european association for forwarding, transport, logistics and customs services

NEWSLETTER

Issue 33

9 September 2016

Table of content

News from Brussels

EU BUSINESSES CALL FOR CUSTOMS PROCEDURES TO FOCUS ON ECONOMIC GROWTH AND INCREASED TRADE

EU businesses throughout the value chain could benefit significantly if customs was better integrated with economic and trade policy and implemented identically across the EU. These were the key messages arising from a high-level conference on the state of the new Union Customs Code and the future of EU Customs, held today, by 7 leading trade bodies (AmCham EU, CLECAT, EuroCommerce, the European Express Association, the Foreign Trade Association, IATA and the World Shipping Council, with support of EurTradeNet).

This event, supported by the World Customs Organisation and held at their Brussels headquarters, was the first forum of its kind to successfully bring together all stakeholders on EU customs policy after the new Union Customs Code entered into force in May 2016. Economic and Financial Affairs, Taxation and Customs Commissioner Pierre Moscovici delivered the keynote speech. Participants, including business leaders and key representatives from the EU Institutions, discussed in depth a number of ways in which customs could act as a tool for business competitiveness and facilitating trade, while supporting the EU's security and safety.

The conference looked at two broad themes: a future vision for customs policy, and lessons learned from the modernisation programme so far. One important conclusion reached was that, while the

UCC had only just entered into force, there was scope for further improvements to be considered in the coming years. This is especially the case with the new electronic customs systems needed to implement elements of the UCC by 2020. The business community needs a much more coordinated, efficient and harmonised interface with customs across the EU and many regard 2020 as a very challenging deadline.

Christian Verschueren, Director-General of EuroCommerce, who introduced the conference, stressed the significant impact customs procedures have on EU businesses in all sectors: *"Customs must of course ensure that our borders are secure and that the goods are properly imported. But customs procedures also impose burdens and impact directly the free flow of products for businesses and consumers. Whether you are a shipper, an importer, an exporter, an express deliverer, a carrier, a freight forwarder, a wholesaler or a retailer, customs touch businesses at every part of the value supply chain. Making sure that customs procedures work smoothly and efficiently, by taking account of their key role in the competitiveness of our economies will make a significant contribution to growth and jobs in Europe and around the world."*

This is an aspect CLECAT President, Steve Parker supported in his closing remarks, where he added: *"The question is how we turn the lessons and aspirations for customs policy, identified here today, into constructive steps for the next stage of the UCC. I hope we can work closely with our conference partners and the Commission to identify the key points into some form of road map that can be built into the business planning process and set some structure and boundaries around it."*

A statement prepared by the conference partners is available here.

CITI ELECTS ITS NEW CHAIR

The Customs Institute (CITI) of CLECAT met on the 7th of September in Brussels at CLECAT offices.

The CITI elected Mr Jean-François Auzéau, from TLF (France), as its new Chair for the next two years. Mr Auzéau replaces Mr Steve Parker (BIFA/UK), currently CLECAT President, who was warmly thanked for his four years as CITI Chairperson. Mr Auzéau expressed his willingness to pursue the great work done by the CITI in the past and he will be committed to address the challenges related to the implementation of the UCC.

The meeting reviewed the problems members have with the UCC implementation, which entered into force on the 31st of May. The UCC still provides too many possibilities for Member States to decide how they will interpret and implement certain rules. CLECAT is consolidating the different issues brought up by the members in a paper which will be sent to the European Commission shortly.

The CITI also discussed developments around topics of interest such as the CEN Standard of Competency and the Commission's proposal for a directive on customs sanctions and infringements.

FFF16 "AIR CARGO LOGISTICS: GROUND FOR CHANGE?'

You can now register for the Freight Forwarders Forum 2016, entitled "Air Cargo Logistics: Ground for Change?", will be held on 16 November in partnership with Brussels Airport, at the nearby Van Der Valk Hotel. The event is organised with the support of Brussels Airport.

The event will in three sessions a number of important issues industry is faced with including: 'Embracing "e-business" – what's in it for the users?', 'Adding value to the Air Logistics Supply Chain' and increasing security through border management and efficient regulatory programmes.

We are pleased that we have the following high level speakers confirmed, **Ana Hinojosa**, Director Compliance and Facilitation, World Customs Organization, **Alain Lumbroso**, Economist, International Transport Forum, **Ariaen Zimmerman**, Executive Director of CargoiQ, **Steven Polmans**, Head of Cargo, Sales & Marketing Brussels Airport Company, **Markus Muecke**, Global Head Air Freight Procurement and Product Management, Panalpina, **Lother Moehle**, Director Security Standardisation, DB Schenker, **Andreas Wilhelm**, Global Security Manager, Kuehne + Nagel, **Markus Flacke**, Managing Director of CHAMP Cargosystems GmbH CHAMP Cargosystems GmbH and **Gordon Wright**, Head Cargo Border Management, International Air Transport Association. **Christian Doepgen**, professional journal and moderator and editor in Chief of the International Transport Journal, will be the moderator on the day.

