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

NEWSLETTER

Issue 16
23 April 2021

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Brussels News

CLECAT BRENNER PASS ROUND TABLE

At a webinar organised by CLECAT on the 21st of April, entitled **Solutions for freight transport at the Brenner Pass - a (n)ever ending story?'**, over 70 EU policy-makers and industry representatives met online to hear from experts their views on short-, medium- and long-term solutions for European freight forwarders and logistics service providers for cross-Alpine transport.

Due to the restrictions to heavy goods transport by road over the Brenner Pass, which is constantly being made stricter by the local authorities in Tyrol, the free movement of goods from Italy to the North of Europe is being put at risk. CLECAT has called for attention for these problems and more awareness on the lack of sufficient rail freight alternatives.

MEP Barbara Thaler (EPP, Austria) announced the launch of a European pilot project, which will demonstrate what rail freight transport can achieve on the route between Munich and Verona, if not held back by the numerous different national regulations. She noted that during the trial, which will start in autumn, freight trains on the Brenner route will for the first time be able to travel from Munich to Verona in a single time slot without being held up at the border, which is often the case at present because slots are only granted up to the national border. The pilot will be fully managed at European scale with careful performance management and cooperation between the rail network operators from Germany, Austria and Italy. By the end of 2022, data will be available on how quickly goods can be transported by rail between Munich and Verona and what this will cost. Based on that, it will be assessed how rail compares with truck transit via the Brenner Pass under good regulatory conditions. The route should set an example for other corridors in Europe, MEP Thaler said.

The participants in the event heard the perspective of Martin Zeitler from DG MOVE, who focuses on the policy concerning the Scan-Med corridor in the European Commission. He noted that the Brenner Base Rail Tunnel should become operational in 2030, which is crucial for the realisation of the entire corridor, linking Northern and Southern Europe. Mr Andreas Nägele from DG MOVE confirmed that the Commission is currently not going against the unilateral driving bans in Tyrol.

Following that, a freight forwarder, a rail operator and a shipper provided their views. Armin Riedl, CEO of Lokomotion, thought that there was a need to come up with workable solutions to ensure the movement of goods over the Alps. He focused also on the alternative means of transport and the pre-conditions needed to realise them, for instance the political willingness as well as financial support for rail freight infrastructure. Jurgen Huygh from Callebaut noted that there was a need for a mindshift from shippers to allow for more flexibility in the organisation of transport, as shippers tend to put a lot of time pressure on their service providers. Alessandro Barbiero, a freight forwarder from Northern Italy, noted that preventing the most environmentally friendly heavy-goods vehicles of today, without the appropriate alternatives in place, has disproportionate economic consequences and creates trade barriers for the countries neighbouring Austria.

MEP Barbara Thaler concluded that she hoped that the pilot project would provide relief to the cross Alpine transport and support a further boost of rail freight corridors in Europe.

TRAN AND ITRE BACK DEAL ON CONNECTING EUROPE FACILITY

On 15 April, the European Parliament's Committees for Transport (TRAN) and Industry (ITRE) approved the deal reached between the Parliament and Portuguese Presidency negotiators on the next generation Connecting Europe Facility (CEF2).

The CEF2 will fund major transport, digital and energy projects that run from 2021 to 2027. With an overall budget of about €30 billion (in 2018 constant prices), CEF2 will focus on projects that seek to modernise transport infrastructure or promote cross-border links. In the digital sector, CEF2 will support the development of projects of common interest on safe and secure high capacity digital networks and 5G systems, as well as the digitalisation of transport and energy networks.

The provisional agreement on the second edition of the Connecting Europe Facility was approved by 94 votes to 21, with 9 abstentions. The deal will now need to be approved by EU ministers and then by the Parliament as a whole to enter into force.

Source: European Parliament

EU DEAL ON EU CLIMATE LAW

On 21 April, the Council's and European Parliament's negotiators reached a provisional agreement on the European Climate Law. This Regulation will set into law the objective of a climate-neutral EU by 2050, and a collective, net greenhouse gas emissions reduction target of at least 55% by 2030 compared to 1990. The proposal was put forward by the Commission in March 2020.

Regarding the 2030 target, the European Parliament and the Portuguese Presidency of the Council agreed on the need to give priority to emissions reductions over removals. In order to ensure that sufficient efforts to reduce and prevent emissions are deployed until 2030, they introduced a limit of 225 Mt of CO_2 equivalent to the contribution of removals to the net target. The negotiators also agreed that the Commission would propose an intermediate climate target for 2040, if appropriate, at the latest within six months after the first global stocktake carried out under the Paris Agreement. It will at the same time publish a projected indicative Union's greenhouse gas budget for the period 2030-2050, together with its underlying methodology.

