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## Brussels News

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### FINAL STUDY ON TRANSPORT COST INTERNALISATION

On 6 June, the European Commission published the long-anticipated study on “[Sustainable Transport Infrastructure Charging and Internalisation of Transport Externalities](#).” The objective of the study is to assess the extent to which existing policies internalise the external and infrastructure costs of various transport modes in Europe and to set out ways by which further internalisation can be achieved.

One of the main findings of the study is that the total external costs of all transport modes in EU28 are estimated at nearly €1 trillion annually, which is equivalent to 7% of EU’s GDP. In general, the most important cost category is accident costs equating to 29% of the total costs, followed by congestion costs (27%). Overall, environmental costs (climate change, air pollution, noise, well-to-tank and habitat damage) make up the remaining 44% of the total costs.

Road transport (and particularly passenger cars) is the largest contributor to external costs (83% of the total costs, €820 billion). The total external costs for rail transport and inland waterways (IWT) amount to €18 billion and €3 billion, respectively. Regarding aviation and maritime transport, the external costs in the EU28 are roughly estimated to be €48 and €98 billion. For freight transport, heavy goods vehicles (HGVs) have the highest costs, followed by IWT, rail transport and maritime transport.

The total tax/charge revenues from road, rail and inland waterway transport in the EU28 amount to €370 billion for 2016 (€350 billion from road, €20 billion from rail and €0.4 billion from IWT). The

majority of these revenues (81 %) is from passenger cars. For freight transport, the highest average revenues are found for HGVs, followed by diesel trains, electric trains and IWT vessels.

The results of the study demonstrate that the external and infrastructure costs of transport in the EU28 are only partly internalised. For most transport modes, only 15-25% of these costs are covered by revenues from current transport taxes and charges. There is also little evidence that marginal social cost pricing principles are applied on a large scale in transport pricing in the EU28. Finally, for most transport modes (except maritime transport and aviation) the infrastructure costs are not covered by infrastructure charges, reflecting that the 'users-pays' principle is often not met.

The assessment of the state-of-play of internalisation shows that there is room for improvement with respect to the transport cost internalisation. For instance, the wider use of distance-based road charges differentiated to vehicle characteristics, location and/or time may improve the extent of internalisation for road transport. The wider application of noise differentiations in rail access charges may be an option to further internalise the noise costs of rail transport. Introducing fairway dues or higher port charges may be options to internalise a larger share of the external and infrastructure costs of IWT. Environmentally differentiated port charges or fairway dues may be options to further internalise the air pollution cost of maritime transport. Eventually, environmentally differentiated airport charges or aviation taxes may be options to further internalise externalities of aviation.

CLECAT believes that the findings of the completed study will without doubt inform future Commission's transport policy debate. It is expected that the review of the 2011 Transport White Paper, planned for Q4 2020, will largely refer to the findings discussed above.

## 'NO-DEAL' BREXIT: EC TAKES STOCK OF PREPARATIONS

On 12 June, the European Commission published its [fifth Brexit Preparedness Communication](#), taking stock of the EU's Brexit preparedness, contingency measures and any remaining preparatory work that needs to be done. This should be seen in view of the decision taken on 11 April by the European Council, at the request of and in agreement with the UK, to extend the Article 50 period to 31 October 2019.

The Communication provides details on the extensive preparations in the EU27 in areas where continued and particular vigilance is needed in the coming months, including customs and taxation, transport, and other product-related areas such as fishing, medicinal products, medical devices and chemical substances.

In the area of customs and indirect taxation, the Commission reviews the preparedness efforts made so far and further reports that EORI numbers have significantly increased as well as applications for AEO status. However, the Commission warns that even though these trends indicate that operators are increasingly prepared in the context of customs procedures, this does not mean that all necessary preparedness measures have been taken. The Commission notes in particular that EORI number attribution and AEO status are only some of the actions needed for economic operators to prepare for a no-deal scenario, which may for example also lead to changes in logistics and operational planning, or possible hiring of customs specialists. In the field of sanitary and phytosanitary controls, the Commission reports that the EU27 Member States have set up new Border Inspection Posts (BIPs) or extended existing ones at entry points of imports from the UK into the EU. In that context, the Commission calls the EU27 to use the additional time to evaluate the need for any further adjustments to these BIPs to ensure that they are fully functional from the outset.



