

## Strong continued EU-UK cooperation is crucial to safeguard smooth secure trade

*European Express Association (EEA) position on the importance of a strong continued EU27-UK trade relationship and recommendations to avoid negative and disruptive impacts for companies and citizens of the EU27*

**For the express delivery sector, and its customers, it is essential that the negotiations on the UK's withdrawal from the EU and the future EU-UK trade relationship provide certainty for economic operators, and mitigate negative effects for companies and citizens of the EU27. The EU27 and the UK should ensure a smooth transition towards a new mutual beneficial Free Trade Agreement. The EEA urges the EU27 to ensure:**

- 1.** The continued alignment of customs and VAT rules; essential to limit disruption and administrative burden;
- 2.** The continued mutual recognition of rules for road transport; key to mitigate effects on trade;
- 3.** The continued alignment of aviation policy to ensure secure and ongoing economic activity;
- 4.** An ambitious future EU-UK Free Trade Agreement (FTA).

The express delivery sector is a key enabler of economic growth through rapid and reliable delivery services. The express industry has developed into a major economic enabler for SMEs in the EU27. SMEs typically do not have their own transport delivery infrastructure. 96% of companies in Europe use express delivery services because they need next-day and guaranteed delivery, for instance, for the delivery of spare parts that are crucial in manufacturing processes.

With this paper, the EEA wants to raise awareness about the priorities for our sector as well as our customers and share our initial recommendations on the elements that need to be considered in order to mitigate negative effects on the EU27 of the UK leaving the EU.

### The EEA calls for a transitional arrangement that would maintain the status quo

The EEA calls upon negotiators to ensure the continuity of trade flows by agreeing on comprehensive transitional arrangements that would maintain the status quo of current processes in the areas of customs, road transport and aviation. This is important to provide certainty to economic operators and would mitigate negative effects as much as possible for citizens and companies in the EU27.

#### Imports and exports of goods between the UK and the EU27\*

Belgium	48,1
France	53,6
Germany	125
Ireland	35,2
Italy	33,5
Netherlands	72,6
Poland	17,2
Spain	32,2
Sweden	14,2
<b>Total (EU27)</b>	<b>492,9</b>
<i>*Selected EU member states, volume in billions € in goods, 2016 data from Eurostat</i>	

### 1. Continued alignment of customs & VAT rules essential to limit disruption and administrative burden

The withdrawal of the UK from the EU, including the Customs Union, would mean that goods would need to be declared and would no longer move between the EU27 and UK in free circulation. This would result in an excessive volume of customs declarations that would need to be submitted and processed by the customs authorities in the EU27, both for import as well as export. It is questionable whether the necessary systems, infrastructure and customs officials will be in place to properly cope with this significant additional burden on both sides. The industry is particularly concerned about the delays that

these additional processes and limited capacity could cause. Delays in delivery times could lead to serious disruptions in manufacturing processes and economic activity in general. It is therefore critical that any transitional arrangement maintains the current customs and VAT arrangements. Identical arrangements should be covered in the future free trade agreement.

## **2. Continued mutual recognition of rules for road transport is key to mitigate negative effects on trade**

The EU's regulatory framework currently guarantees rights for road transport operators to carry goods between and within EU Member States. It harmonises rules on access to the market and to the profession, requirements for drivers, weight and dimensions of the vehicles and licensing requirements.

With the prospect of the UK leaving the EU, there are great uncertainties on the aforementioned issues affecting road haulage which are likely to slow down deliveries between the UK and EU27. Potential discrepancies between rules and definitions could lead to significant disruptions that would affect trade, road transport operators and economic activity in general. A status quo of current road transport rules within a transitional arrangement should be maintained until a free trade agreement enters into force.

## **3. Continued alignment of aviation policy to ensure citizens' security and continued economic activity**

The Single Aviation Market, set up in the 1990s, has been an important contributor to the growth in air transport in Europe. The UK's departure from the EU would mean that airlines are no longer free to operate air services between any point in the EU27 and the UK. This could significantly impact certainty around flows of goods between the EU27 and the UK.

In addition to the general aviation arrangements, there is a solid European regulatory framework which regulates air cargo and mail aviation security and provides common rules and basic standards for instance of risk assessment and screening. This regulatory framework is essential to ensure that definitions and processes are applied in consistent manner. We consider it key that there is continued mutual recognition and harmonisation of EU27 and UK aviation security rules especially given the significant trade flows. It is further crucial that authorities continue to cooperate and exchange information. This collaboration should also continue to involve industry in order to effectively address potential new threats to the air cargo supply chain.

## **4. An ambitious future trade agreement**

Ultimately, these processes above would need to be covered by an ambitious free trade agreement that ensures customs and trade facilitation, as well as mutual recognition of rules across customs and transport areas to facilitate trade and minimise any possible disruptions. We therefore call upon negotiators to work towards a future beneficial and ambitious free trade agreement that brings the least possible disruption to the existing trade relationship.

*The European Express Association (EEA) is the representative organisation for the express industry in Europe. The express industry provides a fully "integrated" service that accelerates the process of transporting goods across the globe. At the point where express shipments cross international borders, the express industry plays a unique and crucial role. Members of the European Express Association represent over 30% of customs clearances and some of the largest customs brokerage operations in the EU. Not only does the express operator handle the customs clearance of a given shipment, it also looks after the payment of duties and taxes as required by the relevant geographical jurisdiction. The express industry employs over 250,000 people across the EU and supports a further 175,000 indirect jobs. The trade volume in goods between the UK and the EU equals €450 billion per year (Eurostat, 2016 data).*