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

NEWSLETTER

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Brussels News

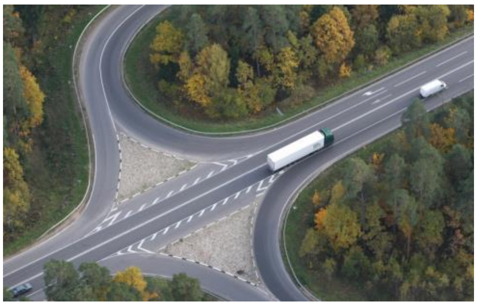
VP TIMMERMANS NOT CONVINCED ABOUT THE EU ETS FOR ROAD

In the Transport and Environment (T&E) 30th anniversary online event earlier this week, Frans Timmermans, the European Commission Executive Vice-President responsible for the European Green Deal, said that the EU Emission Trading Systems (EU ETS) can discipline the aviation sector but is perhaps not the right instrument for the road sector. “We’re certainly willing to look into this as a possibility, but at this stage I personally am not convinced this is the right way forward,” said Mr Timmermans.

For decarbonising this sector, zero-emission vehicles should be a major aim, according to the Executive Vice-President. In his speech, Mr Timmermans said that the charging stations and the equally distributed infrastructure across the EU should be a priority. In addition, he explained that OEMs must have a substantial portion of their fleet as zero-emission. Concluding his speech, Mr Timmermans emphasised the need to spend the post-COVID-19 recovery funds on a green transition. Failing to use the momentum to invest in green transition would be a historical mistake, he highlighted.

LITHUANIA TO CHALLENGE MP1 AT THE EU COURT OF JUSTICE

Last week, the Lithuanian government decided to submit a complaint to the Court of Justice of the European Union (CJEU) about the provisions of the Mobility Package I, which they find harmful. The Lithuanian Ministry of Justice is preparing the claim and carrying out procedural steps.



“The Ministry of Justice has reached a decision previously accepted by the interested organisations and proposes to question the provisions of the Mobility Package I regarding the compulsory return of vehicles to the country of establishment, the cabotage restrictions, the rules for posting and also the rest rules for drivers when there is no adequate infrastructure,” announced the Lithuanian Minister of Justice, Elvinas Jankevičius.

In his opinion, Lithuania is not the only country that will file a lawsuit. The Ministry informs that the provisions of the Mobility Package are also unfavourable for other countries, such as Poland, Latvia, Estonia, Hungary, Romania, Bulgaria, Cyprus, Malta. “It is likely that these countries will also bring stand-alone complaints or join collective lawsuits with other countries,” it was announced.

The Transport and Communications Minister of Lithuania, Jaroslavas Narkevičius, warns that the Mobility Package I in its current form will result in “significant losses for the Lithuanian logistics sector and the state itself”. “If the provisions of the Mobility Package I are not changed, there is a probability that 35,000 Lithuanian carriers will become unemployed and will have to be paid 111 million EUR in benefits. The loss of the state budget will amount to about 102 million EUR, which will be 1.6% of the country’s GDP,” he explained.

According to the minister, the fact that during the COVID-19 pandemic drivers cannot spend the night in cabins and are forced to sleep in hotels where the conditions for the spread of the virus are more suitable than in isolated vehicles seems shocking.

Source: Ministry of Transport of Lithuania

Maritime

MORE BLANK SAILINGS AND VOLUME VOLATILITY – THE NEW NORM?

Last week, the Loadstar wrote that the container shipping industry posted a combined profit of $2.7bn in the second quarter of this year. According to new research from liner analyst Sea-Intelligence Consulting, the positive results were despite every line experiencing declining revenue and year-on-year volumes.

