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## News from Brussels

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### POTENTIAL IMPACT OF COVID-19 ON EU INDUSTRY

On 27 February, the European Commission shared with the Council its first assessment of the potential impact of the COVID-19 outbreak on EU industry, entitled “The Impact of COVID-19 on EU Industry”. In the assessment, the Commission drew Member States’ attention to the importance of sharing all critical information and coordinating any measures taken at EU level.

Since the Coronavirus was identified in China at the end of 2019, the European Commission has been closely coordinating with EU Member States to ensure a coherent EU-wide response and minimal impact on EU citizens.

Under the leadership of Commissioner Stella Kyriakides and Commissioner Janez Lenarčič, the European Commission is working on all fronts to support efforts to tackle the COVID-19 outbreak. As part of the ongoing assessment of the situation, the European Commission has started to examine the impact on EU industries, assessing the likelihood and the magnitude of possible disruptions in the supply chains and overall decreases in global demand.

The economic impact of the COVID-19 will obviously depend on the duration and extent of the contagion. However, the international spread of the virus is a key downside risk for the growth of the EU economy. The related uncertainty can have significant consequences for EU industry and services as more and more companies are reporting that their supply chains and/or earnings are going to be impacted.

Given this first assessment of the situation for EU industries, the Commission believes that the sharing of information, common assessment of the situation and coordination of urgent measures at EU and national levels are critical.

## UPDATE ON COVID-19 OUTBREAK IN ITALY

In view of recent developments regarding the novel corona virus (COVID-19) outbreak, CLECAT's Italian member association, FEDESPEDI, has provided information on the actions taken by the Italian government.

On 23 February, the Italian government issued first extraordinary measures through a decree: it has to be noted that these adopted measures are imposed only for the areas contaminated (so called: red zones) and in order to prevent the risk of further spreading the virus. The Decree sets a range of measures that the affected municipalities are obliged to adopt, but additional ones might follow, if necessary. The following municipalities are affected:

Lombardia region: Bertonico, Casapusterlengo, Castelgerundo, Castigione d'Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini;

Veneto region: Vò.

The following measures have been in force in the red zone as of 23 February for 14 days.

- Prohibition of access and departure (no one can get in or out of these towns);
- Suspension of working activities for companies, excluding those which provide essential services and of public utility and those that can be carried out also working from home;
- Suspension or limitation of working activities, except for 'smart working';
- Limitation of access or suspension of freight and passenger transport services by land, air, train and maritime modes;
- Closure or limitation of public offices and commercial activities;
- Implementation of quarantine measures.

On 25 February, the Italian government issued a second decree, containing further measures such as prohibiting events and closing schools until 1 March. Furthermore, they allow 'smart working' until 15 March. Please consider that these further measures are only meant to avoid any 'out of control' spreading of the virus.

In summary, only a few areas of Italy are concerned, while the rest of the country follows 'business as usual'. No prohibitions for people or goods are in place in Italy, except for the red zones. To contain the spread of the virus, it is recommended that everybody follows the WHO recommendations. So far, the disease affected 0,1% of Italian municipalities. People under quarantine represent 0,089% of the population and the red areas (currently put in isolation) represent 0,01% of Italy.

## EP TRAN DISCUSSION WITH EU TRANSPORT COMMISSIONER

At the European Parliament's Transport Committee (TRAN) meeting in February, the TRAN MEPs met with EU Transport Commissioner Vălean, who [presented](#) the Commission's priorities in the area of transport for the coming five years. The main focus would be on reducing the environmental footprint of transport, while maintaining affordable and available mobility for all, the Commissioner said. This will go hand in hand with further progress on digitalisation of transport and road safety.

The Commissioner elaborated on the upcoming Strategy on Sustainable and Smart Mobility, which will be the transport flagship initiative for 2020. It will set out how transport can contribute to carbon-neutrality by 2050 and how the digital technologies will be used in the sector. To meet the ambition



of the European Green Deal, the Strategy must include ambitious measures aimed at reducing CO2 emissions by 90% by 2050 and mitigating pollution across all modes. It will look at how to exploit digitalisation and automation, enhancing connectivity to the next level. It will look at safety and accessibility and at how to address the relevant societal challenges.



