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News from Brussels

PORTUGUESE PRESIDENCY WORK PROGRAMME



2021PORTUGAL.EU

Since 1 January 2021, Portugal is heading the Council of the EU. In the recently published [Presidency Work Programme](#), Portugal sets out a plan to deliver on a “fair, green and digital recovery”.

The implementation of the European Green Deal will be prioritised, the programme explains, adding that efforts on energy and sustainable mobility must be strengthened. It foresees enhanced intermodality and strives to decarbonise sectors, such as through an increase in the use of green hydrogen as an energy source. The Portuguese Presidency is also expected to start and steer the trilogue negotiations with the European Parliament and the Commission on the Eurovignette Directive revision, acting as an ‘honest broker’ and paving way for an institutional agreement.

With respect to the COVID-19 recovery, the Portuguese Presidency aims at providing support measures as well as to contribute to the modernisation and sustainability of the transport and logistics sector. The Presidency will continue the efforts on a contingency plan for transport and work on making the sector more resilient.

The Presidency will also launch the European Year of Rail in Lisbon in March, which it describes as a unique opportunity to further debate measures enabling both rail infrastructure and rolling stock to contribute to decarbonisation, modernisation and the safety of transport. As regards the trans-European transport network, the Portuguese Presidency will give impetus to the completion of the



core network by 2030 and to augmenting its density within the Union. Together with the European Commission, the Presidency will host the Trans-European Transport Network (TEN-T) Days 2021 in Lisbon in June. Concerning air transport, the Presidency will follow up on the European Commission's legislative proposals, focusing on an effective Single European Sky, as well as other measures needed to bring stability to the sector following COVID-19, ensuring the full involvement of the Member States.

Maritime

SHIPPERS AND FORWARDERS CALL ON EUROPEAN COMPETITION AUTHORITIES TO ACT

CLECAT and ESC issues a joint press release earlier this week with received broad coverage in both the public and trade press. The press release notes that European shippers and freight forwarders have once more alerted the European Commission on the current practices of liner shipper carriers as European supply chains are becoming more distorted. The associations will meet the Commission in the second half of January to further demonstrate the damage carriers' behaviour is causing to trade growth at a time of economic recession.

In a joint letter to the Competition Directorate of the European Commission, CLECAT and the European Shippers' Council (ESC) have informed the Commission on issues arising from carriers' ongoing practices. These relate to the violation of existing contracts, the establishment of unreasonable conditions concerning the acceptance of bookings and the unilateral setting of rates far in excess of those agreed in contracts.

This situation is particularly affecting small European businesses with limited financial reserves. A telling example is that a French company producing electric bikes may go out of business as the company is not receiving spare parts out of Asia. Due to the delays and the lack of space, combined with the surge in tariffs, this start-up business is making losses and may not sustain in the near future, as the company is not able to finish its products for sale. The adverse consequences of carriers' practices are felt equally by many larger companies, including retail, fashion, automotive, cosmetics and IT businesses.

Carriers have been reserving for themselves the ability to change rates whenever they see fit notwithstanding the specific rates and charges agreed. Carriers are continuing to top their rates with surcharges, general rate increases, etc. Similarly, shippers and forwarders are being confronted with refused bookings and rolled cargo if carriers deem it more profitable to accept higher rated cargo for a particular sailing. Unacceptable practices also include imposing an extra fee as a price for accepting cargo at a new tariff charge, simply refusing to accept bookings at all for customers, forcing a customer with contract rates to move it to spot rates at much higher price.

The disruption in the supply chain because of the unprecedented number of blank sailings (up to 30% on some trades), combined with the lack of reliability (with only 50% of ships on time over the last year), has led to the current shortage of empty containers. Carriers are trying to ship containers back to China as fast as possible, simply because there is a need and profits are extremely attractive. But this has meanwhile led to a domino effect in as far as there is general shortage of equipment for European exports. As a consequence, forwarders and shippers are now also confronted with all sort of new surcharges such as 'equipment imbalance surcharges' which carriers are imposing. If carriers



decide to ship empty containers back to China for commercial reasons, is it doubtful whether it is justifiable to implement an ‘equipment imbalance surcharge’.

Last year, shippers, forwarders, terminal operators and others in the maritime supply chain expressed their dissatisfaction with the decision of the European Commission to once more extend the block exemption regulation for liner shipping, which it considered a one-sided exercise to the benefit of the carriers. Consortia agreements authorise carriers to collectively agree on blank sailings. The current shortage of capacity has enabled carriers to significantly raise rates on spot market cargo and for cargo under contract. The unreasonable practices of carriers regarding container equipment, rates and demurrage and detention charges present a serious risk to the ability of economic recovery in Europe.

