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JERRY FRUIN

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Edited and compiled  
by  
Barry E. Prentice, Ph.D.  
Vice-President, Programs

## **"The Trade Corridor that is the Rhine-Main-Danube Waterway"**

### Introduction

On 25 September 1992 a modern canal was opened in Germany between Bamberg, on the River Main and Kelheim, on the River Danube, allowing traffic to pass from the North Sea to the Black Sea. On a charitable view the canal had had a rather long gestation period: the Rhine-Main-Donau (RMD) canal was formally recorded as a corporate objective in 1921 and as long ago as the reign of Charlemagne<sup>1</sup> an attempt (albeit feeble) had been made to drain marshland to promote a canal linking the Main to the Danube.

It is the purpose of this short paper to examine some of the likely advantages for European commerce offered by the completion of the RMD waterway.

### Matters historical

First, a little historical geography to set the scene. Whereas Charlemagne's canal attempt failed miserably (in 793 A.D.), a local royal - Ludwig I of Bavaria - made a much better job of canal construction in the nineteenth century. Indeed, with the critical assistance of guest workers from Italy,<sup>2</sup> Ludwig I managed to complete a course between the Main and the Danube in 1846. Both trade and travel expanded<sup>3</sup> and flourished for over 60 years. However, the outbreak of the Great War<sup>4</sup> in 1914 brought this golden period of commerce to an end.

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<sup>1</sup> Charlemagne's travels often took him from the Rhine and Main to the Danube (remember, he ruled a huge empire), hence it is hardly surprising he was keen to link the Main to the Danube by means of a canal. So the "Fossa Carolina", between the river systems of the Main and the Danube, dates from the times of this Franconian Emperor.

<sup>2</sup> The use of guest workers, e.g. Turks, in the 1950s and 1960s underpinned the economic miracle in West Germany during the regeneration of this populous European power. So it would appear that guest workers can be "a good thing".

<sup>3</sup> Given the Main-Danube waterway marked the route of Kings and Emperors over the ages the nineteenth century canalisation merely reflected the historical importance of this trade route.

<sup>4</sup> As appears in later argument the pestilence of warfare has artificially created barriers to trade along the Rhine-Main-Danube waterway over the centuries.

As mentioned already, the RMD Company was established in 1921 and it was mandated to build a self-financing waterway facilitating cargo movements between east and west on ships between 150 and 3,300 (metric) tonnes. Work went well - locks were built and hydro-electric stations constructed - and the rise of National Socialism<sup>5</sup> did not hinder the prestigious RMD canal project. But, of course, the outbreak of the Second World War proved a great shock<sup>6</sup> to the waterway system. The immediate post war period and the decade of the fifties failed to generate sufficient interest for the ambitious modernisation scheme begun by the RMD Company. However, by the mid-sixties enough political will amongst Bavarian men of influence (keen to underline the ecological sublimity of the scheme and likely boost to trade and tourism) was manifest to revive the hopes of the canal building fraternity. Nonetheless, the environmental lobby<sup>7</sup> was far from convinced that a modern canal (system) would pay due regard to ecological niceties. Fearing a transfer of the bulk products and raw materials from the train to the canal barge, railway workers and their union representatives made common cause with the influential Green Party<sup>8</sup> in Germany. In the event, a number of politico-economic compromises were made between the various factions in the 1980s, as can well be imagined. Further "trade-offs" were agreed and in the autumn of 1992 the 71 year old dream of the RMD Company was fulfilled.

#### 1992: the year of the Single European Market

The canal builders of the RMD waterway were very conscious of the need to show their dream was truly part of the European dream, that of an integrated (single) market (place) for the various Member States<sup>9</sup> of the European Community. Unblocking the artery between Bamberg and Kelheim meant that alternative waterway transport, bisecting continental Europe, could

<sup>5</sup> Notwithstanding the well-justified criticism of National Socialism, just like Mussolini in Italy making the trains run on time in the 1930s, the leaders of this German fascist party did pour great investment into transportation links (witness the burgeoning framework of the autobahn system during the inter-war period).

<sup>6</sup> The literature on the economic effects of the Second World War is legion. One of the writer's favourite texts in this regard is David Thomson's *Europe since Napoleon* (2nd edn. 1962, Longmans).

<sup>7</sup> Further particulars of the arguments raised by this lobby will be made available, upon request, on 27th May 1996.

