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Brussels news

CLECAT WORKSHOP ON THE VAT ACTION PLAN

On 26 July CLECAT organised a workshop for its members on the EU VAT Action Plan. The action plan sets out the pathway to the creation of a Single EU VAT area. A VAT area that should support a deeper and fairer single market, and help to boost jobs, growth, investment and competitiveness.

The common VAT system is a core element of Europe's Single Market. It is a major and growing source of revenue in the EU, raising almost EUR 1 trillion in 2014, which corresponds to 7% of EU GDP. As a broad-based consumption tax, it should be one of the most growth-friendly forms of taxation. But the VAT system has been unable to keep pace with the challenges of today's global, digital and mobile economy. The current VAT system, which was intended to be a transitional system, is fragmented, complex for the growing number of businesses operating cross-border and leaves the door open to fraud. Therefore, the EU has been working since December 2016 on the [VAT Action Plan](#).

The Members of CLECAT, Freight Forwarders and Customs Service Providers play an important role for VAT in Europe. They ensure proper VAT collection at importation by declaring over 80% of all import declarations in Europe. For trade within the EU they also play an important role as they often act as fiscal representatives and provide advice and other compliance services for their customers; the importers and exporters of goods. And, because Freight Forwarders and Customs Service providers by definition work in an international environment, well-functioning and clear rules and procedures on VAT for services are of crucial importance to them.

During the Workshop the experts from across Europe studied and discussed the latest proposals for a series of fundamental principles and key reforms for the EU's VAT area. The experts concluded that the proposals are the obvious way forward and create a fairer trade environment. However, the experts doubt whether the proposed system is actually simpler, especially for smaller sized companies. The new concept of the Certified Taxable Person and the One-Stop-Shop should be able to provide simplification and facilitation, but except for e-services, there is no experience yet with these tools. The experts also questioned whether the timeframe which is envisioned for implementation by the Member States and Commission are realistic. It might be possible to reach agreement over the proposals on an EU level within the current planning, but proper implementation, communication and education would require more time.

MEETING OF THE CLECAT CUSTOMS INSTITUTE

On the 27 July CLECAT's Customs and Indirect Taxation Institute (CITI) meeting took place in Brussels. The CITI discussed a wide number of topics relating to customs and trade compliance, including the upcoming UCC amendments, REX and other origin-related issues, mandatory HS codes, IT planning and Brexit. The main conclusion of the meeting was that companies dealing with international trade and their service providers will have a huge challenge in the coming years to keep up with all the legal, procedural and IT changes. Eventually it should lead to improvement for trade in the EU, but it is expected that the road to get there will be long and bumpy.



A specific challenge for companies in customs and freight forwarding will be to recruit employees and to provide them with the right skills and training especially in the light of the upcoming withdrawal of the UK from the EU. That is why CLECAT will dedicate the morning part of its Freight Forwarders Forum 2018 to **"Future Proofing the Customs Profession"**.

The FFF2018 will be held on 15 November 2018 at the WCO headquarters in Brussels.

REMINDER: LEARN SURVEY ON INDUSTRY EXPECTATIONS FOR EMISSIONS CALCULATION & REPORTING

As part of the LEARN project on logistics emissions accounting and reduction, CLECAT, along with IRU and ESC, is carrying out a survey of members on barriers, needs and recommendations for support, research and policy in the calculation and reporting of logistics emissions.

The survey will be instrumental in determining and prioritising the final outputs of the project and future activities relating to logistics emissions calculation after the project ends.



The survey may be found here: <https://www.surveymonkey.com/r/LEARNprojectSurvey>.

It features 20 questions and takes 10 minutes to complete. Aggregated results will be published on the LEARN project website, but answers will not be attributed to individual respondents. The survey is open until 10 August.

In order to ensure a representative and reliable set of responses, we would like to remind you that CLECAT member associations and their member companies are strongly encouraged to complete the survey. If you have not yet done so we therefore urge you to do so and to circulate it to member companies for their participation.

