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Response to the European Commission's Working Document: Consultation on the future "EU 2020" strategy

The European Express Association welcomes the opportunity to provide input to the European Commission's working document that will result in a new growth agenda for the European Union as a follow-up to the Lisbon Strategy.

The European Express Association represents global and local express delivery companies. In the EU-25 alone, the express industry **currently employs 250,000 people** and delivers more than 450 million packages each year, constituting almost half of the intra-European air cargo market. It has been forecast that, **by 2013, the express industry will employ 550,000 people** in the EU-27. The European, domestic and international markets for express services have significant scope for further expansion as companies increasingly adopt best international business practice with regard to time-definite, guaranteed delivery.

Our Members provide guaranteed, fast, reliable, on-demand, world-wide, integrated, door-to-door movement of shipments which are tracked and controlled throughout the journey, both inside and outside the EU. The express industry is a fast-growing business sector which not only provides vital services for the European economy, but which also plays a large role in making the global marketplace a reality.

EU companies are dependent on express services for around 3% of their sales on average - worth around €450 billion. **By 2013, over 5% of EU sales are expected to be dependent on express services.** Europe's success in fast-growing economic sectors will increasingly be facilitated by the express industry. **Hindering the competitiveness of the express industry would therefore hinder the competitiveness of the EU economy as a whole.**

The EEA welcomes the new Commission's efforts to formulate a new growth strategy for Europe, and **calls for a strong focus on both completion of the internal market and facilitation of trade within the global marketplace** for the express industry and all other European businesses which are dependent upon its services.

The Single Market is one of the great successes of European economic integration, but despite this grand achievement, it still needs to be fine-tuned in order to serve European citizens as efficiently as possible. From the perspective of the European Express Association, the following areas will be crucial in the coming years in order to ensure that the Single Market becomes an instrument which can support the European Union in meeting the challenges of the future.



1. A Competitive European Single Market

The Postal Market liberalisation process has been a substantial achievement of the Single Market, and Europe today has the world's most progressive postal market. Notwithstanding this great success, there are potential threats in the implementation of the third Postal Directive that could undermine the growth and competitiveness of the European delivery sector. If Member States are making too wide an interpretation of the Universal Service Obligation, the risk is that the value added services that the express industry provide will be included, thus removing the competitive element of these services.

In order to guarantee that this area be recognised for its high innovation factor and superb service delivered on the Single Market, it will be **crucial that the sector continues to operate in a fully competitive market**. The correct implementation of the Postal Directive will be central to making this market function properly, and the EEA would like to take this opportunity to highlight the following principles as core to this discussion going forward:

- **EU legislation (Postal Directive) sets explicit limits for the level of regulation that express delivery services may be subjected to by member states. These limits have to be respected: accordingly,** express delivery services must not be subject to any licensing requirements, universal service funding obligations or financial contributions to regulatory authorities. Furthermore, any regulatory measures or conditions must be fully justified.

Furthermore, the express industry is a truly inter-modal sector. EEA members use the most efficient transport mode to ensure the timely delivery of their customers' goods.

The express industry therefore also relies on the full completion of the Internal Market for all transport modes, as it not only provides vital services for the European economy but also plays a significant role in making the global marketplace a reality.

In this respect, the EEA calls for:

- **Road cabotage liberalization: This will contribute to European competitiveness by enhancing the efficiency of the supply chain at reduced costs.** Allowing trucks to load and unload anywhere in the EU will help to decrease the number of empty trucks on the roads. Cabotage liberalization will also help to reduce the impact of road transport on the environment.
- The use of the **European Modular System** or **Ecocombis: This** is of particular interest to EEA members; connecting logistics centres in different Member States should be made possible via Ecocombis. However, the text of Directive 96/53/EC restricts the use of Ecocombis to **national** transport operations, which implies that even traffic between two neighbouring countries that both allow this system is not allowed. It is highly questionable if such an artificial restriction is still in line with the principle of the internal market. **Not allowing the further deployment of Ecocombis would hamper innovation as well as economic and environmental improvements to the European logistics sector.**



- **Implementation of the first railway package: The first railway package should be implemented without delay.** Fostering competition on the rail freight market should lead to an increase of rail freight service reliability, which is far too low today.
- Liberalization of air transport: Restrictions imposed on air service operations in **the framework** of bilateral air service agreements between countries create obstacles for a global and flexible logistics business. **The ultimate goal should be the true liberalization of air transport throughout the world.**

2. External Trade

The EEA strongly **supports an EU trade agenda that will deliver legal security and new market access** opportunities for European companies operating globally.

As **the express industry is at the nexus of international trade** we strongly recognise the need for the European Commission to continue ongoing efforts to open up new markets to European companies, which, more specifically, includes:

- A **high level of ambition for services in the current critical phase of the WTO Doha Round** negotiations. In particular the EEA is looking:
 - To bind full market access for international and domestic delivery as far as possible, and to continue to press for new market access
 - To press for the removal of investment restrictions such as foreign equity caps for the express sector
 - To press for removal of excessive administrative and financial burdens due to licensing and tax regimes, and other undue regulatory arrangements.
 - To agree measures to prevent the imposition of arbitrary new restrictions such as postal licensing arrangements or postal quality criteria, which confuse express delivery services with universal postal services.
 - To expand express services in foreign markets without facing unfair competition from national postal services.
- Awaiting real progress in the Doha negotiations, it would be preferable for the European Union to push for areas where an early harvest is possible. One such area is **trade facilitation**, which we hope that the European Commission will move forward on a fast-track in Geneva.
- A commitment to **deliver significant new market access**, or at least the binding of existing market opening, through the EU's bilateral negotiations for **Free Trade Agreements**.
- Continued **support for the EU services industry** in tackling persistent trade barriers in third countries by the excellent efforts undertaken by DG Trade's Market Access Unit



3. Customs

The strength of the internal market is also defined by the EU's ability to **balance effective controls and trade facilitation at its external borders**. The output of the members of the EEA jointly represents approximately 30% of all EU customs declarations. The members of the EEA operate their own customs brokerage operations, which collectively represent the EU's largest customs brokers with some 5,000 staff dedicated to the customs clearance process. Therefore, our members are extremely alert to the challenges to the EU's competitiveness resulting from security Regulation 648/2005, especially at export, and the implementation of the EU's Modernized Customs Code and its Implementing Provisions.

4. Security

A balance must be drawn between security procedures and the free flow of trade. The EEA believes that it is necessary to examine the impact of the security measures already imposed on aviation, airports and ports before adding new provisions, especially regarding the supply chain. If not, unnecessary new security measures at the European and at national levels will make logistics operations more difficult, create delays and will, at the end, harm European competitiveness.

Conclusions

By removing internal and external barriers to trade and the free movement of goods and services, the European and global economies will benefit, laying the foundation to a more growth-oriented economy, which will help secure the key driving features of the Commission's 2020 Strategy as outlined in the working paper.

The EEA calls for a strong focus in the upcoming Commission Communication on full and effective completion of the internal market, and further measures to promote trade facilitation on a multilateral and bilateral level.