ESC and CLECAT, whose members have been particularly affected by unilateral carrier rate and service changes, have asked the European Commission to take actions similar to those of competent authorities in other parts of the world.

CHINA TO TIGHTEN INSPECTION ON CARRIER PRICING PRACTICES

In the recent weeks, the Shanghai Containerised Freight Index saw transpacific spot rates exceed \$4,000 per FEU, Asia-Europe rates top \$4,000 per TEU, West Africa rates above \$6,000 per TEU and East Coast South America rates breach the record of \$8,000 per TEU. Spot rates from China to the rest of the world continued their heady upturn also in the first week of the new year, where Asia-Europe continues to drive developments.

The Transport Ministry of China said it will step up efforts to examine whether carriers have performed their rate reporting duties properly, while also pledging to prompt them to further increase vessel supply and container availability. Reportedly, the ministry and other related government departments are gearing up to hold another discussion with box shipping carriers amid mounting pressure from the country’s shipper community.



In a joint letter sent to China’s Ministry of Commerce last month, the China International Freight Agency Association and the China Shippers’ Association said carriers’ illicit pricing measures have “significantly affected and disrupted” the country’s foreign trade and the international logistics markets. Both associations accused container lines of imposing and misreporting excessive surcharges, for example when shippers delayed the delivery of cargo or reporting of the verified gross mass, among other incidents. Some shipping companies even

requested additional fees of \$350 per TEU after the slot booking was confirmed or forced customers to accept bundled road transport services to take advantage of the shortage of vessel space and equipment, they added.

The two concluded the letter by suggesting that government authorities, including the Ministry of Commerce, the Ministry of Transport and the State Administration for Market Regulation should launch an antitrust investigation into such practices.

Source: [Lloyd’s Loading List](#)



Brexit

CLECAT URGES CUSTOMERS TO PREPARE

CLECAT has welcomed the new economic relationship under the UK-EU Trade and Cooperation Agreement (TCA) which entered into provisional application on the 1st of January. The fact that a trade deal has been reached is good news for business on both sides of the English Channel. However, the late conclusion of the negotiations has not facilitated the transition: whereas the freight forwarding industry and customs brokers are well prepared, many of their customers still need to adapt their processes and prepare for inevitable export and import declarations and other administration for cross-border trade.

After a first week of business experiences, which has been relatively quiet, due to low volumes as many have secured sufficient stocks before the 1st of January, it remains apparent that overall awareness of the new border requirements and processes is still lacking. CLECAT therefore urges traders and hauliers to get better informed and prepared. CLECAT also notes that the stability of supply chains will also depend to a large extent on the competence and readiness of the EU member states and the UK to support and guide businesses during this period of transition. Cross-border flows are expected to increase rapidly in the upcoming weeks and potentially lead to severe disruptions at the EU-UK border, unless companies boost their last-minute preparedness efforts. Following an exchange of recent experiences between its member associations, CLECAT calls for attention on several specific issues that must be timely and adequately addressed to ensure frictionless flow of goods between the EU and the UK. These include:

1. **Safety and security:** CLECAT notes that there is still not sufficient awareness on the need for filing safety and security declarations in addition to the already required import, export and transit declarations for traded goods. EU legislation requires that all goods brought into the customs territory of the Union as of 1 January shall be covered by an entry summary declaration to enable customs to conduct a risk analysis for security and safety purposes and the trade deal did not change this requirement.
2. **Rules of origin:** The EU-UK TCA establishes zero tariffs or quotas for traded goods, provided that the agreed preferential rules of origin are met. The post-Brexit deal has provoked some misunderstanding from shippers, some of whom still believe that the deal implies an automatic removal of tariffs which is not the case. Companies will still have to certify that their goods qualify as locally sourced in order to avoid tariffs under the new trade deal.
3. **Sanitary and phytosanitary (SPS):** Under the EU-UK TCA, both sides maintain their fully independent SPS regimes, and trade in animals, plants and products thereof is already subject to systematic veterinary and phytosanitary controls at the EU border. Animals, plants and their products coming from the UK must comply with EU import/transit conditions for third countries: SPS import controls are in most cases carried out at the border at the first point of entry into the EU. Preparedness is key as consignments without the proper documentation will be returned to the UK which has already occurred during the first days of January.
4. **Return-refill packaging:** CLECAT members report on diverging national practices of EU member states regarding the import and export customs formalities applicable to return-refill containers and lack of sufficient clarification on existing rules. Economic operators are not adequately



informed of the related requirements and processes, which causes serious disruptions in the considerable amount of transport operations involving empty packaging materials.

