

Memorandum CBRB and Royal BLN-Schuttevaer: study of the economic impact of low water.

The year 2018 was a special year with an exceptionally long period of low water on the Dutch and German rivers. The importance of inland navigation has been clearly demonstrated by the consequences for the transport system and industry. Supply stagnated in several places and other modes of transport were only able to take over cargo packages to a limited extent. The summer of 2018 paints a picture of what may await us in the future if no substantial adjustments are being made to the inland navigation transport system, when, as a result of climate change, periods of low water are becoming longer and more frequent.

Research into the economic impact of low water from a broader perspective

Research into the economic consequences of low water is usually carried out from a national perspective, looking at the total costs to Dutch society at an aggregated level. In such an approach the social costs are determined in a way that the increased costs for shippers and consumers are partly offset by deducting the increased margin in inland navigation from the costs. It also takes no account of the international nature of inland shipping and the usual approach does not provide any insight into the losses incurred by individual and often foreign shippers.

Loss of 2.8 billion euros for Dutch and German shippers

Erasmus UPT concludes in the study "Economic impact Low water" that the low water period of 2018 had in the Netherlands and Germany a significant financial and economic impact. Dutch and German shippers collectively suffered losses of around 2.8 billion. A large part of this (2.2 billion) is due to reduced production at companies that supply raw materials by water. Substantial costs were also incurred because more ships had to be used to transport less cargo and because other modes of transport were used where possible (e.g. 0.5 billion). Finally, at the end of the low water period, additional costs were incurred to replenish the strategic stocks (c.a. 0.1 billion). If the additional margin for the inland navigation sector is deducted (approx. 0.1 billion), the total loss for Dutch and German society together amounts to some 2.7 billion.

Shippers indicate that they will shifting part of the cargo to other modalities structurally and that they will continue to increase their stock capacity. In some cases, the increased uncertainty of inland waterway transport has even led to an investment not being made in Germany, but in India. Inland navigation is keen to maintain its position as a reliable transport partner. Entrepreneurs are looking at increasing the carrying capacity of vessels during low water, but the possibilities for this are limited because specific low water vessels can carry much less than normal vessels at normal water levels. Reliable inland shipping therefore requires infrastructural adaptations. Making the infrastructure future-proof is a task for the government.

Inland shipping contributes to societal challenges for sustainability and mobility

Water transport has many advantages. Inland navigation transports large volumes of goods from the Dutch and Belgian seaports to Western European destinations almost unnoticed. This results in a substantial reduction of congestion on road and rail network and with a relatively low fuel consumption per ton/km it also results in a significant reduction of energy consumption, which is conducive to the reduction of greenhouse gas emissions.

The study "Economic Impact Low Water" confirms the importance of waterborne transport for Western European industry and its beneficial effect on employment. In order for the Netherlands and Germany to continue to make optimal use of this important mode of transport, the river system will have to be made physically more resistant to drought and infrastructural adjustments on the Waal, Rijn and IJssel are essential. Investing in future-proof infrastructure is and will remain necessary; inland shipping is an important link in societal challenges for sustainability and mobility.

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