools and their education can be a very important element of reshaping the inland waterway transport sector's image.

10.7 Conclusions and recommendations

The main barriers that were identified in the Polish case study are listed on the next page.

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Bad condition of the waterways in Poland threatens the very existence of waterway transport	Bad functioning of the industry	Underinvestment, no proper maintenance and repairs in the last decades	Poland
2. Growing deficit of qualified crews on river vessels.	Employing less professional and not suitable employees Cost increasing	Disappearance of specialised training institutes and appropriate courses	Poland

3. Lack of funds for the purchase of new vessels and the upgrading of the existing fleet	Low level of fleet renewal/ restructuring/ innovation Low level of market entry	IWT has not a high priority for Polish Government IWT Fund & Reserve Fund have not been successful	Poland
4. Lack of harmonisation of Polish ship inspection with inspections elsewhere in the EU	Cost increasing Time consuming	EU Legislation has not been implemented	Poland
5. Exclusion of inland waterways from the responsibilities of the Minister of Transport	No consistent industry development policies.	Reorganisation/ re-allocation of tasks in central government	Poland
6. Charges and tolling of waterways	Cost increasing Competition between modes	Polish legislation (Water Act)	Poland
7. Banks demand a too high loan security and unfavourable loan conditions	Underinvestment Cost increasing	Lack of knowledge about the industry and insight in markets	Poland
8. Too stringent ship inspections	Cost increasing Unfair/ unequal competition with operators in other countries	the problems arise from the administrative actions of the offices (and persons) and are not due to legal regulations	Poland
9. The Oder 2006 Programme in its current shape only to a small degree takes into account the needs of inland waterway transport	Improving accessibility Oder has become very doubtful	Amongst others: jurisdiction errors and administrative barriers make it impossible to fulfil the expectations.	Poland

From the sector's point of view, the barriers which confront the Polish IWT industry are of an existential nature.

In many cases even the most elementary conditions for normal operation within IWT are lacking. This is in particular true with regard to the very poor condition of the waterway infrastructure. Other essential problems refer to the education structure, staff shortages as well as the very limited supply of funds for IWT companies on the one hand and the need to urgently modernise the fleet on the other hand.

In addition, the sector points out that the national and administrative structures as such form general obstacles to the Polish inland navigation industry.

In this context the behaviour of national authorities, which seems to be rather inflexible and un-cooperative, has to be mentioned as well

Operators hope that Poland's membership in the European Union will force changes in the procedures and will speed up the introduction of more friendly regulations in the market environment.

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<http://isip.sejm.gov.pl/prawo/index.html>.

11 Country Report Romania

11.1 Introduction

Romania, a country of 237,391 km², is almost entirely situated within the Danube Basin (97.4%). The Romanian section represents 29% of the surface area of the whole Basin, with 37.7% of the river flowing through its territory. The navigable waterways in Romania comprise an overall length of 1,691 km (excluding the Danube's Kilia and St. George branches with 93 respectively 108 km as well as all Danube arms alternatively used for navigation).

After a difficult period during the 1990s, freight traffic on the Romanian section of the Danube has recovered in recent years. However, traffic is primarily domestic, with two industries (steel in Galati and cement in Medgidia) playing a predominant traffic generation role. In 2006 14.94 million tons were transported on Romanian inland waterways. This corresponds to an overall amount of 4,957 million ton-kilometres. Inland waterway transport (IWT) had a modal share of about 3.7% in 2004.

The national fleet comprises approximately 1,207 lighters and barges as well as 246 tugboats and pushers. Most of the existing Romanian enterprises derive from the large national fleet which was built up in communist times. The country has a considerable tradition in deep sea as well as inland navigation and represents the largest inland vessel fleet in South-Eastern Europe.

11.2 Methodology

The fieldwork for this report covered a total of five interviews. One interview was carried out at the respective branch office of one Romanian operator in Vienna, another four respondents were approached at the occasion of the transport logistic Fair in Munich (June 2007).

The size of the questioned companies ranged from small-sized enterprises to large-scale shipping companies. All respondents received an outline of the questionnaire a few days before the interview and therefore had the chance to get acquainted with the questions well in advance. The interviews carried out with operators in other Danube countries also brought up barriers regularly experienced in Romania. In addition to the interviews, rules and regulations in relation to the IWT sector have been identified and analysed.

11.3 Problems of market parties with the regulatory and administrative framework

11.3.1 General

Although the **Romanian** navigation sector has a long tradition and plays an important role within the national transport sector the Romanian state, according to the respondents, does not grant sufficient incentives and supports for enterprises active in IWT. This lack of funding in connection with cumbersome bureaucratic procedures and a frequent change of the political situation leads to a general mistrust towards public administration. Small Romanian shipping companies seem to suffer more from these circumstances than the large-scale operators which derived from the former state fleet.

Romania is still active in the process of adapting national legislation to the standards of the European Union. Inconsistencies between Romanian regulations and currently valid regulations in long-time EU member states constantly cause irritations and complicate the organization of seamless and efficient transport chains between Romania and other European countries.

Especially port procedures are perceived as unreasonably longwinded and complicated by operators from other EU countries and Romanian shipping companies alike. Cumbersome regulations with regard to the day-to-day business at ports and – seemingly – arbitrary dues charged by the Romanian authorities are the biggest problems in this regard.

