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

NEWSLETTER

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Table of content

News from Brussels

CROATIAN PRESIDENCY PRIORITIES

On 1 January, Croatia took over the rotating Presidency of the Council of the EU for the period of six months. The two key priorities announced by the Croatian Presidency with regards to transport are the Trans-European Transport (TEN-T) Network and the sustainable development of the maritime network across Europe.

As the first full Presidency under Commission President Ursula von der Leyen, Croatia will also play a vital role in the coordination and progression of the European Green Deal proposals, including the first ever European Climate Law, enshrining a net zero emissions target by 2050.

The Croatian Presidency will put a strong focus on the environmental reform in the **maritime sector**, which is of importance considering Croatia's geography and economy characterised by active ports and a strong tourism sector. In its work programme, Croatia announced ambitions for better environmental management of maritime pollution and further digitalisation of the maritime sector. Furthermore, the Croatian Presidency will seek a declaration at an informal meeting of maritime affairs ministers in March, which will emphasise the importance of the whole logistics chain and reinforce the internal market. The declaration will address competitiveness, digitalisation, sustainability and financing of the maritime sector.

The Croatian Presidency has also revealed that it will begin a debate on the EU strategy for a competitive and sustainable shipping sector, which can respond to EU and global challenges. Crucial to this debate will be the EU Emissions Trading Scheme (EU ETS), as Croatia will have to facilitate the dialogue in the Council regarding the proposed inclusion of the maritime sector to the EU ETS, as specified in the European Green Deal. Croatia will also work on aligning EU efforts for the implementation of the IMO strategy to reduce GHG emissions from ships by 50% by 2050.

On the **Trans-European Transport Network (TEN-T)**, the Croatian Presidency specified two legislative proposals, namely the proposal for streamlining measures for advancing the realisation of the TEN-T Network and the proposal on the Connecting Europe Facility (CEF II) for 2021-2027.

On **land transport**, Croatia stated that it would prioritise efforts on a proposal relating to rail passenger rights. The Presidency would also continue work on the amendments to the Regulation on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles.

Regarding **air transport**, the Croatian Presidency will be outlining its plans to work on the adoption of an EU position on the responsibility of the International Civil Aviation Organization (ICAO), as well as air transport agreements with third countries. Further priorities will include air transport sustainability, as well as air and land capacities. An aviation summit in Dubrovnik was also announced.

The full work programme is available here.

Maritime

0.5% SULPHUR CAP FOR SHIPS ENTERS INTO FORCE WORLDWIDE

From 1 January 2020, the global upper limit on the sulphur content of ships' fuel is reduced to 0.5% (down from 3.5%). The reduced limit is mandatory for all ships operating outside certain designated Emission Control Areas, where the limit is already 0.10%.

The new regulation intends to substantially reduce harmful sulphur oxide (SOx) emissions from ships. The new limit will mean a 77% drop in overall SOx emissions from ships, equivalent to an annual reduction of approximately 8.5 million metric tonnes of SOx. Particulate matter – tiny harmful particles which form when fuel is burnt – will also be reduced.

The new limit is part of the International Convention for the Prevention of Pollution form ships (MARPOL), a key environmental treaty of the International Maritime Organisation (IMO). The decision to cut the global limit for sulphur in ships fuel oil to 0.50% was made in 2008 and re-confirmed in 2016.

The EU Commissioner for Transport Adina Vălean said: "Maritime transport is a global business, and reducing its emissions requires global solutions. The entry into force of the global sulphur cap is an important milestone for the entire maritime sector; it will contribute to further reduce emissions of harmful air pollutants, directly benefiting cities and communities around the globe, including important ones on our Southern European shores. It also shows that concerted effort from the EU and the IMO, together with strong commitment from the industry can deliver important benefits to the environment and the health of our citizens."

