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

NEWSLETTER

Issue 35
23 September 2016

Table of content

News from Brussels

REGISTRATION OPEN FOR ELP EVENT ON THE FUTURE OF LOGISTICS

European Logistics Platform

Members of the European Parliament, policy makers, ELP members and other stakeholders are invited to an interactive forum moderated by Jacki Davis on the Future of Logistics in Europe.

Following a keynote introduction from Transport Commissioner Violeta Bulc and a deep dive into logistics trends by DHL innovation, by Markus Kückelhaus, Vice-President Innovation and Trend research, at DHL, a first panel will debate new ways of delivering sustainability in logistics. The panel will discuss how, with innovation and new ways of thinking, practical solutions can be found improve efficiency, reduce emissions and lower operating costs. Will this be enough to reach the EU’s decarbonisation targets or is there a need for more stringent regulation? And can Europe keep its No. 1 role in logistics, with the much-needed skills and R&D required?

A second panel will review some real game-changers in logistics and provide insights into what logistics may look like in 2050. Today, already, collaboration can produce significant gains in terms of both efficiency and sustainability, so what is preventing this from happening now? If the technology is available, what are the key drivers for - and barriers to - innovation in the freight and logistics sector? And how will these new technologies and models support Europe in meeting the challenges and fulfilling its ambitions on sustainability and growth?

Join the debate by registering HERE.

Please note that participation is limited to 120 people. Please register here or send an email to info@europeanlogisticsplatform.eu. Please note that registration to the event does not automatically guarantee a place.
http://www.european-logistics-platform.eu/

INFO DAY LOGISTICS TOPIC IS IN H2020 CALLS 2017

Interested in Logistics topics? Don't miss the Information Day and Brokerage Event co-organized by ALICE and the European Commission on 13 October 2016 in Brussels.

The European Technology Platform ALICE (Alliance for Logistics Innovation through Collaboration in Europe), together with the European Commission Services organize a dedicated session addressing topics from different calls (beyond transport) with the intention that logistics stakeholders can get all their interest concentrated in one day. At the same time ALICE will highlight how proposals in reply to the calls can contribute to the implementation of ALICE roadmaps.

Find out more about the Information day here.

CLECAT will participate to the day and equally to the ALICE Plenary which will take place on the 14th October.

EUROPEAN COURT OF AUDITORS CRITICISES EU PORT FINANCING

The European Court of Auditors has published its special report on EU financing of port infrastructure, called '**Maritime Transport in the EU: in troubled waters – much ineffective and unsustainable investment,'** which heavily criticises inefficient spending of EU funds. The report looks into the value for money delivered by EU funded investments in ports. Concretely the Court of Auditors audited EU funded port infrastructure projects in 19 ports in five Member States. The audit covers the previous financial periods (2000-2013) and is looking almost exclusively at regional and cohesion funding. The auditors examined 37 new projects and five reassessed projects.

CLECAT, and other stakeholders, were consulted by the auditors in preparation of the report, and were invited to a briefing on the results by the auditors on 22 September in Brussels.

The main findings of the report are:

- The long-term port development strategies put in place by the Member States and the Commission did not provide a robust and coherent basis for planning the capacity needed in EU ports and for identifying the necessary EU and national public funding. The number of 104 'core ports' (ports which are necessary for EU accessibility) is too high and leads to wasteful, duplicate spending.
- Funding in similar port infrastructures and superstructures in neighbouring ports has led to ineffective and unsustainable investments. Based on the 30 of 37 projects examined and

already completed between 2000 and 2013, one in every three euros (corresponding to 194 million euros for 12 projects) has been spent ineffectively so far.
- Overall, the EU-funded projects examined had cost overruns of 139 million euros, and 19 of the 30 completed projects faced delays.
- Many missing and inadequate links to hinterlands, such as missing road and rail connections, will need further public funding to make the initial port investments work properly.
- Both the internal coordination within the Commission and the procedure in place between the European Investment Bank and the Commission to assess proposed EIB loans for port infrastructures have not been functioning properly.
- The Commission did not take the necessary actions in the area of state aid and customs procedures to enable ports to compete on a level playing field.