The Commission also reports on the contingency Regulation on air transport which includes a specific mechanism for EU airlines to comply with the EU majority ownership and control requirements. It is explained that the process is underway and that the Commission is in regular contact with national authorities. In the rail transport sector, the Commission urges operators that have not taken the necessary steps to obtain the relevant EU27 documents to do the necessary to obtain them.

The Commission considers that a withdrawal of the UK without an agreement remains a possible outcome, with all its negative economic consequences, and strongly encourages all stakeholders to take advantage of the extra time provided by the extension to ensure that they have taken all necessary measures to prepare for all possible outcomes.

Source: [European Commission](#)

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## Road

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### SMART DIGITAL TACHOGRAPHS ON EU ROADS AS OF 15 JUNE 2019

As of 15 June, trucks and buses registered in the EU for the first time must have a smart digital tachograph installed. The tachograph is the tool installed in trucks and buses which records the activities of drivers. Its new features shall improve the enforcement of the EU rules on driving and resting times, in line with the Mobility Packages.

The smart digital tachograph offers technologically advanced and user-friendly functionalities compared to the digital tachograph which is currently in use. It allows for the positioning of the vehicle via satellite and the transmission of information to control authorities via short-range communication technology. Additionally, it has a Bluetooth connection allowing to send data to mobile phones or tablets. Its new connectivity features and enhanced security shall make it easier for enforcers to detect infringements to the road transport legislation. Additionally, it provides real time information that may be used by transport companies and drivers to optimize the fleet management strategies and to better organise the working time.

Source: [European Commission](#)

### COUNCIL ADOPTS CO2 STANDARDS FOR NEW HDVS

On 13 June, the Council adopted Europe's first-ever CO2 emission standards for trucks and other heavy-duty vehicles. Under the new rules, manufacturers will be required to cut carbon dioxide emissions from new trucks on average by 15% from 2025 and by 30% from 2030, compared with 2019 levels. Those targets are binding, and truck manufacturers which do not comply will have to pay a financial penalty in the form of an excess emissions premium. In addition to the new targets, the co-legislators agreed to strengthen the incentive system for zero- and low-emission vehicles (ZLEVs).

CLECAT believes that the new Regulation is an important step towards improving the emissions performance and efficiency of the logistics system by standardising and increasing the uptake of technologies which reduce fuel consumption and emissions. The Regulation will increase the competitiveness of European transport and logistics by driving down fuel costs and maintaining the technological leadership of the European transport industry. For CLECAT, the two-step approach, as



well as the flexible mechanism to incentivise ZLEVs, appear to be reasonable approaches to drive innovation while avoiding punitive measures which would damage competitiveness.

Now that the Regulation has been officially adopted, it will be published in the Official Journal of the EU and enter into force on the twentieth day following that of the publication. CLECAT does not foresee any active involvement needed rather than following related developments until the review of the 2030 targets, which will be conducted in 2022.

The text of the Regulation can be found [here](#).

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## Maritime

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### UOA/DALHOUSIE TECHNICAL REPORT ON CONSORTIA BER

The University of Antwerp and Dalhousie University's published a technical report entitled "[Regulation in the Liner Shipping Industry: Pathways to a Balance of Interests](#)" on 12 June. The report aims to provide regulators with some insights on the benefits and drawbacks of different options in the context of the review of the Consortia Block Exemption Regulation (CBER), which is going to expire on 25 April 2020.

The varying perspectives of different stakeholders involved are discussed and, more specifically, whether the tools to materialise the respective objectives are aligned with the operators' strategies and perspectives. From this analysis, it is possible to put forward three different pathways from the perspective of the regulator: 1) allow the existing CBER to expire, 2) amend the existing CBER and 3) retain the existing CBER and extend the timeline. Each pathway is explored, as well as the impact on each stakeholder in the maritime supply chain.