SAVE THE DATE: 25 OCTOBER – SELIS WORKSHOP



On 25 October, the SELIS project is hosting a workshop on digital logistics, entitled "Digital Logistics – Taking the extra mile to transport collaboration" in Brussels.

The SELIS project, of which CLECAT is a member, aims to contribute to the development of a Shared European Logistics Intelligent Information Space. It consists of 37 European partners from 13 countries. SELIS' main objective is to develop a platform for pan-European logistics applications and to create a communication and navigation platform for the European logistic communities.

The workshop will provide an opportunity to gather a wide range of national and international logistics players around the greatest urban logistics challenges and having them participate actively in the debates that have been organized in order to foster commercial relationships and data sharing

The event will take place on 25th October from 10.00-16.00h at the office of SUMY in Brussels.

If you are interested in attending the workshop, you can register [here](#).

DRAFT REPORT ON CO2 EMISSION STANDARDS FOR HDV'S

The ENVI Committee has published its [draft report](#) on CO2 emission performance standards for new HDVs by Rapporteur Bas Eickhout. The report will also be discussed at the TRAN Committee's meeting on 6th September, where MEP Henna Virkkunen will present her draft opinion for the TRAN Committee.

CLECAT has issued a [position paper](#) in which it welcomes the proposal as the right step in enabling access to transparent, accurate emissions data. CLECAT would welcome a strengthening of the proposal by increasing the emission reduction target for 2025 and 2030 and taking measures to ensure that production of low- and zero-emission vehicles is boosted while also reducing emissions of traditionally-fuelled vehicles. The paper also notes that amendments to the manufacturer-specific emission target, following verification of vehicle emissions, must appropriately reflect the divergences found while respecting the fact that all HDVs are different, even within the same vehicle class.

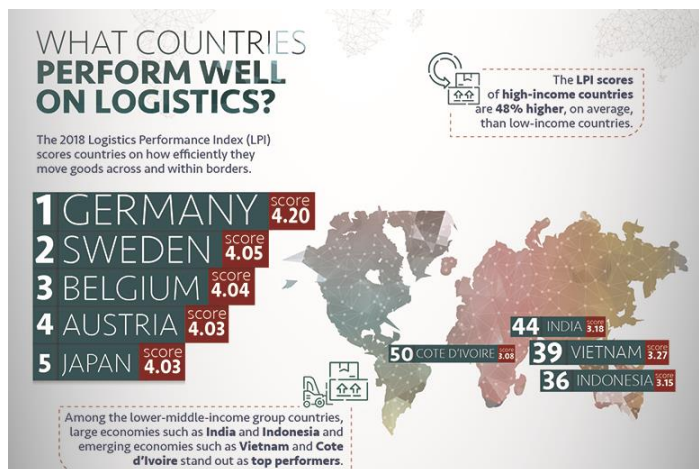
CLECAT looks forward to the development of a Regulation which is ambitious, balanced and respectful of actual technological capabilities and investment cycles.



LOGISTICS PERFORMANCE INDEX 2018

The World Bank has published its annual Logistics Performance Index for 2018. The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. The LPI 2018 allows for comparisons across 160 countries.

The report is based on survey data – also coming from many of CLECAT’s members - which provides evidence on how easy or difficult it is to transport general merchandise in the respective countries. For individual countries, logistics performance acts as the key to economic growth and competitiveness, as inefficient logistics raise the cost of doing business and reduce the potential for international and domestic integration.



The average score for the top 10 countries, being all high-income countries, is at 4.03, while the bottom 10 countries, composed of mostly low-income and lower-middle income countries in Africa or isolated areas, scored an average record high of 2.08. Eight out of the top 10 countries are located in Europe, with Germany leading the list on the first place. The bottom 10 countries include nations with fragile economies affected by armed conflict, natural disasters and

political unrest. Others are landlocked countries that are naturally challenged by geography or economies of scale in connecting to supply chains. However, some lower-middle income countries as e.g. India (44th, 3.18) and Indonesia (46th, 3.15), as well as emerging economies including Vietnam (39th, 3.27) and Côte d'Ivoire (50th, 3.08) stand out as some of the top performers. This remarkable performance can be attributed to access to the sea or to a location close to major transportation hubs. Unsurprisingly, reliability has been deemed to be more important than speed in the survey.