The auditors recommend that the Commission:

- Put in place a monitoring of core port capacity, taking account of the Member States' plans for implementing their long-term strategies, and revise the current number of 104 'core ports'.
- Set out an EU-wide port development plan for core ports, maritime waterways and canals.
- Work with the Member States to reduce the administrative burden and delays in project selection and implementation by promoting the principle of a national 'one-stop-shop'.
- Assess the possibility of excluding EU funding for port infrastructure for container transhipment and storage during the 2014-2020 period, and of superstructures which are not within the public remit.
- Prioritise EU co-financing from both CEF and ESIF spending to core ports to improve their connections to their hinterlands.
- Improve loan information sharing between the Commission and EIB.
- Issue state aid guidelines for seaports.
- Ask Member States to periodically provide specific information on the type and number of customs procedures at individual core ports in order to assess whether ports are being treated equally.
- Improve the competitive position of maritime transport compared to other transport modes by further simplifying maritime transport and customs formalities, in particular by moving towards an EU 'single window'.

In its submission to the audit, CLECAT noted the impact of evolving container shipping business models on infrastructure use and therefore financing, particularly mega-vessels, while noting that the market should decide where such vessels call. CLECAT also argued for greater priority for multi-modal hinterland connections; smoother, harmonised customs controls; and the development of state aid guidelines for port infrastructure so as to increase transparency and certainty over port investments. We therefore welcome the auditors' endorsement of these views.

CLECAT will fully assess the report, and the Commission's responses, and will issue a full reply to the report's findings and recommendations.

FFF16 "AIR CARGO LOGISTICS: GROUND FOR CHANGE?''

Did you already register for the Freight Forwarders Forum?

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.

This year's Forum will consist of three sessions which will address central issues of the future development of the air cargo industry:

This first session discusses how industry stakeholders can go from lip service to implementation of eFreight /e-AWB. How can digitalization improve the efficiency, security and resilience of the air cargo supply chain? What are the next steps and expectations of the freight forwarding industry?

During the second session the optimizing of the chain and creation of logistics solutions through innovative collaboration will be discussed. How can integrated solutions be created for the logistics industry? What are the expectations from the customers?

In the final session border management and efficient regulatory management will be central. How can digitalization facilitate risk assessment programs such as ACAS (US), PACT (Canada) and Precise (EU)? How can new and emerging threats be tackled? The Forum will debate efforts to ensure efficient border and regulatory management, and the evolving global security landscape.

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

Maritime

CONTAINER LINES REPORT 95% VGM COMPLIANCE RATE

Container lines around the world are reporting a high rate of compliance with the new SOLAS requirements for the verification of the gross mass of a packed container since their implementation on 1 July, reporting a 95% VGM compliance rate, and rising.

In a briefing to the International Maritime Organisation (IMO) earlier this month, the World Shipping Council (WSC) said the compliance rate experienced by its member companies had steadily increased since the 1 July implementation, with a high degree of awareness among supply chain parties, although there were still some challenges around the world.

The WSC told an IMO sub-committee that the 1 July entry into force of the requirements for packed containers to have a verified gross mass (VGM) as a condition for loading aboard ship had occurred "without any appreciable disruptions to international containerised supply chains", adding: "WSC Member companies report that a very significant number of packed containers − 95% or more − are being accompanied by VGMs prior to initial vessel loading. This percentage has steadily increased since 1 July, and we expect compliance rates to continue to rise."

It added: "There is already a high degree of awareness amongst supply chain parties about the VGM requirements, and carriers are systematically engaging shippers who still are not providing VGMs."

The WSC said it was too soon to assess the accuracy of the VGM information provided, although carriers "already are using various tools to pursue VGMs that manifestly are incorrect".

WSC said one continuing challenge was the updating of terminal operating systems and terminals' ability to communicate VGM information to maritime carriers, "including providing final load lists using the BAPLIE 2.2 format". It added: "Carriers have identified the BAPLIE 2.2 as an industry best practice to demonstrate compliance with the requirement to obtain a VGM before loading packed containers aboard ship to port state control authorities."

It said some terminals' inability to provide final load lists using this BAPLE 2.2 format required carriers to identify and use workarounds to ensure that the shipboard computers have pertinent VGM information. "We expect that this will only be a temporary situation," WSC added.

However, another challenge continues to be compliance with individual IMO Member governments' VGM documentation requirements, WSC noted. "While it is fully understood that implementation and enforcement of the SOLAS VGM provisions is the prerogative of the individual port and flag states, it is to be hoped that Administrations will show understanding for the fact that the maritime industry as a truly global industry will be aided by implementation schemes that remain as close to the IMO Guidelines as possible and not impose excessive additional documentation requirements such as the capturing of signatures in paper format," the WSC added.

WSC said the IMO's call for "a practical and pragmatic approach" when verifying compliance in the first three months has been helpful for avoiding major disruptions of international containerized maritime traffic during the implementation phase-in. "At the same time, the high rates of compliance observed to date demonstrate that the VGM requirements are practical and attainable," it added.

