Committee of Deputies

CONCLUSIONS OF ROUND TABLE 107:
"WHAT MARKETS ARE THERE FOR INLAND WATERWAYS?"

This document is submitted to the Committee of Deputies at its meeting on 7-8 April 1998, for information.
EXECUTIVE SUMMARY

1. Past trends

Over the period 1970 and 1995, while the road sector increased its share of the transport market -- which practically doubled in terms of tonne-kilometres -- by 4 per cent and the share of rail declined by 1 per cent, the inland waterways sector continued to stagnate. Despite this poor performance, growth in the inland waterway sector outpaced that in the rail sector in all countries except for France.

The collapse in inland waterway traffic in the CEECs, as a result of a steep decline in both output and trade, first became apparent in 1989 and subsequently worsened under the combined impact of industrial restructuring and the suspension of river traffic on the Danube following the break-up of the former Yugoslavia. The vessel fleet was also disrupted by a lack of spare parts.

As a general rule, the waterways are particularly suited to the transport of those products whose production has been badly affected by industrial restructuring. This structural dependency explains, for example, the 60 per cent loss of traffic on the inland waterways in Germany: the remaining 40 per cent being attributable to the waterways’ loss of competitiveness in traditional markets. Operators in the sector also found it hard to adapt to forms of logistical organisation in which the prime imperatives are speed, flexibility, availability and reliability. In this respect the waterways have been hindered by the chartering by rotation system and mandatory tariffs.

2. Potential markets

The economic crisis and extremely strong downwards pressure on output costs may help to remind charterers of the commercial advantages of transport by inland waterway, which is one of the cheapest form of transport once the freight has been loaded on board.

In view of this situation, a more aggressive approach towards marketing should open up larger numbers of outlets for inland waterway transport services in both new markets and traditional markets such as bulk solids or liquids, unrefined or refined ore, scrap metal, fertiliser, petroleum products and chemicals.

Many countries have experienced significant growth in the transport goods not usually carried by inland waterway such as containers and machinery.

Continued industrial restructuring will undoubtedly lead to radical changes in the organisation of logistical chains, thus offering opportunities for transport by inland waterway. Waterways can be integrated into logistical chains in which regular services and low costs are more important than speed. The market for services to the maritime shipping sector is extremely buoyant, despite the occasional problems faced in setting up platforms to link shipping to inland waterway transport networks. Moreover, operators do not always think of using the inland waterways for pre- and post-carriage.

Apart from the waterways in the Russian Federation, Belarus and Ukraine, there are two major corridors for transport by inland waterway in Europe: the Rhine and the Danube. The Rhine will remain a leading corridor for carriage by inland waterway and traffic in imported coal and manufactured goods has already begun to rise again. The Danube will develop into a major corridor for inland waterway traffic given that it offers a link between Europe and Central Asia for trade in emerging markets. Living
standards in Eastern Europe are generally set to rise and the Eastern European countries will gradually establish themselves in the world economy, which in turn will generate large flows of traffic.

Markets that are expected to grow include bulk transport, the transport of dangerous materials, waste and products for recycling. If inland waterway operators can offer suitable handling and transport facilities, and ensure efficient organisation throughout the entire logistical chain by installing advanced computer systems, then demand may well be directed towards the inland waterways sector.

In addition, demand for inland waterway transport may also grow in urban areas, fuelled by major urban redevelopment projects, in order to avoid the use of road transport in environmentally sensitive areas.

3. Policy actions

If the waterways are to play a greater role in inland transport then the confidence of charterers in this mode of transport needs to be restored. The chartering by rotation system has prevented operators and charterers from establishing a stable relationship based on freely negotiated contracts, a prerequisite for development of the sector. By penalising the competitiveness of the waterways, the chartering by rotation system and mandatory tariff regime, instead of protecting the trade, have had the opposite effect. Consequently, the liberalisation of tariffs in Germany may be seen as a wholly positive step development. In fact, the new tariffs are no lower than those normally applicable to international freight transport -- which have been deregulated for many years -- and the fall in prices, which has sometimes been exaggerated, has attracted new customers.

Apart from the chartering by rotation system, there are number of other restrictions, such as the ban on navigation on Sundays and public holidays, which now seem completely anachronistic. They limit the competitiveness of inland waterway transport and should be abolished.

