

EXPRESS

Delivering the Single Market



About the EEA

On 1 January 2000, the European Express Association (EEA) was created by a merger of the European Express Organisation (EEO) and the Association of European Express Carriers (AEEC). Members of the EEA include companies in the express industry, DHL, FedEx, TNT and UPS as well as national express associations. The industry specialises in time-definite, reliable transportation services for documents, parcels, and freight. It allows European business to rely on predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness. The express industry supports close to 580,000 jobs in the EU27.

As multimodal operators, the EEA's members are directly impacted by policy across a broad range of areas. These include, most frequently, pan-European policy initiatives in areas such as transport and environment, customs and security policy, and trade and market reform. Within these areas the EU has the power to fundamentally shape the operational business environment for express. Policy initiatives can represent both threats and opportunities for our sector and the collective presence of our industry, through the EEA, ensures that the threats are minimised and that the opportunities are taken.



Message from the EEA Chairman

Dear reader,

2012 marks the 20th anniversary of the Single Market. One of the EU's biggest achievements, the Single Market has helped create millions of jobs and made Europe increasingly competitive, transforming the way Europeans live, work, travel, study and do business. It has opened up opportunities for businesses to expand, making Europe more successful globally.

Whilst there are plenty of reasons to celebrate, there are also ample opportunities to do more. We must reflect on how we can best put this unique tool to Europe's best advantage as an engine driving forward competitiveness and job creation.

In the wake of the financial crisis, the Single Market especially needs a strong boost to help stimulate economic growth. Europe needs to act with more force and conviction to show that the Single Market brings social progress and benefits for consumers, workers and large and small enterprises alike. This must be done urgently.

The EEA agrees with the Commission's ambition to make full use of the Single Market's potential and to open up new opportunities without imposing restrictions. We believe that full implementation of existing EU legislation is a necessary first step and we would also like to highlight some policy recommendations in areas such as transport, trade, customs, e-commerce, security and trade in goods and services. Finally we also aim to demonstrate the benefits which the Single Market has created for the express industry – and how the Single Market benefits from a thriving express industry. The benefits are mutual and the gains are well worth it – businesses will find it easier to grow, access new markets and plug into global supply chains. Similarly, users can enjoy affordable and timely access to goods and services enabling a truly European network to connect remote regions to industrial centres and connect Europe to the world.

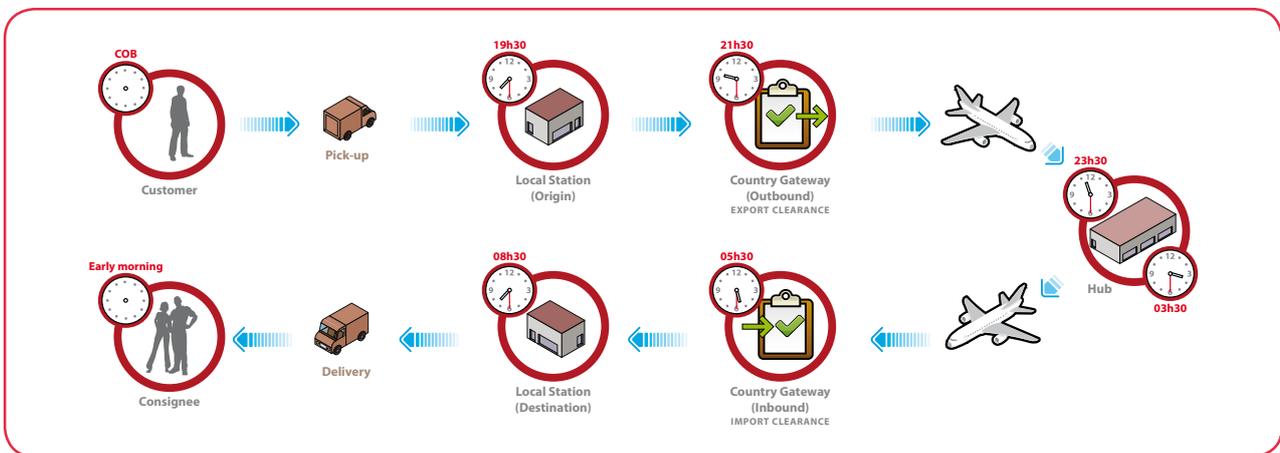


Jaap Mulders, Chairman EEA

The key stages of a typical express delivery

Characteristics of the express delivery industry

The express delivery industry simplifies and accelerates the process of transporting goods allowing companies to reduce inventories and hence save cost. It organises collection, usually at the end of the business day, allows the shipper and consignee access to information on the progress of shipments from pick-up to delivery and provides proof of delivery. The express industry also helps cross-border trade by handling customs clearance and the payment of customs duties: services that particularly help small and medium-sized enterprises (SME's).



