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Brussels News

FFF2020: 'LOGISTICS PUT TO TEST AT TIMES OF CRISIS'

On 12 November, CLECAT hosted its web-based annual Freight Forwarders' Forum, under the theme 'Logistics Put to Test at Times of Crisis'. Gathering nearly 250 industry experts and policymakers, the event discussed sustainable logistics, the future EU-UK relations and the need to keep global supply chains running at the time of COVID-19 crisis.



At the opening session, Ms Maja Bakran Marcich, Deputy Director General of DG MOVE, introduced the Commission's upcoming Strategy on Sustainable and Smart Mobility. She noted that the transport industry was being impacted most severely by the COVID-19 pandemic, which at the same time made the public aware of the importance of transport and logistics. Furthermore, she emphasised the role of digitalisation to support the greening of the transport sector. Following her keynote speech, Mr Mirko Woitzik, Manager EMEA, Risk Intelligence at Resilience360, presented the lessons learned from

the COVID-19 crisis and how companies have adapted their supply chains to overcome the challenges posed by the pandemic. He further highlighted the importance of investing into technology to support recovery and future resilience.

The first session of the day focused on the **effects of the COVID-19 pandemic on liner shipping**. Olaf Merk from the International Transport Forum (ITF) gave a key note presentation on the ['New Normal' in Liner Shipping: Are Policies Fit for Purpose?](#) His key message was that container shipping lines have become vertically integrated and as such are fully involved in the container supply chain, adding land-side logistics including trucking, barge and rail services to their seafreight portfolio (carriers haulage). By doing so, they compete directly with freight forwarders who traditionally offer related services in merchant haulage. EU regulation does not take account of this, perpetuating special regimes for liner shipping: competition, state aid and taxation. In this way, regulation creates market distortions – that risk to increase in the future. This is something that needs to be addressed by EU policymakers.

Panellists agreed that the 'new normal', characterised by capacity withdrawals, reduced service levels and equipment shortage, must come to an end as soon as possible and that all the stakeholders need to work together to make sure that the maritime supply chain becomes more reliable, predictable and resilient. Moreover, it was repeatedly emphasised that the development of vertical integration and digitalisation demonstrated clearly that the current competition rules were no longer fit for purpose. Ultimately, the purpose and use of state aid also called for a review to preserve the level playing field between the actors of the maritime supply chain.



The second panel focused on the **future economic partnership between the EU and the UK** and the upcoming changes in border processes that will affect the flow of cargo between the two parties at the end of the transition period. Representatives from both industry and governments outlined their practical preparedness efforts, Brexit-related border measures and IT solutions, communication initiatives, as well as remaining challenges. The main message from the panel discussion was that regardless of whether there is a deal reached between the EU and the UK at the end of this year, the free movement of goods between the parties will end with main consequences for freight traffic being unavoidable customs formalities, potential levying of customs duties and non-tariff trade barriers. It was further highlighted, however, that getting prepared for all the upcoming changes in EU-UK trade was a joint responsibility.

The third session aimed at **mobilising European freight forwarders to take action to reduce emissions from their logistics operations**. The European Commission's comprehensive long-term vision for 2030 and 2050 was presented, which included an irreversible shift to low-emissions freight transport. Speakers engaged with the audience on identifying the biggest challenges for SMEs in their journey towards decarbonisation and pondered what was most needed to support them in their preparation for evolving customer demands and regulations. While the lack of human and financial resources was identified as the main hurdle, more financial support and targeted regulatory incentives appeared necessary to enable the green transition for SMEs.

The fourth session focused on the **challenges which the air freight industry was facing since the beginning of the COVID-19 pandemic**. It was highlighted that in light of the upcoming COVID-19



vaccines, air freight was likely to shoulder a high portion of global traffic for the coming years. The industry would therefore need to be prepared for the import of vaccines, as well as for guaranteeing the necessary capacity, even at times of crisis. The industry speakers presented the major challenges which they saw in that regard, including capacity, flexibility, priority regarding border formalities, availability of cooling facilities, as well as enhanced security procedures to avoid any unlawful interference. An overview was provided by the European Commission on the measures which had been taken to mitigate the impact of COVID-19 on the industry, which was followed by an exchange on future needs and industry preparedness measures.