A free market does not preclude accumulation of the excess capacity needed to cope with low water or seasonal fluctuations in demand. Operators will themselves adapt to this need to ensure that they can meet demand throughout the year. The cost of maintaining such excess capacity will simply be factored into the prices set by operators.

The use of scrapping policies to adjust capacity are not particularly effective since they take no account of specific markets, whereas the problem on the Rhine, for example, is now practically settled. The so-called “old for new” regulations have not reduced excess capacity. The best way to adjust capacity is to make waterway traffic more competitive by modernising both firms and equipment.

Vessel operators can no longer limit themselves solely to the operational side of transport services but must now develop entrepreneurial skills, hence the interest in training to ensure that the services supplied by firms match the logistical requirements of charterers. In the CEECs, firms need to be freed from the constraints to which they are still subject so that they can operate according to the rules of the market economy.

The inland waterway sector must opt for innovation, which would seem to indicate that efforts should focus on encouraging the formation of associations or co-operatives to help the waterways progress from a mode of operation based on individual vessel owners.
Public investment in transhipment terminals might be feasible but should not exceed 50 per cent of the cost of such facilities. On the whole, such investment should be left to the private sector. At the same time, emphasis should be placed on making use of existing facilities rather than constantly endeavouring to build new terminals in accordance with the proposals set out in various master plans.

Operating conditions on the Danube need to be improved by increasing the draught levels and by modernising port installations and vessel fleets. In addition, a compromise needs to be reached between the provisions of the Mannheim Act and the Treaty of Bratislava. At the same time, opening up the waterways of Eastern Europe to foreign operators would also seem to be a logical step. The ECMT should therefore rapidly consider the problem of market access and draw up common principles.

The inland waterways have much to fear from the revitalisation of the railways, and in particular the creation of freight freeways, or from maritime shipping operators gaining access to rail networks. Inland waterway companies must therefore prove themselves capable of being commercially innovative. If not, then it is doubtful whether the worst is as yet over. We cannot reasonably expect that the internalisation of external costs alone will be sufficient to shift the modal split in favour of the inland waterways.

The history of inland waterway transport dates back several centuries into the past. The railways were the first mode of transport to provide competition for the inland waterways. Although faster than the latter, they were also more expensive. Road transport subsequently became the dominant mode of transport, easily outstripping its two rivals. Road transport now accounts for the bulk of short-distance traffic and for a substantial share of inter-regional or international traffic.

The statistics for average growth in freight transport in tonne-kilometres over the period 1970-1995 show that road transport has grown by an average 4 per cent a year, whereas growth in the inland waterways sector has remained stagnant and rail transport has declined at a rate of over 1 per cent a year. In terms of the modal split for the three major “inland” modes, all markets combined, the inland waterways are rank third in Europe after the railways and the road sector in first place.

At present, the most notable aspect of the inland waterway sector is the large number of small operators, despite the fact that part of the market (transport services on the Rhine) has been liberalised for many years. However, by the year 2000, the entire inland waterway market in the European Union will be liberalised with the abolition of the chartering by rotation system originally introduced to ensure that goods were carried at a fixed tariff. From the year 2000 onwards, transport prices and conditions will be determined by the forces of supply and demand. Will the inland waterways be able to attract new customers and thus put an end to the now firmly entrenched trend decline in this mode of transport?

The Round Table set out to answer this question by approaching the issue in three stages:

-- analysis of past trends;
-- examination of potential markets;
-- determination of possible policy measures.

1. Past trends

In European countries other than the former planned economies, the volume of transport services supplied by the inland waterway sector remained virtually unchanged, with waterway activity up from
base 100 in 1970 to 110 in 1995. During this period, however, the transport market as a whole experienced very strong growth, practically doubling in size, mainly to the advantage of road haulage. Nonetheless, it is worth noting that, everywhere other than in France, growth in waterway transport outstripped that in rail transport. In France, the breakdown of traffic by type of good has shifted significantly and, in particular, the market for the transport of construction materials has completely collapsed.

Again in relation to the waterways, it should be noted the situation in many countries was more satisfactory with regard to international transport than to domestic transport. The average distance over which goods were carried has increased, thereby proving that the internationalisation of transport services has also affected the inland waterway sector.

