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Brussels News

PROVISIONAL AGREEMENT ON MOBILITY PACKAGE I

A provisional agreement was reached between the Finnish Presidency and the European Parliament on the social and market access aspects of the 1st Mobility Package, during the third round of trilogues on 12 December.



CLECAT welcomes a breakthrough following two-and-a-half years of negotiations but is equally disappointed that the industry concerns were not taken into account. With respect to the *lex specialis* on the posting of drivers, CLECAT warns that the complex new rules will create additional administrative burden both for the industry and the enforcement authorities. Moreover, the compliance with the posting rules, as well as the driving and rest times for truck drivers, will

be difficult to enforce, given the lengthy timeline for the introduction of the second-generation smart tachograph, which records border-crossing and additional activities such as loading and unloading.

CLECAT also regrets the inclusion of elements that go against the ambitions of the new European Green Deal, in particular the mandatory return of vehicles and the restrictions on cabotage operations. The obligation to return vehicles to the country of establishment every 8 weeks will create inefficiencies in the operational processes of road hauliers and lead to a substantial increase in CO2 emission due to vehicles running at suboptimal or even empty loads. Furthermore, the introduction of a 4-day 'cooling-off' period for cabotage will further restrict the opening of the road transport market and lead to considerable efficiency losses and capacity gaps, especially for SMEs.

Regarding the new rules on driving and resting times, CLECAT is concerned with the prohibition on taking the regular weekly rest in the vehicle or in the parking area. This provision will create safety risks for both the driver and the goods at the time when the safe and secure parking areas and rest facilities in the EU are lacking. CLECAT therefore welcomes the mandate for the European Commission to develop uniform EU standards for safe and secure parking areas and stresses the importance of creating more suitable parking areas, according to those standards, alongside the TEN-T Network. CLECAT also wonders how the ban on taking regular weekly rest periods in the vehicle can be implemented in practice, considering a severe lack of overnight accommodation alternatives.

Nevertheless, without conclusions on the 1st Mobility Package, different interpretations of the rules would continue to prevail, leading to further internal market fragmentation and disproportionate national measures that hamper free movement in the single market. While the results of the preliminary agreement are not necessarily satisfactory, its adoption will at least provide planning security for the freight forwarding sector, transport service providers and its customers.

CLECAT WELCOMES THE EUROPEAN GREEN DEAL

The European Commission has published its Communication on the European Green Deal, outlining the initial roadmap of the key policies and measures needed to pave the way towards climate neutrality in the EU.

Ms Nicolette van der Jagt, Director General of CLECAT, said: 'CLECAT welcomes the ambition of Commission President Ursula von der Leyen to make Europe the first climate-neutral continent in the world by 2050. The various elements introduced in the Green Deal span across all the sectors of economy. With regards to transport, the Commission has estimated that a 90% reduction in transport emissions is needed to achieve climate-neutrality by 2050. It has therefore proposed to adopt a strategy for sustainable and smart mobility in 2020 that will tackle all sources of transport emissions.'



'The ambitious decarbonisation targets can only be achieved with bold investments, smart regulation and a clear engagement of both governments and industry,' argued Ms van der Jagt, adding that 'CLECAT supports the acceleration of the pace of decarbonisation in Europe but warns against certain measures that would prevent the Green Deal from becoming an opportunity for the transport and logistics industry rather than a burden, given in particular the unrealistic modal shift objectives.'

CLECAT also expects the Commission to come up with a strong financial framework to mitigate possible competitive disadvantages, in particular on a global level. Funding is key to support the proposed measures and investment in new technologies, alternative fuels and transport infrastructure, as part of the negotiations on the Connecting Europe Facility and MFF, without which the ambitions of the Green Deal will not be reached.

'CLECAT is looking forward to the new legislative framework to guide society in the transition towards carbon neutrality. This will represent an opportunity for freight forwarders and logistics service providers, some of which have already pledged to reach zero emissions by 2050,' noted Ms van der Jagt.



Sustainable Logistics

ALICE ROADMAP TOWARDS ZERO EMISSIONS LOGISTICS 2050

On 12 December, the Alliance for Logistics Innovation and Collaboration in Europe (ALICE), of which CLECAT is a member, published a Roadmap entitled “[Towards Zero Emissions Logistics 2050](#)”. The Roadmap aims to make the pathway towards freight transport and logistics decarbonisation more practical for companies and seeks to clarify the roles of governments, research and development institutes and civil society in making this happen.

The deployment of greener and cleaner vehicles, trains, barges, ships and airplanes as well as other technologies for a more efficient transport network is forecasted to be too slow to



deliver on the climate targets. The short-term focus, therefore, is on leveraging and finding new opportunities for efficiency gains in freight transport and logistics and doing more with less.