Overall, the survey confirmed that the performance of logistics is based largely on reliable supply chains and predictable service delivery for traders, and that the demand for sustainable supply chain management goes hand in hand with logistics performance.

You can find the full report [here](#).

Rail

TSI OPE CONSULTATION

Last week, the European Union Agency for Railways (ERA) started its consultation procedure amongst stakeholders on the revision of the Technical Specification for Interoperability on Operation and Traffic Management (TSI OPE). Based on Article 5 of the Agency Regulation (Regulation (EU) 2016/796), ERA was supported by the representatives of national safety authorities and sector organisation in drafting the proposal. In the ongoing consultation, based on Articles 6 and 7 of the



Agency Regulation, comments on the overall impact of the recommendation can be provided. The consultation closes on 19th October.

The [amended Draft TSI OPE](#), the [Draft Appendix A](#) and the [Draft report](#) can be found [here](#).

Air

DG HOLOLEI PRESENTS CHALLENGES FOR AVIATION

On 19th July, Henrik Hololei, Director General for Mobility and Transport at DG MOVE held a keynote [speech](#) at the International Aviation Club in Washington DC on the challenges for aviation. In his speech, he stressed the global character of the industry and the need for global solutions. He further emphasised that the EU is engaged in strengthening the partnership and the progress achieved on CORSIA for reduced emissions.

Mr Hololei referred to 6 C's which are important for the aviation sector: capacity, connectivity, competition, consolidation, cooperation and CORSIA as the main areas that need to be addressed. He warned for increasing protectionism, stressing the importance of global open markets. 'Protectionism leaves a flawed picture of temporarily increased job security but after the first indirect effects this quickly evaporates. It is important that Europe does not fall into this growing camp but continues to fight for global open markets that serve us the best', he noted. He emphasised that the creation of a genuine transatlantic aviation area with high standards, high connectivity and strong synergies is very important for the emergence of truly global carriers. Having said that he noted: 'At the same time, we must make sure that the physical and technical security measures would need to be proportionate. They should not cause unnecessary delays, hindering the smooth throughput. And last but not least, a high level of security means close cooperation with stakeholders - airlines, airports and international partners We have a strong track record of co-operation in aviation security with One Stop Security from the US to Europe, mutual recognition in the area of cargo and the development of the policy regarding carriage of liquids, aerosols and gels (LAGs). This is all good proof that the US and EU aviation security regimes are equally robust and equivalent in their effectiveness.'

Finally, Mr Hololei addressed the impact of Brexit on the aviation market, including the UK ceasing to be considered as a European carrier and ceasing to be a member of the European Safety Agency. On this he said: 'I know that uncertainty is the worst thing that the economic operators want to experience but I am afraid that, in the current state of the negotiations, there is not much more to offer and we will have to revert to this issue many times in the future.'

EU COURT OF JUSTICE ISSUES NEW STATEMENT ON UPS-TNT ACQUISITION

In its decision of 30 January 2013, the European Commission prohibited the proposed acquisition of the Dutch parcel delivery firm TNT Express by UPS due to the concern that it could result in a significant impediment to effective competition in the market for international express deliveries of small packages within the EEA in 15 Member States.



The Commission based its prohibition on a prediction of the expected negative development of competition on the relevant markets through an econometric analysis on the basis of a price concentration model.

In March 2017, the decision was annulled by the General Court upon an application of UPS stating that UPS's rights of defence had been infringed as the Commission's last price concentration model showed significant differences to the one that had been subject to discussions with UPS during the administrative procedure. The Commission consequently brought an appeal before the Court of Justice, requesting the annulment of the judgment.

