CLECAT european voice of freight logistics and customs services •

Newsletter Issue 12 / 27 March 2015

NEWS FROM BRUSSELS

CLECAT OUTLINES ITS POSITION ON THE WAY FORWARD FOR EU WHITE PAPER

CLECAT has published its Position Paper on the review of the White Paper addressing the future of EU transport policy. CLECAT believes that the logistics sector is best placed to consider transport as a system rather than a collection of individual modes, and this way of thinking must be adopted by the whole transport sector and policy makers. The goal must be to make all modes and the connection between them as efficient and sustainable as possible through infrastructure, ICT and open markets. The success of this will be strongly dependent on the success of key policies aimed at market opening, international cooperation and agreements safeguarding competition in international transport and trade, and greater innovation to improve the efficiency of all modes of freight transport. With this in mind, CLECAT has identified 5 priorities: completion of Europe's single transport market, internationalisation, digitalisation, innovation and better connectivity through sound infrastructure investment.

The CLECAT position paper on the White Paper is available HERE.

Timetable for European Parliament on the White Paper:

- Deadline for amendments 20 April 2015
- Vote in TRAN Committee 28 May 2015
- Vote in plenary July 2015

ECG DINNER DEBATE ON SINGLE EUROPEAN TRANSPORT AREA

The Association of European Vehicle Logistics (ECG) held its annual dinner debate on 24 March, which CLECAT attended. The event discussed the priorities of the finished vehicle logistics sector for a single European transport area, featuring several prominent speakers. Wim Van de Camp MEP, the European Parliament's rapporteur on the mid-term review of the Transport White Paper, noted the importance of co-modality, and said that the EU's strategy should promote the use of rail and inland waterway transport, rather than punishing road transport. He also invited the industry to use the review as an opportunity to lobby on vehicle weights and dimensions, and noted the opportunities offered by intelligent transport systems for a European road charging framework.

Sandro Santamato, the European Commission Head of Unit for Maritime Transport and Logistics, echoed points which he had made at the CLECAT Freight Forwarders' Forum in November 2014, noting the high relevance of the Juncker Commission's priorities for the logistics sector. This includes boosting jobs, growth and investment, the connected digital single market and a deeper, fairer internal market with a strengthened industrial base. Mr Santamato conceded that a lot of work remains to complete the internal transport market, particularly with regard to administrative requirements, including for customs. He noted numerous forthcoming initiatives from the

Commission of relevance to the logistics sector, including the creation of a Digital Transport and Logistics Forum in 2016 and a Road Package which will cover market access, internalisation of external costs and social aspects of road transport.

Also speaking, Dr. Jörg Mosolf, CEO of Horst Mosolf GmbH & Co. KG referred to the Combined Transport (CT) Directive and called for the inclusion of Finished Vehicle Logistics into the current definition of CT as a category of loading unit. He also addressed the current issue of the German minimum wage and its challenges for the European transport industry, questioning how companies could be expected to meet the requirements of the legislation when there was a significant lack of clarity on its application and enforcement even in Germany. MEP van de Camp reminded the audience, which included prominent Members of the European Parliament, as well Commission and Council Officials and logistics company executives, that “the German Minimum wage is a social progress” but conceded that its impact on road transport was challenging and the issue needed to be handled.

CLECAT ATTENDS WORKSHOP ON CRITICAL INFRASTRUCTURE SECURITY

CLECAT attended a workshop hosted by DG HOME of the European Commission on 24 and 25 March, on Insider Threats to Critical Infrastructure. The workshop discussed practical cases where critical infrastructure such as power stations, refineries and aircraft have come under threat from individuals within their own organisation, with a view to identifying how the EU may act to mitigate these threats. Ideas explored for EU action included enabling awareness raising and common training on identifying and dealing with threats, and facilitating cooperation between Member States on background checks.

