Newsletter Issue 28 / 29 July 2015

ROAD

Seminar on EU Road Package

The Commission has initiated the preparations for an EU Road Package, which is planned to be adopted in 2016. The Road Package will address several pieces of EU legislation in the area of road transport grouped under three pillars: 1) Road Charging, 2) Access to the market and to the profession (haulage and passengers) as well as 3) social matters and enforcement.

As part of the preparatory work, the Commission intends to organise seminars with groups of stakeholders to discuss the above issues and, very importantly, the inter-dependence of these issues which requires a more horizontal approach of road transport. A widely discussed example in this context is the link between access to the market (i.e. cabotage) and social/enforcement matters.

CLECAT has been invited to in a seminar to discuss issues related to freight transport with a focus on market/social issues, which will take place on 28 September 2015.

Following the meetings, the Commission will draft a short report, which will serve as a basis for further discussions during the course of the work on the Road Package.

In addition to participating in the seminar, stakeholders are invited to participate in the public consultations that the Commission will launch for the preparation of the legislative proposals, which are expected to be launched toward the end of 2015.

Transport ministers approve Quality Charter for road freight

A Quality Charter for international road haulage operations has been approved by the Transport Ministers of the ITF European member countries.

The Quality Charter establishes qualification standards for companies, managers and drivers and will enter into force on 1 January 2016. It applies to pan-European road haulage operations under the Multilateral Quota system established in 1974 by the European Conference of Ministers of Transport (ECMT), which evolved into the International Transport Forum (ITF) in 2006.

In a statement issued with the approval of the Quality Charter, ministers of the European member countries of the ITF "commit to engage their efforts towards having the provisions of the Charter applied to all international transport operations carried under the ECMT Multilateral Quota as of 1 January 2018."

José Viegas, ITF Secretary-General, which manages the Multilateral Quota system, said: "The approval of the Quality Charter is a major step towards harmonisation of conditions in the pan-European road freight transport market. The Charter, alongside the incitation mechanisms already in place for adoption of the most technologically advanced trucks, will establish the Multilateral Quota system as a symbol of quality, safety and environmental standards in road transport."

The Quality Charter is available here

Source: International Transport Forum Newsletter, July 2015

MARITIME

TT Club Urges Immediate Action on Box Weighing

TT Club welcomes the initiative of the World Shipping Council (WSC) in its recent publication of guidelines to the industry in relation to implementing the SOLAS requirements that become mandatory on 1 July 2016.

Unlike the CTU Code, which forensically seeks to identify the chain of responsibility for everyone involved in the movement of freight, the amendment to the Safety of Life at Sea Convention (SOLAS) mandating the verification of gross mass of container overtly only names the ‘shipper’, the ‘master’ and the ‘terminal representative’, and – by implication – the competent authorities.

Arguably, each carrier will need to amend systems and processes to capture ‘verified’ information. However, the simplest might be to amend the booking process, so that the gross mass information is left blank in the system until ‘verified’ data are available. This will be effective if it is clearly understood by all partner lines and terminals with whom the line communicates. The explicit obligation of the master is simply that he shall not load a container for which a verified gross mass is not available.

Recognising the pivotal nature of the port interface, the ‘terminal representative’ has been drawn into the new regulation as a key recipient of information for ship stow planning and, critically, in a joint and several responsibility not to load on board a ship if a verified gross mass is not available. There has been considerable debate as to whether terminals need to position themselves to be able to weigh containers, not least because of the cost of creating appropriate infrastructure, and amending systems and procedures, with uncertain return on investment. In addition there are commonly incidences of containers packed at the port, in which case the terminal activities could include assisting the shipper in producing the verified gross mass.

The full article is available HERE.

France makes job-saving offer to end Calais port stand-off

DFDS suspended its Dover-Calais ferry services over the weekend until further notice as protesting French ferry workers once again denied the Danish group's vessels access to French Channel port.
The action by members of the Syndicat Maritime Nord (SMN) seamen's union means that P&O Ferries is once again the sole ferry operator with access to Calais raising the prospect of a fresh wave of congestion affecting cross-Channel freight traffic.

