# Final Report for the "Study on Administrative and Regulatory Barriers in the field of Inland Waterway Transport" – Part A

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# SUMMARY

## Introduction

The project "Study on administrative and regulatory barriers in the field of inland waterway transport" aimed to make a comprehensive assessment of administrative and regulatory barriers that currently exist in the European Inland Waterway Transport (IWT) industry and obstruct the proper functioning of the market and the market entry of new businesses.

When in the 1990s the regulated market segments in inland waterway transport in the EU were abolished, the entire superstructure of bourses, collective tariff negotiation and legal procedures that were connected to this disappeared as well. The same happened when in 2003 the capacity regulation policies in the EU became inactive. The systems of fees and fines and checks and controls that were connected to such policies disappeared as well.

So in fact, a significant reduction of the administrative and regulatory burdens of the inland waterway transport industry was achieved in the 1990s and first years of the present decade. And, one could say, that the aim to reduce the administrative and regulatory burden of the industry has indirectly been a core policy objective in the EU all along. However this aspect of market liberalisation was not emphasized in policy discussions in the past.

***Administrative barriers*** arise in particular from the information requirements imposed upon market parties by the enforcement of regulations. When such requirements are particularly burdensome or obstructive or otherwise hamper operators or shippers in business activities they are called administrative barriers.

***Regulatory barriers*** are barriers arising from existing rules and regulations that currently hamper the functioning of the EU internal market in inland waterway transport. This means that barriers are obstacles that interfere with basic freedoms and rights of parties in a free market or with equal competition in the market. In this study the terms rules and regulations are taken in a broad sense, i.e. they are not confined to types of legislation or rules imposed by authorities but may also refer to types of regulations that market parties impose on themselves (e.g. forms of self-regulation in the market).

All policies that interfere with the operation of free markets will not only change market outcomes and welfare levels of the society in general but will also imply that additional administrative and regulatory burdens are imposed upon the market parties. The reasons for this are clear: in order to prevent free market forces to take their "natural" course after all, a system of checks and a system of punishments and rewards is required so that trespassing is swiftly detected and appropriately punished. Conversely, the liberalization of markets will usually bring about the removal of these administrative burdens.

The present study identified and analysed these types of barriers and proposed solutions/measures that are believed to be helpful to diminish the impact or perhaps even remove the barriers.

More specifically the study aimed to:

1. detect and identify the main regulatory, administrative and other constraints which restrain companies active or planning to become active in the fields of inland waterway transport, from developing their activities;
2. analyse the barriers which have been identified and make an assessment with regard to the reason, justification and necessity;
3. propose general directions for solutions and future actions, as appropriate, of the European Commission, the Member States and regional/local authorities to remove/mitigate the detected barriers.

This was done by directly approaching market parties, industry organisations and authorities in EU Member States and in a number of non-EU countries. Specific case studies were carried out to analyse the situation in various countries or groups of countries. The countries or group of countries for which a specific country report was made were:

- Austria
- Belgium and Luxemburg
- Bulgaria
- Croatia, Serbia and Ukraine
- Czech republic
- France
- Germany
- Hungary
- Netherlands
- Poland
- Romania
- Slovakia
- Switzerland

## Results

It turned out that respondent were not always able to separate administrative and regulatory barriers from other types of barriers. All together in the field well over 180 barriers (182) were identified. It was found however that only a subset of these (136 to be precise) could be characterised as either "administrative" or "regulatory", the rest consisted of other types of problems with markets, enforcement, legislation or infrastructure.

About 90 barriers of the 136 administrative or regulatory barriers constituted a group with considerable overlaps between different countries, i.e. these were barriers identified in more than one country study. The number of distinct barriers in this group with overlaps is about 30.

Furthermore, 46 problems mentioned occurred only in a single country study and were to that extent unique.

Across member states there was a broad variety in the nature of barriers, the impacts of the barriers on market parties, the causes of the barriers, the geographical scope, type and number of parties affected by the barriers. Furthermore there are marked distinctions in the types of barriers that market parties have to cope with between on the one hand the Rhine area and on the other hand the Danube area. However, the lists of barriers extracted from the various country studies have a number of common features.

It was found for example that in almost all country studies barriers were identified related to the financing of investments in vessels and also in a number of countries barriers seem to exist with regard to insurance of vessels.

Problems mentioned with respect to financing were amongst others:

- Lack of harmonization of the conditions of financing and insurance between countries;
- Problems with convincing banks of profitability prospects;
- Limited experience/ of banks of IWT industry;
- Lack of support of authorities (e.g. with regard to taxes, to subventions, to state guarantees etc.).

This could result in unfavourable loan conditions, e.g. regarding interest rates the level of required own funding etc. Furthermore, it was noted that financing problems are even worse for start-ups. The threshold of entry to the industry was considered to be high for all types of new entrants.

Furthermore, related to Inland ship/certification, it was found that in a number of countries companies are not satisfied with the performance of the inspection authorities. Instances of long delays in obtaining certificates, mistakes and errors were noted in various countries. These problems are considered to be a significant barrier in a market that has occasionally shown signs of overheating.

It should be remarked that to a large extent the performance of the authorities could be explained by a shortage of competent staff. This is in particular true in Western Europe. The "old-for-new" scrapping regulation became inactive and there were favourable market developments in the past few years. This resulted into a surge in new building of vessels. The corresponding sharp increase in demand for the services of the inspection authorities in the last 5 years (that is compared to the situation at the start of this decade) is one of main reasons of the problems that have now become apparent. To some extent the current problems could have been foreseen and, therefore, the understaffing could be blamed on the authorities themselves. However, the current increase in investments is also strongly related to the growth of the industry as a whole and depends on global economic developments, and these are less predictable.

In most countries the lack of competent personnel is mentioned as a significant barrier to the industry. It is interesting to observe that countries in Western Europe sometimes think that migration of staff recruited from new Member States might be a solution to the problem in the future, while it is clear that these new Member States have an equal, if not even worse problem with staff shortages (because of the "drain" of staff to Western Europe).

Some countries think that the lack of suitable training facilities is one of the causes for the shortage of personnel, but others point to the more fundamental problem that jobs of personnel in the industry are simply not attractive enough for young people. The latter reason seems to be more plausible since in countries where training facilities exist the same problem of staff shortages occurs again.

Although this barrier is extremely important, in general it is not a barrier related to some form of regulation or administrative requirement. Into some extent the manning requirements could be discussed because these are sometimes perceived as too strict according to the viewpoint of the inland navigation operators. This would result in a higher number of required staff on board of the vessel than actually needed in order to guarantee a safe journey. For example due to the application of modern ICT and navigation systems and engine technologies some staff could be reduced.

Moreover, when the problem is with the jobs as such there is no other solution to the shortages than to raise salaries and or make secondary labour conditions much more attractive. In that case market forces of supply and demand on the labour market should do their work and there is little justification for involvement of other parties in this process.

The lack of standard/ harmonised job profiles corresponding to manning/ crew requirements was also seen as a barrier in some countries and, also related to type of barriers, the problem of non-compliance with regulation on resting and sailing times was mentioned by a number of countries to be a significant barrier. This is also a barrier which tends to make competition between companies unfair.

Although many barriers were mentioned related to infrastructure, few qualified as regulatory or administrative. The most important ones which do so and which are common barriers are problems with local or port authorities: port dues, limiting opening times of ports or facilities in port and reducing the number of facilities (e.g. rest areas in ports) and problems with infrastructure planning processes.

Many barriers that were mentioned in the country studies are related to cargo. They refer e.g. to the "burdensome" requirements which operators have to fulfil in the transport of liquid cargo (EBIS, ISO systems, animal feed (GMP) and waste transport (differs per country)) in order to be put on a list of companies out of which the transport companies are selected with which shippers negotiate contracts.

Especially along the Danube many problems related to the lack of harmonisation of procedures with non-EU countries, causing amongst others, border crossing delays, were mentioned.

A number of country-lists of problems also included the lack of a common IWT language as a problem for operators in international transport.

## General conclusions

In general the perception of many operators and shippers was that the barriers have increased in the past few years. However, the overall picture is not clear. A survey that was held in the Netherlands, indicated that here 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.

While there has been a substantial reduction of barriers as a consequence of the liberalisation the market in the 1990s it seems that many new types of barriers have emerged again since then. In particular the category of problems related to various developments in society (increased environmental, food safety, security concerns etc) has increased in the past few years. Amongst others, the new barriers encompass quality systems like GMP, EBIS, ISO-systems, waste transport requirements, dangerous goods treatment etc. In many cases the rules/ administrative requirements in this new category are to a large extent of a commercial nature (forms of self regulation of other market parties).

A number of actions/ measures that could be taken to solve or at least diminish the impact of problems are possible and have been proposed in the last part of the study. In many Member States the responsible authorities have also taken measures to reduce the administrative burden of the industry.

However, the possibilities to achieve such reductions are limited when market parties impose restrictions on themselves or when the type of regulations or administrative requirements originates not in the industry itself. It turns out that, unfortunately, this is the case for a large number of barriers found in the Inland Waterways Transport industry. For example the group of barriers, mentioned previously, are related to recent developments in society (increased environmental, food safety, security concerns etc.).

Other types of such barriers are: differences in the rates of taxation and social benefits, problems in France with the 35-hour law and different financing conditions in financial markets in various countries. Solutions to such problems are possible, but they can not be achieved via policies that are specifically aimed at the IWT industry. Either other types of authorities should be approached, acting in other policy areas, or particular Member States and/or private parties should be addressed.

Nevertheless, in the inventory, a range of problems was identified that could very likely be solved by more industry specific policies.

These barriers encompass the following:

- Problems with sailing- and resting time regulation and crew composition;
- Long delays to obtain certificates (various types of certificates were mentioned in a number of countries);
- The lack of proper job profiles (perhaps also to some extent problems with staff shortages could be addressed);
- The confusion about IWT-specific charges in ports, locks and waterways;
- The delays because of red tape and inefficient procedures at the borders with non-EU countries.

Moreover, perhaps the problems due to different languages within the IWT industry might be such an opportunity as well.

# 1 Introduction

The project "Study on administrative and regulatory barriers in the field of inland waterway transport" aimed to make a comprehensive assessment of administrative and regulatory barriers that currently exist in the European Inland Waterway Transport industry and obstruct the proper functioning of the market and the market entry of new businesses. The project identified and analysed these barriers and proposed solutions/measures that, hopefully, might be helpful to diminish the impact or remove the barriers.

More specifically the study objectives were to:

1. detect and identify the main regulatory, administrative and other constraints which restrain companies active or planning to become active in the fields of inland waterway transport, from developing their activities;

2. analyse the barriers which have been identified and make an assessment with regard to the reason, justification and necessity;

3. propose general directions for solutions and future actions, as appropriate, of the European Commission, the Member States and regional/local authorities to remove/mitigate the detected barriers.

The study used a direct approach to obtain the basic data. By means of a number of direct, bottom-up consultations of the industry in Member States the basic information, the information on the occurrence and nature of barriers, was obtained.

In Figure 1.1 an overview is given of the task structure of the project and the various deliverables that were produced in the course of the project.

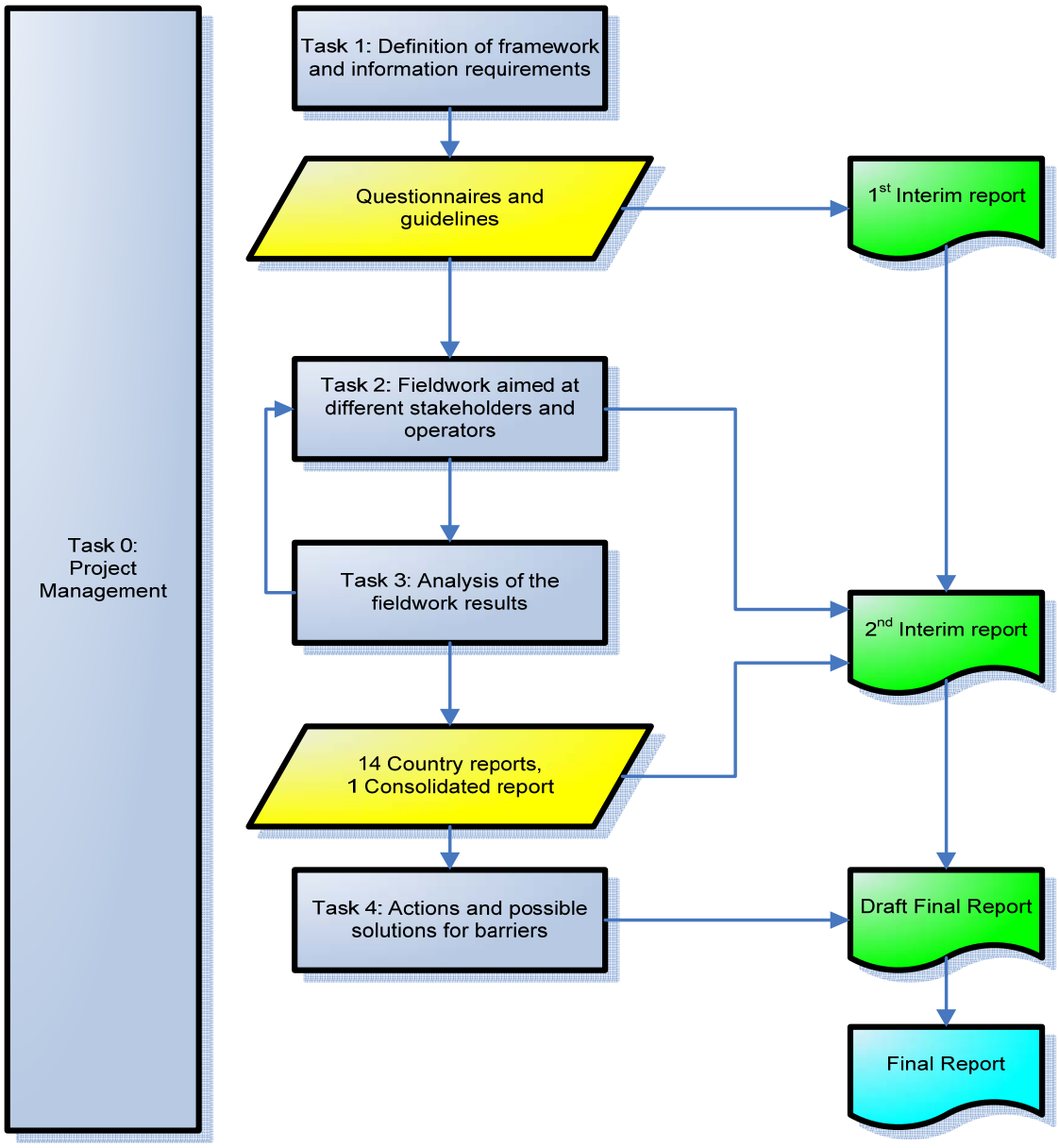
In this Final Report the main results of the study are reported. This includes the findings of the different interim reports of the study.

More in particular the Final Report encompasses:

- Results if the desk research study on the research and professional literature as well as immediately accessible contacts in the partners' networks in the IWT industry (Task 1);
- Results of the fieldwork, which means actually carrying out per country or group of countries the data collection in the IWT industry by means of the questionnaire as made in Task 1 (Task 2);
- Results of (cross)analysis if the fieldwork of barriers experienced by Member States and at the EU-level (Task 3);
- Results of the analysis of possible measures/ actions that can be taken to remove barriers (Task 4).

The Final Report consists of two parts: one part contains the individual country reports and the other part contains the results of the cross analyses of the country findings at the level of the EU. The two parts are called PART B and PART A of the Final Report, respectively.

**Figure 1.1 Overview of the project tasks (blue) and deliverables (green)**



# 2 Methodology

## 2.1 Main concepts

The term "barriers" refers in this study to barriers ***experienced in practice by market parties*** in the inland waterway transport industry (i.e. in contrast to all barriers one could possibly think of looking at the market from a theoretical point of view).

*Regulatory barriers* are barriers arising from existing rules and regulations that currently hamper the functioning of the EU internal market in inland waterway transport. This means that barriers are obstacles that interfere with basic freedoms and rights of parties in a free market or with equal competition in the market. In this study the terms rules and regulations are taken in a broad sense, i.e. they are not confined to types of legislation or rules imposed by authorities but may also refer to types of regulations that market parties impose on themselves (e.g. forms of self-regulation in the market).

*Administrative barriers* arise in particular from the information requirements imposed upon market parties by the enforcement of regulations. When such requirements are particularly burdensome or obstructive or otherwise hamper operators or shippers in business activities they are called administrative barriers.

In practice there are close links between the two types of barriers and it is sometimes unclear whether or not a barrier as experienced by businesses should be classified as administrative or regulatory. E.g. when companies object to administrative requirements they may often object to some piece of legislation as well and vice versa. Furthermore, there are also close links of these two types of barriers with (what may be called) *barriers in the enforcement of regulation and legislation.* This is understandable because the administrative requirements usually are part of the enforcement process of regulation. For example in inland waterway transport the well-known types of inspections (e.g. inspection of rest/sailing times, vessel inspections) also impose particular information requirements on companies. Often there is a trade-off between administrative and regulatory barriers.

Given the vagueness of the boundaries between these key concepts and the close interrelationship between them, it can not be expected from operators, forwarders or shippers that they will be able to make sharp distinctions where there are no sharp distinctions to be made. This means, that in order to get useful information from market parties one had to allow for a broad circumscription of the concept of barriers, taking into account that not all information collected was relevant for the purposes of the study. Some filtering of the information therefore was unavoidable.

## 2.2 Approach in general and per country (group)

The objective of the fieldwork was to collect the information on potential administrative and regulatory barriers. This involved actually carrying out per country (or group of countries) the data collection in the IWT industry by using amongst others similar guidelines and a common questionnaire to collect the required information. Common methods were used in order to ensure that the information which was captured would be comparable across the different countries.

In table 2.1 it is indicated per country/per group of countries what type of stakeholders were involved in the fieldwork efforts. As has been made clear previously the data collection was primarily directed at the industry, authorities were only be approached (if necessary) for the purpose of clarification of the industry findings.

**Table 2.1 Industry stakeholders that were approached in the fieldwork**

| | *Industry stakeholders* | | | |
|---|---|---|---|---|
| *TASK 2 Fieldwork* | *Operators* | *Shippers/ forwarders* | *Representative organisations of operators* | *Representative organisations of shippers/ forwarders* |
| 2.1 NL | X | X | X | X |
| 2.2 BE | X | X | X | X |
| 2.3 LU | | | X | X |
| 2.4 DE | X | X | X | X |
| 2.5 FR | X | X | X | X |
| 2.6 AT | X | X | X | X |
| 2.7 PL | X | X | X | X |
| 2.8 CZ | X | X | X | X |
| 2.9 SK | | | X | X |
| 2.10 HU | | | X | X |
| 2.11 RO | | | X | X |
| 2.12 BG | | | X | X |
| 2.13 Effect of administrative barriers/regulation in non-EU Rhine countries (CH) | | | X | X |
| 2.14 Effect of administrative barriers/regulation in non-EU Danube countries (Serbia, Croatia, Ukraine) | | | X | X |

In most countries the business interviews have been direct face-to-face interviews in pre-arranged meetings with the business parties. However, in the Netherlands, which has a large operator and customer population, this approach was combined with another surveying technique.

Although a common methodology was to be used to get the required information from the different countries, it was left to the responsible partner in the country to determine the precise manner of approaching the industry.

A questionnaire was designed focusing on describing and characterising possible regulatory and administrative barriers (see Annex 1) that were identified by interview partners or respondents. It was assumed, in designing the questionnaire that consultants at the end of the interview would fill in the form.

A simplified version of the questionnaire, in written form, was sent out by mail or by email to large groups of businesses (operators and shippers/ forwarders) who were asked to fill in the questionnaire en to return it to the study team.

## 2.3 Structure of the country reports

Subsequently reports about the specific situation in Member States, Non-Members States and various groups of member states and Non-Member States were produced. These country reports were made prior to the cross analysis and constituted an important input for the cross analysis. Because it was necessary to conduct the cross analysis (to arrive at conclusions on EU level) a common structure of the country reports was needed. The recommended structure of the country reports consisted of four chapters whose contents can be circumscribed as follows:

**1. Introduction**

- Purpose of writing the report;
- Overview of main stakeholders;
- Brief sector background information;
- Description/ characterization of national or regional (group) of operator- and shipper populations, and the position of the IWT industry;
- Possibly indicators for this characterization.

**2. Methodology**

- Description of the sample (size of cross section and composition among groups of participants; owner operator, shipping companies, forwarders, shippers, industry organizations, authorities);
- Description of methods by which respondents were approached (methods used to obtain information);
- Some experiences during this process.

**3. Problems of market parties with the regulatory and administrative framework**

***3.1 General***

- An overview of the evaluation of the regulatory and administrative framework, including a first indication of possible impacts of the problems and viewpoints of stakeholders;
- Impact indicators on the relative importance of the problems (what problems are more/less significant).

### *3.2 Detailed description of the identified regulatory barriers*

An in-depth description of the ***regulatory*** barriers that were discovered, divided into subsections. In each subsection all main categories of barriers (market, ships, cargo, infrastructure… etcetera) should be reviewed.

Furthermore, it was also recommended to structure the reporting as follows:

- Regulations of a commercial nature (designed by the sector itself)
- Regulations not specifically for IWT sector
- Specific IWT regulations

### *3.3 Detailed description of the identified Administrative barriers*

An in-depth description of the ***administrative*** barriers that were discovered. These are barriers that are not directly but indirectly related to a piece of legislation. In this case there are no problems with the contents of the rules/ regulation but problems could e.g. occur with respect to the way of implementation, procedures or enforcement of the legal measurers.

Again the following structure to distinguish 3 main subsections was recommended:

- Administrative barriers designed by the sector itself
- Administrative barriers not specifically designated for the IWT sector
- Administrative barriers that only apply to the IWT regulations

### *3.4 How to solve problems: some ideas*

Thoughts on solutions to the problems identified in previous sections.

# 3 Findings of the fieldwork and cross-analysis at EU level

## 3.1 Introduction

The administrative and regulatory market environment, in which the inland waterway transport industry currently has to operate, has been discussed intensively in the last years. Such discussions were held both within Member States of the European Union as well as at the EU level and in various international forums. Moreover, in some countries, like the Netherlands and France, policy measures were taken specifically aiming to improve and simplify the administrative and regulatory framework.

In an early stage of the project, before approaching the industry, the project team members have tried to surface information on the most important areas where problems seemed to exist. This information was, amongst others, used to focus the fieldwork on specific issues. In section 3.2, which is a rather long, the main findings of the field work are summarised by means of a number of structured tables per country or group of countries combined with a short explanation. This is done in order to be able to compare results across countries. In section 3.3 some conclusions are drawn with regard to the common occurrence of certain types of barriers in the EU.

More extensive information about the situation in each country can be found in a separate report (the PART B report) that accompanies the present report.

## 3.2 Problems identified in the country studies

In the next subsections (3.3.1. to 3.3.12) the main barriers as identified in the country studies will be summarised. Before presenting the results some remarks are made about the way the findings are presented.

The summary is reported by means of structured tables in which per country the identified barriers are presented using:

1. A short description of the nature of the barrier;
2. The type of barrier (A, R, E, M);
3. Possible effects on businesses and the industry;
4. Indication of the (likely) causes;
5. Scope (geographic area where this barrier applies).

The "type" indicates whether or not the barrier is:

- An administrative barrier (A);
- A regulatory barrier (R);
- A barrier in the enforcement of rules or in the execution of public tasks (E);
- A failure of the market (M).

