CLECAT european voice of freight logistics and customs services •

Newsletter Issue 29 / 5 August 2015

NEWS FROM BRUSSELS

COMMISSION OPENS IN-DEPTH INVESTIGATION INTO PROPOSED ACQUISITION OF TNT BY FEDEX

The European Commission has opened an in-depth investigation to assess whether the proposed acquisition of TNT Express by FedEx Corporation is in line with the EU Merger Regulation. Both companies are major global players in the small package delivery sector. The Commission has concerns that on a number of European markets for international express and regular (so-called 'deferred') small package deliveries, the merged entity would face insufficient competitive constraints from the only two remaining players (UPS and DHL). This could lead to higher prices for business customers and consumers. The Commission now has 90 working days, until 7 December 2015, to investigate the proposed acquisition and to determine whether these initial concerns are founded. The opening of an in-depth investigation does not prejudge the outcome of the investigation.

Commissioner Margrethe Vestager, in charge of competition policy, commented: *"Many businesses, and in particular e-commerce, rely heavily on affordable and reliable small package delivery services, and many consumers depend on these services to ensure rapid and safe delivery of goods they have bought. The Commission must therefore make sure that FedEx's takeover of TNT would not impede effective competition and would not lead to higher prices for consumers."*

FedEx and TNT are two out of the only four so-called 'integrators' currently operating in Europe. 'Integrators' are companies that control a comprehensive air and road delivery network throughout Europe and beyond and are capable of offering a broad portfolio of small package delivery services. The other 'integrators' present in Europe are DHL, owned by Deutsche Post, and UPS, a US-based company.

The Commission's initial investigation has shown that small package delivery services can be divided into several segments, depending notably on whether the destination is in the European Economic Area (EEA) or beyond and on whether the timing of the delivery is express or 'deferred'.

The Commission's preliminary investigation indicates that the other 'integrators' would be the only significant competitive constraint on the merged entity for most international express services, with a destination within or outside the EEA. As the proposed transaction would reduce the number of 'integrators' competing in the EEA from four to three, the competitive constraint on the merged entity would be significantly reduced, leading to a concentrated market in several Member States for international express delivery services to a destination within or outside the EEA.

FedEx and TNT also provide international 'deferred' services outside the EEA. The Commission's initial market investigation showed that the merged entity would have very high market shares for services to some destinations leading to potential competition concerns.

The Commission will now investigate the proposed merger in-depth to determine whether these initial concerns are confirmed or not.

The transaction was notified to the Commission on 26 June 2015.

Source: European Commission Press Release, 31/07/2015

MARITIME

PORT DELAYS COST FREIGHT INDUSTRY £750,000 A DAY

Port delays on both sides of the Channel are costing the UK logistics industry £750,000 a day according to figures just released by the Freight Transport Association (FTA). Problems in France with migrants, striking ferry workers and protesting farmers mean drivers are spending hours stuck in queues in Operation Stack on the M20 in Kent and on routes around the Pas de Calais region.

FTA Deputy Chief Executive James Hookham: “Given the value of goods lost and the subsequent cost to business, these figures show that Operation Stack is not just an issue for Kent and the south east of England but a serious national strategic problem. This is the country’s GDP and export standing still in these horrendous queues caused by the situation in Calais.”

“It is simply not acceptable that industrial action in France can cause such chaos which is impacting on the British economy. Calais has to be made a strike free-zone so that cross-Channel traffic can start moving again and Operation Stack can be lifted as soon as possible.”

On 23rd July farmers protesting at the price of milk and meat set fire to tyres and closed main routes between Calais and the south of France. Overnight freight services through the Channel Tunnel were suspended after 100 migrants were stopped as they tried to get to Britain and the body of a teenager was found on top of a Eurotunnel train. Freight businesses near junctions 8 and 9 of the M20 have been crippled by repeated closures of the motorway over the past few weeks as their lorries are repeatedly gridlocked.

Source: FTA, 24/07/2015

RAIL

STUDY ON SINGLE WAGONLOAD TRAFFIC IN EUROPE FINALLY AVAILABLE

“Study on Single Wagonload Traffic in Europe - challenges, prospects and policy options" is available for temporary download at the following link:
HTTPS://WWW.DROPBOX.COM/S/1OEOFWA4VRB3Q0E/SWL%20STUDY%20DRAFT%20FINAL%20REPORT%20VER 1.0.PDF?DL=0

As far as the competition within the railway market, the Study identifies the following priorities: a proper and full implementation of existing regulation (e.g. Dir. 2012/34), as well as the monitoring if its actual application, as already stated in the above table.

Concerning the full separation of IM and RU to better ensure IM independence, available data show that – so far – the general performance of SWL and the presence of new entrants in such market segment do not appear higher in the countries with an independent IM (e.g. Austria and Germany with IM integrated in a holding structure with the incumbent RU have high SWL %, while SWL is disappeared in Spain and UK where IMs are fully independent). This, it is not possible to conclude that fully separated IM would automatically generate a favourable environment for SWL. Concerning the possibility to assign specific “last mile” infrastructure such as the marshalling yards to an IM independent from the national one is a possibility already existing especially for relatively isolated network (such as in port areas).

