european voice of freight logistics and customs services •

Newsletter Issue 3 / 15 January 2016

NEWS FROM BRUSSELS

INFRASTRUCTURE CHARGING REGIME SHOULD SUPPORT THE COMPETITIVENESS OF RAIL FREIGHT

Track access charging impacts rail's attractiveness to customers and should therefore be fair and competitive vis-à-vis other modes of transport. In its present form it greatly complicates the development of new rail freight services. Therefore, rail stakeholders call on the European Institutions and Member States to simplify and harmonise rules and to create an intermodal level playing field, in order to make rail a more attractive solution, especially for freight. This was the main message from participants at the Rail Forum Europe dinner held in Brussels earlier this week.

Senior managers from the rail freight sector, Reinhardt Bamberger (Rail Cargo Group, Austria) and Frank Schuhholz (ERFA Vice-President, the Netherlands) highlighted anomalies from which European rail freight undertakings suffer under the present track access charging regime in certain EU Member States. Whereas domestic rail freight is in decline, new services are introduced on longer distance cross-border links. Heterogeneous methods used to determine track access charges in the various European Member States make it very challenging to predict the fees payable for a particular train that crosses several countries.

Jocelyn Fajardo, Member of Cabinet of European Commissioner for Transport Violeta Bulc, gave an overview of the Commission's priority actions in order to boost rail transport and address pricing issues. He said: "The Commission aims at fairer and more efficient transport infrastructure pricing, avoiding intermodal distortions. In the short term, our priorities will be to ensure that the new rules on rail charging deriving from the recast directive are adequately applied in all Member States and to prepare for a revision of the so-called "Eurovignette" directive applicable to the road sector".

MEP Wim Van de Camp presented an innovative approach aimed at lowering track access charges to make rail more competitive vis-à-vis other modes. He declared: "We need to take down the barriers that currently impede the competitiveness of the rail transport sector. The sector needs to tell us if track access charges form burden on the environment and should be addressed. However, proportional measures based on noise annoyance should be taken for all modes, including road".
Source: Rail Forum Europe Press Release (extract)

RAIL

'RAIL MOTORWAY' LAUNCH SHELVED DUE TO CALAIS SECURITY RISK

The commercial launch of a 'rail motorway' service for unaccompanied road trailers between Le Boulou near the French Pyrenees and Calais has been delayed indefinitely over migrant-related security issues near the French Channel port. The service, named VIIA Britanica and operated by

• Rue du Commerce 77 • B-1040 Brussels • Belgium •
• tel. + 32 2 503 47 05 • fax + 32 2 503 47 52 • email info@clecat.org • url www.clecat.org •

SNCF Logistics' rail freight subsidiary VIIA, was to have operated for the first time on 12th January, with a key market being non-accompanied trailers from Spain headed for the UK. But a section of track of a few hundred metres that passes close to the migrant camp known as 'The Jungle' before trains reach the port, has been deemed a security risk. The speed of trains in this area does not exceed 20km/h and the French authorities have concluded that this could give migrants ample opportunity to jump aboard the convoys. A spokesperson for VIIA told *Lloyd's Loading List.com* that measures had already been taken to make this area secure, including fencing. But the company, French railway operator SNCF, and the state prefect's office shared the view that 'weak spots' remained that needed to be strengthened before the launch could go ahead. "We haven't fixed a new date for the launch, but we hope it will be very soon as demand for this type of service is strong," the spokesperson added. VIIA Britanica will be served by a brand new, dedicated rail terminal, the first of its kind to be built inside a European port and which has attracted investment of €7m, financed jointly by the Port of Boulogne-Calais Authority and the European Union.

Source: Lloyd's Loading List, 12th January 2016

Ukraine, Georgia, Azerbaijan and Kazakhstan sign Protocol on Rail Freight

Ukraine, Azerbaijan, Kazakhstan and Georgia have signed a Protocol on the establishment of competitive preferential tariffs for cargo transportation via the TRANS-Caspian international transport route. The Protocol has been signed by the heads of the railway operators of the four countries. The document also provides for complex measures on the simplification of movement of trains on the TRANS-Caspian international route.

