Interreg
Danube Transnational Programme
DBS Gateway Region

Report
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Results from Regional Workshop

Budapest, Hungary

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Contents

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Terms and abbreviations

IWT	Inland Waterway Transport
FBL	Freeport of Budapest Logistics

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Results of the Regional Workshop:

Executive summary

The Regional Workshop was organized by the Freeport of Budapest on the 11th of July, 2017 in the headquarter of FBL. There were altogether 31 participants from several organizations, representing national and regional authorities, sectoral agencies, trading companies, infrastructure and logistics service providers as well as expert companies.

At the first part of the workshop, three different stakeholder organizations had a short presentation on ongoing Danube-related development projects, which are of common interest of the participants:

- Ministry for National Development, Hungary
- National Association of Radio Distress-Signalling and Infocommunications
- North-Transdanubian Water Directorate, Hungary

The second part of the workshop was professionally moderated, seeking for answers to the open question ***how any port development can enhance the increase of inland waterway transport volume in Hungary***.

As a first step, the DBS Gateway project was introduced explaining the reasoning behind the project and its main goals and activities. Afterwards - based on the above question - participants had the chance to discuss related issues, recommended by the Regional Workshop template of DBS Gateway project.

Regardless of the represented organization (governmental or private-owned, logistics service or infrastructure provider), participants were committed to the central question and agreed on the main massages to the higher-level policies. Though each of the represented ports have various development plans to upgrade their port facilities, the importance of ***improving the navigability of the Danube is far beyond their individual needs***.

During the workshop, 15 participants filled in the questionnaire to provide additional input for the Report. Three out of the questionnaires were filled in by public sector bodies and experts, all the rest of the input was provided by direct actors of inland waterway transportation. However each participants were actively involved into the workshops activities.

I. Transport logistics requirements and regional value added services in the Danube – Black Sea Region

Major challenges that companies face when transporting goods on the Danube River

IWT stakeholders highlighted the main challenges of transporting goods on the Danube as follows:

- The cost of IWT is often higher than the traditional way on roads and/ or rails. Due to capacity surplus, prices are even higher.
- Limited navigability of the Danube - the impact of environmental circumstances is too high – high and low water, blocks, water depth, ice.
- Industries are located far from the Danube.
- Lack of professionals in IWT, unskilled crew, limited language skills.
- Lack of storage capacities.
- Lack of goods to be transported.
- Discrimination of IWT in comparison with rail or road – funding opportunities, discriminative legislation influencing prices.
- Missing ICT-tools for integrated network management.

Out of the above listed factors, the limited navigability of the Danube River proved to be far the most crucial challenge to be solved in the long-run.

How low should be the price of the cargo transportation and handling on the Danube River in comparison to the road and rail, in order to choose this transport mode over the others?

The optimal price of IWT to be competitive in comparison to other transport modes is hardly definable.

The price of transportation – especially in combined solutions – consists of several elements besides shipping costs, which are variable (transhipment, storage, cargo handling, etc.).

The total costs of IWT is therefore variable depending on many factors, such as: the number of modal changes, necessary storage, place of transhipment, length of transportation, weather, facilities of origin and destination, type of cargo (bulk, container, overweight, oversize, dangerous, frozen, Ro-Ro, etc.). Depending on these factors, the differences in unit cost of inland waterway transportation can be multiple and the comparison of one solution with road or rail might be not realistic.

More relevant factors to opt for inland waterway transportation could be: improved navigability of the Danube, availability of logistic services (e.g. storage facilities) and the reliability of services.

Landlord ownership structure of the Danube ports in Hungary

The majority of the workshop participants considered the ownership structure of ports in Hungary irrelevant to the performance of regional ports and the IWT volume.

The ownership structure of Hungarian Danube ports varies from port to port. Some major ports are privately owned and operated (e.g. the Port of Paks or Ferroport in Budapest), while the biggest public ports are state-owned (e.g. Port of Baja or Mohács) and the port management and port operation is carried out by a private or state-owned company.

Regardless of the ownership of the port, according to the Hungarian legislation, the river bank of the whole Danube is state property and managed by different Water Directorates (asset management companies). Because of this diversity of properties in the same port there often difficulties in case of infrastructural developments (e.g. when owners' contribution is needed for building activities).

Nevertheless, the characteristics of the ownership structures in Hungary are not likely to have a significant impact on the IWT services.

Time frame for significant changes in the Danube logistics?

Workshop participants did not expect significant changes in the Danube logistics as long as no major development in the Danube navigability is carried out.

I. Potential of shifting transport modes

Do you expect the cargo flows on the Danube to increase in the next 10-20 years?

Workshop participant stakeholders concluded that significant increase in the cargo flow of the Danube can be expected only by improving the river's navigability.