In addition the competencies for aspects in relation to IWT are shared by a whole bundle of national authorities. The River Administration of the Lower Danube, with its head office in Galați, is in charge of the management of the whole river course through the Romanian territory, including the maritime part from Sulina to Brăila. The Ports Administration on the Maritime Danube River is operating as port authority of both Galați and Tulcea, receiving both river and ocean-going vessels. The ports of Sulina and Brăila, also located on the Maritime Danube River, are under authority and management of their respective County Councils. The Danube River Ports Administration with its head-office in Giurgiu, is operating as port authority for eleven ports. Like the Ports Administration on the Maritime Danube River, the River Ports Administration is currently not contributing to the financing of waterway maintenance and development although these investments have a direct impact on their activities.

The Navigable Canals Administration headquartered in Agigea, south of Constanța, is managing the Danube-Black Sea Canal and the Poarta Albă – Midia Năvodari Canal. It is also responsible for the four ports on the canal: Medgidia, Basarabi, Ovidiu and Luminita. The activities of all these authorities have a significant impact on the day-to-day business of national and international operators and the sector as a whole. In the opinion of the respondents, a lack of coordination and solely developed strategies and procedures are constantly leading to time consuming and cost increasing administrative proceedings.

Like in all other Danube countries the lack of qualified labour constitutes the gravest barrier for an efficient operation of inland vessels. The shortage of qualified workforce already severely affects the organization of working time on ships as well as the planning of routes.

11.3.2 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

In Romania the **registration procedure** for inland vessels requires unnecessary long time (about 30 days) and tends to be complicated and circumstantial. Two years ago the system of vessel identification numbers was changed. The old type of numbers reflected the size and type of the vessel which, according to the questioned Romanian shipping companies, provided helpful information for port operators in advance to the arrival. In the new system this type of information in the vessel number is lost.

In Romania, there are hardly any **incentives and subsidies** provided by the national government for the support of the inland waterway transport (IWT) sector. If available at all they are linked to time consuming application procedures. Political instability (frequent government changes) additionally leads to discontinuity in the political and administrative framework. The frequent change of guidelines and requirements for funding causes irritation and leads to a loss of trust in public administration. Sometimes respondents found it impossible to find out which authority or person would be authorized to grant a funding. All these administrative barriers prevent Romanian shipping companies from applying for funding and support.

Inland ship / barge hardware under national flag

The **certification of vessels** by the Romanian Naval Authority (RNA) poses no problem as such. However, the period of validity of certificates approved by the Romanian authorities is with one year substantially shorter than in most of the other European countries (usually five years). As a result, operators have to apply for an extension of the certificate every single year. This procedure constitutes an unnecessary bureaucratic and time consuming burden. According to the interviewed operators, the problem should be solved by implementing a standardized European admission procedure ensuring that certificates issued in one country of the European Union are mutually accepted in all other member states.

According to the decision of the European Union within the next years every inland vessel will be assigned a **unique European vessel identification number**. The European RIS Directive (Directive 2005/44/EC), dealing with harmonized river information services, and the European Directive 2006/87/EC (laying down technical requirements for inland waterway vessels) are the basis for the implementation of this new identification system.

It is foreseen, that the number will be assigned to all inland vessels with a European community certificate starting from the end of December 2008. Romania has so far not started to introduce this new identification system. But German authorities on the other hand are requesting the identification number from Romanian ships already. These inconsistencies cause misunderstandings from time to time.

Inland ship / barge operation

Workforce

No barriers were mentioned in this field.

Navigation

Port procedures are especially complicated in Romania. Even at small ports at least half a day is required for paper work. One respondent reported that recently a new due has been introduced by the Romanian government under the name "tax for traffic control". Ship's masters are required to give all ship papers to port authorities and have to pay 0.03 € per horsepower of their ships to get them back. This sum is paid on top of the existing port dues of 0.25 € per 100 tons loading capacity. When a ship leaves the Black Sea Channel there is actually no need to go through a control but the port authorities nevertheless charge the due and go through all the formalities. Furthermore the papers are not only checked by one authority. The canal authority, the port authority and the navigation authority are involved in the procedure which thereby becomes very time consuming and circumstantial. From the operators point of view it would be important to merge all these control procedures at one authority and to eliminate all unreasonable dues and taxes.

Bunkering is also a big problem and requires a lot of operational planning along the lower Danube. Due to legislative problems and an inadequate implementation of European legislation into Romanian law bunkers are currently hardly available in Romania. The bunkers have to be informed 2 days prior to arrival and the bunkering process requires extraordinary long time as additional forms have to be filled out and a tax for transport has to be paid. Foreign companies are exempt from these formalities. In Hungary and Bulgaria the procedure is less complicated. Some Romanian operators therefore use the bunker in Rousse now. Romanian legislation has been introduced which requires barges without crew to be kept in custody of the port authority. The take-over has to be confirmed in written form before the ship's master can leave the port. But the big problem is that there is not enough staff available at the ports. As a consequence the whole convoy has to wait until the barge has been registered at the port which causes unnecessary waiting times. In fact, these circumstances are leading to a situation where shipping companies cannot make use of the advantages of push barges anymore. If there is a legal requirement for letting barges in custody, port operators should be obliged to provide the necessary services. The problem is especially crucial at smaller ports.

Cargo

No barriers were mentioned in this field.

Infrastructure

No barriers were mentioned in this field.

