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Time to deliver: Joint EU-US express sector priorities for the EU-US Trade and Technology Council (TTC)

INTRODUCTION

The European Express Association (EEA) and the Express Association of America (EAA) strongly endorse the objectives of the EU-US Trade and Technology Council (TTC) to further transatlantic economic cooperation in line with our shared values, interests and priorities. Through this paper, the transatlantic express sector highlights several opportunities to enable trade and business on both sides in areas including customs and trade, transport and security.

We look forward to feedback from EU and US negotiators on the opportunities presented below. At the same time, we would like to encourage both sides to swiftly resolve the recent disputes related to US tax credits for clean energy and technology, in order to avoid a potential deterioration in trade ties and to enable joint cooperation to address the pressing challenges brought about by climate change.

EEA-EAA PRIORITIES FOR THE TRADE AND TECHNOLOGY COUNCIL

Customs and Trade Facilitation

The TTC presents an excellent opportunity to align and enhance customs processes and rules in order to streamline and facilitate transatlantic trade.

I. Key trade facilitation measures

Specific measures that could enable EU-US trade at the border include:

- Maintaining a customs duty de minimis at a commercially meaningful level. De minimis levels should be kept at least at current values if not increased to reflect inflation.
- Separating physical release of goods from duty and tax collection in all EU member countries (systems-based controls).
- Harmonizing common data elements for both imports and exports.
- Enforcing and applying the WTO Trade Facilitation Agreement (TFA) provisions on expedited shipments.
- Facilitating the submission and processing of electronic documentation via a Single Window portal.
- Ensuring an entry clearance for low value shipments based on simplified procedures and reduced data requirements.

- Mutual consultation when major customs reforms are considered.

Meanwhile, improving the speed of clearance can reduce emissions at the border as it reduces dwell and wait times. As such, trade facilitation is an element of the toolkit to advance sustainability goals.

II. Capacity building and trade facilitation to empower SMEs

Small and medium-sized enterprises (SMEs) stand to gain the most from trade facilitation since they often have fewer resources to overcome trade barriers. Implementing the measures described above could empower EU and US exporters to take advantage of the opportunities to expand their business through the transatlantic marketplace.

The two parties could also cooperate to provide training to assist SMEs improve gaps in their digital skill sets, including with a focus on engaging women-led businesses in the global digital market.

III. Trusted trader program convergence

The United States and the EU have long-established trusted trader programs, the Customs Trade Partnership Against Terrorism (CTPAT) and the Authorized Economic Operator (AEO) program respectively. Both sides have mutually recognized each other's programs, but the trade community has yet to see comprehensive, tangible benefits from mutual recognition. The lack of relevant benefits has arguably blunted participation in both programs.

The benefits that would truly be meaningful to all participants in the supply chain are:

- A single program application accepted by both sides.
- A demonstrated reduction of the number of inspections.
- Expansion of the programs to include all government agencies with border release authorities.

IV. Harmonized commercial invoices for customs clearance

The EEA and EAA are strong supporters of measures that support the digitalization of border processes. A practical measure to achieve this objective could be the promotion by the EU and the US of the development of a harmonized template for commercial invoices in international organizations such as the International Organization for Standardization (ISO).

- As logistics' operators we are customs' representatives that assist our customers with the customs' clearance of their shipments. A commercial invoice is indispensable for this process. This commercial invoice also forms the basis of the entry of the required data into the customs' clearance platforms.
- Unfortunately, there is a large diversity of shapes and formats of commercial invoices, hampering the entry into clearance systems as well as efforts to use technology "reading" the invoice and converting the data into an electronic file useable as input for customs' platforms.
- The main challenge of those technologies is to fully identify the fields location/subject on every different invoice format and shape. A harmonized template would enable those technologies to read the data in the invoice more accurately and execute an automatic entry.

In short, a standard harmonized template for the format and shape of a commercial invoice will reduce mistakes and the use of paper while increasing transparency and efficiency.

V. E-Commerce and the WTO

The extraordinary rise of e-commerce in recent years provides the EU and the US with the opportunity to lead on the development of world-leading standards for the rest of the world to follow:

- The EU and US should jointly promote ambitious, binding rules for global e-commerce through the conclusion of the ongoing WTO negotiations, so as to develop a framework that simplifies and harmonizes processes related to e-commerce. This would also deliver significant benefit to SMEs, which have an opportunity to thrive post-pandemic by engaging further through the growing cross border e-commerce market.
- The EU and US should also work as partners to prohibit digital customs duties by supporting a permanent moratorium at the WTO to provide certainty to consumers and business and facilitate their engagement in global e-commerce.

VI. Facilitating cross-border data flows

In the digital sphere, the two sides should:

- Encourage cross-border and transatlantic data collaboration projects, leveraging free flow of data principles. They should jointly lead the way to prevent localization barriers and enforce specific provisions that allow business to be able to move data securely across borders, and not be forced to localize data, build expensive physical infrastructure or use local infrastructure as a condition of doing business.
- Build on the March 2022 announcement of a new EU-US framework for secure cross-border data transfer to reach an agreement to provide certainty to businesses and promote trust. Enabling seamless cross-border data flows is key to the operation of carriers who move shipments across borders.

