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

NEWSLETTER
Issue 28
28 July 2017

Table of content

Road

ITF STUDY ON DATA-LED GOVERNANCE OF ROAD FREIGHT

A new study released by the International Transport Forum (ITF) examines ways to improve compliance with road freight transport regulations through the use of new data sources and technical solutions.

Initiated by the ITF's Corporate Partnership Board (CPB), the report also reviews possibilities for new approaches to the broader governance of road freight as the availability of Big Data in transport facilitates more data-driven policy making with more targeted and flexible regulatory frameworks as well as more efficient enforcement mechanisms.

While clear potential for data-driven approaches to regulating and enforcing road freight transport can be identified, a number of specific challenges still need to be overcome to allow their widespread implementation. Internationally, the uniform level of readiness for implementation of technologies, policy approaches and economic development does not currently exist, requiring a two-tier system to provide minimum functionalities or even a specific separate system for those less technologically advanced.

Download the CPB report here.

UN/CEFACT PROJECT ON E-CMR

The UN Centre for Trade Facilitation Electronic Business (UN/CEFACT) has launched a project with the aim of developing and publishing an international XML "Electronic Consignment Note" message (e-CMR) for international and national transportation of goods by road. Such a standardised electronic version will ensure compatibility between all future digital solutions for international road transport and will facilitate the electronic exchange of information with the systems used for other modes of transport.

As a preliminary step, the UN/CEFACT e-CMR team has published a Business Requirements Specification for electronic CMR (BRS), which describes business processes, use cases covered by this project and actors involved in the message exchange.

A two-month public review concerning the e-CMR project has been launched as a next step in standardising a unique model, which will ensure compatibility between all future digital solutions for international road transport.

Published on the UN's portal for trade facilitation recommendations and electronic business standards (UN/CEFACT), the https://uncefact.unece.org/pages/viewpage.action?pageId=17825801 comprises a template for feedback, which will provide a basis for the first draft of an approved e-CMR model for publication and review.

CLECAT is in the process of formulating its comments to UN/CEFACT.

Rail

SHIFT2RAIL JOINT UNDERTAKING WG

CLECAT participated in the third Shift2Rail User Requirements/Implementation and Deployment Working Group which took place on the 11 July at the S2R JU offices. As a member of this group CLECAT is invited to provide recommendations, present its needs and define requirements for innovation in freight transport and rail freight vehicles.

The Shift2Rail Joint Undertaking (S2R JU) was established as a new public-private partnership in the rail sector to provide a platform for coordinating research activities with a view to driving innovation in the sector for the years to come. The S2R JU consists of the EU itself, 8 founding members from the rail sector and 19 associated members. The S2R JU will manage the entire budget for rail research under Horizon 2020. For the period 2014 - 2020, this budget will be at least €920 million (€450 million from the EU and at least €470 from the Rail industry).

CLECAT is of the view that railway R&I must address evolving user needs, target cost and efficiency of the rail services as well as work towards a more competitive and stronger European Railway industry. Innovation in communication, automation through digitalisation and sharing of data, making use of, for example, the rapid developments in artificial intelligence is a necessary step the sector must undertake to deliver a user-centred service, not only for passengers but certainly also for freight. On top of this, a silo-approach towards rail freight is unwanted; rail freight transport should be considered as a part of the logistics supply chain.

DB FAILS TO SEPARATE FINANCIAL ACCOUNTS

The European Court of Justice (ECJ) has recently comdemned Germany for failling to separate financial accounts between infrastructures and trains operations. This creates a significant risk of cross-subsidisation within the holding.

SINGLE EUROPEAN RAIL AREA CONVENTION

Roll-out of the European Rail Traffic Management System (ERTMS) has been 'too slow' and action is required to ensure targets are met, says the EU's Transport Commissioner Violeta Bulc. She told the final SERA railway convention at the end of last month that as a 'cornerstone' of rail sector digitalisation, ERTMS was essential for a single and safe European railway area, but was critical of progress so far. "ERTMS has been too slow – 4100 kilometres or less than two per cent of the EU rail network has been equipped by the end of 2016 – we have to accelerate the deployment to meet the target European Deployment Plan on ERTMS," she told stakeholders in Brussels.