However, as *Lloyd's Loading List.com* was going to press there was little sign of delays starting to kick-in on either P&O Ferries or Eurotunnel's truck shuttle services. DFDS has invited its customers to switch to the group's Dover-Dunkirk services during the disruption. Meanwhile, Eurotunnel, DFDS and the workers co-operative of ex-MyFerryLink staff, SCOP SeaFrance, will meet later today in Paris for talks under the auspices of French Transport minister, Alain Vidalies, to discuss a draft agreement aimed at resolving the dispute which has disrupted cross-Channel freight traffic for the past month.

The French government unveiled proposals on July 23 to save hundreds of local ferry jobs and end a dispute at the northern port of Calais that has disrupted traffic through the Channel Tunnel for weeks. The dispute has added to public order concerns in Calais, where thousands of migrants from Africa and the Middle East have gathered in the hope of jumping trucks to get to Britain.

The protests and disruptions to Channel Tunnel traffic have created major jams on both sides of the English Channel in recent weeks, often giving an opportunity to migrants fleeing war, political turmoil and poverty to board lorries and trains heading to Britain where they hope to find work or claim asylum.

Source: Lloyds' Lloyding List & The Loadstar, 27/07/2015

DEEP-SEA ALLIANCES: IS THE STRAIN BEGINNING TO SHOW AS THE PEAK SEASON DISAPPOINTS?

With the peak season appearing to offer no immediate lift to freight rates, reports suggest all is not well within the deep-sea east-west alliances as their shipping line members come under increased shareholder pressure to stem losses. There seems little doubt that the rate war that has raged on Asia-Europe container trades since the second quarter has severely impacted the bottom line of carriers that have heavily discounted rates in order to fill ships.

Ahead of the first half-results season – set to begin with NOL on Thursday – G6 partner OOCL has released its second-quarter operational update, which reveals a massive 28% year-on-year decline in its Asia-Europe average revenue per teu. The numbers show extreme pricing volatility. The carrier's average rate in Q1 was just 1.9% below that of the same period of 2014 – and once the significant fuel savings were factored in, the first quarter resulted in a satisfactory performance. OOCL is a bellwether company for second-tier carriers. It posted a $270m profit in 2014 – although only 18% of its total container business is exposed to the extreme volatility of the Asia–Europe trade.

Meanwhile, the Shanghai Containerized Freight Index (SCFI) gave up another big chunk of the July general rate increase (GRI) last week, tumbling a further $118 per teu on Asia to North Europe and $127 per teu to the Mediterranean, to sit at a depressingly low $400 and $402 per teu respectively.
And, worryingly for the container lines, there is little indication from forward-booking forecasts that the peak season will show significantly higher demand, making the implementation of 1 August GRIs of around $1,000 per teu optimistic.

Indeed, today's "response to changes in market demand" statement from the G6 carriers announced the cancellation of one sailing a week from Asia to North Europe in September, following the blanking of the same loops in August, removing around 13,000 teu of weekly capacity, approximately 20% of the alliance's offering.

Culling capacity in what is normally the Asia-Europe peak season is almost unprecedented, and follows the blanking of over 50 voyages on the route in the first half of the year, an all-time record.

At the same time, there are another 50 ultra-large container vessels of 13,800-19,000 teu due for delivery to carriers before the end of the year. Shipping analyst Alphaliner estimates that nothing less than the removal of four entire Asia-North Europe strings is required to readdress the current supply-demand imbalance. The complex operational workings of the alliances require complete co-operation between all members, but sources indicate that the different financial pressures carriers find themselves under is putting considerable strain on day-to-day working relationships.

Loadstar, 27/8/2015 by Mike Wackett

FMC RELEASES REPORT ON U.S. PORT CONGESTION

The Federal Maritime Commission released last week a report on US port congestion based on findings from four regional forums the Commission held last fall as congestion crises swept through key containerized gateways on both coasts.