As discussed in the previous chapter such type distinctions are frequently difficult to make. In any case it serves to extract from the broad group of identified barriers the barriers which are primarily of interest for the present study, namely barriers of type "A" or type "R". This does not mean that the other barriers are not important. On the contrary, some of these are perhaps more important to the industry than type "A" or type "R" barriers. Categorising the barriers as type "E" or "M" simply means that the connection with regulation or legislation is not straightforward.

Each table to be presented is accompanied by some concise remarks mainly commenting on the type classification of barriers. Full descriptions of the nature and background of the barriers can be found in the country reports which are integrally contained in PART B of this report.

### 3.2.1 Overview of barriers in Austria

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 (see table 3.1) 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.

**Table 3.1 Summary of main barriers in Austria**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. High standards/ requirements with regard to ship insurances and high rates paid for provided Services | R | Competitive disadvantages | Legal requirements | Austria |
| 2. Unequal treatment of the different modes of transport with regard to insurance conditions | R | Competitive disadvantages | National state policy | Austria: |
| 3. Problems using vessels bought in other MS and limitations in accessing the Rhine | R | Time and cost increasing | National policy CCNR-requirements | Austria |
| 4. Lack of adequate Education/training facilities | M | Lack of qualified labour/ shortages | Size of student population is too small | Austria |
| 5. Restrictive legal frameworks concerning the employment of foreign workforce | R | Lack of qualified labour/ shortages | IWT not excluded in overall restrictive legislation | Austria |
| 6. Inflexible regulation with respect to working conditions and working times | R | 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 | R | Competitive disadvantages | Restrictive CCNR-requirements | Danube countries |
| 8. Navigation aids and signs along A-and D-stretches of the Danube insufficient | E | Confusion/ problems finding the fairway among crews | Late application of agreed upon aid and signs by A- and D-authorities | A- and D- stretches along the Danube |
| 9. Requirements to start a shipping company are much higher than the ones effective in other sectors (e.g. truck companies) | A | 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. | R | Safety risks, unequal competition | Term "working time" does not reflect the working conditions on an inland ship adequately | National and International transport |
| 11. Limited use of digital information systems in the IWT sector | M | Higher costs and time | Ineffective supply chain management | National and International transport |

| | | | | |
|---|---|---|---|---|
| 12. Annoying, time consuming border controls and revisions | A | Time and Cost increasing | Disadvantage compared to other modes of transport | International Transport |
| 13. High port dues and non-transparant calculations | A | Cost increasing | Unknown | Austria/ Danube |
| 14. Restrictive opening hours ports in Austria | A | 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 | E | Accident risk | Too few measures were taken | Austria |
| 16. Insufficient provision of waste disposal facilities and services | E | Environmental risk | Too few measures were taken in ports | Austria |
| 17. Long waiting periods at locks | E | Time / delays/ waiting | Bad planning repairs, priority of cruise vessels | Austrian locks |
| 18. Double submission of statistical data | A | Time and Cost increasing | Bad planning of data collection | Austria |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

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
- Working time regulations that are unsuitable for the IWT sector.

Most of the barriers mentioned in table 3.2 do seem to have a clear relation to either administrative efforts or regulations, so indeed belong to type "R" or "A".

Some barriers that were considered to be administrative, like insufficient provisions of waste facilities in ports and lack of security for crews in ports were classified as type "E" because it seems that the problems have little to do with regulations or administrative requirements connected to regulation. The problem here is the not properly carrying out of the public task of the (port) authorities. This is clearly a type "E" barrier.

Perhaps classifying "lack of education facilities" as a type "M" barrier is more controversial, since this could be type "E" as well. More specifically this will depend on whether one views the professional training as mainly a private or public matter.

### 3.2.2 Overview barriers in Belgium and Luxemburg

Interviews with respondents and desk research show that in recent years several administrative and regulatory barriers have been removed 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'). This agreement includes 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.

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: 'Startersfonds' (which is part of the 'Participatiefonds' = 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.

**Table 3.2 Summary of main barriers in Belgium and Luxemburg**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Procedure to obtain and keep necessary certificates | A | 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 | A | Time consuming and cost increasing | Different independently working authorities | Belgium |
| 3. Differences in implementation and interpretation of legislation between inspection authorities in the EU | A | Time consuming and cost increasing and 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 | R | Time consuming and cost increasing Lack of transparency | Differences in national legislation | EU |
| 5. Relatively high labour costs and legislative ban on temporary employment | R | 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 | R | 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 | A | Time consuming and cost increasing and unequal competition | Rules from OVOCOM for animal feed safety | EU |
| 8. Difficulty in reclaiming VAT-taxes from European countries | A | 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 | R | Cost increasing, inconvenient working conditions | Belgian legislation | Belgium |
| 10. Procedures to be allowed to transport waste materials by inland vessels | A | 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 | A | Cost increasing, unequal competition | Differences in implementation of legislation | Belgium and some countries EU |

| | | | | |
|---|---|---|---|---|
| 12. Introduction of security measures based on ISPS regulation | A | 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 | R | Cost increasing, inconvenient working conditions | Belgian legislation | Belgium |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

All of the identified barriers (see table 3.2) seem to be firmly related to the regulation and administration connected to this. Some type "A" barriers in the table were described as type "R" in the country report and vice versa. Apart from such reclassifications only a few changes had to be made to the country report typology.

It should be noted, that barriers 2 and 3 are much more general than the other ones. Finally, it should be noted that barrier "13" does not refer to a presently felt barrier, but to a perceived future barrier as well.

The administrative barriers in the field of inland waterways transport 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 are often caused by differences in legislation regarding 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 affect 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.

### 3.2.3 Overview barriers in Bulgaria

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.

**Table 3.3 Summary of main barriers in Bulgaria**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Lack of investment in infrastructure and fleet modernisation | E/M | Cost increasing and time consuming | Lack of resources | Bulgaria |
| 2. Port dues are not fed back or allocated to port investments and improvement | R | Cost increasing | National policies, revenue raising for other spending purposes | Bulgaria |
| 3. Lack of qualified staff | E/M | Cost increasing, employing less professional workers and 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. | R/M | 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 | A | Cost increasing and time Consuming | National policies and various authorities involved | Bulgaria |
| 6. Lack of incentives by the government | E | Lack of/ limited level of fleet modernisation | Political choices | Bulgaria |

In table 3.3 above, six main barriers, identified in de Bulgarian country report, are listed. The problem of lack of investments in infrastructure as such is not considered to be a regulatory or administrative barrier but is more a market- or policy-related barrier. The second problem related to infrastructure, the problem of not feeding back port dues to port investments, is actually a problem with regulation, as the Bulgarian ports are managed by the national state and port dues go directly into the state budget. So it is classed as an "R" category barrier properly.

In addition, there are the problem of lack of staff which is primarily a problem of the labour market, the problem with partial insurance coverage, which is partly a problem in the market (high rates) and partly with regulation, the long winding application procedures for certificates which clearly is an administrative barrier and the lack of incentives for the industry that is actually a problem with how the authorities decide to carry out transport policy and what political choices are made in Bulgaria.

### 3.2.4 Overview barriers in Croatia, Serbia and the Ukraine

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) is 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 time consuming and complicated. Many interviewed operators heavily criticised customs authorities and the fact that the same regulations are carried out differently at different ports.

**Table 3.4 Summary of main barriers in Croatia, Serbia and the Ukraine**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. IWT laws are outdated and do not properly cover all aspects of inland navigation (e.g. cargo handling). | R | 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 | E | Lack of incentives and subsidies financing of fleet is problem | Lack of knowledge about IWT<br>Risk averse behaviour of banks | Croatia |
| 3. Lack of lobbying power and support provided by the public authorities. | E/M | Uncoordinated activities and lack of funding and 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 | E | 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"<br>Lack of regulation on ports in general | R | Congestion and environmental risk | No control on private activities and monopolistic structures | Serbia |
| 6. Theft in ports | E | Cost increasing, security of staff | Insufficient security measures in ports | Serbia, Ukraine |
| 7. Lack of qualified workforce | M | 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 | A | Time consuming and cost increasing | Little knowledge of English or German | Serbia and Croatia and Entire Lower Danube |

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| 10. Entry thresholds are too high | M | 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 | E | Safety risks | Lack of funding | Serbia |
| 12. Intermodal transport is seriously inhibited at different ports | A | Time consuming and cost increasing | Lack of flexibility with customs procedures, tendency towards applying the same rules differently and lot of paperwork required | |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

These three countries are not EU Member States. Problems in the countries in inland waterway transport, in particular in Croatia and Serbia, could however, also affect activities of EU based companies operating on the Danube. This is why they were included by means of a separate country study.

Many barriers that were mentioned in the country report were re-classed here as type "E or type "M". They either have to do with infrastructure (-related) problems or lack of financial resources of parties that are not obviously related to legislation.

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 the 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.

### 3.2.5 Overview barriers in Czech Republic

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". Also the shortage of qualified nautical personnel is another obstacle to Czech IWT.

In all a number of barriers and constraints (see table 3.5) 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.

**Table 3.5 Summary of main barriers in Czech Republic**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Ensuring a sufficient fairway depth for the Elbe section Usti n.L. – Hrensko is a problem | E | 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 | R | 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 | R | 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 | R | 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 | A | Cost increasing | Current cabotage legislation | Czech republic and other EU countries |
| 6. GMP+ rules and requirements in the Netherlands are expensive | A | Cost increasing | Animal feed safety | Netherlands |

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| 7. Noncompliance of Czech authorities with development standards according to the AGN agreement | E | 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 | M | Cost increasing | Many Czech crew-members work abroad, the job profile is not attractive | Czech Republic |
| 9. Non-acceptance of existing number of personnel aboard of Czech vessels | R | 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 | R | 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 | A | 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 | A | Time consuming and cost increasing | Mistake of the Czech authorities in travel documents | Czech Republic |
| 13. Refunding of value added tax takes too long | A | Cost increase Loss of interest and administrative burden | EU legislation and procedures | EU |
| 14. Discriminatory port fees are used | R | Unequal/ unfair competition and non-transparancy in port fees | 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 | Germany |

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| 15. Payment of services within Czech public ports is unclear | R | Non-transparancy in port fees | Undecided legal position between the port operators, the Ministry of Transport and the Waterway administration | Czech Republic |
| 16. Too restricted operating times of locks, mainly along the river Moldau | R | Cost increasing | Operators think current times (between 7am and 5pm) are too short | Czech Republic |
| 17. Use of modern electronic procedures is not allowed | A | Time consuming and cost increasing | Outdated procedures used by authorities | Czech Republic |

*Source: country study reports (see PART B of the Second Interim Report)*

Some brief remarks

Although barriers 1 and 7 are obviously very important (even called "existential") they do not seem to be regulatory or administrative barriers, but are related to carrying out public tasks of the government, that is a type "E" barrier.

The problems could be administrative or regulatory when they are strongly related to how the infrastructure planning and decisions processes in the Czech Republic are organized, this is however not clear.

The same applies to staff shortages, which are of course important as well. As described, the barrier is more a market ("M") barrier than a problem of regulation.

### 3.2.6 Overview barriers in France

The situation with regard to the regulatory and administrative framework in France has much improved since the year 2000. A targeted policy has been followed by the Ministry of Transport aiming to reduce the existing problems. So, it has to be realised that the points which are found in the interviews in France concern problems/ suggestions for improvements in an already strongly improved situation.

The certification in France was just being reorganised at the time the interviews were held. Problems with delays were still severe. Hull certification was carried out by a limited number of understaffed bodies (10, with 58 personnel). This in fact created delays and inconvenience, especially for new entrants, who had to pass a full survey. Although understaffed, these "Commission de Surveillance" (Supervision Commissions) or "de visite" for the Rhine (Rhine Vessel Inspection Commissions) do not recognise surveys and certificates issued by experts outside the Administration. Besides, to obtain a Rhine certificate, the owner has to bring the craft within the region covered by one of the "Commission de Visite", which may be hundreds of kilometres away from the home address.

A specific problem that affects the competitiveness of the entire French industry is the law that limits the normal work duration to 35 hours per week. Overtime charges have to be paid for any hour worked above this ceiling. Since owner-operator (self-employed) are not subject to this, this results in "unfair" competition between shipping line companies and owner-operator companies Furthermore, companies complain that in their international activity they have to compete with companies that are not limited by similar restrictions.

**Table 3.6 Summary of main barriers in France**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. General reluctance of the banking system to finance investments in vessels | M | Market entry is difficult: high entry cost and high capital cost in general | Unknown | France |
| 2. Current system of education and training not well accommodated to new entrants in particular older entrants | E | 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 | R | High costs, reflagging and unequal competition between and within modes and countries. | 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 | R | 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 | E | Safety risk | Increase in intensity of traffic of recreational craft on French waterway network | France |
| 6. Limited lock opening times are a hindrance to development of IWT | R | 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 | A | High market entry costs for investors and a 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 |

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| 8. Long delays in hull and equipment certification | A | Time consuming and cost increasing | Understaffing of certifying authorities | France |
| 9. Too few service stations for distributing "oil-carnet" | E | Environmental risk | Unknown | France |
| 10. Too few students for jobs in IWT | M | High labour costs or badly prepared staff | Unattractive job profile | France |
| 11. Insurance premiums are higher in France than in other countries like Belgium | M | Cost increasing | Unknown | France |
| 12. Taxation of capital gains of selling of vessels when re-investing in new vessels | R | Unequal competition | Policy of the French Finance Ministry | |
| 13. IWT fuel is without taxes in Belgium, while it is not tax-free in France. | R | Unequal competition | Policies of governments | Belgium and France |
| 14. Recovery of VAT | A | Cost increasing and unequal competition | In Belgium invoices can be VAT free while in France VAT has to charged | EU |
| 15. The level of compulsory social contributions is higher in France than in neighbouring countries | R | Unequal competition | General socio-economic policies of countries | France |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

A number of barriers (financing of vessels, insurance) in France actually seem to be problems with the market. Such problems could of course be related to types of regulation (e.g. when they are connected to subsidies for starting companies or legal requirements constituting thresholds for market entry etcetera). Here, in contrast, the main reason mentioned, is the lack of knowledge/information on the side of banking and finance companies. This is therefore considered to be a problem in the market.

It should be observed that some of the barriers in the French list are problems that do not relate specifically to the IWT industry alone, but are of a general economic nature. 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.

For example the 35-hour Law which 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 pace by policymakers, there is still scope for a number of proposals for additional improvements

### 3.2.7 Overview barriers in Germany

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 environment[1]. As a consequence operators that are active on the German waterways network are the ones that are likely to benefit most from harmonization and simplification.

It was, therefore, not a surprise to learn from the interviews that German operators and shippers are highly motivated and interested in the subject of administrative and regulatory barriers. For Germany also an extensive list of barriers was the outcome (see table 3.7).

**Table 3.7 Summary of main barriers in Germany**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Existing rules and regulations in Germany in many cases are the most restrictive and stringent in Europe | R | 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 | R | Higher costs and competitive disadvantages | High insurance tax (19%), unfavourable depreciation conditions and insufficient instruments for modernisation and financing purposes | Germany |

[1] In Eastern Europe, e.g. Romania, a similar complexity exists (e.g. see Romanian country report)

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| 3. Implementation of the (former) Directive 82/714/EWG into German law resulted in stricter requirements than in other countries | R | 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 | A | Time consuming and cost increasing | National policy and legislation in Germany | Germany |
| 5. Many authorities and certification offices involved | E | Time consuming, cost increasing and unclear responsibilities | National policy and legislation in Germany | Germany |
| 6. Lack of a standardized European shipper certificate | A | Time consuming/ can cause delays | National policies | EU |
| 7. Manning regulations (number and qualification) have become obsolete | R | 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 | R | 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 | R | 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 | R | Unequal/unfair competition | National policies | EU |
| 11. Extreme safety and security regulations within ports | R | 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 | A | 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 | R | Higher costs and competitive disadvantages | National policy and legislation in Germany | Germany |

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| 14. Waste transport: non-uniform handling of given permits within Germany | R | 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 | A | 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 (inflammable) materials) | E | Safety risks | Infrastructure planning is inadequate | Rhine corridor |
| 17. Time span between planning and realization of infrastructure projects is quite long | A | 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 | A | 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 | A | Unequal competition | National policy | Germany |
| 20. Change of registration is complicated. | A | Time consuming and cost increasing | Implementation of national legislation in Germany | Germany |
| 21. The recruiting of crew members is difficult | M | Time consuming and cost increasing | Agencies have disappeared | Germany |
| 22. There is a lack of a harmonized language within IWT | A | Time consuming and cost increasing | IWT has been relatively regionalised phenomenon in the past | EU |
| 23. Inefficient controls by German river police | A | 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 | A | Time consuming and cost increasing | Understaffing | EU/ Germany |

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| 25. Preferential locking of passenger ships | E | Time consuming and cost increasing | Unknown | Germany |
| 26. Different handling of ISPS-certification (International Ship and Port Facility Security) of ports | A | 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 | A | Safety risks and inconvenience | Infrastructure planning is inadequate | Rhine and Mosel |
| 28. Missing or inadequate electronic guidance systems as ell as poor fairway signposting | A | 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 | R | Cost increasing and non-transparancy | CMNI only covers liability, there is a need to harmonise other contractual conditions as well | EU |
| 30. Obsolete and poorly equipped transhipment facilities in numerous inland ports | M | Time consuming, cost increasing and also safety risks | Unknown | EU |
| 31. Ports have to meet increasing environmental requirements | A | Increase of transhipment costs | Pressure of the general public to reduce noise etc. | EU |
| 32. High port fees, in particular within public ports | A | Cost increasing | Unknown | Germany |
| 33. Communication / exchange of data in hazardous goods transport is inefficient | A | 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 | R | Reduced availability | Local authorities sometimes decide to increase the recreational value of port at the expense of IWT | Germany |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks
In the extensive list of barriers noted by German companies, a few changes had to be made relating to the typology of barriers.

In contrast to France ship financing problems in Germany are also related to regulations (taxes and subsidies) which make them qualify for the label "R". Some infrastructure and navigational barriers could better be labeled as type "E" than type "R'', although they may formally be connected to regulations (e.g. traffic rules).

In cases where one may hesitate between assigning a label the labeling of the country report was followed. This applies for example to barrier 35 (inland ports). Apparently it may be a type "E" barrier, but limiting port opening times by local authorities may make efficient planning of operations difficult.

### 3.2.8 Overview barriers in Hungary

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, there is an urgent need to modernize the Hungarian waterway infrastructure and fleet, which are preconditions for 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.

**Table 3.8 Summary of main barriers in Hungary**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Lack of incentives and subventions for the IWT sector | R | 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 | R | Insurance in other countries (Germany) and cost increasing | Lack of expertise available at insurance companies and public authorities | Hungary |
| 3. Cumbersome registration of ships | R | Cost increasing and reflagging | Extensive licensing procedure | Hungary |
| 4. Financing of vessels is difficult | M | Cost increasing due to very high interest rates. Market entry is therefore 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. | M | 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 | A | 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 | A | Time consuming and cost increasing | Unknown | EU |
| 8. The time required for the installation of warning signs is very long | E | Time consuming and cost increasing | It takes public authorities in Hungary twice as many time as in other countries | Hungary |
| 9. A uniform contract law is missing at European level | R | Cost increasing and non-transparancy | CMNI only covers liability, there is a need to harmonise other contractual conditions (e.g. on loading/ unloading) as well | EU |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

Financing of vessels and lack of qualified labour are in the case of Hungary again type "M" barriers. Barrier 8 (warning signs installation) is obviously more a problem of the efficient execution of public work.

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.

### 3.2.9 Overview barriers in The Netherlands

In the year 2004 an inventory was made by the Ministry of Transport, Public Works and Water Management[1] 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 red tape 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 was in the year 2004 about € 27.6 mln. Furthermore, it was judged that it would be able[2] 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.

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

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

The measures to be taken involve:

- 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 of the current legislation: the so called "Binnenvaartwet" passed the 2nd chamber of the Parliament. This new law integrates three current laws namely "de Binnenschepenwet", de Wet vaartijden en bemanningssterkte en de "Wet vervoer binnenvaart". On 30 December 2008 the new law should be in force.

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. In addition to the sector specific *international* regulation companies in practice also have to cope with rules and procedures required by a number of the authorities. According to the Ministry, approximately 70% of the total industry specific regulation is international regulation, for example: general administrative requirements for businesses, special kinds of taxation, environmental regulations, security requirements etc Furthermore, also administrative requirements are set 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 as a lower boundary to the true (unknown) costs of the administrative burden of the companies.

**Table 3.9 Summary of main barriers in The Netherlands**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Low entry rate of new businesses in the industry | M | Low rate of renewal, innovation | Capital intensive nature: start-ups need a relatively high level of own funding and banks prefer funding of new large vessels instead of small second-hand vessels | Netherlands |
| 2. New types of engines that comply with emission norms are not available in time and/ or are very expensive. | R | Cost increasing | The IWT market as such is too small for engine manufacturers | EU |
| 3. Old vessels that not comply to Rhine shipping rules will be difficult to sell in 2010 | R | 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 | R | Time consuming and cost increasing | Effectiveness is doubted by many parties | EU |
| 5. Phasing out of mono hull tankers by double hull tankers | R | Cost increasing, pressure on tariffs by creating overcapacity in tanker market | Safety and environmental concerns with regard to tanker transport | EU |
| 6. Lack of harmonisation with regard to manning requirements and working conditions | R | Unfair competition | National legislation | Rhine corridor |
| 7. Education period of certain crew e.g. to become a sailor is rather long | R | Time consuming and cost increasing | National policies | Netherlands |
| 8. Lack of thorough economic and commercial training of entrepreneurs | R | Lack of professional management | National policies | Netherlands |
| 9. Use of recognised list of doctors for medical certificates for crew/ not allowing Eastern European doctors to sign certificates | R | 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 | R | Future decrease of revenues, low value of vessels and low market entry | Environmental concerns with respect to levels of greenhouse gas emissions | EU |

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|---|---|---|---|---|
| 11. Existence next to each other of various types of legal loading and unloading conditions | R | Confusion, legal uncertainty and cost increasing | It is a left over of regulated market and questionable whether or not such regulation is still necessary | Netherlands |
| 12. Obligatory cargo documents in transport of non hazardous goods, especially container transport | R | Time consuming and cost increasing | Leftover of the regulated market, now applied again for security reasons | Netherlands and EU |
| 13. Lack of harmonization in the transport of waste materials | R | Cost increasing and unfair/ unequal competition | Distinct implementations of EC Directives by MS | EU |
| 14. Non-transparancy of calculation of port dues/ charges | R | Cost increasing and uncertainty | Strongly localized (city or port authorities) charging systems | Netherlands |
| 15. Difficulties in finding suitable rest areas during voyages along the Rhine and in inland ports in cities or tourist areas | R | Safety risks | Many of these, in particular in Germany, are disappearing. Problem is in the local infrastructure planning process | Rhine corridor |
| 16. Too few facilities for vessels longer than 135 m | E | Safety risks | No adaptation of infrastructure to increase in scale | Rhine corridor |
| 18. Differences in implementation of legislation | R | Unequal/ unfair competition | Too many degrees of freedom for MS | EU |
| 19. Long delays in obtaining certificates, long duration of inspections, long waiting times, lack of flexibility, mistakes made in certificates and lack of competent staff. | A | Time consuming and cost increasing | Understaffing of inspection authorities. High (temporary?) demand for services | Netherlands |
| 20. Sail- and rest times inspections and required registration of voyages made for individual crew members ("dienstboekje") and the ship ("vaartijdenboek") | A | Time consuming and cost increasing | Concerns with regard to safety and high levels of non-compliance | Netherlands |
| 21. Required voyage and company information for statistics | A | Time consuming and cost increasing | Required information provision to the Central Bureau of Statistics | Netherlands |

| | | | | |
|---|---|---|---|---|
| 22. Lack of common language in IWT | A | Time consuming and cost increasing | Mistakes and confusion caused by faulty communications | EU |
| 23. Inflexible allocation of rest areas in seaports | E | Time consuming and cost increasing | Uncertainty in transhipment processes in sea port cause uncertainties in rest area need, which can not be satisfied at present | Netherlands |
| 24. GMP+ requirements in animal feed transport | A | Time consuming and cost increasing | Safety concerns with respect to food | EU |
| 25. Security requirements in seaports | A | Time consuming , cost increasing and limited freedom of staff | ISPS implementation/ Anti-terror measures | EU |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

Barrier 1, the low rate of market entry, is related to a number of market parameters and is as such a type "M" barrier. There may be a relation to investment support measures and then the label type "A" would be appropriate.

