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

NEWSLETTER

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News from Brussels

EUROPEAN PARLIAMENT ADOPTS PORTS REGULATION POSITION

On 8 March the European Parliament has greenlighted the Ports Regulation, an important step to make European ports more competitive and increase financial transparency.

During the Plenary, EU Commissioner for Transport Violeta Bulc said, *"Ports are engines for growth. A competitive port sector is critical to the well-functioning of the internal market, and our seaports are gateways from the trans-European network to the rest of the world. Once adopted, the Regulation will facilitate private investment in ports and encourage more efficient public investments and port services".*

In more detail, the proposed Regulation is composed of three parts:

- a transparent and easy access to the market of port services
- financial transparency for port authorities through their accounts in order to ensure a transparent and rational use of public funds,
- mechanisms to handle disputes and consultations between port stakeholders.

After the adoption of the General Approach by the Council in 2014, the TRAN Committee of the European Parliament adopted its report on 25 January 2016. Following Monday's debate in the Plenary, the European Parliament has given a mandate to the rapporteur Knut Fleckenstein and his colleagues to start trilogues with the Council in view of reaching an agreement in first reading.

CLECAT has on many occasions said that the text should allow ports the freedom to organise port services as they desire. The current text as adopted in Plenary remains an empty box, with some of the most essential port services having been excluded. CLECAT calls on the Council and the Commission to improve the text in the upcoming trilogue negotiations.

The Proposal for the Ports Regulation is available here.

SAVE THE DATE – DELIVERING THE EU AVIATION STRATEGY

The Aviation Strategy, presented by the European Commission in December, is supposed to shape the future of the sector in Europe and bring sector's competitiveness back on track. Whether this goal could be achieved depends on a number of factors, including effective implementation thanks to sufficient involvement of the entire aviation value chain.

In order to assess the strategy, a public hearing on the topic of "Delivering the EU Aviation Strategy – getting stakeholders on board" will be held on Thursday, 21 April 2016, at the European Economic and Social Committee.

This hearing will bring together prominent leaders in their field of aviation, including Commissioner Violeta Bulc, who has confirmed her participation. The purpose of the hearing is to collect a wide range of experts' and stakeholders' views on the Aviation Strategy in order to enrich the EESC's forthcoming opinion on this issue.

Road

THE COMMISSION PRESENTS REFORM OF POSTING OF WORKERS

On 8 March 2016, the European Commission presented a targeted revision of the rules on posting of workers, as set out in the 2016 Commission work programme. This reform of the 1996 Posted Workers Directive will complement the 2014 Enforcement Directive on Posted Workers, which is to be transposed in national law by June 2016.

The aim of this proposal is to facilitate the provision of services across borders within a climate of fair competition and respect for the rights of posted workers, who are employed in one Member State and sent to work temporarily in another by their employer. More specifically, the initiative aims at ensuring fair wage conditions and a level playing field between posting and local companies in the host country.

The targeted revision will introduce changes in three areas:

- remuneration of posted workers,
- rules on temporary work agencies,
- long-term posting.

From now on, all the rules on remuneration that are applied generally to local workers will also have to be granted to posted workers. Remuneration will not only include the minimum rates of pay, but also other elements such as bonuses or allowances where applicable.

In particular, the Posting of Workers Directive underpins the initiatives for the road transport sector announced by the Commission in its Work Programme 2016. These measures will aim to further enhance social and working conditions of road transport workers fostering at the same time the efficient and fair provision of road transport services. The two million workers engaged in international road transport operations regularly carry out work on the territory of different Member States, over brief periods of time. In this context, the forthcoming initiatives for the road transport sector should contribute to more clarity and better enforcement of the rules applicable to employment contracts in the transport sector and may address the specific challenges the application of the provisions of the Posting of Workers Directive raises in this specific sector.

The Commission has noted that '*because of the highly mobile nature of work in international road transport, the implementation of the posting of workers directive raises particular legal questions and difficulties. It would be most suited for these challenges to be addressed through sector-specific legislation together with other EU initiatives aimed at improving the functioning of the internal road transport market.*'

For more information see the website of DG Employment and Social Affairs.

Air

COMMISSION EXTENDS GBER TO PORTS AND AIRPORTS

On 8 March 2016 the Commission published the first draft of a regulation modifying the General Block Exemption Regulation (GBER) to widen its scope and include exemptions for investment aid to ports and airports.