Sources: IMO, European Commission

IMO AGAINST THE INCLUSION OF SHIPPING INTO EU ETS

The IMO Secretary-General, Mr Kitack Lim, has written to the Presidents of the European Commission, the European Parliament and the Council expressing his concern that including shipping in the EU's Emission Trading System (EU ETS), proposed as part of the European Green Deal, could undermine efforts to reduce greenhouse gas (GHG) emissions from shipping on a global basis.

Mr Lim said that, in his view, unilateral or regional action that conflicts with or undermines actions that have been carefully considered and deliberated by the global community at IMO threatens world-wide confidence in the consistent, uniform system of regulation developed by IMO. Regional or unilateral action, he said, would harm the goals of the international community to mitigate global GHG emissions from ships and be at odds with the objectives of the Paris Agreement.

The 2015 Paris Agreement makes no reference to emissions from international shipping, due to the global nature of the sector and the difficulty in allocating emissions from a ship to a single state. However, as Mr Lim stressed, IMO's work on the control of GHG emissions shows that strong action is being taken. IMO is continuing towards the goal of a fully global solution for international shipping, achieved through cooperation among all its Member States – including EU countries.

Source: IMO

MAERSK TO BULK UP ITS LAND-BASED LOGISTICS BUSINESS

Just before the end of the year, the Financial Times published a news article noting that AP Moller-Maersk is about to make a number of acquisitions in its land-based logistics business now that the group has strengthened its balance sheet.

Maersk transports one-fifth of all seaborne freight but sells land-based logistic products to fewer than 20 per cent of its ocean customers, according to chief executive Soren Skou: "We need to accelerate the land side, we need to grow it, we need to make some bolt-on acquisitions… We are getting much closer to the point where it starts to make sense".

Maersk has undergone one of the biggest transformations in European industry in recent years, jettisoning its oil and other energy businesses to focus purely on Maersk Line, the world's largest container shipping group, as well as its port terminals and logistics units. Mr Skou has underscored for more than a year that Maersk needs to boost its land logistics business offering services such as supply chain management, truck freight, and running warehouses so that it could "become the global integrator from factory to distribution centre". But the Danish group has long been constrained by its stretched balance sheet after Moody's cut its credit rating to the lowest possible investment grade a year ago. It remains at that level at Moody's, with a stable outlook, while rival Standard & Poor's gives it a rating one step higher. "We have been building up our balance sheet. It's much stronger than a year ago," said Mr Skou, who pointed to figures showing Maersk's net debt at the end of the third quarter was $12bn compared with $18.8bn a year earlier.

Mr Skou added that it had been difficult finding the right companies in land logistics as Maersk did not want to gain too much forwarding business — which involves coordinating different types of freight carriers — as that was often its customers' business.

Source: FT

Customs & Trade

2020 VAT QUICK FIXES EXPLANATORY NOTES

On 20 December 2019, the European Commission published the final version of the Explanatory Notes to the upcoming EU VAT changes in respect of call-off stock arrangements, chain transactions and the exemption for intra-Community supplies of goods, the so-called "2020 Quick Fixes". The VAT Quick Fixes were part of a series of key Commission measures towards the completion of the 2016 VAT Action Plan. The new rules became applicable on 1 January 2020.

The VAT Quick Fixes provide amendments in four specific areas. First, the VAT identification number of the customer, allocated by a Member State other than that in which dispatch or transport of the goods began, should constitute an additional substantive condition for the application of the exemption in respect of an intra-Community supply of goods. Second, the Commission was invited to propose uniform criteria and appropriate legislative improvements which would lead to increased legal certainty and harmonised application of the VAT rules when determining the VAT treatment of chain transactions, including triangular transactions. Third, the Commission was invited to analyse and propose how to modify the VAT rules in order to allow simplification for call-off stock arrangements to be applied in a more uniform manner in the EU. Fourth, the Commission was invited to continue exploring possibilities for a common framework of recommended criteria for the documentary evidence required to claim an exemption for intra-Community supplies.

