

CNFR NAVROM SA GALATI
Commercial Dept.

Dear Mrs. Irina Ploeg Cruceru-DG REGIO
Dear Mr. Vordevlinker
Dear ladies and sirs,

First of all I would like to thank you for the invitation to participate in the 3rd session of the working groups for the implementation of the EUSDR, Priority Area 1a on inland waterways.

My name is Tiganus Catalin and I am a Commercial Director within CNFR NAVROM SA GALATI, the largest river shipping company from Romania, having an active fleet of more than 450 self-propelled and non-propelled ships, part of TTS Bucharest Group.

The purpose of my presentation is to emphasize the importance of preserving a properly maintained fairway throughout the Danube stretch in order to avoid major economic losses which during the last period (2011-2012) affected all the companies involved in the logistic chain of cargo shipment on the Danube as a result of navigation restraint and obstruction in certain areas, as caused by low water levels.

As you well know, in 2011 starting with August, a 4 months period was recorded when navigation was more or less blocked in the area of km 520 - 580, as a result of the fairway depth diminishing much below 2.50 m (the target depth recommended by the Danube Commission), where in certain areas the critical depth reached 1.50 m. In the critical area Zimnicea, upstream and downstream, were blocked a lot of convoys made up of cargo ships, but also passenger vessels; NAVROM alone recorded more than 90 blocked vessels.

Given the alarming tendency of the last 2-3 years, caused by the high summer temperatures and the prolonged drought, the fairway, mainly in the critical areas (Cernavoda-km 345; Zimnicea-Turnu Magurele) was continuously damaged impairing the transport safety, causing the loss of customers in the Danube transport, but also leading to the increase of river shipowners' efforts and costs in order to provide the performance of engaged traffic.

In this last connection, CNFR NAVROM SA GALATI alone recorded losses amounting to approx. **2.2 millions EURO** during August-November 2011.

All performance rates of the river traffic at our company level, significantly impaired during that period.

So, we need to point out that when compared to the common monthly average rate registered during the periods without any problems related to restraints/obstructions caused by low water level in Zimnicea area, our company recorded :

- the reduction of the apparent route of the shipped cargo by 41% as compared to the average of the first 8 months in 2011;
- the average speed of cargo conveyance decreased by 43% as compared to mean rate of the first 8 months in 2012;
- implicitly, the average cargo amount per barge diminished by approx. 16% as compared to average rate of the first 8 months in 2012;

- the direct effort of the propelled vessels in the towage of convoy units, as defined by the indicator average number of kilats as related to the apparent route, was increased by 30% as compared to the average rate of the first 8 months, as a result of breakings up and repeated splitting of the convoys;
- gas oil consumption related to the apparent route: increased by approx. 33% during the period August-December 2012, as compared to the average rate of the first 8 months in 2011.

Note: hereto you will find attached a set of relevant charts.

All above mentioned appeared both as direct losses for the shipowners and indirect losses which, as a result of the traffic decrease, were caused to other involved national companies and administrations (Constanta port Administration; Navigable Channels Administration; other port administrations and port operators). Cargoes were re-routed on other logistical transport segments (road or railway transport), which even if more expensive, at least succeeded to provide fulfilment of transport contracts engaged by the customers.

In our opinion the most significant loss which needs to be considered within the current economic crisis framework at the European level, is the decline of the customers' trust as far as river transport is concerned.

Each of us is aware of the importance of losing certain customers, which are in the position to turn themselves to other logistical chains, and that **CAUSED BY REASONS WHICH COULD NOT BE ATTRIBUTED TO THE SHIPOWNERS AT ALL.**

Among the main reasons leading to the impairment of navigation condition on the Danube, we need to mention the increase of silt deposit amount in the minor river bottom and the lack of specific hydrotechnical improvement works (dredging, adjustments, dike construction, etc) meant to provide, even during the winter-summer critical periods, the maintenance of a 2.50 m depth of the fairway, in compliance with the recommendations of the Danube Commission.

For instance, on Giurgiu-Tr Magurele sector there are several areas in which navigation was restrained over to complete obstruction:

Km 588- km 570 Luta island;
 Km 563-km 562 Luta island;
 Km 542-km 540 Vardim island;
 Km 538-km 536 Gasca island;
 Km 528-km 523 Batin island

Until summer of 2011, the only improvement work for the upkeep of the fairway on the above-mentioned critical area was the performance of measurements and change of the fairway buoyance.