11.3.3 Detailed description of the identified administrative barriers

Inland ship / barge ownership

The significance of problems connected with the **financing of fleet** corresponds with the size of the respective shipping company. For large Romanian operators it is rather easy to get loans for new vessels as they can provide guarantees and customer contracts which are generally accepted by banks. For small companies on the other hand it is extremely difficult to fulfil the requirements for the approval of bank loans. Especially loans for second-hand barges are difficult to get as Romanian banks lack expertise to estimate the residual value of these vessels. In many cases banks demand additional financial guarantees (e.g. long-term business contracts with forwarders) before granting a loan. Small and medium sized companies and business start-ups usually can not provide these guarantees.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

The Romanian IWT sector suffers from a low **availability of qualified workforce**, especially captains and helmsmen are rare nowadays. The shortage of labour is on the one hand caused by a lack of adequate and differentiated education and training system as well as by the unavailability of foreign workers. Ships are usually operated by three different modes: 14 hours shifts, 18 hours shifts and 24 hours shifts. Due to the shortage of personnel 24 hour shifts have already become rather the exception. Mainly due to the increasing competition from passenger vessels on the labour market and attractive job offers in Middle and Western Europe the salaries of boatmen rose significantly within the Romanian IWT sector over the last years.

Navigation

Although **data on water levels and currents** is the basic information needed by shipping companies to plan trips and routes they are not available in a proper form in Romania. The information has to be gathered by the operators from all kinds of different sources. In order to increase the predictability and efficiency of IWT a one-stop-shop for information on fairway conditions should be created. There is also a lack of traffic signs like buoys to mark the fairway and especially to warn against any disturbance of the fairway.

Market

No barriers were mentioned in this field.

Cargo

The **custom clearance procedure** at the Romanian-Ukrainian border often requires a lot of time. The same goes for Romanian vessels that want to pass through Serbia. All the control procedures (e.g. radioactivity checks, samples) can take up to 48 hours, especially when the custom authorities do not work during the weekend. Furthermore some of the customs checks appear arbitrary, especially concerning container transport. Sometimes every single container is checked although there is no reasonable argument for doing so. Most of the time it is not the legislation on customs itself that causes complications but its implementation. The same goes for the procedures carried out at the Port of Constanța. The administration of the port is said to work slowly and bureaucratically. Respondents have claimed that civil servants carrying out the controls show up late and do not work effectively. According to one Romanian interview partner the problem is a matter of mentality. Therefore this barrier can not exclusively be eliminated by employing new technologies and navigation systems.

Another problem in regard to the transport of cargo is the fact that the **transport documents** (Bill of Lading) used in Constanța do not foresee intermodal container transport with inland ships. There is no possibility to declare that the shipment deals with intermodal transport with trucks and inland vessels. The form issued by the port authority does not have a field to specify that the transport deals with container transport. Therefore it is cumbersome to instruct customers to fill it out properly. Forwarding companies support customers in filling in the paperwork but generally complicated procedures put customers off and constitute an unnecessary burden.

Infrastructure

The taxes for the Black Sea Channel are perceived as being over-rated: 0.40€ per t capacity and 0.15€ for empty vessels. In the hypothetical case that a vessel is loaded with 2 tonnes, the full charge of 0.40€ per loading capacity has to be paid.

By comparison the dues on the Main-Danube Canal are classified according to cargo type and dependent on actual ton-kilometres transported. The main problem is that **charges of the Danube-Black Sea Canal** are based on full carrying capacity of the vessel and not on the actual weight of the loaded freight. This regulation complicates new services (with usually lower utilization during the startup phase) and leads to double punishment for shipping companies in the case of bad fairway conditions (as vessels that can only be loaded partly have to pay the full charge). Especially for container transport this is an unreasonable charge, since containers are hardly loaded up to the maximum loading capacity (measured in volume rather than in tons). The current situation thereby is completely in contradiction with the official policy objectives to promote intermodal transport by IWT. The reason is a lack of a strong lobby for IWT interests in Romania (in contrast to trucking and railway companies) and the fact that the Romanian authorities see the dues as a source of income.

11.4 How to solve problems: some ideas

The registration and certification procedures applied in Romania should be harmonized with the standards valid in other European countries in order to prevent competitive disadvantages for Romanian companies. A standardized European admission procedure would simplify this adjustment process fundamentally. The introduction of a unique European vessel identification number – as foreseen by the European Union – should be implemented in Romania as soon as possible. The identification system will help to set up proper data bases on inland vessels and facilitate the implementation of River Information Systems (RIS) on all European waterways.

According to the interviewed operators the procedures at Romanian ports are circumstantial and bureaucratic. The dues which are charged by the public authorities for the use of port infrastructure and waterways (Cernavodă Canal) to a great extent seem to be arbitrary and based on questionable criteria.

One first step to create more transparent and efficient procedures would be to bundle all management competencies at one central authority responsible for inland ports and waterways. Unnecessary controls (carried out at the port of Constanța for example) should be abolished. Instead of the full carrying capacity the loaded freight should be the basis for the charges at the Danube-Black Sea Canal. If there is no money for subsidies and incentives, the adaptation of these canal dues would be at least a very effective measure to give some support to the sector. Romanian operators also attach great importance to the improvement of the availability of bunkers. If there is a legal requirement for leaving barges without crew in custody it should be a given that the ports make sufficient staff available to guarantee a smooth carrying out of this regulation.