The research also explores the likely consequences of the decision taken by the European Commission from an industrial economics perspective. An analysis of the impact on consumer surplus (or the excess of what a shipper would have paid for a service (i.e. the utility) over what that shipper actually pays) and producer surplus (i.e., freight rate in excess of the lowest freight rate willing to supply slot capacity) allows for exploration of those consequences. However, quantification is not possible due to lack of data.

Figure 3: Three pathways from the perspective of the regulator

#### Allow the existing CBER to expire

- The most dangerous of all pathways
- The industry currently faces global uncertainty
- Highest risk of seeing carriers disappear from the market
- Future capacity risk decisions of carriers may go against the interests of shippers and terminal operators

#### Retain the existing CBER

- Fits best the needs of the carriers
- Shippers benefit from better-equipped shipping companies guaranteeing capacity

#### Amend the existing CBER

- Most balanced one, but unclear which amendments
- More transparency: relevant geography market, data/information collection
- No point to reduce market threshold
- Regarding review period: difficult as timeline is the same for all sectors

As a result, the researchers also discuss the regulatory data collection and explore the opportunities that better global data collection might bring to improved regulatory outcomes. The researchers



recommend a global registry of cooperative agreements for regulators to access (containing data such as the type of agreement, geographic trade lanes covered, agreement duration, if selling of space to third parties is allowed, etc), as well as a trade data warehouse for consortia monitoring. The latter needs further exploration at a multi-lateral level.

Ultimately, the research suggests several actions that can be taken to achieve a balance of interests among the actors in the sector. The research also shows that there is a definite need for regulation that will yield greater certainty of impact of regulations, greater clarity of interpretation and a time frame that will more closely mediate between the short time frame used by the majority of cargo interests and the longer time frame of carrier decision-making. According to the study, the challenge will be to find a pathway for Europe that is compatible and consistent with the global nature of the industry rather than the fragmented nature today.

CLECAT will review the study in some detail. The [CLECAT position](#) is that whereas consortia represent a legitimate business mechanism for otherwise competing liner shipping companies, the BER itself is not necessary and reduces competition by giving carriers a free pass to reduce service offerings. CLECAT therefore urges that it is not renewed and that consortia are treated under the same general competition legislation as other business interests.

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## Air

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### WEAK AIR FREIGHT DEMAND CONTINUES

IATA's [recent report on air freight](#) stated that data for global airfreight markets indicates that the demand for air cargo in April, measured in freight tonne kilometres (FTKs), fell by 4.7% year-on-year. This continued the negative trend in year-on-year demand that began in January. The report further shows that all regions experienced a deterioration in year-on-year FTK growth, with the weakest outcomes seen in Europe, the Middle East and Asia Pacific.

Simultaneously, available capacity, measured in available freight tonne kilometres (AFTKs), increased by 2.6% year-on-year. Thereby, capacity growth has now outstripped demand growth for the last 12 months. Moreover, the report noted that while air cargo volumes have been volatile in 2019, also due to the timing of Chinese New Year and Easter, the trend is going downwards, with volumes around 3% below the August 2018 peak.

The full analysis is available [here](#).

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## Rail

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### FIATA/UIC MARKET PLACE SEMINAR

On 4 June, the International Freight Forwarders' Association (FIATA) and the International Union of Railways (UIC) organised the 9th edition of the Market Place Seminar, which was held at the [transport logistic fair](#) in Munich.



The Market Place Seminar is a platform which aims to create opportunities for increased cooperation and business development within the rail sector by offering a common platform for railway undertakings, freight forwarders and customers.

This year's seminar, which was opened by Dr Ivan Petrov, the Chairman of FIATA's Rail Working Group and CLECAT's Secretary General, was comprised of two sessions and had as its principal theme the interaction between Railways Operators and Freight Forwarders. During the first session, which was based on the 'new rail logistics concepts in multimodal transport', the speakers presented case studies surrounding multimodality and reasons why multimodality, partnerships and cooperation in the chain are essential. Moreover, insights into how the transport sector embraces innovative concepts and technologies to pursue the goal of achieving a sustainable, customer-oriented and efficient system were provided.