Ms Bulc was addressing the last of five Single European Railway Area conferences dedicated to the implementation of the technical pillar of the EU's 4th Railway Package, which aims to create a more level playing field for rail operators across Europe and stimulate greater competition.

She welcomed the new draft of the ERTMS Action Plan, based on deploying an interoperable and compliant infrastructure; taking steps to deliver standardised On Board Unit, driving efficiencies in testing and validation processes; and providing focussed financial support. "Public consultation will be open until October, I invite you to actively participate. I want to work constructively with you to deliver ERTMS and a genuinely interoperable rail network." said Ms Bulc.

She used the conference to focus on a host of rail freight topics, including the environmental effect, TEN-T freight networks, technology, trans-Asian/Europe rail routes and co-operation: "My vision for rail is that it becomes the backbone of decarbonised, sustainable, integrated and multimodal transport union in order to serve the needs of people and businesses," she added.

All documents and videos of the SERA conference are available here.

Maritime

CONTAINER SHIPPING'S CONSOLIDATION IS 'CREATING AN OLIGOPOLY'

The rapidly consolidating liner sector is becoming increasingly oligopolistic, setting the scene for a return to industry profitability this year on the back of an "unprecedented" 16% estimated increase in average global freight rates, according to container shipping and logistics analyst Drewry.

Speaking in a webinar yesterday, Philip Damas, director of Drewry's Supply Chain Advisors, said the bankruptcy of Hanjin last year and frantic liner merger and acquisition (M&A) activity in the last few years constituted a fundamental structural shift in the carrier base and the competitive forces in container shipping.

Most noticeably, he said, this was evident in the reduction of global liner operators from about 20 to 11 in just two years. This restructure would force shippers and suppliers to look for new strategies when doing business with shipping lines, and help lines manage excess supply and, potentially, prices in the coming years. "This is a significant decrease in the number of global carriers," said Damas. "And this, we suggest, will have deep repercussions on the entire industry – on shippers, on suppliers, shipyards and also on the level of competition between the carriers, because the container industry is frankly moving towards oligopoly."This will give carriers much more control than they have had in the past."

Martin Dixon, director of research products at Drewry, said the restructure had created "a very different playing field" in terms of the number of lines shippers could now choose from. "And the risk really to shippers here is that the tide of low freight rates is clearly reversing," he added. "We're forecasting that rates will rise on average by 16% this year – this is on average across all the different trade routes, head-haul and back-haul, east-west and north-south. So it's quite an unprecedented rise in overall rates. "On some routes the increase in rates will be significantly greater than that. And we expect next year that rates will continue to rise."

The shift in power from shippers to lines will help enable carriers to overcome excesses of slot capacity, according to Drewry. Dixon outlined that while the supply-demand balance had tightened since 2015, not least due to a record 660,000 TEU of scrapping in 2016, many newbuild deliveries had been deferred.

As a result, the orderbook still stands at over 3 million TEU and some 57 ultra-large container vessels of at least 18,000 TEU capacity are due to be delivered. This will see vessel supply growth accelerate this year to around 3% and then surge by 5% in 2018. "A number of ships in the 13,500 TEU to 16,000 TEU size range will remarkably become too small for the Asia to Europe trade and these will be progressively moved into the Transpacific, Asia-Med and Asia-Middle East trade lanes over that period," Dixon added. However, Damas said that even though demand growth of 3.5% is forecast for 2018 versus supply growth of around 5%, lines would still hold most of the cards in freight negotiations.

Source: Lloyd's Lloading List, 26 July 2017

BARGE CONGESTION EASING AT ROTTERDAM AND ANTWERP

Congestion that has affected barge and other intermodal services at key European container ports Rotterdam and Antwerp in the last few months has eased thanks to a combination of factors including a range of measures taken by terminals and port authorities.