This scope extension was already announced in the currently applicable GBER and planned for as soon as the Commission built up sufficient case experience to design comprehensive exemption criteria. After 33 state aid decisions on ports and 54 state aid decisions on airports, the Commission is now ready to propose such criteria. The draft provisions in public consultation seek to ensure, for example, that aid can only be granted for transport-related investments and that the aid does not go beyond what is necessary to make the investment happen, taking into account future revenues from the investment.

This first public consultation on draft provisions to extend the 2014 GBER is open until 30 May 2016. The public and stakeholders are now invited to comment on the Commission's first draft proposals for criteria that identify the types of public investments into ports, which would be exempted from prior Commission scrutiny under EU state aid rules.

Full article available here**.**

First draft of the Regulation and further information on public consultations available here**.**

AMAZON CONFIRMS LEASE OF 20 B767 FREIGHTERS

Amazon has confirmed that its logistics ambitions lie well beyond local warehousing and distribution by signing a series of agreements with Air Transport Services Group (ATSG) to operate an air freight network on behalf of the internet retail giant.

After much speculation about the relationship between the two companies, ATSG announced on 9 March the agreements with Amazon Fulfillment Services, an affiliate of Amazon.com, "to operate an air cargo network to serve Amazon customers in the United States". In conjunction with the commercial agreements, ATSG also has agreed to grant Amazon warrants to acquire, over a five-year period, up to 19.9% of ATSG's common shares at $9.73 per share, based on the closing price of ATSG common shares on 9 February.

The commercial agreements will include the leasing of 20 Boeing 767 freighter aircraft to Amazon Fulfillment Services by ATSG's Cargo Aircraft Management (CAM) business; the operation of the aircraft by ATSG's airlines ABX Air and Air Transport International; and gateway and logistics services provided by ATSG's LGSTX Services.

The duration of the 20 aircraft leases will be five to seven years, while the agreement covering operation of the aircraft will be for five years, ATSG said.

Amazon has been trialling flights in Europe since last November with a view to potentially setting up its own European air freight network, chartering a Boeing 737 to fly between Poland, the UK and Germany, in partnership with DB Schenker Logistics. The aircraft reportedly made five trips a week, flying from Katowice in Poland to Luton, East Midlands or Doncaster airports and then back to Poland via Kassel in Germany, according to the Evening Standard, with the trips linking several of Amazon's biggest fulfilment centres in Europe.

Source: Lloyd's Loading List

Maritime

DREWRY WARNS OF DIMINISHING SAVINGS FROM MEGASHIPS

Global shipping consultancy Drewry has carried out a simulation study of the operational and financial impacts on lines, terminal operators, ports and other supply chain stakeholders as vessel size increases up to and beyond 18,000 teu (twenty-foot equivalent units, the standard metric used to measure a ship's cargo carrying capacity). The study results suggest that the economies of scale, that have been a key feature of the liner industry, may be running out.

Since 2009, leading container shipping lines have engaged in a new-build 'arms race' with vessel sizes increasing at breakneck pace to drive down unit costs and improve profitability. This race-to-scale is set to continue with a further 53 megaships expected to enter service in 2016. While bigger ships help carriers reduce voyage costs, these savings are increasingly offset by higher port and landside costs meaning that total system cost savings are small and declining.

Larger vessels place greater demands on ports, where channels have to cater for deeper draughts and on terminals, which need to upgrade equipment, yard facilities and manning levels to effectively handle increased peak cargo volumes. On a total 'system cost' basis the study found that the upsizing of vessels provides only modest savings for the overall supply chain with efficiency gains being further eroded as vessels size increases beyond 18,000 teu.

Drewry expects that even with no further increase in maximum vessel size, the sheer number of mega vessels expected to be delivered in 2016 will strain terminal resources, as the average size of ships increase the amount of cargo that has to be handled at times of peak container activity.

Key findings from the Drewry study include:

- Combined shipping line and port 'total system' cost savings peak at only 5% of total network costs and economies of scale diminish as vessel sizes rise beyond 18,000 teu
- Terminals will incur significant capital expenditure to handle larger vessel sizes and terminal yard areas will need to increase by one third to avoid congestion, even with no growth in volume
- Scale economies from megaships only work for the total supply chain if terminals can increase productivity in line with increases in vessel size

- Continued vessel upsizing risks, leading to:
  - No significant cost benefit, lower service frequency and/or less choice for shippers
  - Higher supply chain risks as volumes are concentrated in fewer vessels
  - Environmental effects arising from dredging deeper channels and expanding yard area

Tim Power, managing director of Drewry, called for lines and ports need to work in a more coordinated manner if further productivity improvements from the transport system are to be realised. Drewry stated that there is a wider possible implication of these findings for the industry: if economies of scale in liner shipping have finally run their course, future vessel ordering will no longer be driven by the need to secure economies of scale but will instead be based on lines' assessment of future demand growth.