ROAD

EUROPEAN PARLIAMENT DIVIDED OVER GERMAN MINIMUM WAGE REGULATION

Should national minimum wage laws apply to truck drivers passing through a certain EU Member State? Countries with lower wages are sceptical and the European Parliament is in disarray. The European Parliament was divided in a minimum wage debate on 25th March with Transport Commissioner Violeta Bulc. MEPs in Brussels discussed whether minimum wage regulations in an EU Member State should also apply to foreign truck drivers passing through that country. Bulc made it clear that national regulations must comply with EU law. The Commission has not yet concluded its investigation of German measures and their effects, she said. For this reason, Bulc explained, the Commission cannot yet provide a clear response to the parliamentary question. But, she said, the Commission would address the question on social standards and working conditions in the transportation sector in its legislative proposals for the “road transport package” planned for 2016. Germany was the 22nd EU Member State to introduce a minimum wage when the regulation took effect on 1st January 2015. The European Commission is currently investigating Germany’s enforcement of the new minimum wage law, including for foreign truck drivers in transit. Complaints were submitted from several EU Member States, claiming a limitation of competitive freedom and excessively high bureaucratic obstacles.

At the end of January, the German government temporarily suspended the minimum wage requirements for truck traffic. Germany’s Labour Minister Andrea Nahles explained the reasoning behind the move after a meeting with her Polish counterpart Władysław Kosiniak-Kamysz in Berlin. The new arrangement also applies to inspections which have already been started. “If procedures have already begun, these will be cut short,” the Labour Ministry reported. But the suspension only applies to transit traffic and not to cross-border traffic with a start or destination in Germany. On

21st January, the Commission initiated an EU pilot procedure to investigate whether applying the minimum wage to transit routes through Germany is compatible with EU law. The Ministry said the suspension will apply until the EU's inspection has concluded. On 25th March many MEPs emphasised the necessity of avoiding social dumping and promoting fair competition among transport companies. Some of them suggested introducing an EU-wide minimum wage and called on the Commission to make proposals on the protection of social rights and working conditions for drivers. This should also include a "black list" of companies who disregard the requirements, the MEPs said. Vice Chairman of the Parliament's Committee on Employment, Thomas Mann (EPP), said he was surprised that Bulc did not do anything "meaningful". "In the plenary, she was not able to make any precise indication over whether German minimum wage rules for foreign truck drivers are compatible with EU law or not," he stated. By suspending the minimum wage for purely transit travel, Mann said the German government commensurately reacted to "the sometimes excessive criticism from Eastern Europe". "Now the European Commission should work out how to prevent competition distortions, which burden the employer and the mid-sized companies in the transport and logistics sectors," Mann concluded.

German MEP Jutta Steinruck described the discussion over the legality of Germany's minimum wage law as strange. "In EU law, truck drivers fall under the provisions of the Posting Directive or the Rome I Regulation," said the social and employment policy spokesperson from the German Social Democratic Party. "Both rules make it possible for Member States to create their own rules on the protection of employees from abroad," Steinruck commented. Other MEPs emphasised that the application of national minimum wage laws for transit drivers hinders the free movement of goods. This would contradict the EU's internal market laws and subsidiarity principle, because it creates additional costs and bureaucratic obstacles for transport companies from abroad, the MEPs pointed out. For MEP Gesine Meißner, transport policy spokeswoman for ALDE, the German government has overshot the target with its minimum wage law. "Our European neighbours are right to be frustrated, because Germany is including international transit, so that it can in part decide the salaries for foreign transport companies – not to mention the added bureaucratic burden." On 23rd March, Polish truck drivers blocked streets protesting at the German border against Germany's minimum wage. Road haulage companies from Austria, Poland and Hungary are taking action against the German minimum wage with a constitutional complaint. The complaint was submitted to the German Constitutional Court on 11th March. A ministry spokesperson said the German Labour Ministry will be waiting "calmly" for the Karlsruhe-based court to make a decision
EurActiv, 27th March 2015