More information on each session, including a detailed summary of all interventions as well as the presentations of the panellists will be made available on the [CLECAT website](#) shortly.

Maritime

‘GLOBAL TRADE AT THE MERCY OF CONTAINER CARRIERS’ SAY FREIGHT FORWARDERS

Whilst Maersk and other carriers improved profitability during the third quarter of the year, despite the negative impact on global economies from the COVID-19 pandemic, sea freight rates have reached some of the highest levels ever seen, along with equipment shortages and late vessels. This is causing continued frustration to European freight forwarders. CLECAT President Mr Willem van der Schalk voiced his concern about the unacceptable situation in liner shipping in his opening address at the CLECAT Freight Forwarders Forum last week.

Moreover, Jens Roemer from a.hartrodt, speaking at the first session on liner shipping, noted that the global maritime supply chain has become extremely unreliable, above all due to the introduction of blank sailings. What European industry have witnessed over the last year is that shipping lines decided to take out capacity with the objective to keep rates on high level, he noted. This has proven to be successful on the account of a maritime supply chain that has become even more unreliable to an extent that the situation may risk the speed of recover of some economies from the pandemic.

Clearly, with only 3 major alliances operating mega vessels the market is not functioning. In a functioning market, one would expect shipping lines to differentiate themselves on service levels – such as faster transit. But this is not happening, because the market is closed due to the size of the vessels and the fact that only 3 alliances share the market. Moreover, particularly in the context of COVID-19, concerns have been raised regarding the allocation of state aid into carriers’ vertically integrated structures, giving them a substantial competitive advantage of freight forwarders. Global trade is at the mercy of a few global shipping lines, said Mr Roemer. Although consortia represent a legitimate business mechanism for otherwise competing liner shipping companies to improve their offer, the CBER reduces competition by giving carriers a free pass to reduce service offerings through capacity management. He concluded that the current situation is not acceptable and should stop: ‘not a single stakeholder has the luxury to take business for granted.’

CONTAINER SHIPPING RATES CONTINUE TO RISE SHARPLY

This week, the [Shanghai Container Freight Index \(SCFI\)](#) spot rate index has continued to increase. “The SCFI spot index is now up 98% compared to the level just before the pandemic started around Chinese



New Year and 153% compared to same time last year,” as per the [commentary](#) by Lars Jensen, CEO of SeaIntelligence Consulting. “New all-time records were set this week for Shanghai to US West Coast, Australia, West Africa, East Coast South America and Singapore. Whereas it is not an all-time record for Europe, spot rates did continue sharply upwards, as expected, and has increased 32% over the past 2 weeks alone,” he explained.

Hapag-Lloyd, for instance, has announced FAK rate levels on East Asia-Europe at \$1,110 per TEU as of 1 November 2020 – a level they had maintained since July. However, from 15 November, this was raised to \$1,445 per TEU, almost matching the increase seen in the SCFI this week. From 1 December, the FAK rate will increase to \$2,445 per TEU. “Hence, if the market strength continues we could be in store for an Asia-Europe rate increase of \$1,000 per TEU over the next few weeks, which would bring the SCFI rate into an all-time record [for Europe too],” Jensen said. The high rates also come with a raft of surcharges and fees, which according to many of CLECAT members is unacceptable.

[The Loadstar](#) reported that shippers have cancelled orders from China to the UK due to the contract needing to be renegotiated, while others have opted to hold shipments in warehouses until the market cools down. Shippers are incensed that carriers are “taking advantage of their stranglehold on the supply chain” by loading on more fees and surcharges. “They are really kicking us while we are down,” said one forwarder. Another UK forwarder was equally angry with the carriers’ treatment of its customers, but also blamed the country’s container ports for what he considered to be a serious threat to businesses. “For every problem there is a surcharge,” he said. “This massively punishes SMEs already suffering due to mismanagement at Felixstowe and other ports.”

