Newsletter Issue 14 / 10 April 2015

NEWS FROM BRUSSELS

EC PUBLISHES STUDY ON THE STATE OF EU COMBINED TRANSPORT

The European Commission has published a study, prepared on its behalf by a group of consultancies and research institutes, on an analysis of EU Combined Transport. The study assesses the current economic and legal state of combined transport in the EU, as well as investigating trends in the evolution of combined transport and how the regulatory framework may be enhanced.

The study finds that combined transport in the EU has a market share equivalent to 12% of total road freight, and 9% of all surface freight. It notes that while policy-makers and end users wish to see greater use of combined transport, few customers actually make use of it.

Challenges which combined transport faces include:

- Poor performance caused by service providers failing to recognise, adopt or improve on performance benchmarks or continuous innovation;
- The failure of rail liberalisation to achieve full unbundling of infrastructure and train operators;
- Failure to accompany intermodal infrastructure with interoperability;
- Lack of electronic infrastructure for combined transport, such as for data transmission of journey planning;
- Poor data collection relating to combined transport services.

The study identifies incentives which may aid the growth of combined transport, namely direct grants for combined transport operations, and direct grants for the construction of combined transport infrastructure. The study recommends potential review of the EU Combined Transport Directive in order to improve its functioning and implementation by Member States, and further engagement with the combined transport sector to determine the extent to which a high-level data gathering network can be established by voluntary means alone.

The full study can be found HERE.

ROAD

NEW UK HGV SPEED LIMITS COME INTO FORCE

Changes to HGV speed limits in England and Wales came into force yesterday, with the HGV national speed limit on single carriageway roads being increased from 40mph to 50mph and the speed limit for HGVs on dual carriageways increasing from 50mph to 60mph.

The current speed limit was introduced in the 1960s, since when lorry technology has advanced considerably. The changed has been welcome by industry associations as it will modernise an antiquated restriction, which is not matched in most other European countries.

MARITIME

ROTTERDAM CONGESTION 'NOT DUE TO NEW MV2 TERMINAL', INSISTS APMT

APMT has hit back at claims that a slower-than-expected rollout of operations at its new container-handling terminal at Rotterdam's Maasvlakte 2 (MV2) was one of the major factors in the current traffic congestion at Europe's biggest container port.

Leading barge and intermodal operator Contargo will next week introduce a congestion surcharge on containers carried to and from Rotterdam, claiming its barges are waiting three or four extra days at the seaport to unload and re-load shipments, making it necessary to charter extra capacity. (note: strongly criticised by the Shippers' Council EVO in the Netherlands).

Last week, a spokesman for the Rotterdam Port Authority pointed to two factors as being responsible for the congestion: strong container traffic growth and delays in two new handling terminals - one operated by APMT and the other by RWG – coming into service at MV2. Sources had reported that APMT was only handling one ship per week at its new fully automated terminal at MV2, which will be inaugurated 24 April. The other new terminal at MV2, run by RWG, is still in its test phase but commercial operations could start later this month or May.

However, a spokesman for APMT told *Lloyd's Loading List.com*: "To give the impression that our new terminal is operating at a low level of activity and is one of the main causes of the congestion is completely false." He underlined that APMT had no congestion issues either at its MV1 terminal or at MV2, where he said a normal ramp-up of operations had taken place since the end of last year.

Full story at: LLOYD'S LOADING LIST, 8/04/2015

WILL FAIR COMPETITION BETWEEN PORTS BE UNDERMINED BY SUPER-SIZED ALLIANCES?

In an article in Lloyd's Loading List of this week, competition lawyer Gus Braakman, Secretary-General of the European Maritime Law Organisation questions whether antitrust laws are up to the task of ensuring ports are free to compete in the new industry landscape. Hereafter an abstract of his opinion-article:

'Over the past year, the landscape of ports of call for container carriers has been fundamentally changed by two interrelated events. The first event involved the creation of two mega alliances, followed by the upgrading of two more global consortia. Together, 2M, Ocean Three, G6 and CKYHE are now dominating the global containerised liner shipping market. The second event involved the deployment of ever-larger container carriers.' …

Container lines with ultra large boxships wish to berth in as few ports as necessary with as many containers as possible. In order to retain and improve their drawing power, ports must satisfy this wish by accommodating their inner harbours to the draught of this new generation of ships, and their capacity ashore to the number of containers they carry. Failure to do so may result in reduced visits and eventual defeat.