BERLIN PAVES WAY FOR PASSENGER CAR TOLLING

After much debate over the details of a controversial tolling regulation in Germany, experts from the centre-right and Social Democratic Party (SPD) agreed on changes to the planned law late night on 23rd March. The Bundestag hopes to decide on the passenger car toll in a roll-call vote on 27th March. One of the key changes is the price for short-term vignettes for foreign drivers. Now, the ten day vignette will not only be available at the price of €10, but also in two other categories: €5, €10 and €15. Two-month vignettes will also be sold in three categories (€16, €22 and €30) instead of the single €22 price planned before. The price category is determined on the basis of the size and emissions of the car. This change is supposed to make it easier for the European Commission to accept the measure, after it pushed Germany to make adjustments. Among other things, the Commission said it considered short-term prices to be much too high compared to the year-long vignette. Alexander Dobrindt, the Minister for Transport wants the toll to be collected from all *Autobahn* users. For domestic drivers, the fee also formally applies to federal roads. But car owners registered in Germany are expected to be reimbursed for the tolling fee through the automobile tax. German drivers must automatically buy a year-long vignette, the bill says, while foreigners can also buy the 10 day or 2 month version. As a result, only foreign car drivers actually pay the toll in the end. Dobrindt plans to start collection of the toll in 2016. After control and other administrative costs, the Minister estimates annual revenue at €500m.

Perhaps the most significant challenge the bill still faces is the European Commission's assessment for possible discrimination against foreigners. The Commissioner for Transport Violeta Bulc indicated that she could see potential for a German passenger car toll in compliance with EU law, during a visit to Berlin at the end of January. After a meeting with Dobrindt, Bulc said she was convinced that "solutions" are possible in the transition to user-financing that are compatible with the EU Treaties. Gesine Lötzsch from the Left Party, who is Chairwoman of the Bundestag's Budget Committee, warned of a "massive waste" of tax money. "The annual cost of collecting the toll, including the cost of the automobile tax, is estimated at €205m. Another one-time cost for both laws in the amount of €456m is added to that," she calculated. Balance this sum and the state must "spend almost half a billion euros to even reach the point of collections." It is doubtful that these revenues will then be higher than the costs. Meanwhile, Austria and the Netherlands are also criticising Dobrindt's tolling plans. In early December Austria's Minister for Transport Alois Stöger presented benchmark results from a legal evaluation. There, he referred to the passenger car toll as an "indirect discrimination" and thereby in violation of EU law. Austria is considering "all legal steps to the extent of a lawsuit" before the European Court of Justice, he said. MEP Claudia Schmidt transport policy spokeswoman for the Austrian People's Party (ÖVP) in the European Parliament also confirmed the country's intent to take action if Dobrindt's plans come through.
EurActiv, 25th March 2015

IRU CONFERENCE HIGHLIGHTS ROAD TRANSPORT KEY ROLE IN BOOSTING GROWTH

Over 200 participants from 12 Eurasian countries discussed road transport's key role and potential for boosting economic growth, at the 10th IRU International Road Transport Conference on "New trends in the development of international road transport in Eurasia", organised in partnership with the Eurasian Economic Commission (EEC) and Executive Committee of the CIS Co-ordinating Transport Council. Conference participants notably adopted a Resolution that calls on competent national authorities to remove barriers to road transport, thus allowing it to boost economic growth across Eurasia through facilitated trade. It highlights the harmonisation of national and international road transport legislation concerning Customs procedures and the full reinstatement of the TIR Convention on the territory of the Russian Federation, as priorities for immediate action. It also recommends increasing access to the road transport market.
Source *IRU, 20th March 2015 (extract)*

EASTERN EUROPEAN TRUCKS VANDALISED IN 'DUMPING' PROTEST

At least 37 trucks and vans registered to Eastern European operators have been vandalised in the last few days in north-western France in what are being viewed as protests against alleged unfair competition from freight transport companies using drivers from lower-wage countries - or 'dumping' as it is sometimes termed in competition parlance. The attacks in the Brittany region have apparently focused mainly on Polish and Lithuanian-registered vehicles and in one incident, seven trucks and trailers were daubed with paint overnight in a lay-by area on a major road linking Nantes and Quimper. A spokesman for the Collectif des Transporteurs Routiers de Bretagne, an organisation set up to defend the interests of the region's hauliers, commented: "One can understand the anger and exasperation of people on seeing Eastern Europe trucks in Brittany when they themselves have no work. But at the same time, we condemn this kind of action; it is not the solution." He continued: "Cabotage is having a very serious impact on Brittany's hauliers, which the government needs to recognise and act upon. If it does nothing, then those behind these acts are doubtless ready to go

further in their protests.” A new French law, passed in the National Assembly last month and to take effect at the end of this year, will impose statutory minimum wage regulations on foreign truck drivers plying international routes to and from France and undertaking ‘cabotage’ in the country.
Lloyd’s Loading List, 23rd March 2015

