CLECAT
european association for forwarding, transport, logistics and customs services

NEWSLETTER

Issue 9
26 February 2016

Table of content

News from Brussels

ELP EVENT ON POST COP21 – IMPACT ON TRANSPORT

European Logistics Platform

At the tenth event of the European Logistics Platform (ELP), around 40 EU policymakers and industry stakeholders came together to discuss the impact from COP21 in Paris on transport and logistics policy. The event was hosted by Inés Ayala Sender, MEP, member of the TRAN committee and the ELP Advisory Board. In her introductory remarks, Mrs Sender stressed that "the freight transport sector is probably more challenged by COP21 than other sectors; but it is also an opportunity for developing a more focused future. We must recognise the progress in transport on reduction of emissions – because that allows us to build an even better future."

Sophie Punte, Executive Director at Smart Freight Centre (SFC), focused on why a global framework for logistics emissions accounting across the global multi-modal supply chains is needed. SFC established the Global Logistics Emissions Council of companies, associations and programs to develop such a framework that will be launched in May. Ms Punte explained that "this framework builds on existing methodologies, tools and the GHG Protocol and fills gaps to provide companies with a more accurate carbon footprint for public reporting and logistics business decisions."

Pauline Bastidon, Head of European Policy, at the Freight Transport Association (FTA) spoke about the challenges and opportunities to decarbonise freight transport in multimodal supply chains. "There are clear expectations on the logistics sector to reduce CO2 emissions, and no single solution

to help achieve this target. What is required is a combination of different measures.' She added: "Successful voluntary initiatives, such as the Logistics Carbon Reduction Scheme of FTA, show that the freight industry takes the challenge seriously and stands ready to play its part.

Finally, **Rolf Diemer**, DG MOVE, gave the European Commission's perspective on transport and decarbonisation following the decision in Paris. Mr Diemer gave some insight in the Commission's considerations in view of the up-coming Communication on decarbonisation of transport but noted that political decisions still have to be made before Summer. This policy paper from the Commission will seek to give an overview of the possible options for an EU policy on reducing emissions from the transport sector.

In conclusion, **Nicolette van de Jagt**, Vice-Chairman of the European Logistics Platform said that "there is no silver bullet for reducing carbon emissions but green freight programs could deliver consistent, harmonised, global standards and tools for reductions of CO_2. One way is certainly to support and incentivise such programs and to ensure the sharing of experience and best practices."

For more information: www.europeanlogisticsplatform.eu

THE COSTS OF A COLLAPSE OF SCHENGEN

CLECAT participated on Thursday this week to a meeting of the European Parliament Working Group on Cross-border Cooperation with participation of the European Commission, Member States and industry. Hosted by MEP Anne SAnder the meeting discussed the impact on commercial road transport of reintroduced border controls.

IRU informed participants that the transport sector was facing costs in excess of EUR5bn, notwithstanding the negative impact on tourism and trade. It was stressed that the sector was facing additional waiting times at borders, longer routes, contract penalties and lost business opportunities. It was also noted that disproportionate obligations were imposed on operators such as carrying out passenger identity controls and taking precautionary measures against stowaways.

Reference was made to the recent study conducted of the Bertelsmann Foundation. This study, which received a lot of press coverage, noted that a permanent reinstatement of internal border controls would have a dramatic effect on economic growth throughout Europe, causing a noticeable decline in prosperity. For Germany alone, lower growth might be expected to produce cumulated losses of at least 77 billion euros between 2016 and 2025. In a more pessimistic scenario, losses could amount to as much as 235 billion euros. For the EU as a whole, they would be likely to reach 470 billion. If Schengen were to collapse, moreover, the negative economic effects would be felt even outside of Europe.

Based on conservative assumptions, Germany's weaker growth would produce losses of up to 77 billion euros over the ten-year period from 2016 to 2025. France's cumulative losses would amount to 80.5 billion euros. Over ten years, the gross domestic product (GDP) of Europe as a whole would drop by some 470 billion euros. A more pessimistic scenario assumes that the price of imports would increase by three percent. Cumulated GDP losses would then total 235 billion euros in Germany, 244 billion euros in France and 1.4 trillion euros in the EU.