Inadequate infrastructure supply is in two cases labeled as type "E" (135 meter vessels and allocation of rest areas in ports). It seems that the main problem here is a problem of timely adaptation of the supply of these facilities by authorities to (changed) circumstances in the market.

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% indicated 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.

### 3.2.10 Overview barriers in Poland

All the survey participants pointed out or confirmed the opinion 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.

Another problem area indicated in the interviews is the growing deficit of qualified crews on river vessels. The shortage of crews forces the shipping companies to employ persons who long ago passed the retirement age, persons who violate work discipline and forces them to work long shifts.

All of this contributes to higher operating costs, vessel idleness and vessel and human safety hazards and undermines work morale, which is unacceptable.

Another obstacle is the lack of funds for the purchase of new vessels and the upgrading of the existing fleet.

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) fit for service under the Polish flag over 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 - improper office-applicant relations shaped by the state monopoly with the primacy of the civil service.

IWT sector representatives pointed out the neglect in promoting the 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.

**Table 3.10 Summary of main barriers in Poland**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Poor condition of the waterways in Poland threatens the very existence of waterway transport | E | 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. | E | Employing less professional and not suitable employees, which is 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 | E | Low level of fleet renewal/ restructuring/ innovation and a low level of market entry | IWT has not a high priority for Polish Government. The IWT Fund & Reserve Fund have not been successful | Poland |
| 4. Lack of harmonisation of Polish ship inspection with inspections elsewhere in the EU | R | Cost increasing and time consuming | EU Legislation has not been implemented | Poland |
| 5. Exclusion of inland waterways from the responsibilities of the Minster of Transport | R | No consistent industry development policies. | Reorganisation/ re-allocation of tasks in central government | Poland |
| 6. Charges and tolling of waterways | R | Cost increasing and unfair competition between modes | Polish legislation (Water Act) | Poland |
| 7. Banks demand a high loan security and unfavourable loan conditions | R | Underinvestment due to high capital costs. | Lack of knowledge about the industry and insight in markets | Poland |
| 8. Too stringent ship inspections | A | Cost increasing and 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 | A | Improving accessibility of the Oder has become very doubtful | Amongst others: jurisdiction errors, and administrative, barriers make it, impossible to fulfil the expectations. | Poland |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks
The first three barriers have been relabeled type "E" instead of type "R". In all cases the problem is the properly carrying out of tasks of authorities and to a lesser extent the regulation connected to this.

From the sector's point of view the barriers within Polish IWT are of basic and at the same time existential nature. In many cases basic prerequisites for normal operation within IWT are missing. This mainly affects the very poor condition of waterway infrastructure. Other essential hindrances refer to education structure and shortage of staff as well as the poor supply of funds for IWT companies against the background of a high modernisation demand regarding the fleet.

In addition, the sector points out the opinion that the national and administrative structures form general obstacles to Polish inland navigation. The responsibility of the Ministry for Environment for waterway infrastructure or the responsibility of municipal instead of national education centres for apprenticeship within Polish IWT represent only 2 examples here.

The industry hopes that Poland's membership of the European Union will bring changes in the procedures and will speed up the introduction of more friendly regulations in this field of economic activity.

### 3.2.11 Overview barriers in Romania

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 Galaţi, 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 Galaţi 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 Constanţa, 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 procedures.

Like in all other Danube countries the lack of qualified labour constitutes the greatest 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.

**Table 3.11 Summary of main barriers in Romania**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Lack of funding in connection with cumbersome bureaucratic procedures | E | Inefficiencies in the organisation of transport chains and 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 | R | Cost increasing and time consuming | Inadequate and outdated regulations | Romania |
| 3. Competencies for IWT are shared by a number of national authorities | R | Cost increasing and time consuming | Regionalisation of responsibilities | Romania |
| 4. Lack of qualified staff | E/M | Cost increasing and employing less professional workers. 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 | R | Cost increasing and time consuming | Unknown | Romania |

| | | | | |
|---|---|---|---|---|
| 6. Period of validity of vessel certificates is only one year | R | 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 do not provide | M | Unequal/ unfair competition and a 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 | A | Inefficient planning | Unknown | Romania |
| 9. Custom clearance procedures at the Romania Ukrainian border and border Romania-Serbia often require a lot of time | A | Cost increasing and time consuming | Incompetent and bureaucratic officials | Romania/ Ukraine and Serbia |
| 10. Transport documents (Bill of Lading) used in Constanţa do not foresee intermodal container transport with inland ships | A | Customers are put off: decrease of revenues | Outdated forms | Romania |
| 11. The taxes for the Black Sea Channel are perceived as being overrated | R | Cost increasing and 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 an additional source of income. | Romania |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

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 of the authorities and outdated control procedures and administrative forms. Delays during custom clearance at the borders with Ukraine and Serbia are common.

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 viewed by industry representatives as a prerequisite for improving the overall performance of the sector.

### 3.2.12 Overview barriers in Slovakia

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

**Table 3.12 Summary of main barriers in Slovakia**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. No funds available for the replacement of vessels, the refitting of engines. No tax incentives nor facilities regarding the depreciation | E | Modernisation of the fleet is a slow process and results in higher costs | 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 | R | Problems with recovery of damages from foreign vessels | National legislation | Slovak Republic |
| 3. Legal requirement to take out third-party insurances for inland vessels | R | high financial burden for shipping companies | National legislation | Slovak Republic |
| 4. Uniform contract conditions/ documents is missing at European level | R | Cost increasing and lack of transparancy | 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 | R | Cost increasing and time consuming for Slovak operators | Rhine state/ CCNR policies | Rhine corridor |

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|---|---|---|---|---|
| 6. Availability of labour is extremely low | E | Cost increasing and low level of 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 are not accepted on the Rhine | A | Cost increasing and time consuming for Slovak operators | Rhine state/ CCNR policies | |
| 8. Loading and unloading in Danube ports requires very much time | R | 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. | E | Accident risk increases and more time losses for freight vessels | Fundamental navigation rules are not observed by the operators of motor vessels and other sport vessels | Danube |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

A few changes have been made in barrier typology, similar to the ones which have been discussed in previous subsections.

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 and sustainable 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.

### 3.2.13 Overview barriers in Switzerland

The central addressee for information on regulatory and administrative barriers within Swiss inland waterways was the Swiss Association for Shipping and Port Economy. They stated the most relevant inland navigation hindrances. In addition, other Swiss companies provided information and delivered further hints on inland waterway barriers, which were integrated in the analysis.

The identified obstacles mainly relate to infrastructure aspects as well as to the application of very strict regulations concerning shipping and transhipment operations. Moreover, a better integration into Swiss transport policy is desired.

**Table 3.13 Summary of main barriers in Switzerland**

| *Barrier* | *type* | *Effects* | *Causes* | *Scope* |
|---|---|---|---|---|
| 1. Limited access to support funds compared to EC competitors | E | Unequal/ unfair competition | Switzerland is no EU country and Swiss companies have therefore no access to EU funding programmes | Switzerland |
| 2. Access to some ports, notably Basel, is limited and restrictive requirements are put on shipping activities. Port expansion is hindered | R | 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 | R | Cost increasing and lack of transparency, resulting in constraints to the recruiting of new business. | Local/ port authority policies | Rhine corridor |

*Source: country study reports (see PART B of the Final Report)*

Some brief remarks

Only 3 barriers were listed by Swiss operators, the label of one of these has been changed from "R" to "E".

The fact that IWT is lacking within the transport policy of Switzerland reflects the low regard in which it stands at present. The sector demands that inland navigation should explicitly be integrated into Swiss transport policy. If this could be achieved, some of the existing barriers related to infrastructure and operational requirements might be mitigated or removed.

## 3.3 Common barriers

The lists of barriers extracted from the various country studies have a number of common features. In this section the most important common features will be identified and discussed.

It is in particular valuable to identify barriers that are common to a number of countries.

In describing these common features the following fields were barriers have been reported will be distinguished:

1. Financing and barge ownership
2. Inland ship/certification
3. Inland ship/barge operation
4. Cargo
5. Markets
6. Infrastructure
7. Other barriers

In addition, for each category a critical assessment will be added, intending to assess to what extent the barriers identified are also barriers that require that actions have to be taken. This assessment will prepare for the work reported in the next chapter: the detailed analysis of barriers and possible solutions to the barriers.

### 3.3.1 Financing and barge ownership

In almost all country studies barriers were identified related to the financing of investments in vessels and also in a number of countries barriers seem to exist with regard to insurance of vessels.

Problems mentioned with respect to financing were amongst others:

- Lack of harmonization of the conditions of financing and insurance between countries;
- Problems with convincing banks of profitability prospects;
- Limited experience/ of banks of IWT industry;
- Lack of support of authorities (e.g. with regard to taxes, to subventions, to state guarantees etc.).

This could result in unfavourable loan conditions, e.g. regarding interest rates the level of required own funding etc. Furthermore, it was noted that financing problems are even worse for start-ups. The threshold of entry to the industry was considered to be high for all types of new entrants.

IWT is a capital intensive industry, so a high level of investment is a normal characteristic of the industry. This was the case in the past and will also be the case in the future. A high level of market entry costs as such is no reason for taking measures.

The same applies to differences in funding and requirements from banks. This also seems to be a rather normal feature. Also it is not surprising that banks and financial institutes in countries like Belgium, Germany and The Netherlands have more experience with inland waterway transport than in other countries. The consequence is that banks feel less reluctant to provide loans, and are inclined to agree, comparatively, lower interest rates. The same applies for the services from insurance companies in these countries. In this instance the more favourable lending conditions in the "larger" IWT-countries are simply the result of "advantages of scale".

However, when the more favourable financing conditions in a country are due to national or regional policies of the authorities and not to specific policies of companies in the banking and finance sector there will indeed be an inequality in the market that can not be called natural at all. In this case taking actions to make the competitive environment more equal appear to be justified.

There is little doubt that such inequalities currently exist in the industry. E.g. the state/ bank guarantees regulation in the Netherlands is a good example. The existence of such types of investment support programmes explains to a large extent also differences in fleet investments on macro scale. E.g. it could be on of the explanations why the Dutch fleet has a relatively high level of new building activities and high rates of renewal.

Another field of action to harmonise market conditions concerns the requirements with regard to insurance of vessels. Vast differences exist between countries of the EU. In parts of the European waterway network ships are allowed to operate that are partly/not insured. In particular on the Danube standards between countries differ significantly. Agreement on uniform legislative standards could improve the competitive situation in this market and effectively exclude transport safety from competition by demanding from all operators adequate coverage levels.

### 3.3.2 Inland ship/certification

In a number of countries companies are not satisfied with the performance of the inspection authorities. Instances of long delays in obtaining certificates, mistakes etc. were noted in various countries, and are considered to be a significant barrier. To a large extent the performance of the authorities could be explained by a shortage of competent staff. This is in particular true in Western Europe.

After the inactivation of the "old-for-new" scrapping regulation and the favourable market developments in the past few years there has been a surge in new building of vessels.

The corresponding sharp increase in demand for the services of the inspection authorities in the past five years (that is compared to the situation at the start of this decade) is one of main reasons of the problems that have now become apparent.

To some extent the current problems could have been foreseen. Therefore, the understaffing could for some extent be blamed on the authorities themselves.

However, the current increase in investments is also strongly related to the growth of the industry as a whole and depends on global economic developments, and these are less predictable.

Of course, everything that could be done to improve the performance should be done, but it may not be advisable to expand the number of inspectors too much (this appears to be the most obvious and most frequently suggested measure).

The experience has learned that "times may change again" and the present rates of growth in the industry may diminish again and as a consequence the levels of investment could very well decline again.

### 3.3.3 Inland ship/barge operation

In most countries the lack of competent personnel is mentioned as a significant barrier to the industry. It is interesting to observe that countries in Western Europe sometimes think that migration of staff recruited from new Member States might be a solution to the problem in the future, while it is clear that the new Member States have an equal, if not even worse problem with staff shortages (due to the "drain" of staff to Western Europe).

Some country reports indicate that the lack of suitable training facilities is one of the causes for the shortage of personnel. However, other reports point to the more fundamental problem that jobs of personnel in the industry are simply not attractive enough to attract young people to the profession. The latter reason seems to be more plausible since in countries where training facilities exist the same problem of staff shortages occurs.

Although this barrier is extremely important, it does not seem to be a barrier directly related to some form of regulation or administrative requirement. Only the regulation on the manning requirements of course has a direct impact on the number of staff needed in the WIT sector. In light of modernisation of vessels and opportunities provided by ICT questions are raised about the actual need for number and qualifications of staff to operate the vessel in nearby future. Maybe into some extent the number of staff needed could be reduced due to automation of certain functions.

Moreover, when the problem is with the jobs as such there seems to be no other solution to the shortages than to raise salaries and or make secondary labour conditions much more attractive. In that case market forces of supply and demand on the labour market should do their work and there is little justification for involvement of other parties in this process.

The lack of standard/ harmonised job profiles corresponding to manning/ crew requirements was also seen as a barrier in some countries. This seems to be an interesting point, which really is related to regulation. It will certainly make the EU labour market much more transparent.

The problem of non-compliance with regulation on resting and sailing times was mentioned by a number of countries to be a significant barrier. This is also a barrier which tends to make competition between companies unfair. Given the size of non-compliance (as far as it is known from some countries in Western Europe) the taking of measures (with some urgency) is perfectly justified.

### 3.3.4 Market

Surprisingly there are few common barriers in this category. In the past this used to be the category with the highest "density" of barriers. It seems that after the liberalisation of the market (abolishment of the last forms of price regulation by the year 2000) and the ending of the "old-for-new" regulation (2003), apparently few real obstacles (as experienced by operators and shippers) were left in this category.

### 3.3.5 Cargo

This is the category of barriers which has shown a considerable increase in the past few years. Many country studies mention "burdensome" requirements which operators have to fulfil in the transport of liquid cargo (EBIS, ISO systems), animal feed (GMP) and transport of waste (differs per country) in order to be put on a list of companies out of which the transport companies are selected with which shippers negotiate contracts.

It seems that little can be done to relieve the IWT industry from this "burden". In most cases the restriction were introduced as forms of self regulation in the market which, moreover, did not originate in the IWT industry itself. The barriers were typically introduced as part of a system that serves socially desirable purposes. For example this deals with the reduction of accident risks, reduction of negative environmental impacts, the improvement of food safety etc.. Furthermore, the systems are often part of CSR (corporate social responsibility) policies of larger companies. Currently, some CSR-activity is quite common among bigger companies, but still rather unusual among SME's.

### 3.3.6 Infrastructure

Although many barriers were mentioned in this category few qualify as regulatory or administrative. The most important ones which do so and which are common barriers are problems with local or port authorities. Problems are reported on non-transparancy of the port dues, limited opening times of ports (e.g. due to noise hindrance), limited facilities in port and reducing the number of facilities (e.g. rest areas in ports). These are certainly significant problems: large unexplainable differences exist in all these areas and this is certainly a field where actions are required.

### 3.3.7 Other issues

A number of countries mention the lack of a common IWT language as a problem for operators in international transport. In air and sea transport English is used as a common language for the business. The choice for English in IWT, however, is less straightforward. As a matter of fact, English is hardly used anywhere at all in the IWT market in the EU.

In that respect, the best choice seems to be German. However, it is politically sensitive to introduce one language, and there are proponents for the current system with the use of relevant national languages as well. Options could be the creation of an international database for multilingual operating instructions, or the use of one common language for communication along the Danube. The latter would at least improve information exchange between vessels and land-based facilities in that region.

# 4 Detailed analysis of barriers and impacts of possible solutions

## 4.1 Background

In the previous chapter an overview was provided of more than 180 barriers (182) experienced by market parties in several countries.

These barriers have been categorised by identifying:

- The type of barrier (administrative, regulatory, enforcement, market);
- The scope of the barrier (i.e. EU, country, group of countries, river basin).

It was pointed out that only a subset of these (136 to be precise) could be characterised as either "administrative" or "regulatory". The rest of the barriers are more closely related to problems with markets, transport policies/ enforcement, legislation or infrastructure.

About 90 barriers of the 136 administrative or regulatory barriers constituted a group with considerable overlaps between different countries, i.e. these were barriers identified in more than one country study. The number of distinct barriers in this group with overlaps is about 30. Furthermore, 46 Problems mentioned occurred only in a single country study and were to that extent unique.

Task 4 of the study involved looking into problems more in-depth from a consolidated level (across Member States). In this task a more systematic description was made of the barriers and possible solutions for the barriers were identified and their impacts.

In the fieldwork respondents often provided some useful suggestions on how barriers could possibly be solved.

Amongst others, they came up with the following solutions:

1. Uniform and legal requirements (i.e. regards ship insurances) for all vessels navigating in the EU.
2. Differentiated education and training system for inland navigation.
3. Digital information systems for accelerating and simplifying day-to-day port and lock procedures.
4. Uniform and transparent scheme for port dues.
5. Concept of one-stop-shop.
6. Creation of a single European vessels database.
7. Uniform and transparent procedures for customs clearance, especially in Croatia, Serbia, and Ukraine, in order to reduce waiting times.

8. Implement EU directives into national law (limited to the required minimum).
9. More intensified application of electronic procedures (i.e. regards charge of operating duties).
10. Simplify procedures regarding the application of funds (especially for small companies which have to consult advisers now).
11. More intensified use of email/fax facilities in the Polish IWT sector.
12. Stimulate starters and small entrepreneurs who are willing to become an operator by means of offering better financial conditions in the start up phase.
13. Promote the education and profession of inland operator in order to attract more people to be able to transport the growing amounts of goods and potentials by barges in future.
14. Synchronise more ship inspections, make various types of administrative requirements the responsibility of one person/department ("one-counter" policy).
15. Expand the number of ship inspectors.
16. Expand the number of rest areas along the Rhine and in seaports.
17. Adjustment of cabotage regulation, so that the certificate only has to be issued in case the owner changes.
18. Study the necessity of introducing ADNR-legislation for landside installations of (petro)chemical companies.
19. Spread responsibilities for safety and security of cargo and people more across the actors in the logistic chain.

In the working out of the problems these suggested solutions have been taken into account.

## 4.2 Consolidation and categorisation of barriers and possible solutions

In order to keep the process transparent and manageable, first the barriers that have been identified were consolidated across countries (thereby reducing the total number of barriers) and categorised using the following two criteria:

**(1) Geographical scope of the barrier**
From an EU policy point of view, barriers which are experienced in the whole EU are the most interesting. Solving the problems caused by such barriers will affect IWT in the whole EU, rather than just a certain regions or a country.

**(2) Market scope of the barrier**
Some of the barriers are typically affecting certain market segments (i.e. the process to obtain a GMP certificate and differences in procedures with other European countries have an effect on the transport market segment of animal feed), whereas other barriers have an influence on the IWT transport market in general (i.e. no standard qualifications / job profiles in the EU).

From an EU policy point of view, barriers which are experienced by the IWT transport market in general are more interesting, as solving problems caused by such barriers will have a larger impact on the IWT sector.
Applying the criteria to the list of administrative and regulatory barriers, results in the grouping of barriers on different categories:

- **"1st category" barriers do affect the <u>whole European IWT sector</u> and all market segments.**

- **"2nd category" barriers exist in <u>certain market segments</u>** (i.e. waste transport, animal feed) and therefore have a smaller 'market scope' compared to the 1st category barriers.

- **"3rd category" barriers do affect only <u>a certain river basin or group of countries.</u>**

Finally there are a number of remaining barriers which are relevant in a more limited geographical area and/or in specific market segments. This includes in particular most of the barriers that were only mentioned in a single country study.

There are 25 barriers in the categorised groups that have further been analysed. These cover almost all of the 90 "common", overlapping barriers mentioned in the previous section[1]. However, it was decided also to select 9 barriers from the country studies for Germany and France that were not categorised using the criteria mentioned above. Although these appear to be specific problems they nevertheless apply to a large part of the waterways infrastructure.

At least one solution was proposed to solve each of the barriers. The results will be presented in the next part of the report by means of tables. The number in the column 'solution' refers to the list of 19 solutions that have already been identified in the fieldwork.

For example: the procedure of obtaining and keeping the necessary certificates from different authorities can be solved if all MS implement EU directives into their national law (limited to the required minimum). Further organisation of a one-stop-shop or a one-counter policy where operators can obtain the necessary documents will also speed up the process of obtaining the right documents and thus will save time and costs.

[1] Mentioned in different country studies. Note that not all barriers mentioned in different country studies were selected. About 5 barriers of those barriers were not selected.

## 4.3 1st category barriers

### 4.3.1 Overview of 1st category barriers

The next table provides an overview of barriers which do affect the whole European IWT sector and all market segments, and therefore can be considered as 1st category barriers.

