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## Brexit

### CLECAT WELCOMES ALTERNATIVE ARRANGEMENTS REPORT

CLECAT has welcomed the UK's Alternative Arrangements Commission (AAC) Report which was published yesterday, the 18th July. The independent Commission, consisting of approximately 50 UK Members of Parliament and supported by a panel of customs and trade experts, has sought to develop credible and practical Alternative Arrangements ensuring there is no hard border in Ireland when the UK leaves the EU.



CLECAT welcomes the Report as it is aligned with CLECAT's efforts and initiatives to prevent a no-deal scenario, limit any disruption in trade and transport to a minimum and achieve a pragmatic and realistic future relationship between the EU and the UK.

Dominique Willems, CLECAT's Senior Manager and Member of the [UK Government's Alternative Arrangements Advisory Group](#), noted following the launch of the Report which he attended: 'the Report is an important contribution to the UK's political process for adoption of the Withdrawal Agreement and further negotiations between the UK and EU on the future relationship. It provides an overview for political decision makers of possible solutions to the Irish border question, which are based on exiting EU legislation, border procedures and technology, while respecting the Belfast/Good Friday Agreement. We can only wholeheartedly support this work.'

He continued noting that ‘as the Report states, there is no “silver bullet” to resolve the Irish border issue. However, it does show that with realistic and pragmatic solutions, the Irish Backstop will never have to be triggered. It will take substantial efforts to implement these solutions with the support of all stakeholders involved. The only other option is a no-deal Brexit, which will be way more costly to businesses and damaging to both the UK and Irish economies.’

The objective of the report is to give the negotiators on both sides the tools to unblock the Brexit logjam and to create the basis for an agreement, thereby attempting to prevent a no-deal Brexit and enabling a recovery in confidence for governments, citizens and businesses across the EU and in the UK. The report provides further material for Parliament to debate, to highlight that there is an on-going parliamentary majority for the Withdrawal Agreement, provided that a template for Alternative Arrangements can be agreed. The ACC also noted that the work of the Commission is compatible with any of the EU and UK boundaries for a Brexit deal.

The UK leadership candidates, the UK Government, the EU and the Taoiseach, Leo Varadkar, have all shown serious interest in the report. All these parties have committed to substantially deepen the work stream on Alternative Arrangements enshrined in the Withdrawal Agreement, to which both the UK and EU have committed themselves through the March 2019 Strasbourg Joint Instrument. The AAC report, despite being privately funded through [Prosperity UK](#), is the first tangible UK initiative to fulfil those commitments. The Governments Alternative Arrangement Group, which held its first meeting on 20 June, is expected to provide a report in October.

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## Rail

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### ONGOING RAIL DISRUPTION BETWEEN FRANCE & ITALY

The North Sea - Mediterranean Rail Freight Corridor (RFC 2) [announced](#) this week that following the disruption to rail traffic between France and Italy via Modane, the re-opening of the section is planned for 31 July with speed restrictions. This is two weeks earlier than originally anticipated.

The works on the railway line are ongoing and the cleaning and consolidation of the line are almost finalised. However, following storms that took place some weeks ago in the same area, other rockslides took place approximately 7 km from the mudslide on the Modane railway line. Following these rockslides, the regional authority had requested to set off precautionary explosions in order to consolidate the environment. SNCF Reseau is now expecting more information from the experts of the regional authority to decide whether further explosions need to be set off in order to avoid any unstable rock fall. The expert’s information is expected around 24/25 July.

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## Maritime

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### 2019 LINER SHIPPING CONNECTIVITY INDEX

On 17 July, the United Nations Conference on Trade and Development (UNCTAD) published a [Liner Shipping Connectivity Index](#) (LSCI) for 2019. The LSCI covers 178 countries and shows maritime



connectivity trends from 2006 to 2019. It is calculated using the data on the world's container ship deployment and released annually.

The list was topped by Asian economies, with China, Singapore, Korea, Hong Kong (China) and Malaysia rounding out the top-five list, each with a score of more than 100, according to the index's metrics. Several EU Member States, i.e. Belgium, the Netherlands, the UK and Spain, were in the top 10. Furthermore, a 'connectivity divide,' the growing difference between the best and worst connected countries, was observed.