<sup>8</sup> The Greens currently have a critical role to play in the remaking of Germany and could act as "kingmakers" at the next General Election.

<sup>9</sup> In 1992 the Member States comprised the Benelux countries, the "G7" members Italy, Germany, France and the United Kingdom, plus Spain, Portugal, Greece, Denmark and Ireland.

provide a vital instrument of European integration.<sup>10</sup> Against a background of growing fears amongst environmentalists (and their supporters) about increasing road traffic movements involving the carriage of dangerous substances and other hazardous cargo, the RMD waterway gained strong political support.

#### 1992: war in the Balkans

Yet even as a political head of steam was gathering exciting momentum the age old problem of European canal builders erupted: war, this time in the Balkans. The death of Marshall Tito<sup>11</sup> had left ethnic groupings - Serbs, Croats, Muslims etc. - rudderless and precocious enough to seek self-determination by fair means or foul. Warring factions dominated the life of the former Yugoslavia and the country split on racial and ethnic lines. The Danube flowing through a war torn landscape could no longer provide safe passage for pan-European commerce. As a trade corridor to the Black Sea the volatile town of Vukovar<sup>12</sup> proved the lie.

#### 1996: quiet flows the Danube?

At the time of writing this paper (early February) some cause for optimism exists that the bloody Balkan fighting along the banks of the Danube will not recur in the light of the Dayton peace accord (signed last year to end war in the former Yugoslavia) and its credible "enforcement" by IFOR.<sup>13</sup> Yet peace cannot be taken for granted. Apart from the possibility of a recurrence of actual belligerence, the international community has the serious problem of actively pursuing the perpetrators of war crimes during the Yugoslavian hostilities. Bringing war criminals to justice may cast a giant shadow over the Danube lands for some considerable time.<sup>14</sup>

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<sup>10</sup> Commitment to a "United States of Europe" remains a dream. Problems over defence, social issues and a common currency have yet to be solved.

<sup>11</sup> Marshall Tito managed the Herculean task of bringing together southern Slav peoples and fostering peaceful coexistence, after the cessation of World War II, for decades. Tito's death was followed by internecine warfare.

<sup>12</sup> Firm indication of the success of the Dayton agreements will be the use of Vukovar by transport operators 'without let or hindrance'.

<sup>13</sup> IFOR stands for the "implementing force" governed by (NATO) on the ground in the Balkans to ensure the Dayton accord brings forth a credible peace.

<sup>14</sup> It is anticipated that when this paper is delivered forum delegates should themselves be in a position to judge whether the relevant War Crimes Tribunal(s) appear(s) credible.

### 1996: a time for retrenchment?

Given the abovementioned geopolitical factors, it is suggested that expansive plans for pan-European trade from the North Sea to the Black Sea should proceed with the utmost caution. The better view may be to see this year (and perhaps the next) as suitable for a period of retrenchment.<sup>15</sup> By this is meant trading interests could plan for realistic traffic flows utilising the RMD waterway eastwards as far as Vienna (a natural meeting place for traders from the west and the east). A strategic springboard for such a venture might easily be Regensburg, so often bypassed by businessmen and tourists alike in search of the more fashionable Munich (Germany's "secret capital").<sup>16</sup>

### Regensburg

It is submitted that this Bavarian stronghold through the centuries (between 1663 and 1806 the regular seat of the Imperial Diet for example) deserves a much better press. The former Roman legionary camp *castra regina* could become a modern day camp (centre) for logistics and distribution management. As the most northerly point of navigation on the Danube downstream to the Black Sea it is hardly surprising Regensburg sparkled like a gemstone for so long. Largely escaping Allied bombing during the Second World War, Regensburg has managed to retain a very special brand of old world charm. It is an administrative centre for eastern Bavaria just now, but with the wonders of advanced telecommunications could easily serve as a trading centre for inland waterway movements taking full advantage of the nearby modernised canal course between Kelheim and Bamberg.<sup>17</sup> Furthermore the Austro-German frontier to the east at Passau provides easy access to the lands of the former Austro-Hungarian Empire.<sup>18</sup>

<sup>15</sup> "Retrenchment" should not be taken in a negative sense, rather as a prudent businessman would evaluate commercial risks to be taken in a theatre of war and peace.

<sup>16</sup> Given a choice of business location for "high-flyers" between Bonn, Berlin and Munich, the latter usually wins.