The second session of the seminar focused on how to make the best use of Rail Freight Corridor Services, with a focus on strengths and opportunities to the market. The session was comprised of panel discussions on the last mile and cross border capacity, first mile and last mile issues, the costs, the investment in last-mile infrastructures, development of medium and small sized terminals, logistic centres, re-routing in case of an emergency situation, and how to handle passenger and freight on one corridor.

The presentations are available [here](#).

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## *Customs and Trade*

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### **EU ADOPTS REGULATION ON PRODUCT COMPLIANCE & CONTROLS**

On 14 June, the Council adopted a [regulation on market surveillance and compliance](#) on products placed on the EU market as part of the so-called "[Goods package](#)". The Regulation aims to guarantee that products placed on the Single Market, including products traded online, comply with common EU rules, are certified and meet the quality and safety standards. Economic operators throughout the entire supply chain, without prejudice to their respective roles and responsibilities, are expected to ensure full compliance with EU harmonisation legislation on products.

The framework for market surveillance established by this Regulation should complement and strengthen existing provisions in Union legislation relating to ensuring compliance of products, market surveillance of products and controls on those products entering the Union market. In order to address challenges of the global market, as well as the increase of products that are sold online to end users in the EU, the new rules include fulfilment service providers within the list of economic operators against whom enforcement measures might be taken. Notably, after difficult discussions, in which CLECAT took part, freight transport services were explicitly excluded from the scope of that definition. The regulation still has to be signed and published in the Official Journal of the EU. It will enter into force on the twentieth day following publication. It will apply two years from the date of entry into force. A number of provisions will however apply as of 1 January 2021.

Source: [Council of the EU](#)



## EU-US TRADE

This week, the Commission [reported](#) on the successful outcome of the negotiations with the US to review the functioning of an existing quota to import hormone-free beef into the EU. In addition, the EU-US mutual recognition agreement for inspections of manufacturing sites for human medicines also made further progress with two more Member States to benefit from it.

Based on a [Council's mandate](#), the Commission reached an agreement in principle with the US and other substantial supplying countries that 35,000 tonnes quota of hormone-free beef will be allocated to the US, phased over a 7 years period, with the remaining amount left available for all other exporters. The agreement comes in the context of the EU-US Memorandum of Understanding (MoU), which provided for an interim solution to a longstanding dispute in the WTO regarding the use of certain growth-promoting hormones in beef production. Under the agreement, a 45,000 tonnes quota of non-hormone treated beef was open by the EU to qualifying suppliers, including the US.

The [US Food and Drug Administration](#) (FDA) [confirmed](#) the capability of the Netherlands and Luxembourg to carry out [good manufacturing practice](#) (GMP) inspections at a level equivalent to the US. There are now 26 Member States whose inspection results the FDA can rely on to replace their own inspections of manufacturers of human medicines.

## COMMISSION REPORTS ON PROGRESS OF TRADE NEGOTIATIONS

The European Commission has recently published reports summarising the progress made during the latest negotiating rounds with Tunisia and New Zealand.

The [fourth round of negotiations with Tunisia](#) on a Deep and Comprehensive Free Trade Area (DCFTA) covered various areas, including trade in goods, trade in services and investment, market access in the agriculture sector, as well as visa facilitation standards.

The [fourth round of negotiations with New Zealand](#) covered most of the areas of the future agreement and achieved good progress on the discussed topics, including both sides' market access offers for services and investment, as well as for public procurement, which had been exchanged in the run-up to the round.

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## *Digitalisation*

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### 2019 DIGITAL ECONOMY AND SOCIETY INDEX

On 11 June, the European Commission published the results of the 2019 Digital Economy and Society Index (DESI), which monitors Europe's overall digital performance and tracks the progress of EU countries with respect to their digital competitiveness.