Finally, further to the intervention made by impaired stakeholders to all qualified institutions (Danube Commission, etc), action was taken by dredging works which were performed hastily and late, and only in the area of km 562.

In 2012, prologed drought caused the damage of the fairway in the area of km 520-km 580, approximatively one month in advance when compared to 2011. Happily, all the interventions of the shipowners and their associations, made to the European Commission resulted in the earlier starting of the dredging works in the critical area of km 562-km 568, which allowed only to avoid the total blockage condition which happened in the summer/autumn of 2011, while the passing of

difficult areas still occurs by broken convoys of 1-2 units and at much more lower draughts than normal (max. .80-1.90 m).

Correlated also with the growth of the rainfalls in Germany-Austria area, it was possible to maintain a relatively allowable fairway for the difficult area from Zimnicea, but only for undersized convoys.

We would like to clearly point out that it's necessary for the authorities to continue to take all the required action, both short-term (dredging) and long-term (characteristic hydrotechnical improvement works, in compliance with the feasibility studies and delimited projects) in order to provide optimal navigation conditions in the areas displaying a tendency to depth issues occurrence.

There to, the following actions are mandatory required:

- river banks stabilization to avoid erosion;
- dike building to stabilize and guide the river course on the established direction of the fairway;
- to keep going with the dredging works.

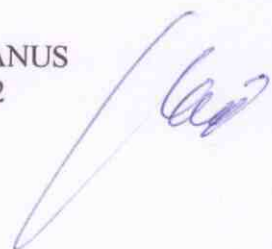
It's also necessary to continue the ongoing project with European financing, intended to improve navigation conditions in Calarasi-Braila sector, and initiate as a precise goal the sector of km 305-Cernavoda, by means of specific dredging works which would result in giving up using the Danube roundabout route via Bala Borcea (with a length of approx. 100 km and an additional transit period of time).

We are also aware that hydrotechnical improvement works intended to maintain an allowable fairway for the passage of convoys made of 6-8 units and a minimal 2.50 m draught, which haven't been considered to be executed in Zimnicea area during the last 20-30 years- can not be carried out at once as they require significant financial and logistic resources.

But without taking all needed action and efforts, navigation and cargo traffic on the Danube would constantly decrease and many of the development targets related to the 7th European Corridor would no longer be pertinent.

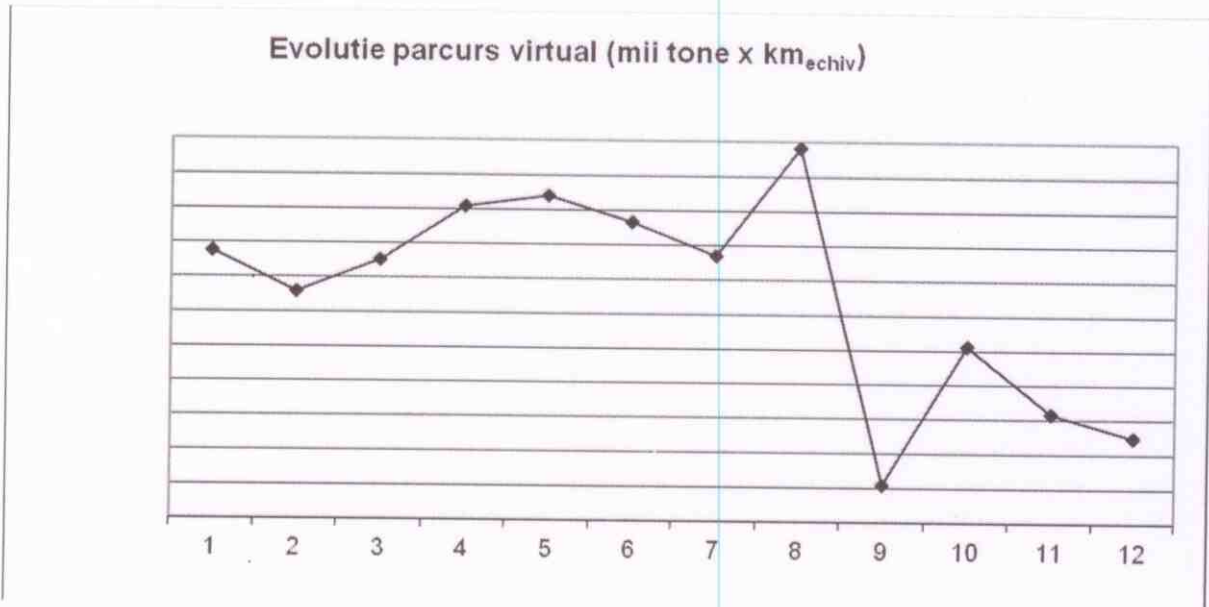
Thank you for your attention and we are prepared to answer any possible questions on your side.