European intermodal operator Contargo said it had seen a notable easing in barge traffic congestion at both Rotterdam and Antwerp over the past fortnight, but underlined that the situation remains unstable. European intermodal operator Contargo said it had seen a notable easing in barge traffic congestion at both Rotterdam and Antwerp over the past fortnight, but underlined that the situation remains unstable. Earlier this month, the company introduced a congestion surcharge for the two ports of €19.50 per container until 31 August. And container line Hapag-Lloyd also implemented a €25 per container congestion surcharge for all cargo arriving or departing to or from Rotterdam using feeder services; and for all cargo arriving or departing to or from Rotterdam and Antwerp using barge services.

However, Contargo's managing director, Heinrich Kerstgens, yesterday told Lloyd's Loading List: "The delays have been reduced from a peak of six days down to two days currently. But the whole system is very volatile and we are bracing ourselves for a return to longer waiting times." He attributed the congestion to a combination of factors, in particular how "a huge increase" in container volumes has been managed.

"The big (ocean shipping) alliances shifted volumes almost without prior notice to the new terminals and came with up to a third more containers per vessel than announced," Kerstgens said. "Close to 80% of all vessels are out of schedule." Other factors included staff shortages due to the holiday season, terminal usage of more than 75%, and computer breakdowns at some terminals due to the 'NotPetya' virus, he added.

Asked to comment on the initiatives being taken to resolve the barge congestion, Kerstgens replied: "Terminal operators have reacted by shifting (deep-sea) vessel berths to other terminals within the same port and requested that inland vessels discharge their containers at alternative terminals nearby − organising and paying for these transfers themselves. They are also hiring and training more staff, increasing dialogue with ocean carriers, and carrying out repair work to secure their IT infrastructure.

"As for the port authorities, they are funding provision aimed at overcoming bottlenecks and also contributing to speeding up IT systems through projects such as Nextlogic in Rotterdam, which is designed to achieve more efficient handling of inland container shipping."

A spokesperson for the Port of Antwerp last week told Lloyd's Loading List that the port was working on some barge congestion-related measures, but these were not in place yet.

Full article: Lloyd's Friday, 28 July 2017

BELGIUM & FRANCE TO ABOLISH TAX EXEMPTIONS FOR PORTS

The European Commission is requiring Belgium and France to abolish corporate tax exemptions granted to their ports, thus aligning their tax regime with European Union state aid rules, the EU competition watchdog said in a statement. Belgium and France have until the end of 2017 to take the necessary steps to remove the tax exemption, the commission said.

The European Commission said it believes the corporate tax exemptions granted to Belgian and French ports provide them with a selective advantage, in breach of EU state aid rules, and that the exemptions do not pursue a clear objective of public interest. "The tax savings generated can be used by the port operators to fund any type of activity or to subsidize the prices charged by the ports to customers, to the detriment of competitors and fair competition," the commission said.

Various sea and inland waterway ports in Belgium - including the ports of Antwerp, Bruges, Brussels, Charleroi, Ghent, Liège, Namur and Ostend, as well as along the canals in Hainaut Province and Flanders - are currently exempt under Belgian law from the general corporate income tax regime.
These ports are subject to a different tax regime that has a different taxable base and tax rates, resulting in an overall lower level of taxation for Belgian ports compared to other companies throughout the country. Meanwhile, in France, most ports - notably the 11 "grands ports maritimes," the Port autonome de Paris, and ports operated by chambers of industry and commerce - are fully exempt from corporate income tax under French law. The 11 grands ports maritime include the ports of Bordeaux, Dunkerque, La Rochelle, Le Havre, Marseille, Nantes-Saint-Nazaire and Rouen, as well as Guadeloupe, Guyane, Martinique and Réunion.

The European Commission argued that removing "unjustified" tax advantages does not mean that ports will no longer be able to receive state support. "In May 2017, the commission simplified rules for public investment in ports," the EC said. "As a result of the commission extending the General Block Exemption Regulation to non-problematic investment in ports, member states can now invest up to 150 million euros (U.S. $175.5 million) in sea ports and up to 50 million euros in inland ports with full legal certainty and without prior verification by the commission."