MARITIME

ALPHALINER: DIFFICULT TO JUSTIFY EXTREME RATE JUMPS ON FAR-EAST EUROPE TRADE

A number of container carriers, including Maersk Line, have announced rate increases from April first of over 100 percent to transport a container from the Far East to North Europe. This is the highest isolated price increase that has ever been announced on the container services between the two continents, and nonetheless hard to justify, says analyst agency Alphaliner on Tuesday in a critical review of the unilateral and repeated rate increases that shipowners have now announced for the fifth time this year.

"In which industry can you find sellers repeatedly announcing price increases of over 100 percent of the prevailing market price, while providing no reasonable justification for their actions? Container carriers on the Far Eeast-Europe trade are doing exactly that, for the fifth time this year," says Alphaliner, noting that although the four previous attempts this year have failed, this has not held shipowners back from implementing yet another unilateral general rate increase of up to USD 1,000 at a time, when the actual spot rate constitutes USD 600 per teu.

According to Alphaliner, the shipowners themselves have contributed to the current situation - with low rates and where the relationship between supply and demand is weak - by deploying newer and larger vessels from Asia to Europe. A total of 51 new buildings from about 4,000 to 19,200 teu will be deployed on these services this year, where the head-haul from Asia to Europe is also expected to see a decline in the total freight rates in relation to a weakened Euro.

The continuous rate increases, which according to SeaIntel Maritime Analysis are expected to take place every other month throughout 2015, are coming at a time when the EU Commission is scrutinizing 14 container carriers' practices and possible violation of competition regulations by publicly announcing and signaling price increases, press releases and information on the companies' websites, which are typically copied quickly by competitors.

"These announcements come several times a year and contain amounts for the price increase and the date for implementation, which generally is characteristic of all communicating companies," confirmed the EU-Commission in a statement in November 2013, where the Commission expressed skepticism towards the fact that companies are allowed to signal future price changes to each other, which can harm competition and the customers with increasing prices on freight of containers between Asia and Europe.
Extract from ShippingWatch , 24/03/2015

EP POLICY STUDY ON MODAL SHARE OF FREIGHT TRANSPORT TO AND FROM EU PORTS

The European Parliament has published a study on the “Modal Share of Freight Transport to and from EU Ports”. The report was requested by the Transport Committee of the European Parliament to provide its Members with a proper, comprehensive and up-to-date outline of freight transport to and from EU ports by mode.

This study sheds light on the modal share of port traffic in the EU, noting that the EU is highly dependent on seaports for trade with the rest of the world and within its Internal Market. 74% of goods exchanged with the rest of the world, and about 37% of exchanges among EU Member States transit through seaports. The report brings together data on port traffic and its characteristics and analyses the various modes used to connect ports with final destinations of goods, including transhipment, short sea operations and inland ports. It supports the assessment of progress made towards reaching policy objectives on the modal shift from road to alternative modes.

The report confirms that road transport is still the predominant choice for freight transport: for a range of reasons including flexibility, reliability, and acceptable cost levels. The use of other land modes such as rail and inland waterways is, however, considered a prerequisite for the competitiveness of a port. A multimodal offer, including fast and reliable services for rail and efficient manoeuvres within ports allows ports to enlarge their catchment area. Inland waterways, where available, are the most cost effective mode to move goods between ports and inland destinations. Their overall capacity is not currently fully exploited, with the exceptions of a few successful cases such as the ports of the Rhine-Scheldt delta, entrance to the richest hinterland of the Netherlands, Belgium, Germany (up to the border with Switzerland), the Danube and, to a lesser extent, France. Inland waterway use for container transport is growing, while for other commodities the trend is quite stable.