In a news article issued this week, it was noted that 'container terminals should “get used to blanked sailings and volume volatility”. According to Lars Jensen, CEO of Sea-Intelligence Consulting, liner industry consolidation has been “phenomenal” in allowing carriers to manage capacity through blanked sailings, with the bumper profits seen in Q2 likely to ensure the frequent withdrawal of capacity becomes a mainstay. “Ports and terminals have to get used to a market with increased usage of blanked sailings – that is simply the new norm,” Mr Jensen said at the Container xChange Digital Container Summit. And, assessing the long-term shipping trends from the COVID-19 crisis, Mr Jensen said ports would also need to grapple with increased volume volatility.

CLECAT issued a news blog earlier this week on the growing frustration of freight forwarders having to deal with blanked sailings and poor schedule reliability resulting in widespread rollovers of containers. The costs for the freight forwarding industry are huge: they range from the re-booking of shipments to sometimes even losing customers because there is simply no service made available by carriers. But at a time when European industry is in a serious recession, and when the competitiveness of European exporters and importers and their service providers is at risk – everybody is at the mercy of carriers, without tools or means to control their behaviour.

SHIPPING DATA HINTS TO SOME RECOVERY IN GLOBAL TRADE

The number of ships pulling into ports to unload and load containers rebounded in many parts of the world in the third quarter of 2020, according to new UNCTAD calculations. This offers a hopeful sign for world merchandise trade, which suffered a historic year-on-year fall of 27% in the second quarter.

Maritime shipping saw a dramatic slowdown earlier this year as government measures used to curb the COVID-19 pandemic restricted economic activities and travel. By mid-June, the average number of container vessels arriving weekly at ports worldwide had sunk to 8,722, an 8.5% year-on-year drop. But new data show that, globally, the average weekly calls have started to recover, rising to 9,265 by early August, just 3% below the levels of one year earlier.

A new UNCTAD article explores how data on the movement of vessels – which carry over 80% of the goods traded globally – can help policymakers navigate the troubled waters of a crisis while they wait for official statistics on trade and gross domestic product. The UNCTAD article shows that, globally, container ship arrivals started to fall below 2019 levels around mid-March 2020 and then to recover gradually around the third week of June. The article says that although most regions have seen some recovery in the third quarter of 2020, the global figures hide important regional differences.

The diverging and volatile port call patterns across regions since June 2020 also underscore the fragility of the apparent recovery and the presence of factors that extend beyond the pandemic and lockdown restrictions. The article adds that the ship deployment strategies used by carriers as well as decisions by shipping alliances can influence port call choices as well.

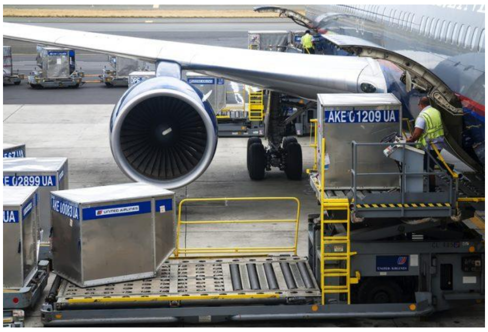
The timetables, which show the deployment of cargo carrying capacity, measured in TEUs, reflect shipping lines' expectations for near future demand. While container shipments to and from China and the United States have resumed in the third quarter, timetables show a continued decline for many European countries.

Source: UNCTAD

Air

THE TIME TO PREPARE FOR COVID-19 VACCINE TRANSPORT IS NOW

The International Air Transport Association (IATA) urged governments to begin careful planning with industry stakeholders to ensure full preparedness when vaccines for COVID-19 are approved and available for distribution. The association also warned of potentially severe capacity constraints in transporting vaccines by air.



IATA emphasised the importance of preparedness, arguing that air cargo plays a key role in the distribution of vaccines in normal times through well-established global time- and temperature-sensitive distribution systems. This capability will be crucial to the quick and efficient transport and distribution of COVID-19 vaccines when they are available, and it will not happen without careful planning, led by governments and supported by industry stakeholders, IATA argued.