The provisional political agreement is subject to approval by the Council and Parliament, before going through the formal steps of the adoption procedure. This piece of legislation will also pave the way for the upcoming "Fit for 55" package that will be presented by the Commission in June.

Source: European Parliament and Council of the EU

Rail

THREE RAILWAY COMPANIES FINED FOR CUSTOMER ALLOCATION CARTEL

On 20 April, the European Commission fined railway companies Österreichische Bundesbahnen (ÖBB), Deutsche Bahn (DB) and Société Nationale des Chemins de fer belges / Nationale Maatschappij der Belgische Spoorwegen (SNCB) a total of €48 million for breaching EU antitrust rules. The companies participated in a customer allocation cartel, which concerned cross-border rail cargo transport services on blocktrains on key rail corridors in the EU. The three companies admitted their involvement in the cartel and agreed to settle the case.

The infringement concerned cross-border rail cargo transport services in the EU provided by ÖBB, DB and SNCB under the freight sharing model and carried out in blocktrains. The Commission's investigation revealed that the three railway companies coordinated by exchanging collusive information on customer requests for competitive offers and provided each other with higher quotes to protect their respective business. The companies thus participated in a customer allocation scheme, which is prohibited under EU competition rules. The anti-competitive conduct lasted from 8 December 2008 to 30 April 2014, with SNCB participating only since 15 November 2011 and only for transports by ÖBB, DB and SNCB. The cartel concerned conventional cargo transport sectors (except automotive transports).

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: “Rail transport of cargo is vital for a sustainable economy model. Fair competition is important to provide customers with the best offer when using sustainable transport. A cartel between key operators offering rail cargo services on essential rail corridors across the EU goes fundamentally against this objective. Today's decision sends a clear signal that this type of collusive behaviour is not acceptable.”

Source: European Commission

Maritime

UNCTAD CALL ON AUTHORITIES TO MONITOR FREIGHT RATES

The United Nations Conference on Trade and Development (UNCTAD) published a policy brief on 19 April entitled: ‘Container shipping in times of covid-19: why rates have surged and implications for policy makers.’ The policy brief seeks to explains the causes of the shortages of ships and containers, the surge of freight rates and finally makes a number of policy recommendations. Interesting points include the following:

- Container freight rates have reached historical highs and rates to South America and West Africa are now higher than to any other major trade region. The obstruction of the Suez Canal by a grounded container ship contributed to a recent further surge in freight rates.
- The underlying causes are complex and include capacity management by carriers and a severe shortage of containers as these are held up in waiting ships, combined with pandemic-related delays in intermodal connections. The impact of the container shortage is greater on longer and thinner trade routes to developing regions than on the main East–West routes. The current surge is expected to last into 2021.
- UNCTAD acknowledges the problems faced by shippers with little to no access to containers for exports, blank sailings, and high freight rates. Noting that “no contingency plans were in place”, UNCTAD urges policymakers to consider three recommendations for the longer term: (a) to support ambitious trade and transport facilitation reforms; (b) improved tracking and forecasting and (3) strengthening national competition authorities.

CLECAT notes with interest that the United Nations’ body recognises that “it is also important to ensure that national competition authorities can monitor freight rates and market behaviour. It remains important for policymakers to continue to strengthen national competition authorities in the area of maritime transport and ensure that they are prepared to provide the requisite regulatory oversight.”

PORT CONGESTION FOLLOWING SUEZ CANAL CLOSURE

Major container gateways in Europe and Southeast Asia have started to experience congestion issues following the six-day closure of the Suez Canal in late March 2021, although most terminals have so far managed rising inbound vessel volumes without significant delays. Despite the normalization of canal operations, shippers have been bracing for knock-on effects of the Suez Canal closure that include higher shipping rates and limited ocean capacity as well as growing congestion at container gateways in Europe and Asia as vessels were expected to arrive in short succession. Since last week, the first vessels stuck in the Suez Canal have been arriving in European and Southeast-Asian container ports which have been quieter than usual in the first half of April due to the canal blockage. In Europe, the Port of Rotterdam was expected to have the greater number of vessel calls from ships arriving from the Suez Canal. Although contingency measures, such as emptying yards to make space for new containers, have helped terminal operators to keep operations running, berth line-ups of vessels have started to become congested and are expected to remain so until the end of April as more vessels continue to call at the port.

Terminals in Rotterdam are likely to remain under the greatest pressure with the highest risk of congestion as ocean carriers are considering a strategy that involves offloading cargo at major hub ports, skipping subsequent port calls, and turning ships around early to return to Asian ports. This allows the container lines to move faster to reposition empty containers which have been held at European ports for longer than usual due to the Ever Given's grounding and are therefore unavailable in Asia, thus benefitting from spot rates which are almost four times higher on the fronthaul from China to Europe than on the backhaul. Should congestion issues in Rotterdam worsen, carriers could opt to unload cargo at nearby ports such as Antwerp, Felixstowe, or Le Havre.