5. **Clear and coordinated communication:** CLECAT considers that businesses on both sides need more practical guidance to prepare for the changes in EU-UK trade. However, the communication provided so far at EU level does not adequately reflect specific national measures and Brexit-related solutions. Economic operators are faced with different national solutions in EU member states and communication is not always readily available in more EU languages. CLECAT calls on national authorities to ensure that the new rules are better communicated and sufficiently clarified to avoid distortions of supply chains and help businesses remain compliant.

EU & UK PREPAREDNESS AND GUIDANCE

The European Commission recognises that even with the new EU-UK TCA in place, there will be big changes as of 1 January that will recreate barriers to trade in goods and services and to cross-border mobility and exchanges that have not existed for decades – in both directions, affecting public administrations, businesses, citizens and stakeholders on both sides. Therefore, the European Commission [proposed the establishment of a Brexit Adjustment Reserve](#), 'to counter unforeseen and adverse consequences in Member States and sectors that are worst affected'. The reserve can support measures including ensuring the functioning of border, customs, sanitary and phytosanitary and security controls, fisheries control, certification and authorisation regimes for products, communication, information and awareness raising for citizens and businesses.

The UK Government, in turn, published an [updated Border Operating Model](#) to reflect the new UK-EU Trade and Cooperation Agreement (TCA). Changes to the body of the text relate to rules of origin requirements, mutual recognition of AEO programmes and specific product requirements, such as wine and organics. Case studies have also been added to show end-to-end scenarios that will happen between GB and EU, importing and exporting goods from January 2021. Both documents can be found [here](#). The UK Government also published a detailed [Guidance on the rules of origin requirements under the post-Brexit EU-UK deal](#) and [how to claim preferential rates of duty between the UK and EU](#).

Road

WEEKLY BREXIT MARKET MONITOR TRACKS ROAD FREIGHT TRENDS

Tim Consult, a subsidiary of German cloud-based logistics software provider Transporeon, has launched its weekly Brexit Market Monitor, which provides the latest insights on key UK inbound corridors for road freight.

The current edition, for calendar week 53 (28 December 2020-2 January 2021), revealed that on Germany-UK routes, transportation demand decreased further, following rather standard seasonality pattern. Spot rates and rejections also went down, as the situation between the holidays was relatively quiet. The analyst said it expected the demand to continue to be subdued in the first weeks of January.

Turning to France-UK routes, Tim Consult said that, while demand was flat vs. CW 52, spot rates increased slightly. Similar to previous week, the isolated cases were observed with very high rates (up to €10/km), however this analysis included only transports up to €6/km. Rejections went down from the peak in CW 52 but were still 79% higher than the Q3 average.



As for Italy-UK routes, demand declined vs. CW 52 and the spot rates followed. Nevertheless, rates were still 42% above the Q3 2020 average. Surprisingly, rejections from Italy shot up again.

The lane from Poland was almost 'back to normal' after some extremes observed in the previous weeks. Demand picked up slightly vs. CW 52 but was still 57% lower than Q3. Spot rates went to levels rather normal for this part of the year and rejections were even below the Q3 average.

The full Brexit Market Monitor for CW 53 can be accessed [here](#).

FRANCE TO REQUIRE BLIND SPOT WARNING STICKERS FOR HDVS



A new decree entered into force in France on 1 January 2021, which requires heavy goods vehicles, exceeding 3.5t and operating in France, to be equipped with warning stickers to signal the position of blind spots to other road users.

This obligation applies to the HDVs travelling in an 'urban environment'. Non-compliance with the rule will result in a 4th class penalty fine of €135, which can be decreased or increased and associated with a loss of 1 to 6 points on the driving licence. These rules have been implemented to increase the protection of vulnerable road users (pedestrians, cyclists etc.) and to reduce a high number of road accidents in France.

The official stickers must be visible on the sides as well as the rear of the vehicle, but the detailed instructions regarding how and where to fix them have not been published so far. The official stickers are available from various sources, for instance [here](#) or [here](#).

In order to allow operators to comply with these new rules, a 12-month transition period has been agreed, during which it will be acceptable to have any visual indication of the presence of blind spots if the official stickers are not available.

The decree, including article R. 313-32-1 on HDVs, is available [here](#) (in French only).

