Newsletter Issue 19 / 15 May 2015

NEWS FROM BRUSSELS

CLECAT AND FIATA AT THE ITF: BOOSTING GROWTH THROUGH LOGISTICS CONNECTIVITY

On the 29th May CLECAT and FIATA will be hosting a panel debate during the 2015 ITF Summit in Leipzig. The side event ‘Boosting growth through logistics connectivity’ will address the global nature of logistics as the main facilitator of global trade. It will showcase that a successful logistics sector is both a cause and effect of greater connectivity with the rest of the world, and the prosperity which comes with it.

Questions for debate are:

- How do trade lanes change from here until 2025 – regional and global perspectives?
- Chances and challenges of the EuroAsian land corridors
- Why population growth and demographic changes are important for logistics providers?
- Investments in connectivity through cross-border infrastructure, a coherent regional policy where both sides are the winner.
- Improving connectivity in logistics through greater information sharing and use of publicly available data
- How intermodal transport integration can be enhanced by 'corridor platforms' – the example of the EU core network corridor approach.

The debate will be moderated by **Christian Doepgen**, Chief Editor International Transport Journal
Speakers include **Olivier Onidi,** Director for the European Mobility Network at the European Commission, Director General DG MOVE, **Eva Molnar**, Director, Transport Division, UNECE, **Klaus Tilmes,** Director Trade and Competiveness, The World Ban, A**ndrea Galluzzi**, Corridor, Managing Director of Rail Freight Corridor 6, O**liver Peltzer,** Commission Vice-Chair Trade Facilitation Committee, ICC, **Francesco Parisi**, President FIATA and **Nicolette van der Jagt**, Director General, CLECAT.

The Summit **programme** is available at www.internationaltransportforum.org/2015.

ROAD

CROSS-BORDER CIRCULATION OF ECO-COMBI’S

MEP Marian Harkin (ALDE) received a reply in response whether EcoCombi trucks with a gross vehicle weight of 60 tonnes and 25.25 metres long are allowed to cross borders within the EU.

In an answer given by Commissioner Bulc on behalf of the Commission it was noted that "intensive debates have taken place on this subject, both in the Parliament and the Council, since the Commission adopted its proposal in April 2013. The result of those debates is that both institutions decided not to amend the existing provisions of Directive 96/53/EC with regard to cross-border traffic of heavier or longer vehicles, as no compromise could be reached.

The Commission considers consequently that the clarification of these existing provisions provided to Mr Brian Simpson, the Chair of Committee on Transport and Tourism, in its letter of 13 June 2013 remains unchallenged, meaning that longer trucks can cross one and only one border between two adjacent Member States applying identical derogations on their own territories and which do so without discrimination to all hauliers. The limitation to the crossing of one border only is meant to prevent unfair international competition between national operators and operators of other Member States. Such derogation does not apply to heavier or higher vehicles."

Source: Parliamentary questions, 6/05/2015

MARITIME

Mixed Picture for Schedule Reliability as new Alliance services bed in

Research from SeaIntel shows that while schedule reliability was down overall across the industry during March, the performance of the individual alliances varied greatly across trade lanes and alliances. The 2M alliance between Maersk Line, individually the top performer on the Asia-Europe trades, and MSC, which was often found in the lower end of rankings in these trades, ranked as the best performer in the total east-west schedule reliability, according to SeaIntel – but only just. 2M's 67.5% schedule reliability put it slightly ahead of the CKYHE alliance's 65.8%. But the other newcomer, the Ocean 3 alliance of CMA CGM, UASC and CSCL, could only muster 61.1%, putting it just behind the G6 alliance at the bottom of the pack in March.

Viewed over the period in which the two new alliances have been operating, however, the data gives a slightly different picture of performance. The performance of the 2M alliance fell by 11.8 percentage points from just under 80%, whereas the Ocean Three carriers leapt 5.9 percentage points from 55% reliability. SeaIntel says it is still too early to determine whether Ocean Three's performance was hampered by start-up issues in January and will continue to improve, or if this is the level at which it can be expected to perform.

On individual trade lanes the picture varied. Transpacific services to the west and east coasts of the US were best served by the G6 and CKYHE alliances, both of whose performance increased over the period from January to March. The 2M alliance again slipped over the period, again by more than 11 percentage points, down to 24.1%. The Ocean Three alliance, too, saw some improvement, but from a base level from which it would be hard to get worse. None of its schedule transpacific services arrived on time in the January/February period, but one of its 46 vessel calls, or 2.2%, arrived on schedule in February/March.

Early start-up issues and US west coast port congestion make it hard to draw any conclusions on Ocean Three's performance, and reliability across all alliances on this trade lane was dire. The industry average for all carriers was only 40% of vessels arriving within a day of their scheduled arrival.