The 2019 index also includes a new component covering countries that can be reached without the need for transshipment. "Counting on a direct regular shipping connection has empirically been shown to help reduce trade costs and increase trade volumes," the UNCTAD's Chief of Trade Logistics, Mr Hoffmann, explained. UNCTAD [research](#) shows that the absence of a direct connection is associated with a 42% lower value of bilateral exports.

The other five components of the index remain unchanged – the number of companies that provide shipping services, the number of services, the number of ships that call per month, the total deployed container-carrying capacity, and the size of the largest vessel.

On 10 August, UNCTAD will release a new port liner shipping connectivity index for more than 900 ports, as well as new statistics regarding port calls and time spent in ports.

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## Digitalisation

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### PHYSICAL INTERNET (IPIC) CONFERENCE

The future of the global freight and logistics industry was discussed at the IPIC conference in London last week. The aim of the conference was to provide researchers, industry representatives, government officials and citizens with an open forum in order to give them the opportunity to together explore, discuss, introduce leading edge concepts, methodologies, recent projects, technological advancements, start-up initiatives, for current and future Physical Internet implementation.



The Physical Internet concept takes freight and logistics services and aims to make them as accessible and connected as information and services are over the internet. This represents a huge opportunity for the sector to improve efficiency and sustainability through connected, interoperable and shared used of resources and assets on a massive scale, whilst supporting the massive challenge of decarbonization. Conference topics included interconnected logistics, cross-chain control, synchromodal transportation, open logistics networks, systems & technologies for interconnected logistics, supply chain coordination & collaboration, and urban freight transport and logistics. Through these areas IPIC touched on new areas such as automated transport, robotics, artificial intelligence, internet of things and blockchain.



## SELIS GENERAL ASSEMBLY

On 12 July, CLECAT participated at the SELIS project's final General Assembly meeting in London. As the project nears completion, SELIS is offering all European supply chain stakeholders the opportunity to benefit from three years of research by providing access to the collaborative intelligence platform created during the project and made available in the open source format.

The SELIS platform provides a safe and trusted data sharing environment, supporting collaboration among logistics operators. Pre-packaged industry knowledge, or technical "recipes," provide them with 26 smart tools (such as predicative analytics for ports, barge reliability estimation, supply chain excellence score calculation, railway ETA predictions), which can be adapted and easily incorporated into existing business workflows.

SELIS data comply with open standards and common languages to maximise its value and usability, ensuring the tools are easy to integrate into multiple data sources, back-end systems front-end systems via open-api's. SELIS does not replace existing IT, but adds a layer of intelligence and collaboration, co-existing with multiple implementation options (e.g. Cloud, on-Prem) and protecting historical and future IT investments.

All the SELIS tools have been developed and validated in collaboration with 38 logistic stakeholders from 11 EU Member States in living labs across Europe, which gives confidence that the solutions add value and have real industry application potential. The following KPIs calculations indicate measurable improvements in the respective areas:

- DHL Iberia, an international freight forwarder, expects a 5% increase in round trips, leading to a 5% CO2 reduction, along with a 20% reduced man-effort for optimising their route planning.
- The Port of Rotterdam anticipates a modal shift of 10%, an occupancy rate increase of between 5-10% and a CO2 reduction of between 5-10%.
- ELGEKA, a Greek wholesaler in the food sector, through SELIS facilitated increased visibility, foresees significant reduction in lead times, stock-outs and operational costs for information exchange, consequently leading to 15-30% reduced environmental footprint, improved transportation agility, and most importantly lowered working capital costs.
- SONAE, a major Portuguese retailer, expects both for itself and its suppliers to minimize stock-outs, decrease production costs by levelling production and demand, increase supply chain agility due to common planning, create a greener supply chain by decreasing waste and strengthen the relationships among producers, suppliers, and retailers.
- Adria Kombi, an intermodal operator in South Eastern Europe has clear indications that SELIS could realize significantly lower effort to keep business partners up-to-date, and reschedule wagon-sets in case of delays, leading to at least 10% less planning man-effort, 15%, increased optimized wagon-set utilization, 10% less delays at terminals, along with 10-20% reduced CO2 emissions due to avoidance of unnecessary modal shift to road transport.

You can discover SELIS reports at the [SELIS website](#) and find out how to download the open source software that will become available at the end of project on 31 August 2019.



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# Customs and Trade

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## INCOTERMS® 2020 COMING SOON

As the International Chamber of Commerce celebrates its centenary in 2019, it has announced the preparation and publication of Incoterms® 2020. This newest edition of the Incoterms® rules should help prepare business for the next century of global trade.

