

NEWSLETTER

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Brussels news

FFF2018: "CUSTOMS, TRADE AND SKILLS - WHAT'S THE DEAL?"



More than 130 persons have to date registered for the Freight Forwarders Forum which will take place on Thursday next week. The event entitled "Customs, Trade and Skills - What's the deal" is taking place on the 15th November at the World Customs Organisation in Brussels. The Forum will highlight the importance of connecting trade, customs and skills across the EU and address

challenges freight forwarders, customs agents and others in the logistics supply chain are facing in view of Brexit, increased protectionism and new customs legislation and systems entering into force.

We are delighted to announce confirmed speakers for the event, including representatives of the European Commission, WCO and industry experts: Jean-François Auzeau, Chair CLECAT Customs and Indirect taxation institute, Greet Van Melkebeke, Senior Business Manager, Randstad , Olivier Thouard, Customs & Tax Director, GEFCO, Dr Sara Godfrey, Stakeholder Engagement lead, EU Exit Customs Policy Team HMRC UK, Lars Karlsson, KGH Global Consulting, Klaas Wassens, Executive Director of the Master in Customs and Supply Chain Compliance, Rotterdam School of Managament, Birgit Reiser, Customs and Tax Training Manager, DG TAXUD, Werner Rens, Advisor, Belgian Administration of Customs and Excise, Rob Ewalds, CEO, Gaston Schul Group, Ana Hinojosa, Director of Compliance and Facilitation, WCO, Frank Heijmann, Dutch Customs, Lennart Heip, President, Belgian Shippers' Council (OTM), Jean-Francois Auzéau, Director Customs, Ziegler France



Dora Gaspar, DG TAXUD/ICS2 Team, Axel Klein, Head of Compliance, Lufthansa, Lothar Moehle, Director AVSEC + Governance Global Air Freight Schenker, Hong Nguyen, World Customs Organization

Capitalise on this unique opportunity to learn about changes in trade and customs and the impact they will have on your sector and secure one of the last spots left. More information is available at the <u>CLECAT conference webpage</u>. The program is available <u>here</u>. If you are interested in registering for the event, you may do so here but registration closes on Monday.

ELP EVENT ON EURASIAN LANDBRIDGES



The European Logistics Platform (ELP) is organising a dinner European debate to discuss the development of the EurAsian landbridges on the 20th November in Brussels. The disucssions will focus on the involvement of the users' needs in the development of new infrastructure and services in the EU and neighbouring non-EU countires. What are the needs of European logistics with regards to

trade facilitation on the corridors in the areas of standards, customs, interoperability, etc will be the main topics of the debate. The event will also get some insight from the Commission on the EU-Asia Connectitivity Strategy aimed at a more inclusive approach for development of connectivity with Asia.

The even is hosted by MEP Wim van de Camp (EPP) and includes the following speakers: Thomas Kowitzki, Head of China Rail / Multimodal Europe, DHL Global Forwarding GmbH, Hendrik Wehlen, General Manager Sales & Operations, Interrail Europe GmbH and Alain Baron, Head of the International Transport Sector, DG MOVE

The dinner debate will take place on 20th November at 18.30 at the Leopold Hotel, Rue du Luxembourg 35, 1050 Brussels. If you are interested, please register here.

DRAFT REPORT ELECTRONIC TRANSPORT INFORMATION

The Transport committee (TRAN) of the European Parliament has published the draft report of MEP Claudia Schmidt (EPP, Austria) on the Commission proposal for Electronic Freight Transport Information (EFTI). With the initiative the Commission wants to establish a fully digital environment for information exchange in freight transport, replacing paper transport documents, which will facilitate digital information flows for logistic operations.

CLECAT has in its recently published position paper welcomed the proposal because it sets an important basis for the establishment of a 100% digital environment for information exchange in transport, to the benefit of both the business community and the authorities. However, CLECAT considers that the proposed regulation requires more fine-tuning in several areas.

MEP Schmidt has in her draft report welcomed the proposal. Several proposed amendments are fully in-line with CLECAT's position. However, for some amendments, CLECAT doubts whether the key objective of increased efficiency for transport and logistics is taken sufficiently into account. The TRAN committee will consider the draft report on the 21/22 November. The deadline for tabling amendments is 4th December and TRAN will vote on the 22 January.



FINAL CONFERENCE ON SAFE AND SECURE PARKING



On 6 November, the final Conference of the EU-funded project "Study on Safe and Secure Parking Places for Trucks" took place in Brussels. Transport Commissioner Violeta Bulc and MEP Peter van Dalen made a forceful case for the need of safe and secure truck parking solutions at an EU-level. Subsequently, the preliminary

results of the Study were presented and discussed with the audience. During the conference, the industry view and the preliminary main results of the study were presented. Following that, the next steps, including financing and investment possibilities, were debated.