The problem was particularly acute at West Coast ports, where operational issues were compounded by fractious longshore labor negotiations. The International Longshore and Warehouse Union and their employers, represented by the Pacific Maritime Association, agreed to a tentative labor contract in February that was officially ratified in May. The report, "U.S. Container Port Congestion & Related International Supply Chain Issues: Causes, Consequences & Challenges" is segmented into six sections, to reflect what the FMC characterized as the six most prevalent discussion areas at the forums.

The sections touch on capital investment in ports, chassis availability, vessel and terminal operations, drayage, extended port hours and congestion pricing, and collaboration. Each section has an extensive summary of viewpoints gathered from the four forums, held in Los Angeles, Baltimore, Charleston and New Orleans.

Other areas of the report examine the subsequent impacts of these problems and potential solutions. One idea mooted in the report is the creation of an industry-led advisory council to the FMC. This national level federal advisory committee – such as National Council on Intermodal Supply Chain Efficiency - would help facilitate discussion and resolution of issues of national importance that are affecting or promise to affect the U.S. intermodal system, the report said.

“The Commission is exploring whether it should establish such an Advisory Committee,” the report said. “The council, if formed, would be led by industry executives who would work with the Commission and its staff to develop the council’s activities and initiatives.” However the FMC also notes that there already exist a Department of Commerce Advisory Committee on Supply Chain Competitiveness and a Department of Transportation National Freight Advisory Committee. The report also acknowledges that the causes of port congestion are neither sudden nor out of the control of industry stakeholders.

“One view of the U.S. container ports congestion crisis is that it has resulted from events that have developed or emerged over a considerable period of time and from within the system itself, rather than being the result of external shocks, such as unanticipated surges in container volumes or management-labor issues,” the FMC said in the report. “According to this view, methods and practices developed and applied perhaps decades ago in quite different circumstances have morphed into today’s problems.”

Source: American Shipper, 14/07/2015

RAIL

GERMAN MONOPOLIES COMMISSION CALLS FOR SEPARATION IM AND TRAIN OWNERSHIP

The Monopolies Commission is convinced that the only way to establish undistorted competition in the German railway sector is to completely separate the infrastructure and transport units of the integrated company Deutsche Bahn AG. See also the PRESS RELEASE (in German)

The Loadstar reported yesterday that Deutsche Bahn is considering a partial privatisation of DB Schenker Logistics as part of a massive corporate restructuring of the group, which will start on August 1. In a SIX-POINT PLAN presented to the supervisory board yesterday, CEO and chairman Dr Rüdiger Grube WARNED THAT the group needed "bold, forward-looking decisions" to boost its competitiveness after disappointing interim results. "Our current cost structures in many areas – for example, at the corporate level – are no longer competitive and urgently need to be changed," he said.

The Full article is available HERE.

MARKET PLACE SEMINAR, ANTWERP 24-25 SEPTEMBER

FIATA and UIC are jointly organising the 7th edition of the Market Place Seminar. This year the seminar will be organised in Antwerp, on 24 and 25 September and will focus on "Rail Crossroads", hosted by the Port of Antwerp, VEA (Antwerp Forwarders association) and CEB (Belgian Forwarders Association).

The Market Place Seminar aims to create a lively exchange platform for railway undertakings, freight forwarders and customers, and their cooperation with sea carriers. By bringing together all participants of the logistics chain, we would like to create an opportunity to brainstorm effective transport solutions and attractive business opportunities. As in previous years, the conference will be conducted in a highly interactive format.
We will also discuss significant topics:

- Conjunction between sea and rail
- Terminal operations – Moving forward
- Railway connections - green light for hinterland traffic
- Effects of digitalisation on logistics

Detailed information regarding registration as well as the latest version of the seminar programme on WWW.MARKETPLACESEMINAR.ORG

AIR

ANNUAL REPORT ON COMMON RULES IN THE FIELD OF CIVIL AVIATION SECURITY

The European Commission has advised CLECAT on the adoption of the Report from the Commission to the European Parliament and the Council - 2014 Annual Report on the implementation of Regulation (EC) No 300/2008 on common rules in the field of civil aviation security

The report is available on EUR-LEX.