Rail

EU YEAR OF RAIL BEGINS

1 January 2021 marked the beginning of the European Year of Rail. The European Commission initiative will highlight the benefits of rail as a sustainable, smart and safe means of transport. A variety of activities shall put rail in the spotlight throughout 2021 across the continent, to encourage the use of rail by both businesses and citizens and to contribute to the EU Green Deal goal of becoming climate-neutral by 2050. More information on the initiative, as well as an overview of the planned activities can be found on a [dedicated website](#).

As the first year of full implementation for the [4th railway package](#), 2021 shall also represent an important leap towards the Single European Railway Area: a more efficient European rail network with seamless mobility across borders.



The Commission's legislative agenda will also reflect the European Year of Rail, with proposals on a new rail industrial partnership, better links for rail with other modes of transport, and making freight transport more sustainable overall, as outlined in the Commission's recently adopted [Sustainable and Smart Mobility Strategy](#).

The Commission notes that in the EU, rail is responsible for less than 0.5% of transport-related greenhouse gas (GHG) emissions. This makes it one of the most sustainable forms of passenger and freight transport. Despite these advantages, only about 11% of goods and 7% of passengers travel by rail. The European Year of Rail shall create momentum to help increase rail's share of passenger and freight transport. This shall cut the greenhouse gas emissions and pollution coming from EU transport significantly, making a large contribution to the EU's efforts under the European Green Deal.

Source: [European Commission](#)

Air

AIR CARGO DEMAND IMPROVES IN NOVEMBER, CAPACITY REMAINS CONSTRAINED

The International Air Transport Association (IATA) released [data](#) for global air freight markets in November showing that freight volumes improved compared to October but remained depressed compared to 2019. Capacity remained constrained from the loss of available belly cargo space as passenger aircraft remained parked.



The data shows that global demand in November, measured in cargo tonne kilometres (CTKs), dropped 6.6% year-on-year. This was on par with the 6.2 % year-on-year drop in October. IATA adds however that the year-on-year decline is distorted as November 2019 had a boost in demand from the waning US-China trade war.

Simultaneously, global capacity, measured in available cargo tonne kilometres (ACTKs), decreased by 20% in November year-on-year. That is nearly three times larger than the contraction in demand. The capacity crunch is caused by a 53% decrease in in belly capacity. IATA notes that this has only been partially offset by a 20% increase in freighter capacity.

In terms of regional performance, strong regional variations continue with North American carriers reporting year-on-year gains in demand (+5%), while all other regions remained in negative territory year-on-year. European carriers reported a decrease in international demand of 13.7% in November year-on-year. This was a 2.7% decline in performance compared to October 2020. Air cargo in the region has been significantly affected by the resurgence of the COVID-19 virus and the impact of lockdowns on consumer demand and business activity – lack of capacity remains a challenge.

Source: [IATA](#)



EASA STATEMENT ON TRANSPORT OF CARGO IN PASSENGER COMPARTMENTS

On 5 January, the European Union Aviation Safety Authority (EASA) published a statement on exemptions allowing third country operators (TCOs) transportation of cargo in passenger compartments. It notes that following the disruptions caused by COVID-19 to the transportation of goods, some operators have been granted exemptions issued by their competent authorities allowing for the transportation of cargo in the passenger cabin of large airplanes. Based on the issued exemptions and a review of the related documentation, EASA posed no objection to this kind of operations in an effort to support the transport of medical supplies and other important goods as efficiently as possible.

EASA noted that it will continue to pose no objection to such operations provided that adequate mitigation actions have been put in place and the alleviation/exemption follows the below limitations:

- Transport products such as medical supplies, PPE as well as other cargo which is vital and essential for the functioning of sensitive supply chains affected by the COVID-19 pandemic.
- Carriage of dangerous goods in the passenger cabin is not authorised, with the exception of vaccines cooled by dry ice.
- Carriage of mix passengers and cargo in the cabin at the same time is not authorised

Targeted ramp inspections will be conducted by EASA and EASA MS NAAs to check the proper implementation of the above limitations TCOs flying to, from or within EASA Member States.

EASA notes that the transportation of cargo in the passenger cabin of large aeroplanes beyond already approved stowage areas is usually not covered by the approval of the aircraft. In addition, the main manufacturers, in cooperation with the certification authorities have now come out with viable safety solutions and eventual modifications to mitigate the risks introduced by this situation. In case TCOs are considering the transport of any other goods they should ensure full compliance with such certification standards and implement any necessary design changes. Exceptions to these rules will only be considered on a case-by-case basis and will be evaluated on the urgency of the COVID-19 related needs, the inexistence of any other means of transportation and the intended operation.

