

How to attract new markets in the Danube region

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Similarly to the analysis of the potential of IWT for continental transport in North-West-Europe, we made a summary of the unused potential of inland navigation in the Danube region. We also had a look at the supportive measures that could increase the use of inland waterway transport for specific promising cargo groups.

Market analysis for the Danube corridor

We analysed 7 cargo types and 28 products regarding the volumes that are shipped around the Danube region. We also checked what equipment would be needed along the river to make the shift to IWT for those goods. For example, if Germany ships lots of soy, we checked the potential need for soy in other regions along the Danube.

We used a traffic light system to indicate the potential: green indicates a very high potential, red a very low potential.

The only type of cargo that would not have potential to be shipped by IWT is sugar beet. The reason evoked by shippers for this is that sugar beets are mostly processed locally and the damage during transshipment to this natural product is very high.

Cargo	Main points of origin	Main points of destination	Potential
Round wood	DE, AT, HU, BG, UA	DE, AT, RO	Green
Sawn wood	DE, AT, BG, RO, UA,	DE, AT, HU	Yellow
Wood-based Panels	DE, AT, RO	All (except MD)	Yellow
Pellets	DE, AT, RO	DE, AT	Yellow
Wheat	DE, AT, HU, RS, BG, RO, UA,	DE, AT	Green
Maize	HU, RS, BG, RO, UA	DE, AT	Green
Bioethanol	Domestic		Yellow
Soybean	AT, HR, RS, RO, MD, UA	DE	Green
Rape	AT, HU	DE, AT	Yellow
Sunflower seeds	HU, BG, RO, UA	DE, AT, RO	Yellow
Biodiesel	DE, AT, BG, RO, UA	DE, AT, RO	Yellow
Sugar beet	Regional		Red
Cars	DE, SK, RO	DE, AT, HU, UA	Yellow
Chemical products	DE, AT, SK, HU	DE, AT, SK, HU, RO	Green
Cement	DE, SK, HR	DE, AT, HU, UA	Green
Salt	DE, AT, RO, UA	DE, HU	Yellow
Iron ore	UA	AT, SK, (RS), RO	Green
Steel	DE, UA	DE	Yellow
Crude oil	NON-EU	All	Yellow
Diesel & gas fuel	DE, SK, HU	SK, HU	Green
Gasoline	DE, AT, SK, HU, HR, BG, MD, UA	DE, AT, SK, HR, BG, MD, UA	Green
LNG	Non-EU		Yellow
Coal	DE, AT, HU,	AT, SK, HU, RO	Green
Metal scrap	DE, AT, RO	DE, AT	Green
Waste paper	DE, AT, HU	DE, AT	Green
Used glass	DE, AT	AT, DE	Green
High & Heavy	All	All	Green

Testing the market transfer conditions

In March 2014, we discussed the prerequisites for modal shift towards IWT at the Danube Business Talks within the Naiades Dialogue for a number of types of cargo (150 participants).

High & Heavy cargo

Advantages of IWT:

- ❑ Large loading capacity compared to trucks and railway wagons (weight and dimensions) > for the first time potential customers got an impression of vessel dimensions.
- ❑ No time restrictions during transport (no weekend driving ban, traffic jams, accidents, etc.).
- ❑ No costly transit permits in international transport.
- ❑ No complex route planning (traffic lights, tunnels, bridges).
- ❑ Unique status in terms of cost efficiency boosts inland vessels potential for multi-modal concepts.

Challenges for IWT:

- ❑ Need for improvement and modernisation of infrastructure and handling equipment along the entire Danube River (e.g. missing RoRo ramps in Serbia, storage areas in ports, permanent equipment for transshipment of high & heavy cargo).
- ❑ Creating a higher degree of predictability in planning for forwarding companies as well as for clients.

Renewable resources

Advantages of IWT:

- ❑ Cost efficient transport solution, esp. for bulk cargo.
- ❑ High volume of renewable resources along the Danube axis, vast agricultural areas in the vicinity of ports and terminals, especially in Middle and Lower Danube countries.
- ❑ High loading capacity of Danube vessels (tonnage, volume).
- ❑ Reliable partners in Danube navigation with many years of experience of establishing transport chains for these products.
- ❑ High density of Danube ports with efficient handling and storage facilities for agricultural and forestry products.

