



# TRADE OBSERVER

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Going green

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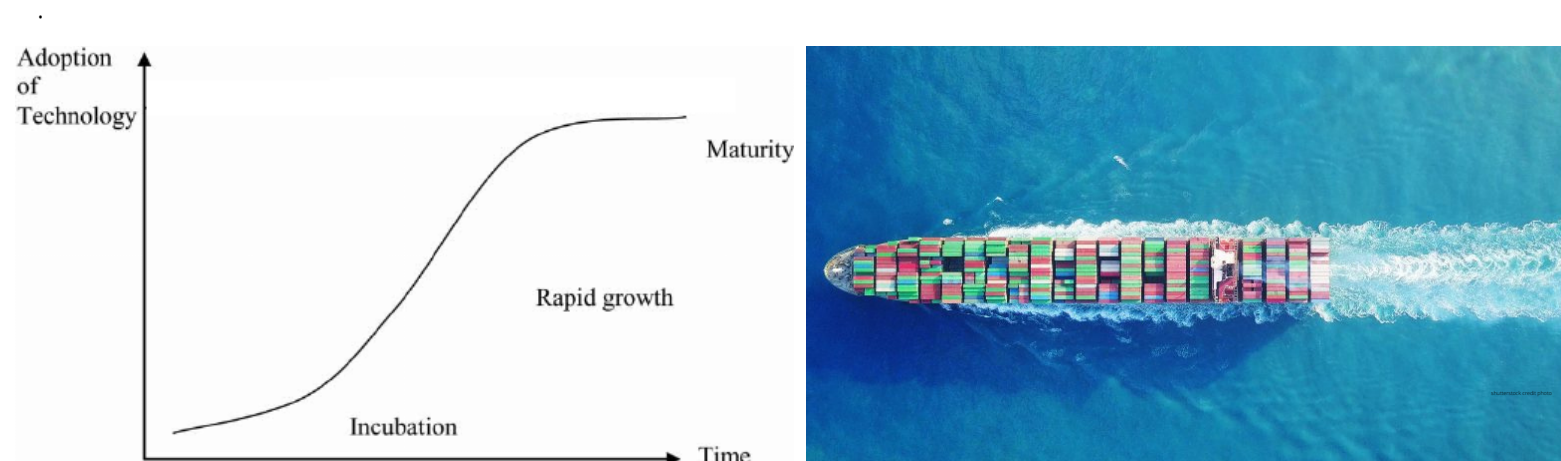


## International shipping is going low-carbon

*Reaching 5% of zero-emission fuels used in world transports by 2030 are needed to decarbonize shipping in line with the goals of the Paris Agreement.*

In 2019, the University Maritime Advisory Service (UMAS) conducted a study to achieve decarbonization of international shipping by 2050. Researchers estimate that zero-emission fuels must account for 27% of total energy by 2036, and 93% by 2046. So a 5% adoption rate of zero-emission fuels must be in place by 2030. This is in line with the Paris Agreement, which aims to limit global warming to less than 1.5 degrees Celsius.

As with all historical industrial transformations, the adoption of zero-emission fuels in shipping is meant to follow an S curve, divided into of three phases: a slow emergence phase, where learning is rapid and costs begin to fall. Then comes a diffusion phase, with a quick adoption of the new technology, confidence takes hold, increasing demand and encouraging investment along the value chain. Finally, when the new technology is adopted, the curve becomes flat. All of this forms the letter S as the transformation moves through the various stages of adoption.



By clarifying this goal, it would enable to gather engagement from all of parties :

- Energy companies will have greater confidence in demand when planning green fuel development projects.
- Cargo owners could pay a premium for zero-emission fuels on a corresponding percentage of their freight.
- Investors could quantify the amount of investment needed along the value chain.
- Ship-owners could plan investments in new construction and refurbishment.
- Regulators could be called upon to ensure a fair competition to enable the transition.

A recent IMO report on greenhouse gases indicates that this is indeed the direction to take. The growing number of players joining the Getting to Zero coalition is a sign that all entities involved in international trade are focusing on climate and ecological issues in order to preserve the planet. This movement is strongly endorsed by Customs Bridge, whose values of environmental protection in international trade are aligned with those of the Getting to Zero coalition. We look forward to its success.

## Anti-dumping: A French manufacturer of electric bikes risks bankruptcy

Arnof Haddouk, president of Vélobécane, a French electric bike specialist, is at risk of losing his company "because" of customs. Vélobécane, sees today 11 containers blocked at the port of Antwerp, as well as 600 000 € of fines to be paid to be able to recover these containers which contain all the components coming from China to allow Arnof's company to face the bicycle season. The reason?

An infringement of the anti-dumping law, according to the Belgian authorities. Indeed, according to the Belgian customs, Velobecane imports bikes ready to be assembled and are therefore subject to anti-dumping rules. What are these rules? A product is dumped when companies in the exporting country sell it at a price below its normal value. Normal value is generally based on the price at which the product is sold in the domestic market of the exporting country. The level of dumping or "dumping margin" is therefore the difference between what is considered to be the normal value of the product, which is based on the price in the domestic market of the exporting country, and the export price of the same product.



According to Arnof, the Belgian authorities are making a wrong interpretation, because article 13 of this regulation explains that if the parts come from China they must not exceed 60% of the assembled product, except if the value added to the components integrated during the assembly or finishing phase is more than 25% of the manufacturing cost, which, according to Arnof, is the case of Velobecane.

Moreover, the risks are only increasing, as the president of Velobecane has stated that he is waiting for 5 new containers, which would make a total of 16 blocked containers and a fine of nearly 750,000 €. The president says he is desperate, with the closure of his factory, he's losing 100 000 € per month.

Another example that shows us not only the importance, impacts and consequences that customs can have on the economic health of a company, but also how customs is a product in its own right. It is therefore necessary to take this factor into consideration and to master it well when making procurement choices.

## La transition vers la green supply chain

*Ecology is one of the challenges of the century. The green supply chain makes it possible to include the preservation of the environment and ecological issues by reducing the carbon footprint within companies in addition to respecting certain regulations.*

The idea is simple: rethink the supply chain to reduce its ecological impact and preserve the environment. This starts with environmentally responsible sourcing. Standards and labels provide the basic framework for this process. Buyers can use criteria such as location, product characteristics, environmental policy and production. There are programs that encourage companies to measure and analyze CO2 emissions. This is the case, for example, of the Carbon Disclosure Project. In addition, the ADEME (French Environment and Energy Management Agency) also offers programs to help companies reduce the environmental impact of transport and logistics.

There are several challenges. Management of regulatory, operational, economic and image risks, as well as cost reduction in raw materials and energy. Increasing sales and access to new markets through innovation. The federating of teams around meaningful issues. The adequacy with the demand of the final customer and the optimization of the recycling.



Goods transport has become the world's second largest emitter of greenhouse gases. Companies have to deal with increasingly saturated road traffic and therefore delivery delays that generate financial penalties in addition to transport costs.

The "green transport" projects carried out by companies will focus on three areas :

- Eco-driving: raising drivers' awareness can have a significant impact.
- Renewal of the road fleet by vehicles with alternative engines.
- The redesign of the logistics network.

It's about rethinking the logistics network in order to reduce the distances and increase vehicle fill rates. This is achieved through the choice of direct delivery zones and transport mutualism as well as the development of co-delivery.

In addition to sustainability and resilience, an ethical supply chain is imperative to ensure corporate social responsibility and adhere to the moral code of conduct. Consumers are increasingly demanding transparency and traceability in supply chains.