Reference was also made to the necessary facilities, as vaccines must be handled and transported in line with international regulatory requirements, at controlled temperatures and without delay to ensure the quality of the product. The importance of security was also highlighted, as those vaccines would be highly valuable commodities. Therefore, arrangements would need to be in place to ensure that shipments remain secure from tampering and theft. In view of border processes, IATA highlighted that working effectively with health and customs authorities will be essential to ensure timely regulatory approvals, adequate security measures, appropriate handling and customs clearance, and identified a number of priorities for border processes in that regard.

IATA particularly highlighted that, on top of the transport preparations and coordination needed, governments must also consider the current diminished cargo capacity of the global air transport industry. IATA warned that, with the severe downturn in passenger traffic, airlines have downsized networks and put many aircraft into remote long-term storage. The global route network has been reduced significantly from the pre-COVID 24,000 city pairs. The WHO, UNICEF and Gavi have already reported severe difficulties in maintaining their planned vaccine programs during the COVID-19 crisis due, in part, to limited air connectivity.

The potential size of the delivery is enormous. Just providing a single dose to 7.8 billion people would fill 8,000 747 cargo aircraft, according to IATA. Land transport will help, especially in developed economies with local manufacturing capacity. But vaccines cannot be delivered globally without the significant use air cargo, IATA highlighted.

Source: IATA

EC APPROVES €199.45 MIO ITALIAN AID FOR ALITALIA

On 7 September, the European Commission found an Italian support of €199.45 million in favour of Alitalia to be in line with EU State aid rules. The measure aims at compensating the airline for the damages suffered due to the coronavirus outbreak.

Since the start of the COVID-19 outbreak, Alitalia has suffered a significant reduction of its services, resulting in high operating losses. Italy notified to the Commission an aid measure to compensate Alitalia for the damage suffered from 1 March 2020 to 15 June 2020 resulting from the containment measures and travel restrictions introduced by Italy and other destination countries to limit the spread of the coronavirus. The support will take the form of a €199.45 million direct grant, which corresponds to the estimated damage directly caused to the airline in that period.

The Commission assessed the measure under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or sectors for damage directly caused by exceptional occurrences. The Commission considers that the coronavirus outbreak qualifies as such an exceptional occurrence, as it is an extraordinary, unforeseeable event having significant economic impact. As a result, exceptional interventions by the Member State to compensate for the damages linked to the outbreak are justified. The Commission found that the Italian measure will compensate the damage suffered by Alitalia that is directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the compensation does not exceed what is necessary to make good the damage. On this basis, the Commission concluded that the Italian damage compensation measure is in line with EU State aid rules.

Source: European Commission

Rail

COUNCIL POSITION ON TEMPORARY DEROGATIONS IN SUPPORT OF THE RAIL SECTOR

On 9 September, EU Member States' ambassadors agreed on a mandate regarding a proposal to give Member States the possibility to help the rail sector by providing relief from certain infrastructure charges for rail companies, while ensuring a timely refund for infrastructure providers. These additional temporary rules shall mitigate the severe effects of the coronavirus pandemic on the rail sector.

The temporary rules on relief from rail infrastructure charges will apply from 1 March 2020 until 31 December 2020 and are extendable if necessary. They entail a relaxation of obligations regarding track access charges, reservation charges and mark-ups. In its text the Council has specified that, where appropriate, Member States may apply the derogation concerning track access charges according to market segments, such as passenger or freight transport, in a transparent, objective and non-discriminatory way.

It is for each Member State to decide whether to implement any of these derogations or not. The Council has added an obligation for Member States to inform the Commission of any measures they take, as well as an obligation for the Commission to make this information publicly available. If needed, these derogations may be extended by means of Commission delegated acts. Under the Council mandate, the reference period can be extended by up to six months at a time, and by up to 18 months in total after the entry into force of the regulation.

The negotiations between the Council and the European Parliament are taking place as a matter of urgency. The mandate agreed by the Permanent Representatives Committee allows the presidency to liaise with the European Parliament on the final text before the Parliament adopts its first reading position. The draft regulation will enter into force the day after its publication in the EU Official Journal.

