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

NEWSLETTER

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News from Brussels

NEW RULES ON DRIVING AND REST TIMES ENTER INTO FORCE

On 20 August, the 1st Mobility Package Regulation (EU) 2020/1054, setting out the new rules on EU drivers' driving and rest times as well as on tachographs, entered into force. The new rules include:

- Requirement for the driver to 'return home' every 4 weeks.
- Ban on taking regular weekly rest periods in the driver's cabin.
- More flexibility on scheduling the rest periods for some international drivers on carriage of goods.
- New provisions for the driver's rests and breaks when journeys involve transport by ferry or by rail.

However, point (15) of Article 1 and point (12) of Article 2 on the manual records and printouts will apply from 31 December 2024.

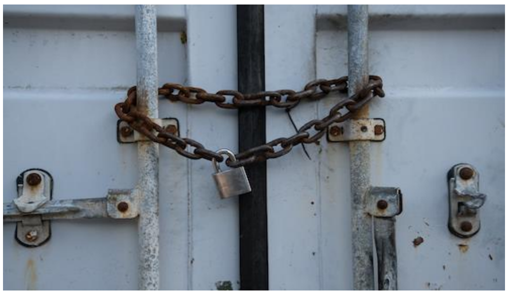
Notedly, Regulation (EU) 2020/1055 on the access to the international road haulage market (cabotage) entered into force on the same day, but its rules will only apply from 21 February 2022.

Aiming to ensure legal certainty for the companies, as well as uniform application and enforcement of the rules by the Member States, CLECAT has called for clear implementation guidelines of the 1st Mobility Package legislation and welcomed the European Commission's intent to publish a guidance document by this autumn.

Maritime

MISMATCH IN CONTAINER SHIPPING COSTS AND SERVICE LEVELS

In a recent webinar entitled “More Stability and Predictability for Shippers”, Drewry analysists found the container shipping costs and service levels “at risk of spiralling out of control”.



As well as a massive withdrawal of capacity since the start of the COVID-19 crisis – 468 blanked departures on east-west trades – the analyst said the schedule reliability had been extremely low. “In the first half of the year, fewer than two out of three vessels arrived within 24-hours of their ETA,” said Philip Damas, Head of Drewry Supply Chain Advisors. “To make matters worse, this is using a measurement which is fairly lenient, because we are setting the ETA at the time of the ship’s departure, by when the carriers should have a good indication of their schedules,” he added.

The blanked sailings and poor reliability resulted in widespread rollovers, said Mr Damas, noting that a Drewry survey of shipper clients had revealed 83% of them had seen cargo rolled. “It caused significant operational problems for shippers and forwarders; reworking or re-booking the shipment, making a lot of contacts and phone calls and working late hours,” he explained, adding that many shippers and forwarders today do not receive good data from carriers on rollovers.

“Our view is that rollovers are a key issue, which has been exposed by the recent crisis – this is the new reality of a much more concentrated marketplace in which shipping lines have more power,” Mr Damas said. There has also been a notable increase in carriers offering no-roll premiums, which Mr Damas said was needed, but they were really just “offering a normal service at premium prices”.

There are widespread cost implications from this year’s container shipping disruptions, too, not least an increase in freight rates. According to Drewry’s Senior Advisor Stijn Rubens, the average freight rate on the Asia-Europe trade between January and August increased 15% year on year, to $1,798 per FEU. However, after factoring in other freight costs, such as finance, detention and demurrage and booking processing, the overall increase was $432, up 16% at $3,115 per FEU.

Source: [The Loadstar]

CONTAINER LINES INCREASE PROFITS DESPITE COVID-19

This week, the owner of the world’s largest container line, A.P. Moller-Maersk, posted stronger-than-expected results for the second quarter – the very quarter the coronavirus was peaking. Maersk reported an EBITDA increase of 25% to $1.7bn in Q2 2020 compared to $1.4bn a year earlier, primarily driven by an improvement in its core ocean sector – Maersk Line. This was despite volumes for this business dropping by a substantial 16%.

