CLECAT

european association for forwarding, transport, logistics and customs services

NEWSLETTER

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News from Brussels

EP PROMISES INTENSIVE SCRUTINY OF EU-UK TRADE DEAL

This week, the European Parliament's Foreign Affairs and International Trade Committees held their first meetings to discuss the new EU-UK trade agreement. MEPs welcomed the achievements of the agreement between the EU and the UK but promised detailed scrutiny of the deal before the Parliament can give its consent decision.

MEPs considered the deal was a solution 'more satisfactory than expected', avoiding the cliff edge of a no-deal that would have brought a disaster for citizens and companies on both sides. At the same time, they stressed that the parliamentary scrutiny of the deal must go beyond mere ratification. MEPs regretted that the Parliament did not have time to consider its consent as part of a proper ratification before the agreement went into provisional application and further noted that this specific decision neither constitutes a precedent nor reopens established commitments made among EU institutions. It was further insisted on thorough access to information and a clear role for the Parliament in the implementation and future monitoring of the agreement.

The European Parliament will now carefully examine the agreement and prepare Parliament's consent decision to be discussed and adopted. It was agreed already in December last year that the EU institutions will also examine a proposal to slightly extend the period of provisional application of the agreement, allowing for a parliamentary ratification during the March plenary session.

Source: European Parliament

Road

NEW COVID-19 ENTRY REQUIREMENTS FOR DRIVERS

Whereas authorities in the UK have announced that hauliers are not required to take the COVID-19 test when entering the UK, several countries on the European continent are taking new measures to prevent the uncontrolled spread of the new variant of the virus.

The Netherlands has put in place new testing requirements for persons entering the country from the UK. They should present a negative result of a rapid test not older than 72 hours. This obligation also applies to truck drivers. The UK government has listed site locations where drivers and crew can get free COVID-19 tests and border readiness checks before transporting goods to the EU.

Drivers entering Germany from the so-called "area of variant of concern", i.e. area where the new mutation of the COVID-19 is present (currently, the UK, Ireland and South Africa), are also faced with new requirements. If they have been in such an area during the last 10 days prior entering Germany, they must present a negative COVID-19 test. Such a test must be no more than 48 hours old upon entry. Drivers are also required to complete digital registration on entry so that the local authorities can monitor compliance with the COVID-19 regulations.

NEW STUDY ON IMPACT MP1 ON COMBINED TRANSPORT

On 15 January, the International Union for Road Rail Combined Transport (UIRR) published a study on the impact of the new EU road haulage rules (part of Mobility Package 1) on Combined Transport. According to the results of the study, the full implementation of the new rules could lead to an 8% decline of Combined Transport volumes by 2030, whilst potentially causing an additional 12 million tonnes of CO2 emissions by 2030.

As part of the Mobility Package 1, which was adopted in 2020, the updated provisions regarding access to the road haulage market provide the possibility to EU Member States to suspend Article 4 of the Combined Transport Directive in their territories. This practically means that short-distance trucking prices could double. The study predicts an 8% decline of Combined Transport volumes by 2030, as a consequence of the cost increase for short-distance trucking, which is essential for intermodal transport.

The study further argues that if the Member States would use their ability to suspend Article 4 of the Combined Transport Directive, the results could impact both costs and capacities of Combined Transport. Moreover, they could undermine its competitive position. Finally, implementing such policies could reverse the modal shift from rail to road, since CT volumes would drop significantly.

According to the analysis, the most heavily impacted countries from the new rules, include Germany, Italy, France and Belgium. The 8% decrease in CT volumes would also impact nineteen country origin-destination pairs that will see transport between them altering entirely.
The study makes the following recommendations:

- Member States should refrain from exercising the optional suspension of Article 4 of the Combined Transport Directive, especially as the targeted objectives can be more efficiently achieved through clever enforcement.