Waterway transport in the CEECs went into sharp decline in 1989 as a result not only of the slump in industrial production and trade but also the halting of river-borne traffic on the Danube due to the crisis in the former Yugoslavia and the resultant embargo on trade. The waterways were also affected by structural changes in the economy, which reduced flows of raw materials and bulk products. In addition, the vessel fleet was disrupted by shortages of spare parts with the result that vessels were often forced to remain idle.

What is the reason for the relatively poor performance of the waterways in Western Europe?

The waterways are eminently suited to the transport of goods whose production has fallen sharply as a result of the industrial restructuring that has taken place in all developed countries. The transport of raw materials, construction materials and products of first-stage processing has been affected by the restructuring of heavy industry and the crisis in the construction sector. This structural effect accounts for about 60 per cent of waterway traffic losses in Germany. The remaining 40 per cent is due to the waterways’ lack of competitiveness in traditional markets. The waterways have also had to contend with increased competition from pipelines (particularly after the NATO pipelines, originally built for purely military purposes, entered the market), which explains the sharp fall in the transport of petroleum products. Furthermore, development of the sector is constrained by the low density of the inland waterway network and the slowness of deliveries remains a problem.

Transport market analyses show that, in the past, transport users opted for logistical systems that could guarantee the speed, reliability, availability and flexibility of transport. As a result, the waterways were penalised because they were slow and because the chartering by rotation system failed to meet all the requirements for flexibility imposed by freight charterers. In fact, demand remains high for the transport of high-quality goods and even for bulk products.

Operators could argue that the waterways were the least expensive mode of transport once goods had been loaded onto vessels. But this was not necessarily the main criterion for charterers. Of course, speed and just-in-time requirements vary according to type of good and there is perhaps a tendency to exaggerate the importance of speed in modal choice. Slowness is not necessarily a handicap if account is taken of the fact that the waterways can provide cheap storage capacity. The markets are broken up, however, according to different logistical requirements and also by geographical area. Until now, therefore, it has been difficult to integrate the waterways into the most advanced forms of logistical organisation, which still remain the preserve of the road sector. However, with the economic crisis, charterers are becoming increasingly sensitive to transport costs and in many cases low unit-value goods such as certain types of agricultural produce, or even heavy bulk materials such as sand or gravel, are uneconomical to ship by road.
Furthermore, it is a fact that, as economic agents, charterers are not fully aware of the natural advantages, and thus the non-commercial benefits, of transport by inland waterway: low energy consumption, higher safety levels, low macroeconomic costs, environmentally friendly mode of transport, services that can enhance the attractiveness of maritime ports.

2. Potential markets

On the whole, the future of the waterways lies more in new markets than in the spin-offs from possible changes in the current modal split. A more aggressive marketing policy would open up larger numbers of outlets for inland waterway transport services both in new markets and in traditional markets such as bulk solids or liquids, solid mineral fuels, metal ores, scrap metal, refined or unrefined ores, building materials, fertilisers, or chemicals and petroleum products.

Many countries have experienced significant growth in the transport by inland waterway of products not normally carried by that mode. These are goods of relatively high value (agricultural produce or foodstuffs, chemicals, machinery, vehicles and manufactured goods). The use of containers should make it possible for the waterways to meet these new types of demand for effectively and also offers waterways the possibility of playing a role in markets for which they would ostensibly appear to be unsuited.

There can be no denying the fact that continual industrial restructuring and fierce competition in markets for manufactured goods, as a result of globalisation, will lead to the constant reorganisation of logistical chains, thus offering opportunities for the waterways in the future.

Waterway transport can be integrated into logistical chains in which regular flows of supplies and low costs are more important than speed. The nature of demand has changed and it would be fair to say that transport times are now less important than the guarantee of regular and reliable services. When a container ship from the Far East has spent more than twenty days at sea, an additional transport leg of one or two days makes little difference. The salvation of the waterways lies in their integration into transport systems in which increased handling costs can be offset by lower transport costs. The use of waterways to link maritime shipping to final delivery would seem to be perfectly obvious. This sea/waterway interface is already important in ports such as Antwerp and Rotterdam, given that most raw materials have to be imported and that a substantial share of domestic is destined for export. While the market associated with maritime transport is very buoyant, it would seem that in practical terms it is sometimes difficult establish a sea/waterway transport interface due to the fragmented nature of supply in the waterway sector. Maritime operators do not always instinctively think of the waterways and inland navigation is often penalised by port practices.