To arrive at these figures, the study looked at the time that would be needed to check passports at Europe's internal borders. Longer waiting times mean higher labor costs for companies. Companies would also have to increase their stock on hand, since just-in-time deliveries could no longer be guaranteed. Both of these factors would result in higher production costs and, in turn, higher prices. When prices go up, consumer demand goes down and companies become less competitive in the international markets, which also reduces exports. Lower demand for goods ultimately leads to a drop in investments. When sales opportunities decline, companies adapt by cutting production. The result is less economic grow.

The study is available HERE.

MANAGING THE IMPACT OF MIGRATION ON ROAD HAULAGE

Earlier in the week, CLECAT and other industry stakeholders met with DG MOVE to discuss the huge impact that the migrant crisis affecting the EU has had upon the private road transport sector over the last year. This is a result of the large numbers of migrants trying to access Lorries to be carried without detection across Member States borders where controls are in place, both existing Schengen zone external borders and across temporary internal borders.

DG MOVE would want to address the wider security concerns e.g. protection of vehicles queuing for long periods in areas accessible to migrants such as in secure parking areas, application of effective physical security protection measures and technologies; incident data reporting and alerting. However, it seems difficult to propose more than a collection of best practices.

The Commission will develop, by 2017, a handbook on prevention of migrant smuggling, including, possibly, codes of conduct for drivers and operators of merchant and fishing vessels. This will present best practices on promoting security measures and adequate controls by public institutions and business operators to prevent clandestine migration. The Commission will also explore the development of guidelines on migrant smuggling for border authorities and consular services.

CLECAT and IRU repeated their call to the European Commission to pay more attention to the concerns of the road sector and their clients and take meaningful measures to alleviate the negative impacts. Additionally closer cooperation between Member States, facilitated by the European Commission, to tackle the international refugee crisis is essential.

Air

LITHIUM-ION BATTERIES BANNED FROM PASSENGER AIRCRAFT

ICAO has banned the shipment of lithium-ion batteries as cargo on passenger aircraft from 1 April because of safety concerns, apparently overturning a decision by ICAO's own dangerous goods panel last October.

The carriage of lithium batteries as air cargo has been the subject of fierce debate in recent years, particularly since the fatal crash in 2010 of a UPS B747 freighter that was known to be carrying bulk shipments of lithium batteries there were suspected of causing an on-board fire that brought the aircraft down. Since then, their carriage has been increasingly restricted and subject to additional safety processes, as lithium-metal batteries have been banned as cargo and passenger aircraft for several years because of concerns about their potential to spontaneously combust and their resistance to fire-suppression systems.

Under current ICAO rules, although 'bulk' shipments of lithium-ion batteries are already restricted from carriage on passenger aircraft, a 'loophole' had allowed shippers to pack many small boxes into one shipment to circumvent the rules. However, tests by the US Federal Aviation Administration (FAA) in 2014 found that heat applied to a cargo container packed with 5,000 lithium-ion batteries led to thermal runaway and an explosion from a build-up of flammable gases, despite the addition of a fire-suppression agent. The FAA tests show that transporting lithium-ion batteries carries "a similar fire risk" to that of lithium-metal batteries, according to one report.

Since then, there have been moves to further tighten the rules, and last July, aircraft manufacturer Boeing warned its passenger airline customers about the risks of flying bulk shipments of lithium-ion batteries, recommending that they do not carry the batteries as cargo "until safer methods of packaging and transport are established and implemented".

ICAO's dangerous goods panel last October agreed to new restrictions, including a rule that would only allow the shipment of lithium-ion batteries as cargo on passenger aircraft if the batteries are charged to a maximum of 30% of their maximum charge.

However, this has now been superseded by the new decision by ICAO this week, in which the 36-nation ICAO Governing Council "adopted a new aviation safety measure which prohibits, on an interim basis, all shipments of Lithium-ion batteries as cargo on passenger aircraft".