There are equally reports on continued shortage of equipment. Loadstar quoted Christoph Baumeister, senior trade manager, Asia/ISC – Europe at Flexport: “Equipment is becoming rarer and carriers cannot always release containers under premium rates. “Serious port congestion at the US west coast and the UK presents even more of a challenge. Schedule reliability will drop further – the on-time performance of certain loops is already below 40%,” he added. Notwithstanding the current short-term rate spike, which analysts believe could continue until the Chinese New Year in February, shippers are bracing themselves for some hefty increases in longer-term contract rates for 2021. During Maersk’s third-quarter earnings presentation this week, CEO Soren Skou confirmed that its contract rates would increase, explaining: “The contract market is always impacted by whatever the spot market is at the time of negotiation.”

[Lloyds Loading List](#) reported that some shippers are starting to switch to air, driving up rates on a mode that had been enjoying some stability, according to UK-based forwarder, Metro Shipping. “The current lack of container line consistency and reliability, is unparalleled, with some lines seemingly moving to a transactional model, leaving analysts to point out the folly of a business model built on the backs of other market participants and ultimately the shipper,” it said. “Given the continuing unpredictability of the container shipping lines, it is increasingly difficult for many forwarders to provide adequate service levels to customers, as the carriers actively manage capacity and yields by exploiting the ad hoc market.

The company highlighted comments made in the trade press by one of its forwarder counterparts: “Carriers are failing, neglecting customers, providing a sub-acceptable service and yet increasing rates daily. At least the air freight sector is not being this abusive and customers tired of rising ocean freight rates and falling service levels are electing to switch to air freight, even at \$7 a kilo, for a level of security and certainty, that is simply not available on the ocean.” Air capacity from Asia to Europe is still constrained and the increase in demand has already led some airlines to reject bookings or demand a higher rate to uplift cargo. “Capacity will continue to be tight throughout December and



even up to Chinese New Year. If volumes rise further, as a result of the critical ocean situation, it could become a very heavy and sustained peak.”

UNCTAD REVIEW OF MARITIME TRANSPORT 2020



In its [Review of Maritime Transport 2020](#), published on 12 November 2020, the United Nations Conference on Trade and Development (UNCTAD) urges governments to pursue policies that promote digitalisation, sustainability and cross-border collaboration and claims that the COVID-19 pandemic will transform maritime and global supply chain.

The global maritime trade will plunge by 4.1% in 2020 due to the unprecedented disruption caused by COVID-19, UNCTAD estimates, adding that that new waves of the pandemic that further disrupt supply chains and economies might cause a steeper decline. According to the report, the short-term outlook for maritime trade is grim, while predicting the pandemic’s longer-term impact as well as the timing and scale of the industry’s recovery is fraught with uncertainty.

UNCTAD expects maritime trade growth to return to a positive territory and expand by 4.8% in 2021, assuming world economic output recovers. However, it highlights the need for the maritime transport industry to brace for change and be well prepared for a transformed post-COVID-19 world. It says future-proofing the maritime supply chain and managing risks requires greater visibility and agility of door-to-door transport operations, while post-COVID-19 recovery policies should support further progress towards digitalisation, automation and sustainability.

IMO AGREES ON FURTHER DECARBONISATION MEASURES

The Marine Environment Protection Committee (MEPC) of the IMO has approved decarbonisation measures to tackle greenhouse gas (GHG) emissions from ships in the short term. The first part of the deal requires ships to reduce their engine power to improve energy efficiency from 2023. As of 2026 ships will have to comply with the mandatory carbon intensity targets, which can be met through speed reduction or the use of alternative fuels. The draft amendments will now be put forward for formal adoption at the MEPC 76 session IN 2021.

Source: [IMO](#)

Sustainable Logistics

PUBLIC CONSULTATIONS ON EU ETS, RED AND EED

As part of its plan to update the EU legislation to reach a proposed EU-wide 55% greenhouse gas (GHG) emissions reduction target by 2030, the European Commission has this month launched the following public consultations:



- [Revision of the EU Emissions Trading System \(ETS\)](#) – in view of a possible extension of the EU ETS to new sectors of economy, including maritime (and possibly road) transport, and the reduction of free allowances for airlines – open until **5 February 2021**.
- [Amendment to the Renewable Energy Directive \(RED\)](#) – in view of reviewing the level of the renewable energy target in transport – open until **9 February 2021**.
- [Amendment of the Energy Efficiency Directive \(EED\)](#) – in view of assessing the contribution of transport to the higher energy efficiency ambition for 2030 – open until **9 February 2021**.