The report may be used to inform the Committee's work on the mid-term review of the EU Transport White Paper and the review of the EU Maritime Strategy. The report is available HERE.

European Commission asks Germany to improve its port security

The European Commission has asked Germany to correctly apply the EU port security rules (Directive 2005/65/EC) in North Rhine – Westphalia. The "reasoned opinion" comes following an inspection by the Commission, which revealed that some of the requirements were not being adequately implemented, notably the port security assessments. These rules aim to guarantee a high-level of security in all European ports. Germany now has two months to notify the Commission of the measures taken in order to fully apply the rules. Otherwise, the Commission may decide to refer the case to the European Court of Justice.

RAIL

ERFA urges acceleration towards a market oriented rail system

CLECAT attended the ERFA annual event on the 24th March. EU Transport Commissioner, Violeta Bulc, used the occasion of the ERFA event to highlight the quality and cost challenges in the rail sector. Improving reliability, punctuality and the efficiency of services must be addressed in order to strengthen rail's competitiveness. Commissioner Bulc pledged her support for a 4th Railway Package that ensures fair competition and removes incentives for discrimination against new entrants.

ERFA President Irmtraut Tonndorf confirmed that many discriminatory practices and outdated structures exist that deter growth and investment in the rail sector, as she called for abuses of dominant position on the European rail market to be investigated. The ERFA President invited EU decision makers to set the course for a market oriented infrastructure management that supports rail business with a partnership approach.

At the ERFA seminar event discussing the contribution of open markets for rail development, the success story of today's separated UK rail model was highlighted by Jeremy Long, CEO for European Business at the MTR Corporation. Strong growth in demand for rail services, highest ever number of services, improved quality of stations and trains, were just some of the successes highlighted in the UK, where fair access to the rail network is the norm. The advantage of the separated model in releasing the creative energy of the rail sector was confirmed by Dirk Brueckmann from the ETH Institute in Switzerland, while Erich Forster from Westbahn laid bare the reality of life as a newcomer, where the incumbent has and uses the tools at its disposal to deter competition.

Olivier Onidi, Director for the European Mobility network in the European Commission, concluded the seminar by reiterating the stiff competition rail faces from the other modes of transport. The principle of competition in the rail sector is recognised by every EU Member State, strengthening the European Commission's resolve to conclude a successful 4th Railway Package. Mr Onidi particularly acknowledged that in co-operation with the Competition authorities the EU needed to adopt a more aggressive approach on financial transparency. At a critical time in EU decision-making over the fate of railways in Europe, ERFA reiterates its call for policy-makers to support the fundamental principles of transparency, non-discrimination and fair and equal access to the rail network Europe-wide, as proposed by the Market pillar of the 4th Railway Package.

EU Transport Commissioner, Violeta Bulc, opened the evening event with a speech which can be read here.

Kazakhstan, Azerbaijan, Georgia and Turkey to set up joint transport company

Railpro magazine noted in an online article last week that Kazakhstan, Azerbaijan, Georgia and Turkey intend to set up a joint transport company for rail transport as part of the TRACECA program. The Ambassador to Kazakhstan said: "The countries are currently preparing an agreement on transit transportation," he said. "The program will introduce a single tariff for freight transport and simplify the registration of contracts to suppliers." Kazakhstan and Azerbaijan have great transit potential for connecting China and Europe. "The "Silk Road" project, envisaging the transportation of goods through Central Asia and South Caucasus, will reduce the transportation period by more than twofold – up to 12-15 days."

CUSTOMS

New countries will join the NCTS Convention in 2015

The common transit procedure is used for the movement of goods between the 28 EU Member States, the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland) and Turkey (since 1 December 2012). The procedure is based on the Convention of 20 May 1987 on a common transit procedure. Before the end of 2015 the Republic of Serbia and the Former Yugoslav Republic of Macedonia will also join the NCTS Convention (New Computerised Transit System) for Common Transit. On 25 January 2015 Serbia fully started the national NCTS for all transit operations, including transport by rail, TIR and ATA. Their objective is to join the NCTS Convention for Common Transit on 1st October 2015, but for the Commission there are still some discrepancies in the process and they think that Serbia will join on 1st November 2015. In February 2015 the Former Yugoslav Republic of Macedonia completed the Pre-conformance Testing phase and they expect to join the NCTS Convention for Common Transit on 1st July 2015.