**Table 4.1 Overview of 1st category barriers and solutions**

| *Barrier* | *Type* | *Effects* | *Solution* |
|---|---|---|---|
| 1. Procedures to obtain and keep necessary certificates are time consuming and inefficient | A | Time consuming and cost increasing | 8, 14 |
| 2. Differences in implementation and interpretation of legislation | R | Unequal./ unfair competition and cost increasing | 8 |
| 3. Existence of different regimes for boat masters' licences, crew size and composition and qualification; Current rules are too costly and inflexible with respect to staffing. | R | Time consuming, cost increasing and limited labour market mobility | 2 |
| 4. Differences between countries with regard to loading and unloading conditions and outdated low water tariffs | R | Time consuming, cost increasing and a lack of transparency | 8 |
| 5. New types of engines that comply with emission norm are not available in time and/ or are very expensive. | R | Cost increasing | 10 |
| 6. There is a lack of a harmonized language within IWT | A | Time consuming, cost increasing and safety risks | |
| 7. Procedures and processes in ports (European-wide) are time consuming | A | Time consuming and cost increasing | 3 |
| 8. Non- compliance with existing working and resting time regulations by a significant number of enterprises. | R | Safety risks and unequal competition | 14, 15, 16 |
| 9. Large differences in port dues canal fees, and calculation is not transparent | R | Cost increasing | 4 |
| 10. Interest of IWT in local infrastructure planning +erosion/ disappearance of port activities and berths | | Loss of market share (reversed modal shift) | |
| 11. Unequal conditions for the purchase of vessels/ modernization of the fleet | R | Cost increasing and unequal competition | 1 |

### 4.3.2 Detailed descriptions of some 1st category barriers

| **Problem 1** | **Procedures to obtain and keep necessary certificates are time consuming and inefficient** |
|---|---|
| **Geographical scope** | Most EU countries |
| **Detailed description** | In general procedures to obtain all the necessary certificates for a vessel (e.g. engine certificates) and personnel (e.g. licenses) are time consuming. Some countries like Belgium have opened 'one stop shops' to streamline the procedures to obtain necessary vessel certificates, but even in those countries this is not the case for all the necessary owner and personnel certificates (e.g. certificates regarding the access to the profession of operator). Also the difficulty of renewing certificates is a time consuming procedure as different authorities (and also private bodies) 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.<br><br>**Example 1**: Operators and crew from the new MS applying for the Rhine patent must have a proof of medical examination by a German doctor. Confirmation by for instance a Czech doctor (or in general "national doctors" which are allowed to conduct medical examinations) should be allowed (minimal condition "list of recognised doctors") and could speed up the process of obtaining the Rhine patent.<br>**Example 2**: The certificate confirming the ship owner is an EU citizen is valid for a period of 12 months. Adjustment of this regulation – renewal in case the ship owner changes – should be considered (minimal condition).<br>**Example 3**: 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. It is obligatory for the renewal of ship's licence for navigation. This check is performed on a yearly basis, which differs from other countries.<br>**Example 4**: in Germany the Inspection Commission (SUK) does not carry out building inspections like it is done by the Dutch SI. Following an accident the certificate might be withdrawn so that a surveyor (an external classification society GL, BV, LR etc. is required) is able to inspect the repair work to enable the ship's further operation. A declaration on part of the repair company confirming the ship's capability to operate should be sufficient (minimal condition).<br>**Example 5**: Regards the registration of ships Hungary has adopted exactly the same requirements as applied at the river Rhine. 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 CCNR. 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 € 4,000 to € 60,000 (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.<br><br>**Example 6**: The GMP+ certificate (adoption of EC Regulation 183/2005) 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 |

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| | administrative process is considered by operators to be time consuming and cost increasing. The complaints of transport operators concern the cost and effectiveness of the regulation. Bi-annual certification costs amount to € 400; effectiveness is low as GMP rules can be easily circumvented. |
| **Analysis of importance of the problem** | The problem is indeed fairly common in the industry. It surfaces in almost all the country reports. Therefore, all operators and shippers are to some extent exposed to such inefficient processes. For specific groups, however, the situation may be worse than for others. For instance:<br>• The problem of long procedures to get the necessary certificates seems to hamper in particular operators from the new Member States which want to navigate the Rhine and its tributaries in particular. Total border crossing transport by operators from the new Member States represents around 6% of IWT border crossing transport in Europe (in terms of tonnes-kilometres). This share is increasing (4.9% in 2005, 6% in 2006) however;<br>• The problem concerning the GMP+ certificate is market specific, as it influences the transport of animal food. There is no specific information on the transport of animal food by inland shipping. Animal food is part of NSTR 0 agricultural products, total IWT transport of this commodity in the EU27 represents 5% of total (domestic, international and transit) transport in the EU (Source: EUROSTAT, New Cronos). |
| **Effects** | Time consuming procedures to obtain vessel and personnel certificates are cost increasing for both operators and authorities. It may also have a negative effect on new comers to certain markets if operators are not willing to get involved in such long winding procedures and red tape. Market entrance may thus be hindered, which has a negative influence on competition and innovation within the sector. |
| **Solution** | A general way to deal with some of the problems is to establish a one-counter policy for various types of requirements. This will speed up to process of obtaining the necessary certificates.<br><br>In some instances one could perhaps increase the efficiency of procedures by harmonising these and perhaps also by harmonising certificates across countries.<br><br>Finally one should consider whether in particular cases expansion of staff of certification bodies would be feasible. This would be the case when:<br>a) the problems do not depend on the present business cycle but are of a structural nature<br>b) the time costs of waiting of applicants outweigh cost of the staff expansion. |
| **Detailed description (steps to take)** | The following steps should be taken:<br>1. Make an inventory of necessary problems with certificates across the EU;<br>2. Determine what the nature is of the problems (in particular look whether the problems are structural or not);<br>3. Investigate which certificates could possibly be administered by a centralised organisation;<br>4. If there are such certificates, establish a one-counter organisation where operators can obtain/renew certificates (with satellite offices in EU countries);<br>5. Consider whether or not (additional) improvements could be achieved by expanding permanent or temporary staff of certification bodies or by harmonising procedures and/ or certificates. |

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| **Main bottlenecks** | The real bottleneck is the time consuming process of obtaining and/or renewal of certain certificates. In some cases the period of validity is too short causing relatively high renewal costs for all operators (i.e. certificate confirming EU citizen ship) and sometimes validity periods differ per country (i.e. hull certificates), which causes cost differences between operators (unfair competition).<br>For some countries – especially new MS - costs and procedures to obtain certain certificates are higher and more long winding compared to other countries (i.e. operators from new MS applying for the Rhine patent), which causes unfair competition. |
| **Stakeholders** | CCNR, Danube Commission, EC, certification authorities/organisations, Ministries of Transport in the MS. |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Improvement because procedures will become less time consuming due to "one counter concepts" also if the validity period is extended, renewal cost will decrease. |
| • Administrative costs for transport company | (+) Improvements will take place, see above. |
| • Operating costs | (0) No is impact expected. |
| • Competitive conditions | (0/+) Especially for operators from the new MS conditions to obtain necessary certificates will improve (quicker procedures at lower costs); this will improve their competitive position. |
| • Social conditions | (0) No is impact expected. |
| • Environmental | (0) No is impact expected. |

| **Problem 2** | **Differences in implementation of EU legislation / Difficulties with interpretation of (national) legislation** |
|---|---|
| **Geographical scope** | Belgium, Luxemburg, Germany, Netherlands are mentioning this problem more specifically |
| **Detailed description** | It is important to note that two main problems exist in this context:<br>1. EU legislation exist, however national authorities have implemented this in different ways in their national legislation;<br>2. Since differences on the national level exist, it is difficult for controlling bodies to enforce the rules; different rules cause (legal) uncertainty amongst operators. |
| | **1. Differences in implementation of EU legislation**<br>Four countries report on problems related to differences in implementation of legislation in detail, amongst these countries are: Belgium, Germany and the Netherlands. The problem of different implementation of legislation in the MS is manifold however. Some cases encountered in the country reports are<br><br>*Differences regarding loading and unloading conditions*<br>There is a variety in low water tariffs, port tariffs and obligatory period to stay in ports across the EU. This causes uncertainty amongst operators. Harmonisation in this field is necessary as the current situation is not transparent for operators.<br><br>*Different implementation of GMP codes*<br>In order to receive a GMP certificate, operators (and forwarders) have to meet strict criteria regards transport of animal feed. Each country however has implemented the directive in its own hygiene codes and legislation. This causes uncertainty amongst operators whether they meet the criteria or not, which may result in additional compliance costs. If different implementation of the codes would persist, the work by enforcing bodies will be unnecessarily difficult.<br><br>*Agreement on waste materials of vessels*<br>This agreement originally dates from 1996 between Benelux countries, France, Germany and Switzerland, and describes the obligations to collect waste materials of inland vessels. Belgium has not ratified the Agreement yet, as landside installations to collect waste materials have not been constructed yet. Costs of collection is not clear, some countries are compensated for the costs. These differences create unfair competition.<br><br>*Lack of harmonisation in the transport of waste materials*<br>The current practice in the transport market of waste materials is believed as one of too many freedoms in implementing directives. In Germany authorities request permission fees for waste transport, in other countries a written notice suffices. The list of 'waste' commodities also varies in the different MS.<br><br>**2. Difficulties with interpretation of (national) legislation**<br>As difficult rules are being applied across the EU, controlling bodies will have difficulties with enforcement of the rules. Operators may experience frequent and time consuming controls. Uniform rules with minimum standards will result in more effective and efficient controlling. |

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| **Analysis of importance of the problem** | The problem of differences in implementation and interpretation of legislation is mentioned in the country reports of Belgium, Luxemburg, Germany and the Netherlands more specifically. Differences in implementation and interpretation of legislation in MS will have an effect on competition in international transport. Total border crossing transport by operators from the four Member States which report on this problem, represents close to 90% of IWT border crossing transport in Europe (in terms of tonnes-kilometres).Source: EUROSTAT, New Cronos. |
| **Effects** | Differences in the implementation and interpretation of EU regulation may cause unfair competition. The problem is also rather embarrassing. If new legislation does not diminish but, on the contrary, increases inequalities it seems to be counterproductive. |
| **Solution** | The problem is very important and relevant but it generally applies across all policy areas in the EU and does not specifically apply to IWT. Indeed, the examples quoted from the case studies show this clearly (food security, environmental requirements etc.). There is also a general solution to this problem, which is rather obvious, namely to introduce only EU legislation or bring out detailed proposals for legislation when the "degrees of freedom" of the MS to introduce widely different implementations are minimal. However, this approach often is not realistic, because the degrees of freedom in a new piece of legislation often can not be determined arbitrarily. They frequently are themselves the outcome of political negotiations (with amongst others, the MS). It seems inevitable that, given the present political framework, one has to live with different implementations of EU legislation. |
| **Detailed description (steps to take)** | The following steps could be taken:<br>1. Each piece of legislation that will have to be implemented in MS legislation should be checked on possible problems with harmonisation after implementation;<br>2. Withdrawal should be considered if this check points out that there may be significant problems. |
| **Main bottlenecks** | The main bottleneck is that rules can be interpreted differently, both by operators and controlling bodies. This causes (legal) uncertainty by operators and controlling bodies. Therefore inspections may take longer than they should, and cause higher administrative costs. Because the chance to be caught for illegal operations is very small, due to the low number of inspections, operators which do not (always) comply with the rules may have a competitive advantage compared to those operators which do comply with the rules. |
| **Stakeholders** | EC, Ministries of Transport in the MS, river commissions, stakeholder groups |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Improve; more uniform rules will result in better enforcement. Inspections can be performed more efficiently. |
| • Administrative costs for transport company | (+) Improve; more uniform rules will result in more efficient inspections, which take less time from operators to find out if they comply with the rules. |
| • Operating costs | (0) No impact is expected. |
| • Competitive conditions | (+) Improve because more uniform rules will result in more effective inspections, because it is much clearer whether an operator comply with the rules or not. This has a positive impact on competitive conditions in the IWT sector. |
| • Social conditions | (0) No is impact expected. |
| • Environmental | (0) No is impact expected. |

| **Problem 3** | **Existence of different regimes for boat masters' licences, crew size and composition and qualification** |
|---|---|
| **Geographical scope** | The full extent of this problem refers to all MS of the EU (in particular with regard to lack of standards on qualification). However, it involves in particular markets where the Rhine manning regulations do not apply (e.g. Elbe, domestic markets). |
| **Detailed description** | Firstly, this problem points to the fact that there is currently only a partial level of harmonisation (only in certain markets) of the regulation with regard to crew size and composition and no harmonisation with regard to qualifications of staff on board of vessels (job profiles). Secondly, in a number of countries (notably France, Austria and Germany) there are also complaints about the current regulations not being flexible enough and that it insufficiently takes into account the possibilities of new technology. The general feeling is that the requirements are too high with regard number and/ or qualifications of personnel and that a revision of the current legislation is needed. |
| **Analysis of importance of the problem** | Differences between markets regarding the legally required size and composition of the crew can be both an operational problem and a problem for fairness of the competition. Furthermore if the general levels of qualification and/ or numbers of required staff (for certain types of vessel or transport) are too high this could mean that the costs/ hour of shipping are too high as well. So, if the latter is true, the problem might be very important because it is potentially relevant for all IWT operations. If the latter is not true, the importance of the problem is much more limited and affects only transports between areas with different regimes on manning/ crew compositions.<br>This problem should also be judged against the background of another problem, namely the lack of qualified staff which appears to be a general problem in the IWT sector. This problem could perhaps be eased to some extent if it turns out that the manning requirements are too extensive and actually less staff would be needed to operate the vessels. |
| **Effects** | The first dimension of the problem (see description of problem above) has to do with level playing field/ fairness of competition in the market and also to some extent with efficiency. The second dimension primarily with efficiency. |
| **Solution** | Given the two dimensions of the problem solutions are twofold as well. On the one hand it involves activities aimed at the further harmonisation of crew requirements. The best solution is of course to agree on uniform legislation across the entire EU, e.g. including domestic markets and waterways currently exempted. Proposals have already been put forward with Paneuroepan standards (e.g. by UNECE). Ideally, the agreed upon legislation should also include specifications of job qualification of types of crew members (job-profiles) in order to ensure a potential high mobility across labour markets in the EU. Notice that this is also very important in the light of problems that companies have, in getting sufficiently qualified personnel.<br><br>The second line of activities should be directed at a critical examination of the present crew/ manning requirements given the changes that have occurred in the market (e.g. new types of vessels, information and communication technology). The questions that will have to be answered are: can the requirements be relaxed without a significant increasing of safety risks? If so, in what market segments and to what extent is this possible? One could in such a type of re-examination also include, as an equally valid criterion, the enforcement of the legislation (this must be maintained or improved upon). Recently, on the spot checks of transports have found that, just as sailing and resting times, frequently crew sizes/ crew qualifications do not comply with the requirements as well. |
| **Detailed description (steps to take)** | The following steps should be taken (long term solution):<br>1. General revision of requirements on crew size and qualifications across all market segments in the EU;<br>2. Examination of reduction possibilities, relaxing qualification requirements;<br>3. Proposals for improvements; |

| | |
|---|---|
| | 4. Preparing new uniform EU wide legislation (e.g. Directive);<br>5. Implementation in national legislation |
| **Main bottlenecks** | Given the aim of the proposed efforts, and the type of problems it addresses it is expected that there is an overall support of the industry for actions in this field. Possibly most opposition can be expected from local/ member states due to safety concerns. |
| **Stakeholders** | Operators, operator organisations, River Commissions, Member States and the EC. |
| **Impacts** | |
| • Administrative costs for public bodies | (0/+) Should not be affected (both the size and extent of enforcement should be maintained at the least). Perhaps be improved because better requirements should lead to fewer offences. |
| • Administrative costs for transport company | (+) Will be reduced: fewer problems with staff because of uniformity in qualifications. Increased labour mobility. |
| • Operating costs | (+) Positive: there will be a reduction of search and recruiting cost of staff and perhaps also because of reduced requirements with regard to crew size and qualifications resulting in lower labour costs. |
| • Competitive conditions | (+) Improves generally within industry<br>(+) Competition with other modes of transport |
| • Safety conditions | (0/-) Normally more staff increases safety levels, but possible reductions in staff levels should be compensated by better technology. |
| • Social conditions, employment | (+) Jobs become better comparable for personnel across the EU and labour markets for IWT personnel become much larger, both geographically and possibly also "functionally" because of the (possible) downscaling of levels of qualification. |

| **Problem 4** | **Differences between countries with regard to loading and unloading conditions and outdated low water tariffs** |
|---|---|
| **Geographical scope** | Belgium, Luxembourg, Netherlands, Germany, Czech Republic |
| **Detailed description** | Despite the liberalisation of the market for transport there still exists in the market in a number of Member States quasi official (one may say" default") official standards for loading and unloading.<br><br>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.<br><br>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 fur Europaische Binnenschiffahrt 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. But also: 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. |
| **Analysis of importance of the problem** | The problem is identified in five country reports, involving the two largest IWT countries (Germany and the Netherlands). Along waterways of these countries 84% of IWT transport in Europe (in terms of tonnes) is transported and they represent 86 % of the EU fleet of inland navigation vessels. |
| **Effects** | Differences with regard to loading and unloading conditions are a (small) element of unfair competition between countries, and they also result in an unclear working scheme for internationally operating companies and transporters. The outdated low water tariffs result in inefficient decisions regarding low water situations and unclear financial consequences for different actors. |
| **Solution** | The rules referred to are a kind of leftover of regulated markets. From an Internal Market Programme perspective, one could simply decide to abolish them altogether/ leave it entirely to commercial parties and market forces to determine the transport conditions. When, on the contrary, one allows such rules to exist in an otherwise free market (as apparently is the case in various MS) they should be harmonised as much as possible. So, in that case, one should introduce harmonised rules on loading and unloading conditions and introduce an EU-wide transparent scheme of low water tariffs, including the "brokerage" function. |
| **Detailed description (steps to take)** | 1) Decide either to abolish this type of regulation or to harmonise it across MS;<br>2) In the latter case make an inventory of existing regulation and come-up with a reasonable average proposal. |
| **Main bottlenecks** | Coming up with some form of this type of regulation seems to be at odds with market liberalisation and will probably meet with opposition from the side of shippers.<br>Loading and unloading conditions and low water tariffs have a clear national and even local background. Harmonising these is not a simple task. Also the current low water tariffs are taken into account in the current business decisions. |
| **Stakeholders** | Ministries of Transport, transport companies, national waterway administrations. |

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| **Impacts** | |
| • Administrative costs for public bodies | (0) No impact is expected, although on the short run there will be some additional cost for changing the administrative procedures. |
| • Administrative costs for transport company | (+) Improve since less time will be required to deal with loading and unloading conditions. For low water tariffs no improvement in administrative costs are foreseen. |
| • Operating costs | (0/+) Improvement because of the harmonisation of loading conditions, water tariffs should be neutral, although some distributional effects can be expected. |
| • Competitive conditions | (+) Improvement, this is the main effect: harmonisation clearly levels out any unfair situations regarding loading/unloading and low water situations. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

| **Problem 5** | **New types of engines that comply with emission norms are not available in time and/ or are very expensive.** |
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| **Geographical scope** | EU-wide |
| **Detailed description** | The rules on emission norms of engines are based on CCR rules and also Directives by the European Commissions. The EC legislative file of Non-Road Mobile Machinery (NRMM) contains today 4 directives: the "mother" Directive 97/68/EC, the amendments Directive 2002/88/EC and Directive 2004/26/EC, and the last amendment Directive 2006/105/EC. It turns out that engine industry is not very keen on building specific engines for inland waterway transport in Europe. The IWT market for this type of engine is simply too small for the manufacturers to invest heavily in the development of new types of engines. As a consequence, if there are specific regulations for engines in the IWT sector, the engines either will not be 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. Since the introduction of CCR rules some interview partners in this study reported these problems. |
| **Analysis of importance of the problem** | The problem is relevant to all countries in the EU and concerns the whole market. |
| **Effects** | IWT is in general an environment friendly mode of transport characterised by a low level of external costs. However the advantages compared to other modes of transport could even be higher. This also has an impact on policy-decisions in which IWT could be even have a greater potential to improve the environment. |
| **Solution** | As suggested by the text under the heading "Detailed description" the proposed solution is to look at the possibility to agree upon, broader based e.g. worldwide standards. Therefore the IWT standard preferably is part of a bigger standard for different engine applications and also geographic markets. A big scale of production of engines with the same specification will make it certainly more cost-efficient for engine manufacturers to develop cleaner engines. Also the price for the engine will then be lower. Already the European Commission (DG Enterprise) is following this approach. There is a co-operation with the USA, IMO, CCNR and Intermot for different engine applications (diesel locomotives, industrial engines, recreational crafts, etc.). See also: http://ec.europa.eu/enterprise/mechan_equipment/emissions/index.htm |
| **Detailed description (steps to take)** | 1) Investigate efforts to specify IWT-engine specifications elsewhere in the world;<br>2) Establish close contacts with these initiatives (UNECE, IMO, US-EPA, Euromot, etc.);<br>3) Seek, as much as possible, integration and co-ordination of EU specifications with standards in other parts of the world. |
| **Main bottlenecks** | The main problem is realising ambitious environmental objectives within this more global strategy. In not all parts of the world they share the same environmental targets. The average time until the first replacement of newly bought engines in IWT is about 11 years. This is 1.5 times as much as the average lifetime of road freight vehicles. In other words the innovation process is naturally more rapid in road transport and as a result more modern (and clean) engines are used in road transport compared to vessels. Moreover also oil companies need to provide support, e.g. for low sulphur fuels and supply of urea (required to reduce $NO_x$ emission). |
| **Stakeholders** | EU, transport companies, engine manufacturers, fuel suppliers (oil companies) and chemical industry (urea/ammonia) |

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| **Impacts** | |
| • Administrative costs for public bodies | (-/0) Implementation of these schemes will need procedures and thus a rise in administrative cost for public bodies. However, joining available world standards on engine emissions will also save a lot of work for public bodies. |
| • Administrative costs for transport company | (0) No impact is expected, only small effect in those cases where an application is made, no structural effects are foreseen. |
| • Operating costs | (0) No impact is expected, this should even be a precondition for any of the schemes. |
| • Competitive conditions | (0) No impact is expected, this should even be a precondition for any of the schemes. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (+) Improvement, this action would enable a more rapid implementation of clean engine technologies in IWT and thus result in less harmful exhaust emissions. This will improve the environment. |

| **Problem 6** | **The lack of a harmonized language within IWT** |
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| **Geographical scope** | This is an EU-wide issue, but mentioned for example by Serbia, Croatia, entire Lower Danube (Ukraine, Romania), The Netherlands, Germany, Hungary, France and Austria. |
| **Detailed description** | In contrast to sea and air transport, IWT does not have a common language. In the past, IWT was a regionalised phenomenon, which resulted in the fragmented communication today. This complicates for example freight documents, day-to-day operations and licensing procedures. Geographically, the problem is prominent along the Lower Danube (Ukraine and Romania), where workers in IWT rarely speak English or German. Also in Hungary, operators would welcome a uniform language for information exchange, administration and business procedures, as their language is not related to any of the dominant languages along the Danube. The introduction of one standard language would facilitate development of efficient information and transport chains. |
| **Analysis of importance of the problem** | It is an EU -wide problem, potentially leading to miscommunications and increased safety risks. The problem appears to be largest in Hungary and the Lower Danube countries. Operators in those countries are disadvantaged as foreigners do not master their domestic languages, and their own workers often do not speak English or German. |
| **Effects** | As the lack of a harmonized language can lead to mistakes and confusion, it increases costs and leads to time consuming operations. It can also lead to competitive distortions between transport modes, when language requirements on freight documents differ. E.g. German vessel operators exporting to Hungary have to hand in freight documents in Hungarian language, while road transport can suffice with English. |
| **Solution** | Whereas the air and sea transport industries use English, that is a less straightforward choice for IWT as it is hardly used anywhere in waterway transport. In that respect, the best choice seems to be German. However, it is politically sensitive to introduce one language, and there are proponents for the current system with the use of relevant national languages as well.<br>Options could be the creation of an international database for multilingual operating instructions, or the use of one common language for communication along the Danube. The latter would at least improve information exchange between vessels and land-based facilities in that region. |
| **Detailed description (steps to take)** | The introduction of one common language seems not very realistic, because of the political sensitiveness of this issue. However, one could think of improving the education level of boat masters regards foreign languages. English and German seems to be the most frequently spoken languages in the Rhine and Danube area. This is a long term solution however.<br><br>A more short or medium term solution would be the reforming of frequently used documents into an international multilingual database. As a lot of the documents concerns exchange of information between vessels and land-based facilities, development and introduction of such a database should be done in the framework of RIS. |
| **Main bottlenecks** | Political sensitivity of the matter. |
| **Stakeholders** | Operators (organisations), education centres, national authorities (e.g. RIS), EU |