Firstly, the Strategy will aim at boosting the uptake of clean vehicles and alternative fuels for road, maritime and aviation. Secondly, the revision of the TEN-T Regulation is foreseen for 2021. “We must increase the share of more sustainable transport modes and improve efficiency across the whole transport system,” Ms Vălean emphasised. Thirdly, the Strategy will describe how we can better internalise the external costs of transport through pricing, while maintaining accessibility and affordability. The fourth

area of work under the new strategy related to the Green Deal relates to increase investment in low- and zero-emissions solutions, including infrastructure. Increasing dedicated EU funding will be key, but certainly not enough; the Strategy will aim to ensure better coordination of various funding instruments, as well as to mobilise better private financing.

The Commissioner’s presentation was followed by a discussion with the members of TRAN. MEPs raised issues ranging from seamless European railway area, alternative fuels, social aspects of aviation, transit through Brenner passage, decarbonisation of transport, 1<sup>st</sup> Mobility Package and cross-border ticketing to the future EU-UK relations. Furthermore, MEPs used the opportunity to discuss infrastructure funding in the light of the forthcoming European Council on the new MFF. Ms Vălean appreciated the debate and offered a regular dialogue with TRAN Committee in the future.

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## Road

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### DEVELOPMENT OF ROAD TRANSPORT IN POLAND

The consulting company PwC Poland has carried out a study on the prospects for development of the road transport sector in Poland over the 2020-2030 period. It draws attention particularly to the 1<sup>st</sup> Mobility Package, currently under negotiations in Brussels, as well as the shortage of drivers, environmental regulations and higher road tolls.



The Polish road transport sector is currently at the peak of its growth phase, the report finds. Although in the short term the Polish fleet is expected to retain its position as the undisputed leader of the European road freight transport sector, in the mid-long term the situation might change. Until now, the international road transport has grown at a markedly faster rate than domestic transport. This trend could be reversed after 2022, according to PwC, as a result of new EU legislative measures.

From the Polish point of view, the implementation of the social/market access legislation under the 1<sup>st</sup> Mobility Package will result in increased costs for hauliers and lower revenues for drivers as a result of the restrictions placed on their access to the road transport market. Starting from 2022, regulatory changes related to the Mobility Package may prevent Polish carriers from providing a large share of



their cross-trade and cabotage services, which account for 23% of their transport performance (36% of transport performance in international transport). Restrictions on Polish carriers' access to Western European markets may increase competitive pressure from companies across Poland's eastern border, which are currently not bound by similar requirements.

PwC has also confirmed that the shortage of drivers with desired skills is affecting the EU economy in general, but Poland's in particular. The shortfall, which was estimated at 100,000-110,000 in 2015, is likely to rise to 200,000 by 2022, which is 20% of total labour demand, according to PwC. With no change in supply, the labour force gap could increase even further due to demographic and social factors (there is a risk that even the current number of drivers in the profession will not be retained). The insufficient number of drivers will also lead to increased payroll costs in the industry and, as a result, may lead to higher freight rates. Implementation of autonomous vehicles will not offset this shortage in the short term.

Moreover, the implementation of digital solutions will be crucial for reducing operating costs, adapting services to changing customer needs and implementing solutions with high added value. In the short term, however, they will be available to large carriers who will have the capacity to implement them. This may create an additional barrier for smaller businesses and increase market concentration. Solutions in the area of autonomous vehicles and alternative drives will also be more easily accessible to large carriers with higher investment capacity, which may be a factor increasing the level of concentration in the industry.

The full report can be found [here](#).

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## Rail

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### PUBLIC SUPPORT FOR RAIL INTEROPERABILITY IN CZECH REPUBLIC

Recently, the European Commission approved, under EU State aid rules, around €134 million (CZK 3.4 billion) of additional public support to upgrade traffic management equipment for rail rolling stock in the Czech Republic. The measure consists in the prolongation until 2022 (together with the granting of additional budget) of part of a scheme for the support of the furnishing of rolling stock with the newest [European Rail Traffic Management System](#) (ERTMS) on-board equipment, which was [previously approved](#) by the Commission.

ERTMS is a safety system that ensures the compliance by trains with speed restrictions and signalling status. This system is expected to enable the creation of a seamless European railway system and increase the safety and competitiveness of the European rail sector.