Apart from the waterways in the Russian Federation, Belarus and the Ukraine, there are two major river corridors in Europe: the Rhine and the Danube. The Rhine will continue to be a major corridor in the future due to qualitative progress in the handling of traffic flows. The share of manufactured goods in these flows is gradually rising and, in addition to this growth, coal transport services have generally started to recover.

Living standards in Eastern European countries will rise and the integration of these countries into the world economy should accelerate, thus stimulating growth in traffic flows. There would therefore appear to be very strong potential for growth in traffic in the areas neighbouring on the Black Sea and the Baltic. The outlook for transport in the waterway network in the Russian Federation network also seems
promising. However, flows in the Russian Federation, Belarus and Ukraine are unbalanced: exports are mainly composed of agricultural produce and raw materials, while imports primarily consist of industrial goods. Growth in waterway/maritime transport and feeder traffic on the import side should also be taken into account, while raw material and agricultural exports can also be carried by waterway. It should be noted that river and sea shipping, on the other hand, offers major scope for development, notably in the Baltic and along the Danube.

Traffic on the Danube should grow substantially given that the Danube can serve as an intermediate link for trade between Europe and Central Asia in emerging markets. The Danube also offers a good compromise between transport costs and delivery times on a large number of links. While admittedly transport times are slower than by rail, transport costs are much lower. However, scheduled services need to be put in place on the lower reaches of the river to ensure that the services offered are attractive; indeed, such services are a prerequisite in the case of container transport.

Growth in traffic on the Rhine may be fuelled by a marked increase in waterway traffic between the east-west corridor and the German regions on the Rhine corridor. Exports from Belgium and France to the German regions on the Rhine corridor will also contribute to growth.

The future for waterway transport is all the more secure in that it will be difficult for road transport to absorb the very strong growth forecast in goods traffic; the road transport market, however, is relatively distinct from the waterway market. It is also a fact that congestion in the road network, which is particularly severe in the vicinity of ports, will act as a brake on growth in road traffic. Nonetheless, success in the waterway sector is contingent on the ability of operators to both attract and retain customers, and the latter cannot afford to take anything for granted even in the case of apparently captive markets. Bulk freight and raw materials carried by tanker vessels are a traditional markets for the inland waterways. New market shares can still be won provided that operators can offer appropriate equipment and services. It would certainly be to operators’ advantage to set up regular multi-customer services for bulk transport by setting up regional port facilities specialised in this type of activity. There is also potential for growth in the transport of dangerous goods.

In general, the waterways can attract custom provided that they can offer appropriate transport and handling equipment, a thoroughly efficient logistical transport chain and efficient information systems. There has been substantial growth in waterway transport in the Antwerp and Rotterdam hinterland, partly as a result of the construction of container terminals along the Rhine. Container transport is also a promising market. However, with regard to the latter, the waterways are primarily used for the repositioning of empty containers since the transport times for empty containers are less penalising than those for containers loaded with high unit-value goods.

Potential markets with particularly good prospects for waterways also include the transport of refuse, recycling material and imported coal.

Another market which may assume greater importance is the traffic to and from built-up areas and major construction sites, which could attract interest in the light of the Berlin example quoted at the Round Table. As shown by that example, it is possible to use the waterways to bring in large volumes of construction materials and remove rubble which would otherwise be carried by road and therefore cause considerable environmental disturbance. However, steps must be take to ensure that quayside service areas are not eroded through real estate speculation or attempts to achieve short-term savings which might ultimately prove to be counter-productive. This is a particularly important point since waterways can also be used to provide public passenger transport services in built-up areas.
3. Policy action

Some participants at the Round Table felt that the relatively cursory consideration given to the waterways by policymakers was partly attributable to the fact that the waterways created fewer jobs than, for example, road transport. The emergence of environmental concerns at policy level, however, could help spur renewed interest in the waterways.

The experts at the Round Table felt that the current role of the inland waterways could not be expanded unless charterers’ confidence in this mode of transport were restored. This confidence had been eroded by the impossibility of creating long-term ties between the charterer and the carrier since the chartering by rotation system precluded permanent contractual ties and the emergence of genuine partnerships. Charterers needed to know that they would be dealing with the same parties in the logistical systems they put in place and needed to be able to negotiate the terms and conditions of transport contracts freely without being bound by mandatory tariffs. Lasting relations within a freely negotiated system are essential if charterers are to invest in waterway transport. The abolition of the chartering by rotation system was therefore seen as a positive step by Round Table participants in that the system had not had the positive social impacts foreseen: vessels were still under-utilised, with the result that the exclusion of owner-operators had actually been speeded up. At the same time chartering by rotation had been accompanied by severe restrictions on own-account transport and had therefore slowed the development of the latter.

