Newsletter Issue 2 / 16 January 2015

GENERAL

CLECAT AND FIATA TO CONTRIBUTE TO ITF CONSULTATION AND 2015 ITF SUMMIT

CLECAT and FIATA will participate in the International Transport Forum's 2015 consultation with international organisations on the 12th February in Paris. This consultation is an important component of the preparations for the ITF annual summit which will be held from 27-29 May in Leipzig, Germany, under the Presidency of New Zealand. *Transport, Trade and Tourism* will be theme of the 2015 Summit.

CLECAT and FIATA will organise a side event at the annual Summit on **Logistics connectivity: The key facilitator of global trade**. The event has been scheduled for the 29 May.

The preliminary programme is available at WWW.INTERNATIONALTRANSPORTFORUM.ORG/2015

EC IDENTIFIES THE INFRASTRUCTURE PRIORITIES AND INVESTMENT NEEDS FOR THE TEN-T

The European Commission has published nine studies on the state of play and the development needs of the TEN-T core network corridors. The studies have identified infrastructure development needs which represent approximately €700bn of financial investment until 2030. They highlight the importance of optimising the use of infrastructure along the corridors, notably through intelligent transport systems, efficient management and the promotion of future-oriented clean transport solutions. This is the first time that tens of thousands of kilometres of rail, road, inland waterway connections, ports, airports and other transport terminals have been studied in such a comprehensive way and with a common methodology.

Violeta Bulc, EU Commissioner for Transport said that "We have to step up our efforts to make sure the core network will be fully operational by 2030, to ensure smooth transport flows for passengers and goods throughout the EU. Now it is the time to invest in TEN-T projects and to maximise the benefits of the Connecting Europe facility and the Commission's €315bn Investment Plan. After all, the Trans-European Transport Network is crucial for a Union striving for more growth, jobs and competitiveness. As Europe is slowly stepping out of the economic crisis, we need a connected Union, without barriers, in order for our single market to thrive."

For each Trans-European Transport corridor, which is led by a European Co-ordinator, a team of external experts has undertaken a comprehensive study. They analysed the current infrastructure status, located problems hampering traffic flows for passengers and freight, and identified action to be undertaken from now to 2030. The studies include preliminary lists of projects which aim at completing cross-border and other missing links, removing bottlenecks, inter-connecting transport modes and enhancing interoperability – notably for railway traffic.

The results of these studies will be taken into account when deciding on the allocation of EU funds for the period 2014 - 2020, under the Connecting Europe Facility. In particular, the "project pipeline" resulting from these corridor studies constitutes an important source for the €315bn European Investment Plan, which was published by the Commission in November 2014. In this context, the Commission also mandated the former Vice-President of the European Commission, Henning Christophersen, as well as the European Co-ordinators Kurt Bodewig and Carlo Secchi to identify concrete TEN-T projects which are suitable for contributing to the new investment plan. They published an interim report and presented their approach to the EU Transport Ministers at the Transport Council on 3rd December 2014.

In Spring 2015, each European Co-ordinator for his/her respective corridor, will submit a corridor work plan to the European Parliament, the Council and the Commission. These work plans will guide the future corridor development. They build on the studies published on 15th January, and they will be subject to approval by the Member States directly involved.

The corridor studies or the Christophersen– Bodewig –Secchi Group's interim report is available here

Source: European Commission, 15/01/2015

New DG MOVE organisation Chart

The European Commission Directorate General for Mobility and Transport (DG MOVE) has published its new organisation chart, effective from 1 January. Notable changes include:

- Olivier Onidi, the Director for the European Mobility Network, has been also appointed acting Director for Policy Coordination and Security. He takes the place of Marjeta Jager, who has become the head of cabinet of Violeta Bulc, the Transport Commissioner.
- Margus Rahuoja, formerly head of cabinet to the previous Transport Commissioner, Siim Kallas, is now Director for Aviation and International Transport Affairs. He takes the place of Matthew Baldwin, who has become head of cabinet to Jonathan Hill, the Financial Stability Commissioner.
- Eddy Liegeois is the new head of unit Land Transport in DG MOVE (previously Mr Hedberg).

EESC Conference on the Future of the European Transport Industry

The European research project RACE2050 and the European Economic and Social Committee (EESC) address the future of the EU transport industries by 2050 in a conference on January 29th. The aim of the conference is to discuss ways on how to realize a sustainable and competitive European transport industry by 2050.