- The user-pays and polluter-pays principles should be upheld to the maximum when agreeing the amendment of the Eurovignette Directive and when amending the Energy Taxation Directive – anticipated to be tabled in 2021.
- The framework for adequate Temporary Compensatory Measures should be defined within the upcoming revision of the Combined Transport Directive.
- Transparency and the complete awareness of decisionmakers should be ensured through regular and comparably structured reporting by the Member States.

Source: UIRR

EU ROAD FREIGHT CAPACITY FALLS POST-BREXIT, RATES GO UP

The impact of Brexit on the European road freight market has been immediate, according to new data from Transporeon's Transport Market Monitor (TMM).

The new edition, recording pricing and capacity levels for December, shows a Europe-wide decline in capacity of some 16.4% on November and 16% year on year. This was led by huge capacity decreases on routes to and from the UK, which has subsequently pushed up road freight rates on the trades.

The key France-UK route, a bellwether for the effects of Brexit, saw road transport capacity last month reach a two-year-low, declining 39.4% on November and 22.1% year on year. In response, price levels soared 34.8% month on month and 51% year on year. A similar trend was seen on the Germany-UK route, where capacity decreased 29.7% between November and December, another two-year-low, while prices rose 41.2%, representing a two-year high.

"While this may be normal for the end-of-the-year season, it cannot entirely be explained by the Christmas period. Transport capacity levels have dropped extraordinarily between the European continent and the UK, while prices on this corridor are soaring. Brexit is obviously having an impact," explained Oliver Kahrs, MD of Tim Consult, a Transporeon subsidiary. "In the first quarter of 2021, we expect, however, an overall recovery of transport capacities across Europe," he added.

Transporeon added that continental Europe-wide capacity declines were seen across the major verticals during the same period – road freight capacity serving the automotive industry dropped by 17.9% month on month, while prices were up 1.8%; the chemicals and life sciences sector saw capacity fall 14.6% month on month while prices jumped 13.5%; and the steel industry saw capacity reduce by 22.5% between November and December, with prices growing 8.7%.

The TMM is available here; the Brexit Market Monitor for CW 1 can be accessed here.

Rail

7TH RAIL MARKET MONITORING REPORT PUBLISHED

On 13 January, the European Commission presented its seventh report on development of the rail market. The report covers a broad range of topics such as growth of the rail market, the infrastructure and services available, the state of the network, congestion, and barriers to more effective rail services. The key data and information provided in the report will also feed into the activities under the European Year of Rail, the European Commission's initiative to encourage the use of rail by both citizens and businesses.

The report on monitoring development of the rail market gives a high-level overview of the main developments. The main findings and trends for 2015-2018 include:

- rail traffic increased annually by 2.5% for passengers and by 4.1% for freight;
- rail's 'modal share' of land transport modes increased from 7.6% to 7.8% for passengers and decreased from 18.8% to 18.7% for freight;
- in 2018, rail accounted for only 0.4% of both greenhouse gas (GHG) and CO2 transport emissions and for 2% of transport energy consumption;
- the total length of tracks that were declared to be congested more than doubled;
- the average market share of competitors to national incumbents in 2018 was 42% of rail freight markets (an increase of 8 percentage points);

The full analysis is presented in the accompanying Commission Staff Working Document. The report is accompanied by Infographics, as well as data and figures in Excel-format. Earlier reports can be accessed here.

Source: European Commission

EC APPROVES €200 MIO SUPPORT FOR RAIL TRANSPORT INTEROPERABILITY IN GERMANY

On 12 January, the European Commission approved, under EU State aid rules, €200 million of public support to upgrade traffic management equipment for rail vehicles in the area of Stuttgart in Germany.

The scheme consists of two measures. The first measure will support the furnishing of railway vehicles with the European Rail Traffic Management System (ERTMS) onboard equipment. The second measure will support the furnishing of those same vehicles with automatic train operation (ATO). ATO is an operational safety enhancement device used to help automate the operation of trains. The scheme allows to equip the vehicles with both ERTMS and ATO. ERTMS is a safety system that ensures the compliance by trains with speed restrictions and signalling- status. This system is expected to enable the creation of a seamless European railway system and increase the safety and competitiveness of the European rail sector.