"When this happens, the tendency to structural overcapacity that has plagued the industry will be much reduced," added Power. "If this were combined with a process of continuing industry consolidation, liner shipping might at last be in a position to generate sustainable profitability."

Source: Drewry

Customs

EC PUBLISHES A REPORT ON VAT GAP ESTIMATIONS

On 11 March 2016, the European Commission published a report prepared by the Fiscalis Tax Gap Project Group (TGPG – more information available here) regarding VAT Gap estimations. The TGPG consists of national experts of 15 Member States and its works are coordinated by the European Commission.

The report aims at serving as a guide in the world of tax gap estimations, especially focusing on VAT gap estimations because VAT is one of the main sources of government revenue and because several Member States developed a practice in estimating VAT gap.

The report describes the context of tax gap estimations, explains the definition of tax gap and its composition. It also describes the currently applied methodologies of VAT gap estimations and their limitations and shortcomings. The last part of the report contains descriptions of VAT gap methodologies applied in the Member States of the TGPG (Belgium, Czech Republic, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Poland, Portugal, Slovakia, Slovenia, Spain, and the United Kingdom).

The report is available here.

TAX-RELATED INFORMATION OF MULTINATIONALS

On 8 March 2016, the Council agreed its stance, pending the European Parliament's opinion, on a draft directive on the exchange of tax-related information on the activities of multinational companies.

The directive transposes into a legally binding EU instrument an OECD recommendation requiring multinationals to report tax-related information, detailed country-by-country, and requiring national tax authorities to exchange that information automatically. It covers multinationals with a total consolidated group revenue of at least €750 million.

The Directive incites multinationals to pay their taxes in the country where profits are made. Information to be reported includes revenues, profits, taxes paid, capital, earnings, tangible assets and the number of employees. The EU presidency is planning for an agreement on 25 May 2016.

General

NEW SOLUTIONS ON THE 'SILK ROAD'

The 12th Congress of Southeast European Freight Forwarders and Logistics Providers will be held on 2-3 June 2016 in Odessa, Ukraine, during the transport week in Odessa.

Freight forwarders and logistics companies from Ukraine and neighbouring CIS countries, Bosnia and Herzegovina, Bulgaria, Cyprus, Croatia, Greece, Macedonia FYRO, Moldova, Romania, Serbia, Slovenia, Turkey will gather together to discuss several issues, *inter alia*, about a common path for synergy and optimization of Southeast European Intermodality. More information is available at the following website: http://seeff.plaske.ua/en/

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.

Speakers include amongst others Steve Parker, President CLECAT, Herbert de Saint-Simon, TLF Overseas President, Lothar Moehle, DB Schenker , Jean-François Auzeau, TLF Overseas, Gérard Tessaud, Custom Director at Renault, Lance Thompson, Chair UN/CEFACT Trade Facilitation, Stefane Noll, Cargo e-Business, IATA, Godfried Smit, ESC and Pascal Meyer, Chanel
There will be three sessions:

- Trade facilitation in a new global context
- Embracing digitalisation in air freight
- A new EU Customs Code – Challenges for the business community

The SITL is a trade show in Paris covering all the links in transport, freight forwarding and the logistics chain. SITL Europe 2016, takes 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.

Full details will be available here.

Forthcoming events

CLECAT MEETINGS

Customs and Indirect Taxation Institute
10 June 2016, London

Board/General Assembly
22 June 2016, Rotterdam

Rail logistics institute
22 June 2016, Rotterdam

OTHER EVENTS WITH CLECAT PARTICIPATION

ERFA Annual Event
15 March, Brussels

DTLF Plenary meeting
16 March & 20 September, Brussels

FIATA headquarters meeting
17-20 March, Zurich

SITL – CLECAT/TLF/ESC workshop Global Supply Chain Day
22-25 March, Paris

T&E Conference on decarbonisation of road transport
23 March, Brussels

Road Freight Conference
19 April, Brussels

Port Finance International
20-21 April Antwerp, Netherlands

European Rail Summit
10 May, Brussels

Contact Group UIC / FIATA Meeting
12-13 May Shenzhen, China

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

TEN-T Days and Dutch Presidency Conference
22-23 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
6 June 2015

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