CLECAT will elaborate on the subjects together with its members of relevant institutes, in view of assessing the need for submitting a response of the freight forwarding and logistics industry.

WHITE PAPER ON CARBON INSETS FOR THE LOGISTICS SECTOR

Smart Freight Centre, together with Deutsche Post DHL Group, have developed a white paper, entitled "[Carbon Insets for the Logistics Sector](#)", which recommends an innovative approach for allocating funds to decarbonisation projects in the logistics industry.

The white paper proposes a new pathway for freight decarbonisation, where offset funding is directed to address impacts inside the logistics supply chain – a practice known as carbon insetting. There are many types of projects that could be widely applied to freight, such as sustainable fuels, fleet renewal programs, engine retrofits and efficiency projects – all of which would provide meaningful climate impact reduction. Freight carbon insets can build on the existing experience with Renewable Energy Credits as well as worthwhile projects for aviation, shipping and road freight.

Five key actions to advance carbon insets for freight transportation are proposed:

1. New methods and guidelines for carbon inset accounting and reporting, based on the GLEC Framework and other existing and emerging standards.
2. Acceptance of carbon inset investments as a viable means for scope 3 emissions reduction.
3. A communications strategy that showcases the climate impacts and co-benefits of freight decarbonisation projects.
4. A pledge for investment in freight-related carbon insets by shippers and LSPs.
5. A suite of diverse and meaningful freight decarbonisation projects in the marketplace.

Road

GERMAN TRUCK TOLL FOUND IN BREACH OF EU LAW

On 28 October 2020, the Court of Justice of the European Union (CJEU) ruled that the level of German Lkw-Maut is in violation of European law. According to the 1999 Eurovignette Directive, amended in 2006, only infrastructure costs may be included in the calculation of the truck toll. However, the German federal government also included costs for traffic police. Accordingly, the German truck toll is contrary to European law, in any case to the extent that it was based on the costs of the traffic police.

Transport companies operating on German roads subject to Lkw-Maut have therefore overpaid, over the years, in what is amounting to several €100m of excessive toll. These companies can demand



reimbursement of the overpaid toll from the federal government. They can at least reclaim the toll share that was based on the costs of traffic police. According to current information, these costs amount to at least four percent of the toll paid. There may also be claims over and above this. Calculation of the exact rate of overpayment is under way.

The period of limitation for these claims of reimbursement is three years. As a result, toll payments dating before 2017 can no longer be re-claimed by the companies unless they have already taken action to suspend or disrupt limitation at an earlier stage. For toll payments that took place in 2017, the period of limitation will expire by 31 December 2020. To claim overpaid amounts, operators can individually contact German authorities.

The CJEU's judgment in case C-321/19 can be accessed [here](#).

EUROPEAN ROAD FREIGHT RATES OVERTAKE PRE-COVID LEVELS

Freight rates on European roads rose in October and passed pre-crisis levels, according to new data from Transporeon, indicating an economic recovery might be underway.

According to the [Transporeon Transport Market Monitor](#), the European road freight spot rates price index in October was 1.2% higher than October 2019. It was also 3.6% higher than in September this year. However, Transporeon executives noted that part of the reason for the price rise was due to capacity continuing to be curtailed. The data shows that, while freight capacity on Europe's roads increased 6.3% from September to October, as carriers reacted to increasing demand, capacity last month was still some 20.3% lower than October 2019.

"This month's data can be read as a sign that the positive price trend observed after the summer break was not just a seasonal phenomenon, but a sign for an economic recovery," said Oliver Kahrs, Managing Director of Tim Consult, a Transporeon subsidiary that collects and processes the road freight data. "The interesting question now is how the second wave of lockdowns in Europe will affect this," he added.

Interestingly, rising freight rates have taken place against a background of falling fuel costs – normally, the two move in concert. According to EU statistics body Eurostat, pan-European diesel prices in the third quarter of this year are 4.8% lower than they were in the second quarter and 14.8% lower than in the third quarter last year, which also points to an improving demand picture.