6th Electronic Customs Coordination Group

CLECAT attended to the 6th Electronic Customs Coordination Group hosted by DG Taxud of the European Commission on 23 and 24 March 2015. Among others, information was given by the Commission on the Proof of Union Status, EU Single Window and the NCTS Convention for Common Transit.

GENERAL

CLECAT/TLF Seminar in Paris ' How to Ensure Security and Customs Compliance'

CLECAT, TLF and ESC are organising a Seminar entitled "Global Supply Chains in Air and Sea Freight: how to ensure Security and Customs Compliance?" at the SITL on April 2 in Paris.

The programme will consist of three main panels:

- Global Supply Chain: understanding and adapting to dramatic change 2015/2020
- New models: the submission of advance safety and security declarations
- Innovate and collaborate to win competitiveness and security: the CORE Project example

Confirmed speakers include Lothar Moehle, Director Air Security Standardization, DB Schenker, Damian Viccars, World Shipping Council, David Hesketh, Senior Business Officer, HM Revenue & Customs, Jean François Auzéau, Directeur Douane/Customs Manager, Ziegler Group, Marc Huybrechts, President CLECAT and others.

Registration now open for 2015 Summit on "Transport, Trade and Tourism"

The 2015 ITF Summit theme is ***Transport, Trade and Tourism: Mobility for a connected world***. Trade and tourism are important engines of economic growth but they depend on effective transport systems. Yet transport faces huge challenges as a provider of human mobility and facilitator of goods exchange. Trade patterns will shift, creating uncertainty for supply chains. Growing numbers of tourists will put pressure on international and domestic transport networks around the world, highlighting the need for more sustainable and accessible services and infrastructure. How transport should respond and meet these challenges will be at the centre of debate at the 2015 Summit.

At the 2015 Summit, **FIATA** and **CLECAT** are organising a Side Event entitled ***Logistics connectivity: The key facilitator of global trade***, which the organisers hope you may be able to attend. The Side Event will address the global nature of logistics as the main facilitator of global trade, in the perspective of how the global and regional dimensions interact to build a scenario where stakeholders benefit from one another.

The Summit **programme** is available at www.internationaltransportforum.org/2015. The website will be updated regularly in the lead up to the Summit with confirmed speakers, further session details and other Summit information.

FORTHCOMING EVENTS

CLECAT MEETINGS:

Rail Institute / joint meeting with FIATA
- 23-24 April 2015, Vienna

Board / General Assembly
- 2 June 2015, Brussels

Customs and Indirect Taxation Institute
- 26 June 2015, Ljubljana

Air Logistics Institute
- 13 October 2015 (morning), Brussels

Supply Chain Security Institute
- 13 October 2015 (afternoon), Brussels

Road Logistics Institute
- 14 October 2015 (morning), Brussels

Sustainable Logistics Institute
- 14 October 2015 (afternoon), Brussels

Maritime Logistics Institute
- 18 November 2015, Brussels

Freight Forwarders Forum
- 19 November 2015

OTHER EVENTS with CLECAT PARTICIPATION

Deloitte/EC Workshop on VAT e-Commerce, Brussels
- 30 March 2015

GLEC Multi Modal Action Group Meeting, Schiphol Airport
- 31 March 2015

CLECAT/TLF/ESC Seminar - How to ensure Security and Customs Compliance, SITL, Paris
- 2 April 2015

FERRMED Conference, Brussels
- 22 April 2015

ITS Conference 2015: A Digital Strategy for Mobility: from capacity to connectivity, Brussels
- 24 April 2015

40th Plenary Meeting of the Trade Contact Group
- 24 April 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 TRAN Committee
- 13/14 April

Council (Lithuanian Presidency)
- Transport Council, 11 June 2015.