The SSTPA study aims at defining an action plan for safe and secure parking places, with the objective of creating the right framework for authorities and private developers who wish to establish safe and secure parking places, including accurate information regarding planning, operation and standardization processes and best practices.



The study showed that there is an overall common concern amongst all respondents that there are no sufficient parking areas, and even less safe and secure truck parking areas. Generally, information on SSTPAs is either not available or not accurate. Considering that only a minority of existing SSTPAs provide online booking, an urgent need for booking systems was expressed. While sanitary facilities are on top of the drivers' and companies' preference list, security has been a common concern amongst all respondents. To address the security concerns, site surveillance & control, lighting, fencing and emergency contact points were seen as the main measures to address the ongoing problem.

Moreover, the study showed that although 78% of parking areas were certified, there is no common system for the certification of SSTPAs, thereby representing an urgent need for commonly agreed definitions and standards. To address this lack, a standard has been created within the ambit of the survey which allows for the rating of SSTPAs in four levels, from basic to very high, which build on each other. All security levels must be combined with a uniform common set of basic service requirements. More information on the project and the study's consortium can be found here. The presentations which were used during the final event are available here.

Road

MOBILITY PACKAGE 1: FOR A EUROPE OF BRIDGES OR WALLS?

Lithuanian MEP Petras Auštrevičius in cooperation with the Lithuanian National Road Carriers Association LINAVA held an event in the European Parliament called "Mobility Package: for a Europe of bridges or walls?" on 6 November. Representatives of the European Parliament, Brussels-based organisations as well as Danish, German, Lithuanian, Czech and Slovak national associations of industry, logistics, shipping and haulage gathered to discuss key proposals of the Mobility Package 1 and their potential impact across various of economic sectors. The discussion in particular focused on the risks associated with the proposal to split international transport operations, an obligation of



return home of a truck, discrimination and proportionality of rules, spill-overs and negative implications to the Single Market and economies.

MEP Auštrevičius opened the event by stressing the importance of the EU Single Market and road transport as its integral part. According to Mr. Auštrevičius, the Mobility Package's proposals



will not only define the future of the EU's road transport but also affect logistics, industries and many other sectors.

CLECAT's Director General Nicolette van der Jagt noted: "The application of the Posting of Workers Directive to international transport operations will create an excessively complex administrative



system, difficult for transport operators to adhere to, especially for SMEs. It will result in higher transport and logistic costs, disrupt and undermine the efficiency of EU value chains, and harm the competitiveness of EU industry at large". The presentation of association LINAVA representative Tomas Garuolis focused on the most recent proposals on a split of international transport and return home of a vehicle by

putting: "Drivers from the same EU Member State performing cross-trade and bilateral transport would not be on an equal footing in terms of social entitlements and remunerations. Moreover, it would end up in double standards, distortion of the Single Market and a level playing field within the EU."

Speaking about obligatory return home of a vehicle, the case of peripheral EU Member States was pointed out: "The return home of a vehicle is about more empty runs, more fuel consumption, more CO2 emissions, less efficiency and no social benefits. What is even worse, it would make the cost of compliance among EU hauliers imbalanced. Peripheral hauliers would have to allocate more time and financial resources compared to countries closer to the Europe's centre. Their legitimate rights to provide services in the EU would be discriminated due to the geographic location" said T. Garuolis.

Bulgarian MEP Andrey Novakov made it clear that if transport companies were forced to return empty trucks home for 2000 km they would bankrupt in half a year. Additionally, the application of posting would result in 10% more personnel for administrative work. Also he considered the proposed cooling-off period for cabotage totally unjustified.

PLENARY VOTE ON EUROVIGNETTE

On 25 October, the European Parliament adopted by 398 votes to 179, with 32 abstentions, the proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures (Eurovignette Directive).

According to the adopted text, all light and heavy-duty vehicles in the EU will be charged depending on their actual road use and the pollution generated. To this end, EU countries using time-based charges (vignette) will need to switch to distance-based charges (tolls) from 2023 in the case of trucks and buses, and from 2027 for vans and minibuses. The proposed Directive thereby aims to help meet EU emission reduction targets for the transport sector and make road user charges fairer.



The changes will apply only to the roads and motorways making up the EU's trans-European transport network and only where road charges already apply. Member states will still have the option not to levy tolls. According to the amended text, road networks covered by an infrastructure charge shall offer a high level of road safety and be equipped with all the necessary infrastructure, such as safe parking areas in all weather conditions, to comply with the obligations laid down in the Regulation on rest periods and driving times.