However, continuous improvements are also essential to maintain the existing level of the cargo flow, which is the responsibility of the Danube ports: maintenance of port infrastructure, ITC developments, adaptation to new technologies in cargo handling, etc.

By improving the Danube's navigability, further capacity building will be necessary in the Danube ports. In such case, ports will no doubt adapt to the new challenges but until then, it is beyond their competence and responsibility.

Nevertheless, IWT stakeholders are relatively optimistic and foresee a slight increase of the cargo volume in the coming years.

If yes, what type of cargo you expect to increase and how much (in percent)?

Despite of the moderate expectations towards IWT volume growth, there are some goods the transport volume of which are expected to increase:

- The export of grain has shown a slight but constant growth in the past years, which is expected to continue.

- The import of fertilizer (bulk or big bag) is has already increased and the expectations are also positive for the coming years.
- The transhipment of high and heavy goods is project based but there is a significant potential in its growth. In the past years, several ports have built capacities (basic infrastructure such as strengthened quay or higher capacity of mobile cranes) to handle this type of goods. Besides future developments of surrounding industries (requiring the shipment of overweight or oversize cargo such as transformers or oversize pillars), the planned extension of Paks Nuclear Power Plant might supply Hungarian Danube ports with more of high and heavy cargo to be transhipped.

What origin and destination of the increased cargo flows do you foresee?

The main destinations of the existing cargo flow, indicated by the participants, are:

- Romania – Constanta
- Austria – Linz
- Germany
- the Netherlands – Rotterdam
- Belgium
- Other EU countries
- North Sea
- Black Sea

II. Barriers for the business, forecasts and recommendations

Main reasons for the underdeveloped IWT on the Danube River

The result of the questionnaires reflected different views on the "pro" and "contra" indicators. Counting an average on each indicator, there are some questions where the average answer of respondents is over 2 or below 1 on the scale of 0-3.

Hereby listed these questions, which are worth to be taken into consideration when discussing the necessary measures to increase the attractiveness of IWT in the Danube Black Sea Region. The questions of the questionnaire are formulated as hypotheses, thus, where the average result of answers is below 1, these hypotheses are likely to be false or not relevant in the Hungarian area of the DBS Region.

Based on the questionnaires, the main factors, participants see IWT underdeveloped (average of answers over 2):

- Logistics service providers do not consider inland waterway as optional transport mode in planning transport chains.
- The total cost of transport (waterway + road or/and rail) is higher than road or rail transport.

- The risk of waterway block due to environmental influences is too high.
- Vessels are not optimally working at full capacity on both directions due to disparate import and export flows of goods.
- Bottlenecks of waterway infrastructure prohibit consistent transport at full capacity.
- Missing awareness of opportunities by using waterway transport within policymakers.
- Lack of governmental support.
- Lack of regional public support (by regional governments).
- Inland waterway is not subject of national funding programmes.
- Discrimination concerning funding programmes for specific rail transport solutions.
- Lack of information from the policymakers.
- Missing legislation supporting eco-friendly transport solutions.
- Waterway blocks caused by environmental influences (low water, high water, ice) are not predictable.
- There is a lack of know how within the decision-makers.
- There are no digital ICT-tools available for integrated network management of the system inland waterway in terms of transport planning.

Based on the questionnaires, the main **factors, participants DO NOT see** IWT underdeveloped (average of answers below 1):

- The value of the transported goods.
- The cargo is not bulk.
- Logistic services lack storage and handling of goods at destination.
- The speed of vessels (waterway transport) are too slow.
- Bridges are a limiting factor for high load.
- Regional ports are not sufficiently connected to their hinterland on roads.
- Vessels are polluting the environment much more than trains.

Measures necessary to increase the attractiveness of the IWT in the DBS region

Participants of the Regional Workshop were invited to share their ideas by what measure the attractiveness of inland waterway transport could be increased. Individual ideas were collected on yellow papers. Similar topics were then grouped and the most important ones were ranked by the participants (see pictures at the end of the document).