A wider scale application of such policy shall consider, however, that the multiplication of the number of IMs might risk generating an additional complexity in the service planning (that is already a complex process for SWL, given the high percentage of international transport). The subsistence and further development of SWL services will be also affected by the actual completion of general measures aiming at improving rail freight in EU, such as in particular: improved interoperability, including the realization of ERTMS; full scale implementation of Rail Freight Corridors; implementation of the “Recast” directive 2012/34; implementation of TEN-T minimum infrastructure requirements (in particular the 740 m minimum train length and the 22,5 t minimum axle load for the Core Freight TEN-T Network).

Such developments will contribute to more efficient cross-border freight traffic, including the one of long-haul SWL trains, so that the overall SWL chain will also become more cost-effective.

COMMISSION APPROVAL FOR ROAD FREIGHT AND RAIL CARGO LINK DENMARK - GERMANY

The European Commission has approved the public financing model of the Fehmarn Belt fixed rail-road link between Denmark and Germany, considering it in line with EU state aid rules. The direct road and rail link is expected to create new opportunities for international freight transport and save rail cargo carriers approximately 2.5 hours when travelling between Copenhagen and Hamburg. EU Commissioner in charge of competition policy Margrethe Vestager said: “The Fehmarn Belt fix link will considerably shorten travel times between Germany and the Eastern part of Denmark and the Nordic countries to the benefit of both people and the economy. Therefore, I am very pleased that we have approved the public financing of the project of under EU state aid rules.” The financing model put forth by Denmark involves public support for the planning, construction and operation of the rail-road fixed link and the Danish rail and road connections.

The costs of the entire project are estimated to be DKK 64.4bn (€8.7bn), part of which is funded by the European Union through the Connecting Europe Facility. The link is a key element to complete the main North-South route connecting central Europe and the Nordic countries and comprises an immersed undersea tunnel between Rødby on the island of Lolland in Denmark and Puttgarden in Germany and the corresponding rail and road connections on land. The tunnel will be approximately 19km long and will consist of an electrified, double-track railway and a four-lane motorway with emergency lanes. The Commission considered that it was not necessary to conclude whether the public financing measures granted to Danish state-owned company Femern A/S for the sole purpose of planning, constructing and operating of the Fehmarn Belt fixed rail-road link, constitute state aid within the meaning of the EU rules, as they would in any case be in line with EU state aid rules since they promote the execution of an important project of common European interest.

As regards the financing of the on-land road and rail connections in Denmark, i.e. the road and rail connections leading to the Fehmarn Belt fixed rail-road link on the Danish side, the Commission found that it involved no state aid within the meaning of the EU rules. The connections form an integral part of the public transport network in Denmark. The public financing of such general infrastructure is neither liable to distort competition nor to affect trade between Member States. The Fehmarn Belt fixed rail-road link, in combination with the Øresund fixed link between Denmark and Sweden, which has been in operation since July 2000, is a key element for the completion of the main North-South route connecting central Europe and the Nordic countries. It was recognised by the Commission as a priority project within the trans-European transport network (TEN-T) framework. The fixed link is due to be open for traffic in 2024.

Source: Handy Shipping Guide, 24/07/2015

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

ROAD

Introduction of Distance-Based Tolling in Belgium

The regions of Flanders and Wallonia have voted to introduce a distance-based road toll for heavy goods vehicles weighing more than 3,5t as of April 2016. The tolled network will be reduced as compared to that affected by the present vignette scheme. The measure, which has been under preparation for many years, is predicted by the road hauliers' associations to cause an increase of 7% in the prevailing road freight rates.

Pakistan Joins the United Nations TIR Convention

The International Road Transport Union (IRU) has welcomed Pakistan’s ratification of the United Nations TIR Convention. It estimated that it would support the establishment of international economic co-operation corridors and effectively strengthen trade links with key regional trading partners and with the rest of the world.

The United Nations Secretary General officially confirmed that the TIR Convention will enter into force for Pakistan in 6 months' time, on 21st January 2016.

Source: IRU, 24/07/2015

GENERAL

EUROPEAN COMBINED TRANSPORT CLOSES 2014 BUSINESS YEAR

European Combined Transport and UIRR Operators realised mixed results in 2014: a 1.1% decline in consignments coupled with a substantial 5% increase of tonne-kilometre performance without new members and a 12% tkm growth together with new members. Rolling Motorways (RoLa) closed the year with a 13% expansion, while longer distance unaccompanied CT - especially when including intercontinental relations (towards Asia) - also performed exceptionally well. The average distance covered by a CT consignment expanded in 2014 by 8% to 780 kilometres.

The UIRR Report 2014-15, containing the statistics of members' performance, as well as an extensive description of the circumstances, challenges and outlook of European Combined Transport, has been adopted and published.

The Report can be found HERE

Source: UIRR PRESS RELEASE, 26/07/2015

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 Commission Rail Freight Day 2015 Conference
- 4 December, Vienna

EU meetings

European Parliament

Transport Committee
- 31 August 2015 (afternoon), Brussels