KEY FACTS ABOUT EXPRESS AND THE SINGLE MARKET¹



¹ The Economic Impact of Express Carriers in Europe. Oxford Economics, November 2011

KEY CONTRIBUTIONS OF THE EXPRESS SECTOR TO SINGLE MARKET

Express carriers are an **important facilitator** of the Single Market, connecting **remote regions** with centers of economic activity and EU businesses with the rest of the world

Express carriers help SME's **access multiple EU markets** and thereby facilitate business growth and competitiveness

Express carriers allow EU businesses and citizens to enjoy **greater choice** when accessing goods and services

Express carriers support employment in the Single Market with close to **580,000 jobs** across the 27 Member States

Express carriers help European businesses to stay **competitive** in international trade through efficient handling of exports and imports

Five core policy recommendations for deepening the Single Market

- Complete the Single Market for transport; including the correct application of the ICAO balanced approach to aircraft noise, the full liberalisation of road cabotage² and allowing cross-border EMS³ operations
- Drive the creation of a single, pan-European e-customs system
- Ensure consistent and uniform application of aviation security measures within the EU to uphold efficient cross-border operations
- Foster e-commerce through the enhancement of the digital Single Market making it a major driver for growth across Europe
- Prioritise the adoption of a global Trade Facilitation agreement and the conclusion of liberal EU trade agreements to achieve significant market opening for express delivery service providers abroad

² Allowing road transportation service providers from a Member State to transport shipments between points in another Member States.

³ EMS stands for European Modular System. It is a flexible concept whereby existing loading units (modules) of trucks are re-arranged into longer and sometime heavier vehicles – depending on the volume to be transported and roads to be travelled.

EEA members are actively contributing to releasing the full potential of the Single Market as an engine for growth. They are fully adapted to the digital era, working to improve operational infrastructure to ensure interconnectivity and addressing any residual legal and technical obstacles wherever they are holding back growth.

Building on the recommendations above, here are five concrete suggestions on the way forward to ensure that the Single Market truly continues to live up to its name in the future.

A Single Market for Transport:

Night-time operations are crucial to the express business model. Express companies respond to customers' demand for time-definite, reliable, next-day deliveries to, from and within Europe. Such services enable European businesses to maximise efficiency of production activities and minimise inventory costs. To deliver the economic benefits of next-day delivery services the express industry has to operate aircraft outside normal business hours, including at night. Without night flights, cross-border next-day delivery services throughout Europe will not be possible. Aircraft noise management has always been a priority issue for the express sector and EEA members have taken many initiatives to reduce the noise impact of their operations around the airports where they operate such as fleet renewal or noise reducing operational procedures. EU policymakers should therefore ensure that, in the context of the completing the single transport area and the revision of Directive 2002/30/EC on noise-related operating restrictions, priority is given to the correct and consistent application of the ICAO 'Balanced Approach', which allows noise abatement measures to be tailored to each airport.

The Single Market for Transport would also benefit from two concrete measures in the field of road transport. Road cabotage should be fully liberalised across EU Member States, allowing operators to carry goods within a Member State other than the one in which they are established. Trucks would be enabled to load and unload anywhere in the EU, enhancing the efficiency of European supply chains at reduced costs. The use of the European Modular System (EMS) or Ecocombis on suitable road infrastructure and on trans-border routes can significantly reduce congestion, fuel consumption, and exhaust gas emissions. Cross-border use of EMS should be made possible between countries conducting trials, as a means to clearly demonstrate the positive effects of EMS, in turn making express delivery more efficient and environmentally sustainable.

Customs:

Customs administrations are at the core of the single market project. A single market implies a common external border and the movement of goods across it requires management by the national customs agencies. EEA members jointly provide approximately 30% of all EU customs declarations for inbound and outbound material and operate their own customs brokerage operations. Furthermore collectively they represent the EU's largest employer of customs brokerage personnel with around 5,000 staff involved in clearance activities.

In practice significant variances in practices exist between customs authorities and there is still no single cohesive customs union. The EEA is a strong supporter of the concept of a single pan-European e-customs provision, as promoted by the Modernised Customs Code adopted in 2008 and the Union Customs Code currently under consideration. However, with the adoption and implementation of the new code drawing closer it is clear that Member States' customs systems and procedures are still in many ways fragmented, severely impeding the efficient and predictable movement of goods into and across the territory of the EU.