Source: Everstream Analytics Special Reports - Suez Canal Port Impacts

Air

REDUCED AIRLINE LOSSES AND AIR CARGO GROWTH IN 2021

The International Air Transport Association (IATA) expects net airline industry losses of $47.7 billion in 2021 (net profit margin of -10.4%). This is an improvement on the estimated net industry loss of $126.4 billion in 2020 (net profit margin of -33.9%).

IATA highlights that cargo has outperformed the passenger business throughout the crisis. That trend is expected to continue throughout 2021. Demand for cargo is expected to grow by 13.1% over 2020. This puts the cargo business in positive territory compared to pre-crisis levels (2020 saw a full-year decline of 9.1% compared to 2019). Total cargo volumes are expected to reach 63.1 million tonnes in 2021. That's nearly at the pre-crisis peak of 63.5 million tonnes which occurred in 2018.

Source: IATA

Customs and Trade

SAFE WG ENDORSES SAFE FRAMEWORK 2021 REVIEW

From 14 to 16 April, CLECAT attended the 25th Meeting of the WCO SAFE Working Group (SWG), which was held virtually. The meeting brought together more than 240 delegates from Customs administrations, private sector, international organizations and academia.

WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

One of the major milestones achieved by the meeting was the successful conclusion of the SAFE Review Cycle 2021 and subsequent endorsement the SAFE Framework of Standards 2021 edition. In the new version of the SAFE Framework, amendments pertain to promoting closer collaboration between Customs and other government agencies, smart security devices, mutual recognition and regional customs union's AEO programmes and plurilateral MRAs. Notedly, the meeting also approved the "AEO Implementation and Validation Guidance" and "Regional customs union's AEO programmes and plurilateral MRAs" guidelines.

The endorsed SAFE Framework 2021 edition will now be submitted for final approval to the WCO Policy Commission and the Council Sessions to be held in June 2021.

Source: World Customs Organization

EU EXTENDS CUSTOMS AND VAT RELIEF ON IMPORTS OF PPE

Earlier this week, the European Commission decided to extend, until 31 December 2021, the temporary waiver of customs duties and VAT on imports from non-EU countries of medical devices and protective equipment used in the fight against COVID-19. The decision prolongs the customs duties and VAT relief available under the already existing exemption, which was due to expire at the end of this month.

The prolongation takes into consideration the challenges that Member States still face in combatting the COVID-19 pandemic, and the fact that imports of these goods remain significant. The measure will continue to support Member States financially in getting equipment such as masks or ventilators to the medical staff and patients that need them most.

More information on the Commission waiver of customs duties and VAT on the import of medical equipment from non-EU countries can be found here.

Source: European Commission

Sustainable Logistics

PROGRESS ON EU SUSTAINABLE FINANCE TAXONOMY

The European Commission unveiled on 21 April the first batch of delegated acts (available here, with Annex I and Annex II) under the EU sustainable finance taxonomy. The texts spell out detailed technical criteria that companies need to comply with in order to win a green investment label in Europe. The Regulation introduces a labelling system to channel funds and investments towards activities that could contribute significantly to climate change mitigation and adaptation.

The delegated acts cover 13 sectors, including transport. As an example, financing electrified rail and zero direct tailpipe emission transport is considered as contributing significantly to climate change mitigation. Low emission heavy-duty vehicles are also integrated in this category. For ships, all zero-emission ships qualify for the category, while others may fall into the category of ships that are in a transition phase towards becoming CO_2 neutral, for instance because they run on dual fuel engines, meaning that they sail on, for instance, both diesel and an alternative fuel. The requirements for the shipping sector will apply from 2025 or 2026, as the EU recognizes that the maritime sectors will not have CO_2-free ships on the water until 2030.

In addition, to ensure that the transport activities considered as sustainable do not facilitate the use of fossil fuels, technical screening criteria for the relevant activities exclude assets, operations and infrastructure dedicated to transport of fossil fuels.

Source: European Commission

T&E STUDY ON CHARGING INFRASTRUCTURE FOR HGV'S

Transport and Environment has issued a study assessing the need for charging infrastructure for long-hauling trucking. Trips over 400km make up around 5% of all trips in Europe but represent 40% of the EU's total truck activity (in tonne-km). They account for an estimated 20% of truck emissions. Most urban and regional deliveries can already be covered by electric trucks today and long-haul electric trucks are only a few years behind. Battery electric trucks with ranges beyond 400 km will come to the market within the next couple of years and are likely to represent the most cost-competitive option.