Although Romania still disposes of comparably good education and training facilities for jobs in the IWT sector the national operators are lacking qualified staff. For the future it will be necessary to seek the cooperation with international partners in order to be able to finance and manage a differentiated and modern education system which meets the requirements of a constantly changing and developing inland navigation sector.

11.5 Conclusions and recommendations

In the next table the most important barriers are summarised:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Lack of funding in connection with cumbersome bureaucratic procedures	Inefficiencies in the organisation of transport chains Cost increasing and time consuming	Romanian state, does not grant sufficient incentives and supports for enterprises active in IWT	Romania
2. Port procedures are unreasonably longwinded and complicated	Cost increasing and time consuming	Inadequate, outdated regulations	Romania
3. Competencies for IWT are shared by a number of national authorities	Cost increasing and time consuming	Regionalisation of responsibilities	Romania
4. Lack of qualified staff	Cost increasing Employing less professional Saving on rest times	lack of adequate and differentiated education and training system as well as the unavailability of foreign workers	Romania
5. Complicated and long winded registration procedures for inland vessels	Cost increasing and time consuming	Unknown	Romania
6. Period of validity of vessel certificates is only one year	Cost increasing Operators have to apply for an extension of the certificate every single year.	National policies	Romania
7. Banks require for ship financing guarantees and contracts that SME's and Start-ups not provide	Unequal/ unfair competition Low market entry	Risk averseness of banks	Romania and Bulgaria
8. No data on navigation available, like e.g. data on water levels and currents	Inefficient planning	Unknown	Romania
9. Custom clearance procedures at the Romanian Ukrainian border and border Romania-Serbia often require a lot of time	Cost increasing and time consuming	Incompetent and bureaucratic officials	Romania/ Ukraine and Serbia

10. Transport documents (Bill of Lading) used in Constanța do not foresee intermodal container transport with inland ships	Customers are put off: decrease of revenues	Outdated forms	Romania
11. The taxes for the Black Sea Channel are perceived as being overrated	Cost increasing Unequal/ unfair competition with other modes	lack of a strong lobby or IWT interests in Romania and the fact that the authorities see the dues as a source of income.	Romania

The most frequently mentioned barriers in regard to the Romanian IWT sector are unnecessary long winded and cumbersome registration and certification procedures, a lack of qualified workforce, arbitrary port dues and tolls as well as scattered competencies and outdated control procedures and administrative forms.

The Romanian IWT sector is adversely affected by the unfavourable administrative and political preconditions that currently exist in the country. It seems to be of the utmost importance to ensure clear and transparent decision-making structures and to bundle the responsibilities. In addition, the provision of sufficient funding for the modernization of fleet, the creation of adequate fairway conditions and investments in the infrastructure at Romanian ports are a prerequisite for improving the overall performance of the sector.

12 Country Report Slovakia

12.1 Introduction

The Slovak Republic covers an area of 49,034 km² with 47,084 km² or 96% of the country lying within the Danube River Basin. In 2005, the network of commercially navigable Slovak waterways amounted to 251 km on the rivers Danube, Váh and Bodrog.

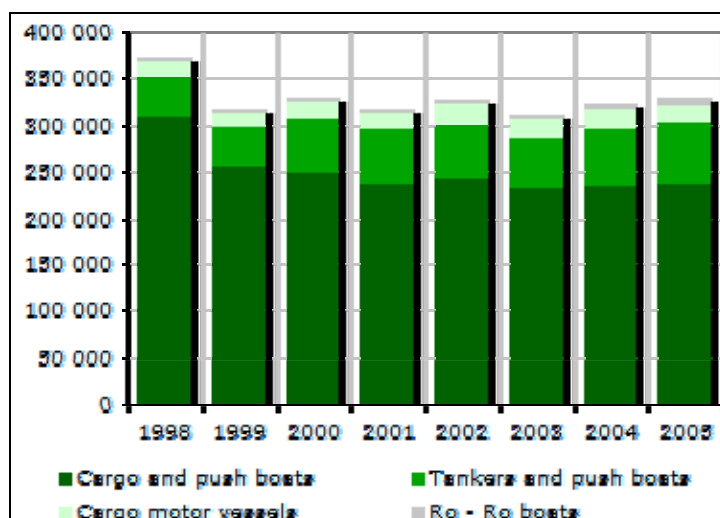
According to the Slovak Ministry of Transport 1.45 million tons of goods were transported on Slovak inland waterways in 2005. In the same year the transport performance of all vessels added up to 740 million ton-kilometres. According to the Central Commission for Navigation on the Rhine's Market Observation for European Inland Navigation (edition 2006-1), 267 freight vessels were operated on Slovak inland waterways in 2005.

The fleet consists of:

- 25 motorised cargo vessels
- 150 lighters and barges
- 3 motorised tank vessels
- 42 tank lighters and barges
- 8 pushers
- 39 tugs

The predominant vessel formation employed by Slovak shipping companies is the pushed convoy. In 2005 approximately 335,000 tons were transported by this type of formation. The figure below shows the share of the tonnage transported by all different types of formations.

Figure 12.1 Tonnage transported by different vessel formations in Slovakia



Source: Transport Research Institute, 2006.