On the Asia-Europe trade lane, the 2M alliance was the best performing across the whole period, although the CKYHE alliance snuck ahead by 0.5 percentage points at the end of March, according to SeaIntel. “Before Maersk Line entered the 2M alliance, their average performance in this trade lane was 96.7% from March 2014 to December 2014, and in January to March 2015 it has been 91.1%,” SeaIntel said. “For MSC, the comparison looks much better, as their performance on average used to be 61.5%, but rose to 91.1% like Maersk Line. So clearly MSC has gained a much higher performance by entering into partnership with Maersk Line, while Maersk Line has seen a small drop.”
Article from Lloyd's List 12/5/2015

RAIL

Xrail Alliance to further boost the European Wagonload

In a press release from 5 May, Xrail, the Alliance of six leading European rail freight companies, notes that “it has continued its efforts to significantly enhance the international wagonload and will start with pilots for international capacity booking in 2015.”

“Based on their unanimous decision to boost the wagonload traffic across the European borders, the Xrail members have made considerable progress to achieve industry change for rail freight by accomplishing successful turnaround programmes and by implementing capacity-managed networks respectively. Wagonload still forms the crucial backbone for rail freight traffic with a share of up to 30% and an estimated volume of about 85 billion tonne kilometres within Europe. Xrail continues to substantially enhance the international wagonload with the implementation of international capacity booking.

With the XCB (Xrail Capacity Booking) initiative, all Xrail members establish capacity controlled networks on domestic level. The central broker system, developed by Xrail, will connect these domestic systems to enable simple and seamless wagonload bookings between the six partners with full coverage across the entire Xrail network. Shippers will be provided with an estimated time of arrival (ETA) at the time of booking and perceive a new level of quality and efficiency for their European wagonload transport. The first pilots for international capacity booking are currently in preparation and will be operated in the autumn of 2015.

From 2015 onwards, the chairmanship of the Alliance will rotate annually among its members. For the time being, Nicolas Perrin, CEO of SBB Cargo, and Jan Kilström, CEO of Green Cargo, have taken over as Chairman and Vice-Chairman of Xrail respectively.
Note CLECAT: Last month it was announced that CD Cargo leaves the Xrail Alliance to focus on domestic Wagonload
Source: WWW.XRAIL.EU

AIR

UNECE and IATA Strengthen Cooperation for Trade Facilitation Implementation

IATA and the United Nations Economic Commission for Europe (UNECE) have signed a Memorandum of Understanding (MoU) to strengthen their support to developing countries seeking to implement the World Trade Organization (WTO) Trade Facilitation Agreement.

The Agreement promises enormous potential for countries to reduce transport costs by up to 10% through more efficient facilitation, making them more competitive in the global economy. Specifically for air cargo, countries implementing the Agreement will need to build capacity to facilitate automated and smart border solutions and secure supply chain processes. Through the MoU, IATA and UNECE will help developing countries implement the relevant measures to realize the costs savings.

"The Air Cargo industry ships around 35% of global trade by value. For up to 90% of the 'transport' time the goods may actually be on the ground waiting to be processed. Aligning regulation and procedures with global standards and best practices has the potential to deliver major efficiency gains. That's the aim of the WTO Trade Facilitation Agreement which presents a great opportunity for our industry to reduce these delays and costs, particularly in developing countries. Together with UNECE, we will work with developing countries to simplify their procedures and enhance their facilities. This is a win-win scenario for everyone – the industry, economies and local communities," said Tony Tyler, IATA's Director General and CEO.

"UNECE, through our UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT), has worked with the business community for many years to develop trade facilitation recommendations and standards that reduce the cost of doing business. An excellent example of the application of these instruments is the IATA e-Freight Programme which reflects UNECE standards. This MoU with IATA will strengthen the implementation of our standards in developing and least developed countries, and as a consequence, help create growth and new jobs," said Christian Friis Bach, UNECE Executive Secretary.
Source: IATA Press Release, 12/05/2015

FORWARDERS 'MUST INNOVATE TO SEE OFF DISRUPTORS'

Major freight forwarding and third-party logistics providers have the responsibility to develop innovative new booking and logistics platforms in order to see off a potential threat from so-called "disruptors". At least that was one of the conclusions that came from a panel debate at last week's Air Cargo Europe conference at Transport Logistic in Munich.

In the discussion entitled 'eCommerce in Airfreight: Possibilities and Priorities', panelists acknowledged that there was a potential threat from new technology-driven companies, particularly those within the e-commerce space such as Uber, Google, or Amazon - or as yet unidentified players - either looking for better transport and logistics solutions to give them a competitive edge or seeing a competitive opportunity to bring new models to the market.

