

EEA PRIORITIES FOR THE NEW EU-UK RELATIONSHIP

EXECUTIVE SUMMARY

The European Express Association (EEA), which represents the interests of the express industry in Europe, relies on the free and uninterrupted flow of goods and services across EU-UK borders to thrive and grow.

As the EU and UK begin negotiating a new long-term trade relationship, to ensure their ongoing competitiveness, the EEA calls on the two parties to ensure:

- Continued connectivity between the UK and EU by maintaining status quo access for road transport operators through a sectorial road transport agreement;
- Continued air connectivity between the EU and the UK through a comprehensive air transport agreement (including 5th, 7th and 8th freedom rights for cargo);
- Continued alignment on aviation security through mutual recognition of the application of regulations;
- Continued alignment on aviation safety through continued participation of the UK in EASA;
- Simplified and cost-efficient customs processes built on the principles of the UCC to ensure continued trade in goods and limit administrative burdens.

In addition to the provisions above, the EEA highlights the importance of:

- Creative solutions to ensure the continuation of and minimal disruption to EU-Northern Ireland and GB-Northern Ireland trade;
- Building into the agreement a regular review process to ensure full implementation and to consider new opportunities for trade facilitation;
- An implementation period of at least one year from the date the agreement is ratified to allow time to adapt to any new border process requirements.

Aside from the various challenges and solutions outlined above, the ongoing Covid-19 crisis also has implications for both the bilateral negotiations and the broader trade relationship. The one-year timeline for the talks – which was already short – is now severely stretched and demands an extension to the transition period of at least 1 year, communicated as clearly and early as possible ahead of the upcoming June deadline. The crisis has further highlighted the critical importance of open, diverse supply chains and coordinated trade facilitative measures that must be built into a new agreement to reflect the new environment and the highly integrated nature of the trade relationship.

In case there is significant risk of having no EU-UK agreement negotiated by the end of the transition period, the EEA calls on the negotiating parties to announce the re-instatement of the transport contingency measures that were prepared when facing the risk of a hard Brexit, so as to avoid disruption of the transportation services necessary for the movement of goods and the continuity of trade between

the UK and the EU and vice versa. Such announcement should be made sufficiently in advance to give operators and the national authorities the time necessary to prepare their contingency plans.

The EEA stands ready to provide constructive input to negotiators on both sides of the channel throughout the negotiations. Equally important, it looks forward to maintaining an open and continuous dialogue with the EU and the UK as the two parties implement any agreement over the coming years.

INTRODUCTION

The express delivery sector in Europe, and its customers which include businesses of all sizes, rely on the free and uninterrupted flow of goods and services across borders to thrive and grow. In 2018, bilateral trade in goods was valued at approximately €516 billion¹, indicating the enormous volumes traded between the EU and UK daily.

The express industry is an indispensable enabler of and contributor to EU-UK trade – 96 percent of companies in Europe use express delivery services because they need next-day and guaranteed delivery.² In negotiating a new, long-term EU-UK trade relationship, it is essential that the two parties seek to replicate – within the boundaries of what is politically and legislatively achievable – the seamless trading environment and connectivity that exists today and that guarantees the EU’s competitiveness.

The UK has ruled out remaining in the Single Market and the Customs Union, meaning that customs controls and a variety of other restrictions will be introduced once the current transition period ends on 31 December 2020. In resetting their relationship, the EU and the UK should go beyond provisions previously achieved in an FTA and establish world-leading standards for trade facilitation, transport and security.

POLICY PRIORITIES FOR THE NEW EU-UK RELATIONSHIP

1. Customs and trade facilitation

The EEA welcomes the commitment made by the EU in its draft EU-UK text of 12 March 2020 to “maintain a high level of convergence of their customs legislation...[to] fulfil the objectives of promoting trade facilitation.”³ To avoid disruption at the border and to deliver a mutually beneficial long-term relationship, the EEA underlines the following priorities in the areas of customs and trade facilitation:

- **Simplified procedures for the import of goods**, including:
 - Identical data set requirements for import declarations between the EU and the UK;
 - The advanced submission of customs data and the release of goods on presentation, regardless of value;

¹ Eurostat, International Trade in Goods database

² Oxford Economics Study on the *The Economic Impact of Express Carriers in Europe*– November 2011 ([link](#)).

³ Draft text of the Agreement on the New Partnership with the United Kingdom, European Commission 12 March 2020, p. 82.