Challenges for IWT:

- ❑ Need for expansion of transshipment equipment (e.g. more cranes, suction pumps for bulk) and special equipment (e.g. cleaning plants for barges).
- ❑ Need for expansion of storage capacities.
- ❑ Bundling of transports in order to ensure sufficient capacity utilisation.

We also tested the market transfer conditions on regional level in April 2015 in Enns, Austria (36 participants) and will do so again at the matchmaking B2B conference in Linz, 27-28 June 2016.

Recycling products: low value (such as used plastics, scrap glass, cellulose-based recycling products e.g. waste paper & waste wood)

Advantages of IWT:

- ❑ Cost efficient transport solution, esp. for bulk cargo.
- ❑ High volume of recycling products in urban areas and industrial locations along the Danube axis.
- ❑ High loading capacity of Danube vessels.
- ❑ Reliable partners in Danube navigation with many years of experience in transport, transshipment and storage of these products.
- ❑ High density of Danube ports with efficient handling and storage facilities.

Challenges for IWT:

- ❑ IWT are suitable mainly for iron scrap (long collection periods for other metal-based products).
- ❑ Short-term availability of barges hinders quick reactions to the market and presents concrete challenges for logistic providers.
- ❑ Volatile markets of recycling products, market situation changes on monthly basis. Difficult to plan in the long run.

Recommendations to facilitate market transfer

Neutral platforms are needed for the cooperation between Danube ports, shipping companies, forwarders and industry:

Support of existing cooperation platforms on national and international level

- Initiation of new cooperation formats.
- Fostering targeted events on specific topics e.g. more specific cargo types.

Provision of information and awareness raising about inland navigation and promising markets – for business sector

- Show cost advantage.
- Create & publish freely accessible information.
- Create user friendly & up-to-date information on:
 - Promising markets on national and international level.
 - Supply of transport/transshipment/storage along the entire Danube (ports profiles, logistics companies).

Promoting industrial locations in the vicinity of ports and terminals

- Foster Danube logistics promotion centres as “one-stop-shops” in Danube countries (provision of consulting and assistance to the industry from the initial planning phase of business locations followed by regular know-how exchange regarding Danube navigation).
- Continuous holistic service provision.

Ensure good navigation status and remove bottlenecks

- Fairway Rehabilitation and Maintenance Master Plan & FAIRway.

Simplification and harmonisation of administrative processes for inland waterway transports (esp. customs clearance, controls of the border police and navigation surveillance)

- Foster transnational working initiatives on control procedures e.g. Serbian-Hungarian, etc.

Improvement of facilities in ports and transshipment sites along the Danube

- Extension of national and international funding opportunities for port development on national and international level (co-financed projects esp. for downstream Danube ports).

Question & answers

Q: How to solve the problem of the volatile market?

A: Business people try to adapt to market changes. Our data is based on data of statistical offices. Volumes change but it is still relevant to get a view on the potential.

Q: How did you deal with continental cargo transport in the region?

A: We limited ourselves to the analysis of the potential for each product for each of the Danube countries.

Q: Fairway conditions have a lot of impact. Improving waterway conditions however depends on political will.

A: The good quality of the inland waterways is a precondition for the modal shift. This is an issue that cannot be quickly solved, but it needs to be addressed sooner rather than later.

Q: what are the differences and similarities between the Danube region and North-West-Europe?

Lambrechts: There are big differences in the regions which lead to different opportunities. North-West-Europe is a more mature market. This area tends to get more support from policy makers. Cooperation within Platina will definitely enhance the potential in the Danube region, but lots of infrastructural developments are needed. The quality of the Danube and the IWT infrastructure needs to be further developed first. Secondly marketing & deployment of inland waterway support needs to be enhanced.

There is a lot of potential if we convince national administrations, for example to have more coherent and easier rules for transporting chemicals. More harmonisation is needed between the countries. We also need better knowledge of empty sailings, because we can attract new cargo to fill the empty trips. More cooperation and exchange is needed so that the right partners find each other (industry, shippers, IWT).