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

NEWSLETTER

Issue 22
12 June 2020

Table of content

News from Brussels

PROVISIONAL AGREEMENT ON TEN-T

On 8 June, the European Parliament and the Council reached a provisional agreement on measures speeding up the completion of the Trans-European Transport Network (TEN-T).

The new measures shall simplify the rules and procedures for authorities and project promoters. They shall ease the granting of permits, public procurement and other administrative procedures for infrastructure projects, and they shall improve the cooperation between Member States on cross-border projects, also to achieve other EU objectives such as environmental protection.

Welcoming the provisional agreement on 9 June, Commissioner for Transport, Adina Vălean, said: “The completion of the TEN-T is essential for the functioning of the single market, the digitalisation of transport and the transition to a cleaner mobility. The new rules will make administrative procedures for infrastructure more efficient and transparent and benefit the transport sector in its recovery.”

The Commission presented its original proposal in May 2018 as part of 3rd Mobility Package. The provisional agreement must now be approved by the European Parliament and the Council before it enters into force.

Source: European Commission

Road

EP TRAN APPROVAL OF THE 1ST MOBILITY PACKAGE

On 8 June, the Transport Committee of the European Parliament (TRAN) confirmed its decision from January this year and gave support to all three social and market access files of the 1st Mobility Package at second reading.

This means that the rapporteurs' recommendations were adopted without amendments and received:

- Posting of drivers: 30 votes in favour, 19 against and no abstentions.
- Driving and rest times: 33 votes in favour, 15 against and 1 abstention.
- Market access and cabotage: 33 votes in favour, 16 against and no abstentions.

There was no clear consensus among the Members of TRAN, with those form Eastern and other peripheral Member States voting against. However, there were enough votes in favour to secure the majority and adopt a provisional agreement on the 1st Mobility Package, which was reached between the Council presidency and the European Parliament back in December 2019.

The full European Parliament will vote on the reform during its July plenary session. The new rules will be considered to be adopted if no amendments are voted through with an absolute majority in favour (i.e. at least 353 votes).

The rules on posting as well as on the return of vehicles, cabotage and other market access aspects will apply 18 months after the entry into force of the legal acts. The rules on driving and rest times, including the return of drivers, will apply 20 days after the publication of the legal act in the Official Journal of the EU.

Notedly, the Commission has selected contractors for the new impact assessments on vehicle return and cabotage restrictions in combined transport and will start the work in the coming weeks.

Rail

ERA WEBINAR ON 4TH RAILWAY PACKAGE

The European Union Agency for Railways (ERA) is organising a workshop on "Certification, Authorisation, Approval: Status Quo & Vision for the Future", which will take place on 16 June, 10.00-11.00h, and can be accessed here.

A year ago, with the entering into force of the technical pillar of the 4th Railway Package, ERA became the European authority for safety certification, vehicle authorisation and European Rail Traffic Management System (ERTMS) trackside approval. The webinar shall provide information on the status quo of ERA in the 4th Railway Package and its vision for the future. Experiences will be shared on ERA's first year of vehicle authorisation, safety certification and ERTMS trackside approval. Presenters will include Josef Doppelbauer, Executive Director of ERA, and Thierry Breyne, Head of the Planning and Approvals Delivery Unit at ERA.

Source: European Union Agency for Railways

DEUTSCHE BAHN TO INCREASE SINGLE WAGONLOAD TRANSPORT

Deutsche Bahn recently announced that it wants to have more freight trains running again by expanding its Single Wagonload (SWL) traffic and thus avoid millions of truck journeys. This involves collecting single wagons or trucks from customers and assembling them into long trains in marshalling yards. The offer could probably be increased fivefold, said board member Sigrid Nikutta.

In an interview given on 11 June, she noted that additional offers are also to be made in the business with block trains and in combined transport by ship, train and truck. In addition, structures and the way customers are addressed are to change. "We are making rail freight transport as easy as online shopping," said Nikutta. By expanding its range of services and personnel capacity, DB Cargo also wants to ensure that the quality of rail freight transport improves. In the past, unpunctual trains were always an argument for shippers and freight forwarders not to use rail. In that regard, DB Cargo intends to improve service quality and to equip all freight cars with GPS and sensor technology. This shall allow customers to track where their goods are at any given time.