Air

IATA GUIDANCE FOR GLOBAL VACCINE DISTRIBUTION

On 16 November, the International Air Transport Association (IATA) released [Guidance for Vaccine and Pharmaceutical Logistics and Distribution](#) to ensure that the air cargo industry is ready to support the large-scale handling, transport and distribution of a COVID-19 vaccine. The guidance document provides recommendations for governments and the logistics supply chain in preparation for the upcoming challenge.

Reflecting the complexity of the challenge, the Guidance was produced with the support of a broad range of partners, including, *inter alia*, ICAO, FIATA, WCO and WTO. The guidance includes a repository



of international standards and guidelines related to the transport of vaccines and will be updated regularly as information is made available to the industry. Accompanying the guidance, IATA established a joint information-sharing forum for stakeholders.

Key challenges addressed in the guidance document include the availability of temperature-controlled storage facilities, as well as defining roles and responsibilities of parties involved in the distribution of vaccines, to assist safe, fast and equitable distribution as broadly as possible. Moreover, the guidance covers the industry preparedness for vaccine distribution which includes:

- **Capacity & Connectivity:** The global route network has been reduced dramatically. Governments need to re-establish air connectivity to ensure adequate capacity is available for vaccine distribution.
- **Facilities and infrastructure:** The first vaccine manufacturer to apply for regulatory approval requires the vaccine to be shipped and stored in a deep-frozen state, making ultra-cold chain facilities across the supply chain essential. Some types of refrigerants are classified as dangerous goods and volumes are regulated which adds an additional layer of complexity. Considerations include availability of temperature-controlled facilities and equipment and staff trained to handle time- and temperature-sensitive vaccines.
- **Border management:** Timely regulatory approvals and storage and clearance by customs and health authorities will be essential. Priorities for border processes include introducing fast-track procedures for overflight and landing permits for operations carrying the COVID-19 vaccine and potential tariff relief to facilitate the movement of the vaccine.
- **Security:** Vaccines are highly valuable commodities. Arrangements must be in place to ensure that shipments remain secure from tampering and theft. Processes are in place already, but the huge volume of vaccine shipments will require early planning to ensure that they are scalable.

Source: [IATA](#)

EC TO EXTEND CERTAIN COVID-19 MITIGATION MEASURES

On 13 November, the European Commission's DG MOVE announced that some of the temporary provisions introduced in May to ease the financial pressure on aviation operators and groundhandlers are to be extended into 2021, following recommendations in a new Commission report. In response to coronavirus measures that saw planes grounded around the EU, the Commission adopted rules amending parts of the Air Services Regulation in May. The amendments allow:

- Airlines in temporary financial difficulty to keep their operating licence;
- Groundhandlers whose contracts expire before the end of 2021 to keep them until 2022, making it easier for them to access loans;
- Airports to urgently replace their groundhandling service provider should it suddenly go bankrupt;
- Member States to maintain flight restrictions if necessary.

The new report recommends extending the derogations linked to operating licences and the selection of groundhandlers, due to expire on 31 December 2020, by one year. According to the Commission, this is justified by the ongoing pandemic and its impact on air traffic, which is likely to continue into 2021. The Commission does not consider at this stage that an extension of the current derogation allowing the lengthening of groundhandling contracts until 31 December 2022 is necessary but will continue to monitor the situation. Moreover, the Commission will not extend the flexibility offered since May on the prolonged flight restrictions, noting that effective health and sanitary measures have been found to be more effective at controlling the spread of the virus.



The report, which was handed to the Council and European Parliament on 13 November, concludes that the Commission will continue to review the situation, and is ready to consider further measures when justified to help the sector weather the crisis and recover.

Source: [European Commission DG MOVE](#)

ICAO UPDATE TO COVID-19 RECOVERY GUIDELINES

On 10 November, the ICAO Council endorsed new updates to its Aviation Recovery Task Force's (CART) [Take-Off Guidelines](#) for international air transport. The new guidelines provide recommendations for countries to consider adopting per their current local medical status, and on specific priorities including general hygiene, masks and face coverings, health screening and declarations, air passengers with reduced mobility, and the mental health and well-being of aviation workers and passengers.

They also reacknowledge the sovereignty and authority of each country over its national pandemic recovery priorities, including with respect to the evaluation and use of passenger testing to help alleviate quarantine measures and reconnect destinations globally. The guidelines are composed of four main modules, including a [cargo module](#).