Source: Council of the European Union

COREPER AGREES MANDATE ON CHANNEL TUNNEL RAILWAY SAFETY

The EU is working on legislation to ensure the safe and efficient operation of the Channel Tunnel railway connection between continental Europe and the United Kingdom (Channel Fixed Link) after the end of the Brexit transition period. On 9 September, the Council's Permanent Representatives Committee (COREPER) agreed on a negotiation mandate on two proposals aimed at maintaining a single safety authority, which would continue to apply the same set of rules over the whole infrastructure, including in its section under UK jurisdiction.

Currently, all matters concerning the operation of the Channel Fixed Link are supervised by an Intergovernmental Commission set up by the Treaty of Canterbury, signed between France and the UK in 1986. Under the Council mandate, France will be empowered to negotiate an amendment to the Canterbury Treaty and the EU railway safety and interoperability rules will be amended so that the Intergovernmental Commission can be maintained as the safety authority competent for the application of EU law within the Channel Fixed Link.

The draft regulation amending the safety and interoperability provisions will be split into two draft regulations, in order to amend the Statute of the Court of Justice of the European Union (CJEU) in a manner that respects the Court's prerogatives while avoiding a delay in the start of the negotiations.

A swift adoption of the draft decision and draft regulation shall allow the prompt start of the talks between France and the UK. The adoption of the amendments to the Statute of the CJEU will be essential at the end of these negotiations, before France is authorised to sign and conclude the actual agreement. The negotiations between the Council and the European Parliament on the two proposals are taking place as a matter of urgency.

Source: Council of the European Union

€4.7BN RAIL BUDGET IN FRENCH RECOVERY SPENDING PACKAGE

On 3 September, the French government announced its intention to provide a financial support package for the rail sector worth €4.7bn as part of a post-pandemic recovery plan. The objective is to improve the overall quality of the rail network to offer an attractive and efficient alternative to road transport for both passengers and goods.

The French Transport Secretary, Jean-Baptiste Djebbari, commented that the funding package, which forms part of a wider national programme termed France Relance, would help to reinforce the investment priorities set out since the national railway reform programme concluded in June 2018. These include the 'economically efficient' renewal of the conventional network, more support for rail freight and investment in rural and secondary lines'.

In announcing the France Relance package, the government highlighted that its success would be measured by a series of metrics reflecting not just progress in economic recovery but also in preparing the country for the longer term, notably the need to address climate change. In rail, these metrics will include, *inter alia,* the number of branch lines placed on a sustainable footing, as well as the number of freight terminals built or reactivated. All operations shall be undertaken between 2020 and 2022.

Of the €4.7bn allocation, €2.3bn will go towards 'accelerated renewal of the main line network' with a particular focus on switches, crossings and other assets at key nodes. A further €1.5bn is to be spent on renewing bridges and structures and on finding environmentally friendly alternatives to glyphosphates for managing lineside vegetation and weeds.

A number of main line corridors are to be identified as strategic freight axes based on their proximity to key traffic generators, and SNCF Réseau will be expected to take freight flows into greater account when arranging maintenance and enhancement work.

Source: Ministère de l'Économie, des Finances et de la Relance, Railwaygazette

EU COHESION POLICY INVESTS IN CLEAN TRANSPORT IN SLOVENIA

On 8 September, the European Commission approved an investment of €80 million from the Cohesion Fund to build a tunnel and two viaducts as part of a wider scheme to provide a second railway track between the port of Koper and the village of Divača in Western Slovenia.

The new line is deemed to be essential to deal with a growing demand along the route and connect a crucial core network corridor to maritime routes. Commissioner for Cohesion & Reforms Elisa Ferreira commented: "This EU investment is necessary for the improvement of rail connectivity of the Port of Koper, which is a crucial hub for freight and passenger transport with Central Europe. Therefore, on top of benefitting Slovenian connectivity, this project also supports the functioning of the internal market as it strengthens economic and social cohesion."