According to Deutsche Bahn, freight trains still account for just under 19%, approximately 50% of which is accounted for by competitors of Deutsche Bahn. Deutsche Bahn had announced that it would increase network capacity so that the market share of rail freight could grow to 25%. This should avoid around 25 million truck journeys by 2030.

Source: Verkerhrsrundschau

INCREASE IN EURASIAN LANDBRIDGE OPERATIONS

Since the beginning of the COVID-19 crisis, it has been observed that eastbound silk road rail volumes have increased significantly due to increased demand in block-train services, reaching a 44% increase in volumes last month. According to figures from China State Railway Group, the eastbound volumes reached 43.000 TEU last month, with a 39% increase in departing trains, up to 477.

Several companies are launching new block-trains to meet the increased customer demand for alternative transport modes from Europe to Asia. In an interview given by DHL Global Forwarding, which is amongst the companies having launched new services on the Eurasian landbridge, the company argued that the eastbound volumes were increasing also partly due to "Asia's relatively quick recovery from the coronavirus pandemic." According to the interview, the increase in volumes can also be explained due to the fact that China has a big consumer market, with a demand for high-quality products from overseas.

Source: The Loadstar

Maritime

ITALIAN TAX MEASURES FOR MARITIME TRANSPORT

On 11 June, the European Commission approved under the EU State Aid rules the prolongation until the end of 2023 of various Italian support measures for maritime transport under the 'International Registry' scheme of Italy.

Under Italy's 'International Registry' scheme, shipping companies are granted a corporate tax reduction and other benefits. Following the changes to which Italy has committed, the special corporate tax reduction for shipping companies will be applied to a shipping company's:

- Core revenues from shipping activities, such as cargo and passenger transport.
- Certain ancillary revenues that are closely connected to shipping activities (capped at a maximum of 50% of a ship's operating revenues).
- Revenues from towage and dredging, subject to certain conditions.
- Bareboat charter-out and time and/or voyage charter-in activities.

The Commission assessed the amended measures under the EU State Aid rules and in particular the EU Maritime State Aid Guidelines. It concluded that, in light of commitments to which Italy will have to comply within seven months from the adoption of the Commission decision, the Italian scheme is in line with EU State Aid rules.

CLECAT has expressed concerns over the Commission's decision and the evolvement of subsidy schemes in ways that distort markets. State aid largely benefits vertically integrated shipping companies that compete with freight forwarders and logistics service providers (but also terminal operators) that do not have similar tax benefits. As equally proposed by the ITF OECD report on maritime subsidies, regulations, such as the EU Maritime State Aid Guidelines, should be amended to avoid such market distortions and unbundle the activities eligible for favourable tax treatment under tonnage tax schemes. CLECAT, together with FEPORT, will therefore publish next week a joint press release elaborating on these concerns.

FUTURE MARITIME TRADE FLOWS

The International Transport Forum (ITF) has published a report that reviews possible determinants of global maritime goods transport over the coming decades. It addresses the uncertainties that surround the future of maritime trade flows such as the development of demand, the costs of environmental regulation, maritime business strategies, the Belt and Road Initiative and Arctic shipping. The report summarises discussions of an ITF Roundtable held in Paris, France in April 2019.

The report assumes that further economic development and population growth will continue to drive future demand for maritime trade. However, the transition to non-fossil fuels and the regionalisation of trade patterns will likely have a substantial impact. Moreover, the cost of maritime transport will increase as a result of expected regulations to decarbonise shipping. Nevertheless, these cost increases will be small in relation to the value of traded goods; the impact on global trade may therefore be marginal. The report also acknowledges that increased ship size and industry consolidation, as well as other developments in liner shipping, have changed maritime trade patterns by reducing the number of calls to secondary ports.

The wide-ranging study of the ITF offers several recommendations for governments and regulators based on input from analysts, academics and representatives from ports and the shipping sector, emphasising that protection of environment and promotion of efficiency through competition are the underlying objectives of policy towards maritime shipping and trade.

Most importantly, the report argues that regulators should consider taking action when carriers – which receive state aid – compete with other parts of the transport chain that do not receive state aid, such as terminal operators and freight forwarders. Government policies that have actually stimulated vertical integration under such conditions, for example allowing tonnage taxes to cover terminal operations, should be reconsidered.

The report also challenges the vertical integration taking place in the container shipping sector. "Vertical is one of the few options left for carriers to differentiate," the ITF said, adding that "various container carriers have expressed the ambition to transform into the integrators of global container transport and some, such as CMA CGM, have acquired logistics companies to achieve that ambition."