In her opinion, Advocate General Kokott suggested that the Court of Justice should dismiss the Commission's appeal and confirm the General Court's judgment. She based her opinion on the procedural error made by the Commission in 2013. She reiterated the Court's reasoning in stating that UPS's rights of defence had been infringed by making material changes to the econometric model on which the Commission relied on during the administrative procedure without informing UPS or giving it the opportunity to submit its observations.

The opinion of Advocate General Kokott can be found [here](#).

ITF WORKSHOP ON DECARBONISING ROAD FREIGHT TRANSPORT

On 28 and 29 June, the ITF organised a workshop focusing on the decarbonisation of road freight transport in Paris, which is part of the road freight sectorial stream of work which is incorporated in [ITF's Decarbonising Transport project](#). The purpose of the project is to identify and promote policies which are cost-effective in mitigating the climate change impact of road freight activities while simultaneously improving the sector's operational efficiency are the core aims of the DT project.

The main objectives of the workshop were gathering initial evidence on the cost-effectiveness of different decarbonising measures and their policy implications. Amongst others, changes to logistics, alternative fuels, improvements to vehicle efficiency and intelligent systems were identified as key measures. All sessions focused on the key questions of feasibility, obstacles and impact on emissions.

The presentations of the workshop can be found [here](#).

Brexit Update

EU27 COUNCIL MEETING ON BREXIT

On 20 July, the Council, in EU27 format, was briefed by the EU's chief Brexit negotiator Michel Barnier on the state of play in the Brexit negotiations. The chief negotiator informed the ministers about where the negotiations stand regarding the work to finalise the withdrawal agreement, including the backstop solution for the border between Ireland and Northern Ireland and the discussions on future EU-UK relations.

Gernot Blümel, Austrian minister and chair of the meeting, said: *"We will only have a withdrawal agreement if the legal text is agreed on all issues. This includes the backstop for Northern Ireland. In this context we need to recall that all commitments undertaken so far must be respected in full. The withdrawal agreement needs to be concluded as soon as possible. Work must also be accelerated with*



a view to preparing a political declaration on the framework for the future relationship. Furthermore, we have to step up our work on preparedness in case we don't find a deal. The unity of the EU 27 remains crucial".

On the future relations, the Council discussed how the [policy paper published by the UK government](#) on 12 July 2018 can feed into the discussions. In the light of the principles set by the European Council, the negotiator will explore common ground between the EU and the UK positions regarding the framework for future relations. The aim is to agree on a joint political declaration that will accompany the withdrawal agreement and be referred to in it. The EU negotiator will report back on this issue at the next meeting of the General Affairs Council (Article 50) in September 2018.

The chief negotiator also presented to the ministers the recent Commission communication on preparedness. Ministers reiterated that the work on preparedness must be stepped up at all levels for the EU27 to be ready for any possible outcome.

Source: [European Council](#)

BREXIT NEGOTIATION ROUND OF 26 JULY

On the 26 July, another important meeting took place between the EU and UK Brexit negotiations teams. The negotiations concerned the finalisation of the [Withdrawal Agreement](#), including a legally operative backstop for Ireland and Northern Ireland, and the first joint discussion on the future relationship.

The EU and UK have now agreed on more or less 80% of the Withdrawal Agreement which includes citizens, financial settlement and the much-needed implementation period. The last few remaining areas include governance, data protection and administrative procedures. The biggest remaining issue is however still the Protocol on Northern Ireland and Ireland. Discussion concern mainly the customs elements of the (temporary) backstop. The UK wants this to be UK-wide. The EU has no objection in principle to this but has its doubts that this can be done without putting at risk the integrity of our Customs Union, the EU Common Commercial Policy, regulatory policy, and fiscal revenue. The UK has promised to come back to with concrete proposals on how to address the EU's concerns. Both teams will reflect on this in the coming weeks.