The WSC noted that this three-month period of light-touch or "pragmatic" enforcement would expire by the end of September, and requested continued understanding from regulators.

"From October 1 onwards, we encourage an understanding by regulators and enforcers that the industry has been, and is, working diligently and cooperatively towards the end goal of having all packed containers accompanied by VGMs," the WSC said. "A small residual number of exception cases should not detract from the fact that the overwhelmingly majority of packed containers are already in compliance with these important safety requirements."

Source: Lloyd's Loading List

ALPHALINER: MAERSK'S TRIPLE-E TRIGGERED CONTAINER CRISIS

Maersk Line's order for Triple-E vessels triggered the battle for size which is currently plaguing the container sector with massive overcapacity. This is the clear-cut conclusion of Alphaliner in Singapore. Maersk Line rejects the notion that the carrier started the events.

One of the stranded Hanjin vessels is floating around off the coast of Singapore, waiting for what comes next after the South Korean container carrier folded under the weight of a record-high capacity and all-time low rates.

"All of this can be traced back to 2011, when Maersk Line ordered its Triple-E vessels," says executive consultant at analyst firm Alphaliner, Tan Hua Joo, when ShippingWatch meets him in Singapore: "The next factor was the launch of Daily Maersk." He thus points his finger directly at Denmark's Maersk Line as the key culprit for the industry currently finding itself in its most serious crisis ever. […]

But to draw a direct line between Triple-E and the crisis currently enveloping the sector, this is something which Maersk Line's Chief Executive for Asia and the Pacific not willing to accept: "I won't be held accountable for what our competitors decide to do. We've always been market leaders, and for a transporter such as us, and with our size, it makes sense on certain trades to order ships of this size," Robbert Van Trooijen tells ShippingWatch in response to the criticism. "It was a rational decision, and we also had a bigger market share at the time of the aquisition."

Source: Shipping Watch, 19 September (extract)

HANJIN CUSTOMERS SHIFTING TO RAIL AND AIR DUE TO OCEAN BACKLOGS

Hanjin customers that have suffered delays due to the container line's bankruptcy are now seeking alternative shipment modes into European markets to ensure key products are in stores ahead of the holiday season, according to leading forwarders.

Forwarders reported that the preferred option for shippers trying to expedite shipments to Europe while also limiting transport costs is rail. However, air freight solutions are expected to become more prominent the longer cargo is stranded in Hanjin's network as the countdown to the Christmas sales season begins.

A spokesperson for DHL Global Forwarding said: "In view of the current situation, we are seeing higher demand for rail services to Europe. We are also receiving more enquiries in Europe for rail deliveries to Asia, especially Korea." DB Schenker also reports growing demand for accelerated shipments resulting from Hanjin's bankruptcy and the subsequent supply chain chaos that has followed. […] But although there will be some switch to alternative modes, Swiss forwarder Panalpina believes it will be minimal, at least in terms of volumes.

Source: Lloyd's Loading List, 20 September

K LINE DISMISSES BANKRUPTCY SPECULATION

Representatives at Japanese shipping major Kawasaki Kisen Kaisha (K Line) have rubbished reports from China that the line will shortly follow Hanjin Shipping into administration. A report carried by Shanghai Metals suggested K Line will file for bankruptcy protection within the next two weeks.

Kiyoshi Tokonami, general manager of K Line's IR & PR Group, dismissed the report today. Speaking from K Line's HQ, Tokonami told Splash rumours of them filing bankruptcy are "untrue, completely groundless". Adding further fuel to the bankruptcy speculation, Splash has received an image (pictured below) purportedly to be an emergency notice from a Chinese shipper that states K Line will follow Hanjin into court receivership either next week or within two weeks.

Source: Splash24/7, 22 September (extract)

AP. MØLLER - MAERSK WILL SPLIT INTO TWO DIVISIONS

AP Møller-Maersk is to split its corporate structure into two separate divisions from next year. Transport & Logistics will include Maersk Line, APM Terminals, Damco, Svitzer and Maersk Container Industry, with Energy the other business unit, which will comprise Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers.

The company said: "By operating as one entity, Transport & Logistics will be able to harvest synergies and optimise operations to secure the industry's most effective and reliable network. "Strong capital discipline and better utilisation of assets will be ensured. When making investments, acquisitions will be the preferred option."

Maersk aims to become an "integrated transport and logistics company with digitalised and individualised customer solutions".

Today's announcement is the result of a three-month root-and-branch strategic and structural review of the company that followed a disastrous 88% decline in Maersk Group's second-quarter profit and the departure of group chief executive Nils Andersen in June. Mr Andersen's role was taken on by Maersk Line chief executive Soren Skou, along with his duties at the head of the group.