- A simplified dataset and expedited release of goods, without any supplementary declaration;
- A simplified and facilitative customs clearance process away from the border, including origin documentation for all non-dutiable traffic;
- **Simplified procedures for the export of goods**, including:
 - Identical data set requirements for export declarations between the EU and the UK;
 - Manifest clearance for goods valued up to €1000;
- **Full exploitation of other simplifications envisaged in the Union Customs Code (UCC);**
- A **waiver of safety and security information** as in the EU's agreements with Switzerland and Norway. This may require some EU-UK regulatory alignment only in the specific areas covered by the safety and security declaration;
- The **mutual recognition of Authorised Economic Operator (AEO) status in full** to facilitate simplified import declarations and procedures and expedited release;
- **Deferred tax payments**, with payment at quarterly intervals or longer; and
- The **elimination of all customs duties** between the EU and the UK.

The above priorities **do not (and should not) contravene the EU's Union Customs Code (UCC)**. The two parties should also **build on and go beyond the WTO Trade Facilitation Agreement (TFA)**.

2. Transport

Road transport: In the future EU-UK partnership, the EEA calls for maintaining status quo access for road transport operators operating between the EU and the UK and avoiding fragmentation of the road transport market.

As was recognised in the contingency regulation on basic road transport (EU Regulation 2019/501 of 25 March 2019), the European Conference of Ministers of Transport (ECMT) bilateral quota system is inadequate to address the road freight transport needs between the EU and the UK; hence it cannot provide a suitable fall-back option. As stated in the basic road Regulation, ECMT permits are restricted in number and the scope of the covered types of road transport operations is limited. ECMT would not be sufficient to address market demand and would add a layer of complexity for both EU and UK operators and enforcement authorities.

Therefore, the EU and UK should secure as soon as possible a sectorial road transport agreement that grants territorial and access rights for EU operators to the UK and reciprocal rights for UK operators to the EU, both for international road transport and transit operations. Such an agreement should:

- **Maintain status quo in terms of access to each other's transport market** based on the principles of reciprocity and free choice of mode of transport;
- **Bar the EU and the UK from taking discriminatory measures;**
- **Allow the carriage of goods between the EU and the UK** (international carriage) to take place under the EU authorisation for EU carriers and under a similar UK authorisation for UK carriers;
- **Ensure that the procedures for issuing and renewal of authorisations are transparent** and based on well-defined criteria;
- **Allow for status quo for cross-trade, goods in transit, and cabotage;**
- Be complemented with **strong provisions in the framework for the future relationship on mutual recognition of professional qualifications** for drivers and auxiliary road transportation services;
- Include **provisions on the facilitation of border controls**, ensuring the availability of the necessary infrastructure (including priority lanes for trucks) and avoiding the introduction of any measures or formalities which would restrict or impede international transport.

Air transport: The Single Aviation Market, set up in the 1990s, has been an important contributor to the growth in air transport in Europe. An unregulated UK's departure from the EU would mean that airlines would no longer be free to operate air services between any point in the EU27 and the UK. This would cause tremendous disruption to the flow of goods and trade relationship between the EU27 and the UK. Since air transport is not covered by the WTO, there is no fall-back option to an existing international agreement. The EEA calls on negotiators to:

- Negotiate a **self-standing bilateral air transport agreement** that is similar to existing open skies agreements concluded with third countries to the EU and independent from the FTA provisions.
- **Ensure in time continued connectivity through an EU-UK air transport agreement**, coming as close as possible to the status quo. Indeed, all-cargo airlines operate along the lines of the hub and spoke model which involves the operation of successive routes hitting intermediary operational points or gateways, with a hub as the central point of the network. These operations depend upon the ability to fly to intermediate and beyond markets. Therefore, an EU-UK air transport agreement should include the exchange of 3rd, 4th, 5th, 7th and 8th ("consecutive cabotage") freedoms for all-cargo aircraft combined with unlimited change of gauge, co-terminalisation rights and operational flexibility.

- In addition, **wet leasing should be allowed without restrictions**. An open and liberal EU-UK air transport agreement will provide assurance to the air transport sector and its users – whether citizens or businesses – that EU27-UK air connectivity will be preserved.
- Provide for the **relaxation of ownership and control rules** on both sides, as a means to enhance EU competitiveness – but, as a minimum, preserve the current position that permits EU nationals to invest in UK airlines, and for UK nationals to invest in EU airlines.
- More generally, it is essential to **ensure that international connectivity with third countries is preserved by a liberal and open framework**, allowing our sector (and the aviation sector in general) to continue operating global networks. Failing to achieve this goal would have an enormous impact on international trade and EU competitiveness. Therefore, it should be ensured that the status quo regarding international air connectivity is preserved by concluding the necessary air transport agreements with third countries in parallel.