According to the index, countries that have set up ambitious targets in line with the EU Digital Single Market Strategy and combined them with adapted investment achieved a better performance in a relatively short period of time. This is one of the main conclusions of this year's [Digital Economy and Society Index](#) (DESI). However, according to the Commission, the fact that the largest EU economies



are not digital frontrunners indicates that the speed of digital transformation must accelerate, in order for the EU to stay competitive at world level.

The index also shows that more than one third of Europeans in the active labour force do not have basic digital skills, even though most jobs require at least basic digital skills, and only 31% possess advanced internet user skills. At the same time, there is an increased demand for advanced digital skills across the economy, with employment of Information and Communication Technology (ICT) specialists growing by 2 million over the last 5 years in the EU. Finland, Sweden, Luxembourg and Estonia are the leaders in this dimension of the index.

Overall, the top EU performers in this domain are Ireland, the Netherlands, Belgium and Denmark, while Hungary, Romania, Bulgaria and Poland need to catch up. An increasing number of companies use cloud services (18% compared to 11% in 2014) and social media to engage with their customers and other stakeholders (21% compared to 15% in 2013). However, the number of SMEs who sell their goods and services online has stagnated over the past few years at 17%. In order to boost e-commerce in the EU, the EU has agreed on a series of measures from more transparent parcel delivery prices to new VAT and digital contract rules.

Source: [EU Commission](#)

## GDPR AFTER ONE YEAR

On 13 June, at the occasion of a stock-taking [event to mark the first year of application of the EU General Data Protection Regulation](#) (GDPR), the European Commission published the results of a special Eurobarometer survey on data protection. The results show that Europeans are relatively well aware of the new data protection rules, their rights and the existence of national data protection authorities, to whom they can turn for help when their rights are violated.

Based on the views of 27,000 Europeans, the Eurobarometer results show that 73% of respondents have heard of at least one of the six tested rights guaranteed by the GDPR. The highest levels of awareness among citizens are recorded for the right to access their own data (65%), the right to correct the data if they are wrong (61%), the right to object to receiving direct marketing (59%) and the right to have their own data deleted (57%). In addition, 67% of respondents know about the GDPR and 57% of respondents know about their national data protection authorities. The results also show that data protection is a concern, as 62% of respondents are concerned that they do not have complete control over the personal data provided online.

[The GDPR has been applicable since 25 May 2018](#). Since then, nearly all Member States have adapted their national laws in the light of GDPR. The national Data Protection Authorities are in charge of enforcing the new rules and are better coordinating their actions thanks to the new cooperation mechanisms and the European Data Protection Board.

Source: [EU Commission](#)

## CMA AND MSC JOIN TRADELENS

Recently, container carriers CMA-CGM and Mediterranean Shipping Company (MSC) announced they will join TradeLens, a blockchain-enabled digital shipping platform, jointly developed by A.P. Moller – Maersk and IBM. With CMA-CGM, MSC, Maersk, and other carriers committed to the platform, a substantial part of the ocean carriers' data will be available on TradeLens.



CMA CGM and MSC will operate a blockchain node, participate in consensus to validate transactions, host data, and assume the role of acting as Trust Anchors, or validators, for the network. CMA CGM and MSC will be on the TradeLens Advisory Board which will include members across the supply chain to advise on standards for neutrality and openness.

Source: [Tradelens](#)

## DIGITAL TRANSPORT DAYS 2019 – HELSINKI

European Commissioner for Transport, in cooperation with the Finnish Presidency of the Council of the European Union, has announced that the Digital Transport Days 2019 will be held this year from 7 to 9 October in Helsinki.

At the Finlandia Hall conference centre in Helsinki, participants can enjoy a conference which will offer a European viewpoint to digital solutions for transport and mobility. Participants will be updated on the latest developments in the field and are invited to help define and implement enabling policies, as well as developing customer-oriented services.

More specific information will follow soon. For any questions and comments, feel free to contact the European Commission at [info@digitaltransport.eu](mailto:info@digitaltransport.eu).