The legal acts which introduced the VAT changes addressed in these Explanatory Notes include:

- Council Directive (EU) 2018/1910 of 4 December 2018 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added tax system for the taxation of trade between Member States;
- Council Implementing Regulation (EU) 2018/1912 of 4 December 2018 amending Implementing Regulation (EU) No 282/2011;
- Council Regulation (EU) 2018/1909 of 4 December 2018 amending Regulation (EU) No 904/2010 as regards the exchange of information for the purpose of monitoring the correct application of call-off stock arrangements.

The Explanatory Notes are to be seen as a guidance tool that can be used to clarify the practical application of the new rules and are not legally binding.

NEW 2022 EDITION OF THE HARMONIZED SYSTEM

The new 2022 edition of the Harmonized System (HS) nomenclature has been accepted by all Contracting Parties to the Harmonized System Convention. HS 2022 shall come into force on 1 January

2022. The HS constitutes a crucial part of international trade of goods as it provides the basis for the uniform classification of goods and the compilation of international trade statistics in 211 economies.

The new 2022 edition makes some major changes to the Harmonized System with a total of 351 sets of amendments covering a wide range of goods. Adaption to current trade through the recognition of new product streams and addressing environmental and social issues of global concern are the major features of the amendments. For example, HS 2022 includes specific provisions for the classification of electrical and electronic waste (e-waste), novel tobacco and nicotine-based products and unmanned aerial vehicles (UAVs), commonly referred to as drones. Many new subheadings have also been created for dual use goods that could be diverted for unauthorized use, such as radioactive materials and biological safety cabinets, as well as for items required for the construction of improvised explosive devices, such as detonators. The amendments also include clarification of texts to ensure uniform application of the nomenclature. The official Recommendation including all the changes will be published soon on the World Customs Organization's website.

As a lot of work needs to be done at global, national and regional level, the WCO encourages Customs administrations to begin the process of preparing for the timely implementation of HS 2022.

Source: World Customs Organization

UPDATED LIST OF COUNTRIES APPLYING THE REX

The European Commission published an updated list of countries applying the Registered Exporter System (REX). In particular, the transition period for Cambodia, Mongolia and Uzbekistan has been extended until 30 June 2020.

The REX system is the system of certification of origin of goods that applies in the Generalised System of Preference (GSP) of the EU since 1 January 2017. It is based on a principle of self-certification by economic operators who will make out themselves so-called statements on origin. To be entitled to make out a statement on origin, an economic operator will have to be registered in a database by his competent authorities. The economic operator will become a 'registered exporter'.

The REX system will progressively and completely replace the current system of origin certification based on certificates of origin issued by governmental authorities and on invoice declarations. The global transition period from the current system of origin certification to the REX system started on 1 January 2017 and will last until 30 June 2020 at the latest. In case a beneficiary country does not apply the REX before the end of its transition period or has not requested an extension to the transition period, the preferential origin will not be established, and duties will have to be paid.

Source: European Commission

MORE DUTY-FREE TRADE WITH MOLDOVA

On 19 December 2019, the Council of the EU formally endorsed an agreement granting Moldovan farmers and SMEs additional preferential export opportunities to the EU. The deal aims to broaden the degree of trade liberalisation for specific agricultural products under the Deep and Comprehensive Free Trade Area (DCFTA) between the EU and the Republic of Moldova.

The Republic of Moldova will be granted additional duty-free tariff rate quotas to export table grapes and plums, as well as a new duty-free quota for cherries. As part of the agreement, EU producers will also have more export opportunities, as the EU will gain additional duty-free access to the Moldovan market. Moreover, the thresholds triggering the anti-circumvention mechanism for wheat, barley, maize, sugar and processed cereals have also been raised, taking into account the trade patterns over the last few years.