"In contrast, on the future economic relationship, it comes as no surprise that finding common ground between the EU27 and the UK is more difficult", Michel Barnier said. There is only agreement on a common denominator: both parties want an ambitious Free Trade Agreement and an ambitious customs arrangement. However, the EU cannot – and will not – delegate the application of its customs policy and rules, VAT and excise duty collection to a non-member, who would not be subject to the EU's governance structures. Any customs arrangements or customs union must respect this principle. According to Barnier, the UK paper on the future relationship is not in line with these principles. The UK sees this a bit differently and Dominic Raab stated after the meeting: "We have proposed robust commitments to ensure trade is open and fair, and while I understand the EU's underlying concern, the commitment to open and fair trade must of course be met on both sides".

The negotiation teams have agreed to meet again in mid-August and then to continue weekly discussions with the goal to reach a final Withdrawal deal and a political declaration on the future relationship in October.

Sources: [EU Commission](#) and [UK Government](#)



Customs

EU-US DEAL AFTER JUNCKER'S VISIT TO THE WHITE HOUSE

On 24 July, President Juncker and Commissioner Malmström were received at the White House by President Donald Trump to discuss EU-US trade issues. The meeting led to a Joint Statement where both sides pledged to work together towards zero tariffs, zero non-tariff barriers and zero subsidies on non-auto industrial goods.

It was agreed to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods. The EU and US will also work to reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products, as well as soybeans. Secondly, the parties agreed to strengthen strategic cooperation with respect to energy. The European Union wants to import more liquefied natural gas (LNG) from the United States to diversify its energy supply. Thirdly, an agreement was reached to launch a close dialogue on standards in order to ease trade, reduce bureaucratic obstacles, and slash costs. Fourthly, the parties agreed to join forces to protect American and European companies better from unfair global trade practices. This should be achieved by working closely together with like-minded partners to reform the WTO and to address unfair trading practices, including intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state owned enterprises, and overcapacity.

It was decided to set up an Executive Working Group of advisors to carry this joint agenda forward. In addition, it will identify short-term measures to facilitate commercial exchanges and assess existing tariff measures. It was agreed that while the EU and US are working on this, they will not go against the spirit of the agreement made, unless either party terminates the negotiations.

Source: [EU Commission, DG Trade](#)

REPORT ON EU CUSTOMS RISK MANAGEMENT

Last week, the Commission adopted the second progress report and staff working document on the EU strategy for Customs Risk Management. The report is a response to the Council Conclusions of December 2016 and provides an overall qualitative assessment of the implementation of the [EU Strategy and Action Plan for Customs Risk Management](#). It shows the significant progress made by all Member States and the Commission, especially in strengthening collaboration between all parties involved in Customs Risk Management as well as in launching new initiatives.

According to the [progress report](#) and the [staff working document](#), almost all actions identified in the 2014 Commission Strategy and Action Plan for better Customs Risk Management have now been launched. However, the report also stresses that EU Customs must continuously adapt to face new threats and challenges, such as terrorism, to contribute to the security of EU citizens. At the same time, the report also highlights the importance of more efficient Customs Risk Management to facilitate increased international trade flows and to safeguard the EU's financial interests. In this respect, the full implementation of Customs IT systems, mainly ICS2 and PLACI for which full implementation is foreseen for 2025, will be a major achievement.

The Commission notes, however, that while the snapshot provided in this report is as accurate as possible, it cannot completely reflect the activity of customs in the area of risk management.



According to the Commission, customs authorities must constantly reinvent themselves to face new threats that appear day after day, which may have a negative financial impact on both the EU's and Member States' budget. These threats are often linked to the activity of criminal networks that master technology better and better. Within this context, the conclusions of the report state that the Member States and the Commission need to be able to measure progress in terms of greater protection balanced with trade facilitation, by collecting and analysing evidence-based data. Regarding monitoring, the report states however that it should be acknowledged that while quantitative data is essential, it can never be a full measure of contribution as there are underlying differences in processes and results.