The ALICE Roadmap is considered to be a first step towards an intelligent freight management. It provides an overview of existing roadmaps for different transport modes and regions as well as a framework for decarbonisation, consisting of five solution areas, four stakeholder groups and three transition management measures. This framework can be applied at the global, regional, national and local levels. It can be used by businesses or other organisations individually or collectively. The roadmap also contains an overview of stakeholders’ priorities within the solution areas and corresponding decarbonisation opportunities.

To note, CLECAT is a member of the European Technology Platform ALICE, which was set up to develop a comprehensive strategy for research, innovation and market deployment of logistics and supply chain management innovation in Europe. The platform supports the implementation of Horizon 2020 and Horizon Europe. ALICE is based on the recognition of the need for an overarching view on logistics and supply chain planning and control, in which shippers and logistics service providers collaborate closely to reach efficient logistics and supply chain operations.

For more information, please refer to the [ALICE-ETP website](#).

Air

INDUSTRY EFFORTS AGAINST MISDECLARED LITHIUM BATTERY SHIPMENTS

On 11 December, the International Air Transport Association (IATA), in partnership with the International Federation of Freight Forwarders Associations (FIATA), the Global Shippers Forum (GSF), and the International Air Cargo Association (TIACA), announced that they were amplifying their efforts to ensure the safe air transport of lithium batteries. The organisations also renewed calls for



governments to crack down on manufacturers of counterfeit batteries and of mislabelled and non-compliant shipments introduced into the supply chain, by issuing and enforcing criminal sanctions on those responsible.

The campaign includes three specific initiatives: firstly, a new incident reporting and alert system for airlines in form of an industry information sharing platform to target misdeclared consignments of lithium batteries. The reporting system will allow real-time information about dangerous goods incidents to be reported in order to identify and eradicate acts of deliberate or intentional concealment and misdeclaration. Secondly, it includes an industry awareness campaign on the dangers of shipping undeclared and misdeclared lithium batteries, including seminars targeting countries and regions where compliance has been challenging, and an education and awareness program for customs authorities that has been developed in collaboration with the World Customs Organization (WCO). Thirdly, the facilitation of a joined-up industry approach which calls for adoption of a cross-domain approach to include aviation security, manufacturing standards, customs and consumer protection agencies.

Lastly, the associations call on governments to play their role with much stricter enforcement of international regulations to ensure the safe transport of these shipments. The four trade associations urge regulators to follow through with significant fines and penalties for those who circumvent regulations for the transport of lithium batteries.

Source: FIATA, [IATA](#)

Rail

SWISS RAIL SUBSIDIES REMAIN IN PLACE UNTIL 2026

Recently, the Swiss government announced that it will extend its subsidising scheme for rail freight operations, which was originally planned to be abolished in 2023, until 2026. In addition, track access for freight trains in Switzerland will be lowered starting from 2021. These measures shall support the modal shift from road to rail for transalpine traffic, an ambition which has been an integral part of the Swiss national policy since 2000.

These decisions were set out in the relocation report 2019, which is a biennial report evaluating the status of the modal shift policy and analysing expected results. The Swiss Federal Council intends to further strengthen the shift of transalpine freight traffic from road to rail with various measures. These include granting operators in unaccompanied combined transport operating subsidies for longer than initially planned and reducing track access charges, which should make rail transport cheaper and more attractive.

More specifically, the package of measures to support the modal-shift process in the short term includes, *inter alia*, the reduction of the track access charges for rail freight traffic, combined with price incentives to use long freight trains, the temporary continuation of operating compensation for unaccompanied combined transport until 2026 (instead of 2023), and the intensification of HDV-controls through the realisation of the Gotthard South Control Centre.

Source: [Swiss Federal Office for Transport](#)



EC INVESTMENT TO SUPPORT MODAL SHIFT IN CROATIA

On 12 December, the European Commission approved an investment of more than €311 million from the [Cohesion Fund](#) to upgrade the 44-km Hrvatski Leskovac-Karlovac section of Croatia's Zagreb-Rijeka railway, which is a highly populated area and one of Croatia's main logistics centres. The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average. It aims to reduce economic and social disparities and to promote sustainable development.

The project should limit the environmental impact of transport by contributing to the shift from road to rail for both freight and passengers, reduce travel time and increase safety. EU Commissioner for Cohesion and Reforms, Elisa Ferreira, said: "Creating and improving sustainable and environmentally friendly ways of transport is a crucial part of our efforts to fight climate change – which we pushed even further with our European Green Deal that we presented yesterday. This Cohesion Fund investment in one of Croatia's main railways will do precisely that. Furthermore, it will not only reduce the environmental impact of transport, but also increase safety and generate positive economic returns."