Hapag-Lloyd reported a first half EBIT for 2020 of $563m, up from $440m in the same period a year earlier, while the Japanese carrier ONE, which has struggled since its inception, reported a $167m profit for its first quarter ended 30 June, compared to just $5m in the same period a year earlier. This was despite ONE noting a 20% dip in cargo demand year-on-year in the quarter. South Korea's HMM, which had started to deploy a series of 24,000 TEU newbuilds in the middle of a global pandemic, was also profitable. It bounced back to the black with a KRW28.1bn ($23m) profit in Q2 2020 compared to a KRW200.7bn loss in the same period in 2019.

The largest factor in these positive results has been the ability of the liner alliances to manage capacity thereby keeping freight rates high. However, the way in which lines, and the alliances they are in on the major trades, manage capacity is going to come under increasing scrutiny given shipper and forwarder allegations of profiteering, in particular on the transpacific trade. The US Federal Maritime Commission (FMC) is reported to be keeping a close watch on blank sailing announcements by lines and alliances on trades to the US, and China's Ministry of Transport is reported to have sent letters to the six largest container lines asking for explanations to the recent surges in freight rates.

Source: Seatrade Maritime News, American Shipper

Rail

EUROPEAN PARTNERSHIP ON RAIL RESEARCH AND INNOVATION

The European Commission is planning to put forward a proposal for a European Partnership on Rail Research and Innovation, building on the current Shift2Rail Joint Undertaking. This Partnership will focus on accelerating research, development and demonstrations of innovative technologies and operational solutions to make rail more attractive, enabled by digitalisation and automation.

The future Rail European Partnership will be built on a long-term commitment from the European Union and its private members to deliver system focused solutions ready to enter industrialisation, deployment and operation. As a next step, the European Commission will propose a common Regulation establishing the new rail partnership and other Joint Undertakings foreseen under Horizon Europe.

The Commission has published an invitation for interest, addressed to private and public entities that wish to become a founding member in this European Partnership. Interested entities are requested to express their interest by 1 October 2020. Further information is available in the European Commission's invitation letter.

CONSTRUCTION WORK ON RASTATT TUNNEL POSTPONED

The construction works to complete the Rastatt tunnel, forming an essential link on the Rhine-Alpine Corridor, which were supposed to take place during the summer, have been postponed until autumn 2020. The Rastatt Tunnel is an important structure on the line between Karlsruhe and Basel, which in turn forms an essential link on the Rhine-Alpine Corridor. It is one of the busiest sections of railway in Europe.

The reason for the postponement is an already ongoing construction work on the West-East section towards the Stuttgart region, which forms part of an alternative route in case of a disruption. The rationale for the postponement is thus to avoid the lack of availability of alternative routings, in case of a disruption on the section. Construction works at Rastatt will not start until this infrastructure is at full capacity.

The postponement demonstrates an increased awareness on the importance of alternative routings in case of disruptions, following the 2017 Rastatt incident, where an incident led to a full disruption of services on the line that lasted three-months.

Source: Railfreight

Air

EC APPROVES STATE AID FOR SAS AND BRUSSELS AIRLINES

The European Commission approved a number of state aid measures for airlines under the State aid Temporary Framework. These include, *inter alia*, measures to support SAS and Brussels Airlines.

On 18 August, the Commission approved Danish and Swedish plans to contribute up to SEK 11 billion (approximately €1 billion) to the recapitalisation of SAS. SAS is a major network airline operating in Denmark, Sweden and Norway. In the second quarter of 2020, SAS suffered substantial losses due to the coronavirus outbreak and the travel restrictions that Denmark, Sweden and other countries had to impose to limit the spread of the coronavirus. The Commission found that measure notified by Denmark and Sweden is in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework. The Commission concluded that the recapitalisation measure will contribute to manage the economic impact of the coronavirus outbreak in Denmark and Sweden. The Commission concluded that It is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of the two Member States, in line with Article 107(3)(b) TFEU and the general principles as set out in the Temporary Framework. On this basis, the Commission approved the measure under EU State aid rules.