The improved connection shall reduce existing bottlenecks along this busy route for a faster, more efficient and competitive rail transport. Finally, by redirecting traffic from road to rail, the project shall help reducing carbon dioxide (CO2) and nitrogen oxide (NOx) emissions, improving local air quality in line with Cohesion policy adherence to the EU's Green Deal objectives.

Source: European Commission

Brexit

STATE OF PLAY OF EU-UK NEGOTIATIONS

Following the conclusion of the 8th round of negotiations between the EU and the UK, held between 8-10 September, EU's Chief Negotiator Michel Barnier reported that significant differences and lack of progress still exist in areas of essential interest for the EU. Those areas include, *inter alia*, open and fair competition, dispute settlement, judicial cooperation, and level playing field requirements in the areas of transport and energy. At the same time, the Commission noted that the EU is intensifying its preparedness work to be ready for all scenarios on 1 January 2021.

The European Commission also reported on the extraordinary meeting of the EU-UK Joint Committee under the Withdrawal Agreement on 10 September, which followed the publication by the UK Government of the draft *"United Kingdom Internal Market Bill"* on 9 September. The Commission requested the UK Government to elaborate on its intentions and to respond to the EU's serious concerns highlighting that if the Bill were to be adopted, it would constitute an extremely serious violation of the Withdrawal Agreement and of international law. The Commission said that by putting forward that Bill, the UK has seriously damaged trust between the EU and the UK. The UK Government has in turn made clear that the legislative timetable for the Bill would continue as planned.

More information on the state of play of the negotiations on the EU-UK future partnership, as well as related news and documentation, can be found on the European Commission's dedicated webpage.

UK PREPAREDNESS GUIDANCE

On 7 September, the UK Government announced the launch of a new communication campaign to help EU-based businesses get ready for the end of the transition period on 31 December 2020. The new campaign, to "Keep Business Moving", will direct EU traders to a dedicated gov.uk webpage which provides information on what they need to do to continue trading smoothly with the UK at the end of the year. The page will be updated with further information over the coming weeks and months. The UK Government will also hold online webinars to help traders in the EU better understand the UK border requirements and necessary preparations. The provisional dates and times of the online events can be found on the dedicated webpage.

The UK Government has also created a special webpage for bringing together customs, VAT and excise EU Exit legislation and Customs notices that have the force of law applicable to UK transition. The Government has published or further updated guidance information including: Export fish to the EU from 1 January 2021; Importing and exporting plants and plant products from 1 January 2021; Importing and exporting live aquatic animals from 1 January 2021.

Customs and Trade

COMMISSION PROPOSAL FOR US-EU TARIFF REDUCTION

Following the Joint Statement of the US and the EU on a Tariff Agreement, the European Commission published on 8 September a proposal for a regulation to scrap duties on certain imports to the EU. In return, the US will reduce its duties on certain EU exports to the US market.

Once approved in line with the relevant procedures on either side of the Atlantic, the agreement will entail the reduction of US tariffs on EU exports worth some $160 million a year. This includes prepared meals, crystal glassware, surface preparations, propellant powders, lighters and lighter parts. On its side, the EU will eliminate tariffs on imports of US live and frozen lobster products. US exports of these products to the EU are worth some $111 million.

Both sides will eliminate those tariffs on a most-favoured nation (MFN) basis, i.e. for any partner, in line with the existing multilateral commitments. The measures will apply with retroactive effect as of 1 August 2020.

Source: European Commission

CLOSING THE EU VAT GAP REMAINS WORK IN PROGRESS

EU countries lost an estimated €140 billion in Value-Added Tax (VAT) revenues in 2018, according to a new report released by the European Commission on 10 September. Though still extremely high, the overall 'VAT Gap' – or the difference between expected revenues in EU Member States and the revenues actually collected – has improved marginally in recent years.