Tim Scharwath, executive vice president for air logistics at Kühne & Nagel, said the company's recently launched integrated web application for air freight quotations, booking and tracking services, KN FreightNet, had attracted significant interest from customers, particularly among e-commerce shippers. He said he believed that the larger freight forwarders were up to the challenge, but said it would require them to recruit new talent from outside of the traditional freight forwarding and logistics sector, including from the "disruptors" themselves. "That is what we did when developing our product," he told *Lloyd's Loading List.com*.

In a debate the previous week at the UK's Multimodal event about whether there was a skills gap in air freight, TIACA vice-chairman Enno Osinga said he believed there was a genuine threat of "disruptors" moving into the air cargo space. Osinga, the outgoing head of cargo at Amsterdam Airport Schiphol, said that if air freight wanted to be innovative and come up with fresh solutions that improved its efficiency, it needed to recruit and educate staff about the wider logistics and supply chain market.

However, Robert Keen, secretary general at the British International Freight Association (BIFA), was dismissive of this suggestion, arguing that freight forwarding could hold its own and that specific training in air freight was sufficient. He argued that there was no significant skills gap *per se*, but said there was a challenge attracting school leavers to join the sector at the "ground level".

Source: Lloyd's Loading List, 8/05/2015

'Time to focus on shipper needs' – more air cargo carriers switch to all-in rates

Shippers and forwarders are welcoming the near-silent move by many airlines to introduce all-in rates. Emirates opened the floodgates at the start of the year, quickly followed by Qatar – but now many other carriers are following suit, albeit with no major announcements. "This is the time for carriers to make changes," said Joost van Doesburg, air freight policy advisor for the European Shippers' Council.

"Shippers will demand more all-in air cargo rates, and we need to make the air cargo mode more attractive for the customers. Surcharges were always the number one source of frustration for shippers. So it time to focus on their needs and wishes," he added. Mr van Doesburg agreed that a mix of processes in the market made buying air freight more complicated.

"Forwarders and shippers do not like to deal with different administrative systems (one with and one without surcharges). They want uniformity – one system – to pay for logistics services that is easy to understand and handle. Transparency makes it easy to compare different suppliers."

However, in a remark that could alarm carriers that know on occasion how contracts can simply be torn up if spot rates sink, he added: "Shippers want stable prices that are predictable, with the option to fix the prices for over six months to a year. "The pressure on those that will not abandon surcharges will increase significantly from the forwarders' and shippers' side."

Source: The Loadstar, 12/05/015

CUSTOMS

Hungary's electronic road transportation control system

MEP Daniel Dalton (ECR) received a reply in response to a question on EKAER, Hungary's electronic road transportation control system, which was introduced on 1 January 2015 to fight VAT fraud on certain goods transported on public roads. MEP Dalton stressed that whilst the objective of fighting fraud is welcomed, many transport and logistics companies have raised concerns about the new system, believing that it imposes cumbersome administrative burdens and will entail significant overheads. Moreover, there is growing unease that the EKAER system will make it increasingly difficult for foreign operators to provide transnational transport and logistics services in Hungary. He then remarked that whilst the Hungarian tax authorities announced that no controls would take place during January and February, a lot of uncertainty remains about how exactly this new system will be applied and enforced. MEP Dalton asked whether the Commission have any plans to investigate this issue and to determine whether this system is compatible with EU law.

Mr Moscovici, on behalf of the Commission, answered by saying that the Commission has received a great number of complaints concerning the Electronic Road Freight Monitoring System (EKAER). The aim of the EKAER system seems to be the provision to tax authorities with information on a wide range of supplies of goods, to be used for the purposes of risk analysis in the context of the fight against VAT fraud.

He emphasised that while Member States are in principle entitled to adopt measures necessary for the correct collection of VAT and to prevent tax evasion, such measures cannot restrict the free movement of goods by imposing disproportional administrative obligations on economic operators. He underlined that the Commission is currently examining whether or not the EKAER system complies with the principle of proportionality. In that context, it has requested information from operators on the practical implications of the functioning of the EKAER system.

Source: PARLIAMENTARY QUESTIONS, 11/05/2015

EU and Turkey announce modernisation of Customs Union

On 12 May 2015, EU Trade Commissioner Cecilia Malmström met with the Minister of Economy of Turkey Mr Nihat Zeybekci to agree to modernise the 20-year-old Customs Union Agreement and to enhance EU-Turkey bilateral trade relations. This agreement follows technical discussions held over the last 12 months on the respective expectations and ambitions for new preferential bilateral trade relations. Both sides will now undertake their respective internal procedures to adopt this initiative and to seek the corresponding negotiating mandates. Turkey is a candidate country, and accession negotiations to the EU are ongoing. The enhancement of bilateral trade relations is not an alternative to the accession negotiations of Turkey, but complementary to it. Turkey is also a very important trading partner for the EU: Turkey is the EU's sixth biggest trading partner, whereas the EU is Turkey's biggest trading partner. The aim of this new commercial framework is to further develop the trade relations between the EU and Turkey.