<sup>17</sup> For readers of German, Walther Zeitler's *Durch Bayern nach Europa Die Rhein-Main-Donau-Wasserstraße*, published by Mittelbayerische Druckerei - und Verlags - Gesellschaft mbH Regensburg, 1992 (ISBN 3-927529-87-7) makes fascinating reading, giving a learned and historical perspective to the modern link between Bamberg and Kelheim.

<sup>18</sup> Prior to the outbreak of the First World War (in August 1914) Austria-Hungary was a great European power. On the losing side at the end, part of her southern lands were ceded to the newly formed state of Yugoslavia.

Passau

This "city of the three rivers" (owing to its location at the conjunction of the Inn, Ilz and Danube) lies some 100km from Regensburg. Until Austria acceded to membership of the European Union (on 1 January 1995), Passau marked the boundary between the twelve Member States' market and that of the European Free Trade Area (EFTA).<sup>19</sup>

Vienna

Now part of the fifteen Member State European Union,<sup>20</sup> Austria presents a German-speaking trading nation in favour of east-west commercial expansion and sees the continuing development of intermodalism<sup>21</sup> in Vienna (using the Danube, motorway connections and reliable rail freight timetables, used to transport movements with the former East Germany and other old Warsaw Pact<sup>22</sup> countries) as a likely boost to the nation's GDP. Indeed, when peace has once more become a permanent state of affairs - and not a transient one as at present - transportants would be well advised to develop stronger inland waterway connections between Regensburg (via Passau) to Vienna with a view to running lines all the way to the Black Sea.<sup>23</sup>

Maastricht: a treaty too far?

However, as the European Union (EU) has conspicuously failed to develop a meaningful common transport policy,<sup>24</sup> notwithstanding the terms of the

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<sup>19</sup> EFTA is now simply of historical interest. European complications do remain however: witness the vote of Switzerland to stay out (along with Norway) of the European Union.

<sup>20</sup> The three new members of the European Union being Austria, Sweden and Finland.

<sup>21</sup> It should be emphasised that intermodalism is seen as an essential boost to modern trade and waterway links with rail traffic of especial interest.

<sup>22</sup> With the fall of the Berlin Wall the rule of the Soviets over their Eastern and Central European satellite countries (Warsaw Pact countries) effectively came to an end. Artificial barriers to trade between east and west came tumbling down too. So in the late nineties prospects for trade are intriguing.

<sup>23</sup> Given the independence of the rich lands of the Ukraine in recent years, the opening-up of the Black Sea presents great economic opportunities to enterprising traders provided the (natural) jealousy of Russia can be assuaged.

<sup>24</sup> Perhaps the current Commissioner for Transport in the EU, the former Labour Party leader in the U.K., Neil Kinnock, will have enough "political clout" to persuade his fellow commissioners to make European transport a

Treaty on European Union (TEU) - otherwise known as the Maastricht Treaty<sup>25</sup> - for waterborne transport, much has still to be decided before shipping lines can operate profitably along the Danube.

Whereas some European politicians and media commentators have criticised the Maastricht Treaty as a treaty too far, afraid it would bring about an unwanted federal Europe, a kind of United States of Europe, this writer criticises the TEU for not going far enough: that is to say towards formulating a workable water transport policy (regarding sea transport and inland waterway traffic).

Happily this summer sees the start of a series of intergovernmental conferences<sup>26</sup> in the EU to review the workings of the Maastricht Treaty. During the conference review period interested parties, particularly MEPs (Members of the European Parliament) with constituencies including sections of the Rhine, Main or Danube, have the opportunity to educate colleagues about the potential for European commerce offered by the modernised RMD waterway. This opportunity should not be missed!<sup>27</sup>

### Kelheim

Of course, one should be wary of predicting what politicians will do. But some matters of great import can be addressed by transportants almost purely in distribution management terms; one such is the likely role of Kelheim<sup>28</sup> as we approach the millennium.

As is well known in these parts, the confluence of the Red River and the Assiniboine River has provided a classic trading point for Winnipeg. Indeed, the Hudson's Bay Company was so jealous of this strategic meeting place that it maintained a fort - Upper Fort Garry - from 1837 to 1870 to secure peaceful trading activities thereat.

Similarly, where the River Altmühl runs into the River Danube at Kelheim (in Bavaria) merchants have traded their wares (and services) for many years.

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greater priority in collegiate deliberations in Brussels. This remains to be seen.

