

Table of content

CORONA VIRUS IMPACTS INTERNATIONAL SUPPLY CHAINS	P 1	2019 AIR FREIGHT VOLUMES	P 4
EU NEGOTIATING DIRECTIVES FOR EU-UK FUTURE PARTNERSHIP	P 2	EP DRAFT REPORT ON THE MRV REGULATION	P 4
UK GUIDANCE ON TRADE DURING THE TRANSITION PERIOD	P 3	COMMISSIONER VALEAN ON SUSTAINABLE TRANSPORT STRATEGY	P 5
POSTING OBLIGATION FOR DRIVERS IN THE NETHERLANDS	P 3	FORTHCOMING EVENTS	P 6

News from Brussels

CORONA VIRUS IMPACTS INTERNATIONAL SUPPLY CHAINS

Following the outbreak of the novel Corona virus, many freight forwarders are facing difficult situations and are seeking solutions to address the decreased air and sea freight capacity.

Due to capacity restrictions, rates in sea and air freight are currently rising, which means that the industry must accommodate not only the cancelled services and delays but also additional costs for the transport of cargo. The restrictive official orders issued by Chinese authorities in some regions, as a result of the recent rise in the number of infections, have led to slower customs clearance, closing of borders and significant delays in delivery. Moreover, blank sailings on the eastbound trade lanes are increasing and there are growing delays in port operations due to the absence of cargo handling staff. Against this background, freight forwarders have expressed their concern about the increased costs of detention, demurrage and storage costs.

Yesterday, CMA CGM and OOCL joined the move of Maersk, Cosco and Hapag Lloyd to waive container use charges amid the prolonged holiday in China put into effect to tackle the Coronavirus outbreak. The free time for detention and demurrage will be extended until February 9 at Chinese ports. However, there are remaining questions on the full picture in terms of other carriers' actions.

The situation is aggravated by the freight backlog that has already arisen as a result of the extended Chinese holidays. This affects sea and air freight in particular, and there is currently little uniform information on restrictions on transport by rail and road. The freight forwarders receive information on new flight cancellations on a daily basis, with most American and European airlines suspending the majority of passenger flights to and from China, resulting in a huge decline in bellyhold capacity. A large [number of airlines](#) to China (mainland) have cancelled flight which has reduced available cargo space by more than half. At present, freight forwarders can still partially compensate for the restrictions by rebooking and rescheduling air freight, but at higher freight costs.

CLECAT believes these additional costs should not be borne by the freight forwarders during the entire affected period, as the outbreak of the Corona virus falls under *force majeure*. This follows from the legal assessment by the German Federal Association for Freight Forwarding and Logistics Germany (DSLVL) (member of CLECAT). The legal assessment notes that if the freight forwarder cannot avoid additional expenses incurred for the proper execution of his contractual obligations, these are to be borne by his client, provided that the freight forwarder is not responsible for the expenses. Also, the detention charges, demurrage charges and storage charges, i.e. charges for delaying the shipment by sea freight, are to be passed on by the freight forwarder to his customer.

Brexit

EU NEGOTIATING DIRECTIVES FOR EU-UK FUTURE PARTNERSHIP

On 3 February, the European Commission issued a [recommendation to the Council to open the negotiations on a new EU-UK partnership](#). It includes a comprehensive proposal for negotiating directives, defining the scope and terms of the future partnership that the European Union envisages with the United Kingdom. These directives cover various areas such as: trade and economic cooperation; transport; security; level playing field and sustainability.

In particular, the negotiating directives point out that the envisaged EU-UK partnership should contain comprehensive arrangements including a free trade area, with customs and regulatory cooperation. The free trade area must ensure no tariffs, fees, charges having equivalent effect or quantitative restrictions across all sectors, provided that a level playing field is applied. The envisaged partnership should aim at optimising customs procedures, supervision and controls and facilitating legitimate trade by making use of available facilitative arrangements and technologies. It should also provide for administrative cooperation and mutual assistance in customs and value added tax (VAT) matters.

With respect to road transport, the envisaged partnership should establish open market access for bilateral road freight transport, including unladen journeys, made in conjunction with the following operations: – by EU road haulage operators from the territory of the EU to the territory of the UK, and vice versa; – by UK road haulage operators to the territory of the EU, and vice versa. The envisaged partnership should also provide for appropriate transit arrangements. As third country operators, UK operators should not be granted the same rights and benefits as EU operators in respect of cabotage operations. Moreover, specific provisions should ensure that the common level of protection in relation to operators and drivers (including social rules) in road transport is not reduced below the level provided by the common standards applicable in the EU and the UK at the end of the transition period. Eventually, the future partnership should address requirements for tachograph technology.

