Newsletter Issue 1 / 4 January 2016

NEWS FROM BRUSSELS

CLECAT wishes you a Prosperous and Happy 2016!

DUTCH EU PRESIDENCY WEBSITE LAUNCHED

In the first semester of 2016 the Netherlands will chair the meetings of the EU Transport Council, followed by Slovakia in the second semester of 2016 and Malta in the first semester of 2017. The Priorities of the Dutch Presidency and the agenda of events are available on the WEBSITE of the NL Presidency.

The work programme of the Council for the next 18 months is also available (HERE). Growth, jobs, freedom, security, justice, energy union and a stronger EU in the world – these are the top priorities for the Council of the European Union over the next 18 months.

AVIATION

EUROPEAN PARLIAMENT HEARING ON AVIATION COMPETITIVENESS

On 22 December, the European Parliament Transport Committee held a hearing on competition in international aviation, which is a subject of the new European Commission aviation strategy.

Alain Lumbroso of the International Transport Forum identified a need to define unfair subsidy, noting that there is no global regime for aviation like GATT for goods. A basic definition would set out what is allowed and how it would be verified, reported and enforced, and should be set at ICAO level. He added that ownership and control rules are an oddity particular to aviation, liberalisation should be considered. He said that while a true level playing field will never be achieved, there is a need to ensure that the entire supply chain is competitive and open, for travellers and shippers.

Athar Husain Khan, CEO of the Association of European Airlines, said that the EU airline market cannot be handled in isolation, as airlines are at the end of a long and complex value chain, where they are liberalised but the rest is not or is only to a small extent. Olivier Jankovec of ACI Europe called for open skies with fair competition, no protectionism, and equality of opportunity for airlines, rather than outcome. Safeguard measures should be the last resort, he said. He also called on the EU to address its lack of airport capacity and to reduce regulatory costs as the EU's taxation and strict public finance limitations do not exist elsewhere.

MEPs from across the committee called on the EU and European airlines to get their own houses in order as well as addressing international competition issues. Ismail Ertug (Centre-left, Germany) called for clear criteria on which to base market transparency and openness, while Gesine Meissner (Liberal, Germany) supported calls for an ICAO definition of unfair practices.

CLECAT's position paper on the aviation strategy may be found HERE.

MARITIME

INTTRA's eVGM Initiative

CLECAT has been invited to an event organized by INTTRA on the 26th January in Hamburg on the implementation of the IMO Maritime Safety Committee guidelines regarding the Verified Gross Mass of a Container Carrying Cargo, otherwise known as SOLAS regulation VI/2 or SOLAS VGM. INTTRA has launched a non-commercial initiative to develop technical and business process standards for SOLAS VGM compliance via electronic transmission.

The ***eVGM Initiative*** event is for shipping industry executives including carriers, freight forwarders and other interested parties. The open meeting is to raise awareness of the importance and complexity of the upcoming changes and thereby promote early preparedness.

Led by INTTRA, the ***eVGM Initiative*** project consists of a working group of Tier-1 carriers and freight forwarders: APL, BDP, CMA, CEVA, DAMCO, DHL, Hamburg Sud, Hapag Lloyd, Kuehne+Nagel, Panalpina ; which meets regularly to elaborate a common standard. INTTRA's ***eVGM Initiative*** terms of reference and methodology are governed by commercial and technology neutrality. The shared goal of all participants is to establish a common industry process for compliance. In addition, INTTRA hosts an on-line forum, thus far attended by over 140 companies.

INTTRA's eVGM Initiative was recently reported in American Shipper.

Report: Container terminal operators should consider variable pricing

The improved productivity resulting from the institution of variable pricing would be worth $2 billion to $3 billion annually, according to estimates from management consulting firm McKinsey & Co. The management consulting firm McKinsey & Co. suggests in a recent in a recent article that container terminal operators should look at a variable pricing for their services.

"Much remains to be worked out, but we estimate that if the industry instituted variable pricing, the improvement in productivity would be worth $2 billion to $3 billion annually," said the article written by Timo Glave and Steve Saxon, who work at McKinsey's Copenhagen and Beijing offices, respectively. Most container terminals charge customers a flat rate per container handled, perhaps with an adjustment based on whether the container is laden with cargo or empty or if it is being transshipped, they wrote. As ships increase in size, "terminals need to invest in new cranes, additional yard space and equipment, dredging, and strengthened quay walls. Larger ships also take up more space, naturally. When they're delayed, the knock-on effect is bigger. Their boxes also take longer to unload because the crane trolley must move farther to reach the opposite side of wider vessels, reducing efficiency." Yet despite those increased costs, the McKinsey consultants said "the number of containers loaded and unloaded onto each vessel hasn't increased much. Terminals are not receiving more income per ship, and their investments are not generating a sufficient return."

