Ladies and Gentlemen,

First of all I would like to thank the organizers of the Workshop for the possibility to express myself at this forum. Noting the important role of inland water transport which has both economic and ecological advantages as compared with other modes of inland transport, one should mention, however, the fact that the volume of cargo movement by inland waterway is far from being sufficient. Rates of growth of inland navigation are restrained by a number of obstacles such as the seasonal nature of vessels’ operation and multiple bottlenecks in the network of inland waterways. The Declaration adopted by the Rotterdam Pan-European Conference on Inland Water Transport calls for the development of a modern, environmentally friendly and effective inland waterway network as a prerequisite for the further development of inland water transport, elimination of bottlenecks with due regard to the development of the inland navigation fleet as well as economic and ecological aspects.

For reference. The Russian Federation possesses a well-developed inland waterway network of over 101.7 thousand km. Transport activities are performed by 1,675 shipping companies and individual entrepreneurs possessing some 10 thousand cargo vessels. The absolute majority of the companies are joint stock companies. The State owns a controlling share of 25.5 per cent in 23 of them. 126 river ports carry out cargo handling activities on inland waterways. All the ports are joint stock companies, the State owns a controlling share and non-privatized property in the form of quays and water areas that are rented long-term by joint stock companies. The Association of Ports and Shipowners of Water Transport unites 190 ports and shipping companies. In 2005, the Association celebrated its 10th anniversary. The main reason for uniting river enterprises in the Association is the coordination of their activities aimed at solving general transport-related problems of production, scientific and research, social and economic nature, representation of interests of the industry at the State instances of legislative and executive power, legal protection of their interests. The results of the first decade of work show that the Association, as an all-
Russia union of river transport enterprises can and should continue its successful work also in the future.

The Concept for Development of Inland Water Transport of Russia that was approved by the Government in July 2003, defines the main trends of its development and tasks and methods of governmental regulation in this field. The Concept provides also for the development of infrastructure projects on Pan-European transport corridors No. 2: Berlin–Warsaw–Minsk–Moscow–Nizhny Novgorod; No. 9: Helsinki–St. Petersburg–Moscow; and on international transport corridor North–South using mixed river-sea shipping vessels primarily for international trade.

The increasing importance of the water transport will require significant redistribution of cargo flows. In order to attract new cargo flows, the industry has to offer services of at least the same quality as that of other modes of transport and this at significantly lower rates. The advantages of water transport as the most environmentally friendly mode of transport nowadays should be used on a full scale. At present, waterway transport only performs about 3 per cent of total cargo turnover by all modes of transport. Goods transport in direct combined railway-water communications has significantly decreased, river transport is not competitive as compared with railway transport in some directions. Deficiency of up-to-date cargo handling systems and port terminals together with the excess of old-fashioned and inefficient cargo handling machinery and equipment hamper the development of container transport by inland waterway. Investigations carried out on some river ports under the TACIS programme have shown the need for reconstruction of the ports into logistics centres with comprehensive development of container terminals. There is also a need to establish an information and reference system on cargo flows and organizing continued monitoring of the cargo base available.

Creation of a Unified Deep Water System (UDWS) in the European part of Russia linking five seas through the construction of the White Sea-Baltic Canal, Volga-Baltic Canal, Volga-Don Canal and Moscow Canal has motivated the construction in the sixties of the twentieth century of a unique transport fleet consisting of mixed river-sea shipping vessels of 1.4 – 5.5 thousand tons carrying capacity. These vessels are able to operate not only on inland waterways and lakes but also at sea areas. The fleet of such vessels made it possible to organize the international carriage of goods directly to foreign sea and river ports and vice versa. At the present time, more than 700 river-sea shipping vessels are used for international cargo transportation. They make 14 thousand calls a year at some 670 ports of 46 countries of Europe, Asia, Northern Africa, Middle East and the Far East. International trade by mixed river sea vessels amounts yearly to 30 million tons; it is cost-effective and there is a clear demand for that sort of trade at the market. Furthermore, river sea shipping provides for a greater competitiveness of water transport enterprises. Unfortunately, the time has come for intensive renovation of these types of vessels. The average age of river-sea shipping vessels exceeds 20 years, while some of them have been in operation for more than 30 years and are no longer admitted to ports of some countries. Shipowners are not in a position to
engage themselves into massive new shipbuilding due to high taxation rate, lack of State support and access to easy terms credits. The governmental Decree, “On measures of State support for renewal of fleets of merchant marine and river vessels” providing for a partial payment of interests from the budget has not brought the results expected due mainly to cumbersome bureaucratic procedures for obtaining the above taxation relief.

Insufficient development of the State border checkpoints has become another serious problem leading to non-productive demurrage of vessels at sea and river junctions. Vessels have sometimes to stay idling for 2-3 days to cross the border. Excessively high canal, pilot and other dues put further limitations on inland navigation. For example, the Astrakhan canal dues for 100 km of sea route amount to US$ 6,000 per vessel; which is one of the reasons for the reduction of vessel traffic to/from the Caspian Sea. The Government of the Russian Federation has granted a relief from custom dues for sea-going vessels of gross tonnage over 1,000 tons belonging to foreign owners and chartered by Russian companies under time- or bareboat-charter contracts when used for the international carriage of goods and passengers. There is a need to extend this provision also to inland navigation vessels.

Some expectations by the shipping industry are based on an envisaged adoption by the Duma of a Federal Law “On the second international register of ships” aimed at encouraging the return of vessels under the Russian flag.

One difficult problem is to lower the share of transport costs for domestic consignees, amounting nowadays to about 20–40 per cent of the commodities’ price.

In our view, the European transport community pays little attention to the development of the transport water corridor Volga–Don–Danube. This water route will provide for connection with countries that have no direct access to the sea and will connect the largest inland water arteries such as Rhine–Main–Danube–Dnieper–Don–Volga. The significance of the Danube–Don–Volga route is highlighted by the involvement of countries of the Caspian Sea basin. The aforementioned corridor can serve more than 15 countries of Western, Central and Eastern Europe and, in the middle-term, a Pan-European water transport ring could be formed using the Baltic Sea, the Black Sea and the Azov Sea coastal routes. Furthermore, the idea of establishing a container line Paris–Moscow could again become popular.

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