For more information and for registration have a look at the conference pages at http://www.clecat.org/news/events/freight-forwarders-forum-2016

Maritime

SHIPPERS FEAR IMPACT ON MANUFACTURING OF HANJIN COLLAPSE

The European Shippers Council (ESC) noted in communication this week that European shippers fear some manufacturing supply chains and assembly lines could be brought to a standstill following the collapse of Korea's Hanjin Shipping last week, although there are no signs yet of cargo owners resorting to air freight to relieve supply shortfalls.

Fabien Becquelin, Maritime policy manager ESC, described as "very real" the fears that just-in-time manufacturing assembly lines could grind to a halt. "But the level of damage will depend on how the different industrial sectors organise their supply chain and, within a sector, on the professionalism of the individual companies," he told Lloyd's Loading List. Becquelin said shippers from Europe would have to find alternative routes, but believes it will be the trade between US and Asia that will be much more affected in terms of prices, pointing out that Hanjin had a 6.1% market share on US lanes against 4.3% for the Europe trade. Separate analysis by Drewry indicates Hanjin has a market share of around 6% on Asia-east coast North America (WCNA) and a 9% share of Asia-WCNA.

"It explains why the (US) Federal Maritime Commission has said that they will monitor the market more deeply in order to make sure that any stakeholder does not exploit Hanjin Shipping's failure," Becquelin said. "We think this is fair and we invite other competition authorities to have the same approach."

For the full article: Lloyd's Loading List, 6 September

DUTCH COURT RULES AGAINST ECT OVER 'EXCESSIVE' HANJIN BOX RELEASE FEES

A Dutch court has ruled in favour of shippers and freight forwarders against Rotterdam box terminal operator Europe Container Terminals (ECT), pronouncing fixed release fees of €1,000-€1,500 being applied by ECT on Hanjin Shipping containers held at the terminal as unlawful.

In proceedings brought by Dutch logistics, freight forwarding and shipper associations TLN, FENEX, EVO and Fenedex, and various companies, the court in Rotterdam last Friday ruled that the fixed fees being applied by ECT for Hanjin containers of €1,000 for a standard container and €1,500 for special containers were unlawful.

The judge said ECT may only charge the actual handling costs plus a surcharge of €25 per container, but ruled that ECT still may apply a ‘lien’ - the right to keep possession of property belonging to another person until a debt owed by that person is discharged.

However, it was unclear at the time of writing how widely the ruling will apply. Shipper association EVO indicated that only members of the four applicant associations could claim the benefits of this award, and the companies “must demonstrate, in addition to the usual conditions for exempting containers at ECT, that they are members of the aforementioned organisations.”

EVO said the situation regarding Hanjin was “extremely tedious, and produces only losers”. The shipper association added: “EVO, Fenedex, TLN, and FENEX are nevertheless of the opinion that this ruling is a step in the right direction. They are happy to continue the constructive dialogue with all parties in the chain in question.”

Complete Article: Lloyd’s Loading List, 6 September

SOUTH KOREA NAMES HANJIN 'SAFE HAVEN' PORTS

South Korea has devised a list of ports where Hanjin Shipping's container vessels can discharge without risk of arrest by creditors seeking outstanding payments. Hamburg in Germany, Los Angeles in the US and Singapore are to be the shipping line's so-called base ports, a Ministry of Strategy and Finance official told Lloyd's List. The ports have all issued stay orders or have guaranteed legal protection from vessel seizures, which allows Hanjin's ships to unload, the ministry official said.

Hanjin ships can also find safe harbour at Busan and Gwangyang in South Korea. But the authorities drew the line at cargo unloading fees, saying that Hanjin would have to settle those outstanding payments itself.

Complete Article: Lloyd’s Loading List, 7 September

COMMISSION DECISION ON LINER PRICING COMMITMENTS

The European Commission has published the legal decision accepting the commitments offered by fourteen container shipping lines, with regard to pricing announcements. The commitments address the Commission's concerns that the companies' practice of publishing their intentions on future price increases may have harmed competition and customers. This practice may have raised prices on the market for container liner shipping services on routes to and from Europe, in breach of EU antitrust rules.

CLECAT submitted comments to the Commission regarding the lines’ commitments, supporting the principles of transparency in pricing announcements, that pricing decisions be made by individual shipping lines based on their own situations. CLECAT called on the Commission to maintain scrutiny over pricing practices, and also to consider the impact of alliances.