Productivity when working a ship depends on how cargo is stowed on a ship and Glave and Saxon said "terminals should price to encourage productive behavior by their customers.
Their recommendations include:

- Basing berthing fees on a combination of a vessel's length and per box handled. That way, if a carrier redesigns its network "to unload more boxes from each vessel, they would wind up paying less."
- Charging more for popular berthing slots.
- Giving discounts for efficient stowage. If containers being discharged in a port are distributed throughout a ship, multiple cranes can be used, the consultants noted. Containers stowed above-deck or close to the quay require a short crane move.
- Charging for delays and errors if, for example, stowage plans have errors, arrive late, or are amended at the last minute.

The consultants also suggested terminals offer rebates if they make mistakes like, for example, not having a berthing slot available as promised.

Source: American Shipper, 21/12/ 2015

Container service reliability stable in November

Containership reliability was broadly unchanged in November as the average on-time performance across all trades slipped by just 0.8 percentage points against October to 77.2%, according to Carrier Performance Insight, the online schedule reliability tool provided by Drewry Supply Chain Advisors.
Six of the 10 trades covered recorded month-on-month on-time improvements in November, but worse performances in each of the three East-West trades and in the Asia-South America route – the only North-South trade to decline – dragged down the overall reliability performance. The average deviation from the sailing schedule was 0.8 days.

Eight of the 19 "Top 20" carriers measured scored an average on-time performance of 80% or higher in November. After sharing the top spot in October, Evergreen once again led the pack with an overall on-time average of 85.3%, followed by Wan Hai with 84.1%. Other carriers to get scores of at least 80% in the month were K Line (81.8%), Maersk Line (80.9%), MOL (80.9%), OOCL (80.6%), Yang Ming (80.3%) and Cosco (80.0%). At the bottom of the rankings table was MSC, which scored 53.1%.

ROAD

Finland amends Cabotage Rules

On December 18th, the Finnish government announced that the Finnish limitation to ten cabotage trips under a three month period will now be deleted. The European Commission had objected to this national restriction and had Finland not deleted this national limitation (under Finnish law), the Commission would have referred the matter to the ECJ.

CUSTOMS

UCC Implementing Act and Delegated Act

On 29 December 2015, the UCC Implementing Act and UCC Delegated Act have been published in the Official Journal of the European Union.

The provisions of these Regulations would enter the 1st of May 2016 in order to enable the full application of the Union Customs Code.

The UCC Implementing Act and UCC Delegated Act are available HERE.

Please note, as stated in the CLECAT Newsletter 2015/46, that EU Commission made also available online the Transitional rules for the Union Customs Code. The text is available HERE.

The next stage of the adoption process for the Transitional Delegated Act is to see if there are any objections from the European Parliament and Council. The transitional rules will apply from 1 May 2016 until the respective IT system has been updated or deployed. Consistent with Article 279 of the UCC, the last system will be deployed at the end of 2020.

EU Commission proposal on customs infringements and sanctions

The current proposal on customs infringements and sanctions (available HERE) will be subject to an exchange of views at the upcoming meeting of the European Parliament Internal Market Committee on 14 January 2016. The deadline for tabling amendments to the Commission proposal is set at 16 March 2016.

SUSTAINABLE LOGISTICS

ITF Summit Green and Inclusive Transport

CLECAT has been invited to annual consultation meeting of the International Transport Forum taking place on the 17 February 2016 in Paris. The purpose of this meeting is to hear from key transport sector stakeholders, relevant issues to the upcoming 2016 Summit on Green and Inclusive Transport. CLECAT is also, jointly with FIATA, preparing for the side-event it will organise in Leipzig during the Summit, jointly with a few other stakeholders.