The Chair of the Recovery Task Force noted that the latest updates focus “primarily on the evolving technological and medical advancements in the fight against COVID-19. They incorporate the continuous feedback ICAO is receiving from national authorities, international organizations including the World Health and Tourism Organizations (WHO/UNWTO), as well as regional organizations and industry.” The high-level cover document for the new guidelines emphasises that a combination of measures, coordinated between governments and industry, will be essential to the re-establishment of public confidence in air travel. It points out this is the only sustainable solution to overcome the economic and financial situation that the sector currently faces. More information is available on [ICAO's COVID-19 Response and Recovery Platform](#).

Source: [ICAO](#)

Rail

EP AND COUNCIL AGREEMENT ON EU YEAR OF RAIL 2021

On 12 November, the European Parliament and Council reached a [provisional agreement](#) on declaring 2021 the European Year of Rail, an initiative which was [proposed by the European Commission](#) in March 2020. The Year of Rail will promote railways as a sustainable, innovative and safe mode of transport, which is capable of guaranteeing essential services even during unexpected crises. This has been shown by the strategic role played by rail in maintaining crucial connections during the COVID-19 pandemic, for the transport both of people and of essential goods.

The provisional agreement foresees a series of projects, events and initiatives in 2021 to promote rail as an attractive and sustainable way to move both passengers and freight across Europe. It includes elements such as feasibility studies on a tool to measure rail connectivity and on the creation of a European label to promote goods and products transported by rail.



The year 2021 is an important year for EU rail policy: it will be the first full year in which the rules agreed under the Fourth Railway Package are implemented throughout the EU, increasing competition and reducing costs and administrative burden for railway undertakings. The provisional agreement must now be approved by the Parliament and the Council before it enters into force.

Source: [Council of the EU](#)

COMBINED TRANSPORT REPORT 2020 PUBLISHED

The International Union of Railways (UIC), in collaboration with the International Union for Road Rail Combined Transport (UIRR), published its eighth biennial '[Combined Transport in Europe](#)'-report providing a comprehensive overview of the current situation in 2020.

The 2020 edition compiles up-to-date information on rail/road Combined Transport volumes for the year 2019 for all market segments and gathers the market participants' assessment on market structures and future developments. For this purpose, a market study on combined transport was conducted throughout Europe, in which the main stakeholders in combined transport were surveyed. Amongst other topics, the report provides an overview of, *inter alia*:

- the increasing modal split of rail freight and Combined Transport in European freight transport (180 bn tkm/year in 2019)
- the increasing volumes and market shares of the Combined – including detailed analyses of development in individual market segments
- the economic importance of the CT market
- market actor's assessment on main challenges of future European CT market
- a growth forecast for the Combined Transport volume.

Additionally, a particular focus lies on the presentation of regional disparities between selected regions in Europe, along with intermodal loading units (ILU), which are examined with regard to their structure and use in combined transport. The study also gives an overview of the role of terminals in the combined transport chain, their capacities and services offered.

Source: [UIRR](#)

ENISA REPORT ON CYBERSECURITY IN RAILWAYS

On 13 November, the European Union Agency for Cybersecurity (ENISA) released its [Cybersecurity in Railways report](#) at the joint ENISA and European Union Agency for Railways (ERA) [webinar](#) to bring awareness to the most pressing cybersecurity challenges facing Europe's rail sector. The report identifies the current cybersecurity status and challenges, and provides an analysis of the sector's regulatory context. According to the report, the sector needs enhanced cybersecurity measures to combat challenges and move ahead smoothly.

European rail is undergoing a major transformation of its operations, systems and infrastructure due to digitisation, mass transit and increasing interconnections. This has led to the reallocation of responsibilities, and the separation of railway systems and infrastructure, which both affect the sector's IT systems and require cybersecurity capabilities. The implementation of these cybersecurity requirements is fundamental for the sector's digital enhancement and security.