Different practices and legal interpretations between traders around the world necessitated a common set of rules and guidelines. As a response, ICC published the first Incoterms® rules in 1936. The ICC has been maintaining and developing them ever since. Although other clauses for global trade exist around the world, such as the Harmonised Tariff Schedule of the United States, Incoterms® rules are global in their reach. Similarly, Incoterms® rules do not include trade terms codified for national purposes. Unlike national trade policies, Incoterms® rules are universal, providing clarity and predictability to business.

The Incoterms® 2020 are expected to be released this autumn. Until then, [Incoterms® 2010](#) are still in effect and can be accessed on the ICC website under [resources for business](#).

Source: [ICC](#)

## E-COMMERCE REMAINS VULNERABLE TO VAT AND CUSTOMS DUTY EVASION

On 16 July, the European Court of Auditors published a [report](#) examining whether the European Commission has established a sound regulatory and control framework for e-commerce with regard to the collection of VAT and customs duties, and whether Member States' control measures help ensure the complete collection of VAT and customs duties on e-commerce. The report finds that despite recent positive developments, the EU is not addressing all the challenges in collecting the correct amounts of VAT and customs duties for goods and services traded over the internet.

In particular, the analysis shows that: (a) the regulatory framework follows international best practice promoted by the OECD and the WCO in most respects; (b) the new provisions that will enter into force in 2021 aim to resolve some of the weaknesses in the current framework but undervaluation remains to be addressed; (c) administrative cooperation arrangements between EU Member States and with non-EU countries are not being fully exploited; (d) the controls carried out by national tax authorities are weak and those of the Commission are insufficient; (e) there are weaknesses in the current customs clearance systems and that there is a risk that the EU cannot prevent abuse by the intermediaries involved; and (f) enforcement of collection of VAT and customs duties is not effective.

The auditors also make recommendations as to how the European Commission and the Member States should better address the challenges identified and establish a sound regulatory and control framework. For example, the report recommends that the Commission carry out inspections on Member States' controls of the low value consignment relief and assist Member States to develop a methodology to be able to produce periodic estimates of the compliance VAT gap on e-commerce.

Source: [European Court of Auditors](#)



## EU VAT CROSS BORDER RULINGS PILOT

Within the framework of the [EU VAT Forum](#), of which CLECAT is a member, an EU pilot project has been set up to allow taxable persons to obtain advance rulings on the VAT treatment of complex cross-border transactions. Currently, the following Member States participate in the project: Belgium, Denmark, Ireland, Estonia, Spain, France, Italy, Cyprus, Latvia, Lithuania, Malta, Hungary, Netherlands, Portugal, Slovenia, Finland, Sweden and the UK.

Taxable persons envisaging cross-border transactions between two or more of the participating Member States can request for a ruling regarding the VAT treatment of the transactions they foresee. Applicants are requested to introduce their request for a cross-border ruling in the participating Member State where they are registered for VAT purposes and provide a detailed and clear description of their case and of their opinion and/or doubts with regard to the applicable VAT regime. On the basis of such a request, the Member States concerned will consult each other. Applicants are requested to provide a detailed and clear description of their case and of their opinion and/or doubts with regard to the applicable VAT regime, in order not to delay the treatment of the request and the decision process. Lastly, taxable persons are invited to present their experiences and suggestions with regard to such VAT cross-border ruling requests.

More detailed information regarding the participating countries, the conditions and the procedure can be found in the [information notice](#).

The current [list of VAT cross-border rulings](#) is available on line.

Source: [European Commission](#)

## NEW VERSION OF THE UN/LOCODE DIRECTORY

The "United Nations Code for Trade and Transport Locations" is commonly known as "UN/LOCODE". Although managed and maintained by the UNECE, it is the product of a wide collaboration in the framework of the joint trade facilitation effort undertaken within the United Nations. Recently, the UNECE Secretariat has released the [2019-1 UN/LOCODE directory](#).

Initiated within the UNECE Working Party on Trade Facilitation, UN/LOCODE is based on a code structure set up by UN/ECLAC and a list of locations originating in UN/ESCAP, developed in UNCTAD in co-operation with transport organisations and with active contributions from national governments and commercial bodies. Its first issue in 1981 provided codes to represent the names of some 8.000 locations in the world. Currently, UN/LOCODE includes over 103,034 locations in 249 countries and installations in international waters. It is used by most major shipping companies, by freight forwarders and in the manufacturing industry around the world. It is also applied by national governments and in trade related activities, such as by the UPU for certain postal services and for customs and statistical purposes it is used by the European Union.