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| **Impacts** | |
| • Administrative costs for public bodies | (+) Improve, as uniform (freight) documents and procedures can be used. |
| • Administrative costs for transport company | (+) Improve, as uniform (freight) documents and procedures can be used. |
| • Operating costs | (+) Cost will reduce, as communication efforts will consume less time, and confusions/mistakes arising from language problems can be prevented. |
| • Competitive conditions | (+) Improve, because at the moment, some countries are disadvantage by their language. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0/+) One common language may have a positive impact on safety, as risks will be identified earlier. |

| **Problem 7** | **Procedures and processes in ports (European-wide) are time consuming** |
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| **Geographical scope** | This applies to the transport to/ from seaports in the EU in particular ( about 60-70% of the total transport) |
| **Detailed description** | Waiting times for IWT vessels in seaports, in particular in container transport, have increased dramatically in the past few years. Operators have, therefore, experienced a decline in their "operational availability", which has significantly depressed their revenues and the capacity of the IWT fleet in the ports (despite an increase in the number of vessels). In 2006 and 2007 this has even led to an historic trend-reversal: for the first time there was a decrease in the market share of IWT in container transport to/ from Rotterdam. |
| **Analysis of importance of the problem** | There has been a steep increase for the services of loading/ unloading facilities because of the general increase in transport volumes to and from seaports, in particular containers. However, the investments in loading and unloading facilities have not been sufficient and, therefore, the supply side could not accommodate the increase in demand. Terminals are overloaded with containers resulting in longer handling times. So, the time delays and cost increases were, to a significant extent, caused by long waiting times at loading and unloading facilities as well as by staff shortages at the waterway and shipping administration. It is increasingly difficult to find competent staff for terminals, transport operators complain a lot about inexperience of personnel at terminals and increasingly limited opening times.<br><br>However, it has to be observed that in most ports IWT-vessels share the same facilities with sea vessels and that port authorities and terminals give priority to sea vessels (sea vessels have a higher revenue of port dues). So to some extent (by a deliberate choice of always accommodating sea vessel) port authorities have effectively worked to reduce the capacity of IWT fleets. To this extent is it also a policy problem and not simply a market problem of supply and demand. |
| **Effects** | These problems are time consuming and thus have a negative effect on the operational costs for transport companies, and can clearly hinder the competition with other modes, as ports are places where the competition is felt the most. |
| **Solution** | When the problem is of temporary nature only short term solutions will be required. One will have to start by charging the right parties. The initiative of several container operators to put penalties to their clients on delays (container surcharges) is a logical step. The client (e.g .a manufacturer or receiver of the container) is usually the responsible party for not being able to loading/ unload within the agreed timeframe. If there are penalties the dwell time of containers at terminals will reduce, resulting in more capacity to stack containers. Furthermore, a reduction of waiting times would only be possible by the (temporary) expansion of capacity (opening times terminals, reduction of preferential treatment of sea transport vessels). However, in some cases the delays may not be of a temporary nature. When delays prove to be structural, a more durable expansion of capacity is required e.g. by increasing the number of terminals. Most seaports do already have expansion plans which might have to be accelerated.<br><br>There is little authorities can do except perhaps trying to persuade port authorities to make available more capacity to inland water transport operators, even at the risk of causing delay to sea vessels. This might for instance be rational when the negative external effects on the landside increase. E.g. when congestion around ports also spreads to road freight transport. |

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| **Detailed description (steps to take)** | 1) Determine the nature of the delays (short term or long term);<br>2) Transport operators should internalise waiting times in raising prices in order to make clients more aware of their behaviour and to stimulate them to organise their transport processes more efficiently;<br>3) Choose what short term capacity expansion measures to implement;<br>4) Depending on whether the delays are expected to be long term, adapt or accelerate existing plans to expand capacity. |
| **Main bottlenecks** | Port competition is a very complex subject, from a content point of view but also from a process point of view. Improving procedures in such a way could be seen as enhancing unfair competition. |
| **Stakeholders** | Ports, transport companies, National waterway administrations, Ministries of Transport |
| **Impacts** | |
| • Administrative costs for public bodies | (0/-) There is a slightly negative impact, because the pressure on the administrative bodies will be higher. |
| • Administrative costs for transport company | (+) There is an improvement because less time spent on procedures is expected |
| • Operating costs | (+) There is an improvement, even more important than the administrative costs, due to positive effects on productivity (more roundtrips per year possible due to less waiting times_ and therefore reduction of costs per container transported. |
| • Competitive conditions | (+) An improvement is expected especially concerning the intermodal competition. |
| • Social conditions | (0/+) A slight improvement, because of less annoying situations that currently exist. |
| • Environmental | (0/+) A slight improvement, because of some energy savings of less waiting. |

| **Problem 8** | **Non-compliance with existing working and resting time regulations by a significant number of enterprises.** |
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| **Geographical scope** | General: across all waterways, concerns all types of operators |
| **Detailed description** | Companies find it difficult to work with the present regulations on resting and sailing times. The problem is in some cases with the regulation itself which is not always adapted to the actual work on board of vessels. E.g. some companies complain about the definition of working times. Other companies are annoyed by the administrative requirements connected to the enforcement e.g. the registration of sailing and rest times itself. Many doubt the feasibility of a proper enforcement of the legislation (e.g. they tell that it is easy to provide fake administrations). It is believed that non-compliance in practice is fairly widespread. Companies that strictly adhere to the rules feel that companies which do not, and which are prepared to take risks of being caught out, are unfair competitors. |
| **Analysis of importance of the problem** | The problem was identified in various country reports; both in reports of Danube countries and Rhine countries (e.g. those of Austria, Netherlands, Belgium and Germany). It is believed that the problem is actually fairly general within the EC. On checks of control bodies typically in 30-50% there is something wrong with the registration of times or crew compositions. Many operators' organisations and possibly also some MS are reluctant to address the issue, let alone do something about the problems, because they expect that stringent enforcement will result in cost increases and will undermine the competitive position of the industry. In this respect some parties point also to road freight transport where similar problems with compliance with driving and resting time regulations exist. |
| **Effects** | It is clear that a high level of non-compliance may result in significant problems with safety. Some accidents can be explained by fatigue of crew members and fatigue may be caused by insufficient resting times. However, there is little "hard evidence" on this since (fortunately) serious accidents in IWT are rare events. Furthermore, the economic effect of a high-level of non-compliance may be very serious indeed as this directly (adversely) affects competitiveness of operators who do comply. This makes the competition in the industry indeed unfair. |
| **Solution** | It seems that the non-compliance problem could be solved by stringently enforcing the rules. E.g. by simply increasing the present fine levels drastically and intensify controls. However, such a "stick-and-carrot" policy could only be a short term solution (if this could be called a solution at all). In order too address the deeper problems the current legislation needs to be revised to make this more workable. In particular, attentions should be paid to adaptation of the legislation in order to fit with the actual practice. Possibly, such a revision should take into account that new technology (e.g. connected to RIS) may offer new opportunities for transparent and effective enforcement of this type of legislation. Also, usage of modern ICT systems may reduce administrative cost. One may think for instance of registration of the times "on distance", and using smart cards to "check- in" and "check out" crew members on board of vessels. |
| **Detailed description (steps to take)** | The following steps should be taken (long term solution):<br>1. Detailed investigation of problems with current legislation in relation to the practice in IWT<br>2. Studying possibilities of new technology to contribute to the solution of the problems with transparent enforcement;<br>3. Proposals for improvement both in enforcement practice and legislation;<br>4. Examine and discuss user acceptance problems;<br>5. Select "best" improvements. |
| **Main bottlenecks** | The main bottleneck is the reluctance of many operators (and possibly also MS) to discuss this problem at all and come up with significant changes in present practices. There are concerns about the competitive position of IWT due to lower productivity and higher labour costs if there would be a strict enforcement. This could indeed be a serious drawback if it would result in a loss of market share and modal shift from IWT to roads. One has to acknowledge that this |

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| | argument may be true: it is much easier to implement forms of "watertight controls" of operators in IWT which takes place along a few well known rivers and canals than to organise similarly "watertight" controls in much more extensive road-networks. However, it cannot be the right approach to maintain competitiveness by being lax with safety rules. Therefore there is a clear need to take action on this issue. |
| **Stakeholders** | Operators, operator organisations, River Commissions, Member States, River Police (enforcing bodies) and the EC. |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Administrative costs could be reduced if there could be a switch to automated enforcement. Both the size and extent of enforcement could be much more effective. |
| • Administrative costs for transport company | (+) Cost will reduce, possibly also substantially depending on type of solution that may be chosen (with registration on distance it very likely will not be necessary to register on board at all) |
| • Operating costs | (-)Increase when reduction of present levels of non-compliance is achieved, resulting in higher labour costs and lower productivity (less sailing hours per year) |
| • Competitive conditions | (+) Improves within industry<br>(-) Deterioration with other modes of transport (road, rail) |
| • Safety conditions | (+) Substantial improvement |
| • Environmental | (-) Possible modal-shift to road freight transport |

| **Problem 9** | **Large differences in port dues and canal fees, and calculation is not transparent** |
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| **Geographical scope** | Austria, Germany, Netherlands, Czech Republic, Poland, Romania, Bulgaria, Switzerland (Rhine and Danube corridor) |
| **Detailed description** | In general two main types of port dues exist:<br>1) Charge in euro/ton for transhipment;<br>2) Demurrage charged in euro per day or per hour if a vessel is anchoring.<br>Both types of port dues in the Danube area are significantly higher than along the Rhine. Austria and Germany have the highest port charges.<br>The current system of charging is not transparent, because there is no direct relation between the level of charges imposed on a certain IWT market segment and the level of investments in infrastructure for these IWT market segments. As the rates are fixed by (local) port authorities the level of these rates differ a lot from port to port.<br>Moreover, Czech vessels pay higher canal fees in Germany when the port of loading or unloading is not in Germany. Charges for the use of waterways and locks are a significant cost component for shipping companies in Poland (amounting to 13% of total cost on certain freight lines). |
| **Analysis of importance of the problem** | The problem is identified in 8 countries (both Danube and Rhine countries), involving the two largest IWT countries (Germany and the Netherlands). The problem influences both domestic and international transport. Total domestic and international transport in the countries reporting on the 'port charging' problem represents 85% of IWT transport in EU27 (in terms of tonne-kilometres).(Source: EUROSTAT, New Cronos) |
| **Effects** | Differences in port dues could potentially lead to a redirection of transhipment activities to countries with lower dues. This may cause inefficiencies for the sector and negative external effects for society (environment), because vessels have to sail longer routes. Moreover, differences in port dues and canal fees imposed on shipping companies, depending on their flag or port of loading/unloading lead to unfair competition. |
| **Solution** | Introduction of a uniform and transparent European scheme for port dues and canal fees, i.e. based on marginal costs pricing principles. There should be a direct relation between the charge levied and the use of the infrastructure (canal) or port service (funds raised by charging being allocated to expenditures for port infrastructure and port services). |
| **Detailed description (steps to take)** | The following steps should be taken:<br>1. Detailed analysis of charging regime in inland ports (Rhine and Danube ports in particular).<br>2. Study possibilities to establish transparent framework on charging for the use of port services (comparable to financing and charging practices for services in sea ports) – (in depth public consultation of stakeholders).<br>3. Develop Directive on charging for the use of inland port services.<br>4. Implement Directive in national legislation. |

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| **Main bottlenecks** | The real bottleneck is that operators see large differences in the fees they have to pay for the services provided in different European inland ports or for sailing certain stretches. There are big differences although type and quality of the services may be similar. For example fees in Danube ports are reported significantly higher than in Rhine ports. The relation between the actual service provided and the cost is not always clear and/or allocation of port dues to operators and forwarders differs across Europe. In many cases there seems no causal relation between cost drivers and fees. This may cause irritation amongst operators and forwarders (who has to bear which share of the costs?). Operators will not always take the shortest routes, which causes inefficiencies for society (in terms of external effects like emissions of $CO_2$, $NO_x$, $PM_{10}$, $SO_2$, etc.).<br>Harmonisation of methodologies to assess and fix port and canal charges should be the logical solution. However, this poses another difficulty. There is no central authority that determines the port dues and/or canal fees. Usually in Europe these rates are being fixed by different local public or private authorities, which are more or less autonomous. |
| **Stakeholders** | Private and public port authorities, EFIP, National waterway administrations, Ministry of Transport in the respective countries, EC. |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Improve; the introduction of a uniform scheme for port dues and canal fees will have a positive impact on administrative costs, because differences in charging regimes will be simplified at least or will even no longer exist. It will be clear for authorities by whom dues and fees have to be borne (shipping companies, port operators, forwarders). |
| • Administrative costs for transport company | (+) Improve; administrative costs for undertakings may decrease, because less time is needed to solve problems concerning "who has to bear which costs?" |
| • Operating costs | (0/+) Operating costs may decrease as a result of lower port dues or canal fees, however navigation on certain waterways is not charged at the moment (e.g. Rhine); here charges may rise causing higher operating costs for undertakings. |
| • Competitive conditions | (+) Improve; everyone has to pay the same price for the same service |
| • Social conditions | (0) No impact is expected |
| • Environmental | (+) Improve; redirections of transhipment activities caused by differences in port dues or canal fees will stop, as a result external effect (i.e. emissions) will decrease compared to the current situation in which vessels sometimes sail longer routes. |

| **Problem 10** | **Interest of IWT in local infrastructure planning + erosion / disappearance of port activities and berths** |
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| **Geographical scope** | This problem is relevant in ports in metropolitan areas and along stretches of rivers, located in attractive areas for tourism. The problem of finding suitable rest areas applies mainly to the Rhine corridor. |
| **Detailed description** | The problem involves the gradual disappearance of port areas and the increasing restrictions put upon still operating ports because local authorities prefer other types of land use above IWT ports. Furthermore, existing ports in towns or city centres are increasingly confronted with demands from people living there, to restrict activities (e.g. opening times). Similarly, along rivers like the Rhine the number of available rest areas for IWT gradually appears to diminish. On a deeper level this problem seems to boil down to the issue that local authorities may systematically underestimate the importance of IWT ports because they are less sensitive to the benefits of the industry for the society. Since such benefits do not come to the fore on a local level, the local authorities would be less inclined to consider them. The importance of port should of course be judged on the level of the infrastructure network. |
| **Analysis of importance of the problem** | The relevance of this problem applies of course only to the types of area mentioned (metropolitan and tourist areas) and does not seem to be very high in the short term. However, it could be a very important problem in the long run (i.e. for the future IWT-industry) if the rate of "erosion" of port and rest area infrastructure continues at the present pace. It could then possibly affect a large part of the freight transport market. Notice in this respect that at present the dominant flows are the flows from sea-ports to the hinterland and many ports are often located in metropolitan areas. In order to determine whether or not the problem is really important and warrants taking immediate action, one has to investigate the demand for rest area capacity and compare it with the supply of capacity. It is very difficult to judge a priori the adequacy of the present supply of rest area capacity. Although there is a strong feeling that the supply of rest area capacity is decreasing, it is not clear that demand is not decreasing as well, because of a gradual increase of the share of operators that runs vessels on a 24h basis. It depends on the net impact of the latter trend on the one hand and the overall growth in transport on the other hand whether the pressure on operators is becoming really serious.<br><br>It should be remarked, that the problem is not restricted to the IWT sector, also in rail freight transport freight terminals located on main railway stations in city centres often disappear or are re-located. Furthermore, seaport areas may struggle with similar difficulties. The driving force of the process is the height of revenues that may be expected of converting the land to alternative forms of use. Especially, converting port areas to areas of (preferably "upmarket") housing or offices may be extremely lucrative for local authorities. Furthermore, given the size of the potential impact on local budgets, one may be sceptical indeed about whether or not local authorities in their decision-making process properly weight the social importance of the IWT port function in the comparison with other types of land use.<br><br>Similar remarks apply to restricting the activities of IWT-ports at the request of citizens. How would these authorities be properly weighting in their decisions the interests of lots of local voters against other types of activities, like those of the IWT industry? |

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| **Effects** | Reduction of access to ports and disappearance of ports may increase the operating costs of IWT. It will take either longer or more expensive supply chains to deliver the goods. This does result in a loss of market share and also modal shifts from IWT to rail and road.<br>The level of transport safety may also be affected when operators do not find suitable rest areas in time, because they may have a problem complying with sailing- and resting time regulation. |
| **Solution** | A solution could be to change or influence the local authorities' decision making process. In this process the functioning of the waterways as a network shall be taken into account (e.g. prescribe it in regulation). Although changing the decision process in this way (if at all possible) could certainly be justified by the subsidiary principle (the existence of scale- and network effects) it may meet with some opposition of the local authorities.<br><br>As a second best strategy in the short run, one could try to make the (current) decision-making process at the local level more transparent and accountable. This, hopefully, will allow third parties (e.g. other authorities or industry organisations) to check on the local decisions. Moreover, local authorities shall be provided with information that will allow/ instruct them to properly weight the interest of IWT ports in local infrastructure decisions. It all starts with awareness and having a clear view on the socio-economic importance of IWT ports. Often there is just no proper information available about the port. This is a major bottleneck for decision making. Also a solution currently implemented in The Netherlands is to provide subsidies (up to 50% of the investments costs) from the national Ministry to stimulate investments in ports and regional waterways.<br><br>The obvious solution to the problem of finding suitable rest areas is providing the information on rest area capacity by means of an electronic information system. Such systems are available for car parking areas in each medium- and large sized city and a similar type of system could be used to provide information on rest areas along the Rhine. Such a system could (should) be part of a RIS and could moreover also include a reservation facility; i.e. operators should be able to reserve rest area capacity "at a distance" via the system. |
| **Detailed description (steps to take)** | The following steps should be taken (second best solution) as solution to the local infrastructure planning:<br>1. Analyse port infrastructure decisions in MS;<br>2. Identify problem areas;<br>3. Develop tools/ procedures to make the decision process more transparent;<br>4. Case studies in various MS as best practice examples;<br>5. Supporting legislation and funding regimes in order to advocate/ spread more transparent decision-making.<br><br>The following steps should be taken as solution to the "rest area problem":<br>1. Making the information- and reservation system;<br>2. Provision of the information on rest are capacity via the Internet;<br>3. Provision of the reservation application, possibly combined with an on-line payment.<br>4. Notice that such a system could inform users at the same time about the presence of quality/ facilities and security requirements at rest areas. |

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| **Main bottlenecks** | As has been indicated, one may expect local authorities to oppose taking away from them powers to decide on/ have a say in port infrastructure decisions. |
| **Stakeholders** | Local and regional authorities, operator organisations, ports and cities in the Rhine area, Member States and the EC. |
| **Impacts** | |
| • Operating costs | (+) Positive: because of better accessibility, less road transport in supply chains, less extra sailing |
| • Competition | (+) With other modes of transport |
| • Safety conditions | (+) Improve because of more rest area capacity |
| • Environmental | (+) Less extra sailing and less road haulage means less emissions and other externalities; |

| **Problem 11** | **Unequal conditions for the purchase of vessels / modernization of the fleet** |
|---|---|
| **Geographical scope** | Bulgaria, Germany, France, Hungary, the Netherlands, Poland , Romania, Slovakia and Croatia |
| **Detailed description** | The conditions to purchase vessels or to modernize the fleet are unequal, due to differing financing opportunities in the EU. Inequalities arise from two sides:<br>1) National government policies;<br>2) Banking policies.<br><br>There is a lack of funds from both sources, hampering modernization and in particular investments by small or young businesses.<br><br>**National government policies**<br>Unequal conditions result from non harmonised national government policies such as investment support programmes, taxation on capital gains or financial legislation. Such types of distortions in the market explain to a large extent also differences in fleet investment. E.g. through Dutch state/ bank guarantees regulation, the fleet in The Netherlands is relatively modern, while the German modernization process is being hold-up by a lack of capital resources. The same is true for Slovakia where the government does not grant funds to modernize the fleet. In Romania there are some incentives and subsidies to support the IWT sector but they are linked to time consuming application procedures and the frequent change of guidelines and requirements (due to frequent government changes) leads to discontinuity in the rules for subsidies. As a result it can be impossible to find out who is authorized to grant a funding.<br>An example of a financial framework constraint is the Hungarian law which forbids its companies to borrow directly from Western-European banks, resulting in unfavourable interest rates.<br><br>In The Netherlands the low influx of new IWT companies is, besides one of the key characteristics of the market, related to the existing investment support regulations. New start-ups for example should have about 20 to 30 percent own capital to become a vessel owner. The current state guaranteed loans for small businesses, are generally not sufficient to cover this amount of money. Furthermore there is no specific stimulation for new entrants regarding the exploitation cost of a vessel.<br><br>**Banking policies**<br>In the banking sector there is reluctance to finance the purchase of vessels. Here, it is especially lack of knowledge on (profitability in) IWT that leads to differences between countries in interest rates, collateral and self-financing requirements, depreciation and durations of loans. |
| **Analysis of importance of the problem** | Unequal conditions for investment are identified in nine country reports. The problem influences the size and composition of the vessel fleet in these countries. The total number of vessels in these countries represents more than 95% of the EU transport performance and vessel fleet. |
| **Effects** | Unequal conditions for the purchase of vessels can lead to differences in fleet modernisation between countries and difficulties for small and new companies who wish to invest. This influences competitiveness and efficiency. In countries with low financing barriers overcapacity may arise, resulting in low transport prices and an unhealthy IWT sector; on the contrary countries with relatively high financing barriers may develop fleet capacity problems. |

| | |
|---|---|
| **Solution** | Harmonize and extent support programmes and financial/administrative frameworks. The availability of funds should increase, both from government as from banks. Improving knowledge on IWT, especially the knowledge of banks, is critical for successful change in many countries. |
| **Detailed description (steps to take)** | The policies with regard to funding, financing of fleets of national governments should be investigated in order to assess whether or not there is level playing field in competition in Europe The following steps should be taken:<br>1. Make an inventory of the type of funds, precise financial conditions, interest rates, insurance conditions etc. that are used in each of the EU countries for the modernization of fleet, stimulation of new IWT companies and stimulation of incumbent companies;<br>2. Determine to what extent these policies are responsible for creating unequal conditions and explore the possibilities to remove the inequalities;<br>3. Take targeted measures against MS in order to harmonize the market conditions (if required).<br><br>With regard to private banking policies it seems more or less "natural" that in countries with a high level of IWT-activities also more knowledge about the industry exists in banks. From a public point of view one could stimulate better exchange and dissemination of information about the industry. For example the following step could be taken:<br>• To inform the banking sector about the national and EU policy about the IWT sector (including governmental funding possibilities) and the business economics of inland waterway transport |
| **Main bottlenecks** | The main bottleneck is that unequal finance conditions for IWT exist in the different EU countries. This distorts competition in the sector.<br>Furthermore, there is in some countries a lack of knowledge at banks on the IWT sector which makes it difficult for operators to acquire loans. This slows down the innovation of inland navigation. |
| **Stakeholders** | Ministry of Transport in the respective countries, economic sector (banks, insurance companies), EU and EIB. |
| **Impacts** | |
| • Administrative costs for public bodies | (-) Increase; if more IWT companies use the (public) financial funds, more administrative costs for public bodies arise. |
| • Administrative costs for transport company | (+) Improve, if fund support programmes become more transparent. |
| • Operating costs | (?) Unknown; a modernized fleet will have lower variable costs (maintenance, fuel) but will however have higher capital costs (interest and depreciation costs). |
| • Competitive conditions | (+) Improve, as the unequal conditions between inland navigation operators lead to distortions. Innovations and productivity gains as a result of more fleet modernisation will result in a more competitive position compared to other modes. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (+) Improve, when fleets (and particularly engines) are modernized (replaced) sooner there will be less fuel consumption and less emissions. |

## 4.4 2nd category barriers

### 4.4.1 Overview of 2nd category barriers

The next table provides an overview of the barriers which do affect certain market segments across the EU. Because the 'market scope' of the barriers is smaller compared to the previous barriers (it generally does not cover the entire EU but only specific geographic areas), the following barriers are considered as 2nd category barriers.