Recommendations of the IWT stakeholders were grouped as follows:

(1) Improving shipping conditions

- water level, controlling

- assuring 2,5 meter water depth
- „let ports receive their highway"

(2) Logistics and intermodality
- assuring road and railway access to ports
- development of basic infrastructure

(3) Modernization of loading technologies
- advanced loading equipment
- appropriate basic infrastructure for loading and handling goods in the port

(4) Building storage capacity
- open and covered ports' storage areas
- buffer warehouses
- long-term storage capacities

(5) Promoting the arrival of new industries in ports
- promoting the arrival of big manufacturing and distributor companies in or close to the ports
- opportunities for expanding the territory of ports

(6) Rules of conditions of competition
- administration processes, controlling
- equal rules for influencing shipping prices of the different transport modes

(7) Opportunities for funding
- tender schemes for ports – appropriate eligibility criteria
- equal opportunities for road, rail and waterway transport

(8) Marketing
- Advanced communication, dissemination, promotion activities

III. Other issues

At the end of the workshop, participants scored the identified topics. As a result, the following three issues proved to be the most relevant and urgent to take steps on towards a more attractive IWT system on the Danube:

1. **Shipping conditions, controlling water level (24 scores)**
2. **New industries and companies in the neighbourhood of ports (16 scores)**
3. **Expanding storage capacity (10 scores)**

IV. Photos of the workshop


MILYEN KIKÖTŐI FEJLESZTÉSEK SZOLGÁLHATJÁK A VÍZI ÁRUFORGALOM NÖVEKEDÉSÉT MAGYARORSZÁGON?
DBS GATEWAY WORKSHOP
www.interreg-danube.eu/dbs-gateway-region
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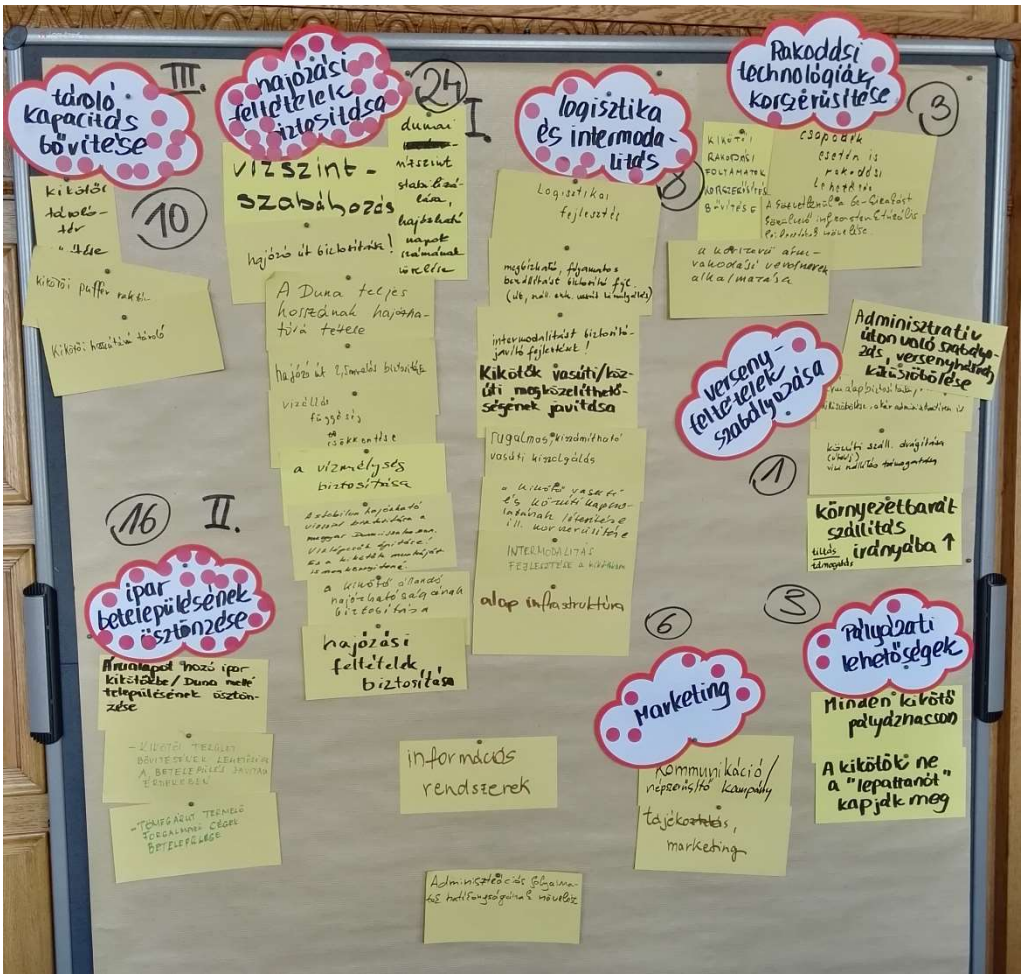
tároló kapacitás bővítése
hajózási feltételek biztosítása
vízszint - szabályozás
logisztika és intermodalitás
Parkoddsi technológiák korszerűsítése
Adminisztratív úton való szabályozás, versenyhátrány kiküszöbölése
verseny-feltételek szabályozása
környezetbarát szállítás irányába
ipar betelepülésének ösztönzése
Marketing
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információs rendszerek
alap infrastruktúra