Intra- and inter-port competitions are among the main drivers imposing fierce competitive pressure on cargo-handling services provided by ports. In order to achieve their objectives, ports will probably have to call upon their governments for financial support. Positive governmental responses in this respect need to be assessed within the framework of competition law, more particularly the laws on state aid. This in turn raises the question as to whether competition laws of the jurisdictions of the ports of call are sufficiently equipped, and whether regulatory bodies are sufficiently prepared. These conditions are required to ensure that the measures and investments intended to improve the pulling power of a port of call are assessed from the perspective of fair competition. Unfortunately, when pondering the question as to whether this is in fact the case, I think the answer is "No".

Big international players in the transhipment of containers, such as Hutchison Ports Holding from Hong Kong, PSA from Singapore, and APM Terminals from the Netherlands, have made joint-venture contracts with local port companies and are thus actively involved in the development, financing and management of container terminals in China's most important seaports… However, this does not mean these ports will enter into fierce competition with each other, which will be to the detriment - or even lead to the defeat- of one or more of them. In China, competition issues are assessed under the Anti-Monopoly Law.

As a result, considerations relating only indirectly or not at all to the creation of fair competition and to be interpreted only from the point of view of industrial policy may form the base for assessment of measures and investments meant to improve the drawing power of Chinese ports of call..The four mega alliances are party to 13 conference and discussion agreements. If allowed under the jurisdiction of so-called safe havens, prices under these agreements are fixed, with strategically sensitive information being exchanged on a regular basis, and over a long period of time. To alliances, this would more than likely constitute an important factor in their reconsiderations of traditional ports of call.

Singapore is one of the first ports to have risen to the new challenge, by constructing a new mega port in Tuas. These will double its container-handling capacity. The first phase of development is expected to be completed by 2023... Other ports, such as Seattle and Tacoma in the US, are trying to meet the challenge by stepping up and intensifying their co-operation with each other.

Although the fact that these two ports are vested in the same country clearly enhances their chances of success, at the same time it raises the question as to whether a form of co-operation between ports vested in different countries is conceivable. An economically thriving port is so important to a country that, out of sheer necessity, the only remaining alternative for ports and governments to avoid kowtowing to the strategies of mega alliances may be to seek and intensify co-operation with ports and governments of other countries. This would make co-operation between ports such as Rotterdam and Antwerp a feasible option indeed….'..
Extract - Source: Lloyd's List, 8/04/2015

RAIL

RUSSIAN RAILWAYS LOGISTICS TAKES STAKE IN LATVIAN RAIL FREIGHT FORWARDER

Russian Railways Logistics has acquired a 50% stake in Riga-based freight forwarding company Liepājas Naftas Tranzīts through its RZDL Multimodal business. Announcing the deal on 9th April, RZDL said its aim was to expand the rail freight market and establish a 'consolidated rail transport chain' connecting with Latvia's ports which would enable it to offer westbound transit services with 'stability and regularity'. RZDL will also provide LNT with legal support in the Russian market.

RZDL is a subsidiary of the United Transport & Logistics Co. intermodal freight joint venture of the national railways of Russia, Kazakhstan and Belarus. It "is developing business in Europe and Asia as a priority", according to RZDL Chief Executive Pavel Sokolov. "Currently we have a joint venture Euro Rail Trans operating in that area. We believe that the co-operation with the Latvian-based freight forwarder will give us a lot of new opportunities in the multimodal transport market in the EU."

Source: Railway Gazette, 9/04/2015

SNCB Logistics privatised

Pan-European private equity house Argos Soditic has taken a 66% stake in SNCB Logistics, the freight division of the national railway, as part of a financial restructuring of the operator. The agreement adds €70m to the capital of SNCB Logistics, of which €20m has been contributed by Argos Soditic and the remainder from external sources. In addition, SNCB has converted into cash a €25m subordinated loan which it had previously agreed to provide to its freight arm. SNCB remains a minority shareholder in SNCB Logistics and expects to work in partnership with Argos Soditic to develop "new products and services" and "place clients and their needs at the centre of developments".

After several years of heavy losses, SNCB Logistics posted EBITDA earnings of €11m in its full-year 2014 results, which Gilles Mougenot, Partner at Argos Soditic, says is a testament to the strength of the SNCB Logistics management team led by Geert Pauwels. "SNCB Logistics' strong link with the Belgian ports (Antwerpen, Zeebrugge and Gent) can prove to be a strong catalyst for its future growth", Mougenot told Railway Gazette's sister title DVZ. "All the conditions are there for us to invest. We see a lot of potential for SNCB Logistics to become a game changer in the Belgian and European rail freight market."

Source: Railway Gazette, 2/04/2015

AIR

State aid: Commission approves three aid schemes for the French aviation sector

On April 7, the Commission approved, for the first time, three state aid schemes for airports and airlines on the basis of the new Guidelines on State aid to airports and airlines adopted in February 2014. The Commission considers, in particular, that these schemes for the French aviation sector promote regional connectivity without causing undue distortion of competition in the Single Market. The schemes will enable France to grant individual aid that complies with the criteria laid down in the Guidelines without further intervention by the Commission.