Source: the Load Star, 22 September (extract)

Read the full A.P. Møller - Mærsk A/S Press Release here.

GSF CALLS FOR MORE TRANSPARENCY IN PRICING GLOBALLY

New EU pricing rules for shippers that come into force in December should be adopted globally to increase price transparency and prevent uncompetitive behaviour, Global Shippers' Forum told a conference in Asia this week.

Alex Veitch, GSF's Head of Policy, gave a presentation to the Global Liner Shipping Asia Conference in Singapore exploring competition issues in the maritime supply chain including megaships and alliances, the collapse of Hanjin and price signalling - the practice of announcing General Rate Increases.

The new legislation comes into force on 7 December following a three-year EU investigation. Fourteen shipping lines have agreed to significantly change their pricing behaviour but Mr Veitch said the legislation didn't go far enough and should be adopted worldwide. "If price signalling isn't a significant issue then there should be no problem adopting these rules globally, thereby eliminating any possibility of co-ordinated price increases. Pricing practices need to be completely revised worldwide to bring shipping in line with other modern business practices," he said.

Mr Veitch said the growth of alliances was also of concern as it had led to greater market concentration, with the top five liner companies accounting for almost 60% market share. "GSF accepts that there are arguments in favour of vessel sharing agreements in terms of efficiency, but it's important to ensure that it is not at the expense of choice and diversity of service. The trend towards larger vessels has also had an impact through increased port costs due to the necessary infrastructure investment and the need to load and unload a large number of containers quickly," he said.

Source: Global Shippers' Forum, 19 September (extract)

Road

CLECAT PREPARES REPLY TO HDV CO2 EMISSIONS CONSULTATION

CLECAT has prepared a draft response to the European Commission consultation preparing on the '**legislation on the monitoring of HDV CO2 emissions and fuel consumption'.** The draft will be discussed at the upcoming Sustainable Logistics Institute meeting in Berlin on the 20th October.

The European Strategy for low-emission mobility from July 2016 sets principles for member states to prepare for the shift towards a low-carbon, circular economy in order for Europe to stay competitive and able to respond to increasing mobility needs of the future. In line with this strategy the EU aims to improve transport efficiency and reduce CO2 emissions of Heavy-Duty Vehicles (HDV). These are subject to similar air pollution standards as cars and vans, however, there currently is no fuel efficiency standard, nor a carbon dioxide monitoring scheme in place for HDVs. The Commission aims to develop a proposal for the certification and monitoring of new HDV CO2 emissions and fuel efficiency performance.

Rail

CHANGING ROLES: NEW CER CHAIRMAN

Deutsche Bahn Chief Executive Rüdiger Grube is taking over as the new chairman of Community of European Railway and Infrastructure Companies (CER). His appointment takes effect immediately and lasts to the end of 2017. His predecessor Christian Kern had to stand down from CER and as chief executive at Austrian rail company ÖBB to become chancellor of Austria.
Find the DB statement here.

FOURTH ERTMS MOU

The European Commission, the European Union Agency for Railways and the representatives of the European Railway sector signed earlier this week, at the occasion of the 2016 InnoTrans Trade Fair, the new Memorandum of Understanding (MoU) on the cooperation for the deployment of the European Rail Traffic Management System.

In presence of European Commissioner for Mobility and Transport Violeta Bulc, the rail sector committed to an agreement constituting the basis for the long term commitment of all stakeholders - the rail supply industry, infrastructure managers, railway undertakings and EU institutions – to ensure stability of the specification and deploy ERTMS along the European railway network.

This Memorandum of Understanding contains a number of provisions designed to deepen the cooperation between the parties in order to further promote the swift and coordinated deployment of ERTMS in Europe. The focus is put on the stability of the specifications (further to the Second Release of Baseline 3 in July 2016), compliance to the Control Command Signalling Technical Specification for Interoperability (CCS TSI), reduction of national rules and preparation, in coordination with Shift2Rail, of the evolution of the ERTMS system.

Customs

DG TRADE CALLS FOR CONSULTATION ON EU-MERCOSUR TRADE

The EU re-launched negotiations with 4 MERCOSUR members in 2010 (Argentina, Brazil, Paraguay and Uruguay). DG Trade is now calling on stakeholders to provide information and insights to the trade relations. The Questionnaire consists of technical questions regarding trade flows and regulations, and includes customs procedures. The Questionnaire targets businesses that have practical experience with doing business with Mercosur. The consultation period ends 3 October.

You can review the consultation here.

Download the questionnaire here.