A number of airlines have already unilaterally implemented their own bans on the carriage of lithium-ion batteries as cargo, including all-cargo airline Cargolux. However, the move is a disappointment to some shippers and air cargo representatives, which have argued that it is possible to safely carry the batteries if the appropriate safety precautions are taken.

Full story - source: [Lloyd's Loading List]

EU AND CHINA LAUNCH AVIATION PARTNERSHIP

On 24 February the EU and China formally launched the EU-China Aviation Partnership Project (APP), a cooperation programme in the field of civil aviation. It will be jointly implemented by the European Aviation Safety Agency (EASA) and the Civil Aviation Administration of China (CAAC). With a €10 million budget from the EU Partnership Instrument, this five year programme will serve to increase cooperation and mutual understanding on areas such as safety and environmental protection; and to allow for better exchange of best practices and standards.

The Commission put forward a proposal to negotiate an EU-China comprehensive aviation agreement, as part of the new Aviation Strategy for Europe, adopted in December 2015. Such an agreement would improve connections between the two regions and bring significant economic benefits by facilitating trade and tourism flows.

The APP will focus on aviation safety and security, general aviation, Air Traffic Management/Air Navigation Services, airports, airworthiness, environmental protection, economic policy and regulation, and legislation and law enforcement.

Source: European Commission/EASA

Maritime

FIATA CALLS FOR CLARITY ON BOX-WEIGHT DATA REQUIREMENTS

The International Federation of Freight Forwarders' Associations (FIATA) is calling for better communication from container shipping lines ahead of the 1 July deadline by which new IMO regulations requiring verification of a loaded freight container's gross mass become mandatory.

FIATA is calling on shipping lines to provide greater clarity on how they wish to receive the data concerning the Verified Gross Mass (VGM) of a container when the amendment to the IMO's Safety of Life at Sea Convention (SOLAS) becomes effective on 1 July.

At a recent meeting in Cape Town, the FIATA Working Group Sea Transport joined with South African fruit exporters and the South African Association of Freight Forwarders in a workshop to examine the changes to SOLAS and the effect on the supply chain.

Among the difficulties anticipated in July, all present were concerned at the lack of information being provided by the shipping lines on how they wish to receive the VGM data.

Among the difficulties anticipated in July, all present were concerned at the lack of information being provided by the shipping lines on how they wish to receive the VGM data.

Working Group chairman Jens Roemer said: "It is clear from FIATA Member feedback that many countries are getting prepared for the forthcoming changes but there is an alarming lack of information from the shipping lines on how they will receive the VGM. FIATA urges shipping lines to communicate with the trade so that preparations for 1 July can be finalised."

CLECAT's Guidelines on implementing the SOLAS amendment similarly call for carriers to provide information on the timelines and methods for provision of VGM data.

Last week, Hapag-Lloyd became the latest container line to stress to customers that it would not load containers on board its vessels without a verified gross mass after new SOLAS regulations come into effect on 1 July. It told customers: "Hapag-Lloyd's VGM cut-off will vary from port to port, allowing the flexibility required to align the process with specific country and terminal requirements."

In terms of the processes, it said: "To simplify the procedure and provide you with best support and assistance, we are about to implement various system enhancements and services to ensure a seamless interaction through various e-channels and solutions available globally: The local VGM cut-off will be displayed on our web schedule and your Booking Confirmation."

It said the VGM data could be submitted easily through the following channels: "Preferably via the new VGM oriented VERMAS (EDI) message; or via existing EDI connections (in e-Shipping Instruction); or via our Hapag-Lloyd website (Online Business); or via portal solutions (such as INTTRA, GT Nexus, CargoSmart).

In terms of the content, it said: "We will only ask you to send our HL shipment number, the container number, the VGM and the duly authorized person's name in capital letters (as signature). No weighing note needs to be submitted." Hapag-Lloyd told customers it would assist them in monitoring the VGM status "through alerts, to ensure timely provision of data needed for your container to be loaded".
Source: Lloyd's Loading List

DREWRY: DIMINISHING RETURNS THREATEN TERMINAL UPGRADES

Diminishing returns for port operators are threatening the provision of adequate terminal capacity and the productivity levels required for the new fleet of ultra large container vessels, according to Drewry.