Additional information and guidance is available here:

- [EASA Guidelines for Transport of Cargo in Passenger Compartments](#)
- [Transportation of Vaccines Using Dry Ice](#)
- [ICAO QRG \(Quick Reference Guidance\)](#) on “Operational and Airworthiness considerations for the transportation of cargo in the passenger cabin (TCPC)”

Should you need further clarifications, please contact TCO@easa.europa.eu.

Source: [EASA](#)

ADDENDUM TO 2021-2022 EDITION OF ICAO DOC 9284

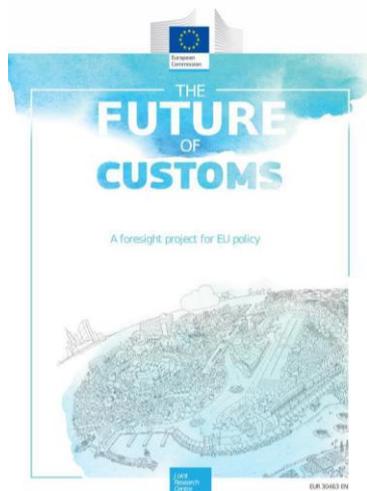
On 31 December 2020, the International Civil Aviation Organisation (ICAO) published an [addendum \(Doc.9284-AN/905\)](#) to the 2021-2022 edition of its [Technical Instruction for the Safe Transport of Dangerous Goods by Air \(Doc.9284\)](#). The amendments contained in the addendum were approved and published by decision of the Council of ICAO and should be incorporated into the 2021-2022 Edition of the Technical Instructions (Doc 9284) with an applicability date of 1 January 2021.



Customs & Trade

THE FUTURE OF CUSTOMS IN THE EU 2040 REPORT

The European Commission published [The Future of Customs in the EU 2040](#) report, which is an outcome of a year-long foresight process, in which CLECAT actively participated. The report aims to support strategic reflection on the future of the EU Customs Union, its relevance and its effectiveness in the long-term. Foresight serves policymakers in identifying, understanding and directing change, and thus supports the creation of policies that are more robust and fit for the long-term future.



The report outlines four scenarios of how customs in the EU could look in 2040. Further, the exploration of the scenarios and insights from the process fed into a vision-building process, which resulted in a co-created vision for EU Customs in 2040. The foresight process also included a first reflection on how the vision can be reached. Part I of the report presents the summarised outcomes of the foresight methods used, and Part II provides detailed outputs and methodology.

The European Commission's Joint Research Centre (JRC) undertook the project in collaboration with the Directorate-General for Taxation and Customs Union (DG TAXUD) and involved all relevant stakeholder groups: including representatives of Member States, key trading partners, trade associations, businesses, consumer organisations, international organisations, academia, and different Commission services.

Source: [European Commission](#)

WCO FULL E-COMMERCE PACKAGE

In December last year, the WCO Policy Commission and Council adopted key documents forming part of the [WCO E-Commerce Package](#), completing the set of tools supporting the implementation of the Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS). The documents include "Reference Datasets for Cross-Border E-Commerce", "Revenue Collection Approaches", "E-Commerce Stakeholders: Roles and Responsibilities", a document on an update/maintenance mechanism, and the first edition of the Compendium of Case Studies on E-Commerce. In addition, the WCO Policy Commission and Council took note of the progress in the area of cross-border e-commerce, including the finalization of key performance indicators for possible monitoring and evaluation of the E-Commerce FoS implementation.

The E-Commerce FoS provides 15 baseline global standards with a focus on the exchange of advance electronic data for effective risk management and enhanced facilitation of the growing volumes of cross-border small and low-value B2C and C2C shipments, through simplified procedures with respect to areas such as clearance, revenue collection and return, in close partnership with E-Commerce stakeholders. The FoS is accompanied by other documents including Technical Specifications, Implementation Strategy and Capacity Building Mechanism.

Source: [World Customs Organization](#)



Forthcoming Events

CLECAT MEETINGS

CLECAT Customs and Indirect Taxation Institute
25 January 2021, Online

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

CLECAT Road Institute
9 February 2021, Online

EVENTS WITH CLECAT PARTICIPATION

FIATA Region Europe Meeting
13 January 2021, Online

EU MEETINGS

Council of the European Union

Transport Council
3 June 2021, Luxembourg

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

European Parliament

European Parliament Transport Committee
11 January 2021, Brussels
25-26 January 2021, Brussels

European Parliament Plenary
18-21 January 2021, Strasbourg



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European Association for Forwarding,
Transport, Logistics and Customs Services