COUNCIL CONCLUSIONS ON EU WATERBORNE TRANSPORT SECTOR

On 5 June, the Council adopted by written procedure the Council conclusions on the EU waterborne transport sector, stressing that the future of shipping and inland navigation is carbon-neutral, zero-accidents, automated and competitive. The conclusions are based on the Opatija Declaration, adopted at the informal maritime ministerial meeting organised by the Croatian Presidency on 11 March 2020.

The conclusions emphasise the vital importance of the maritime and inland waterway sector in bringing essential goods to European community, as highlighted by the key role played by the sector during the COVID-19 pandemic. The Council particularly commends the crucial role of seafarers, inland navigation workers and port workers in keeping the supply chains open.

The conclusions are based on five key points: a carbon-neutral and zero pollution waterborne transport sector, digital transformation, competence and training of future seafarers, safety and the competitiveness of maritime sector at global level. The text mentions a wide variety of measures under consideration, including the development of clean alternative fuels and the associated infrastructure, adequate funding in support of research and development of new technologies, additional support for carbon-neutral port activities and a focus on digitalisation with the development of a new Waterborne Digital Roadmap. However, while the text does mention a "policy response to the European Green Deal", there is no explicit reference to the European Commission's commitment to include shipping in the EU Emissions Trading System (ETS).

"A sustainable, state-of-the-art and competitive EU waterborne transport sector has been a priority for the Croatian presidency from the beginning. The COVID-19 crisis has shown that this vision is as relevant as ever. We will achieve it by investing in digital transformation, in safety and in people who work in the sector," said Mr Butković, Croatian Minister for the Sea, Transport and Infrastructure, as well as the President of the Council.

Air

COUNCIL ADOPTS POSITION ON ADJUSTED CORSIA BASELINE

On 9 June, the Council of the European Union adopted a decision on adapting the EU's position on the reference for measuring the growth of CO2 emissions in international aviation under ICAO's Carbon Offsetting Reduction Scheme for International Aviation (CORSIA). The decision has been made to take into account the unprecedented drop in air traffic in 2020 due to the outbreak of COVID-19. As such, this also affects the CORSIA baseline that is used to determine future offsetting requirements for airlines in order to achieve carbon neutral growth from 2020.

With this, the Council adopts the proposal for a Council Decision from the European Commission, issued on 19 May (CLECAT Newsletter 2020/20 refers). It notes that under the present circumstances, a reference to 2019 as the baseline period is the closest possible proxy based on real data for the purposes of mirroring ICAO's long-term goal of carbon neutral growth from 2020. Against this background, 2019 should represent the single baseline period.

CLECAT has supported the call from the aviation industry not to use 2020 as a baseline for the calculation of ICAO's CORSIA, as this would make the aviation sector's climate target significantly higher due to a distortion of the baseline, following from the COVID-19 crisis. CLECAT equally advised Member States to jointly advocate towards ICAO's Council for the adjustment of CORSIA's baseline to 2019. The CORSIA baseline will be discussed by the ICAO Council during its 220th session from 8-26 June 2020.

Source: Council of the EU

ICAO WEBINAR ON SAFELY TRANSPORTING DANGEROUS GOODS

On 11 June, CLECAT joined an ICAO webinar, entitled "Safely Transporting Cargo during the COVID-19 Pandemic". During the webinar, two ICAO experts on Cargo Safety provided guidance on:

- ensuring dangerous goods personnel are competently trained despite the need for physical distancing,
- loading dangerous goods on aircraft with passenger cabins that have been repurposed for transport of cargo, and
- determining who can be on board an aircraft carrying dangerous goods not permitted on an aircraft carrying passengers.

The webinar also provided information on efforts ICAO is taking to address land and air interface transport obstacles by engaging cargo stakeholders, including the freight forwarding community, in identifying and alleviating bottlenecks affecting air cargo shipments. The webinar formed part of an ICAO Webinar Series on COVID-19. All webinars are recorded and can be accessed here.

During the webinar, ICAO also announced that a new series would start on the work of the ICAO Council's Aviation Recovery Task Force (CART), whose recovery report and cargo-specific module was featured in CLECAT Newsletter 2020/21. CART is aimed at providing practical, aligned guidance to governments and industry operators in order to restart the international air transport sector and recover from the impacts of COVID-19 on a coordinated global basis. These webinars will discuss the CART report, as well as provide information on the CART "Take-Off" Guidance.