## SELIS WORKSHOP ON INLAND RELIABILITY IN BARGING



CLECAT will join the SELIS workshop on inland reliability in barging taking place next week at the Erasmus University in Rotterdam. The workshop will focus on the development by the Living Lab of an inland reliability visibility tool. This will support concrete and practical ways to effectively enhance reliability in inland chains. Two different use cases will be presented:

Use case 1 – In-land reliability visibility tool has developed a data-integration and visibility tool for improving reliability in inland transport

Use case 2 – Synchronodal Control Tower: Development of advanced digital services enhancing the smart chain integration of inland barging.

The work of SELIS in creating new technical possibilities for data collection and processing to improve the situation, e.g. through the development of a standard for measuring reliability and the creation of a dashboard providing users with good information, was highlighted.

CLECAT is a member of the SELIS consortium. Consisting of 37 European partners from 13 countries, the SELIS project aims to contribute to the development of a Shared European Logistics Information Space. The main objective of SELIS is the development of a platform for pan-European logistics applications and the creation of a communication and navigation platform for the European logistics communities.



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# General

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## EC INVESTIGATES PUBLIC FINANCING OF FEHRMARN BELT FIXED RAIL-ROAD LINK

On 14 June, the European Commission opened an in-depth investigation under EU State aid rules into Denmark's public financing model for the Fehmarn Belt fixed rail-road link between Denmark and Germany. The Fehmarn Belt fixed rail-road link is a key element to complete the main North-South route connecting central Europe and the Nordic countries. It includes an undersea tunnel between Denmark and Germany and the corresponding rail and road connections on land.

The Commission approved the public financing model of the Fehmarn Belt fixed rail-road link between Denmark and Germany under EU State aid rules in 2015. However, in December 2018, following an appeal against the Commission's 2015 decision, the General Court partially annulled the Commission's decision on procedural grounds (Judgments [T-630/15](#) and [T-631/15](#)). While the General Court confirmed the Commission's decision regarding the financing granted to Femern Landanlæg for the hinterland connections, it found that the Commission should have opened a formal investigation under EU State aid rules to assess the measures granted by Denmark to Femern A/S before adopting its decision. To comply with the judgment, the Commission opened an in-depth investigation under EU State aid rules into the measures in support of the fixed link granted by Denmark to Femern A/S.

At this stage, the Commission is not in a position to conclude whether the measures constitute State aid, in view of the uncertainty as regards the economic character of the fixed link. In its investigation, the Commission will focus in particular on the nature of the measures and whether they constitute individual aid or aid schemes; and the compatibility of the measures with EU State aid rules and especially the qualification of the measures as investment and/or operating aid, as well as their necessity and proportionality. The opening of the in-depth investigation gives all interested parties the opportunity to submit their comments. It does not prejudice the outcome of the investigation.

Source: [European Commission](#)

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## Forthcoming events

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### CLECAT MEETINGS

CLECAT Board/General Assembly

26 June, Paris, France

ICS2 Workshop

10 September, Brussels

CLECAT Customs and Indirect Taxation Institute

11 September, Brussels



CLECAT Rail Institute  
25 September, Brussels

CLECAT Freight Forwarders Forum 2019  
14 November, Brussels, Belgium

## OTHER EVENTS WITH CLECAT PARTICIPATION

SELIS Workshop  
17 June, Rotterdam

2019 International Congress of Authorised Economic Operators / SIL  
26-28 June, Barcelona

ELP Event on Logistics  
25 September, Brussels

Digital Transport Days  
7-9 October, Helsinki

Smart Ports Smart City Expo World Congress  
19-21 November 2019, Barcelona

## EP/COUNCIL MEETINGS

EU Transport Council  
2 December, Brussels

European Parliament TRAN Committee  
24-25 July, 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](mailto:nicolettevdjagt@clecat.org) / [info@clecat.org](mailto:info@clecat.org)

 @CLECAT\_EU  
[www.clecat.org](http://www.clecat.org)