In Slovakia, the largest share of the transport market is taken by road and rail. Inland waterway transport only accounts for 0.6% of the total Slovak freight transport. Nevertheless, inland waterway transport (IWT) plays an important role in the freight shipment of specific goods like liquid and dry bulk.

The inland waterway transport industry in Slovakia is dominated by one large, formerly state-owned operator, the Slovenská Plavba a Prístavy (SPaP) which is not only operating its own vessels but is also active in transshipment, warehousing of goods, forwarding services as well as repair works. There are also a few smaller companies operating their vessels along the Danube. Some of them have long-term charter agreements with foreign operators.

12.2 Methodology

In the course of interviews carried out within the frame of this project several interviewees described regulatory and administrative barriers they constantly experience when they are operating their vessels in the Slovak Republic. Furthermore, one Slovakia-based operator provided a profound insight into the national IWT market and the relevant regulatory and administrative barriers inhibiting domestic companies. All interviews were carried out using interview guidelines which were developed by via donau on the basis of the questionnaire provided by NEA. In addition to the interviews, rules and regulations in relation to the IWT sector were identified and analysed. The website of the Slovak government provided comprehensive information on the regulatory and administrative framework as well as interesting data and indicators on the national IWT sector.

12.3 Problems of market parties with the regulatory and administrative framework

12.3.1 General

The Slovak IWT sector suffers from a general lack of incentives and support from the Slovak government's side and from the fact that national transport policy is rather focusing on the development of the rail and road system in the country. Investments in the modernization of fleet are exclusively born by private actors. According to the interviewed Slovak operator the need for the improvement of services and infrastructure at ports has been neglected during the last years. With regard to the availability of workforce the Slovak IWT sector suffers from the same shortages like almost all of the other Danube countries. The education and training system for boatmen seems to be not differentiated enough, lacks financial support and is perceived rather unattractive by young people. Information on actual fairway conditions is currently not provided in adequate form by the responsible authorities. The lack of this data adversely affects the efficiency of the Slovak IWT sector as a whole.

12.4 Detailed description of the identified regulatory barriers

Inland ship / barge ownership

Since the fall of the Iron Curtain Slovak transport policy and funding for infrastructure have generally focused on the national road and rail networks rather than on inland waterway transport. Thus, the Slovak Republic does not grant funds for the replacement of vessels, the refitting of engines or for any other activity linked to the **modernization of fleet**. At present no tax incentives or facilities regarding the depreciation are granted to the IWT sector.

With regard to the **registration as owner** one interviewed Slovak operator criticised the fact that any legal entity can register its vessels in Slovakia. Registration is not exclusively granted to Slovakia-based shipping companies but also to operators without a registered office in the country. In the case of an average it is very difficult to claim damages from the responsible party. According to the interviewed operator the country of origin (resp. the country where the vessel is registered) is often held responsible for the damages. It seems to be of utmost important to eliminate these inconsistencies by introducing standardised European legislation on the registration of vessels in all EU member states.

In Slovakia there is a legal requirement to take out third-party **insurances** for inland vessels. The insurances are rather expensive and constitute a relatively high financial burden for shipping companies. Furthermore additional insurance packages are sometimes claimed by forwarders for particular transports.

Inland ship / barge hardware under national flag

No barriers were mentioned in this field.

Inland ship / barge operation

Workforce

No barriers were mentioned in this field.

Navigation

No barriers were mentioned in this field.

Cargo

According to one Slovak operator it is essential to ensure generally applicable standards in regard to liability and contractual conditions across Europe in order to increase the competitiveness of inland navigation in comparison with other modes of transport. The requirements in regard to liability conditions, responsibility for the payment of port dues and higher costs caused by low water are still varying to a great degree in the respective countries.

Uniform regulations could replace the requirements of existing agreements like the Budapest Convention (CMNI), the Bratislava agreements or the Mannheim Act. Especially forwarders are reliant on transparent, standardised and mutually accepted transport documents and would benefit of harmonization efforts. It therefore remains one of the fundamental tasks of the respective national government to push the elaboration of harmonised European transport documents forward. These uniform standards constitute a prerequisite for private investments in logistics systems and transport infrastructure.

Infrastructure

No barriers were mentioned in this field.

12.5 Detailed description of the identified administrative barriers

Inland ship / barge ownership

No barriers were mentioned in this field.

Inland ship / barge hardware under national flag

The **certification procedures** for inland vessels are administered by the Slovak ship's register and the national navigation authority. The ship's papers of Rhine vessels are unexceptionally accepted by the Slovak authorities. Slovak papers on the other hand are not valid in the Rhine area. This leads to additional administrative work, time consuming procedures and thereby to additional costs for Slovak shipping companies.

Inland ship / barge operation

Workforce

With regard to **labour and working regulations** the Slovak IWT sector is confronted with the same problems and barriers almost every Danube country has to deal with. The availability of labour is extremely low due to a lack of adequate education and training facilities and a decreasing attractiveness of jobs in the IWT sector. All secondary schools for inland navigation were shut down four to five years ago due to a lack of financial means. Although there is still a university course in Žilina which provides education on the management level, a differentiated education system would be required in order to make skilled workers on all operational levels available. There are a lot of captains which will retire within the course of the next few years. It will be very difficult to fill these gaps without adequate support from the political and administrative side. Lower skilled workers can usually be recruited on the national labour market.

The lack of qualified workforce already has negative effects on the day-to-day operation of Slovak ships.