Customs

TEMPORARY TRADE PREFERENCES UKRAIN

On 17 July 2017, the Council adopted a set of temporary autonomous trade measures in favour of Ukraine. These measures should enter into force by the end of September and will apply for a period of three years. The proposal is aimed at improving access for Ukrainian exporters to the EU market, in view of the difficult economic situation and the economic reform efforts undertaken by Ukraine. It adds to trade provisions already introduced under an EU-Ukraine association agreement that have been provisionally applied since 1 January 2016 and that will formally enter into force on 1 September 2017.

Applying for a three-year period, the proposed measures consist of: 1) additional annual import quotas at zero tariff for the following agricultural products ('tariff rate quotas' at 0%):

Natural honey - 2500 tonnes
Processed tomatoes - 3000 tonnes
Grape juice - 500 tonnes
Oats - 4000 tonnes
Wheat - 65 000 tonnes
Maize - 625 000 tonnes
Barley - 325 000 tonnes
Groats and pellets of certain cereals - 7800 tonnes

2) full removal of import duties on several industrial products, such as fertilisers, dyes, pigments and other colouring matters, footwear, copper, aluminium, as well as television and sound recording equipment.

Safeguard measures will apply. Ukraine will be obliged to respect the same principles as under the association agreement. These include respect for democratic principles, human rights and fundamental freedoms and for the principle of the rule of law, as well as continued and sustained efforts with regard to the fight against corruption and illegal activities.

The Council's decision is the final step necessary to formally adopt the regulation. The European Parliament adopted the text on 4 July. The text should be published and enter into force shortly after the signature of the text by the co-legislators during the EP's plenary session in September.

EC REPORT ON IPR ENFORCEMENT

The European Commission recently released new figures showing that customs authorities detained more than 41 million fake and counterfeit products at the EU's external border in 2016. The goods had a total value of over €670 million. Everyday products which are potentially dangerous to health and safety – such as food and drink, medicines, toys and household electrical goods - accounted for over a third of all intercepted goods.

Cigarettes were the top category (24%) for articles detained and toys the second largest group (17%), followed by foodstuffs (13%) and packaging material (12%). The number of intercepted articles rose by 2% compared to 2015.

China remains the clear leader when it comes to the provenance of fake goods: 80% of articles arrived from China in 2016. Large amounts of cigarettes originated in Vietnam and Pakistan, while Singapore was the top source for counterfeit alcoholic beverages. Iran was the main source country for fake clothing accessories. Hong Kong was the leader for counterfeit mobile phones and India topped the list for counterfeit medicines. In more than 90% of detentions, goods were either destroyed or a court case was initiated to determine an infringement or as part of criminal procedures.

The Commission's report on customs actions to enforce IPR has been issued annually since 2000 and is based on data transmitted by Member States' customs administrations to the Commission.

The EC report is available here.

Air

IMPROVED EXPORT PROCESS AT BRUSSELS AIRPORT

This month the Customs Export Application to serve BRUcargo forwarders has gone live. Forwarders who use the app, can improve efficiency through a more automated export-exit process. The app combines manifest data with data from the forwarders and then matches the collected data at AWB level and reports a complete set of information automatically to customs. The customs authorities can give clearance priority to forwarders' shipments handled via the Customs Export App. The system is comparable to that of other European air- and seaports and was made possible by the BRUcloud, the open community platform of the cargo department of Brussels Airport Company.

Through such automated export solutions forwarders can avoid having to wait in lines at the customs offices to stamp AWBs and avoid having to create reports and having to collect alternative evidence manually, eliminating paper based procedures and the resulting errors.

Source: Air cargo Belgium

SEA-AIR BOOST

The sea-air sector is enjoying a healthy resurgence, as high air freight rates, disruptions in sea freight and new pricing transparency have combined to make multimodal transport more attractive. The most popular tradelanes are from China and South-east Asia, via Dubai, to Europe and the US. "There is a recovery in the sea-air mode, although I doubt it will go back to the volumes of yesteryear," said Riszard Rzepa, managing director for International Transport Services in Dubai. "It's very much connected to higher air freight rates out of Asia – when pure air freight rates hardened, we saw an increase in interest. And the disruption in shipping has been a contributor."