The report assesses the implementation in Member States of the Networks and Information Security Directive (NIS Directive), the first EU-wide cybersecurity legislation working to enhance cybersecurity across the Union. The report points to the numerous challenges cited by operators of essential services (OES) when enforcing the NIS Directive, including: an overall lack of cybersecurity awareness in the sector and challenges of operational technology; a strong dependency on the supply chain; the presence of legacy systems; complexities due to the high number of systems to be secured and managed; conflicts between safety and security mind-sets. The report also emphasises the need to find the right balance between cybersecurity, competitiveness and operational efficiency.

Source: [ENISA](#)

Customs and Trade

REVISED EXPORT CONTROL SYSTEM

On 9 November, the German presidency of the Council and European Parliament representatives reached a [provisional political agreement on a revised regulation](#) setting out the EU regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items. The update of the EU's current export control system for dual-use items ([Council Regulation \(EC\) No 428/2009](#)) was necessary to adapt to the changing technological, economic and political circumstances.

This new Regulation provides a new basis for the coordination of controls on a wider range of emerging dual-use technologies between the Commission and Member States in support of the effective enforcement of controls throughout the EU. Due diligence obligations and compliance requirements for exporters have also been introduced, recognising the role of the private sector in addressing the risks posed by trade in dual-use items to international security. Transparency will also be enhanced through the obligation to publish reports on the licenses granted. Other features of the newly agreed regulation include also updating key notions and definitions (e.g. definition of an "exporter" to apply to natural persons and researchers involved in dual-use technology transfers); and simplifying and harmonising licensing procedures and allowing the Commission to amend – by 'simplified' procedure, i.e. delegated act – the list of items or destinations subject to specific forms of control.

The provisional agreement now needs to be endorsed by Member States' ambassadors sitting on the Permanent Representatives Committee (Coreper). Parliament and Council will then be called on to adopt the proposed regulation at first reading.

Source: [European Commission](#)

COUNCIL AGREES MINI-TARIFF PACKAGE WITH THE US

On 18 November, the Council agreed on a mini tariff package of mutual concessions with the US, which puts into effect the Joint Statement, announced on 21 August by the EU and the US to eliminate/reduce tariffs. This tariff package is the first EU-US tariff reduction in two decades and is expected to increase access to both EU and US markets by around €200 million per year.



In a move to improve transatlantic trade relations, the EU will scrap customs duties on imports of live and frozen lobster products. In return, the US will reduce its duties on certain EU exports including prepared meals, crystal glassware, surface preparations, propellant powders, lighters and lighter parts. Both sides will eliminate/reduce 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 from 1 August 2020 for five years.

The Council will now communicate its backing to the Parliament. Following adoption of the EP's position at first reading, the Council will be called upon to formally adopt the Regulation so that it can be published in the Official Journal and enter into force.

Source: [Council of the EU](#)

2019 REPORT ON EU TRADE AGREEMENTS

On 12 November, the European Commission published the [4th Annual Report on the Implementation of the European Union's Trade Agreements](#) for 2019. This report provides an update of 36 of the EU's major trade agreements with 65 trading partners, which cover 91% of EU trade with preferential partners and account for 30.4% of EU total external trade. An accompanying [Staff Working Document](#) provides 36 country information sheets.

The 2019 report shows that EU agri-food exports to trade partners increased by 8.7% compared to the previous year, while exports of agri-food products to Japan even rose by 16%. Additionally, EU industrial goods exports grew from +1.9% in 2018 to +3.7% in 2019. The top three categories - machinery, chemicals and transport equipment - saw growth rates of 1.5%, 6.3% and 5.7%, respectively. EU exports of machinery and pharmaceuticals to Canada saw an impressive growth of 15% and 18%, respectively.

The report looks in more detail at the first year of implementation of the EU-Japan Economic Partnership Agreement and shows that the agreement boosted bilateral trade in goods by 6% across all sectors compared to 2018. Particularly favoured EU exports were in categories like textiles, clothing and footwear. Agri-food exports also saw a surge of 16%. The report also looks at the EU-Canada agreement (CETA), which reportedly increased bilateral trade by almost one quarter (24.5%) compared to pre-CETA trade between 2015-2017 and helped especially with industrial goods like machinery and pharmaceuticals to increase by 15% and 18% over the past year alone.