Source: [European Commission]

Rail

ÖBB INCREASES RAIL CAPACITY FOR DRIVING BAN TYROL

On 1 January, a sectoral driving ban took effect in Tyrol, Austria. Regarding preparations, ÖBB Rail Cargo Group reported that it would boost its capacity of the Rolling Road (ROLA), a rail-mounted transport system for lorries. This would make it possible for trucks to travel certain sections of their route across Europe by rail.

The transit trucks affected by the ban on driving will only be able to continue their route via rail. The restrictions are for lorries or articulated vehicles with a maximum gross weight exceeding 7,5 tonnes. Also, certain goods transported by trucks are prohibited such as certain types of waste, timber, paper, cardboard, liquid petroleum products.

The ÖBB already made preparations early and in close coordination with the state of Tyrol in order to be able to handle increased demand for the Rolling Road (ROLA), the rail-mounted transport system for lorries. The rail freight operator says that the ROLA prices on the Brenner axis will not be increased at the beginning of 2020. According to ÖBB, "this means that road transport companies affected by the sectoral ban on driving have a simple and attractive alternative to road transport". ÖBB will provide a capacity of 250,000 trucks per year at ROLA on the Brenner axis from the beginning of the year and increase this to 400,000 trucks/year in the course of 2020, ultimately doubling current capacities.

Source: [Railfreight]

RFF PUBLISHES CONTINGENCY MANAGEMENT HANDBOOK

On 17 December 2019, the [Rail Freight Forward coalition (RFF)] endorsed the [contingency management handbook] which it had committed to adopt and implement in its [vision paper "30 by 2030"]. This handbook outlines harmonised international contingency measures whenever major disruptions take place on the European Railway network.

The handbook describes how Railway Undertakings (RUs) should cooperate with each other and with Infrastructure Managers. It closely aligns with the [Contingency Management Handbook of Infrastructure Managers]. Furthermore, the handbook outlines scenarios of resource pooling between RUs in order to best manage large incidents, and the regulatory mitigation measures that would be needed to make that possible. These measures will allow the rail sector to maximise the use of infrastructure capacity during a major international disruption. Such an incident can, both in duration and scale, jeopardise major trade flows and risk undermining customer confidence in rail's resilience as a transport mode.

The handbook was endorsed by BLS Cargo, CFL Cargo, DB Cargo AG, the ERFA Board -representing it´s 30 members, Fret SNCF, Lineas, RCG and SBB Cargo. All other RUs have been invited to join this effort to improve the resilience of European Rail Freight. The first RUs will start implementation in 2020.

Source: ERFA

UKRAINE MOVING TOWARDS LIBERALISATION OF RAIL SECTOR

The Ukrainian government plans to liberalise the country's rail freight sector. To this end, a pilot project will be introduced on railways. Until 4 December 2021, private enterprises will be able to provide haulage service on the main lines with their own locomotives. Currently, it is performed solely by the state-owned company Ukrainian Railway (UZ).

To realise the pilot project, Ukraine's Ministry of Infrastructure must implement temporary regulations and choose the participants. Several industrial and logistics companies have already declared their intention to take part in this project. To get approval for haulage operations on the UZ's main lines, the private companies must meet three main conditions relating to locomotives, train drivers and traffic safety.

According to the current legislation, Ukrainian private companies are able to own wagons and locomotives as well as perform shunting operations only on the industrial spurs that are managed by them. To deliver freight from one station to another, they are obliged to order haulage service from Ukrainian Railway.

The Government of Ukraine expects that the pilot project should enhance the situation and speed up the adoption of a new railway law that should allow private haulage on a regular basis. For more than a decade, several projects of this document have been proposed and reviewed by the Ukrainian Members of Parliament. None of them has been approved. Currently, a new version of the railway law is under the scrutiny of the country's legislative body. Besides the pilot project on the main lines, the Government of Ukraine is also considering the privatisation of Ukrainian Railway (UZ).