<sup>25</sup> Maastricht was supposedly designed to encourage further European integration; without proper coordinated transport infrastructure projects in the EU "integration" cannot surely receive approbation from transportants.

<sup>26</sup> These conferences could easily last a year.

<sup>27</sup> The writer is presently preparing a short "briefing paper" for interested politicians; copies should be available in May.

<sup>28</sup> Interestingly, Kelheim was the very first Bavarian residential city.



Glancing at the sketch map enclosed<sup>29</sup> you can see that the settlement of Kelheim overlooks the confluence of these rivers and to the east lies Regensburg. At the southern end of the modernised RMD canal it is most likely barges from the east will be forming queues to pass through Kelheim to the new canal, thence<sup>30</sup> to Bamberg and beyond to major German conurbations, once the recent war in the Balkans is (literally) history. So Kelheim should develop the most advanced logistics and telecommunications systems to facilitate this forecast barge traffic. This is a matter of urgency for transportants in the west; competition from the Pacific Rim is well understood in Canada, perhaps not so well comprehended in central Europe.

#### Rhine barges: towards a millennium model

Not only do the waterways have to keep on modernising to develop their potential as trade corridors, so too do the canal barges to keep competitive with other (land based) modes of transport. To this end it is submitted that the sea-going Rhine barge be totally modernised<sup>31</sup> so that it is capable of making egress from the shelter of the Dutch coastline and pass up the Thames estuary to the riparian reserves governed by the Port of London Authority.<sup>32</sup> In order to act as a vital instrument of European integration the use of waterway traffic should be extended to the capital of the United Kingdom. (It would be "a good thing" at this time, when steady nerves are needed in London, Paris and Berlin to integrate Member States more closely, for such a physical link to manifest itself).

#### The Mannheim Convention: in need of revision too

It is very easy to forget - and sometimes quite convenient it has to be admitted - that no matter how brilliant your telecommunications systems appear,<sup>33</sup> how wonderfully your canal barges perform, how well you manage your team of dedicated transport professionals, in short notwithstanding your operational

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<sup>29</sup> See Figure 1.

<sup>30</sup> Passing (northwards) through Eastern Bavaria and Franconia along the Main-Donau-Canal (Kanal) itself.

<sup>31</sup> Already heavy-duty hovercraft and catamaran craft are capable of providing waterborne traffic with fast and safe passage. The traditional Rhine barge needs a "technological audit" to promote modern commercial operations.

<sup>32</sup> The P.L.A. (Port of London Authority), a creature of statute for almost 90 years, is held out as 'Working for the Tidal Thames from Teddington to the Sea' and presently administers, preserves and improves the port of London (still by far the largest UK port in terms of tonnage of cargo coming in and going out).

<sup>33</sup> "Surfing the net" for such systems can be most revealing!

proWess, the relevant law(s) of carriage need to be honoured, not just in the spirit, but in the small print.

The rules and regulations emanating from the Mannheim Convention (1868, as amended) pose many traps and dangers for the (cavalier) operator not smiled upon by friendly legal advice<sup>34</sup> on the scope of this far-reaching international regulation.

Whilst this is not the place, nor is there sufficient time, to go into the technicalities of this piece of regulation, the short point is that it is a complex document and the amendments (issued as Protocols) over the last thirty years have not served to make it any more transparent to the non-lawyer.

In the opinion of the writer the Mannheim Convention needs "overhauling", otherwise trade will be impaired by technical barriers in the form of legal complexity. (Laws should be understood and written as plainly as possible to achieve this purpose: the Mannheim Convention fails abysmally on this count).

#### Dangerous goods: "no worries" on the RMD waterway?

If the RMD waterway is to act as a modern trade corridor it simply must be able to cater for the movement of dangerous substances and other hazardous cargo. The environmental lobbyists in Europe want less dangerous goods on the roads for safety reasons and see both rail and water transport modes offering safe passage (at least in theory); for the increasing demands of business to move dangerous goods to be met water carriers need to make a special "carriage of dangerous goods audit".<sup>35</sup> Like most audits the performance of this exercise would not necessarily be a popular experience amongst the workforce. Nevertheless, it would have to be undertaken to secure the trust of the general public and retain the confidence of shippers wanting economic and safe passage for the hazardous cargo in question.