The two measures supporting the rail freight sector shall ensure increased public support to further encourage the shift of freight traffic from road to rail. The public support will take the form of direct grants to the owners or operators of railway vehicles, to be used for upgrading the existing equipment. The measure will run until 2025.

The Commission found that the German measure is beneficial for the environment and for mobility. Furthermore, the measure is proportionate and necessary as it promotes interoperability of railway systems in the EU and supports the shift of freight transport from road to rail whilst not leading to undue competition distortions. Finally, the aid will have an "incentive effect" as the owners or operators of railway vehicles would not perform the necessary upgrade of their rolling stock in the absence of the public support. On this basis, the Commission concluded that the measures are in line with EU State aid rules, in particular the 2008 Commission Guidelines on State aid for railway undertakings. More information will be available on the Commission's competition website, in the public case register under case number SA.58908 once any confidentiality issues have been resolved.

Source: European Commission

EC APPROVES €160 MIO TO MODERNISE RAIL TRANSPORT IN CZECHIA

On 11 January, the European Commission approved an investment of over €160 million from the Cohesion Fund to replace the single line between Sudoměřice u Tábora and Votice in Czechia with a new 17 km-long double-track railway. This shall enable the passage of long-distance, high-speed trains and more freight and regional trains.

The project shall contribute to greater capacity and competitiveness of railway transport, which should encourage a shift from road to rail transport and lead to less noise and air pollution. This project is part of the trans-European railway linking Germany and Austria via Czechia and it is expected to start being operational in the first quarter of 2023.

Source: European Commission

Maritime

ASIA-NORTH EUROPE SPOT RATES INCREASED 327% IN Q4 2020

Spot freight rate increases on the Asia-Europe trade in the fourth quarter (Q4) outstripped hikes on all other major lanes, with the price escalation on this and other major trades meaning that the transpacific has flipped from being the most lucrative to the least lucrative for carriers in just four months, according to analysis from Alphaliner.

The analyst's review of carrier revenue from spot business per nautical mile on a range of trades in Q4 found that the biggest increases were on the Asia-Europe trade, where spot rates from Shanghai to North Europe and the West Mediterranean rose 327% and 297%, respectively. "The spot rate between Shanghai and North Europe stood at $8,904 for a 40' container (FEU) last week," noted Alphaliner, explaining that "this rate is calculated as an average of the rate levels collected by the Shanghai Shipping Exchange in a weekly poll of carriers and large forwarders. The average rate does not include any premium for guaranteed booking."

In reality, some cargo owners are already paying over $10,000 to get their cargo moving from China to Europe. As reported this week, multiple sources are reporting rates of US$10,500 per FEU to secure capacity from China to European main ports, with China-UK rates now topping $16,000 per FEU in what has become an auction for space. Huge Q4 rate increases were also seen from Shanghai to Melbourne (+96%), Lagos (+111%), Jebel Ali (+119%), Durban (+172%) and Santos (+288%).
A September comparison of revenue from spot business per nautical mile by Alphaliner identified the transpacific as the most lucrative of the major trades for carriers with a return of 32.3 cents per nm/TEU. Four months later, the transpacific trade was generating the lowest income per nautical mile as rate increases between 6 September 2020 and 8 January 2021 amounted to only 6.9% on the Shanghai-Los Angeles lane and just 4.7% on the Shanghai-New York trade, reported the analyst.

Alphaliner noted that even though last week's Shanghai Containerised Freight Index (SCFI) reading of 2,870 points was an all-time high, "spot rates are expected to continue their rise in the coming weeks as carriers continue to struggle with a shortage of ships/containers to meet the huge cargo demand".

Source: [Lloyd's Loading List]

Air

EC PRESENTS SLOT RELIEF PROPOSAL AT EP TRAN

On 13 January, the European Commission presented its proposal for the revised EU Slots Regulation, which was adopted on 16 December during a meeting of the European Parliament's Transport and Tourism (TRAN) Committee. The presentation can be downloaded here.