Source: Railfreight

Air

LOW CARGO VOLUMES AND POTENTIAL TAX ON FREIGHT FLIGHTS

On 6 January, the Chief Executive and President of Royal Schiphol Group, Dick Benschop, noted in his New Year's speech that Amsterdam Airport Schiphol must find ways to add more freighter flights to relieve a "critical" situation. Noting a 9% decline in cargo volumes, which he put down to fewer full freighters landing at the airport, he pointed out that volumes were falling globally – but that decline was more pronounced at Amsterdam. "The cargo sector requires additional emphasis," he said. "We have now reached the ceiling of 500,000 air transport movements and slots are no longer available in a sufficient capacity for full freighters. This is a critical situation that must be addressed. Cargo is a key component of our operations. We are working closely with the government and the slot coordinator to ensure enough slots are reserved for full freighter aircraft."

In December 2019, Air Cargo Netherlands President Ivo Aris warned that the Dutch government indicated that it would introduce a flight tax by next year, which would raise €11 million from freight. It plans to tax freighters leaving Schiphol or Maastricht Airport, but it would raise no tax from belly cargo. He noted that "the tax is based on the total take-off weight of a cargo aircraft not on the actual load. So even if a device is empty, the company must pay the full price. This is a very unbalanced form of taxation. Moreover, the revenue from this levy does not return to the sector for sustainability, but to the treasury. In my view, the proposed airfreight tax will not only yield nothing to make the industry more sustainable, but it will seriously disrupt the European level playing field for the Dutch air freight sector. The tax may, in some cases, lead to a doubling of the airport charges for cargo aircraft".

Source: Air Cargo Netherlands

NOVEMBER FREIGHT VOLUMES REMAIN WEAK

On 8 January, IATA released its data for global airfreight markets, which indicates that the demand for air cargo in November 2019, measured in freight tonne kilometres (FTKs), decreased by 1.1% year-on-year. This marks the 13th consecutive month of year-on-year decline in freight volumes. Despite the decline in demand, November's performance was the best in eight months, with the slowest year-on-year rate of contraction recorded since March 2019. Simultaneously, freight capacity, measured in available freight tonne kilometres (AFTKs), increased by 2.9% year-on-year. Capacity growth has now outstripped demand growth for the 19th consecutive month.

Considering regional performance, European airlines posted a 2.6% increase in freight demand in November 2019 compared to the same period a year earlier. Capacity increased by 4% year-on-year. Europe and Africa were the only regions to record growth in air freight demand compared to November 2018. Airlines in Asia-Pacific, Latin America and the Middle East suffered sharp declines in year-on-year growth in total air freight volumes, while North American carriers experienced a more moderate decline.

The full analysis is available here.

Road

UK RATIFIES THE E-CMR

On 20 December 2019, the UK ratified the e-CMR protocol. This Convention has been ratified by most European states, as well as several other countries. Until recently, CMR notes were only in paper form.

In February 2008, a protocol was added to the CMR Convention, which requested that CMR could be managed electronically, via 'e-CMR'. This protocol entered into force on 5 June 2011, and to date 19 countries have acceded. 5 Countries have ratified the protocol and Belgium, Norway and Sweden have signed, but remain in either a pilot phase or have not yet taken further action.

e-CMR was officially launched in January 2017 with the first ever border crossing to use electronic consignment notes between Spain and France.

Source: United Nations

Forthcoming Events

CLECAT MEETINGS

CLECAT Customs and Indirect Taxation Institute
17-18 February 2020, Brussels

CLECAT Air / Security Institutes
3 March 2020, Brussels

CLECAT-FIATA Joint Road Institute
25 March 2020, Zurich

CLECAT Maritime Logistics Institute
21 April 2020, Brussels

EP/COUNCIL MEETINGS

European Parliament TRAN Committee
20-21 January 2020, Brussels

European Parliament Plenary
13-16 January 2020, Strasbourg

EU Transport Council
4 June 2020, Brussels

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