The project, expected to be operational as of end of October 2023, is part of the Rijeka-Zagreb-Budapest branch of the trans-European transport network (TEN-T) Mediterranean corridor, and of European [Rail Freight Corridor 6](#), which covers the Mediterranean region.

Source: [European Commission](#)

Maritime

LOW SULPHUR FUEL INDEX TRACKER

In order to bring greater transparency to fuel costs resulting from the upcoming IMO 2020 low-sulphur regulation, the maritime advisory, statistics and research group Drewry has published a low-sulphur reference bunker index tracker.

According to Drewry, in recent months both shippers and forwarders have expressed confusion and concern over the timing and transparency of the new charges being introduced by carriers as they transition from IFO 380 (intermediate fuel oil) to the new low-sulphur fuel standard. Others have complained about what they consider unfair Bunker Adjustment Factor (BAF) charges.



Drewry's new low-sulphur BAF index, which is free to access and will be updated quarterly, provides a simple indexing mechanism to help determine changes in BAF charges during the lifetime of a contract. Mr Philip Damas, Head of Drewry Supply Chain Advisors, commented: "Our new low-sulphur bunker price tracker is intended to standardise, clarify and simplify the adjustment of BAFs between shippers and carriers or forwarders. By streamlining the process and agreeing common bunker price measurement periods, BAF adjustment periods, fuel prices and index formulae, we hope to bring much needed clarity to the challenges presented by the regulatory change."



As anticipated, prices for low-sulphur fuel appear to have settled some 35% higher than the old IFO 380 fuel standard. Although temporary and transitional bunker charges were expected to apply to just spot rates and to contracts of less than three months, it is clear that some shippers with annual ocean freight contracts have been requested by their carriers to start paying the new BAF from 1 December.

Working with the European Shipper's Council (ESC), Drewry has already defined and published a simplified BAF indexing mechanism and bunker charge guide to help shippers monitor and control bunker charges, which was drawn up by the ESC-Drewry IMO toolkit reference group, who were tasked with gathering views and best practices on IMO 2020 low-sulphur fuel-related topics.

Source: [Drewry](#)

SCRUBBER RETROFIT DELAYS AHEAD OF IMO 2020

The race to get scrubbers retrofitted on ships ahead of IMO 2020 low-sulphur regulations on 1 January has resulted in a significant extension of the budgeted downtime for many vessels. Some vessels are taking up to 100 days to be equipped as queues grow at yards, according to Alphaliner data.

The second-largest carrier MSC has seen its ship planning severely disrupted by the delays. "MSC has been the most affected, with at least 15 of its ships clocking yard stays of over 80 days," said the source within MSC, explaining that "the yard delays are also causing severe congestion, with at least five MSC ships waiting for up to eight weeks to enter repair yards."

For the larger ships, Alphaliner estimates the cost of vessel downtime for carriers could be as much as \$50,000 a day, severely denting the operational budgets of the container lines in Q4 of 2019 and the first quarters of 2020. MSC and some of its pro-scrubber peers are having to bear the costs now, but they will look to recoup this and the cost of the scrubber system itself in a relatively short time, providing the 'spread' between current industry staple HFO (heavy fuel oil) and LSFO (low-sulphur fuel oil) remains at around \$250 per ton.

Carriers are also having to dig deeper into their pockets to secure replacement charter tonnage. And with the larger sectors "sold out", carriers are extending current charters for periods of up to five years. "For carriers with substantial scrubber programmes, periods of 12 months allow the planners to fill the sailing gaps left by the successive withdrawals of ships for scrubber retrofits until the second half of 2020," said Alphaliner.

Source: [Loadstar](#)

Customs & Trade

NEW AGRI-FOOD LEGISLATION APPLICABLE ON 14 DECEMBER

On 14 December, the new [Official Controls Regulation \(EU\) 2017/625](#) becomes applicable. The Official Controls Regulation (OCR), which entered into force in April 2017, governs the performance of official controls and other official activities undertaken to ensure the application of Union agri-food chain legislation at all stages of the production, processing and distribution process. In particular, the Regulation lays down a common set of rules applicable to official controls carried out on animals, plants and products entering the EU. The OCR provides for the digitalisation of paper documents and



further introduces new models of import certificates which include new data elements. The OCR establishes a new Integrated Management System for Official Controls (IMSOC), which requires an update of existing EU and national IT systems and adaptation of health certificates.

CLECAT was following the developments concerning the OCR closely in view of the important implications the new rules have for the logistics, freight forwarding and customs services industry. CLECAT was particularly involved in the development of the delegated and implementing acts that supplement the new legislation as they define in more detail and have a major impact on how the rules apply in practice. In this context, CLECAT was very successful in influencing relevant discussions concerning data elements and timeframes for prior notification of imports.