Regarding aviation, the envisaged partnership should address comprehensively the relationship with the UK and ensure a reciprocal, sustainable and balanced opening of markets while preserving the internal market for air transport services. It should ensure that all Union air carriers are treated equally and in a non-discriminatory manner, regardless of nationality, in all matters covered by the agreement. It should encompass on a reciprocal basis certain traffic rights to ensure continued connectivity. However, the UK, as a non-member of the Union, cannot have the same rights and enjoy the same benefits as an EU Member State. In addition to the level playing field requirements, there should be provisions for open and fair competition specific to the aviation sector.



In the area of rail transport, the envisaged partnership should address, if necessary, the specific situation of the Channel Tunnel.

The Recommendation is accompanied by a detailed section for [Questions & Answers on the draft negotiating directives for a new partnership with the United Kingdom](#), providing further clarification on the main aspects of the negotiating directives.

The Council will have to adopt the draft negotiating directives. This will formally authorise the Commission to open the negotiations as Union negotiator.

Source: [European Commission](#)

UK GUIDANCE ON TRADE DURING THE TRANSITION PERIOD

In view of the UK withdrawal from the EU, the UK Government has issued several guidance materials concerning external UK trade during the transition period. In particular, the UK Government informs that during the transition period, the UK will still be a member of the EU Single Market and the Customs Union. [Trade remedy](#) investigations will continue to be carried out by the EU on behalf of the UK and all existing EU trade remedy measures will continue to be applied at the UK's border. All anti-dumping, anti-subsidy and safeguard measures that the UK keeps will undergo a UK-wide transition review to assess whether the current measure is appropriate for the UK market and whether it should be varied, changed or terminated.

The UK Government also clarifies [which trade agreements with non-EU countries are in place during and after the transition period](#). The Withdrawal Agreement sets out how the UK is able to continue to be covered by EU-third country trade agreements during the transition period. On that basis, EU trade agreements can continue to apply to the UK. After the transition period ends, EU trade agreements will not apply to the UK. The UK Government notes that the UK is seeking to reproduce the effects of existing EU agreements for when they no longer apply to the UK. In case the effects of an existing EU agreement are not reproduced, UK trade with other World Trade Organization (WTO) members will take place [under WTO rules](#) when EU trade agreements cease to apply to the UK.

Road

POSTING OBLIGATION FOR DRIVERS IN THE NETHERLANDS

TLN, the Dutch association for transport and logistics, posted a news article on its [website](#) earlier this week, noting that companies established outside of the Netherlands, which temporarily post employees to the Netherlands, will be obliged to report each posting as of 1 March 2020.

For the transport sector, this means that foreign transport companies must register their drivers via an electronic register if their drivers are going to carry out transport to or from the Netherlands or conduct cabotage on its territory. Transit is exempted from the obligation to report. The notification obligation also applies to independent self-employed drivers not based in the Netherlands.

For this purpose, the Dutch Ministry of Social Affairs and Employment has created a special website: www.postedworkers.nl (available in Dutch, English and German). The online registration is possible as of 1 February 2020.



Air

2019 AIR FREIGHT VOLUMES

On 5 February, IATA released its data for global airfreight markets, which indicates that the demand for air cargo in December, measured in freight tonne kilometres (FTKs), decreased by 2.7% year-on-year. Total air freight volumes decreased by 3.3% in 2019 as a whole, compared with 2018. According to IATA, this was the first year of declining freight volumes since 2012, and the weakest performance since the global financial crisis in 2009 (when air freight markets contracted by 9.7%).

Simultaneously, freight capacity, measured in available freight tonne kilometres (AFTKs), increased by 2.8% year-on-year. In total, available freight tonne kilometres (AFTKs) increased by a moderate 2.1% in 2019, leading to a 2.6 percentage point fall in the load factor.

Considering regional performance, European airlines experienced a 1.1% year-on-year decrease in freight demand in December, with a capacity rise of 4.9%. The fall in December was typical of the performance for 2019 as a whole, where volumes fell 1.8%, but capacity increased by 3.4%. All markets except Africa suffered volume declines in 2019. Asia-Pacific retained the largest share of FTKs, at 34.6%. The share of freight traffic increased modestly for both North America and Europe, to 24.2% and 23.7%, respectively. Middle East carriers' traffic share held steady at 13%. Africa and Latin America saw their shares lift marginally, to 1.8% and 2.8%.

The full analysis is available [here](#).

Maritime

EP DRAFT REPORT ON THE MRV REGULATION



The European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI) has published a [draft report on the monitoring, reporting and verification of CO2 emissions from maritime transport](#), prepared by Ms Jutta Paulus MEP (DE/Greens), calling explicitly for EU shipping emissions reduction targets as well as the sector's inclusion in the EU Emissions Trading Scheme (ETS).