The Commission Decision therefore renders these commitments legally binding.

Source: European Commission

Road

EC CONSULTATION SOCIAL LEGISLATION IN ROAD TRANSPORT

Earlier this week DG MOVE launched a public consultation on the framework of social rules in road transport and their enforcement. This legislation is laid down in three interlinked legislative acts:

- the driving time Regulation (EC) 561/2006 establishes minimum requirements on daily and weekly driving times, breaks, daily and weekly rest periods, which must be observed by drivers and operators.
- the working time Directive 2002/15/EC lays down the rules on the organisation of the working time of persons performing mobile road transport activities. It complements the Regulation's provisions by introducing the requirements on the maximum weekly working times, minimum breaks in work and on the night work.
- the enforcement Directive 2006/22/EC sets out minimum requirements for Member States to check compliance by drivers and operators with the Regulation's provisions.

The social legislation for mobile workers in road transport was the subject of an assessment of its functioning and effects in the context of the policy objectives and recent market developments. In addition, the EU provisions on posting of workers set out in Directive 96/71/EC and the enforcement requirements laid down in Directive 2014/67/EU affect directly the functioning of the road transport sector, characterized by highly mobile workforce and cross-border nature of transport services.

The Commission proposal of 8 March 2016 on the targeted review of the Posted Workers Directive (Directive 96/71/EC) mentions that the implementation of the Directive to the international road transport sector raises legal questions and difficulties, which should be addressed through sector-specific legislation. Therefore the assessment of the issue of the posting of workers in international road transport will be part of this review of the road transport social legislation.

CLECAT supports the legal action against the systematic application of the French and German minimum wage legislation to the transport sector. As CLECAT is extremely concerned by the application of the minimum wage to certain international transport operations having only a marginal link to the territory of the host, it will prepare a response to the consultation.

The application of the minimum wage transport legislation creates disproportionate administrative barriers, for freight forwarders and carriers, which prevent the internal market from functioning properly. It is highly important that the Posting of Workers legislation does not lead to disturbances of the free movement of goods and services.

More information is available here.

Air

COMMISSION PROPOSES EU CERTIFICATION SYSTEM FOR AIRPORT SECURITY EQUIPMENT

The European Commission has issued a proposed regulation to establish a single EU certification procedure for aviation security screening equipment to enhance the competitiveness of the EU security industry, as previously announced on 20 April when setting out the way forward towards the achievement of an effective and genuine EU Security Union. The introduction of an EU certificate will allow security equipment approved in one Member State to also be put on the market in others. The creation of an EU system of mutual recognition for security equipment will help overcome market fragmentation, strengthen the competitiveness of the EU security industry, boost employment in the sector and ultimately contribute to improving aviation security across Europe.

Commissioner for Migration, Home Affairs, and Citizenship Dimitris Avramopoulos said: "Technology can help us to prevent threats before they materialise, and strengthen the security of European citizens and the resilience of European society as a whole. Today's proposal, by simplifying and harmonising the rules for the certification of airport screening equipment, will ensure that our high security screening standards are applied at airports everywhere in the EU. It will also contribute to boosting the competitiveness of the European security industry and improving its capacity to offer solutions enhancing the security of European citizens."

Security equipment used for the screening of persons, cabin baggage and goods in the aviation sector represents a significant market: it has an annual global turnover of €14 billion, of which €4.2 billion is in the EU alone. Currently, however, the EU's internal market for screening equipment is fragmented due to national certification procedures, which hamper market efficiency and the free movement of goods. Ensuring the free movement of civil aviation security screening equipment within the internal market will increase the global competitiveness of the EU security industry.

The existing EU legislation establishing the technical specifications and performance requirements for aviation security screening equipment at EU airports does not establish a legally binding EU-wide conformity assessment scheme to ensure that the required standards are met at all EU airports.
Therefore, equipment certified in one EU Member State cannot be put on the market in others. The Commission's proposal establishes a single EU certification system based on a common testing methodology and the issuance of certificates of conformity by manufacturers, which would be valid in all EU Member States, according to the principle of mutual recognition.

CLECAT is assessing the proposal and its impact on freight forwarders, as common certification of screening equipment in Europe, and ultimately worldwide, is a subject of great interest to CLECAT members.

Source: European Commission

DEMAND FOR AIR CARGO STRENGTHENS IN JULY

The International Air Transport Association (IATA) released data for global air freight markets in July 2016 showing robust growth in demand. Measured in freight tonne kilometers (FTKs), demand increased 5.0% in July 2016, compared to July 2015. This was the fastest pace in almost 18 months. Freight capacity measured in available freight tonne kilometers (AFTKs) increased by 5.2% year-on-year, outstripping demand and keeping yields under pressure.