According to the head of CJSC «Azerbaijani Railways» Javid Gurbanov, a single tariff policy for cargo transportation via the TRANS-Caspian international transport route will be agreed between the four countries by mid-February. He noted that this route can take up to eight trains per month. Container train on the route Ukraine-Georgia-Azerbaijan-Kazakhstan-China will embark on a test flight from Ilyichevsk January 15. The first test container train on the route Shihezi (China) — Dostyk-Aktau-Alat, arrived in Baku international sea trade port, on 3 August 2015.

Transport & Environment Rail Freight Platform Workshop on SWL

CLECAT has been invited to a stakeholder event organised by Transport and Environment on the role of Single Wagon Load transport and their potential growth in the future. T&E believes that an improvement in this service could increase the share of freight that is transported by rail. The SWL service is decreasing in Europe (decreased 10% between 2005 and 2010) due to the difficulty for a train operator to make it profitable. However, companies who wish to transport more goods by rail are eager to have such a service made available. What are the major roadblocks to providing SWL? How do we establish the routes where it can be economically viable to operate SWL services? What role can new technologies play in making this service more profitable?

AVIATION

Decline in Air Freight Volumes Bottoms Out

The International Air Transport Association (IATA) released data for global air freight markets showing air cargo volumes (measured in Freight Tonne Kilometers) were down 1.2% in November 2015, compared to November 2014. Total cargo volumes, however, expanded compared to October

2015, and were higher than the low point in August. This indicates that the decline in cargo demand may be bottoming out.

The negative year-on-year comparisons occurred across all regions with the exception of the Middle East. Of the major markets that together comprise more than 80% of total trade, Europe was down 2.0%, North America by 3.2%, and Asia-Pacific by 1.5%. The comparative weakness in these regions was driven largely because the performance in November 2014 was very strong. Latin American and African markets also fell, by 6.4% and 6.0% respectively. The Middle East region posted 5.4% growth.

"The freight performance in November was a mixed bag. Although the headline growth rate fell again, and the global economic outlook remains fragile, it appears that parts of Asia-Pacific are growing again and globally, export orders are looking better. In fact, the downward trend in FTK volumes appears to be bottoming out. But there is a great deal of uncertainty. The current volatility of stock markets shows how much the health of the global economy – upon which air cargo depends - remains on a knife-edge," said Tony Tyler, IATA's Director General and CEO.

For full analysis please see here

Source: IATA Press Release, 11/01/2016

MARITIME

INTTRA's eVGM Initiative

CLECAT will participate on 26 January 2016, at the ***eVGM Initiative*** in Hamburg, Germany, hosted by INTTRA. 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.

2016 brings with it a shared responsibility to successfully implement 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.

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.

Asia-Europe Spot prices tumble again

The Loadstar reported today that the General rate increases (GRIs) announced by Asia-Europe carriers for today have failed to arrest the decline in spot rates, which plunged this week by 21% for North Europe and by 15% for the Mediterranean.
The Shanghai Containerised Freight Index (SCFI) saw the North European component sink $192 to $740 per teu, while Mediterranean destinations fell $153 per teu to $869, as buyers appeared to simply ignore the rate increases.

Carriers had announced GRIs ranging from $450-$500 per teu in what they expected would be a peak period of demand ahead of Chinese New Year (CNY), which begins on 8 February. However, according to a ship planning source at one container line, load factors from Asia to North Europe have actually declined since a brief pickup at the end of last year to below 90% – a level that makes it difficult for carriers to impose a rate increase without risking the loss of big chunks of cargo.
The disappointing utilisation levels came despite G6 alliance members blanking two loops next week (wk 3), and do not bode well for the CNY slack period (wks 6-8), when the world's second-largest economy effectively shuts down.