For further information: www.race2050.org

AIR

QATAR JOINS EMIRATES WITH INCLUSIVE FREIGHT-RATES

Qatar Airways Cargo has become the second airline to adopt an all-in rate and put an end to fuel and security surcharges. In a letter to customers on January 12, Qatar Airways said that it "recognises that current surcharge conventions expose the supply chain to significant price volatility. After careful consideration and following the requests of its customers…[Qatar] concluded that for us, a revision of this principle is necessary." From April, the carrier will replace the "++ structure" and "abolish both its fuel and security surcharges". The decision follows last week's move by Emirates to end fuel and security surcharges.

CLECAT member TLF Overseas issued a statement backing the change. It said: "TLF Overseas welcomes the announcement made recently by an airline that it will change its rate structure, having understood how difficult it is to manage the current system of an amount of surcharges and ancillary costs backed to freight rates. TLF Overseas encourages other airlines to follow suit."

TLF also stated that "like any company, air carriers must be profitable to ensure their economic sustainability. TLF Overseas does not dispute this economic basis but warns that this should be the result of the pricing policy of each air carrier involved in the market, and not the consequence of a continuous amount of surcharges and fees (*e.g.* the continuation in France of paper air waybill taxation at the time of e-Freight and digitalization)."

The fuel surcharge has come under the spotlight in recent months as fuel prices continue to fall. IATA's Jet Fuel Price Monitor this morning shows that the jet fuel price has fallen more than 43% since January 2 2014.

"It is true that many airlines buy fuel in advance," acknowledged Klaus Pfab, chairman of the CLECAT Air Logistics Institute and former CEO of DHL Global Forwarding France. "But when fuel increases, they increase the surcharge immediately. Now there has been a significant reduction – but they haven't reduced it.

He added: "I think this decision by Emirates and Qatar will force other airlines to go in the same direction. Customers will favour airlines where there is transparency. And airlines that maintain complicated, and not user-friendly, rates will probably get less freight than the others."
Last week CLECAT welcomed moves towards introducing all-in cargo rates, describing the recent fuel price declines as an opportunity for creating greater transparency in air freight pricing. FIATA joined the support yesterday welcoming the emerging shift by airlines towards 'all-in' cargo rates, describing it as a "long-awaited move in the right direction that may be supportive of transparency".
Source: The Loadstar/ Lloyds' Loading List

TIACA WARNS ON US-BOUND SECURITY MEASURES

The International Air Cargo Association (TIACA) has raised concerns about the short implementation period for new updates to US freighter security programmes, advising that recently released updates to security programmes for all-cargo aircraft in the USA must be implemented by 16 February, 2015.

The updated security programmes, issued by the United States Transport Security Administration (TSA) on 29 December, 2014, affect all US and non US-based freighter aircraft operators within, into, and out of the US.

"The timing of the announcement over the holiday season, and the short implementation period are not ideal," said Doug Brittin, TIACA secretary general. "While the updates incorporate some ideas which the industry has worked on with the TSA, they do not address the risk-based approach, which we have discussed and fully supported."

The programmes incorporate structural changes and previous Emergency Amendments and Security Directives, but also require some changes in compliance procedures. Forwarders, regulated agents, and passenger carriers who tender cargo to freighter operators may also see an impact and should be notified by the operator where necessary, according to TIACA.
Source: LLOYD'S LOADING LIST

MARITIME

MEP HAILS PROPOSAL TO REPEAL US JONES ACT

CLECAT has read with interest an article in EurActiv on proposals to repeal the US Jones Act. It is good news that there is now a proposal to repeal this outdated and protectionist measure. Under the pretence of national security, the Jones Act makes it almost impossible for European companies to operate in the US.

Liberal MEP Marietje Schaake flagged on 14th January a proposal by US Senator John McCain to repeal the 'Jones Act'. McCain proposed an amendment for the full repeal of the Jones Act, which he considers "an antiquated law that has for too long hindered free trade, made US industry less competitive, and raised prices for American consumers."

The 1920 federal law requires every ship transporting goods or person between US ports to be made in the US, and sail under a US flag, to be US-owned and crewed at least 75% by US citizens. The Jones Act also affects other maritime services, such as towing, dredging and port services.

The repeal of the Jones Act has been on the negotiating table of the Transatlantic Trade and Investment Agreement since the beginning. The EU has repeatedly stated that the Jones Act is a problematic law. But US Trade Representative Michael B. Froman has made it clear in the past that he will preserve the Jones Act.

"Since the start of negotiations, I have consistently told the European negotiators that repealing this law should be a European priority," Schaake said, adding that EU policymakers and all sectors concerned should now investigate how they can contribute to this process.

The discussion in Congress was brought forward after some US refiners suggested a temporary waiver to the Jones Act would be needed for them to support a change in US oil export policy.

However, US maritime industry sources are quoted as saying that the appetite among lawmakers for a Jones Act change has not grown. "Such a change simply would not happen," one source said.