The full text of the formal basis for UN/LOCODE can be consulted at [UNECE Recommendation No. 16](#)

Source: [UNECE](#)



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# Sustainability

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## EU COUNTRIES' DRAFT NECPS' TRANSPORT RANKING

Following the EU Member States' submission of their draft National Energy and Climate Plans (NECPs), a transport and environment NGO T&E published a report providing a comparative analysis of these plans from a transport perspective. The objective was to assess if countries' initial ambitions were compatible with 2030 targets and aligned with the EU's transport decarbonisation objectives in the longer term. An interactive assessment of each Member State's draft plan, as well as the overall analysis, can be found [here](#).

From a transport perspective, the main conclusion was that all the draft plans were clearly insufficient to achieve 2030 targets and to put the sector in a trajectory towards full decarbonisation by 2050. If the EU aims for a dramatic reduction of its transport emissions, clear action is needed already in the 2020s, without counting on yet another decade to come. In addition, the missing targets for 2030 could come at a high economic cost for many Member States.

The heavy-duty vehicle sector, together with aviation and shipping, was found to be among the most overlooked transport modes in the draft NECPs. Most countries did not include measures to reduce their impact, even less to decarbonise them. At the very minimum, the intention to develop a plan to deal with the issue would have been appropriate. However, that is not the case for most NECPs, making this one of the key issues that virtually all Member States have yet to tackle.

On the other hand, there were some positive measures included in the drafts. For instance, some countries included a phase-out of internal combustion engine vehicles (petrol, diesel and gas) by 2030. Others went for an almost phase-out of food-based biofuels by 2030. In comparison to other sectors, almost all the Member States mentioned the importance of rail for the transport of goods, even if in most cases they were broad statements, lacking details on how to achieve the actual goals stated.

Overall, the report argued that, if the most ambitious measures of all the draft NECPs would be combined, the EU would have a chance to decarbonise its transport sector by 2050.

## SAVE THE DATE: ELP EVENT ON LOGISTICS IN TRANSITION



### European Logistics Platform

The European Logistics Platform (ELP) organises its next event '**Logistics in Transition: how to handle growing freight transport and the challenges ahead**' on Wednesday, 25 September at the Residence Palace in Brussels. Confirmed speakers include Prof Alan McKinnon, Professor of Logistics, Kuehne Logistics University and Leigh Pomlett, CEO of CEVA Logistics. Policy makers from the

Commission and the Finnish Presidency of the EU will also take part in the debates.

The ELP is a platform for dialogue between policy makers and all actors of the supply chain, from freight and logistics operators (of all modes) and their suppliers, to ports, terminals and the retailers and manufacturers relying on efficient logistics services. The ELP organises events focused on the key challenges facing the logistics sector, from digital transformation to sustainability, trade and access to



skills. The events are designed to create an open debate between industry and policy makers to find solutions to common problems and challenges. They aim to inform policy making by bringing forward concrete case studies and industry developments from all parts of the logistics sector and supply chain.

Registration will open soon [here](#).

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## *Forthcoming events*

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### **CLECAT MEETINGS**

#### ICS2 Workshop

10 September, Brussels

#### CLECAT Customs and Indirect Taxation Institute

11 September, Brussels

#### CLECAT Sustainable Logistics Institute (web meeting)

13 September, online

#### CLECAT Rail Institute

25 September, Brussels

#### CLECAT Freight Forwarders Forum 2019

14 November, Brussels

#### CLECAT Board/GA

15 November, Brussels

### **OTHER EVENTS WITH CLECAT PARTICIPATION**

#### ELP Event on Logistics

25 September, Brussels

#### Digital Transport Days

7-9 October, Helsinki

#### Maritime Economy Forum 2019

11 October, Gdynia

#### ELETA Project Final Conference

5 November 2019, Brussels

#### Smart Ports Smart City Expo World Congress

19-21 November 2019, Barcelona



## EP/COUNCIL MEETINGS

### European Parliament Plenary

16-19 September, Strasbourg

### European Parliament TRAN Committee

24-25 July, Brussels

### EU Transport Council

2 December, Brussels

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