**Table 4.2 Overview of 2nd category barriers and solutions**

| *Barrier* | *Type* | *Effects* | *Market segment* | *Solution* |
|---|---|---|---|---|
| 12. The process to obtain a GMP certificate and differences in procedures with other European countries | A | Time consuming, cost increasing and unequal competition | animal feed | 8 |
| 13. Certificate, confirming that ship owner is an EU citizen for cabotage has to be renewed every 12 months | A | Cost increasing | cabotage | 17 |
| 14. Obligatory cargo documents in transport of non hazardous goods, especially container transport | R | Time consuming and cost increasing | containers | 8 |
| 15. Introduction of security measures based on ISPS | A | Time consuming and cost increasing | dangerous goods and container transports | 3, 6, 14, 15 |
| 16. Recovery of VAT/ difficulty in reclaiming VAT-taxes from European countries. | A | Time consuming, cost increasing and unequal competition | international | 5 |
| 17. Discrepancy in legislation as tank vessels are obliged to follow ADNR-regulation while landside installations are not obliged to follow ADNR | R | Cost increasing, inconvenient working conditions and safety risks | tankers | 18, 19 |
| 18. Phasing out of mono hull tankers by double hull tankers | R | Cost increasing and pressure on tariffs by creating overcapacity in the market | tankers | 19 |
| 19. Market prospects tanker shipping in view proposals to reduce the consumption of fossil fuels | R | Future decrease of revenues, low value of vessels and low market entry | tankers | |
| 20. Non-harmonized procedures for allowance of waste transport by inland vessels and a lack of clarification in the 'waste materials of vessels agreement' | A | Time consuming, cost increasing and unequal competition | waste transport | 1 and 8 |

### 4.4.2 Detailed descriptions of 2nd category barriers

| **Problem 12** | **The process to obtain a GMP(+) certificate and differences in procedures with other European countries** |
|---|---|
| **Geographical scope** | This barrier was addressed in the country studies in NL, BE, GE and CZ; it is very likely that this barrier is much more widely relevant. |
| **Detailed description** | Increasing concerns of the general public about safety of animal feed in the last decade have triggered the industry to set-up a stringent quality control system which aims to encompass the entire supply chain of animal feed. The system in its present most developed form (GMP+) goes significantly beyond the requirements which authorities impose by legislation. Legislation concerns Regulation (EC) no. 183/2005 of the European Parliament and the Council of 12 January 2005 laying down requirements for feed hygiene. The quality control system is clearly a form of industry self-regulation. In various Member States industry organisations are responsible for the implementation of the standards. Although the implementation differs per Member State there is a close coordination between some of them.<br><br>Amongst others inland water transport operators are confronted with these requirements if they want to provide transport services to shippers in this industry. Operators have to be certified, which amongst others, implies that they have to be prepared to be subjected to audits, often two times a year. E.g. in the Netherlands where one previously announced and one unannounced audit are being held each year). Operators have to follow strict procedures with regard to cargo handling and cargo conditions. Furthermore, they have to keep up various types of administrative systems.<br><br>The problems that were mentioned in the country studies are that<br>(1) The requirements imposed on operators are too costly and time consuming (amounts of money were mentioned in the range of € 800-1000 per year);<br>(2) There are marked differences in requirements imposed on operators between different Member States;<br>(3) There are doubts about the effectiveness of the whole system. |
| **Analysis of importance of the problem** | The share of agribulk in the market is about 13% of the total transported cargo. Animal feed constitutes a large part (7%) of the agribulk market. The problems may affect a comparatively large number of operators because this type of cargo is frequently transported with smaller vessels, so a relatively large number of businesses may be involved. |
| **Effects** | Note that not only inland waterways operators but also sea transport operators and operators active in rail- and road transport are subject to similar types of requirements. Thus, the identified barrier will not affect the competition between transport modes. It should, therefore, not be a big problem to let customers pay for the additional quality requirements. In this case, higher prices in the final products for consumers will be the ultimate impact. It seems that the argument that high costs for IWT operators are barriers should not have too much weight, unless it could be shown that operators in IWT are confronted with much higher costs than operators active in other types of transport. There are no signals that there would be significant cost differences between modes of transport.<br><br>The second point about differences in implementation between Member States is more important. This may be the cause of inefficiency, market fragmentation and the existence of unequal competitive conditions between operators within inland waterways transport. It has to be remarked that between some of the most frequently used MS systems comparisons were made. Levels of acceptance/ forms of recognition have usually been determined between them. |

| | |
|---|---|
| | Furthermore, one may ask for formal comparison in case they do not already exist (one may have to pay for this investigation however). Nevertheless, it would be far more preferable if there were a single, EU-uniform GMP quality control system.<br><br>Clearly the third point about doubts regarding the effectiveness of the animal feed quality control system is extremely important. It is, however, not an important problem that should be dealt with by the transport industry. It is up to animal feed suppliers and food processing industry to make the control system effective. If there are significant loopholes in the quality control system when transporting, or transhipping this type of cargo, these loopholes should be identified and discussed with the responsible bodies so that they can be closed by subsequent actions. |
| **Solution** | As indicated above, the existence of not exactly the same standards within the EC (different implementation) is the most significant problem. The other two problems can either be solved straightforwardly (simply increase prices of transport because of the increased cost level) or have to be delegated to the animal feed industry (problem of effectiveness).<br><br>The differences between existing requirements in Member States should be solved by the quality system control responsible organisations of the various MS. They should agree on a European Standard. It appears that discussions between such organisations are being held currently, so that the identified problem is already being addressed. |
| **Detailed description (steps to take)** | The steps taken to solve the problem are straightforward:<br><br>1) Identifying the main differences between current implementations of standards;<br>2) Defining a uniform EU standard;<br>3) Implementing the uniform standard. |
| **Main bottlenecks** | A drawback is that such harmonisation processes tend to take a lot of time. So, the proposed solution is, very likely, a long term solution. In the short term, one has work on further interoperability in order to minimise the existing differences for the time being. |
| **Stakeholders** | Operator- and Shipper organisations. |
| **Impacts** | |
| • **Administrative costs for public bodies** | (o) Administrative costs for public bodies are not affected. |
| • **Administrative costs for transport company** | (-) Increases, but these costs can be shifted, by price increases, to customers (it is easy to do this because all competitors have these costs) |
| • **Operating costs** | (0) No impact is expected. |

| | |
|---|---|
| • **Competitive conditions** | (0/+) No impact is foreseen on the short term, but an improvement is expected in the long term when the differences in standards are becoming smaller. |
| • **Social conditions** | (0) No impact is expected. |
| • **Environmental** | (0) No is impact expected. |
| | |

| **Problem 13** | **Certificate, confirming that ship owner is an EU citizen for cabotage has to be renewed every 12 months.** |
|---|---|
| **Geographical scope** | Czech Republic (and other EU countries) |
| **Detailed description** | This problem forms an administrative barrier for market parties. The Waterway Administration has to confirm in writing that the ship owner is a citizen of the EU. This certification is required for the admission to the market of cabotage transport on EU territory. |
| **Analysis of importance of the problem** | The problem is relevant to some countries. It does conflict with the EU internal market objective and has marginal (administrative) cost effects for companies. |
| **Effects** | Increasing costs because of the administrative expenditure. |
| **Solution** | Adjustment of this regulation, so that this certificate has only to be issued in case the owner changes. |
| **Detailed description (steps to take)** | The following steps should be taken:<br>Adjustment of this regulation, so that this certificate has only to be issued in case the owner changes. |
| **Main bottlenecks** | The main bottleneck is the frequency of renewal of the certificate (every 12 months). This causes higher administrative costs (for authorities) and compliance costs (for ship owners). |
| **Stakeholders** | EC, Ministries of Transport in the MS, river commissions. |
| **Impacts**<br>• Administrative costs for public bodies<br>• Administrative costs for transport company<br>• Operating costs<br>• Competitive conditions<br>• Social conditions<br>• Environmental | <br>(+) Improve, as fewer certificates have to be issued on a yearly basis.<br>(+) Improve, as ship owners only have to pay the renewal of the certificate if the owner changes.<br>(0) No impact is expected.<br>(+) Improve, as foreign companies get better access to domestic markets of other MS.<br>(0) No impact is expected.<br>(0) No impact is expected. |

| **Problem 14** | **Obligatory cargo documents in the transport of non-hazardous goods, especially container transport, should be abolished** |
|---|---|
| **Geographical scope** | This barrier was addressed in the country study of the Netherlands. |
| **Detailed description** | Obligatory cargo documents that in the past served to check on fairness of the competition in the (regulated) market (old EC regulations dating back to the 1960' European Resolution nr 11), should in the liberated market be abolished except for hazardous goods and waste transport. However, a number of authorities (e.g. the police) and also some politicians prefer maintaining this situation, arguing that the documents are useful for security reasons.<br><br>In particular in container transport required cargo documents are often missing because they are not provided by other parties in the chain such as terminal operators or shippers. This is a general world wide problem in this type of transport and should not be addressed to inland waterways operators alone, but to all parties in the supply chain. Of course, when cargo documents are not present in transport of hazardous goods with containers, this is a serious problem. Recent checks have pointed out that the documents are not present in about 11% of the cases in checks in transport between Rotterdam and Antwerp. From April 1st 2008 transport of ADNR-containers will have to be electronically registered by infrastructure managers. However, for other types of cargo the presence of detailed information on cargo does not seem to serve a real economic-, safety- or security purpose. |
| **Analysis of importance of the problem** | Relates to all types of inland water transport but in particular it is a burden in container transport. For every transport the required type of information is needed. So the size of problem is directly related to transported volumes. |
| **Effects** | This will cause some unnecessary paperwork. On the whole the net impact should however not be very significant, because in the CMNI framework similar types of cargo documents are required. |
| **Solution** | One should consider abolishing this requirement. With regard to dangerous cargo and waste transport separate reporting requirements exist and there is already a sufficient level of information and control (e.g. in the framework of CMNI). It is questionable to use a piece of legislation for an entirely different purpose than it was originally meant for. |
| **Detailed description (steps to take)** | Consider to abolish the requirements for non-hazardous goods. |
| **Main bottlenecks** | Resistance of police and politicians. |
| **Stakeholders** | EC, control bodies and operator (organizations) |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Administrative costs will decrease. |
| • Administrative costs for transport company | (+)Administrative costs will decrease. |
| • Operating costs | (0) No impact is expected. |
| • Competitive conditions | (0/+) This would be a very little impact. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |
| • Level of security | (-/0) The security level might perhaps be negatively affected to a small extent. |

| **Problem 15** | **Introduction of security measures based on ISPS** |
|---|---|
| **Geographical scope** | This barrier was addressed in the country study of DE, BE, NL. |
| **Detailed description** | Concerns about security in transport have increased significantly since 11/9/2001. The concerns are not confined to airports. Seaports and sea shipping already adhered to the ISPS (International Ship and Port Facility Security) code. So far inland ports do not have to adhere to stringent security requirements. However, recently there have been voices, in particular in Germany, that would like to extend the security code also to inland ports.<br><br>The safety and security regulation within seaports impede the free movement and access of personnel working; for example: change of crew is hampered as well as participation in social life. In addition different handling of ISPS-certification (International Ship and Port Facility Security) of ports, even between individual German Federal States causes confusion. |
| **Analysis of importance of the problem** | Relates to seaports and seaport related shipping; in particular related to the transport of hazardous goods and container transport. This is a large part of the market as a whole.<br><br>Firstly, it has to be remarked that all transport modes in the seaports are subject to the same rules, and the regulation as such is not discriminatory towards a particular transport mode. The problem within the IWT sector is however more severe than in other modes because in many instances crews also live on board. Limited access to/ from vessels is therefore immediately also a restriction on social life.<br><br>The other problem with ISPS concerns different implementations of the codes, and different accompanying requirements in different ports. This problem is not very important. Examples of particular differences mentioned, do not seem to be too dramatic for the IWT-industry. |
| **Effects** | As discussed in the previous point the problem is not directly an economic but a social problem. Through the negative impact on attractiveness of the profession, it could, however, become also an economic problem. |
| **Solution** | It seems that the problem with limited access to/from vessels could be easily solved, if there is a willingness to take the special circumstances in the IWT-industry into consideration. Given current possibilities of electronic identification of human beings by means of biometric data and the limited number of persons involved it should not be difficult and not be too costly to equip staff with identification cards and allow them access to/from vessel by means of those cards. As a matter of fact such cards and means of identification are already worked at/ or even employed in parts of the market. However, it would be inefficient and annoying to have to use different cards for different terminals. A general identification card, which identifies the carrier of the card in the entire EU market, would there be preferred. |
| **Detailed description (steps to take)** | The required activities are only to select a type of identification card and to equip staff with those cards. |
| **Main bottlenecks** | This will allow some flexibility on the side of the ISPS implementing organisations. Very likely, the special situation in IWT was not at the outset in the minds of everyone involved in the ISPS implementation in the seaports. |
| **Stakeholders** | Seaports, control bodies and operator organizations. |

| **Impacts** | |
|---|---|
| • Administrative costs for public bodies | (0) No impact is expected. |
| • Administrative costs for transport company | (-) A slight decrease is expected on administrative costs (one has to use electronic cards). |
| • Operating costs | (0) No impact is expected. |
| • Competitive conditions | (0) No impact is expected. |
| • Social conditions | (+) Improves because access to/from vessels is made possible again. |
| • Environmental | (0) No impact is expected. |
| • Level of security | (+) Level of security should improve (both the risk of crime as well as the risk of terrorism should decrease). |

| **Problem 16** | **Recovery of VAT / Difficulty in reclaiming VAT-taxes from European countries** |
|---|---|
| **Geographical scope** | This is of course a general problem as such but it was in the surveys only mentioned in Belgium/Luxembourg/France |
| **Detailed description** | An administrative barrier mentioned by several respondents in these countries is the difficulty of reclaiming VAT-taxes from other European countries. This is of course not an industry-specific problem, but it faces many companies that do foreign trade with other EU countries.<br><br>The reason why specifically IWT operators would complain about this is probably psychological: they operate comparatively small businesses that are frequently operating in other countries. So they often have to recover rather small amounts of money. If they than have to do some administrative work (recovering/ saving invoices, declaring directly/ indirectly) and have to wait some time before they get the money, this could be experienced by some of them as cumbersome. |
| **Analysis of importance of the problem** | This problem arises mainly in international transport between these countries and neighbouring countries. |
| **Effects** | The effect is that it is both time-consuming to take the required actions to get the VAT procedure right, and to make sure of the money-transfers. But also it adds to the costs, because of the delay in payments, or even the lack of payments. |
| **Solution** | This can not be solved within the IWT-industry alone but would require a re-examination of European wide procedures for VAT-reclamation for international transport. The objective would be to find a procedure that better meets the demands of companies (in particular SME's) dealing with international transport. |
| **Detailed description (steps to take)** | 1. Analysis of the flaws in the procedures in these countries;<br>2. Analysis of the pro's and con's of possible solutions;<br>3. Decision on improved procedure on VAT recovery;<br>4. Implementation of the procedure. |
| **Main bottlenecks** | The main bottleneck for solving this problem is the complex international VAT procedures that exist for all international trade. Inland shipping is not the only sector that has to deal with this problem. |
| **Stakeholders** | Transport companies, Tax-regulator. |
| **Impacts** | |
| • Administrative costs for public bodies | (0/-) There could be an additional cost in the beginning because of the implementation; in the long run no major cost increase is expected. |
| • Administrative costs for transport company | (+) The costs for the VAT procedures will drop for the transport companies. |
| • Operating costs | (0) Overall operating costs are not significantly affected. |
| • Competitive conditions | (+) Improvement because at the moment only a limited part of the market has to deal with this problem. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

| **Problem 17** | **Discrepancy in legislation as tank vessels are obliged to follow ADNR-regulation while landside installations are not obliged to follow ADNR** |
|---|---|
| **Geographical scope** | EU, the problem was given by parties in Belgium, but the problem exists throughout Europe. |
| **Detailed description** | 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. |
| **Analysis of importance of the problem** | The problem arises for an important segment: all transport of goods to and from the petrochemical facilities throughout Europe. ADNR will be replaced by AND from 2009. This change will result in more harmonised regulation between countries. |
| **Effects** | These barriers create cost inefficiencies (vessels undertake empty trips to existing fumigation installations), different working conditions, and safety concerns at certain landside installations. |
| **Solution** | Study the necessity of introducing ADN-legislation for landside installations of (petro) chemical companies. Legislation obligates shippers to adjust landside installations to ADN-specifications if they have not done this already. |
| **Detailed description (steps to take)** | 1. Perform an inventory on this problem, as to define the scope for the intended study.<br>2. Perform the study on the necessity of introducing ADN-legislation on landside installations, including policy recommendations.<br>3. Implement the recommendations from the study. |
| **Main bottlenecks** | The main bottleneck will be the lack of acceptance on the part of the industry to allow additional legislation for their installations. They are already beset by a lot of safety related procedures. |
| **Stakeholders** | Operators, transport companies, petrochemical industry |
| **Impacts** | |
| • Administrative costs for public bodies | (-) Solving this problem will include additional legislation. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) Reduced operating costs because there is less need for transport moves because of unsafe or unclear situations |
| • Competitive conditions | (+) Improves because of a holistic concept of safety which will be a major point in intermodal competition |
| • Social conditions | (+) Solving this problem would improve working conditions, safety |
| • Environmental | (0) No impact is expected. |

| **Problem 18** | **Phasing out of mono hull tankers by double hull tankers** |
|---|---|
| **Geographical scope** | EU, the problem was identified in the Netherlands but is a common problem throughout Europe for the tanker market. |
| **Detailed description** | Oil companies demand that within a certain time period mono hull tankers are replaced by double hull tankers. The phasing out was also purely thought out by shippers and not required by some type of European, EU Member State or River Commission regulation. There is however an indirect relation with regulation in sea transport. This phasing out of mono-hull tankers could very well create a temporary overcapacity in the market. 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 (oil companies such as BP) demanding a much faster rate of replacement. |
| **Analysis of importance of the problem** | The problem concerns the complete tanker market of the EU. This is about 2.278.995 ton (CCNR, Market Observation) of which about 36% was built after 1990, some of which may already be double hull. The rest will probably be still mono hull. |
| **Effects** | This problem has a cost-increasing effect in this market, and furthermore (because of the overcapacity that may result form this) it may put a downward pressure on prices. |
| **Solution** | This problem is only indirectly related to public bodies and it is for the largest part a matter of the market partners concerned. So one could consider the problem as something that should be left to the market to solve. However, it is not in the interest of any public authority that the tanker market would become inefficient. From this point of view there is an argument to streamline and coordinate this process. Furthermore, as such the process of the phasing out mono-hull tankers could be seen as a (also for the society as a whole) desirable modernisation of the fleet, which could perhaps be supported by means of financial contributions. It is clear that such support would be support for a "once and for all" situation. |
| **Detailed description (steps to take)** | 1) Perform a fleet analysis within the tanker market to define the scope of a study on the tanker market.<br>2) Study the market and analyse the natural phasing out.<br>3) Decide on how to support phasing out of the mono-hull.<br>4) Implement the procedures. |
| **Main bottlenecks** | The main bottleneck will be the fact that market parties cannot be forced to change this pattern. Dealing with this interferes with the liberalisation process, which has been successful also for the inland waterway transport sector. |
| **Stakeholders** | Shippers, transport companies in the tanker market. |
| **Impacts** | |
| • Administrative costs for public bodies | (-) New procedures will arise when solving this problem. |
| • Administrative costs for transport company | (-) More time is spent by companies to adhere to the new procedures. |
| • Operating costs | (+) A more regular phasing out process will improve the cost situation overall. |
| • Competitive conditions | (+) The intermodal competition improves. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |
| • Level of security | (-) Slightly negative impact if phasing out would take a longer time, since the double hull has a higher safety standard. |

| **Problem 19** | **Market prospects tanker shipping in view proposals to reduce the consumption of fossil fuels** |
|---|---|
| **Geographical scope** | Tanker market in the EU |
| **Detailed description** | On top of the phasing out of mono-hull vessels (see previous problem 18) 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.<br>So both on the supply- (fleet) as well as on the demand- (fossil fuels) side of the market new types of regulation will confront the operators (regulation partly due to shippers partly to authorities). These issues will influence current investment decisions. |
| **Analysis of importance of the problem** | The issue concerns the complete inland waterways tanker market of the EU. So this problem concerns about 2.278.995 ton (CCNR, Market Observation) of vessel carrying capacity.<br>It is true that if the consumption of fossil fuels will have to be reduced, that (ceteris paribus) transport cargo volumes in the tanker shipping market will have to be reduced as well. There are however two arguments against this bleak prospect for tanker shipping.<br><br>Firstly, it is doubtful whether the target of a 20% reduction is feasible. There are currently few countries that could boast of having achieved some sort of a reduction of fossil fuel consumption at all, let alone 20% of the 1990 levels. Furthermore, without a real reduction in GDP (which is not very likely) it does not seem possible to realise the targets.<br><br>Secondly, if fossil fuel consumption would decrease alternatives (e.g. biofuels) could lead to new business for tanker shipping (in particular when there will be massive imports of biofuels from other continents (e.g. ethanol from Brazil to Europe)). |
| **Effects** | A decrease of future revenues of tankers could be expected, resulting in a negative impact on profitability. Consequently this will have an effect on present investment decisions. |
| **Solution** | Not much can be done about this problem. Improving the information to operators and potential investors in tankers about the future use of alternative energies, and the role of the tanker fleet in this new environment would perhaps be helpful in reducing somewhat the current uncertainty. |
| **Detailed description (steps to take)** | 1) Commission a study of the future IWT tanker market;<br>2) Inform the industry about the findings of the study. |
| **Main bottlenecks** | No solutions can be implemented because they would interfere with the liberalisation. |
| **Stakeholders** | Shippers, transport companies. |
| **Impacts** | |
| • Administrative costs for public bodies | Not relevant |
| • Administrative costs for transport company | Not relevant |
| • Operating costs | Not relevant |
| • Competitive conditions | Not relevant |
| • Social conditions | Not relevant |
| • Environmental | Not relevant |
| • Level of security | Not relevant |

| **Problem 20** | **Non-harmonized procedures for allowance of waste transport by inland vessels and a lack of clarification in the 'waste materials of vessels agreement'.** |
|---|---|
| **Geographical scope** | EU, particularly mentioned in Belgium, The Netherlands and Germany. |
| **Detailed description** | A problem with waste transport is the mix of differing procedures that co-exist in EU member states. There are many national registration forms, certifications and regulations, causing time consuming paperwork. Besides, many inconsistencies in the treatment of the EU or bilateral agreements exist, partly caused by the unfamiliarity with the new freight market of waste transport. This in turn leads to different implementations of EU Directives. National legislation does not always specifically take into account waste transport by inland shipping. An example of this problem is the implementation of the "waste materials of vessels agreement', which is not yet ratified in Belgium. Germany seems to have the most stringent and restrictive regulation, as EU Directives are translated into stricter national law and national regulation is implemented additional. This includes permission granting procedures and existing environment requirements which go further than given aims. Besides, laws and the treatment of permits between Federal States are not harmonized. |
| **Analysis of importance of the problem** | EU wide issue in the transport of waste materials which could amount to 1-2 % of the total transport volume in some countries. This issue is important as it potentially leads to competitive disadvantages and lack of transparency. |
| **Effects** | The situations results in time consuming paperwork, is increasing costs, creates competitive disadvantages and lack of transparency (especially in Germany) and EU wide as well as national and also results in unequal/unfair competition. |
| **Solution** | Development of uniform and legal requirements for all vessels navigating in the EU is needed. Also the implementation of the 'waste materials of vessels agreement' into national laws is required. |
| **Detailed description (steps to take)** | The following steps should be taken:<br>1. Clear definition and categorisation of waste materials;<br>2. Make agreements on the uniform interpretation of the regulations in the various countries;<br>3. Improve communication and the provision of information between countries in the inspection of international transport of (hazardous) waste;<br>4. An international enforcement strategy, in the sense of harmonized agreements on the sanctions regime (the individual countries now have widely varying legislation for this purpose, involving both administrative and criminal law). |
| **Main bottlenecks** | Make agreements on the uniform interpretation of the regulations in the various countries |
| **Stakeholders** | EU/regional/national authorities, operators and shippers. |
| **Impacts**<br>• Administrative costs for public bodies<br>• Administrative costs for transport company<br>• Operating costs<br>• Competitive conditions<br>• Social conditions<br>• Environmental | <br>(+) Improve; Costs reduce through fewer procedures to be carried out and less conflicts between regional, national and EU regulation.<br>(+) Improve; costs reduce due to less paperwork and lower uncertainty.<br>(+) Improve, cost reduce due to more efficient enforcement.<br>(+) Improve, as competitive positions become more equal when at least EU Directives are implemented in the same way by member states.<br>(0) No impact is expected.<br>(+) Could improve; if for example the implementation of the 'waste materials of vessels agreement' becomes clear so that ratification can proceed. |

## 4.5 3rd category barriers

### 4.5.1 Overview of 3rd category barriers

The next table provides an overview of the barriers which do affect certain river basins or group of countries. These barriers can be considered as 3rd category barriers as the geographical scope is relatively small, however with an influence on all market segments.