Harmonised entry conditions for goods entering the Single Market would enable companies to carry out the process of centralised customs clearance in one Member State, even though the shipments may physically move directly to a destination in/to another Member State. Dealing with one responsible customs authority for all EU customs clearance would offer significant cost benefits and efficiencies for businesses, customs and consumers alike in the EU, thereby making the customs process more representative of a Single Market regime.

Security:

Strengthening aviation security in Europe must be consistent and uniformly applied, whilst taking into account the business models of sectors like express. With varying levels of adoption of the Common Basic Standards for Aviation Security within the EU and the use, by some Member States, of more stringent methods, there is the potential for the duplication of security measures within the EU, hindering cross-border operations and thus harming European competitiveness. The EEA believes that when new legislation is introduced, it should be based on intelligence sharing, is threat-based, and is risk-managed. This will streamline procedures and ensure that focus remains on the area of highest threat. Critical to this is a harmonised approach across all EU Member States and with other countries where established security regimes are in place.

E-commerce:

For e-commerce to thrive, we need to strengthen consumer and business confidence in the rules and tools, especially as only 7% of e-commerce takes place across borders. The express industry is cross-border by nature and already plays an important role in facilitating cross-border trade with 74% of its shipments in the EU crossing borders. As such, in addition to making EU businesses competitive, it supports the e-commerce revolution. Therefore, the EEA supports the Commission in its ambitions to foster e-commerce through the enhancement of the digital Single Market which in turn could be a major driver for growth across Europe.

Trade:

The internal market is defined by the EU's ability to balance effective controls and trade facilitation at its external borders. The EU must focus on facilitating the adoption of a global trade facilitation agreement and achieving significant market opening for express delivery service providers on the basis of liberal EU trade agreements with third countries. This would promote trade and would reduce time and therefore cost for EU citizens and businesses.

Oxford Economics Report



In November 2011 the EEA with Oxford Economics released a report setting out the impact of express carriers on the EU27 economy. Whilst describing in detail how the express delivery industry facilitates increased output, trade, investment and employment across European business it also includes a wide variety of case studies to exemplify this contribution to employment and GDP. The report can be found on the EEA website.

www.euroexpress.org

Case Studies

A French SME

Founded in 1993, this SME has 30 employees located just outside of Paris. It offers a wide range of upmarket, creative products, including cutlery, accessories and dinner sets. The company's exports have grown quickly, thanks to its presence at trade shows in France, other European countries, and the USA. Today, this company makes 55% of its sales revenue through exports, mainly to the USA (20% of global sales revenue), but also within Europe's Single Market to Germany, Italy, and the United Kingdom. To ensure the quality of customer service and guarantee business development, the company must deliver ready-to-use products to its customers and be able to inform them about the status of their delivery at any time. To meet demand, this company must send numerous shipments (the average weight per package destined for the USA is 8 kilos). These shipments are destined for multiple locations and must meet short deadlines. To manage these constraints, this company uses express delivery services to deliver its shipments within the European Union (France, Germany, Italy and the United Kingdom) and to the USA. This service allows the company to plan delivery times in a reliable way according to the destination and to track its shipments very closely in order to provide the most accurate information possible to customers at any time. Moreover, by managing the constraints of an SME specialised in upmarket products, the express delivery services provider helps the company to reinforce brand image, meeting customers' needs for quality, reliability and transparency.

An Italian garment producer

This company, based in northern Italy, is a family run business which has been producing exclusive knitwear for more than 35 years. All raw materials and fabrics are produced in Italy by highly-skilled craftsmen using the latest in knitwear technology. This guarantees excellent quality garments carrying the 'Made in Italy' label and makes them highly appreciated in international markets. The company distributes quality and fashionable knitwear to high-end stores in Europe and North America. This company realised that in order to be competitive in these mature markets it needed a supply chain solution that could synchronise various fulfillment milestones - customs clearance included - and reduce delivery times, whilst keeping costs down. Accordingly, the company turned to an express delivery services provider to handle their entire fulfillment supply chain, from collection at their production facility in Italy to the delivery of knitted garments to high-end stores located in Las Vegas or Calgary. With the support of express delivery services, order fulfillment time was reduced from 15 days to between just 48 to 72 hours which meant that this company exceeded its new business targets and expanded rapidly in the United States and Canada. Supported by express delivery services, in less than two years this company has been able to double its order volume in North America. The company now has a presence in leading multi-brand stores in 31 large cities and further international growth is anticipated.



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