



POSITION ON AIR TRANSPORT LIBERALISATION

Express delivery is essential to foreign trade

Express delivery has become one of the essential conveyor belts of international trade, indeed the fastest one. The four members of the GEA pick up, transport and deliver 30 million packages daily. Typical delivery times range from same day to 72 hours. Their services are used by individuals, small and medium sized companies and large multinationals that operate global value chains.

There is growing demand for express delivery services worldwide. Even after the 2008 financial crisis, express delivery continued to grow at about 7% a year.

To cater to this growing demand, the four members of the Global Express Association operate a fleet of about 1,700 aircraft. Indeed, individual members of the GEA operate some of the larger civil air fleets in the world.

Express delivery acts as a catalyst for economic activity

Express delivery services are typically used for delivering high-value-added, time sensitive shipments.

Express operators offer their customers high quality transport links, both for bringing in materials, components and spare parts to their production facilities and for transporting finished products to market. In this way, express operators help their customers overcome both challenges of geography and weaknesses in the transport infrastructure.

A wide range of factors influence businesses' decisions about how much and where to invest. However, surveys of international investors suggest that ease of access to markets and transport links are particularly important. There is a wealth of evidence that shows the majority of companies consider easy access to markets customers or clients as "absolutely essential" when deciding where to locate their business. Being able to respond quickly to customer demand is key to winning and maintaining business in an increasingly competitive global economy, and express delivery services are vital for this.



Liberalisation has allowed express delivery – and the industries it serves – to thrive

Unlike most passengers, cargo – express or not – travels one way. Without the necessary traffic rights, express carrier airplanes risk travelling empty half the time, or at least their capacity would be underutilised and resources would be wasted.

The current express delivery network, which supports so many manufacturing and services industries world-wide, is to a great extent the product of air transport liberalisation policies embraced by a growing group of governments over the last twenty years. In short, without policies that open air cargo markets and allow (and indeed stimulate) free competition amongst carriers, the ability to ship high-value-added cargo from one side of the planet to the other in a secure, time-definite way would probably not exist, or at least not the way we know it today.

Lock-in existing liberalisation. Go further.

Where countries have adopted a more liberal policy, express delivery carriers have thrived as a result – and they have, in turn, helped generate valuable activity, jobs and other benefits for the many businesses that they serve. However, there remain many countries that still follow a more restrictive approach in permitting market access to air cargo carriers. The current situation, globally, presents a very mixed landscape for air cargo operators. There remains a lot of work to be done.

Therefore, governments around the world should not only lock-in the degree of market opening achieved so far. Further liberalisation of market access and investment should inspire their air transport policies at global, regional or bilateral level, especially with regard to air cargo.

The specific needs of all-cargo services need to be recognized and such services could be subject to further liberalization, beyond the liberalization of passenger and combination services.

Free market access is an essential element of such policies. This includes the whole range of traffic rights, including fifth and seventh freedoms, so as to allow express delivery carriers (and other cargo operators) the ability to optimise the use of their fleets by picking up cargo where there is demand for the service and transporting it to where the client requests it, with their own fleet, through the most efficient routing.

Express delivery is a global activity. To meet their customers' demands, the networks of the express delivery providers span the globe. In order to do so, express delivery networks depend on a multiple hub-and-spoke structure, with hubs in several countries around the



world. Air transport policies should make it possible for an express delivery carrier to establish its own hubs wherever it considers it most efficient. To this end, allowing change of gauge should also be an essential component of air cargo transport policies, as well as the ability for an express delivery carrier to handle its own fleet and run its own local ground transport network.

And don't forget the other bits

Indeed, the operation of an efficient, global express delivery network requires the freedom to provide other services, which span beyond the realm of traditional Air Services Agreements, including the ability to own or operate facilities (warehouses, for example, or airport terminals, or indeed airports), run its own local ground transport network, run cross border trucking services, etc. The liberalisation of air transport services is thus an essential element for the efficient provision of express delivery services, but not the only one.

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