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CUSTOMS

COMMISSION ADOPTS UNION CUSTOMS CODE

The European Commission has adopted on the 28th July a legal act to create a simpler, more modern and integrated EU customs system to support cross-border trade and provide for more EU-wide cooperation in customs matters. Its substantive provisions will apply only on **1 May 2016,** once the UCC-related Commission acts (Delegated and Implementing Acts) are adopted and in force and this no later than 1 May 2016. The UCC is part of the modernisation of customs and will serve as the new framework Regulation on the rules and procedures for customs throughout the EU.

In a press release Pierre Moscovici, EU Commissioner for Economic and Financial Affairs, Taxation and Customs, said: "*A modern and cost-effective customs system facilitates international trade and is conducive to growth. It also plays a vital role in defending the safety and security of European citizens and in protecting Member States' interests*."

The Commission has been working for several years on a major overhaul of customs rules in the EU. The basic regulations were changed in 2013. Detailed acts must subsequently be adopted so that the new rules can be applied as of 1 May 2016. The decision of the Commission takes the form of a DELEGATED ACT. This kind of legal act, introduced by the TREATY OF LISBON in 2010, gives the Commission power to adopt the technical, non-essential elements of an existing legislation, in this case of the Union Customs Code. The act covers a wide area of customs activity, including:

- Simplifications of the customs procedure inward processing which allows the processing of non-Union goods without payment of import duty and other charges to support creation of added value in the EU;
- Clearer rules to ensure equal treatment of economic operators in the EU;
- Wide-ranging provisions which will allow customs decisions and authorisations to be valid across the EU in the future;
- Establishing common data requirements as the basis for new IT systems linking Member States' customs administrations to ensure a seamless exchange of information;
- Improvements in risk management to reinforce the fight against trade in illicit and prohibited goods, terrorism and other criminal activities.

The delegated act will now be considered by the European Parliament and the Council. In accordance with ARTICLE 290 TFEU, both can raise their objections within two months. This period of scrutiny can be extended by a further two months.

SUSTAINABLE LOGISTICS

STUDY ON THE INTRODUCTION OF A STANDARDISED CARBON FOOTPRINT METHODOLOGY

The European Commission has published a study which it had commissioned (CE Delft, Frauenhofer Institute) on the introduction of a standardised carbon footprint methodology for freight transport logistics. The study addresses the inability to benchmark transport services on GHG emissions due to two intermediate problems. Firstly, many companies do not report their carbon footprints. Secondly, the carbon footprints that are available are often neither accurate nor comparable. To harmonize carbon footprinting and to allow benchmarking of transport services, the study identifies the following four policy options:

- Option 1: Voluntary guidelines for methodology with voluntary reporting
- Option 2: Mandatory level 3 methodology with voluntary reporting
- Option 3: Voluntary guidelines for methodology with mandatory reporting
- Option 4: Mandatory level 2 methodology with mandatory reporting

The study concludes that option 2 would be the only to improve the accuracy and reliability of the carbon footprints, and consequently has the best cost/benefit ratio for GHG reduction. This option is very close to the recommendations made by CLECAT in the public consultation. The research also identified an important role of the EU in the carbon footprinting harmonisation process.

The report is available here

GENERAL

FORWARDING BUSINESS MODEL UNDER THREAT AS GLOBAL SUPPLY CHAINS BECOME REGIONAL

Despite a recovery in the global freight forwarding market last year, the overall size of the market is smaller than in 2012, when it was worth $130.5bn, according to a new report from Transport Intelligence (Ti).

The analyst's annual report into the largest freight forwarders and their market concluded that while the industry grew 2% last year to reach $128.6bn, it failed to make up for the 3% contraction it experienced in 2013, when it fell to $126.1bn. It appears that much of this is due to the continuing volatility in sea freight rates, while some 77% of respondents that Ti surveyed for the report had seen rising sea freight volumes over the course of the year, especially in contrast to air freight. The report says: "Challenges persist in the sea freight market. Excess capacity, the continued introduction of mega-ships and falling rates resulted in volume gains for many forwarders. "However, for many forwarders, these volumes gains proved difficult to translate into profits."