According to our discussions with one Slovak operator other barriers in regard to the employment of workers are high labour costs and inflexible collective contracts. Minimum manning requirements are usually slightly higher in Slovakia than along the river Rhine. Additionally Slovak service books are not accepted in the Rhine area although they comprise more or less the same information and even provide a translation into German. Czech service books on the other hand are usually accepted. As a result Slovak operators have to apply for German (or even Czech) service books which constitutes a significant financial and administrative burden as these documents have to be renewed every single year in the respective country.

The interviewed Slovak operator stated that the creation of standardised European requirements and regulations is the basic prerequisite in order to assure equal preconditions for all European shipping companies.

Navigation

According to the interviewed operators inland vessels get insufficient support from the Danube ports. Loading and unloading requires too much time due to a lack of services and restricted opening hours. Most of the ports along the Danube are closed during the weekend. This not only goes for ports situated in Slovakia, but also for many other ports along the Danube. In many ports the transshipment of goods requires 3-4 days which causes additional costs for the affected shipping companies as fixed and to a lesser extent variable costs have to be paid for waiting times as well. Especially before the background of increasing operating costs (personnel, fuel, etc) and decreasing profit margins the reduction of waiting times is of utmost importance in order to safeguard the strong competitive position of IWT through effective services.

Another problem in regard to waiting times is the fact that most of the shipyards are overbooked. Maintenance and reparation of ships require long time periods due to long waiting lists for services.

It was stated that the recreational use of the Danube (water skiing, private yachts, etc) is an increasing problem for IWT. Fundamental navigation rules are not observed by the operators of motor boats and other sport vessels which constantly cause averages and perilous situations. However, the official authorities usually tend to blame the operators of cargo vessels for damages. According to the captain the water police should take drastic measures against the violations of navigation rules.

Logistics information services still are not used to their full extent. The communication between forwarders and operators should be improved substantially. According to the representative of one Slovak shipping company up to today still 30% of all barges navigating on the Danube are empty.

This significant rate is to a great extent resulting from a lack of willingness from the market parties' side to pass on logistical information to other decision-makers within the supply chain.

The problem is that the whole IWT sector suffers of a competitive disadvantage compared to the e.g. road transport sector where these information chains are handled better. In order to organize logistics chains more efficiently it seems to be of utmost importance to improve the exchange of data between ships and land-based facilities (ports, locks, etc.) via new information and communication technologies. In future the notification of dangerous goods at ports and locks could be done by employing the features provided by modern River Information Systems. The implementation of new technologies is a fundamental precondition for increasing the competitiveness in comparison to other modes of transport.

Another problem is the lack of adequate information on fairway and navigation conditions along the river Danube. It remains one of the fundamental tasks of the Danube countries to implement a joint information system for the whole river.

Market

No barriers were mentioned in this field.

Cargo

According to the information provided freight shipped from the Far East via Constanța to Central and Western Europe is often unloaded at - respectively distributed from - the port of Bratislava. Operator and forwarder usually can determine in which country within the EU the **import customs clearance** is carried out (for example in Slovakia). Customs duties are charged on behalf of the European Union by the country where the final customs clearance takes place. 25% of the customs can be kept by the country itself. Iron ore transported from the Ukraine to Linz, for example, usually reaches Bratislava by rail. At the port of Bratislava the ore is transhipped on inland vessels and carried to the final destination Linz. Whereas the cargo in Bratislava is only registered as "transit cargo" the Austrian state can keep 25% of the customs duties.

Infrastructure

No barriers were mentioned in this field.

12.6 How to solve problems: some ideas

One of the most important tasks for the Slovak inland navigation policy will be to create a more favourable environment for the day-to-day business of national and international operators by providing financial support and ensuring adequate fairway and transshipment conditions. The modernization of the national fleet could be facilitated by providing financial incentives for the private operators.

The development of standardised requirements and regulations on the European level should be a fundamental objective in order to eliminate the administrative barriers Slovak companies are currently facing when they navigate on the river Rhine.

The provision of adequate information on fairway conditions and the development of an effective Notice to Skippers system could help to increase the predictability of load factors and freight rates and facilitate the improvement of the overall efficiency of logistics chains.

Investments in the infrastructure and services of the Slovak ports are long overdue and therefore should not be put off any longer. Especially the liberalization of the restrictive opening hours of transshipment facilities would make a big contribution towards the reduction of waiting times and would increase the overall competitiveness of IWT in comparison with other modes of transport.

In order to improve the availability of workforce a differentiated and multileveled education and training system should be developed in cooperation with international partners. Existing Slovak education facilities can be integrated into this new European framework.