Robin Knopf, CEO of sea-air specialist SAT Albatros agreed. He said: “The primary tradelane driving this appears to be China, in part because of the latest sea freight disruptions caused by issues such as the Maersk cyber attack, as well as tightened air freight capacity.” He cited the recent Alaska ash cloud, which triggered a decline in transpacific capacity. “Bangladesh is also seeing sea-air numbers strengthening as pure mode delays continue, with port congestion and double scanning [at the airport].”It has been reported that containerships have faced two-week delays at Chittagong port since May, due to poor weather and equipment shortages. Meanwhile air cargo from the country has had to undergo stricter security checks.

Full article available here

Sustainable Logistics

CALL FOR INCREASED EU INVESTMENT IN R&I

Europe must capitalise better on the knowledge it produces, and turn its innovation potential into economic growth. Research and innovation should be prioritised in EU and national budgets, with a doubling of the budget of the successor to Horizon 2020, the current EU research and innovation programme. And it should involve citizens in addressing global challenges through broadly mobilising innovation missions.

These are among the eleven recommendations presented today to the Commission in a new vision for EU research and innovation , prepared by an independent high level group of leading experts chaired by Pascal Lamy, President Emeritus of the Jacques Delors Institute.

The report, entitled LAB – FAB – APP: Investing in the European future we want highlights that in the last twenty years, two thirds of economic growth in industrialised countries is attributed to research and innovation. Its recommendations focus on maximising the impact of EU investments in research and innovation in order to increase prosperity and solve our biggest societal challenges.

The Group proposes eleven recommendations:

1. Prioritise research and innovation in EU and national budgets, including a doubling of the budget of the post-2020 EU research and innovation programme
2. Build a true EU innovation policy that creates future markets
3. Educate for the future and invest in people who will make the change
4. Design the EU R&I programme for greater impact
5. Adopt a mission-oriented, impact-focused approach to address global challenges
6. Rationalise the EU funding landscape and achieve synergy with structural funds
7. Simplify further, privilege impact over process
8. Mobilise and involve citizens
9. Better align EU and national R&I investment
10. Make international R&I cooperation a trademark of EU research and innovation
11. Capture and better communicate impact

The High Level Group on maximising the impact of EU Research and Innovation Programmes brings together 12 leading personalities from across Europe with a wide range of expertise. The members hold key posts in universities or research organisations, are leaders of industrial giants and dynamic

SMEs, serve in high-level policy positions in national or international organisations, and play important roles in civil society organisations.

The Commission will respond to recommendations of the High Level Group in a Communication to be published later this year. The recommendations and results of the conference will feed into the preparation of the successor research and innovation programme to Horizon 2020, due to be proposed by the Commission in 2018.

European Commission, 3 July 2017

Forthcoming events

CLECAT MEETINGS

Road Institute/Sustainable Logistics Institute
7 September, Brussels

Joint CLECAT/FIATA Rail Freight meeting
13 September, Duisburg

Customs and Indirect Taxation Institute
20 October, Brussels

Supply Chain Security Institute / Air Logistics Institute
24 October, Paris

CLECAT Freight Forwarders Forum 2017
24 November, Barcelona

OTHER EVENTS WITH CLECAT PARTICIPATION

UIC/FIATA Market Place Seminar
14-15 September, Duisburg

Collaborative Innovation Days
27 September, Brussels.

IATA Cargo Security and Facilitation Forum
3-4 October, Barcelona

FIATA WORLD CONGRESS
3-7 October, Kuala Lumpur

INTERNATIONAL CUSTOMS CONFERENCE 2017
8-9 November, Düsseldorf

EP/COUNCIL MEETINGS

European Parliament

Transport and Tourism Committee

31 August, 1 September 2017
9 November, 2017
22, 23 November 2017
4 December 2017

Transport, Telecommunications and Energy Council

4-5 December, Brussels (Telecommunications & Transport)

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_EU
www.clecat.org

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