The Regulation provides for several major opportunities for improved border processes, such as a risk-based and more targeted approach to imports, delegation of official controls tasks and possibilities to perform checks away from the border. Notably, as of 14 December, new rules regarding import checks on wood packaging material will be applicable. In that regard, the European Commission Directorate General for Health and Food Safety (DG SANTE) issued a [factsheet](#) outlining the main requirements, in the preparation of which CLECAT was actively involved. Overall, CLECAT is convinced that the OCR addresses the right issues to ensure the improved governance of the agri-food chain and more efficient controls, while at the same time facilitating legitimate trade.

However, in recent weeks, CLECAT received expressions of serious concern from its members as well as from EU Member States' authorities – including customs authorities – about the implementation of major parts of the OCR on 14 December 2019. The fact that a large part of the supplementing legislation to the OCR was only finalised in the past few months led to a lack of clarity about its implementation and a lack of readiness to apply the new rules, especially concerning the IT systems. Therefore, CLECAT issued an [urgent letter](#) to DG SANTE, calling on the Commission not to make the implementation of foreseen parts of the OCR and its accompanying legislation and IT systems mandatory on 14 December 2019, but to allow for a longer implementation period of at least six months. A transition period would ensure that systems are well put in place and that the private sector is well informed of the upcoming legislative and IT changes.

CLECAT will closely monitor the future implementation of the new agri-food legislation. The upcoming Customs and Indirect Taxation Institute (CITI) meeting of 17-18 December will further discuss and evaluate the implementation of the OCR and related IT systems in view of recent national developments.

NEW VAT GUIDELINES

The [latest list of guidelines](#) agreed by the VAT Committee was published on 12 December. The guidelines address specific matters concerning the application of EU VAT provisions raised by the Commission or a Member State. The new edition includes guidelines agreed within the VAT Committee during meetings that have taken place throughout 2019. The new guidelines concern, *inter alia*, the implementation of provisions relating to the so-called 2020 'Quick Fixes' and VAT-related issues that would arise in case of a no-deal Brexit.

This list of guidelines includes the text of all the guidelines issued since the VAT Committee was set up in 1977. An [index of guidelines](#) is also made available. It links the guidelines agreed with the relevant provisions of the VAT Directive and comments upon them.

Source: [European Commission](#)



EXPORT CONTROL FORUM 2019

On 13 December, CLECAT attended the 2019 edition of the Export Control Forum, which gathered more than 200 participants, representing the European Commission, Finnish Presidency of the Council of the EU, European Parliament and industry stakeholders. The Forum marked the 10-year anniversary of [Regulation \(EC\) No 428/2009](#), which establishes the EU export control regime, and provided an opportunity to review the state of play of the legislative process regarding the [Commission proposal](#) for a modernization of the current regulatory framework. It also discussed the ongoing implementation of the export control system in the EU, recent developments and new initiatives.

Regarding the state of play of the proposal for modernisation, which dates back to September 2016, the Commission informed the participants that a lot of progress had been achieved at both political and technical level and that the EU institutions had already held two trialogue meetings. The Commission is determined to reach an agreement during the first half of 2020. The European Parliament and Finnish Presidency of the Council of the EU also had an opportunity to present their perspective and priorities with regards to the ongoing negotiations.

Notably, the Commission Directorate General for Trade (DG TRADE) presented the progress and main features of their ongoing electronic licencing pilot project, aiming at a full paperless process between economic operators and licensing authorities. The project is, at this moment, designed to support only the dual use licensing process from beginning-to-end. DG TRADE noted however that there are no technical reasons not to extend the domains of the platform in the future to cover other procedures. The project envisages an integration with the EU Customs Single Window Project (CERTX) in 2020, which will allow for streamlined exchange of information with EU Customs authorities.



A dedicated panel discussion looked at the role of emerging technologies and the impact they might have on export control measures. The participants considered that keeping pace with emerging technologies is a key issue in the current environment, especially in view of the speed of technological advancement and accelerating increase in emerging treats.

Forthcoming Events

CLECAT MEETINGS

CLECAT Customs and Indirect Taxation Institute
17-18 December 2019, Brussels

CLECAT Air / Security Institutes
3 March 2020, Brussels

CLECAT Maritime Logistics Institute
21 April 2020, Brussels



OTHER EVENTS WITH CLECAT PARTICIPATION

Global Maritime Logistics Dialogue

16 December 2019, Brussels

EP/COUNCIL MEETINGS

European Parliament TRAN Committee

20-21 January 2020, Brussels

European Parliament Plenary

16-19 December 2019, Strasbourg

EU Transport Council

4 June 2020, Brussels

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