On 21 August, the Commission approved a €290 million Belgian aid measure under the State aid Temporary Framework to support SN Group, which is composed of SN Airholding and its sole subsidiary Brussels Airlines, in the context of the coronavirus outbreak. Brussels Airlines is a major network airline with its main hub at Brussels International Airport. Together with its parent company SN Airholding, Brussels Airlines belongs to SN Group, which in turn is fully owned by Deutsche Lufthansa AG (DLH). Since the start of the coronavirus outbreak, Brussels Airlines, and more generally SN Group, have suffered a significant reduction of their services, resulting in high operating losses and a significant liquidity shortage. The measure is part of a larger support package granted by Germany to the entire Lufthansa Group, to which SN Group belongs. As a result of the Belgian support measure, the overall aid previously granted to the Lufthansa Group will be proportionally reduced. The Commission found that the aid measure notified by Belgium is in line with Article 107(3)(b) of the Treaty on the Functioning of the European Union (TFEU) and the conditions set out in the Temporary Framework. The Commission concluded that the aid measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the general principles as set out in the Temporary Framework.

ICAO CART SUPPORTED BY AIRLINES AND AIRPORTS

The implementation of globally harmonised recommendations developed by the ICAO Council Aviation Recovery Taskforce (CART) is being supported by initiatives for airlines and airports by IATA and ACI, respectively. IATA has launched a checklist that aims to support airlines that want to implement the ICAO CART guidelines through self-assessments, while ACI has launched its “Airport

Health Accreditation programme," which assesses airports' health measures and procedures against the CART recommendations. Both initiatives have been officially supported by ICAO.

Developed in cooperation with the WHO, the CART recommendations provide wide-ranging recommendations to states and industry stakeholders and are underpinning the coordinated and safe re-opening of commercial air services. The implementation of "Public Health Corridors" (PHC) is particularly salient among these. The PHC concept calls for the implementation of measures to ensure as far as possible the "COVID-19 free" status of crew, aircraft, airport facilities, and passengers.

"To support the implementation of the CART recommendations and guidance, ICAO is making use of all available resources, through the coordination framework of the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA) and enhanced cooperation with the industry, facilitating implementation of "Public Health Corridors" to ensure continued flight operations with minimal restrictions, protect the health and safety of crew and passengers […]. ACI's Airport Health Accreditation programme and IATA's checklist aim to support ICAO's efforts and will provide pragmatic guidance to operators worldwide," said ICAO Secretary General, Dr. Fang Liu.

ICAO notes that the recovery of the international civil aviation sector will be crucial to the broader recovery from the impacts of the pandemic, given the pivotal importance of air connectivity to global sustainable development. As a specialized agency of the United Nations, ICAO has provided strategic guidance to its member states throughout the COVID-19 pandemic, including in relation to the prevention of the spread of the virus, the operations of critical humanitarian, repatriation, and air cargo flights, and the re-opening of regular air services. All of ICAO's COVID-19 guidance materials, including the recommendations of the CART, have been made available through a dedicated portal on its website.

Source: ICAO

Brexit

UK GUIDANCE AND SUPPORT FOR NORTHERN IRELAND

On 7 August, the UK Government published guidance on moving goods under the Protocol on Ireland and Northern Ireland, aiming to provide support for businesses engaging in new processes as of 1 January 2021. The policy paper outlines four sections dealing respectively with: moving goods from Northern Ireland to Great Britain; moving goods from Great Britain to Northern Ireland; moving goods from Northern Ireland to the EU; and moving goods from Northern Ireland to the rest of the world.

As part of the new guidance, the UK Government announced the establishment of a Trader Support Service, which will aim to provide support for businesses on moving goods into Northern Ireland. The Trader Support Service will provide an end-to-end service which will guide traders through all import processes, including handling digital import and safety and security declarations on their behalf, at no additional cost. The guidance sets out further details on this service and how to register to use it from the end of the transition period.