WCO PROVIDES ANALYSIS ON UCC

A detailed analysis of the UCC, together with an overview of the changes and amendments has been recently publically published in the World Customs Journal. The article also looks at the changing role of customs and details specific changes introduced in the UCC, including with regard to the AEO concept.

The article suggests that there is clear evidence that the EU wishes to establish AEO – S as the standard and that the AEO – C will gradually lose its significance.

Also included in the edition of the journal is an article on counter terrorism and highlights questions concerning data transfers in international trade and the conflict between security, data transfers and the rule of law.

The edition of the World Customs journal can be accessed here.

AEO WORKSHOP

The EU is organising an EU AEO workshop allowing for a global and direct dialogue with EU member states customs authorities, AEO representatives and key international partners, neighbouring countries and international organisations. The EU AEO Workshop is taking place in Senec, Slovakia from 29 November to 1 December 2016.

CLECAT has been selected as one of the trade associations from the EU Trade Contact Group to attend the workshop which is aimed at providing a forum to inform and discuss latest developments on the AEO programme as well as future perspectives at EU and international level.

EU COMMISSIONER MOSCOVICI MET WCO SECRETARY GENERAL

Secretary General Kunio Mikuriya met with the EU Commissioner for Economic and Financial Affairs, Customs and Taxation, Pierre Moscovici on 21 September 2016 to discuss a wide range of Customs issues.

The topics included the role of Customs, particularly the diverse range of responsibilities beyond the traditional imposition of duties at borders such as Customs-Tax cooperation, trade facilitation, e-Commerce, supply chain security, protection of society and IPR.

Commissioner Moscovici and Secretary General Mikuriya agreed on the importance of adequate resources and financing of Customs to enable administrations to meet their objectives in today's challenging environment.

Source: World Customs Organisation, 21 September

WTO FORUM ON UCC AND MODERNISATION

CLECAT has been invited to take part in a workshop at the WTO Forum on 28 September (9-10:30) around the theme of UCC/synergy with tax/automation/modernization and inclusion of SMEs. The WTO Public Forum main themes this year are inclusiveness of trade (SMEs), digital economy and women in trade.

Nicolette van der Jagt, DG of CLECAT will be presenting UCC and automated customs procedures following the general statement from Susanne Aigner from DG TAXUD. Other confirmed speakers include Jhon O'Leary (Irish Revenue) and Patrice Pillet (DG TAXUD, indirect taxation). The session will discuss the UCC and related issues such as inclusiveness and the challenges of digitalization.

The WTO Public Forum is the annual flagship event of the WTO and provides a platform for different stakeholders to come together and discuss trade and development issues. Every year more than 1.500 participants attend the event.

You can find more information about the panel session here:
And learn more about the WTO Public Forum 2016 here.

SUSTAINABLE LOGISTICS

SELIS KICK OFF MEETING

CLECAT will participate to the SELIS kick-off meeting on the 29th September.

SELIS unifies business, technology and capacity innovation for Green Logistics in order to deliver a Shared European Logistics Intelligent Information Space with a clear path towards commercialisation and large scale adoption. An exceptionally strong consortium of 38 European logistics stakeholders and ICT providers join forces leveraging EU IP from over 40 projects, to create a Common Communication and navigation platform for pan-European logistics applications. SELIS platform will be deployed in 8 living labs across Europe representing the principal logistics communities in each region.

Each LL will implement its own unique adaptation of pan European Green Logistics Strategies utilising dynamically enriched data sets and tools to achieve a target 30% reduction of energy consumption and greenhouse gas emissions while also realising efficiency and quality improvements.
For more information please visit www.selisproject.eu.

FLOATING FARM COULD GROW FOOD ON EMPTY CARGO SHIPS

About 90 percent of the world's goods are carried by sea, with more than 70 percent in shipping containers carrying everything from TVs to sportswear from Asia to the rest of the world. But the global imbalance in trade means most of these containers are empty on the return journey.

Design student Philippe Hohlfeld, from London's Royal College of Art (RCA), has devised a way to stop this empty space going to waste. Grow Frame is a collapsible hydroponic farm that could grow vegetables inside the empty containers during the weeks-long sea voyage. […]

Each plant is grown in small individual plastic bags containing all the water and nutrients needed to feed the plant during the trip.

The mini farms would cultivate vegetables using battery-powered LED lights that can be adjusted to provide precisely the right spectrum of light for optimal growth. Hohlfeld said the energy efficient lights and the battery would hold enough power for the duration of the voyage; for example, for the approximately three weeks it takes for the vessel to travel from the UK to China.

Source: Reuters, 13 September (extract)

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

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
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