The G6 members have also taken the lead in announcing that they will cancel two Asia-North Europe loops in week 6 and a further two services in week 7. Additionally, they plan to void one Asia-Mediterranean loop in week 6 and week 7. Today it remains unclear what steps the CKYHE and O3 alliances will take to adjust supply to the reduced demand during CNY, but it was reported that 2M alliance partners Maersk Line and MSC will operate a "flexible schedule", with some deleted destinations and additional port calls to cover commitments.

Carriers will no doubt hope that they can get through the CNY holiday season relatively unscathed and without needing to resort to heavy rate discounting to fill ships to a satisfactory level. However, the fundamental overcapacity on many trades remains the biggest threat to the sustainability of major container lines. Indeed, according to Drewry's *Container Forecaster*, published at the end of December, the supply-demand growth gap widened significantly in 2015 to 7%, as a record amount of newbuild capacity hit the water and demand stagnated or even declined. This compares with capacity outpacing demand by between one and two percentage points, in the three previous years, noted Drewry. It said that carriers were now "faced with an impossible task of matching supply with demand". And despite some carriers choosing not to exercise their options on existing orders, the "die has been cast" said the consultant, with confirmed newbuild orders expected to swell the global cellular fleet by around 5-6% over the next two years.

Source Loadstar, 15/01/2016

SUSTAINABLE LOGISTICS

IMF believes carbon tax on shipping and aviation fuels could raise $25bn

In a REPORT published on 11 January, the International Monetary Fund (IMF) said carbon taxes should be levied against both shipping and aviation. The IMF reckons up to $25bn could be raised from a tax on aviation and shipping fuels, which would help developing countries adapt to climate change.

"There are challenges," the report noted, "including the need for international coordination (especially important for maritime, given the mobility of the tax base) and legal issues (especially for aviation, due to treaties and bilateral air service agreements limiting fuel taxes) but the practicalities should be manageable. A global $30 per ton CO2 charge on these fuels could have raised about $25 billion for climate finance in 2014, even after compensation for developing countries."

Shipping and aviation were eventually left out of the final text emanating from last month's UN-convened climate change talks in Paris.

Many other influential bodies have urged for shipping and aviation to stump up for a carbon tax. Last October, for instance, the International Transport Forum came out in favour of a carbon tax for shipping and very swingeing goals for emission cuts in the coming decades.

The ITF, a research arm of the Organization for Economic Cooperation and Development (OECD), said shipping should reduce carbon emissions by half over the next 35 years and entirely by 2080 with the International Maritime Organization taking the lead.

Among the measures the ITF suggested was a carbon tax for shipping set at about $25 per tonne of CO2, the receipts of which could feed into the Green Climate Fund.

Source: THE LOADSTAR

CUSTOMS

EU COMMISSION PROPOSAL ON CUSTOMS INFRINGEMENTS AND SANCTIONS

The current proposal on customs infringements and sanctions (available HERE) was discussed at the recent European Parliament IMCO meeting on 14th January 2016. During the meeting the rapporteur Mrs Kallas, outlined the status of the proposal and stated that it is proposed to issue a report in February 2016. Some of the key issues identified in the proposal that are the subject of discussion in the Council and IMCO, centre on the inclusion of criminal sanctions, strict liability and the legal basis of the draft Directive. The deadline for tabling amendments is set at 16 March 2016.

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 June 2016, Rotterdam

Rail Freight Institute
- 22 June 2016, Rotterdam

OTHER EVENTS with CLECAT PARTICIPATION

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

Transport & Environment Rail Freight Platform Workshop
- 25 January 2016, Brussels

INTTRA'S EVGM initiative
- 26 January, Hamburg

ALICE workshop
- 2-3 February, Vienna

ACEA Stakeholders event
- 16 February, Brussels

ITF annual consultation meeting
- 17 February, Paris

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 (afternoon), Brussels
- 15-16 February 2016, Brussels