Catalin TIGANUS
07.11.2012

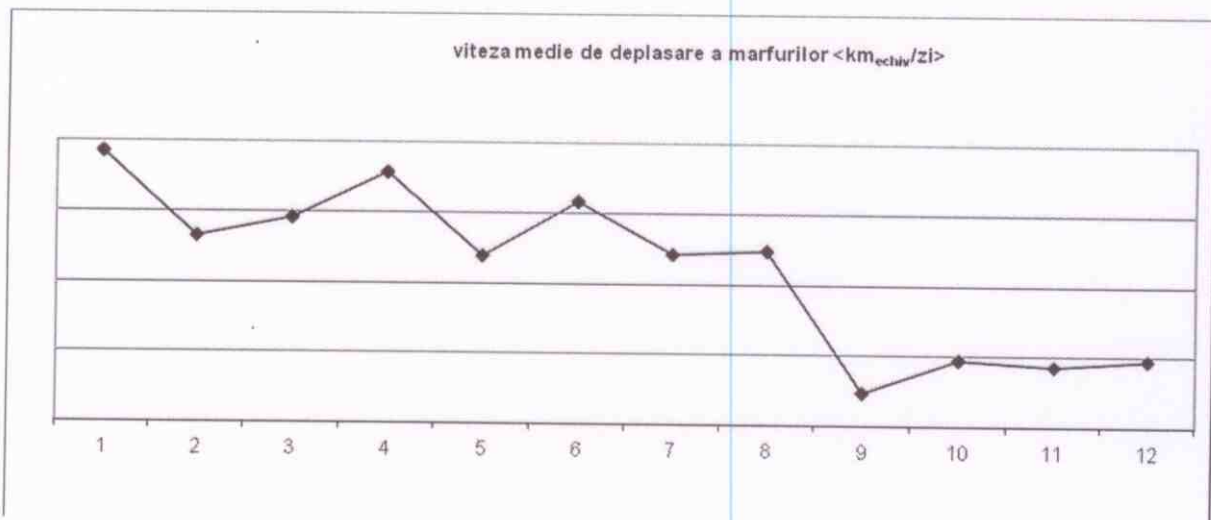


PERFORMANCE RATES 2011

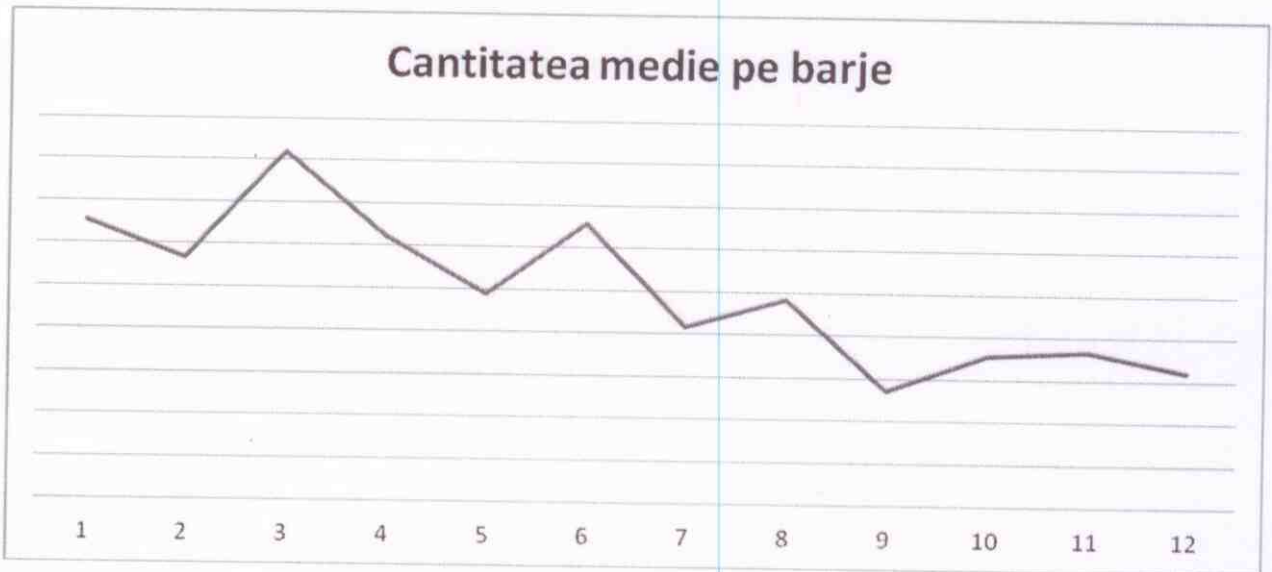
1. **Apparent route of the shipped cargoes:** media ultimelor 4 luni **scade cu 41%** fata de media primelor 8 luni