The preliminary programme for 2016 is now available: www.internationaltransportforum.org/2016

GENERAL

Uber: Transport MEPs discuss transport networking companies

The social, economic and legal aspects of transport networking companies like Uber were at the centre of a debate in the Transport and Tourism Committee at the end of December. MEPs heard the views of Uber head of policy for Europe, Middle East and Africa, representatives of the European Transport Workers' Federation (ETF) and International Road Union (IRU) and European Commission. Video recording of the debate are available here

Forwarders to benefit from trade recovery in 2016 – HSBC

Global trade is set for a tentative recovery next year as demand from developed economies picks up, China’s trade slowdown proves to be ‘cyclical’ rather than ‘structural’, and expansion of Asia’s 'south-to-south' corridor and further trade liberalisation efforts provide forwarders with a major boost. That was the conclusion of analysis from HSBC based on the Bank's latest Trade Forecast and Trade Confidence Survey.

After a sharp trade slowdown this year as emerging market demand stalled, the Survey found that businesses expect to see the West lead a tentative recovery in global trade that should broaden and accelerate over the medium term, according to two key new indicators from HSBC. "Whilst the global Trade Confidence Score fell 4 points to 120 in the second half of 2015, the majority of businesses surveyed (64%) still expect merchandise trade volumes to increase over the next six months," said the latest HSBC report. "Looking further ahead, the Global Trade Forecast sees import growth in the US and Europe laying the foundations for a moderate rebound that will gain pace as economic conditions in China stabilise."

Outlining key drivers for the recovery of trade growth, the Trade Forecast and Trade Confidence Survey said the stabilisation of China's economy, stronger investment spending which would support import demand in developed markets, the cyclical recovery of key sectors, expansion of services trade, and trade liberalisation would boost global trade. "According to the report, despite the near-term challenges facing leading emerging markets, especially China and Brazil, many emerging economies benefit from strong economic fundamentals," said HSBC. "This means they are likely to be an important driver of global economic growth and trade over the medium-term. "The economies of Asia are still expected to be the main drivers of global trade over this time period, with 'south-south' flows representing the fastest-growing trade corridors. "Cyclical sectors such as transport equipment are expected to be the greatest beneficiaries of the upturn in the near term, according to HSBC, although intermediate inputs such as chemicals and machinery will increasingly benefit as global investment strengthens. "The recovery will gradually boost demand for raw materials and mineral fuels, giving support to commodity prices and helping to expand trade further in value terms," said the bank.

HSBC also said policies designed to improve trade liberalisation had the potential to give trade an upside surprise. "Notable progress at the World Trade Organization includes the pending ratification of the Trade Facilitation Agreement and the completion of a draft agreement on expansion of the Information Technology Agreement." "Moreover, at the regional level, conclusion of the draft agreement for the Trans-Pacific Partnership is an important step towards the largest new trade pact in 20 years. "These agreements are pertinent not only for merchandise trade, but also for services trade, which fell less sharply than trade in goods during the global crisis and has experienced more robust growth since. "

Source: Lloyd's Loading List, 22/12/2015

Reminder - 2015/2016 Logistics Performance Index (LPI) Survey

CLECAT members are reminded to participate to the World Bank's going Logistics Performance Survey. The survey is available at http://lpisurvey2016.worldbank.org/?comp=FEF. Completing the survey should only take around 20 minutes. The survey does not seek any confidential company-specific information. Responses are anonymous.

FORTHCOMING EVENTS

CLECAT MEETINGS:

Air Logistics Institute
- 2 March 2016, Brussels

Supply Chain Security Institute
- 2 March 2016, Brussels

Road Logistics Institute
- 3 March 2016, Brussels

Sustainable Logistics Institute
- 3 March 2016, Brussels

Customs and Indirect Taxation Institute
- 4 March 2016, Brussels

Board/General Assembly
- 22 juni 2016, Rotterdam

OTHER EVENTS with CLECAT PARTICIPATION

Swiss Shippers' Council Conference
- 21-22 January, Interlaken

ALICE workshop
- 2-3 February, Vienna

ACEA Stakeholders event
- 16 February, Brussels

FIATA HQ Meetings
- 16-20 March, Zurich

DTLF Plenary meeting
- 16 March & 20 September 2016

ITF 2016 Summit on Green and Inclusive Transport
- 18-20 May Leipzig, Germany

Conference on the rail freight corridors – NL Presidency
- 21 June Rotterdam, Netherlands

EUROPEAN PARLIAMENT

Transport Committee
- 25 January 2016, Brussels
- 15-16 February 2016, Brussels

Internal market Committee
- 14 January 2016, Brussels