The analyst said the global container port and terminal industry was on the cusp of a critical turning point, with the high returns on investment achieved over the last 10-15 years under threat from rising competition at a time when investments in new capacity were urgently needed.

"The industry is seeing average and largest ship sizes increase in leaps and bounds – something that was largely absent in the period up to 2009," said Drewry. "Cascading of vessels from one trade lane to another means that all ports are seeing substantial increases in vessel sizes.

"In a low-growth demand environment, the deployment of bigger ships results in lower-frequency services and greater volume peaks. For terminal operators, capex and opex costs are increasing while demand is relatively static."

The downturn in demand growth, rising competition in local port markets, and the concentration of liner bargaining power via M&A activity and super-alliances, has seen the typical EBITDA margins traditionally reported by global container terminal operators in the range of 20-45% become increasingly difficult to achieve.

"For reasons beyond terminal operators' control, costs are rising markedly while revenue is increasing much more slowly," said Drewry.

This will mean in future that terminal operators and shipping lines may cooperate more to mitigate the negative impact of larger ships and alliances, concluded the analyst. Port operators could also seek price hikes from lines, or terminal operators may instead accept a new era of lower margins and returns. "Some operators and investors may choose to leave the market," added the analyst.

Another alternative is that terminal operators may refuse to invest in new capacity because the returns were insufficient for their shareholders. "This is an extreme option that will in effect leave shipping lines with nowhere to berth their large ships," said Drewry.

But, the analyst added, something would have to change. "To safeguard the provision of suitable capacity and productivity for the long term, changes will have to take place to ensure sufficient returns on investment for port operators," said Drewry.

Source: Lloyd's Loading List

PROFESSIONAL QUALIFICATIONS IN INLAND NAVIGATION

The European Transport Workers' Federation (ETF) welcomes the European Commission's adoption of a proposal for a Directive on the recognition of professional qualifications in inland navigation on 18th February 2016. It aims to facilitate labour mobility in the sector, to enhance its attractiveness and to put an end to illegal practices that threaten the level playing field.

For many years the sector has been facing persistent labour shortages and the demographic forecast provides a worsening situation in this area. The sector no longer attracts new and young workers. This has been one of the major obstacles for making full use of the sector's potential and its strategic and sustainable importance to the EU's social and economic development. European social partners

addressed the harmonisation of professional qualifications and competencies within the first Platina project that afterwards was picked up by the European Commission in order to modernise inland navigation professions.
Source: [ETF](), 24/02/2016

Sustainable logistics

UN STUDY ON TRANSPORT FOR SUSTAINABLE DEVELOPMENT

A new study on transport for sustainable development, with a focus on inland transport, was launched on 23rd February at a meeting of the United Nations Economic Commission for Europe (UNECE) Inland Transport Committee. Developed in partnership with all five regional United Nations Commissions, IRU and the International Union of Railways (UIC), the study provides guidance on achieving the Sustainable Development Goals within the Post 2015 Development Agenda. It notably highlights that despite various challenges, transport is central to development and a driver of sustainable growth in providing access to markets and supply chains.

The study is available here.

General

CLECAT JOINS ITF CONSULTATION DAY

CLECAT participated at the 2016 International Transport Forum (ITF) annual consultation meeting held on the 17th of February at the OECD in Paris.

During the event José Viegas, ITF Secretary-General presented the ITF response to COP21, in relation to the theme of the "Decarbonizing Transport project".

The purpose of the consultation was to engage the participants in a dialogue around the main themes of the forthcoming ITF Summits in 2016 and 2017, through roundtable discussions where the participants were able to share their perspectives.

The upcoming 2016 Summit will be held from 18-20 May in Leipzig, Germany, under the Presidency of Denmark and it will explore the theme of "Green and Inclusive Transport."