Germany’s experience with tariff liberalisation was considered extremely positive, despite the subsequent fall in tariff levels. The new tariffs were no lower than those charged on international operations -- for which prices had long since been deregulated -- and the fall in prices, which had often been exaggerated, had brought new custom to the waterways. This meant that vessel under-utilisation was no longer as serious a problem. In addition, it was common knowledge that mandatory tariffs were frequently an incentive to circumvent the rules, with domestic shipments, for example, being transformed into exports followed by re-imports. Generally speaking, whenever mandatory tariffs had been applied in any transport sector, they have frequently resulted in fraudulent practices. Other restrictions seem to be outdated, such as those prohibiting operation on Sundays and public holidays. They have also had the undesirable effect of limiting waterway competitiveness and should therefore be systematically dismantled.

Market liberalisation has increased the number of small operators working as sub-contractors to larger firms. It is worth noting in this respect that sub-contracting is not necessarily a negative development in that it may prove to be to the advantage of both firms to enter into such an arrangement, even though some forms of contract are not above reproach. It is obviously necessary for the authorities to regulate the types of contractual relations currently emerging by issuing, for example, standard contracts.

Mandatory tariffs had been set up to regulate a market handicapped by seasonal low-water levels that prevent vessels from being fully loaded. Surplus capacity is therefore needed to meet demand in the low-water period. The Round Table considered that an open market would not prevent this extra capacity from being maintained, in keeping with the principles defined by the theory of market uncertainty. The cost of maintaining this extra capacity would be included in the prices which could be freely charged. According to the Round Table participants, it was important to leave matters to the markets and not to interfere with the resulting decisions, even if the transition from regulated to open markets, particularly in the CEECs, might require intermediate stages and specific measures. These measures must form part of a
comprehensive transport policy aimed mainly at guaranteeing the competitiveness of operators. In addition, reliance on market mechanisms can only be justified if they are implemented simultaneously in the various countries, or in other words only if certain national fleets do not benefit from subsidies. Scrapping as a means of adjusting capacity was not considered to be particularly effective since it had been applied indiscriminately to markets. For example, the pursuit of a scrapping policy does not seem desirable on the Rhine. Moreover, since the so-called “scrap and build” regulation had considerably increased fleet productivity, surplus capacity had not been reduced. Capacity can probably be best adjusted by making waterway transport more competitive, which at the same time would encourage increased demand for inland waterway transport. Shipping companies must therefore be encouraged to modernise their management systems rather than focus on scrapping.

Waterway operators must take a more comprehensive approach to the market. They cannot simply provide haulage but must develop a broader business outlook. This required greater technical know-how and thus underlined the value of training measures aimed at improving the quality of services provided. Another important step might be to use an appropriate legal framework to stimulate cooperation between waterway operators, as well as between transport modes and between carriers and charterers. This legal framework, which it was primarily the responsibility of the authorities to put in place, should permit the use of bareboat charters, which in many cases had been banned although they were particularly effective in economic terms. As regards the Eastern European countries, it was stressed that the serious restrictions still affecting inland waterway companies, despite extensive privatisation, had to be removed as they were not always consistent with operation in a market economy context. Against this background, there was a need to structure the environment for operators in Eastern Europe.

No other form of inland transport is cheaper than the waterway once the cargo is on board. Transshipment costs, however, are high and affect its competitiveness. To reduce these costs, charterers must invest in equipment, which they will do only if they regain confidence in the waterways, meaning if they can establish lasting ties based on freely negotiated conditions. On their side, the operators must opt for innovation, which may require action to promote amalgamations or the creation of co-operatives so that inland waterway transport services were no longer operated as a small-scale business activity.