Source: [European Commission](#)

WTO CONCERNS OVER BREXIT AND THE EU'S GREEN DEAL



WORLD TRADE
ORGANIZATION

Between 12-16 November, the WTO Committee on Market Access discussed a large number of trade concerns, where a special emphasis was put on Brexit, with less than 50 days until the end of the EU-UK transition period, as well as on the Carbon Border

Adjustment Mechanism (CBAM) that may be introduced under the EU's Green Deal.

Many delegations voiced their concerns about the potential impact on international trade that may result from the EU's Green Deal strategy unveiled in December 2019. They requested the EU to shed



light on the status of the relevant legislation as well as the sectors and products that would be affected. WTO members focused, in particular, on the proposal to have a carbon border adjustment mechanism (CBAM), which appeared to them to be inconsistent with WTO rules. In its response, the EU underlined its commitment to climate neutrality by mid-century and recalled that the Commission had pledged to increase EU's climate ambition for 2030. As a result, the EU will propose by mid-2021 CBAM implementation for selected sectors to reduce the risk of carbon leakage. The EU also explained that, before that, it will carry out a detailed impact assessment to support the preparation of this initiative, notably looking at environmental, social and financial impacts, economic efficiency and legal feasibility, in particular with respect to WTO rules.

Regarding Brexit, WTO members voiced their concern about the lack of progress in the renegotiation of the EU and UK tariff rate quotas (TRQs) under Article XXVIII of the GATT and the rectification and modification of schedules of concessions of the UK as a result of its exit from the EU. It was stressed that negotiations on the new apportionment of TRQs cannot be completed without a broader discussion with other WTO members. The EU and the UK, in turn, reiterated their commitment to make further progress.

Source: [World Trade Organization](#)

NEW COMMISSION COMPLAINT SYSTEM FOR TRADE BARRIERS

On 16 November, the European Commission launched a new complaints system for reporting market access barriers and breaches of trade and sustainable development commitments in the EU's trade agreements and under the Generalised Scheme of Preferences (GSP). The new complains system follows the Commission's appointment in July of its first [Chief Trade Enforcement Officer](#) (CTEO) to oversee the actions on enforcing trade policy.

The [complaint form](#) for market access barriers will be channelled through a new centralised Single Entry Point system in DG Trade to allow for a responsive, focussed and structured process. The complaints procedure is open to Member States, individual companies, business/trade associations, civil society organisations and citizens from the EU. Complainants will be required to provide a detailed factual description of the issue at stake and to list any actions already taken to address it. For market access issues, the complainant will need to describe the alleged barrier's potential economic impact.

Source: [European Commission](#)

EU RECOGNITION FOR CUSTOMS ACADEMIC PROGRAMMES 2021



On 9 November, the European Commission launched the third cycle 2020-2021 of the EU Recognition for Customs academic programmes (Bachelor's, Master's, and modules within those programmes). The aim is to equip students with the optimal competencies to engage in – or further advance in – their Customs

career, both in public and in private sectors. Such recognised academic programmes are expected to significantly contribute to the rise of Customs performance and professionalism.



Recognised Customs academic programmes (or modules thereof) can make use of the official EU Customs Certificate of Recognition identification statement and will be included in the publicly available list of [EU Recognised Customs Academic Programmes](#).

The European Commission is inviting academic institutions, interested in obtaining the EU Certificate of Recognition acknowledging the quality of their customs specific study programmes with a label of excellence awarded by the European Commission, to **submit their application by 31 December 2020**. The process to obtain the EU Certificate of Recognition is based on the [EU Competency Framework for Customs \(CustCompeu\)](#) and explained in the [Application Guide](#).

All further documentation on the EU Recognition process is available [online](#).

For more information you can contact the [EU Certificate of Recognition Secretariat](#).

Forthcoming Events

EVENTS AND MEETINGS

CLECAT Road Logistics Institute

15 December 2020, **Online Meeting**

EVENTS WITH CLECAT PARTICIPATION

EPP EoV on the Future of EU Maritime Transport Sector

26 November 2020, **Online Event**

Competition Law in Transport

1 December 2020, **Online Event**

EU MEETINGS

Council of the European Union

Transport Council

8 December 2020, Brussels

Environment Council

14 December 2020, Luxembourg

European Parliament

European Parliament Transport Committee

30 November-1 December 2020, Brussels

European Parliament Plenary

23-26 November 2020, Brussels



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