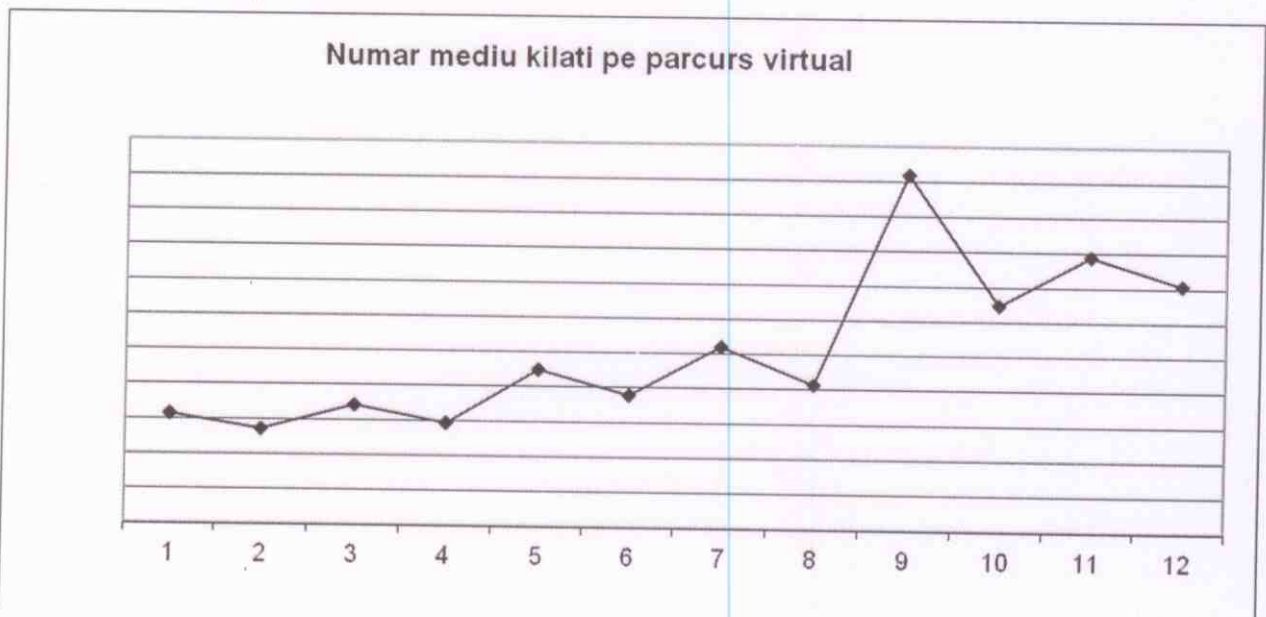
2. **Average speed of cargo conveyance:** media ultimelor 4 luni **scade cu 43%** fata de media primelor 8 luni



3. **Average cargo amount per barge:** media ultimelor 4 luni scade cu 16,3% fata de media primelor 8 luni



4. **Average number of kilats related to the apparent route:** media ultimelor 4 luni creste cu 30,2% fata de media primelor 8 luni



5. **Gasoil consumption related to the apparent route: media ultimelor 4 luni creste cu 33,5% fata de media primelor 8 luni**