Furthermore, the adopted text introduces external-cost charging for traffic-based air or noise pollution caused by HDVs and vans intended for the carriage of goods, as well as congestion charging which may be introduced or maintained independently from infrastructure charges.

Moreover, the text foresees ringfencing of the charges, the possibility for discounts, as well as the possibility for Member States to introduce a kilometre-based flat-rate exemption on a specific road section, taking into account the mobility patterns and economic interest of peripheral regions.

The adopted amendments are available here. After the Council has voted on its position, the Parliament can start negotiations.

Rail

EU DISAPPROVES BROAD GAUGE EXTENSION

CLECAT has learned that the European Commission objects to the plan of an extension of the broad gauge railway line from Slovakia to Austria, which is currently entering its next stage, thereby moving closer towards the realisation of this ambitious project. According to the Austrian Federal Railways (ÖBB), the construction may commence by the end of this year. The project is supported and promoted by the Austrian Freight Forwarders' Association.

The gauge extension project is based on a cooperation agreement signed by the Austria Federal Railways (ÖBB) and the Russian Railways (RZD) in February 2018, which provides for the development of cooperation in the markets of third countries. The signatories are aiming to extend the gauge to make the greater Vienna area an intermodal hub for goods from the Russian and East Asian regions. According to ÖBB, the macroeconomic advantages are estimated at approximately 127,500 annual job equivalents and an added value of approximately 16 billion Euros for Austria as a business location. According to the feasibility study, an additional freight traffic volume of approximately 20 million tonnes per year by 2030 would be expected on the railways in the Vienna area. Moreover, ÖBB argues that the project would boost trade relations between Europe and China, as the route via Austria, Slovakia and Ukraine to Russia and China onwards is increasingly gaining importance on the New Silk Road and this railway line would further improve these connections. According to the feasibility study, the construction costs for the approximately 400-km long, single-track, electrified plug from Košice to the Vienna area have been calculated at approximately 6.5 billion Euros. Among other things, 40 km of tunnels and a bridge over the Danube would be necessary.

The Commission has criticised the project, noting that it would in effect benefit only a few companies rather than the railway sector as a whole.

Source: Railfreight



Air

EC PROPOSES RESERVATION FOR CORSIA

On 5th November, the Commission proposed a Council position to notify ICAO, the UN aviation body, of their reservation to sign up to the carbon offsetting scheme by 1 December, to allow the EU to fully evaluate the scheme before taking a final decision by 2020. The Commission urges for the notification of this reservation to prevent a situation in which EU Member States could be locked into the CORSIA scheme, thereby potentially compromising the EU's ability to regulate emissions itself.

As reported earlier (Newsletter 2018/25), CORSIA will begin on a voluntary basis in 2021, but airlines are required to monitor their emissions starting January 2019. The European Commission is proposing changes to facilitate reporting without prejudice to a final EU decision on participation taken by the European Parliament and the European Council, which is due by mid-2020 after the Commission has evaluated the emissions impact of joining CORSIA.

However, airlines are currently pressuring EU Member States to replace the EU Emission Trading System (ETS) with the CORSIA scheme. If the EU were to remove the intra-EU flights from the EU ETS by joining CORSIA, it could create a gap of 96.2 million tonnes CO2 in its 2030 climate target. Additionally, a recent study by the Commission has shown that CORSIA is based on offsets which may not reduce emissions in 98% of cases. Therefore, the evaluation of the impact is of utmost importance for the EU.

In October, the European Parliament called on the EU to refrain from a decision on participating in CORSIA pending a review of the scheme as provided for in EU legislation. The Commission's proposal is expected to be discussed later this month by the Council, before the deadline for a reply to ICAO, which is due before 1 December.

Customs

TRADE CONTACT GROUP DISCUSSES BREXIT

CLECAT participated at the Plenary meeting of the Trade Contact Group meeting of DG TAXUD last week. The plenary meeting of DG TAXUD's Trade Contact Group is also the formal meeting where customs issues related to Brexit are discussed with the private sector. The customs expert of the Article 50 negotiation team and the Secretariat General of the Commission, which is responsible for preparedness, provided an update and discussions were held on several important issues were discussed, including the Common Transit Convention, preparedness of various stakeholders and communication and cooperation.

All members of the TCG agreed that that cooperation with the private sector concerning Brexit can be improved, especially on practical implementation issues. In many cases these practical issues concern national or even local cooperation, depending on the (air)port, but cooperation on an EU-level is just as crucial. The Commission noted that it is considering to establish a working group to address all these issues. CLECAT highly appreciates such an initiative and will provide input to the Commission on



possible topics and issues. CLECAT has also already asked the Commission to improve cooperation in the field of education and recruitment of customs professionals.