Even though it is uncertain whether McCain's amendment will make it, considering the powerful American shipping lobby, Schaake is aware that there is a political momentum to seize. "It is crucial that the European priorities for an agreement with the Americans are clear, so that the negotiators can realise them. That will require a broad debate and I hope that more companies, organisations and citizens will contribute to that," she said.

Source: EurActiv, 14/01/2015

Automated scanning of Empty Containers demonstrated in Port of Valencia

On the 21th January the CONTAIN project will demonstrate in the port of Valenica a tool for automatically inspecting and scanning empty containers. The project seeks to create a toolbox for increased container security, while optimizing logistics.

The project aims at creating an automated tool for inspecting containers, ensuring the non-existence of false walls, for instance. The demonstration includes simulation and real life actions, involving risk assessment and evaluation and physical inspection of empty containers within the port. A video about the demonstrator can be seen here:
https://www.youtube.com/watch?v=Yy9heVFrfM0

CONtainer securiTy Advanced Information Networking (CONTAIN) is an EU funded project started in 2011 and ending on March 31 in 2015. It involves ten countries and 19 partners. The mission of the project is to integrate container security data in a common information distribution and sharing environment.

The aim is to provide container security risk management decision support services, as well as transport decision support systems for real-time route monitoring and logistics optimization. It is also to deliver the right information, at the right time, at the right place for the right stakeholder.

CLECAT is a member of the Advisory Board of CONTAIN.

Six predictions for container shipping in 2015

The below is an extract of article from Damian Brett, Linton Nightingale and Janet Porter published at the end of December in www.lloydslist.com: Expect ships to get bigger in 2015 even as overcapacity persists, and this will also have implications for port congestion too. Freight rate volatility shows no sign of changing on the major trade lanes.

1. Overcapacity
The global containership industry has been blighted by overcapacity over the last few years and the problem looks set to continue in 2015. According to Lloyd's List Intelligence, more than 1.9m teu is set to be added to the global container fleet next year. This represents an increase in the total container fleet of 10% and many of these vessels will be in the larger size categories. Scrapping is likely to drag this figure down further and demand growth is likely to be around the 7% mark once again, analysts say. This should improve supply-demand equilibrium in 2016.

2. Consolidation
The container shipping industry has been crying out for consolidation as overcapacity and high fuel costs have conspired to cause the vast majority of carriers to report losses. Consolidation among the

bigger players is difficult to achieve because of the high level of state ownership and the complexity of bringing two of the largest shipping lines together. That said, deals are being done; Hapag-Lloyd and CSAV, Hamburg Süd and CCNI, CMA CGM and OPDR and Horizon Lines and Matson are the major deals announced in 2014.

3. Congestion
Congestion, backlogs and bottlenecking have been the subject of much concern throughout 2014 at ports across the globe. Industry commentators placed the blame firmly on bigger ships and the larger volumes of cargo being passed across the docks in one chunk. However, with vessel upsizing set to continue throughout next year, not just on the major trades, but also on the regional and smaller trades due to cascading, congestion and delays at ports are not going away any time soon.

4. Rates
There is little sign that freight-rate volatility will change on the major trade lanes in 2015 with no indication as yet that lines will change their marketing or sales ploys. With bigger vessels coming on stream, lines will be under pressure to make sure slots are filled and external factors such as congestion, sulphur surcharges and seasonal demand will mean that lines will look to general rate increases to drive box prices.

5. Ship sizes
Expect containership capacities to continue to head upwards, with the 20,000 teu mark surpassed as lines strive for economies of scale and lower slot costs. There are no immediate technical barriers to larger ships, most experts predicting that boxship sizes have further to go before port and land-side infrastructure constraints put a ceiling on slot capacity. That is likely to be around the 24,000 teu.

6. Ship speeds
When vessels started to reduce speed some eight years as oil prices soared, slow steaming was regarded as something of a short-term gimmick, as containerships cut back from around 26 knots to nearer 22 knots to burn less fuel. Today, super-slow steaming is the norm, low charter rates enabling lines to hire extra tonnage to maintain weekly schedules and still save money. But with oil prices on the slide, will ships start to speed up again? Industry leaders are divided; Maersk chief executive Soren Skou extols the benefits of very slow ship speeds for environmental and cost reasons, whereas Seaspan boss Gerry Wang expects some acceleration.

RAIL

ERFA URGES COMPLIANCE WITH EU LEGISLATION IN THE RAIL SECTOR

As the European Commission starts off the year by investigating the Lithuanian railway incumbent for closing down rail tracks and preventing cross-border rail services, in an apparent abuse of dominant position, ERFA urges more and better compliance with EU rules in the rail sector.