Public investment in transshipment terminals could be seen as a way of stimulating this mode, but in no case should it exceed 50 per cent of the total cost of the facilities. Moreover, experience has shown that the political authorities should not interfere with decisions on the siting of ports and logistical centres: by and large, this type of investment should remain in the hands of the private sector which is in a better position to decide whether multimodal facilities involving inland navigation should be set up. At the same time, the focus must be on what already exists rather than on constant striving to create new terminals, as proposed in certain master plans adopted at international level. What is important is to select investments very carefully in order to create a network of river ports, but in some countries this means that disinvestment policies would have to be rejected. The Round Table particularly stressed the need to improve the technical operating conditions on the Danube corridor by increasing draughts and modernising port facilities and fleets. More generally, however, there could be no question of systematically trying to complete networks, since in some cases the investment involved was very high and was not justified by the return on capital, or met with strong opposition on environmental grounds.

If confidence is to be achieved, smooth operation must be guaranteed, or in other words the current administrative systems must be modified so that regular services can be provided without obstacles due to red tape, customs regulations (particularly on the Danube), and technical problems such as discrepancies in vessel size resulting in costly transshipments. It is not the aim either to impose an existing convention on certain countries but to find a compromise between the provisions of the
Convention of Mannheim and the Treaty of Bratislava. At the same time, it would be particularly advantageous to open up the waterways in the East to foreign operators in order to strengthen their role in the transport of supplies. The ECMT must therefore soon consider the issue of market access for inland navigation and work out common principles in this area.

Inland waterway operators cannot disregard other modes of transport. In this connection, the Round Table participants considered that the road haulage and waterway markets were quite distinct. Competition is, however, very real between rail and inland navigation. The waterways have also much to fear from a resurgence of rail, in particular from the freight freeways, rail privatisation and access by shipping lines to railway networks. Rail will be innovating and cutting its costs, and this will make it more competitive on corridors in which the waterways have a stake. The railways always have scope for cross-subsidising the services they provide, which can make rail extremely competitive on certain links. The competition for container traffic on the Rhine-Main-Danube corridor is perhaps a prime example of this. Inland waterway operators must therefore innovate on the commercial side. Otherwise it is not sure that the worst will be behind them. The fact that one of the aims of transport policy is to limit growth in the road sector will eventually make the revitalisation of the railways a priority objective, which could damage the outlook for the waterways unless the latter are able to find their own means of enhancing their competitiveness.

The internalisation of external costs was discussed in connection with its possible contribution to modifying the modal split. The answer was that no great change in the modal split can be expected simply as a result of higher road haulage prices. First, the internalisation of external costs is a long-term prospect and, second, road haulage demand no longer seems very sensitive to prices. In addition, waterways are no doubt the transport mode which is the least effective in covering its infrastructure costs, and this will limit the positive effect of internalisation. The waterways will attract new customers rather by developing an aggressive commercial approach, meaning that they should provide not only haulage but full logistical services. Technological innovation by the waterways can be encouraged by the authorities, since charterers will not use a transport mode simply because its prices are quite competitive if the proposed service is not satisfactory in terms of quality. Developing the competitiveness of alternatives to road haulage will also be the best way of protecting the environment. If it transpires that a transport mode cannot develop despite the internalisation of external costs, it may be concluded that the markets are responding to its shortcomings.

Conclusions

The waterways can make further inroads in established markets and have growth potential on major corridors such as the Danube or in river/maritime transport to and from the Russian Federation. Studies should first of all be conducted to identify this growth potential more clearly, particularly in Eastern European countries. To this end detailed economic analyses need to carried out in which markets are broken down both by type of good and by geographical area. In terms of policy action, the lack of harmonized procedures for the routes which seem vital for the future of waterway transport can only be deplored. The confidence of charterers in the use of inland waterways must be restored, and in this respect experience has shown that liberalisation of the sector cannot fail to be beneficial. Excessive regulation has delayed adjustment by the sector to current logistical imperatives. The sector must undoubtedly be helped to progress from the present stage, characterised by an excessively high number of owner-operators, so that better organised enterprises can be formed through amalgamations and co-operatives. These enterprises will be in a better position to innovate on the commercial side and to withstand competition, primarily from the railways. Genuinely dynamic enterprises must be set up in the CEECs; although state enterprises have been privatised, they still need to learn how to operate in a liberal
market economy. By and large, it can be said that the waterways must take the initiative and not expect to simply wait for the costs of other modes to rise. But if it is acceptable to allow the rail sector time to adjust to change and improve competitiveness, then it is only fair to give the waterways time to make progress and introduce the necessary adjustments. At the same time, constant efforts are needed to create a framework within which entrepreneurs can operate while avoiding creating a regulatory regime that will paralyse initiative.