Despite the subdued global trade backdrop, carriers in the world's four biggest air cargo markets – Asia-Pacific, Europe, North America and the Middle East - reported an increase in freight demand. The strongest growth occurred in Europe and the Middle East, with July demand up by 7.2% and 6.7% respectively, compared to the same period last year.

"July was a positive month for air freight—which is an all too rare occurrence. Despite that, we must recognize that we face some strong headwinds on fundamental aspects of the business. Global trade growth is sluggish and business confidence is weak. And the political rhetoric on both sides of the

Atlantic is not encouraging for further trade liberalization," said Alexandre de Juniac, IATA's Director General and CEO.

More information and regional statistics here

EP STUDY ON AIRPORT SLOTS AND AIRCRAFT SIZE AT EU AIRPORTS

Congestion at major EU airports has led to a system of take-off and landings permits called 'slots'. Airlines are allocated slots according to their previous use, through the 'Grandfather Rights' rule. This note shows that while this system impacts negatively on aircraft size, through phenomena known as 'slot hoarding' and 'slot babysitting', this impact is mitigated by the increase in traffic which brings about operation of larger aircraft.

An in-Depth Analysis can be accessed here.

Customs

COMMISSION'S STUDY AND REPORTS ON THE VAT GAP IN THE EU

On 6 September 2016, the European Commission published its report on the VAT Gap, which is the difference between expected VAT revenues and VAT actually collected in 27 EU Member States in 2014 (Cyprus was not included in the study due to incomplete national accounts data).

According to the outcomes of the report, an estimated € 159.5bn in VAT revenues was lost due to non-compliance or non-collection in 2014, equating to 14.03% of total expected VAT revenue of the 27 Member States.

Estimating that these figures are unacceptably high, the Commission invites the Member States to follow up on the Action Plan towards a single VAT area presented last April by agreeing on the way forward towards a definitive VAT regime for cross-border trade in the Union. The Commission adds that more immediate measures to tackle the problem of VAT fraud have already been set in motion, but the figures show that deeper reforms are needed.

The conclusions show that in spite of the fact that the 2014 VAT GAP has decreased by €2.5 billion compared to 2013, individual performances of Member States still vary enormously when it comes to VAT compliance. Some 18 Member States showed an improvement in their figures, while eight Member States failed to collect more VAT revenues than the year before.

The VAT Gap rate ranged from a high of 37.9% of uncollected VAT in Romania to a low of only 1.2% in Sweden. In absolute terms, the highest VAT Gap of €36.9 billion was recorded in Italy while Luxembourg had the lowest of €147 million.

A factsheet summarising the findings can be found here. The entire report is available here.

Forthcoming events

CLECAT MEETINGS

Road Logistics Institute
20 October, Berlin

Sustainable Logistics Institute
20 October, Berlin

Supply Chain Security Institute
21 October, Berlin

Air Logistics Institute
21 October, Berlin

2016 FREIGHT FORWARDERS FORUM
16 November, Brussels (morning)

Board & General Assembly
16 November, Brussels (afternoon)

Customs and Indirect Taxation Institute
11 January, Brussels

OTHER EVENTS WITH CLECAT PARTICIPATION

CEN Customs Competency meeting
14-15 September, Paris

DTLF, Plenary Meeting
27 September, Brussels

European Transport Forum
27 September, Brussels

WTO meeting
28 September, Geneva

IRU Workshop on the 'Vehicle of the Future'
4 October, Brussels

H2020 2017 calls info-day and ALICE Plenary
13-14 October, Brussels

TIACA Air Cargo Forum
26-28 October, Paris

LEARN Kick-off meeting
27-28 October, Amsterdam

SELIS kick-off meeting
29-30 October, Athens

FIATA World Congress
3-8 October 2016, Dublin

Conference ‘Law and logistics: the way forward’
12/13 October 2016, Antwerp

GLEC event on launch methodology
15 November, Brussels

ELP Forum on the Future of Logistics
15 November, Brussels

2016 FREIGHT FORWARDERS FORUM
16 November, Brussels (morning)

FEPORT Second Annual Stakeholders’ Conference
8 December, Brussels

EU Rail Freight Day
9 December 2016 Vienna, Austria.

EP/COUNCIL MEETINGS

European Parliament
Plenary Session
12-15 September, Strasbourg
3-6 October, Strasbourg

Transport and Tourism Committee
26 September, Brussels

Transport Council
1 December, Brussels

Contact
Nicolette van der Jagt
Director General CLECAT

Rue du Commerce 77, B-1040 Brussels, Belgium
Tel +32 2 503 4705 / **Fax** +32 2 503 47 52
E-mail nicolettevdjagt@clecat.org / info@clecat.org

CLECAT
european association for forwarding, transport, logistics and customs services