As in the original scheme, the public support will take the form of direct grants to the owners or operators of railway vehicles, to be used for upgrading the existing equipment. The Commission assessed the measure under EU State aid rules, in particular the [2008 Commission Guidelines on State aid for railway undertakings](#), and concluded that the prolongation of the measure until 2022 and the additional public support are in line with EU State aid rules. More information will be available on the Commission's [competition website](#), in the public [case register](#) under case number SA.55861 once any confidentiality issues have been resolved.

Source: [European Commission](#)



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# Maritime

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## EP TRAN EXCHANGE OF VIEWS WITH IMO SECRETARY-GENERAL

At the European Parliament's Transport Committee (TRAN) meeting in February, the TRAN MEPs received the visit of the Secretary-General of the International Maritime Organisation (IMO), Mr Kitack Lim, for an exchange of views on the activities of IMO and its strategy to reduce greenhouse gases emissions from shipping.

The Secretary-General Lim and Mr Hiroyuki Yamada, Director of the IMO Marine Environment Division, presented the work undertaken within MARPOL Annex VI to reduce ship emissions. They referred to the uptake of alternative fuels and the need to boost research and development to meet the Paris Agreement targets, as well as the need to enhance engine efficiency and to supply electricity in ports for ships at berth. They stressed that market-based measures to support the uptake of new technologies should be global and that technical cooperation was needed so that nobody is left behind. Moreover, Mr Lim underlined the change in the awareness of the IMO contracting parties regarding climate change. He praised the good collaboration between the EU and IMO.

The members of TRAN acknowledged that climate change was the greatest challenge of the century. They generally supported a global system to reduce greenhouse gases of the maritime sector in order to avoid distortion of the market. Some MEPs recalled that the emissions from the EU maritime sector accounted for 17% of the global emissions of this sector, while others reiterated that there was no CO2 pricing yet for shipping as well as aviation.

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# Brexit

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## EUROPEAN COMMISSION TO START NEGOTIATIONS WITH THE UK

On 25 February, the Council adopted a [decision authorising the opening of negotiations](#) for a new partnership with the UK, and formally nominating the Commission as EU negotiator. The Council also adopted [negotiating directives](#) which constitute a mandate to the Commission for the negotiations. Formal negotiations with the UK are set to begin the week of 2 March.

The negotiating directives adopted are based on [the draft recommendation](#) put forward by the Commission on 3 February. They fully respect existing European Council guidelines and conclusions, as well as the Political Declaration agreed between the EU and the UK in October 2019. The mandate stresses that the future partnership should be underpinned by robust commitments to ensure a level playing field for open and fair competition, given the EU and the UK's geographic proximity and economic interdependence. The EU intends to establish a free trade agreement with the UK which ensures that zero tariffs and quotas apply to trade in goods. This agreement should provide for cooperation on customs and regulatory aspects. It should also include effective management and supervision, dispute settlement and enforcement arrangements. The mandate also contains provisions for future cooperation in areas such as digital trade, intellectual property, public procurement, mobility, transport, and energy.



For more information on the practical aspects of the negotiating directives, you can visit the [Q&A webpage](#) of the Commission.

Source: [Council of the EU](#)

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## Customs & Trade

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### NEW VAT GUIDELINES

The [latest guidelines agreed by the VAT Committee](#) were published on 25 February. 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 and concern, *inter alia*, the implementation of provisions relating to the so-called 2020 'Quick Fixes'. The list of guidelines includes 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](#)

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## Forthcoming Events

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### CLECAT MEETINGS

CLECAT Air / Security Institutes

3 March 2020, Brussels

CLECAT-FIATA Joint Rail Institute

16 March 2020, Brussels

CLECAT Board Meeting

17 March 2020, Brussels

CLECAT General Assembly

17 March 2020, Brussels

CLECAT Road Institute

25 March 2020 (online)

CLECAT Maritime Logistics Institute

23 April 2020, Porto



## EVENTS WITH CLECAT PARTICIPATION

### Future of Transport Conference

3 March 2020, Brussels

### Hydrogen Fuel Cell Trucks: Paving the Road to a Carbon-Neutral Europe

5 March 2020, Brussels

### ELP Lunch Debate on Green Deal and Logistics

24 March 2020, Brussels

### TEN-T Days

13-15 May 2020, Sibeni

## EP/COUNCIL MEETINGS

### European Parliament TRAN Committee

16-17 March 2020, Brussels

### European Parliament Plenary

9-12 March 2020, Strasbourg

### European Council

26-27 March 2020, Brussels

### EU Transport Council

4 June 2020, Brussels

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