CLECAT, FIATA, Smart Freight Centre, IRU and the ESC are organizing a side event at the ITF Summit on the 20th of May entitled 'Business and government for Smarter Freight'.

More details will follow closer to the ITF summit dates. For more information please visit the ITF's website at http://2016.itf-oecd.org/.

HOW TO FACILITATE TRADE AND ENSURE COMPLIANCE

TLF, CLECAT and the ESC are jointly organising a full afternoon Forum entitled '**How to Facilitate Trade and ensure Security & Customs Compliance'** during the SITL in Paris on the 22nd March 2016. Issues covered during a number of sessions include eFreight, trade facilitation and the new UCC.

The SITL is a trade show in Paris covering all the links in transport, freight forwarding and the logistics chain.

SITL Europe 2016, taked place on 22-25 March in Hall 6 of the Parc des Expositions, Paris Nord Villepinte. It is a hub for discussion and discovery on the challenges, trends and innovations in the sector. More than 100 conferences will take place during the exhibition.

The 2016 conference programme consists of 10 highlighted themes which have been designed and will be chaired by the members of the Strategic Committee, all of whom are logistics, transport and/or supply chain directors of major companies in manufacturing and retail.

See aslo the SILT website here.

DSLV PUBLISHES ADSP 2016 IN ENGLISH

The German Association for Freight Forwarding and Logistics (DSLV) has published the English version of the Allgemeine Deutsche Spediteurbedingungen 2016 (German Freight Forwarders' Standard Terms and Conditions; ADSp). The ADSp are standardised general conditions that can be used for a contract between a freight forwarder and a shipper.

DSLV published the ADSp 2016 for the first time in 90 years without agreeing on common terms with the four leading German industry and trade associations, who published their own general conditions in the form of the one-sided 'Deutsche Transport und Lagerbedingungen (German Transport and Warehosing Conditions; DTLB).

The demands of the shipper associations that were maintained during the two year long negotiations would have led to uninsurable liability claims and were therefore unacceptable for the forwarders.

EU CYBER-SECURITY FOR TRANSPORT

The European Union Agency for Network and Information Security (ENISA) has launched a public consultation on "the public-private partnership on cybersecurity and possible accompanying measures" which has a section dedicated to security certification. Details about the public consultation are available here.

The European Commission and ENISA are organising a workshop with the title "Security Certification of ICT products in Europe" on the 16th of March in Brussels which will focus on the transport domain. The purpose of the workshop is to assist the European Commission in the policy making process related to security certification, which is part of the EU Cybersecurity Strategy and Digital Single Market Strategy implementation. During the workshop, representatives from private and public sectors are invited to discuss the business case for security certification as well as technical, economic and legal issues related to the certification of security properties in ICT products.

Forthcoming events

CLECAT MEETINGS

Air Logistics Institute
2 March 2016, Brussels

Supply Chain Security Institute
2 March 2016, Brussels

Road Workshop on Market access
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 logistics institute
22 June 2016, Rotterdam

OTHER EVENTS WITH CLECAT PARTICIPATION

DTLF Plenary meeting
16 March & 20 September

Impact of the refugee crisis on the EU transport sector
3 March, Brussels

SITL – CLECAT/TLF/ESC workshop Global Supply Chain Day
22 March, Paris

FIATA headquarters meeting
17-20 March, Zurich

Road Freight Conference
19 April, Brussels

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

UIC Rail Freight Conference
22-23 June Rotterdam, Netherlands

EP/COUNCIL MEETINGS

European Parliament

Transport and Tourism Committee
14/15 March, Brussels

Council of the European Union

Transport, Telecommunications and Energy Council

- **3 March, Brussels**
- **15 March, Brussels**

Contact
Nicolette van der Jagt
Director General CLECAT

Rue du Commerce 77, B-1040 Brussels, Belgium
Tel +32 2 503 4705 / **Fax** +32 2 503 47 52
E-mail nicolettevdjagt@clecat.org / info@clecat.org
@CLECAT_EU

CLECAT
european association for forwarding,
transport, logistics and customs services