Upgrade of the EU-Mexico Free Trade Agreement

On 11 May 2015, EU Trade Commissioner Cecilia Malmström and the Mexican Secretary of Economy Ildefonso Guajardo Villarreal met in Brussels and announced the joint intention to upgrade the EU-Mexico Free Trade Agreement. On this occasion, Commissioner Malmström commented: "*The EU and Mexico are strategic partners, linked through a Free Trade Agreement which, in the last 15 years, has multiplied our trade, our investments and created economic growth and jobs for both sides. Our agreement has removed mostly tariff barriers, and now our businesses face other types of barriers that we need to tackle. Our Agreement needs to adapt to a new reality. Therefore, we will make the modernised EU-Mexico trade agreement comparable to our deal with Canada and to what TTIP will become. I will request a mandate from the Council to launch negotiations this year and we will prepare the ground for the EU-Mexico Summit on 12 June 2015*." The EU and Mexico are currently engaged in a scoping exercise (in the form of a Joint Vision Report) to ensure that both sides share a common understanding of the scope and level of ambition needed for a successful modernisation. They expressed their confidence in that the scoping exercise would be concluded soon.

The speech Commissioner Malmström gave is available HERE.

GENERAL

PROGRESS REPORT ON TEN-T CORRIDORS

At the TRAN meeting of the Europeran Parliament earlier this month, the Coordinators of the TEN-T corridors Pat Cox and Mathieu Grosch presented their report for the first year after the TEN-T and CEF regulations entered into force. The biggest achievement was the preparation of individual work plans that will be presented to the Committee by all the Coordinators in the coming months. These plans were elaborated with stakeholders on a local, regional and ministerial level.

The European Commission nominated a European Coordinator for each of the nine core network corridors. It has also nominated European Coordinators for two horizontal priorities: the European Rail Traffic Management System (ERTMS) and Motorways of the Sea. These coordinators act in the name of the European Commission and on its behalf.

Mr Cox stressed that they had the policy (the two Regulations), the implementation instruments (the corridors and the work plans) and the political consensus. Now they need to move from design to delivery. He saw their job as coordinating steps to transform a patchwork into a network by creating the TEN-T corridors. According to an external study, not implementing the corridors would cost €623 billion for the period 2015 – 2030 and 12 million jobs would not be created.

Members were mostly interested in the relationship between the financial instruments and the European Fund for Strategic Investments, and the selection criteria for infrastructure projects.

Mr Grosch pointed out that not all transport modes could be financed with the same financial instruments. Public-Private Partnerships were not excluded and project bonds could also be applied. EFSI should not be seen as a replacement for the Connecting Europe Facility, but rather as a complementary instrument. When determining which type of financial instrument should be used, the economic and social aspects should also be considered.

Members welcomed the new working method of the European Coordinators whereby they meet collectively with Member States that are concerned by the specific corridors. Working with Member States in this way enhances their understanding of each other's problems and enables solutions to be found more easily. Mr Grosch emphasised that Coordinators did not have the means to enforce a certain decision upon a Member State, hence the importance of the widest possible cooperation.

Members agreed that selecting projects and determining their viability should take into account not only the cross border links, the European added value, intermodality and interoperability, but also the long amortisation period of the transport infrastructure projects. It was also confirmed that the workplans which were developed in 2014 would be reviewed and updated every two years, starting in 2016.

Source: TRAN Newsletter, 4/05/2015

TEN-T DAYS REGISTRATIONS OFFICIALLY OPEN

Registrations for the 2015 TEN-T Days, which will take place in Riga (Latvia) on 22-23 June 2015, have officially opened. To register, please visit the conference's website, where you will also find a wealth of information including the draft agenda, locations, exhibition as well as practical information.

As in the past, INEA is collaborating with DG MOVE on certain aspects relating to the organisation of the conference and will offer its expertise in TEN-T project management in the various thematic sessions.
HTTP://INEA.EC.EUROPA.EU/EN/NEWS EVENTS/NEWSROOM/TEN-T-DAYS-REGISTRATIONS-OFFICIALLY-OPEN.HTM

FORTHCOMING EVENTS

CLECAT MEETINGS:

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

ITF Summit Leipzig
- 27-29 May 2015

High-Level Conference 2015 - "A Social Agenda for Transport"
- 4 June 2015

EC Conference "Driving Road Decarbonisation Forwards", Brussels
- 18 June 2015

Workshop on co-operation between EU Rail Freight Corridors and OSJD Corridors, Brussels
- 18-19 June 2015

FERRMED Conference, Brussels
- 17 November 2015

EP TRAN Committee
- 28 May 2015, morning and afternoon
  Agenda available HERE
- 15 June 2015, afternoon
- 16 June, 2015, morning and afternoon

Council (Lithuanian Presidency)
- Transport Council, 11-12 June 2015