**Table 4.3 Overview of 3rd category barriers and solutions**

| *Barrier* | *type* | *Effects* | *Geographical scope* | *Solution* |
|---|---|---|---|---|
| 21. Loading and unloading in Danube ports requires very much time | R | Cost increasing and time consuming | Danube | 3 |
| 22. Imbalanced requirements applied within the licensing procedure along the Rhine versus Danube (i.e. Slovak papers are not valid in the Rhine area) | R | Competitive disadvantages | Danube countries | 1 |
| 23. Old vessels that not comply to Rhine shipping rules will be difficult to sell in 2010 | R | Cost increasing | Rhine corridor | 6 |
| 24. Use of recognised list of doctors for medical certificates for crew/ not allowing Eastern European doctors to sign certificates | R | Cost increasing | Rhine corridor | 8 |
| 25. Delays because of control procedures and administrative hindrances at the borders | A | Time consuming and cost increasing | Borders with Austria, Serbia, Croatia, Hungary, Romania, Ukraine | 3, 7, 9 |

### 4.5.2 Detailed descriptions of 3rd category barriers

| **Problem 21** | **Loading and unloading in Danube ports requires very much time** |
|---|---|
| **Geographical scope** | The barrier was identified in the country report of Slovakia but it was clearly meant to refer to the entire Danube. |
| **Detailed description** | Operators of inland vessels get insufficient support from the Danube ports. Loading and unloading requires very much time, due to a lack of services by the ports 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 transhipment of goods requires 3-4 days which causes additional costs for the involved shipping companies. Especially in light 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. |
| **Analysis of importance of the problem** | The problem is relevant to all types of IWT transport to/ from Danube ports. Long delays during loading/ unloading may be due either to old, inadequate transhipment equipment or to problems with the organisation of the loading/ unloading process. This barrier clearly refers only to the latter type of causes. The problem seems to be a mismatch between opening times availability of service in ports and the arrival of vessels and complaints about the quality of service. |
| **Effects** | This problem may lead to a low rate of utilisation of vessels and possibly also to an increase in operating costs (personnel, fuel, etc). Furthermore, there is a clear impact on competition; with 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 |
| **Solution** | Since this problem is purely of an organisational nature it could be solved by a) better planning of operators b) more flexibility in opening times and services from the side of ports, and c) a general extension of opening times of ports. Of course the latter alternative would be very expensive. |
| **Detailed description (steps to take)** | This is rather straightforward. 1) For a particular case identify the best option (better planning, flexibility in accommodating opening times and extensions of opening times of facilities) and 2) select and implement best solution. |
| **Main bottlenecks** | Money/ budgets available to implement solutions |
| **Stakeholders** | Operators and Danube ports and local authorities |
| **Impacts** | |
| • Costs facilities of authorities | (+) Costs may increase in case of extended opening times. |
| • Administrative costs for public bodies | (0) No impact is expected. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) Decrease significantly in case of better planning |
| • Competitive conditions | (+) Improvement as a consequence of improved profitability |
| • Safety | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |
| • Level of security | (0) No impact is expected. |

| **Problem 22** | **Imbalanced requirements applied within the licensing procedure along the Rhine versus Danube and Elbe** |
|---|---|
| **Geographical scope** | Danube countries and Czech Republic |
| **Detailed description** | There is a conflict of competence between the EC and the CCNR with regard to Rhine navigation. Restrictive requirements from the latter lead to imbalances between licensing procedures for the Rhine and Danube. A boat master from the Rhine can suffice with 16 proven supervised journeys along the Danube to receive the certificate, while Danube boat masters have to take formal exams on all sections of the Rhine for a Rhine certificate. In general these exams are in German, which makes it hard for e.g. Hungarian or Romanian captains to pass the tests. The CCNR is currently planning the facilitation of this procedure to skippers from outside the Rhine region. However, this mainly refers to applicants who require a specific patent for a particular relation, so that exam does not include detailed knowledge on the complete river Rhine.<br>Even with this agreement in place, the problem continues to exist for shippers from countries for which such agreements with CCNR do not exist. |
| **Analysis of importance of the problem** | The problem is relevant for a select number of countries, but does conflict with the EU internal market objective and has large effects for companies. |
| **Effects** | Large competitive disadvantage for skippers from the Danube and Elbe area. |
| **Solution** | Uniform and legal requirements applied within the licensing procedure for all vessels navigating in the EU. |
| **Detailed description (steps to take)** | 1. Harmonisation of boat master certificates at EU level;<br>2. Implementation of harmonised rules on interconnected EU inland waterway network. |
| **Main bottlenecks** | The main bottleneck is that imbalanced requirements are applied within the licensing procedure which causes unequal competitive conditions. In general procedures are more time consuming for skippers outside the Rhine area. |
| **Stakeholders** | River commissions, EC |
| **Impacts** | |
| • Administrative costs for public bodies | (0) No is impact expected. |
| • Administrative costs for transport company | (+) Costs reduce when access to the Rhine becomes easier for skippers from outside the region. |
| • Operating costs | (0) No impact is expected. |
| • Competitive conditions | (+) Competition improves, as requirements for applicants become more equal. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

| **Problem 23** | **Old vessels that not comply with new CCNR rules of Rhine ships (Rules with respect to technical requirements of ships on the Rhine) may become obsolete in 2010.** |
|---|---|
| **Geographical scope** | This barrier is not only relevant in the Rhine corridor area, as the title perhaps would suggest, but for the entire IWT industry because the technical rules for Rhine ships are the basis for the rules in the entire market. |
| **Detailed description** | Until the year 2010 ships have time to comply with new rules (first expiration date of transition period agreed by CCNR in 2003) with regard to the technical outfit from vessels (primarily aimed at improving safety). It is expected that a number of vessels, in particular smaller, older vessels will not be able to comply with these rules. Required investments are not thought to be worthwhile or it is very difficult to find financiers willing to invest in smaller vessels. As a consequence, after 2010 the owners will only be able to sell their vessels as houseboats. Since there is no significant new building of small vessels, one may expect that a part of the IWT market, namely the market now served by these types of vessels, might shift to road freight transport. |
| **Analysis of importance of the problem** | This problem is part of a more general, well known, problem, namely the prospects of small vessels in the next decades. Most of the vessels that are currently being built in the Rhine area are very large and long (>110 m) and it is well known that in the market there are few people willing to invest in smaller vessels. The reason that small vessels are not thought to be attractive, is that price levels for freight with small vessels are generally too low. As long as operators are not willing/ forced to calculate with the full real costs this market failure will prevent new buildings. One of the main reasons why some operators are able to calculate below cost price levels is the presence in the market of very old, long depreciated vessels. The current freight price levels for smaller vessels need to be doubled at least to make this market economically viable for future investment (so that it may provide regular cash flows for investments). The expiration date of 2010, therefore, threatens to make a number of older vessels that are currently operating in the market obsolete at once. |
| **Effects** | The discussion prior to this point above already indicates that the impact of the expiration date might not necessarily be negative. As a matter of fact by making many old vessels obsolete at a single time may improve the situation for newer types of those vessels and perhaps also give a push to the building of new smaller vessels. However, it is more likely that the market for the services of small vessels will gradually become smaller and that the cargo will shift to road freight transport. At least this happened also in the French and Belgian peniche markets. |
| **Solution** | There is no immediate, short-term solution to this barrier in a deregulated market context. Basically the problem has not directly to do with technical characteristics of vessels but with the economic behaviour of operators. Postponement of the expiration year of 2010 would be a temporary solution but is certainly not a final solution. This however, is not very likely and, as we argued, there may also be positive impacts from the disappearance of small vessels. One could think of indirect, supporting actions for operators to make them interested in markets of smaller vessels again and teach them to properly calculate the costs of their activities. A promotion and information campaign addressing the shipper population might be considered. There should be a clear interest in not losing this market to road transport. |

| | |
|---|---|
| **Detailed description (steps to take)** | Information and communication campagne combined with targeted actions directed at particular market segments for services of smaller vessels. |
| **Main bottlenecks** | Existing owners of smaller vessels may object to an influx of new market entrants/ expansions of capacity. |
| **Stakeholders** | Operators, shippers, banks and EC- or MS-authorities |
| **Impacts** | |
| • Administrative costs for public bodies | (0) No impact is expected. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) Increase is expected since the compliance will require new investments or new vessels. As a result there will be higher capacity costs for these modern vessels and this will raise the overall cost level. |
| • Competitive conditions | (+) Improvements within the IWT market are expected since there will be less differences in operational costs between old and modern vessels due to technical requirements. Furthermore, if investments will take place for new building of small vessels, there will remain sufficient transport capacity in this market. As a result there is still competition possible between road and IWT and then the market will not be lost to road haulage (especially valid for the smaller/regional waterways). |
| • Safety | (+) The safety situation improves due to better equipped vessels. |
| • Environmental | (+) Stimulating a sufficient number of small vessels in the market will prevent a reversed modal shift to road transport. |
| • Level of security | (0) No impact is expected. |

| **Problem 24** | **Use of recognised list of doctors for medical certificates for crew / not allowing Eastern European doctors to sign certificates** |
|---|---|
| **Geographical scope** | Rhine corridor, Czech Republic and other non-Rhine countries |
| **Detailed description** | The staff on board of vessels needs a health declaration from recognised doctors for Rhine shipping certificates or individual employee workbooks.<br>For employees from the new (non-Rhine) Member States, applying for Rhine patents, certificates cannot 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 inefficient and not necessary since in every Member State there are enough competent doctors to establish that eyesight and hearing of a person are functioning properly and that a person can lift 20 kilograms. The use of a list of "recognised doctors" does not seem necessary. |
| **Analysis of importance of the problem** | The problem is relevant for companies in non-Rhine Member States, and does conflict with the EU internal market objective. |
| **Effects** | Cost increase for companies in non-Rhine Member States |
| **Solution** | Develop simplified health requirements which are universal for IWT (e.g. list/describe these in application form-per staff category if necessary) and allow local doctors to certify the health declaration. |
| **Detailed description (steps to take)** | The following steps should be taken:<br>1. Specify on EU-level the health criteria that apply for specific functions in IWT on the EU inland waterway network;<br>2. Introduce EU-legislation that a doctor in every EU-MS is authorised to fill in the health declaration for personnel working in IWT. |
| **Main bottlenecks** | The main bottleneck is that skippers from non-Rhine countries can only contact recognised doctors for medical examination in order to receive their health declaration. Costs for obtaining such a declaration are relatively high, because of the travel and subsistence costs. This causes unfair competition as skippers from Rhine countries are able to contact local doctors in their own country. |
| **Stakeholders** | CCNR, Ministries of Transport in the MS, stakeholder groups. |
| **Impacts** | |
| • Administrative costs for public bodies | (0) No impact is expected. |
| • Administrative costs for transport company | (+)The situation will improve, as the cost for obtaining medical certificates and applications for Rhine patents decreases. |
| • Operating costs | (0) No impact is expected. |
| • Competitive conditions | (+) The competition will improve, as the cost disadvantage for companies with foreign employees transporting on the Rhine is removed (level playing field). |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

| **Problem 25** | **Delays because of control procedures and administrative hindrances at the borders** |
|---|---|
| **Geographical scope** | Borders with Austria, Serbia, Croatia, Hungary, Romania, Ukraine |
| **Detailed description** | 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 causes costs of 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 1500 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. |
| **Analysis of importance of the problem** | This problem is relevant for all international transport crossing the borders mentioned above. |
| **Effects** | This problem creates time-losses at the border and also an increase of costs because of the revisions. |
| **Solution** | The solution is to implement and control the liberalisation process throughout the EU, and enforce the rules. Harmonised rules on border procedures must be enhanced. |
| **Detailed description (steps to take)** | 1) Identification of the lack of implementation of existing rules/ lack of harmonisation itself.<br>2) Further harmonisation of rules on border controls and revisions.<br>3) Enforcement of this process at the borders. |
| **Main bottlenecks** | The main bottleneck for this solution will be the protectiveness of the states concerned. Other social trends force countries to be thoughtful of any measures to improve security. |
| **Stakeholders** | Transport companies |
| **Impacts** | |
| • Administrative costs for public bodies | (-) The first period will see a rise in administrative costs, because of the additional efforts in harmonisation and enforcement. Structurally there will be a decrease of costs. |
| • Administrative costs for transport company | (+) Improvements are expected because of the harmonised way of dealing with border crossings and controls. |
| • Operating costs | (+) Cost reductions are foreseen as result of lower time losses at borders. |
| • Competitive conditions | (+) Improvement of the competition in relation to the other modes of transport. |
| • Safety | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |
| • Level of security | (0) No impact is expected. |

## 4.6 Additional country specific category barriers

### 4.6.1 Overview of specific barriers in Germany

To following 3 specific barriers in Germany will be further analysed in the next subsections:

| Barrier | type | Effects |
|---|---|---|
| 26. Planning procedures for infrastructure projects are too long and uncertain as regards their results | A | Uncertainty with regard to investments |
| 27. Rising problems related to available areas within several German inland ports | R | Reduced availability |
| 28. Differences between Federal States regarding implementation of certain types of legislation | R | |

These barriers have been elaborated hereafter using the same problem description format as applied to the other category barriers.

### 4.6.2 Detailed description of specific barriers in Germany

General remark: The following explanations illustrate both the barriers and possible approaches as they derive from the respondents' point of view.

| **Problem 26** | **Time span between planning and realization of infrastructure projects is quite long and uncertain as regards their results** |
|---|---|
| **Geographical scope** | Germany |
| **Detailed description** | In general, infrastructure planning and approval procedures in Germany tend to take relatively long compared to private and public projects in other countries. The German "Raumordnungsverfahren" (Spatial planning procedures) and "Planfeststellungsverfahren" (approval procedure for public construction projects) govern federal investments into transport infrastructure, which also comprise federal waterways. |
| **Analysis of importance of the problem** | The German planning law results in a considerable uncertainty. The main reasons are:<br>1) The scope of discretion of the deciding authority, which might turn decision making into an non-transparant and non-predictable procedure;<br>2) The influence, which affected bodies, private persons and private organisations, could have.<br>Beside the question whether a project will be realized at all, it is quite uncertain at what time (in case of success). |
| **Effects** | Both the IWT industry and shippers can be affected by the uncertainties with regard to infrastructure development.<br>Infrastructure measures are very important to IWT operators, since waterway cross sections determine the maximum vessel dimensions and thus the cost efficiency and competitiveness of IWT activities. Furthermore, investment decisions depend on the profitability of the fleet (modernisation/ new buildings). These (long term) investment decisions are influenced by the uncertainty as well.<br><br>Moreover, there is an indirect impact on the shipping industry is. In supply chains that use inland navigation services the potential cost effectiveness will be realised only to a limited extent. In the end, decisions on investments and locations of terminals/ industrial sites by the shipping industry could be affected by these procedures. |
| **Solution** | The already existing "Infrastrukturbeschleunigungsgesetz" (acceleration law for infrastructure planning) of particular infrastructure projects aims at the right direction. A speeding up of the normal procedure by about 1.5 years by reducing the involvement of the number of parties in the process is envisaged.<br>However, the centre of this law, i.e. the one-instance responsibility of the Federal Administration Court, only comprises 6 inland waterways projects, whereas 22 projects of railways and even 58 projects of road transport are on the list |

| | |
|---|---|
| **Detailed description (steps to take)** | Even though the law is a move in the right direction, significant projects for inland waterways transport are missing in this list. For instance:<br>1) The essential northern relation of the Dortmund-Ems-canal, river Elbe, river Saale and the Spree-Oder-waterway ;<br>2) The adjustment of the central part of the Weser, the Elbe-side-canal, the Elbe-Lübeck-canal, which are crucial to the hinterland connection of the German sea ports;<br>3) Improvement of the Neckar conditions as contribution to a better hinterland connection of the ARA ports.<br><br>In this context the construction of additional lock chambers along the Mosel (to match the rise in cargo volume as well as seasonal problems related to growing passenger numbers of cruising) could be mentioned as well. The law referred to above should also cover the aforementioned projects. |
| **Main bottlenecks** | Planning uncertainty is one of the main bottlenecks for IWT companies to work with. This is also the case with shipping companies. |
| **Stakeholders** | German Government/Ministry of Transport |
| **Impacts** | |
| • Administrative costs for public bodies | (+) Cost decrease because procedures will become less time and cost-consuming. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) Transport costs (costs per ton-km) decrease due to increased cost-efficiency of larger vessels in case of upgraded infrastructure. |
| • Competitive conditions | (+) Improved planning certainty and higher cost efficiency will enhance competitive position of operators as well as of the mode. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (+) An improvement is expected. The upgraded infrastructure will support modal shift to environmental friendly IWT and hence contribute to reduce negative environmental impacts of transport. |

| **Problem 27** | **Rising problems related to available areas within several German inland ports** |
|---|---|
| **Geographical scope** | Germany |
| **Detailed description** | Many city and county administrations try to raise the recreational value of their cities. In several cases, especially the port districts and (parts of) the ports themselves are in the focus of consideration, take for instance the London Docklands. In this light, there are lots of endeavours to restrict or shut down the commercial/ industrial utilization of ports or parts of them and to convert these areas to often upmarket residential and/or gastronomic purposes. In particular, if only parts of the ports are affected, the activities of the remaining companies are often hindered to a rising degree. It should be noted that this is a specific case of a field of problems of which problem 10 is the more general problem. |
| **Analysis of importance of the problem** | Resulting restrictions or conditions deal with e.g. operating times or permitted noise-, pollutant-, particulate matter and odour emissions on part of the transhipment- and producing companies, located within the port area as well as on part of the vessels calling at this port. This type of problem could occur in all German inland- and seaports. It is relevant to many ports but it is not known how many exactly. |
| **Effects** | The restrictions can have different appearances, for instance a limitation of operating times to particular core times by day and/or a prohibition of operation at certain times (e.g. in the evenings or by night). Some restrictions, like a restriction of emissions might require extensive and expensive additional investments, like noise dampening of machines and transhipment equipment, installation of filters etc. In general, the consequences of the imposed restrictions will be reflected in an increase in costs, a limitation of flexibility and constraints on competitiveness on the part of the affected companies, as well as the IWT-mode more generally. |
| **Solution** | It is in the interest of IWT to avoid or at least limit the process of converting ports or parts of port areas to residential or other utilization purposes. It may not be interest, however, of local communities to agree to this. So there may be a conflict of interests. It may be expected that decision-makers will decide upon what is best for society as a whole, and if this is to continue using the port for commercial reasons that they will decide accordingly. In case they decide against this, there shall be compensation. |
| **Detailed description (steps to take)** | The following steps should be taken:<br><br>1) The responsible decision-makers (normally communal or regional) should be informed about the importance of IWT and ports in order to create awareness. This shall result in better decision making processes. In this way local authorities shall be persuaded to work towards a limitation of the converting of port areas. Especially national and federal/regional authorities could have a role in this respect to inform the municipalities and to point out the interest of inland ports for the transport system as a whole;<br>2) If it would appear to be impossible to convince them, restrictions posed on affected companies should be kept to a minimum.<br><br>If possible, financial support or compensation payments on acceptable conditions should be offered as well as appropriate alternatives, like for example backup locations. |
| **Main bottlenecks** | The bottlenecks are the different restrictions and conditions, normally leading to increase in costs and restricted competitiveness of companies concerned. |
| **Stakeholders** | Port owners, which means communal ( or regional) decision-makers (e.g. city council), federal/ regional authorities, IWT operators and shippers. |

| | |
|---|---|
| **Impacts** | |
| • Administrative costs for public bodies | (0/-) No significant impact is expected, however federal/ regional or national authorities could have additional work because of the required co-ordination and discussions with the municipalities with respect to their ports / industrial sites along waterways. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) The situation will improve because operating costs will reduce due to avoiding of cost increasing restrictions. There will be less waiting times. |
| • Competitive conditions | (+) The competitive situation will improve due to avoiding of impairment as to competitiveness of companies concerned |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (+) Reversed modal shift would be prevented if inland ports will remain accessible by IWT. |

| **Problem 28** | **Differences between Federal States regarding implementation of certain types of legislation** |
|---|---|
| **Geographical scope** | Germany |
| **Detailed description** | This applies in particular to two fields:<br><br>(a) Non-uniform handling of given permits within Germany<br>(b) Different handling of ISPS-certification of ports<br><br>(a) Non-uniform handling of given permits within Germany;<br>Individual German Federal States have in part considerable legislative competencies of their own (federalism).<br>1) Example 1: A certificate for a company disposing waste issued in Hesse is not valid within Northrhine-Westfalia;<br>2) Example 2: Transports approved by permit within North-Rhine-Westphalia only cover (company-) own vessels. Other Federal States however extend this permission to the operation of chartered ships as well.<br><br>In contrast, conditions for transports of waste in Belgium and the Netherlands are the same countrywide (and they are much easier and less expensive to work with).<br><br>(b) Different handling of ISPS-certification (International Ship and Port Facility Security) of ports within the individual Federal States. E.g. Lower Saxony requires fences with a height of 2.00 m, while North-Rhine-Westphalia requires fences of 2.50m height. |
| **Analysis of importance of the problem** | The aforementioned problems lead to high information requirements and administrative efforts on the part of the companies, as they cannot rely on the nationwide existence of harmonized regulations and rules. The waste transport problem only applies of course to a part of the German Domestic market (about 2-4% of 57 mln. tonnes). The lack of ISPS-harmonisation of course only to requirements in ports (and especially port related traffic). |
| **Effects** | (a) With regard to waste transport within Germany there is uncertainty towards the law and a high information effort is required of operators; regarding Germany in comparison to other countries there mighty be cost- and competition disadvantages.<br>(b) With regard to ISPS operators need a higher degree of information/ there is legal uncertainty. |
| **Solution** | (a) The solution is to develop nation-wide standardized regulation, which covers all vessels operating for one company in possession of such permission;<br>(b) Harmonized regulations and standardized handling of rules for all Federal States. |
| **Detailed description (steps to take)** | If individual Federal States are responsible for regulations and rules for the above mentioned problems, their definition should be coordinated among the Federal States to achieve a harmonized solution across Germany.<br>1) Inventory of differences in regulation between Federal States;<br>2) Investigation of consequences/ impacts of these differences;<br>3) Establish legal and economic feasibility to harmonise regulation. |
| **Main bottlenecks** | From experience, it is very difficult to reach an agreement that all Federal States support harmonized proceedings, in cases of state responsibility. |
| **Stakeholders** | German authorities (Federal Government and Federal States), transport industry. |

| | |
|---|---|
| **Impacts** | |
| • Administrative costs for public bodies | (+) The establishment of a nation-wide uniform regulation in Germany for all federal states instead of a plurality of state-specific regulations reduces the costs of public bodies since the expenditure for elaboration of regulations and enforcement becomes altogether smaller. |
| • Administrative costs for transport company | (+) A nation-wide validity of given permissions or permissions, which are far more comprehensive and transparent would reduce administrative costs for IWT-companies. |
| • Operating costs | (+) Operating costs would decrease, if e.g. for waste transports less strict regulations would apply as are in the Netherlands or in Belgium. |
| • Competitive conditions | (+) Harmonised regulations would improve intermodal competition due to reduced administrative and operational costs. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

### 4.6.3 Overview of specific barriers in France

To following specific barriers in France will be further analysed in the next subsections:

| Barrier | type | Effects |
|---|---|---|
| 29. Taxation of capital gains of the sale of vessels when re-investing in new vessels | R | Unequal competition |
| 30. Poorly designed subvention programmes favour the use of vessels as house vessels in stead of second hand vessels | A | High market entry costs for investors and lack of ship capacity in the market |
| 31. "35 hours" law limits the normal work duration per week | R | High costs and unequal competition between and within modes and countries. Also reflagging could be the result. |
| 32. Limited lock opening times are a hindrance to development of IWT | R | Time consuming and cost increasing |

These barriers have been elaborated hereafter using the same problem description format as applied to the other category barriers.