EASA UPDATED GUIDELINES FOR CARGO TRANSPORT ON PASSENGER LEVEL

The European Union Aviation Safety Agency (EASA) has revised its guidelines for the transport of cargo in passenger cabins. Besides the removal of duplicated elements, further clarifications have been introduced. The document now makes clear that the guidelines apply only to cargo-only configurations – a mix of passengers and cargo in the passenger cabin should not be considered.

Furthermore, applicable requirements related to the exemptions were complemented, clarification on cases potentially requiring updated Cabin Crew Data and refinement e.g. of adequate cargo volumes with removed seats, have been added.

EASA emphasises that air cargo services are vital for the economy and for fighting COVID-19; European and global supply chains depend on them being operated unhindered. The purpose of this document is to provide guidelines for national competent authorities (NCAs) to consider when granting exemptions under Art. 71(1) of Regulation (EU) 2018/1139 (the EASA Basic Regulation), allowing the transport of cargo in passenger compartments during the current COVID-19 outbreak. Documents published by the Industry to provide guidance on how to transport cargo in the passenger cabin are referenced in Annex 2.

The 4th Issue of the Guidelines can be downloaded here.

IATA FORECASTS $84 BILLION LOSSES FOR AIR INDUSTRY IN 2020

The International Air Transport Association (IATA) released its financial outlook for the global air transport industry showing that airlines are expected to lose $84.3 billion in 2020 for a net profit margin of -20.1%. Revenues will fall 50% to $419 billion from $838 billion in 2019. In 2021, losses are expected to be cut to $15.8 billion as revenues rise to $598 billion.

For cargo operations, IATA argues that compared to 2019, overall freight tonnes carried are expected to drop by 10.3 million tonnes to 51 million tonnes. However, a severe shortage in available cargo capacity due to the unavailability of belly cargo on (grounded) passenger aircraft is expected to push rates up by some 30% for the year. Cargo revenues will reach a near-record $110.8 billion in 2020 (up from $102.4 billion in 2019). As a portion of industry revenues, cargo will contribute approximately 26%--up from 12% in 2019.

Source: IATA

Sustainable Logistics

ITF TRANSPORT CLIMATE ACTION DIRECTORY

As part of its Decarbonising Transport Initiative, of which CLECAT is a member, the International Transport Forum (ITF) is going to launch Transport Climate Action Directory on 2 July.

The Transport Climate Action Directory is a web-based database of transport CO2 reduction measures. It aims to help companies to translate their decarbonisation ambitions into actions and achieve their climate objectives.

The Transport Climate Action Directory allows users to select decarbonisation measures by mode of transport and type of measure for five policy outcomes:

- Achieving mode shift and managing transport demand.
- Improving design, operations and planning of transport systems.
- Mainstreaming low carbon fuels and energy vectors.
- Enabling electrification.
- Fostering innovation and scaling up transport decarbonisation.

Notedly, the UN Framework Convention on Climate Change (UNFCCC) has endorsed the Transport Climate Action Directory as a tool for revising countries' Nationally Determined Contributions (NDCs).

The launch webinar will take place on 2 July 2020 at 14:00 CET. In case of interest, please register here.

Brexit

UK INTRODUCES BORDER CONTROLS IN THREE STAGES FROM JANUARY 2021

On 12 June, the UK Government announced that border controls for EU goods imported into Great Britain will be introduced at the end of the transition period in three stages, up until 1 July 2021. This flexible and pragmatic approach aims to give industry extra time to make necessary arrangements. The three stages are the following:

- From January 2021: Traders importing standard goods, covering everything from clothes to electronics, will need to prepare for basic customs requirements, such as keeping sufficient records of imported goods, and will have up to six months to complete customs declarations. While tariffs will need to be paid on all imports, payments can be deferred until the customs declaration has been made. There will be checks on controlled goods like alcohol and tobacco. Businesses will also need to consider how they account for VAT on imported goods. There will also be physical checks at the point of destination or other approved premises on all high-risk live animals and plants.

- From April 2021: All products of animal origin (POAO) – for example meat, pet food, honey, milk or egg products – and all regulated plants and plant products will also require pre-notification and the relevant health documentation.

- From July 2021: Traders moving all goods will have to make declarations at the point of importation and pay relevant tariffs. Full Safety and Security declarations will be required, while for SPS commodities, there will be an increase in physical checks and the taking of samples: checks for animals, plants and their products will now take place at GB Border Control Posts.