Source: [EU Commission, DG TAXUD](#)

2018 EDITION OF THE WCO SAFE FRAMEWORK

On 26 July, the WCO published the 2018 edition of the SAFE Framework of Standards, following its adoption by the Council at the end of June 2018. The Framework provides baseline international standards to secure and facilitate global trade. It is updated every three years to ensure that it remains relevant and reflects new opportunities, challenges and associated solutions.

[SAFE Framework of Standards to Secure and Facilitate Global Trade](#) (SAFE Framework) was launched in 2005 in order to act as a deterrent to international terrorism, secure revenue collections and promote trade facilitation worldwide. Since then it has been updated regularly. The 2018 version augments the objectives of the SAFE Framework with respect to strengthening cooperation between and among Customs administrations, for example through the exchange of information, mutual recognition of controls, mutual recognition of Authorized Economic Operators (AEOs), and mutual administrative assistance. In addition, it calls for enhanced Customs cooperation with government agencies entrusted with regulatory authority over certain goods (e.g., weapons, hazardous materials) and passengers, as well as with entities responsible for postal issues. The Framework now also includes a comprehensive list of AEO benefits with certain minimum assured benefits.

Source: [World Customs Organisation](#)

Digitalisation

COMMISSION URGES MEMBER STATES TO IMPLEMENT EU CYBERSECURITY LEGISLATION

Last week, the Commission sent a letter of formal notice to 17 Member States to fully transpose into national laws the first piece of EU-wide legislation on cybersecurity; the Directive on Security of Network and Information Systems. The objective of the directive ([NIS Directive](#); [Directive 2016/1148/EU](#)) is to achieve evenly high level of security of network and information systems across the EU through the development of national cybersecurity capabilities, increasing EU-level cooperation and incident reporting obligations for operators of essential services and digital service providers.

Member States had to transpose the NIS Directive into national laws by 9 May 2018 as it entered into force in August 2016. So far [11 Member States](#) have notified the European Commission of the full transposition of the Directive and are in the process of a transposition check with a view to confirm



the full transposition. The other Member States have two months to respond to the formal notice sent by the Commission; otherwise, the Commission may decide to send a reasoned opinion.

Source: [EU Commission, Digital Single Market](#)

Forthcoming events

CLECAT MEETINGS

CLECAT/FIATA ROAD INSTITUTE MEETING

7 September, Prague, Czech Republic

CLECAT BREXIT WORKING GROUP AND CUSTOMS INSTITUTE

SAVE THE DATE 16-17 September, Brussels, Belgium

CLECAT MARITIME INSTITUTE/DIGIT WORKING GROUP

11 September, Brussels, Belgium

FIATA WORLD CONGRESS

26-29 September, New Delhi, India

CLECAT Board/GA Meeting

14 November, Brussels, Belgium

FFF2018 – CUSTOMS, TRADE and SKILLS – What’s the Deal?

15 November, Brussels, Belgium

CLECAT CUSTOMS AND INDIRECT TAXATION INSTITUTE

SAVE THE DATE 16 November, Brussels, Belgium

OTHER EVENTS WITH CLECAT PARTICIPATION

EUROPEAN TRANSPORT FORUM: POTENTIAL FOR DECARBONISING EUROPE

25 September, Brussels, Belgium

ENERGY VISIONS SERIES: CLEANER, CONNECTED AND COMPETITIVE

26 September, Brussels, Belgium

EU CUSTOMS SINGLE WINDOW PROJECT

25-27 September, Gdansk, Poland

FEDESPEDI AEO EVENT

11 October, Milan, Italy

EP MEETINGS

European Parliament TRAN Committee

29 - 30 August, Brussels



6 September, Brussels

European Parliament IMCO Committee, Workshop on UCC Transitional Period

6 September, Brussels, Belgium

European Parliament Plenary Session

10 - 13 September, Strasbourg

Contact

Nicolette van der Jagt

Director General CLECAT

Rue du Commerce 77, B-1040 Brussels, Belgium

Tel +32 2 503 4705 / Fax +32 2 503 47 52

E-mail nicolettevdjagt@clecat.org / info@clecat.org

 @CLECAT_EU

www.clecat.org



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