And while the air freight market might have been weaker, volume-wise, over most of the year, the congestion problems on the US west coast and aviation's ability to offer immediate solutions to issues such as the US west coast port congestion that threatened to shut down some of the country's most important supply chains, "meant that it made a strong finish to the end of 2014".

The report predicts that the freight forwarding market will experience a compound annual growth rate of 5.4% until 2018, when it will be worth $158.9bn, suggesting that forwarders have cause for optimism – although much of that growth will come from emerging markets.

However, it also cautions that the market is undergoing profound change, describing the freight forwarding business model as "under threat, as the global economy struggles and experts question whether the global supply chain is giving way to regional one".

It adds: "Competition is also changing. Traditional forwarders such as DHL, Kuehne + Nagel and Panalpina are facing e-commerce start-ups and freight brokers, as well as new entrants like Japan Post, which bought its way into the forwarding market via its Toll Holdings acquisition."

DHL Global Forwarding remains the largest global forwarder in terms of revenue, with sales of €10.8bn in 2014, followed by Kuehne + Nagel, DB Schenker, Expeditors and Panalpina – this top five having a combined 23.9% share of the market.

In fact, the top 10 account for more than 40% of the global market, while the top 20 have a 55% market share, with tens of thousands forwarders around the global accounting for the remaining 45%. But the report suggests: "By 2018, the 20 leading forwarders may look completely different from today, as the global environment changes. "In addition, the rise of emerging markets, in particular those in Asia Pacific will see these countries begin to display a dominance not seen before and thus change the competitive landscape."

Source: The Loadstar, 22/07/2015

ITF July Statistics - Investment in Inland Transport Infrastructure Record Low

The latest update of annual transport infrastructure investment and maintenance data collected by the International Transport Forum shows that continued economic crisis has had an impact on transport infrastructure investment:

- Investment in inland transport infrastructure, as a share of GDP, has declined from a peak in 2009 to a record low (0.8%) in the OECD while the volume of investment has fallen back to 1995 levels.
- Investment levels in Central and Eastern European countries have nearly halved since 2009 in real terms, accounting for 1% of GDP in 2013 (compared with 1.9% in 2009).
- Western European and North American economies invest increasingly in rail while in Central and Eastern European countries the focus continues to be on roads.

The full July Statistics Brief is available here

Source: International Transport Forum Newsletter, July 2015

Current Issues in Freight Forwarding: Law and Logistics

On 3rd and 4th of September 2015 Edinburgh Law School and the Edinburgh Centre for Commercial Law will host a 2 day interdisciplinary conference drawing together academics, practitioners and stakeholders in transport law and logistics.

Following the keynote address by Professor Emeritus Jan Ramberg, Sweden, on whether the law of transport and freight forwarding is lagging behind in the modern development of commercial law, participants from logistics and law, academia and practice alike, will present and discuss current issues in freight forwarding including approaches in different jurisdictions.

Speakers include practitioners, academics, and stakeholders from England and Scotland as well as from Austria, Croatia, Finland, France, Germany, Norway, Sweden, Switzerland, The Netherlands, United Arab Emirates and USA. Tommy Pilarp, Senior Legal Counsel of SIFA will be one of the speakers.
The programme can be found HERE.

FORTHCOMING EVENTS

CLECAT MEETINGS:

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

Customs and Indirect Taxation Institute
- 15 October 2015, Brussels

Maritime Logistics Institute
- 18 November 2015, Brussels

CLECAT Freight Forwarders Forum
- 19 November 2015

OTHER EVENTS with CLECAT PARTICIPATION

FIATA Working Group Road Transport meeting
- 25 August 2015, Varna, Bulgaria

FIATA 2015 World Congress
- 8 – 13 September 2015, Taipei

Market Place Seminar
- 24-25 September 2015, Antwerp

FERRMED Conference, Brussels
- 12 November 2015

EU meetings

European Parliament

Transport Committee
- 31 August 2015 (afternoon), Brussels