3. Security and safety

Aviation security and safety should bear no compromise and both issues should be treated as priorities.

There is a solid European framework which regulates aviation security and provides common rules and basic standards for risk assessment and security measures. In the absence of a future agreement, the UK would be placed outside this regime. Given the critical importance of maintaining continued security cooperation, the parties should:

- Prioritise negotiating a robust successor agreement involving at least **mutual recognition for security procedures and continued harmonization of security equipment and screening regulations**;
- As recognised by the European Council, **continued air connectivity needs to be underpinned by an aviation security agreement**.
- The EEA considers that it is also in the best interest of the EU and the UK, as well as of the EU aviation industry as a whole, to preserve the highest degree of alignment in terms of aviation safety in particular via the mutual recognition of standards, licenses, certificates, professional qualifications and data. To achieve this objective, the EEA calls upon the EU and the UK to:
 - **Allow for the continued participation of the UK in EASA** (which ensures full compliance with EASA regulations). EASA's role is crucial in developing harmonized aviation safety, airworthiness and certification among EU and EEA Member States. The most efficient option to secure the best alignment of the EU and the UK on aviation safety is through UK's participation in EASA.

- As a general rule, **maintaining the highest level of aviation safety** should be a priority in the negotiations on the future relationship.

BROADER CONSIDERATIONS

Covid-19: The impact of the ongoing Covid-19 crisis is being felt globally and its effects may reverberate for years to come. From a trade policy perspective, the crisis has underscored the critical importance of open, diverse supply chains and coordinated measures supporting trade facilitation, road transport and air cargo that allow for the uninterrupted flow of goods and services in times of emergency. Any agreement should reflect this new environment and the need to respond with agility and efficiency, which is more acute than ever.

Northern Ireland: Creative solutions will be particularly required to ensure the continuation of and minimal disruption to EU-Northern Ireland and GB-Northern Ireland trade. The various solutions identified above could be essential to delivering on ambitions in this area and to maintaining peace, prosperity and security.

Review process: The EU and the UK have just a few short months to agree on a comprehensive new trade relationship. Given the extremely short timeframe, the two parties should build into the agreement a regular review process to ensure full implementation and to consider opportunities for trade facilitation in today's rapidly evolving economy. This review process should continue even after 31st December 2020.

Extension to the transition period: Aside from its broader effects, the Covid-19 crisis has notably impacted on the progress of the EU-UK talks, with little progress being made in recent months with the attention of policymakers rightly focusing on addressing the crisis. The one-year timeline for the talks – which was already short – is now severely stretched and demands an extension to the transition period of at least 1 year, communicated as clearly and early as possible ahead of the upcoming June deadline.

Implementation period: Businesses and national customs authorities will need time to prepare for what comes next. Regardless of whether the transition period is extended, it will be essential to establish an implementation period of at least one year from the date the agreement is ratified to allow time to adapt to any new requirements. This will negate the possibility of any short-term disruption at the border, particularly in the event that EU-UK rules significantly diverge from today.

CONCLUSION

The European express industry calls on the EU and the UK to put the needs of the express industry – and the 330,000 people directly employed by the industry across the EU and the UK – at the heart of negotiations for the new relationship. Prioritising the seamless flow of goods and road and air transport services across EU-UK borders in the future will ensure minimal disruption to trade flows in the short term and allow both parties to enhance the long-term competitiveness of their industries and guarantee the safety and security of their citizens.



The EEA stands ready to provide constructive input to negotiators on both sides of the channel throughout the negotiations. Equally important, it looks forward to maintaining an open and continuous dialogue with the EU and the UK as the two parties implement any agreement over the coming years.

About the EEA

The European Express Association (EEA) represents the interests of the express industry in Europe whose core business is the provision of door-to-door transport and deliveries of next-day or time-definite shipments domestically and across the globe. Express delivery operators are often referred to as “integrators” as they provide their domestic and business customers with an integrated delivery service from end to end: organizing collection, providing tracking information and handling customs clearance where shipments cross international borders. In the European Union, our industry employs 330,000 workers and supports some 1.1 million jobs (estimate – Oxford Economics). In 2018, the European express industry is estimated to have supported a GDP contribution of €69 billion across its direct, indirect and induced impacts (Oxford Economics).