At a time when the aim is to get more freight off the roads and onto rail, the suspicion is that the closing down of the tracks by incumbent AB Lietuvos geležinkeliai may have prevented customers from using the services of other rail operators for the transport of freight, in particular by obstructing the plans of a major customer of the incumbent from using the services of other rail operators. This is not an individual case. Basic rail legislation to improve the safety, the interoperability, and the competitiveness of the rail sector is being violated across the EU Member States. ERFA urges the European Commission to pursue these cases without any further delay. 2014 saw a number of infringement proceedings taken against the Member States for failure to comply with EU rail legislation. Austria and Germany are both currently being taken to court for failure to comply with EU financial transparency rules. According to the European Commission, public funds may be used to cross subsidise other transport services open to competition, such as freight or passenger services. Spain and Slovenia are also being investigated on similar grounds by the European Commission. The European Commission also launched infringement proceedings against 6 more Member States – Austria, Estonia, Greece, Lithuania, Luxembourg and Romania for not applying EU safety rules. Rules that should have been in place since 2006! The lack of an independent investigating body in the case of rail accidents is a recurring feature. The rules aim at developing a common approach to railway safety, including the safe management of infrastructure and traffic operation.

With rail stagnating or declining in many countries across Europe, the failure of many Member States to play their part in creating a seamless European rail network undermines the competitiveness and growth of the rail sector. ERFA urges greater efforts on the part of the Member States to implement EU legislation which they all signed up to some years ago and which are vital for the creation of a single European railway area and also on the part of the Commission to pursue these cases without delay.

Source: ERFA Press Release, 14/01/2015

EC ADOPTS AN IMPROVED SET OF SPECIFICATIONS FOR ERTMS

The European Commission adopted today a Decision amending Commission Decision 2012/88/EU . These new technical requirements (Technical Specifications for Interoperability - TSI) will take effect upon notification to Member States and will be applicable as of July 2015 across the whole European railway network. This Decision contains an improved set of detailed system specifications, recommended by the European Railway Agency, the "ERTMS system authority", which are the results of work that stakeholders committed themselves to do with the European Railway Agency in the Memorandum of Understanding signed between them and the Commission in Copenhagen in 2012 to complete what has been adopted in Decision 2012/696/EU. This Decision also clarifies technical requirements and extends them to the whole railway system in the EU, as this has been the case for the other TSIs (cf. rail news of 18/11/2014).

For more information HTTP://EC.EUROPA.EU/TRANSPORT/MODES/RAIL/NEWS/CCS_TSI_EN.HTM

CUSTOMS

VAT RATES IN THE EU - SITUATION AT 1ST JANUARY 2015

On 13 January 2015, the European Commission has published the VAT Rates applied in the Member States of the European Union.

In addition to the list of VAT rates applied in the EU, the document gathers inter alia: the application of reduced VAT rates by the Members States to the categories of goods and services contained in Annex III of the VAT Directive (2006/112/EC); the list of super-reduced rates (less than 5%) applied in the Member States; the cases where the zero rate is applied to consumption in the legislation of the Member States; and the VAT rates generally applied in the Member States to certain products or services. The document on VAT rates published by the European Commission is available HERE.

FORTHCOMING EVENTS

CLECAT MEETINGS:

Customs and Indirect Taxation Institute

- 20 February

Security Institute

- 10 March a.m, Brussels

Air Logistics Institute

- 10 March p.m.

Maritime Institute

- 11 March a.m.

Sustainable Logistics Institute

- 11 March p.m.

Road Institute/Joint meeting with FIATA

- 17 March p.m. Zurich

Rail Institute / joint meeting with FIATA

- 23-24 April Vienna

Board General Assembly

- 2 June 2015, Brussels

Freight Forwarders Forum

- 19 November 2015

OTHER EVENTS with CLECAT PARTICIPATION

LANDSEC Informal Working Group, Brussels

- 19 January 2015

CORE Working Group, Thun, Switzerland,

- 22-23 January 2015

EESC Conference, Brussels

- 29 January at 10:00-17:00

Alice Conference, Schiphol Airport Amsterdam

- 11 February 2015

ELP Lunch meeting, European Parliament

- 17 March 2015

iCargo Final Event, Transport Logistics Trade Fair, Munich

- 6 May 2015 at 12:00-17:00

ITF Summit Leipzig

- 27-29 May 2015

EP and Council Meetings

EP TRAN Committee

- 19/20/29 January 2015, Agenda is available HERE
- 29 January 2015, (morning and afternoon)

EP IMCO Committee

- 21/22 January 2015, Agenda is available HERE

Council (Lithuanian Presidency)

- Transport Council, 13 March 2015
- Transport Council, 11 June 2015.