Transport and Environment

I. Sustainable Aviation Fuel (SAF) cooperation to accelerate green aviation

SAF is important for the decarbonization of aviation, a hard-to-abate sector. Incentives are crucial to accelerate the market uptake in both the EU and the US:

- The US approach of tax incentive/tax credits for use of SAF is an effective tool to catalyze the development of the SAF industry. By rewarding high emission reduction values with higher incentives, it is ensured that more sustainable pathways are supported effectively.
- As the EU opted for a blending mandate approach, it is important to provide as much market dynamics as possible – as also underlined by a recent ICAO policy guidance document. Priority should be given to closing the price gap between SAF and conventional jet fuel as fast as possible by reducing the price of SAF to incentivize airlines' purchase of SAF and competitiveness.
- Funding programs (through earmarking of EU ETS revenues) are essential in this regard as well as to drive up production capacity Last but not least – the legislative framework should be robust and in place as soon as possible, enabling the recognition of SAF including e-fuels and co-processed SAF under EU ETS for operators.
- The EU and US should endeavour to collaborate to drive up SAF production and market uptake. Compliance with international trade rules should be ensured while ensuring the above-mentioned effects stay in place – this will not only increase the positive impact of regulation but also promote greater transatlantic cooperation.

II. Alternative propulsion technologies in aviation

It is also important to support the work on alternative propulsion technologies in aviation, e.g. electric flying. EU-US cooperation could be explored for the international certification/standardization of electric aircraft, i.e. making sure the EU Aviation Safety Agency (EASA) and the Federal Aviation Administration (FAA) are aligned on how to enable the use of this emerging technology option.

III. Incentives for sustainable road transport fuels

Alongside common approaches to SAF, the EU and US should also seek to enable the production and use of sustainable fuels for road transport that offer significant decarbonization potential as bridging technologies while the long-haul road transport sector transitions to zero emission technologies. Bio-LNG and bio-CNG are chemically identical in the EU and US and – if made from the right feedstock – and therefore savings should be eligible.

IV. Megawatt Charging System (MCS) standards for battery electric trucks

While most electric charging standards are already in place on each side of the Atlantic, the EU and the US have an opportunity to set a common standard for the Megawatt Charging System (MCS), the charging connector under development for large battery electric vehicles.

A common standard for high-powered charging would streamline business needs and avoid the potential for fragmentation in standards as was the case for the Combined Charger System, where two separate standards have been developed (CCS-1 in the US and CCS-2 in Europe).

Security

I. Aligning security regulations for air cargo

The EU and the US should harmonize air cargo regulations as a key step towards minimizing disruptions to the supply chains. This would benefit a broad range of industries both in the US and the EU. Given the high volume of air cargo between the EU and the US, a true regulatory alignment could form a basis for other countries to follow. The two sides should also support the facilitation of air cargo transportation to ensure continuity of global supply chains of critical goods in a time where geopolitical challenges are threatening food and energy security on a global scale:

- The EU and US are engaged in the process of evolving regulatory regimes for providing advanced air cargo supply chain information for risk assessment.
- Given the current harmonization of ACAS in the US and ICS1 in the EU, a 7+1 WCO Framework of Standards data set should be maintained. This data set should not diversify further as this will lead to more bureaucracy and risks of disruption. Codification of messages and response protocols should be aligned to ensure security and efficiency of global movement of goods.
- Non-security EU-US TTC threats should instead be deferred to import controls.

CONCLUSION AND NEXT STEPS

The EEA and EAA look forward to working closely with its EU and US partners to further the work of the TTC and stand ready to provide additional input.

About the European Express Association

The European Express Association · Rue de la Science 41, 1040 Brussels · Belgium · Tel: +32 2 234 68 60 ·
Email: info@euroexpress.org · Web: www.euroexpress.org

The European Express Association (EEA) represents the interests of the express industry in Europe. The express industry provides door-to-door transport and delivery of next-day or time-definite shipments, throughout Europe and the world. According to a 2020 Oxford Economics [study](#) on the impact of the express industry on the EU economy, the European express industry directly supported 330,000 jobs and an estimated 1.1 million indirect jobs in the EU in 2018, while generating €24 billion in tax revenues for EU Member States' governments that same year.

About the Express Association of America

Express Association of America · 9893 Georgetown Pike #805 · Great Falls, VA · Tel: 1 703 759-0369 ·
Email: michael.mullen@expressamerica.org · Web: www.expressamerica.org

EAA members are DHL, Federal Express, and UPS, the three largest express delivery service providers in the world, providing fast and reliable service to the United States and more than 200 other countries and territories, delivering more than 30 million packages each day. EAA members provide jobs for 932,000 people in the United States, and their U.S. employment has grown 27% over the past five years. EAA members typically employ over 150,000 additional workers during the peak holiday season.