The Commission's proposal takes into account the need to provide relief from the use-it-or-lose-it rule in view the ongoing COVID-19 pandemic. The proposal, which shall apply as of the Summer Season 2021, does not foresee to grant a full waiver as is currently the case, but instead reduces the use-it-or-lose-it rule from 80/20 to 40/60, meaning that operators will have to use 40% of the slots allocated in order to retain their allocated slots in the following year.

The proposal also introduces a number of conditions aimed at ensuring airport capacity is used efficiently and without harming competition during the COVID-19 recovery period. The proposed amendment is planned to apply as of the Summer Season 2021, with the possibility for the Commission to extend the relief by delegated act until the Winter Season 2024/2025. This also entails the possibility for the Commission to further adjust the rate of slot utilisation based on a number of indicators, including actual and forecast air traffic data, load factors and fleet utilisation.

Source: European Parliament

Sustainable Logistics

ENVIRONMENTAL PROGRESS REPORT ON EUROPEAN LOGISTICS

A new study by the Center for Sustainable Logistics and Supply Chain of Kühne Logistics University (KLU), carried out in partnership with The European Freight & Logistics Leaders Forum, indicated that despite the COVID-19 pandemic the logistics decarbonisation process in Europe is underway and getting integrated in companies' strategic planning. Many businesses, however, are still at a relatively early stage in the process, the report found.

The study summarises the results of a survey of over 90 senior executives to determine the extent to which their businesses are working to improve the environmental sustainability of their logistics operations, mainly by cutting carbon emissions. Logistics activities account for around 10-11% of global CO2 emissions and will be difficult to decarbonise because of their very heavy dependence on fossil fuel and high forecast growth rate.

Important conclusions of the study:

- Around 30% of the companies are leading the way as they have sustainable logistics strategies in place or being implemented, have set absolute carbon reduction targets for their logistics operations and are capable of measuring related CO2 emissions at a disaggregated level.
- Providers of logistics services appear to have a greater capability to manage the decarbonisation process than the users of these services.
- 40% of respondents reckon that half or more of CO2-reducing measures also cut costs, confirming close alignment of environmental and commercial objectives.
- The three most cost-effective ways of decarbonising logistics are deemed to shifting freight from road to rail, improving vehicle utilisation and switching transport operations from fossil fuel to renewable energy.
- Three-quarters of the managers consulted reckon that digitalisation will have a transformational impact on logistics over the next five years with improvements to supply chain visibility, advances in transport management systems, innovations in vehicle routing and online logistics platforms expected to make great IT contributions to logistics decarbonisation.

The report concludes with a series of recommendations for the various stakeholders in the European logistics industry.

The full report can be found here.

Customs & Trade

APPLICATION OF REX FOR GSP COUNTRIES

As of 1 January, the transition period for the application of the Registered Exporter system (REX system) in the Generalized System of Preferences (GSP) is over for all countries. Accordingly, the REX system is the only system applicable to certify the origin of goods in the GSP, and the competent authorities in the GSP beneficiary countries may not issue certificates of origin Form A anymore. The competent authorities in the GSP beneficiary countries may of course continue registering exporters.

A certificate of origin Form A which has been issued in a GSP beneficiary country during the transition period, and which is still in its validity period, is still admissible in the EU to claim the benefit of the GSP. The dates concerning the transition period for all GSP beneficiary countries, you may find here.

Source: European Commission

Forthcoming Events

CLECAT MEETINGS

CLECAT Customs and Indirect Taxation Institute

25 January 2021, Online

CLECAT Air / Security Institutes
Week of 1 February 2021, Online (tbc)

CLECAT Road Logistics Institute
9 February 2021, Online

EU MEETINGS

Council of the European Union

Transport Council
3 June 2021, Luxembourg

Environment Council
18 March 2021, Brussels
21 June 2021, Luxembourg

European Parliament

European Parliament Transport Committee
25-26 January 2021, Brussels

European Parliament Plenary
18-21 January 2021, Strasbourg

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