The announcement followed the second meeting of the Withdrawal Agreement Joint Committee – the last formal moment to agree an extension to the transition period – at which the UK Government confirmed their long-standing position that no extension of the transition period would be sought. Between 2-5 June, the EU and the UK also held the fourth round of negotiations on their future economic partnership, during which they were unable to achieve substantial progress on any of the big stumbling blocks in the negotiations.

In the meantime, the UK Government published a questionnaire for businesses that move goods between Great Britain and Northern Ireland which also gives an opportunity to opt in to receive more information about updated guidance throughout the transition period. The UK Government also published guidance on Importing animals, animal products and high-risk food and feed not of animal origin from 1 January 2021; and Importing and exporting plants and plant products from 1 January 2021.

UK MEASURES TO SUPPORT CUSTOMS INTERMEDIARIES

On 12 June, the UK Government unveiled a new package of measures to accelerate growth of the UK's customs intermediary sector, including customs brokers and freight forwarders. £50 million funding will support the customs intermediary sector with recruitment, training and supplying IT equipment to handle customs declarations. The UK Government also intends to change rules which will remove the financial liability from intermediaries operating on behalf of their clients and allow parcel operators to continue declaring multiple consignments in a single customs declaration.

In total, the government has now made available £84 million to grow the customs intermediary sector to encompass EU trade after 2020. The previous £34 million grants fund supported more than 20,000 training courses being undertaken, plus the purchase of 15,000 pieces of IT equipment and software.

Applications for the new funding will be open from July and HMRC will unveil more details in due course.

The efforts to increase the capacity of the customs intermediary sector in the UK is, among other factors, a result of the EU-UK Intermediaries Task Force (ITF), to which CLECAT and several of its members contribute.

Source: UK Government

Customs and Trade

GSP: EXTENSION OF THE TRANSITION PERIOD FOR THE APPLICATION OF THE REX

On 5 June, the European Commission published an Implementing Regulation extending the transition period for the application of the REX system to 31 December 2020, as the COVID-19 pandemic has led to some countries experiencing serious difficulties respecting the 30 June 2020 time-limit for the application of the REX . The GSP beneficiary countries concerned by the Regulation are the ones which started to apply the REX system as from 1 January 2019 and for which the transition period was supposed to end at the latest on 30 June 2020.

The GSP beneficiary countries interested in the possibility for extension should notify DG TAXUD by 15 July 2020 at the latest. The beneficiary country should complement the notification that it needs to benefit from an extension with a due justification of the need to extend the transition period, as well as a work plan detailing how it intends to fully apply the REX system by the end of the envisaged extended transition period.

Source: European Commission

USE OF THE REX FOR EXPORTS TO VIETNAM

On 11 June, the Commission informed EU operators exporting goods to Vietnam that, as of the entry into force of the EU-Vietnam trade agreement, EU goods will benefit from the tariff preference upon submission of statements on origin made out by registered exporters or by any exporter for consignments the total value of which does not exceed EUR 6 000. Certificates of origin EUR.1 and origin declarations will not be issued or made out in the EU to benefit from the preferential tariff treatment in Vietnam.

The EU and Vietnam signed their trade agreement on 30 June 2019. The European Parliament subsequently gave its consent on 12 February 2020 and the agreement was concluded by the Council on 30 March 2020. The entry into force of the agreement is expected in summer 2020, following the ratification by Vietnam.

More information on the EU-Vietnam trade relations, including the text of the EU-Vietnam trade agreement, you can find on the Commission's webpage.

Source: European Commission

Forthcoming Events

EVENTS AND MEETINGS

CLECAT Air Logistics Institute
16 June 2020, Online Meeting

CLECAT Supply Chain Security Institute
16 June 2020, Online Meeting

CLECAT Customs and Indirect Taxation Institute
23 June 2020, Online Meeting

CLECAT Board Meeting
9 July 2020, Online Meeting

EU MEETINGS

Council of the European Union

Environment Council

22 June 2020, Luxembourg

European Parliament

European Parliament Transport Committee

23 June 2020, Brussels

Extraordinary European Parliament Plenary

17-18 June 2020, 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 / info@clecat.org

@CLECAT_EU
www.CLECAT.org

CLECAT

European Association for Forwarding, Transport, Logistics and Customs Services