The UK Government also announced a major £650m package of investments for Northern Ireland. Up to £200 million of the new funding will back up the free-to-use Trader Support Service. Another £155m will fund the development of new technology to ensure the new processes can be fully digital and streamlined. Additionally, £300 million funding was confirmed for the PEACE Plus programme that will help to support peace, prosperity and reconciliation projects on the island of Ireland.

EC PROPOSES CHANGES TO VAT RULES TO ACCOMMODATE IRISH PROTOCOL

The European Commission has proposed changes to the EU's VAT rules in preparation for the end of the transition period with the UK, introducing distinct VAT identification numbers with a specific prefix for businesses in Northern Ireland. That is needed to distinguish between taxable persons and non-taxable legal persons whose transactions in goods located in Northern Ireland are subject to Union legislation on VAT, on the one hand, and persons carrying out other transactions for which they are identified for VAT purposes in the UK.

Under the Protocol on Ireland and Northern Ireland, Union legislation on VAT will continue to apply in Northern Ireland after the transition period as regards goods so as to avoid a hard border between Ireland and Northern Ireland. Therefore, taxable persons and certain non-taxable legal persons will be subject to the Union legislation on VAT for transactions in goods in Northern Ireland, whereas they will be subject to the UK legislation on VAT for all other transactions in the UK, including in respect of Northern Ireland. The proposed legislation will ensure that EU VAT provisions can be properly applied to goods, in line with the Protocol.

These changes to the EU VAT Directive will require some IT adjustments from Member States to ensure that the VAT provisions in the Protocol are fully operational on 1 January 2021. The Commission encourages Member States to rapidly agree to the proposal, so that it can be implemented as quickly as possible and in any case before the end of the transition period.

Source: European Commission

Customs and Trade

EU - VIETNAM TRADE AGREEMENT ENTERED INTO FORCE

On 1 August, the EU-Vietnam trade agreement entered into force, following the ratification by both parties. The trade deal will ultimately scrap duties on 99% of all goods traded between the EU and Vietnam.

The EU-Vietnam trade agreement is the most comprehensive trade agreement the EU has concluded with a developing country. It takes fully into account Vietnam's development needs by giving Vietnam a longer, 10-year period to eliminate its duties on EU imports. However, many important EU export products, such as pharmaceuticals, chemicals or machinery will already enjoy duty-free import conditions as of entry into force. Agri-food products like beef or olive oil will face no tariffs in three years, while dairy, fruit and vegetables in maximum five years. Comprehensive provisions on sanitary and phytosanitary cooperation will allow for improving market access for EU firms via more transparent and quick procedures.

The agreement with Vietnam is the second trade agreement the EU has concluded with an ASEAN member state, following the recent agreement with Singapore. It represents an important milestone in the EU's engagement with Asia, adding to the already existing agreements with Japan and Republic of Korea.

Source: European Commission

Forthcoming Events

EVENTS AND MEETINGS

CLECAT Maritime Logistics Institute
7 September 2020, Online Meeting

CLECAT Board/General Assembly
10 September 2020, Online Meeting

CLECAT Air Logistics Institute
22 September 2020, Location TBC

CLECAT Supply Chain Security Institute
22 September 2020, Location TBC

CLECAT Freight Forwarders Forum
12 November 2020, Location TBC

CLECAT Board/General Assembly
13 November 2020, Location TBC

EVENTS WITH CLECAT PARTIPATION

Rail Freight after the COVID-19
15 September 2020, Brussels

Digital Transport Days
1 December 2020, Online Event

Competition Law in Transport
1 December 2020, Brussels

EU MEETINGS

Council of the European Union

Transport Council
28 September 2020, Brussels

Environment Council
23 October 2020, Luxembourg

European Parliament

European Parliament Transport Committee

2-3 September 2020, Brussels

European Parliament Plenary

14-17 September 2020, Strasbourg

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