T&E's analysis on European truck traffic flows shows that the EU should prioritise charging alongside Europe's largest highway corridors, e.g. between Hamburg and Berlin. Targeting the core network of the Trans-European Transport Network (TEN-T) would be the best strategy. The deployment of truck charging infrastructure should start with the regions connected by the TEN-T network. For long-haul trucking to achieve climate neutrality there needs to be a total of 4,400 high-power public chargers in the EU and 6,600 destination chargers (at the distribution centers + depots) in 2030, in addition to the 13,000 public chargers and 25,000 destination chargers needed for urban and regional deliveries.

The revision of the Alternative Fuels Infrastructure Directive (AFID), planned for June 2021, should finally cover electric trucks and recognise direct electrification as the dominant pathway to decarbonise. Overall, the revised AFID should aim at a total of around 10,000 public and destination chargers in 2025 (EU27) increasing to 40,000-50,000 public and destination chargers in 2030. To ensure these targets are effectively reached, the EU should set minimum binding targets for each member state.

The full report is available here.

SHIPPING BODIES CALL FOR IMO MARKET-BASED MEASURES

Several shipping organisations have called world leaders to start discussing how market-based measures can be implemented in the shipping industry and proposes that the International Maritime Organisation (IMO) moves up its discussion of these mechanisms by several years. The proposal was put forward in a statement by Bimco, the International Chamber of Shipping (ICS), the World Shipping Council (WSC) and the Cruise Lines International Association ahead of US president Joe Biden's climate summit earlier this week.

"These measures will be critical in incentivizing the transition of the global fleet to new fuels and technologies, which will be more expensive than those in use today," the organizations claim. “Market-based measures put a price on CO_2 emissions to provide an economic incentive for a sector to reduce its emissions by narrowing the gap between fossil fuels and zero-carbon fuels”, they add. The IMO is under pressure to impose its own system of carbon taxation on the shipping industry before its global approach is undermined by regional measures, including EU’s likely inclusion of shipping in its emissions trading system by 2023. However, the signatories of the letter state that the EU proposal to come “is seen by some observers as a market-distorting solution to a global problem.”

The bodies continue to plea for a fund generated from a tax on CO_2 emissions which will be used to finance a proposed $5 billion research and development fund. The fund will help the industry finance its development of future technologies, alternative fuels and the infrastructure needed to achieve the IMO's current target to halve shipping's emission of greenhouse gases by 2050.

Source: ShippingWatch and Ship & Bunker

Road

TRAFFIC MANAGEMENT MEASURES IN THE UK LIFTED

On 20 April, the UK government announced that the traffic management measures in Kent will be removed this month as trade returns to normal levels. According to the UK government, this comes as freight volumes between the UK and the EU continue to operate at normal levels, with the latest data showing a 46% increase in exports in February. However, analysis indicates that short-straits freight vehicle traffic is still down by around 20%, and a higher proportion of UK-EU vehicle movements are empty compared with previous years, with overall UK-EU road exports down compared with last year and 2019.

Heidi Skinner, policy manager for the South at Logistics UK is “now urging government and industry to ensure the entire supply chain is ready for the introduction of further EU-UK border controls from 1 January 2022 to keep trade flowing freely in the months and years to come.”

Source: The Loadstar, Lloyd’s Loading List

General

UNECE REPORT "SUSTAINABLE MOBILITY & SMART CONNECTIVITY"

Earlier this week, the United Nations Economic Commission for Europe (UNECE) published the report "Sustainable mobility and smart connectivity", which examines how to better connect people, companies, governments, economies, while making mobility more environmentally friendly. The report offers useful guidance to governments and other stakeholders engaged in developing integrated solutions to the multifaceted challenges of our time and in building back better from the COVID-19 pandemic.

The publication reviews the challenges affecting mobility and connectivity within the ECE region. It highlights the vital importance that mobility and connectivity play in the operation of an economy and in moving goods and people within and across borders showing that the digitalization of many of these processes are key to improving efficiency and effectiveness. Addressing the challenges in these two areas is fundamental in assisting countries in achieving the Sustainable Development Agenda.

In particular, the Smart Connectivity aspect, looks at trade and policy, and how to improve the economic and regulatory processes in support of economic growth and linking with other SDGs along with physically connecting infrastructure in a smart way. At the same time, Sustainable Mobility focusses on how to move people and goods efficiently, safely, securely, affordably and in an environmentally friendly manner using inland transportation.

Source: UNECE

Forthcoming Events

CLECAT MEETINGS

CLECAT Road Logistics Institute
29 April 2021, Online

CLECAT Board meeting
11 May, Online

CLECAT Air Logistics Institute
8 June 2021, Online

CLECAT Security Institute
8 June 2021, Online

CLECAT Rail Logistics Institute
23 June 2021, Online

EU MEETINGS

Council of the European Union

Transport Council
3 June 2021, Luxembourg

Environment Council
21 June 2021, Luxembourg

European Parliament

European Parliament Transport Committee
10 May 2021, Brussels

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