In addition to the proposal to update CO2 emission measurements, the report contains a proposition to make it mandatory for shipping companies in the EU to reduce their CO2 emissions by 40% by 2030, in line with the International Maritime Organisation's shipping decarbonisation strategy. However, the rapporteur suggests measuring the reduction in comparison to 2018 (the year when the EU started measuring CO2 emissions), rather than 2008 as embraced by the IMO. This is a far more ambitious basis for comparison as it would not take into account the decarbonisation initiatives that already happened in the sector since 2008.



Ms Paulus has also proposed to extend the EU ETS, the block's carbon quota system, to the maritime sector, which has already been envisaged by the Commission President von der Leyen in the recently published European Green Deal. According to the report, the scope of the regulation would include all intra-EU voyages, all incoming voyages from the last non-EU port to the first EU port of call and all outgoing voyages from an EU port to the next non-EU port of call. Part of the revenue generated from the ETS quotas would be used in a newly established Maritime Transport Decarbonisation Fund, meant to foster research and development in the energy efficiency of ships and support investments in innovative technologies and infrastructure to decarbonise maritime transport, including short sea shipping and ports, as well as the deployment of sustainable fuels.

With regards to cargo carried, the rapporteur believes that the reporting of the parameter 'cargo carried' should remain compulsory, in contrast to the Commission's proposal. "This is important to actually be able to check the efficiency of a journey and to calculate the carbon footprint of the transported goods. This measure will guarantee fairness and a level playing field for all stakeholders," explained Ms Paulus.

The draft report will now have to gather majority in the ENVI Committee and secure the support of the full European Parliament, before going into trilogues with the Council and the Commission.

Sustainable Logistics

COMMISSIONER VALEAN ON SUSTAINABLE TRANSPORT STRATEGY

At the last European Parliament's Plenary meeting, the EU Commissioner for Transport, Ms Adina-Ioana Vălean, made the statement on the upcoming EU strategy for sustainable mobility and transport with respect to the measures needed until 2030 and beyond.



Commissioner Vălean informed the Members of EP that the Commission will adopt the strategy later this year, once the preparatory work is completed, encompassing the results of the public consultation and the feedback from stakeholders. "What is certain is that the strategy must include ambitious measures aimed at significantly reducing CO₂ and pollutant emissions across all modes. It will exploit digitalisation and automation, enhancing connectivity to the next level and last, but not least it will ensure safety and accessibility," specified Ms Vălean.

The comprehensive Strategy on Sustainable and Smart Mobility will have to be unprecedented in ambition to achieve the 90% reduction in emissions by 2050, indicate the Commissioner, outlining the four principles that will guide transport's contribution to the European Green Deal:

1. Making the transport system as whole more sustainable;
2. Making sustainable alternative solutions available to EU citizens and businesses;
3. Respecting the polluter-pays principle in all transport modes;
4. Fostering connectivity and access to transport for all.

Therefore, in the upcoming transport strategy, the Commission is planning to put forward measures in the following areas of action:



1. Boosting the uptake of clean vehicles and alternative fuels for road, maritime and aviation, including specific initiatives to ensure the availability of marine alternative fuels and sustainable aviation fuels;
2. Increasing the share of more sustainable transport modes such as rail and inland waterways, and improving efficiency across the whole transport system;
3. Incentivising the right consumer choices and low-emission practices;
4. Investing in low- and zero-emissions solutions, including infrastructure.

In final remarks, Commissioner Vălean stated that, on the road to a climate-neutral Europe by 2050, it is essential that sustainable and smart go hand in hand. As such, it is essential to take full advantage of the opportunities presented by digitalisation and automation – for instance, by increasing traffic efficiency through Artificial Intelligence or reducing traffic hazards to a minimum. They are the key to cleaner, seamless, smart and safe mobility across all transport modes.

Source: [European Commission](#)

Forthcoming Events

CLECAT MEETINGS

CLECAT Customs and Indirect Taxation Institute

17-18 February 2020, Brussels

CLECAT Air / Security Institutes

3 March 2020, Brussels

CLECAT Board Meeting

17 March 2020, Brussels

CLECAT General Assembly

17 March 2020, Brussels

CLECAT-FIATA Joint Road Institute

25 March 2020, Zurich

CLECAT Maritime Logistics Institute

23 April 2020, Porto (provisional)

EVENTS WITH CLECAT PARTICIPATION

Getting Zero-Emission Trucks on the Road

19 February 2020, Brussels

From Targets to Transition: Developing Pathways to Zero-Emission Vessels

19 February 2020, Brussels



EP/COUNCIL MEETINGS

European Parliament TRAN Committee

19-20 February 2020, Brussels

16-17 March 2020, Brussels

European Parliament Plenary

10-13 February 2020, Strasbourg

EU Transport Council

4 June 2020, Brussels

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