12.7 Conclusions and recommendations

In the next table the main barriers that were found are listed:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. No funds for the replacement of vessels, the refitting of engines. No tax incentives nor facilities regarding the depreciation	Modernisation of the fleet is a slow process Cost increasing	Focus on the national road and rail networks rather than on inland waterway transport	Slovak Republic
2. Any legal entity (based in any country) can register its vessels in Slovakia	Problems with recovery of damages from foreign vessels	National legislation	Slovak Republic
3. Legal requirement to take out third-party insurances for inland vessels	high financial burden for shipping companies	National legislation	Slovak Republic
4. Uniform contract conditions/ documents is missing at European level	Cost increasing Not transparent	CMNI only covers liability, there is a need to harmonise other contractual conditions (e.g. on loading/ unloading) as well	EU

5. Slovak ship papers are not valid in the Rhine area	Cost increasing and time consuming for Slovak operators	Rhine state/ CCNR policies	Rhine corridor
6. Availability of labour is extremely low	Cost increasing Employing less skilled personnel	Lack of adequate education and training facilities and a decreasing attractiveness of jobs in the IWT sector	Slovak Republic
7. Slovak service books not accepted on the Rhine	Cost increasing and time consuming for Slovak operators	Rhine state/ CCNR policies	
8. Loading and unloading in Danube ports requires too much time	Cost increasing and time consuming	Inland vessels get insufficient support from the Danube ports: lack of services and restricted opening hours	Danube
9. Recreational use of the Danube (water skiing, private yachts, etc) is an increasing problem for IWT.	Accident risk increases Hindrances: time consuming	Fundamental navigation rules are not observed by the operators of motor vessels and other sport vessels	Danube

A lack of financial incentives and lobbying power as well as insufficient support from the government's and the administrative side in general are the most important barriers for the creation of a competitive IWT sector in Slovakia. Most of the interview partners mentioned the low availability of qualified workforce, insufficient services at ports (especially with regard to opening hours) and the lack of information and data on actual fairway conditions as additional hindrances for the day-to-day business.

The creation of standardised requirements and regulations in regard to ship's papers and other relevant documents and procedures is a basic prerequisite in order to assure equal preconditions for all European shipping companies. In particular Slovak operators are adversely affected by the existence of different standards and a lack of mutual acceptance of ship's documents and service books.

References

- Transport Research Institute (2006) Tonnage of ships in water transport, http://www.telecom.gov.sk/externe/idic_en/index.html

13 Country Report Switzerland

13.1 Introduction

In 2006 the Swiss Rhine fleet consisted of 57 self-propelled cargo vessels, thereof 36 tankers and 18 dry cargo vessels. Carrying capacity of the total fleet amounted to about 131000 tons, of which 88000 tons could be apportioned to tankers and 37000 tons to dry cargo motor vessels. Latest figures show that the decline in carrying capacities up to 2004 could be stopped and that development is going up since 2005.

On a quantity basis, about 15 % of the Swiss foreign trade falls to inland waterway transport. Concerning mineral oil IWT reaches a share of more than 30 % of deliveries. Total annual cargo volume transported on inland vessels amounted to more than 7M tons in recent years. In 2005 approx. 22000 containers arrived at Swiss ports and about 33000 TEU left.

However, the Swiss fleet has a comparably small share in the total transport volume of inland waterways in Switzerland. As concerns the dispatch side it reaches nearly 10 % while the share of the German fleet is twice as much and the Dutch ships even achieve more than 50 %. Figures of the Swiss fleet for receipt are slightly higher.

Navigable waterways within Switzerland concentrate on 65 Rhine kilometres between Basel and Schaffhausen/Lake Constanz. In all, there are four Rhine ports, each two within the area of the city of Basel as well as in the canton Basel.

13.2 Methodology

The central addressee for information on regulatory and administrative barriers within Swiss inland waterways turned out to be the Swiss Association for Shipping and Port Economy. They stated the most relevant inland navigation hindrances.

In addition, other Swiss companies were given, also delivering further hints on inland waterway barriers, which are integrated in this analysis. DST also conducted an internet search on that topic.

13.3 Problems of market parties with the regulatory and administrative framework

13.3.1 General

Details on the hereinafter (chapter 3) described barriers based on statements of the interviewees as well as analyses of external sources (internet, newspapers).

Obstacles mainly relate to infrastructure aspects as well as to the application of very strict regulations concerning shipping and transshipment operations.

Moreover, a better integration into Swiss transport policy is claimed.

13.4 Detailed description of the identified regulatory barriers

Inland ship / ownership

Marco-Polo-Programme: As Switzerland is not a member state of the EU Swiss companies do not receive any financial support from this programme.

Inland ship / registration under national flag

Operation of inland ship

Market / Market Conditions

According to the interviewees' opinion liberalisation of railways led to competition disadvantages for IWT:

Liberalisation of railways within Europe has initiated a cutthroat competition. Large, former state-owned railway companies can use assured high funds to safeguard market shares.

Consequences: Former state-owned railway companies not only compete within their mode but increasingly compete with other transport modes, i.e. IWT. Central argument of transport policy in Switzerland has always been the shifting of cargo from road to railways.

It was stated, that significant cross border traffic flows between ARA-ports and Italy (broken railways-inland vessel-transport) were shifted to direct railway transport by offering ruinous tariffs.

Affected parts of Europe: mainly transit traffics with Italy

Affected parties: Inland navigation loses market shares. Complaints refer to the fact that financial support to the former state-owned companies is still given and stimulates this development.

Cargo

Infrastructure

Water levels of the Rhine are insecure.

Though this is not an administrative barrier in its real sense, this topic has been reported from the sector.

Consequences: The branch largely depends on rainfall volume. Low water periods can last for months and transshipment companies work short hours during that time. Low water periods induce reduced capacity utilization and thus shortage and price increase for ship's tonnage.

Freight rates per ton peak during those periods. In the short run ship owners and operators profit from this effect. In the long run however, they suffer from the shifting of cargo to other transport modes, as experience shows that part of the goods which are switched to other modes during low water periods will not be regained by inland navigation.