In nominal terms, the overall EU VAT Gap slightly decreased by almost €1 billion to €140.04 billion in 2018, slowing down from a decrease of €2.9 billion in 2017. However, figures for 2020 forecast a reversal of this trend, with a potential loss of €164 billion in 2020 due to the effects of the coronavirus pandemic on the economy.

In 2018, individual performances by Member States still vary significantly. Romania recorded the highest national VAT Gap with 33.8% of VAT revenues going missing in 2018, followed by Greece (30.1%) and Lithuania (25.9%). The smallest gaps were in Sweden (0.7%), Croatia (3.5%), and Finland (3.6%). Overall, half of EU-28 Member States recorded a gap above the median of 9.2%, though 21 countries did see decreases compared to 2017. Paolo Gentiloni, Commissioner for Economy, noted that the "*figures show that efforts to shut down opportunities for VAT fraud and evasion have been making gradual progress – but also that much more work is needed.*"

Source: European Commission

INCREASE IN EU AGRI-FOOD TRADE

On 10 September, the European Commission published the monthly agri-food trade report for January-May 2020, showing a slight increase in agri-food trade despite the COVID-19 pandemic and Brexit challenges.

During the first five months of 2020, EU-27 agri-food trade (exports plus imports) reached a value of €128.5 billion, i.e. 1.6% more than in January-May 2019. The current growth remained to be driven by higher agri-food exports which increased by 2.1% compared to the corresponding period in 2019, reaching €75.8 billion. EU-27 imports attained €52.7 billion, 0.9% higher than the same five months period in 2019. However, the monthly values of EU-27 exports and imports continued to fall in May 2020 by 7.5% and 4.5%, respectively, below the level of previous month, corresponding to the economic slowdown triggered by the COVID-19 pandemic.

Looking at product categories, the increase in export values was driven in particular by continued strong export growth of wheat and pig meat. The highest increases in import values were reported for fresh and dried tropical fruit, and palm and palm kernel oil.

Source: European Commission

General

EC STRATEGIC FORESIGHT REPORT TOWARDS A MORE RESILIENT EUROPE

On 9 September, the European Commission adopted its first-ever Strategic Foresight Report, aiming to identify emerging challenges and opportunities to better steer the EU's strategic choices. Strategic foresight will inform major policy initiatives and support the Commission in designing future-proof policies and legislation. The 2020 Report also introduces a comprehensive concept of EU resilience.

In light of the ambitious Recovery Plan for Europe, the 2020 Strategic Foresight Report considers EU resilience in four dimensions: social and economic, geopolitical, green, and digital. For each dimension, the report identifies the capacities, vulnerabilities and opportunities revealed by the coronavirus crisis, which need to be addressed in the medium- to long-term. The Commission has relied on foresight for many years, but now aims to embed it into all policy areas, to exploit its strategic value. The 2020 Strategic Foresight Report proposes prototype resilience dashboards to kick-start discussions among Member States and other key stakeholders on how best to monitor resilience.

More information is available in the press release and Q&A.

Source: European Commission

Forthcoming Events

EVENTS AND MEETINGS

CLECAT Road Logistics Institute
18 September 2020, Online Meeting

CLECAT Air Logistics Institute
22 September 2020, Online Meeting

CLECAT Supply Chain Security Institute
22 September 2020, Online Meeting

CLECAT Customs and Indirect Taxation Institute
24 September 2020, Online Meeting

CLECAT Maritime Logistics Institute
10 November 2020, Online Meeting

CLECAT Freight Forwarders Forum
12 November 2020, Online Event

CLECAT Board/General Assembly
13 November 2020, Location TBC

EVENTS WITH CLECAT PARTIPATION

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

European Port Forum
18 September 2020, Online Event

Decarbonisation of Heavy Transport & the Role of Hydrogen
1 October 2020, Online Event

Global Liner Shipping Conference
4-5 November 2020, Online Event

European Environmental Ports Conference
4-5 November 2020, Rotterdam

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
23-24 September 2020, Brussels

European Parliament Plenary
14-17 September 2020, Strasbourg

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