#### Trade prospects towards the Millennium

This brief paper has but touched upon some matters of interest for businessmen and women wishing to take advantage of the Rhine-Main-Danube waterway now that the artery has been unblocked by the opening of the modernised canal section between Bamberg and Kelheim. However, it is

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<sup>34</sup> As a lawyer, the writer wishes to stress the need for transport operators to have one director who has some legal qualifications so as to better instruct specialist shipping law counsel when the need arises.

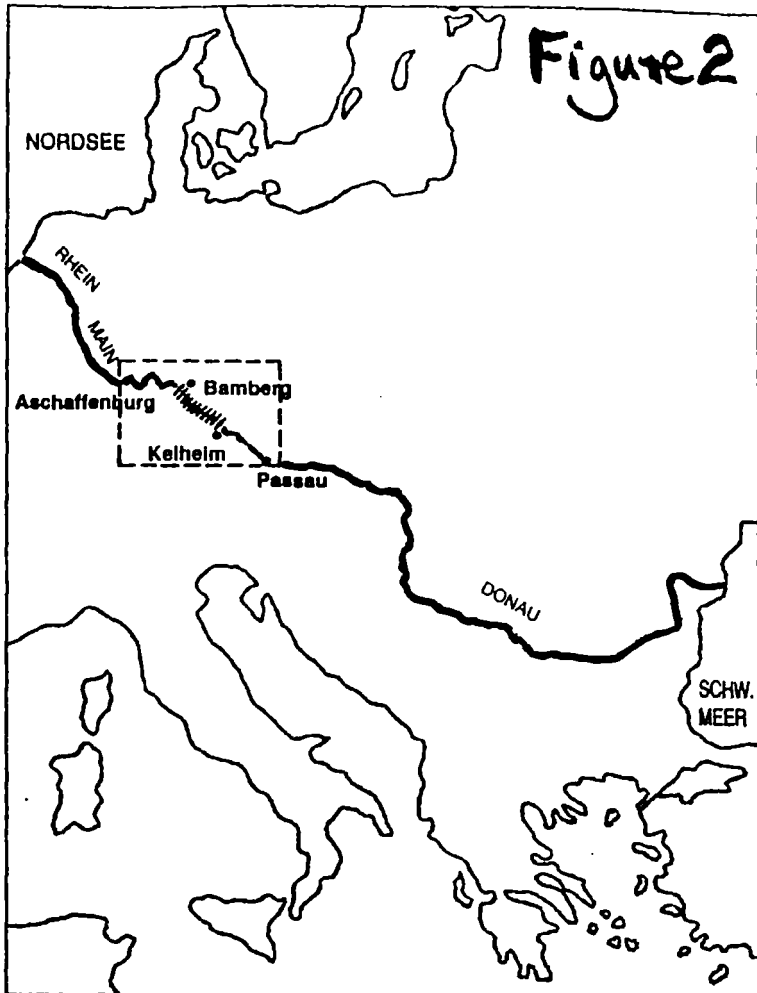
<sup>35</sup> Audits constitute useful management tools and could be profitably used more.

anticipated that upon reflection and given reference to the literature mentioned in the footnotes to this paper there should be sufficient material to stimulate the minds of company directors, whether executive or non-executive, at the next board meeting. Essentially the RMD waterway offers great prospects for trade. Certain obstacles to trade in the short term have been flagged. These are primarily geo-political.<sup>36</sup> Whereas in matters of war and peace one should proceed with caution, it is the firm view of this writer that the chances are good for IFOR to make a success<sup>37</sup> of the Dayton Agreement. Given real peace in the former Yugoslavia, the Danube could live up to its German description as a *Strom* (a current, literally) and serve trade as an ever-rolling force: from Bavaria to Bulgaria, from Bratislava (east of Vienna) to Braila (just above the estuary to the Black Sea) barge traffic could become a dominant feature of the transport geography of the new Europe, a community of nation states drawn ever closer by the dynamics of the modern manufacturer seeking to meet the increasingly sophisticated demands of the consumer of the twenty-first century.

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<sup>36</sup> For an up to date manual on EU geo-political factors see *The Penguin Companion to European Union* by Timothy Bainbridge (with Anthony Teasdale), Penguin Books, 1995.

<sup>37</sup> . The Rome summit in February 1996, instigated by American mediator Richard Holbrooke, appears to have won new guarantees for peace in the Balkans; in Holbrooke's words: "We have avoided a crisis by smoothing out, and perhaps eliminating, some of the bumps in the road we encountered."



*European waterway with Canal*