Affected part in Europe: Extensive sections of the Rhine (but also other rivers which are not in the focus of Swiss IWT)

Affected parties: shippers, transshipment companies, ship owners and ship operators

Approach: If IWT further on holds its ground, from the branch's point of view reliability of freight services must be guaranteed. A stated maximum solution would be to regulate the Rhine by construction measures resulting in a certain range of water levels along the Rhine.

Other barriers

13.5 Administrative barriers

Inland ships / ownership

Inland ships / Registration under national flag

Operation to Birsfelden (max 125 m vessels feasible) must be approved for ships having a length of more than 110 m.

Operation of inland ship

The following aspects were indicated as barriers:

- Monohull ships loaded with dangerous goods (blue cones) need towing aid for transport within the city of Basel irrespective of the water level.
- There is a night driving ban for the same stretch between 10:00 p.m. and 05:00 a.m.
- Due to difficult sight conditions for downstream operations, nearly no coupling trains are running upstream of Basel.

Market / market conditions

Cargo

On account of noise emissions within some part of the port, **transshipments in the night are not allowed.**

Infrastructure

There are **complaints on the following infrastructure conditions**:

- Due to the medium Rhine Bridge in Basel the clearance height is restricted to two layers of containers.
- Lock dimensions in Birsfelden limit permitted ship's breadth to 11.35 m
- Loading draught for the operation upstream of Basel is limited to 3.20 m. (sill height at lock entrance)
- Following shortage in land areas, the enlargement of container terminals is very difficult (conflict with urban development interests).

In the opinion of inland navigation representatives a reduction or elimination of these barriers / hindrances would enable a higher competitiveness of IWT.

Representatives of the branch consider the **charging system within the Rhine ports** as non-transparent thus being a constraint to the recruiting of new business.

Goal: simplification of port tariffs

Other barriers

Inland waterway mode is not part of the Swiss transport policy. Though rail and road clearly dominate in Swiss transport, IWT has its relevance for the country. Nevertheless present policy attention does not reflect IWT's real importance¹.

Goal: Navigation on the Rhine should be better integrated into Swiss transport policy at national level and development and realization of a strategy for the future Swiss IWT should take place.

13.6 How to solve problems: some ideas

As far as infrastructure related hindrances exist, participants recommend to eliminate or mitigate them, if possible. However, to ensure a certain range of water levels along the Rhine by regulating measures only a long-term approach, if any, can be realized.

The liberalisation of individual regulations, which hinder or increase costs of shipping and transshipment operations, could rather be accomplished within short. However resistances should be expected as well.

¹ The new 35 km long Lötschberg-Basistunnel and the new Gotthard-Basistunnel, which will be opened during the next decade, will influence freight traffic in Switzerland and Europe significantly. Not only modal split between railways and road as regards transit traffic through the Alps will change, but both tunnels will basically also affect the structure of traffics north of the Alps – thus also inland waterways e.g. by a rising number of direct truck transports

The political will play a decisive role concerning a better integration of IWT into Swiss transport policy.

13.7 Conclusions and recommendations

The main barriers that were found are listed in the next table:

<i>Barrier</i>	<i>Effects</i>	<i>Causes</i>	<i>Scope</i>
1. Limited access to support funds compared to EC competitors	Unequal/ unfair competition	Switzerland is no EU country and Swiss companies have therefore no access to funding programmes	Switzerland
2. Access to some ports, notably Basel, is limited and restrictive requirements are put on shipping activities. Port expansion is hindered	Cost increasing And time consuming	Amongst other such limitations have come about because of urban development interests and security concerns	Switzerland
3. Non-transparent port dues along the Rhine	Cost increasing Not transparent thus a constraint to the recruiting of new business.	Local/ port authority policies	Rhine corridor

The missing of IWT within the transport policy of Switzerland reflects the low approval it presently receives.

The sector demands that inland navigation should explicitly be integrated into Swiss transport policy. If this can be achieved some of the existing barriers resulting from infrastructure and operation requirements might be mitigated or removed.

Annexes:

Feedback of interviewees (filled in questionnaires, minutes of discussions, e-mail- /memos: files (scanned))

Links:

Schweizerische Vereinigung für Schifffahrt und Hafenwirtschaft (SVS)
<http://www.svs-online.ch>

Bundesamt für Statistik
<http://www.bfs.admin.ch/>

Rheinhäfen beider Basel
<http://www.portofbasel.ch/>

Rheinhäfen beider Basel: Abfuhr nach Nationalität der Schiffe (2006)
http://www.portofbasel.ch/daten_cm/datei_1183449975_d.pdf

ZKR: Marktbeobachtung der europäischen Binnenschifffahrt 2006-I
http://www.ccr-zkr.org/Files/om/om06I_de.pdf

Artikel
Die Rheinschifffahrt: das Mauerblümchen der schweizerischen Verkehrspolitik?
(Autor: Christian Furrer)
<http://raonline.ch/pages/edu/pdf/bwgrheinschiff01.pdf>

Artikel
SVS: Schifffahrt stärker anerkennen (DVZ)

Artikel
Klaus Vollrath: Basel: Das Schweizer Tor zur Welt (Internationales Verkehrswesen (59) 3/2007)

Statistik
<http://www.indexmundi.com/de/schweiz/wasserstrassen.html>