For the Common Transit Convention, it was discussed that in September, the Council "invited" the UK to the Common Transit Convention (CTC). Currently, the UK is Member of the Convention as an EU Member State. So, such a transition would only require a small technical amendment. It was accepted by the Council to invite the UK to the Convention and the UK Parliament accepted the invitation. This means that since the end of September, the accession process has started. There should not be an issue with the accession of the UK to the CTC. It is expected that the UK can join in time in case of a no-deal situation. The Convention will also be in place after a possible transitional period. Until that that time, the UK will remain within the Convention as an EU Member State.

Council documents on CTC, UK Parliament on CTC

VAT REFORM

The Council (ECOFIN) has recently agreed on several topics regarding the far-reaching reform of VAT in the EU. Agreement was reached on four short-term 'quick fixes', the reverse charge' mechanism, enhanced administrative cooperation and VAT-rates for e-publications.

Pending introduction of the new VAT system, four short-term 'quick fixes' will be made regarding the VAT aspects of trade between the Member States. Discussions are ongoing on a definitive VAT system to replace the current 'transitional' VAT arrangements, which have been applied since 1993. The Council agreed on the four 'quick fixes' initially presented by the Commission: the proposals provide for a simplified and uniform treatment for call-off stock arrangements, where a vendor transfers stock to a warehouse at the disposal of a known acquirer in another member state; to benefit from a VAT exemption for the intra-EU supply of goods, the identification number of the customer will become an additional condition; to enhance legal certainty in determining the VAT treatment of chain transactions, the proposals establish new criteria; a common framework is proposed for the documentary evidence required to claim a VAT exemption for intra-EU supplies. These adjustments will apply from 1 January 2020

Another proposed Directive will allow Member States that are most severely affected by VAT fraud to temporarily apply a generalised reversal of VAT liability. Member States will be able to use the generalised reverse charge mechanism (GRCM), only for domestic supplies of goods and services above a threshold of €17 500 per transaction, only up until 30 June 2022, and under very strict technical conditions. In particular, in a member state that wishes to apply such measure, 25% of the VAT gap has to be due to carousel fraud. Among other requirements, this Member State will have to establish appropriate and effective electronic reporting obligations on all taxable persons, in particular those to which the mechanism would apply.

Furthermore, the Council adopted measures to boost administrative cooperation. The regulation will tackle the most widespread forms of cross-border fraud by improving how tax administrations cooperate amongst themselves and with other law enforcement bodies. The Council also agreed a proposal allowing Member States to apply reduced, super-reduced or zero VAT rates to electronic <u>publications</u>, thereby allowing alignment of VAT rules for electronic and physical publications.

Source: EU Council, EU Commission



IMPORT OF CULTURAL GOODS

The EU is taking steps to clamp down on the illicit trafficking in cultural goods. EU ambassadors agreed on a draft Regulation which will prevent the import and storage in the EU of cultural goods illegally exported from a non-EU country. These new rules should preserve cultural heritage, in particular archaeological objects in countries affected by armed conflict, but will also prevent the financing of terrorist activities through such trafficking.

The Regulation covers cultural goods that are created or discovered outside the EU, due to be released in free circulation or to be placed under a customs procedure other than transit, older than 250 years and worth at least €10 000. Depending on the extent to which they are vulnerable to pillage and destruction, cultural works are divided into two categories under the draft regulation. The most vulnerable, such as archaeological objects, elements of monuments and rare manuscripts, will require a special licence issued by an EU country. This will be issued upon proof by the importer that the goods in question have been lawfully exported from their country of origin. Others, considered less vulnerable, will be imported on the basis of a simple statement by the importer that the goods in question have been lawfully exported.

Information on cases where import licences have been granted and importer statements issued will be stored in a centralised electronic data base, which will be set up by the Commission and made accessible to all national authorities in the EU.

The Council will now begin negotiations with the European Parliament with the aim of reaching a rapid agreement.

Source: **EU Council**

COMBINED NOMENCLATURE 2019

The European Commission has published the latest version of the Combined Nomenclature (CN) applicable as from 1 January 2019. The Combined Nomenclature forms the basis for the declaration of goods at importation or exportation or when subject to intra-Union trade statistics. This determines which rate of customs duty applies and how the goods are treated for statistical purposes.