### 4.6.4 Detailed description of barriers in France

| **Problem 29** | **Taxation of capital gains of the sale of vessels when re-investing in new vessel** |
|---|---|
| **Geographical scope** | Only France |
| **Detailed description** | When selling a craft the owner has to pay a tax on the difference between the remaining value (in the books) of the craft (usually very little thanks to depreciation and/or inflation) and it's selling price. Usually, no VAT is applied, but the tax is up to 1/3 of the apparent capital gain.<br><br>This has been in France a deterrent to re-investment into new craft, especially for large units. This barrier to modernisation of the fleet has been reduced, however, in recent years, thanks to the doubling in 2004 of the threshold under which no taxation is due. There are some ways one can avoid this tax:<br>1) When the seller retires;<br>2) When the seller sells a complete branch of activity/his whole business (provided the value of the craft is less than 300k€);<br>3) If the seller's turnover before tax is less than 90k€/year over the last few years.<br><br>One can not avoid to pay taxes in the case when one wants to sell a craft in order to reinvest in a new craft, since none of the conditions mentioned above applies." Retirement" does not apply of course. "Sale of a branch" is difficult to prove to the tax authorities when one is re-investing in the same branch. Finally, the turnover of a healthy IWT carrier usually is well above 90k€/year.<br><br>In order to escape taxation the vessel-owners have to reduce the turnover of their last years before selling the craft. This is counterproductive in a time when the fleet capacity is insufficient to cope with demand.<br><br>Note that even in case the sale of a vessel would be recognised as a "sale of a branch", the seller of a large craft still has to pay a 33.3% tax rate when the amount of the sale is above a limit of 500k€. In between 300k€ and 500k€, there is a proportional exemption. Full exemption only occurs for a sale below 300k€. |
| **Analysis of importance of the problem** | In 2006 the total number of Freycinet craft reduced by 53 units, and their share of the fleet (number of vessels) reduced from 64% to 61%. This shows there was a strong tendency for operators to buy larger vessels than they possessed originally. For instance: the average size of self-propelled craft went up from 504t in 2004 to 562t in 2006. Note that this increase of the average scale of vessels occurred despite the problem with taxation described above.<br>In order to modernise the French fleet one needs to increase the average size of vessels and bring the average size closer to the European average. So it is necessary that such tax-barriers will be removed or made less severe. |

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| **Effects** | 1) There is a growing concern about the lack of vessel capacity in the market;<br>This is due both to the voluntary reduction of activities of sellers of vessels prior to the sale and to the reduction of means to finance the purchase of larger vessels.<br><br>2) Unequal competition is expected;<br>a) Between larger and smaller vessels: Given the nature of the exemptions of tax (depending on value of the craft, size of turnover etc.) it is virtually impossible that one gets an exemption for larger vessels;<br>b) Between French operators and other operators: Since neighbouring countries offer much more attractive financing conditions it reinforces the tendency for French enterprises to reflag (e.g. to Belgium or Luxemburg). |
| **Solution** | To harmonise the French financing conditions with those of the other European countries, which frequently waive the tax provided the funds are re-invested in another craft. |
| **Detailed description (steps to take)** | The following steps could be taken:<br>1. The issue of unequal financing conditions across Europe should be addressed at EU level with the objective to establish a level playing field among MS;<br>2. The French Transport Ministry should take action to adapt the tax regulations in co-operation with the Finance counterpart;<br>3. The Finance Project Law should provide for it;<br>4. All Local Finance Bureaus should be briefed on how to apply the measure, to ease its introduction. |
| **Main bottlenecks** | The real bottleneck is the reduction of purchasing power of operators to fund new buildings. This is created by the present lack of harmonisation, and the unsound strategies applied in the industry to evade tax |
| **Stakeholders** | EC, Ministries of Transport and Finance in the MS. |
| **Impacts** | |
| • Administrative costs for public bodies | (+) A simplification of the procedures could be the outcome of the harmonisation process. This would lead to a reduction of administrative costs for public bodies. However there could also be a reduction of taxes in the State treasury. |
| • Administrative costs for transport company | (+) A simplification of the procedures could be the result and this would lead to a reduction of administrative costs for operators as well. |
| • Operating costs | (+) By lowering the investment costs, the operational costs will be reduced. |
| • Competitive conditions | (+) Especially for operators of large craft, who will improve their competitive position; also, end of bias impacting bigger craft. |
| • Social conditions | (0) No impact is expected. |
| • Environmental | (0) No impact is expected. |

| **Problem 30** | **Poorly designed subvention programmes favour the use of vessels as house vessels instead of second hand vessels** |
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| **Geographical scope** | This barrier applies only to France, since the schemes apply only to vessels sailing under French flag. To be able to sell a vessel to a French new entrant (and use the scheme) a foreign operator will have to reflag it (*francisation*) at his own expenses. |
| **Detailed description** | As has been remarked when discussing the previous barrier (problem 29): to fully escape taxation when selling vessels, vessel-owners have to go into retirement. They do not have an incentive to keep the craft in the trade. Due to capacity shortages it would be helpful to keep all craft that is in a good condition in the industry. This was also realised by policymakers and to counter the present developments a scheme to help at least the vessels to remain in the trade was designed. The scheme worked by providing a subvention of up to 30% of the expenses. The subvention is calculated as 43€ per tdw if the market price is not over 152€/tdw, with a ceiling of 46k€, reserved to deals involving young professionals below 35, new entrants, or wage-earners creating their own enterprise.<br><br>Due to the administrative process, it failed to work properly, on two accounts:<br>1) The funds were quickly exhausted. Therefore, since mid 2006, during 18 months at the least, no case has been accepted. The scheme is proposed to be reactivated in 2008;<br>2) When it was available, the administrative process could be up to 1 year long, between the opening of the dossier and the actual release of the funds. Thus the seller was induced to sell earlier to the best bidder, and due to high real estate prices, transforming it into house-vessels reaps a far better price than keeping it in the freight transport market. The subvention was designed to cope with this, and help new entrants into the industry to obtain vessels at a reasonable price. However, this does not work anymore, because real estate prices have more than doubled since the initiation of the scheme. In fact, there is a ceiling, both in the maximum selling price per tonne of deadweight (152€/tdw) and in the maximum amount of subvention (46k€ per craft), which limited the scheme to dilapidated craft (cheap, and not more than 1070tdw): the present market price for a good Freycinet craft is over 250€/tdw. When the vessel is sold as house-vessel one can get much higher tdw-renevues: presently, even larger craft are sold as house-vessels; there are offers at 400€/tdw for 800tdw craft. |
| **Analysis of importance of the problem** | In the year 2006, 78 Freycinet craft (more than 10% of that part of the fleet), have been sold either for scrap or as house-vessel: clearly, the scheme could not prevent this and keep those vessels in the fleet (Source: VNF fleet statistics) |
| **Effects** | Two effects are distinguished:<br><br>1) A high market entry costs for investors is expected:<br>The only way for the new-entrant/ buyer to counterbalance the delay to remit the subvention was, to pay right away the full price, and obtain a refund from the seller later on when he received the subvention. Alternatively, one could also pay a bonus to cover the financial cost of the loan which the seller will have to arrange in the meantime. Either way, this amounted to about 4000 Euro of additional costs on average. Whatever the solution, the slow pace of the procedure will drive-up the amount the buyer will have to pay. Market entry may thus be hindered, which has a negative influence on competition in the industry.<br><br>2) Lack of ship capacity in the market is also expected: |

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| | The high price of real estate also has a price increasing effect on vessel prices. New entrants often find it difficult to buy vessels at the price set in the former scheme, even if there were a subvention (The maxim subvention was a quarter below the present market price for Freycinet vessels). Thus, more and more vessels, especially Freycinet, ended up as house-vessels and were not available to new entrants. This resulted in capacity shortages and a corresponding loss of transport volumes, in particular on the Peniche (Freycinet) canals. |
| **Possible Solutions** | There are various ways to solve this problem:<br>• to prohibit the sale of vessels that are still in a good condition, except when the sale would keep them active in the industry;<br>• to raise the ceilings of subventions;<br>• to hand over the subvention in a much earlier stage (e.g. already when the dossier is submitted); |
| **Detailed description (steps to take)** | Based on the experience of 2004-2007 the following steps could be taken:<br>1. The deeds of property of a craft are kept by the Ministry of Finance, while the operational authorisation related to the vessel are kept by the Ministry for Transport; by combining the two data banks (Finance and Transport), there would be a way to block transfer of property, except to a person in the trade;<br>2. Find enough funds to be able to finance this raise and cope with the more than 50 craft/year involved for the whole duration of the 6-year scheme;<br>3. Change the logic of the procedure: the proof of validity of the sale should be reviewed only after the money is paid, thus assuming good faith of the claimant;<br>4. Change the beneficiary of the subvention: the funds should be paid direct to the buyer, to help him entering the trade.<br><br>The EU commission already approved the French aid scheme 2008 – 2012 for IWT on 2nd of July 2008, which contains some improvements on the points mentioned above. |
| **Main bottlenecks** | The real bottleneck is both the time consuming process of obtaining the proof that the sale is valid, and the lack of sufficient finance to run the scheme.<br>Since the clearing involves two different Ministries, it has to go a long winding route in between them, while it could be cleared in a minute, should their databases be accessible to VNF, which is a separate, third body in the process. |
| **Stakeholders** | VNF, "Commissions de visite" in the Transport Ministry, EC, "Service des hypothèques" in the Finance Ministry. |

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| **Impacts** | |
| • Administrative costs for public bodies | (+) The situation will improve because procedures will become less time consuming due to direct access of VNF to both data bases. On the other side the expenses on subventions may double. |
| • Administrative costs for transport company | (+)The situation will improve also for the transport companies because procedures will become less time consuming. |
| • Operating costs | (+) Since entry cost will be kept low, running cost is bound to be more favourable. |
| • Competitive conditions | (+) By retaining all existing craft in the trade, the competitive position of IWT on small canals will improve.<br>(+) By offering a reduced price to new entrants, this will attract more people in the inland waterway transport industry, which is needed to compensate for retirements. |
| • Social conditions | (+) There will be more income, since more of the running cost can be devoted to salaries. |
| • Environmental | (0) No impact is expected, however a more competitive inland waterway transport mode will result in a higher market share of this sustainable mode of transport. |

| **Problem 31** | **"35-hour" law limiting the normal work duration per week** |
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| **Geographical scope** | The law applies only to French flag craft, thus foreign flag craft working in France does not directly have to deal with this barrier |
| **Detailed description** | This Law, albeit amended, provides that wage-earners are entitled to work only 35h/week. When they work longer hours, they are entitled to compensation. The "convention collective" for IWT wage-earners has included this constraint in its rules in a way which increases costs between 15 and 30% at least according to the profession. |
| **Analysis of importance of the problem** | In IWT this barrier is most relevant to passenger carriers where salaried employment is the rule. But in this type of transport, businesses can usually pass on their cost increases more easily to the clients. In cargo transport, in contrast, more than half the workforce consists of owner operators to whom the requirements of the 35h law do not apply. Companies affected in the industry by the 35h Law in cargo transport are thus at a competitive disadvantage, facing both a competition within IWT (with owner operators) and between modes: road transport is also a sector with a lot of owner operators. From statistics it can be concluded that, in 2003, Owner-operator-companies employed only about 261 wage-earners in cargo transport (the total number of staff employed in cargo transport was 901) and 308 in passenger transport. This was up from 225 (+16%) and 206 (+50%) respectively in 2000. |
| **Effects** | 1) High costs are expected: Companies employing wage-earners have higher cost than owner-operator companies;<br>2) Unequal competition between and within modes and countries. Because of this general law, there is unequal competition:<br>• Within mode: as shown above, labour costs are much higher for large companies (staff consists of 100% wage-earners) than small companies (in particular owner-operators who employ roughly 20% of wage-earners;<br>• between countries: a similar Law does not exist in neighbouring countries, thus foreign craft operating in France, either for international transport or cabotage, are in a better competitive position. A way found by French companies to circumvent this disadvantage was to reflag their craft, at least the propulsive unit (pusher, etc.). This was prominently done by CFNR, which reflagged its pushers in Luxembourg;.<br>• between modes: a part of road transport is done by owner-operators, who share the same advantages as their IWT owner-operator colleagues in their competition with large IWT Companies.<br><br>More outsourcing is expected: another strategy is to use outsourcing. Many pushers are operated by small subsidiaries or by former staff of the companies grouped in cooperatives or the like, in either case smaller than the lower staff limit of the law, while the transport is still organised and controlled by the companies. |

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| **Solution** | Various ways how companies tried to cope with this problem have been discussed already (reflagging, outsourcing etcetera). These are of course more "adaptations" than "solutions". It is very difficult to find a general solution to this problem, some suggest the EU taking actions on this point. It is far from obvious what could be done, however. The possibilities have to be explored in the social dialogue. |
| **Detailed description (steps to take)** | In the framework of the social dialogue at European level, the social partners started negotiations on sector specific working time arrangements. The Comité des Armateurs Fluviant in France is participating in this process. Therefore changes might be expected. |
| **Main bottlenecks** | Just as there are parties who experience a competitive disadvantage from the 35-hour there are parties who have competitive advantage. Every solution therefore, is bound to generate some opposition as well. |
| **Stakeholders** | VNF, Transport Ministry, EC, Social Affairs Ministry. |
| **Impacts** | |
| • Administrative costs for public bodies | (0) No impact expected, except for negotiations. |
| • Administrative costs for transport company | (0) No impact expected, as above. |
| • Operating costs | (+) As an outcome of the process, costs can be reduced for companies by means of wage cost being lowered by 15 to 30%. |
| • Competitive conditions | (+) For companies there will be a more level playing field compared to operators from other countries and also inside the IWT sector in France. |
| • Social conditions | (+/-) There might be an impact due to longer working hours, however also employment levels are affected. |
| • Environmental | (0) No impact is expected. |

| **Problem 32** | **Limited lock opening times are a hindrance to development of IWT** |
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| **Geographical scope** | This problem applies mainly to France and affects in particular those parts of the French waterways network that have high density of locks. |
| **Detailed description** | Due to a combination of factors, reduced lock opening times are felt by the industry to limit its development. Lock opening times have decreased in recent years especially on the Freycinet network (Peniche canals). The main causes were staff reductions and the 35-hour Law. VNF was trying to implement a 2% per year reduction of the number of staff, and at the same time the 35-hour Law enabled the remaining staff to work less. Local VNF directorates had often to reduce the total duration of service, because they could not automate enough locks to compensate for personnel cuts. |
| **Analysis of importance of the problem** | The main issue is the difference between the daily allowed operating times of vessels (14h with one patent on board, up to 18h with 2 patents) and the lock opening times (10h at the least and never more than 12h). In addition, automated locks are felt to result in slower passage times. Presently there is a loss of time of 1.5h per day of navigation in trans-basin canals, compared to manual locks. In some cases, the time of operational availability of transport operators was reduced by more than 30%. |
| **Effects** | 1) More time is needed to travel:<br>If both people on board of a vessel have a patent they can easily be at the helm for a longer period than the time allowed by the opening times of the locks (often they could make 4 to 8 hours more). However, except in the case that there are long stretches before and after the initial and final locks of the day, many operators are unable to override the bounds posed by the closure of locks. Obviously, this is a limitation felt most by those ships that are manned for round the clock operations.<br><br>2) Cost of transport have increased:<br>An indication might be obtained on the Freycinet network. Losing 30% of the possible travel time each day, which could occur in some trans-basin canals, would reduce the turnover of operators to less than 300 euro per day |
| **Solution** | Some possible solutions preferred by the industry are:<br>• Increase the number of lock-keepers;<br>• Authorise automated locks (Freycinet network), to be used some 2 hours before and 2 hours after normal hours, up to 14h/day year-round, or at least in summer where locks are not illuminated at night;<br>• Harmonise opening hours on main routes;<br>• Provide, as e.g. on the Mosel, at least round the locking services (e.g. on the condition of announced arrival times of vessels) |

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| **Detailed description (steps to take)** | The following steps could be taken:<br><br>1. Transport industry first has to start-up a discussion with the State to address this problem and to point out the losses and problems for the industry. Next the authorities can take further actions and study the feasibility of actions to reduce the limitations for ship operators (e.g. performing socio-economic cost benefit analyses on different options).<br>2. For example, actions by the French authorities may consist of:<br>a) changing the present "Contract of objectives and means" between VNF and the Transport Ministry , in order to increase the number of lock-keepers and negotiate with the lock-keepers trade-unions on the implementation of the proposed measures;<br>b) Plan and organise improved, consistent lock opening times on main routes. Authorities could reorganise automated locks supervision (Freycinet network), in order that vessels could be using them in all safety some 2 hours before and 2 hours after normal hours, up to 14h/day, including the provision of sufficient lighting at and around locks;<br>c) Develop possibilities to pass locks during the evening and night, for example by tailored locking service where craft have to announce their arrival half a day or day in advance (otherwise it is not manned). Especially for waterways Class IV and above this is desired by the industry. |
| **Main bottlenecks** | Lock opening times are reduced compared to what boat driving licence would permit |
| **Stakeholders** | VNF, Transport Ministry, Finance Ministry, lock-keepers Trade-Unions. |
| **Impacts** | |
| • Administrative costs for public bodies | (--) The expenses on lock-keepers salaries may increase. |
| • Administrative costs for transport company | (0) No impact is expected. |
| • Operating costs | (+) Cost reductions could be up to 30% on some routes. |
| • Competitive conditions | (+) By raising productivity, the competitive position of IWT will improve, both on small canals and Class IV+ waterways. The gaining in time and costs would lead to possible modal shifts from road to IWT. |
| • Social conditions | (+) There will be a better daily life for the workers on the vessels since their time spent idle will diminish, and their earnings will rise.<br>(-) There will be a pressure on longer working hours per day. |
| • Environmental | (0/+) No direct impact is expected, but modal shifts from road to IWT due to shorter transport costs and reduced transport time will have favourable impacts on the environment. |

# 5 Conclusions

In this study the main administrative and regulatory barriers that exist in the European IWT industry were identified. This was done by directly approaching market parties, industry organisations and authorities in EU Member States and in a number of non-EU countries. Specific case studies were carried out to analyse the situation in various countries or groups of countries.

*Administrative barriers* arise in particular from the information requirements imposed upon market parties by the enforcement of regulations. When such requirements are particularly burdensome or obstructive or otherwise hamper operators or shippers in business activities they are called administrative barriers.

*Regulatory barriers* are barriers arising from existing rules and regulations that currently hamper the functioning of the EU internal market in inland waterway transport. This means that barriers are obstacles that interfere with basic freedoms and rights of parties in a free market or with equal competition in the market. In this study the terms rules and regulations are taken in a broad sense, i.e. they are not confined to types of legislation or rules imposed by authorities but may also refer to types of regulations that market parties impose on themselves (e.g. forms of self-regulation in the market).

It turned out that respondent were not always able to separate administrative and regulatory barriers from other types of barriers. All together in the field well over 180 barriers (182) were identified. It was found however that only a subset of these (136 to be precise) could be characterised as either "administrative" or "regulatory", the rest consisted of other types of problems with markets, enforcement, legislation or infrastructure. About 90 barriers of the 136 administrative or regulatory barriers constituted a group with considerable overlaps between different countries, i.e. these were barriers identified in more than one country study. The number of distinct barriers in this group with overlaps is about 30. Furthermore, 46 problems mentioned occurred only in a single country study and were to that extent unique.

Across member states there was a broad variety in the nature of barriers, the impacts of the barriers on market parties, the causes of the barriers, the geographical scope, type and number of parties affected by the barriers. Furthermore there are marked distinctions in the types of barriers that market parties have to cope with between on the one hand the Rhine area and on the other hand the Danube area and other parts of the inland waterway network. However, the lists of barriers extracted from the various country studies have a number of common features.

It was found for example that in almost all country studies barriers were identified related to the financing of investments in vessels and also in a number of countries barriers seem to exist with regard to insurance of vessels.

Problems mentioned with respect to financing are amongst others: lack of harmonization of the conditions of financing and insurance between countries, problems with convincing banks of profitability prospects, limited experience/ of banks of IWT industry, lack of support of authorities (e.g. with regard to taxes, to subventions, to state guarantees etc.).

Furthermore, related to Inland ship/certification, it was found that in a number of countries companies are not satisfied with the performance of the inspection authorities. Instances of long delays in obtaining certificates, mistakes etc. were noted in various countries, and are considered to be a significant barrier.

The lack of standard/ harmonised job profiles corresponding to manning/ crew requirements is also seen as a barrier in some countries and, also related to type of barriers, the problem of non-compliance with regulation on resting and sailing times was mentioned in a number of countries to be a significant barrier. This is also a barrier which tends to make competition between companies unfair.

Although many barriers were mentioned related to infrastructure, few qualified as regulatory or administrative. The most important ones which do so and which are common barriers are problems with local or port authorities: port dues, limiting opening times of ports or facilities in port and reducing the number of facilities (e.g. rest areas in ports) and problems with infrastructure planning processes.

Especially on the Danube many problems related to the lack of harmonisation of procedures with non-EU countries, causing amongst others, border crossing delays, were mentioned.

A number of country-lists of problems also mentioned the lack of a common IWT language as a problem for operators in international transport. In air and sea transport English is used as a common language.

In general the perception of many operators and shippers was that the barriers have increased in the past few years. However, the overall picture is not clear. The large survey done in The Netherlands in the framework of this study indicated that here 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.

While there has been a substantial reduction of barriers as a consequence of freeing the market in the 1990s many new types of barriers have emerged again. In particular the category of problems related to various developments in society (increased environmental, food safety, security concerns etc) has increased in the past few years.

Amongst others, ten new barriers encompass quality systems like GMP, EBIS, ISO-systems, waste transport requirements, dangerous goods treatment etc.

In many cases the rules/ administrative requirements in this new category are to a large extent of a commercial nature (forms of self regulation of other market parties).
In many Member States the responsible authorities have also taken measures to reduce the administrative burden of the industry. However, the possibilities to reduce these are limited when market parties impose restrictions on themselves or when the type of regulations or administrative requirements originates not in the industry itself.

A number of actions/ measures that could be taken to solve or at least diminish the impact of problems are possible and have been proposed in the last part of the study. These solutions can be seen as recommendations for follow-up actions.