Ms Margrethe Vestager, Commissioner responsible for competition policy, said: "*These Commission decisions illustrate the effectiveness of the new rules on state aid to airports and airlines. The three aid schemes approved today will enable more sustainable support to the European aviation sector, thereby improving the mobility of citizens.*"

The three aid schemes notified by France concern the three main types of aid governed by the new Guidelines, namely investment aid and operating aid to airports and start-up aid for new routes. The

Commission takes the view that the schemes, which have been approved for a period of 10 years, and the monitoring arrangements put in place by the French authorities will ensure that France complies fully with the new Guidelines.

The schemes will provide a clear and effective legal and economic framework for aviation operators, while promoting the coherent use of public funds for the benefit of the various stakeholders. The aid will therefore help to improve regional connectivity, combat air traffic congestion and facilitate regional development.

The new Guidelines on state aid in the aviation sector offer Member States a degree of flexibility in granting investment aid which they consider necessary for regional airports. In addition, operating aid may be granted for a transitional period of 10 years to airports with fewer than 3 million passengers. Airports with up to 700 000 passengers may benefit from operating aid regardless of any transitional period. The objective of the Guidelines is to maintain the accessibility of regions and promote regional economic development, while avoiding duplication of unprofitable airports, waste of public resources and undue distortion of competition.

Source: European Commission Press Release, 7/04/2015

SUSTAINABLE LOGISTICS

EU TO CO-FUND DEVELOPMENT OF GREEN FUEL INFRASTRUCTURE IN FRENCH WATERS

The EU's TEN-T Programme will co-finance with nearly €500,000 a regional project supporting the use of alternative fuels, in particular liquefied natural gas (LNG), in the Seine river and the French Channel area. The project is expected to reduce environmental impact and cut down on fuel consumption in water transport.

The project aims to introduce greener fuels in French regional water transport and pave the way to their wide deployment in line with the new EU requirements on the reduction of maritime transport emissions. This study will focus on the regulation, safety and installation aspects of the necessary infrastructure to support the deployment of alternative fuels. It will also transfer knowledge to about 75 stakeholders in eight ports through a specific training programme preparing the participants on the use of low emission fuels. The project is to be completed by December 2015.
Source: European Commission, 9/04/2015

GENERAL

ITF ANNUAL CONSULTATION DAY 2015 - SUMMARIES NOW AVAILABLE

The summaries of the discussions from the Consultation Day with International Organisations held on 12 February at which CLECAT participated are now available on the ITF website HTTP://INTERNATIONALTRANSPORTFORUM.ORG/ABOUT/INT-ORGS.HTML.

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.

SMART FREIGHT LEADERSHIP 2015

Smart Freight Centre (SFC) and Business for Social Responsibility (BSR) will organize a one-day event, **"**Smart Freight Leadership**",** on May 26 2015 in Leipzig, Germany. The event aims to mobilize smart climate resilience in the freight transport sector. The one-day event will address what it means to be a smart freight leader, including how to:

- Translate climate risk, build the business case, and set ambitious emission-reduction targets for a company's global logistics supply chain.
- Collaborate with other leaders to mobilize industry-wide action for measurement, reporting, and emissions reductions, including through green freight programs.
- Develop strategies to overcome market and policy barriers and accelerate the uptake of solutions covering fuel, vehicles, freight movement, and modal shift.

Smart Freight Leadership 2015 is part of the BSR Spring Forum, a series of events on climate, and builds on BSR's climate strategy Business in a Climate-Constrained World as well as SFC's Smart Freight Global Framework for Action. The event will precede the International Transport Forum Annual Summit 2015, "Transport, Trade, and Tourism."

More information about the event, agenda, and speakers is available HERE

FORTHCOMING EVENTS

CLECAT MEETINGS:

Rail Institute / joint meeting with FIATA/UIC
- 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

<u>OTHER EVENTS with CLECAT PARTICIPATION</u>

FERRMED Conference, Brussels
- 22 April 2015

7th European Logistics Summit
- 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

Panel discussion on differentiated port infrastructure charges, Brussels
- 27 April 2015 at 14:30-17:30

iCargo Final Event, Transport Logistics Trade Fair, Munich
- 6 May 2015 at 12:00-17:00

ITF Summit Leipzig
- 27-29 May 2015

Conference "Driving Road Decarbonisation Forwards", Brussels
- 18 June

EP TRAN Committee
- 13 April (afternoon)
- 14 April (morning and afternoon)
  - EFSI + Amending budget - **vote** / Riquet / Ayala Sender
  - White paper on Transport - presentation of draft report / Van de Camp
- 4 May (afternoon)
- 5 May (morning and afternoon)

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