The latest version is now available as Commission Implementing Regulation (EU) 2018/1602 in EU Official Journal L 273 of 31 October 2018 and applies from 1 January 2019. The latest version includes:

- Amendments to implement the gradual reduction of duty rates for fresh bananas;
- Amendments to implement the gradual reduction of duty rates for Information Technology Products (ITA2);
- Amendments to take account of changes in requirements relating to statistics, to commercial policy and technological and commercial developments, by deleting obsolete codes, by introducing new subheadings to facilitate monitoring of specific goods;
- Amendments to adapt the list of international non-proprietary names and the list of pharmaceutical intermediates, which are free of duty;
- New CN codes to better monitor the growing market of 'beverage can body stock', 'beverage can end stock and tab stock', under subheading 7606 12 and to definitions of these products under a new Additional note 2 to Chapter 76; and
- Certain minor changes in order to align the different language versions of the text

Source: **EU Commission**, **DG TAXUD**



Digitalisation

EU TO STRENGTHEN SHARING OF PUBLIC SECTOR DATA

On 7 November, Member States agreed on reforms which are part of wider EU efforts to increase the supply of data to support the economy and to make sure that more data is used for the benefit of everyone. The new rules will encourage the development and uptake of new data-based services and technologies, such as artificial intelligence. They are also a major step towards making open data more widely available in the EU.

The draft rules encourage the dissemination of dynamic data, such as real-time transport or weather data coming from sensors or satellites. Public bodies would have to make such data available via application programming interfaces (API). The agreed text stipulates that high-value datasets would be identified as a second step after the adoption of the directive. These datasets would need to be made available for free in the entire EU, and should be machine-readable and automatically transferable through an API. The Commission would draw up a list of specific types of high-value datasets in a separate implementing act, which would apply to both public bodies and public undertakings. The Council text also reinforces the concept of open data as meaning data in open formats that can be freely used and shared for any purpose. It has added the notion of open data to the title of the proposal to reflect this.

Following entry into force of the directive, member states would have two years to adopt national provisions to put it into practice. Member states would be able to go beyond the minimum standards laid down in the directive.

The agreement in the Permanent Representatives Committee constitutes a mandate for the presidency to start talks with the European Parliament with a view to reaching agreement on the final text. The Parliament has not yet agreed on its position.

Source: European Council

FREE FLOW OF DATA: EU ADOPTS NEW RULES

On 9 November, Council signed off on a <u>reform that should bring down barriers to the free movement</u> of non-personal data within the EU. The new rules are designed to boost the data economy and the development of emerging technologies such as cross-border autonomous systems and artificial intelligence. A provisional deal was concluded with the European Parliament on 19 June 2018.

The reform bans data localisation restrictions imposed by Member States on the geographical location for storing or processing non-personal data, unless such restrictions are justified on grounds of public security. Member States' authorities will continue to have access to data even when it is located in another country. Data may need to be accessed for example for the purposes of regulatory or supervisory control. The regulation also encourages the development of codes of conduct to make it easier for users of data processing services to switch providers or to port their data back to their own IT systems.

The Council vote concludes the legislative procedure at first reading. The European Parliament voted on 4 October 2018. The regulation is set to be signed by both institutions during the Parliament's



plenary session in mid-November and then published in the EU Official Journal. It will be directly applicable in all member states six months after its publication.

Source: European Council

General

ENHANCED IMO-WCO COOPERATION

On 2 November the Secretary General of the World Customs Organisation (WCO) and the Secretary General of the International Maritime Organization (IMO) agreed on further cooperation between the two organisations on a range of areas, including data sharing, technology, security and facilitation.

Both Secretaries General appreciated the cooperation that currently exists between the two organizations in data harmonisation and standardisation through the close alignment between the WCO Data Model and the IMO Convention on Facilitation of International Maritime Traffic (FAL Compendium). They also shared their interests in the use of passenger data in the maritime environment, especially in relation with cruise ships.

Source: World Customs Organisation

Forthcoming events

CLECAT MEETINGS

CLECAT Board/GA Meeting

14 November, Brussels, Belgium

CLECAT Rail Institute Meeting

14 November, Brussels, Belgium

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

15 November, Brussels, Belgium

CITI Customs Indirect Taxation Institute meeting

16 November, Brussels, Belgium

OTHER EVENTS WITH CLECAT PARTICIPATION

VEA Annual Congress

13 November, Antwerp

ELP event on EurAsian Landbridge

20 November, Brussels



GLEC Meeting

27 November, Bonn

Export Control Forum

13 December, Brussels

EP/COUNCIL MEETINGS

European Parliament Plenary Session

12-15 November, Strasbourg

European Parliament TRAN Committee

15 November, Brussels 21-22 November, Brussels 3 December, Brussels

European Transport Council

3 December, Brussels

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