



## EU-US Trade and Technology Council (TTC)

UPS Position ahead of 3<sup>rd</sup> Ministerial  
Meeting in Washington D.C.

*November 2022*



UPS continues to be encouraged by the progress of the TTC and the results achieved so far. Enhanced EU-US cooperation is essential, and we look forward to continuing to provide input as a stakeholder and resource.

After the Russian invasion of Ukraine, the EU and the US came quickly together to align on export controls and other trade-related measures. UPS appreciates this joint effort and welcomes continued cooperation in this area given its importance. The transatlantic partnership is built on common values of freedom, democracy and prosperity and alignment on those values offers room for relevant collaborative work.

The TTC is a great opportunity for the EU and the US to advance their trade and investment relationship and deepen their regulatory cooperation. UPS would like to draw the attention to some priority areas where tangible results can be achieved and to encourage both sides to resolve outstanding disputes and sustain cooperation in order to increase trade and address climate change.







## Global Trade Challenges / Secure Supply Chains

### *Addressing Unfair Trading Practices*

The EU and US should use their joint economic influence to confront unfair trading practices of third countries and resort to mutual cooperation to prevent unilateral actions (transatlantic economy accounts for one third of world GDP in terms of purchasing power and half of total global personal consumption).

The transatlantic partners should uphold a global standard for free and fair markets and dissuade countries from using anti-competitive and trade distorting policies, particularly in areas including unfair restrictions to foreign investments as well as unfair pricing and subsidies in the services industry.

### Example

The COVID-19 pandemic has demonstrated the critical role of well-functioning supply chains, including the express delivery industry, to deliver life-saving vaccines, PPE, and other essential products across borders. Maintaining a competitive express service market provides economies the flexibility to ensure that future emergencies can be addressed quickly and efficiently. Government subsidization of national cargo operators risks distorting the express delivery market. Over the past years, UPS has witnessed competitive distortions as a result of the Chinese government's subsidies to its own cargo flight services. Free competition is needed to ensure a strong market for global logistics and sustain the recovery of manufacturing and global value chains.



### *Aligning Security Regulations Early*

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.

Support 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.

### **Example**

The EU and the 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 diverge 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 threats should instead be deferred to import controls.





## *Reforming the WTO*

Engage in a constructive process to modernize the WTO and implement reforms needed to make the organization fit for the 21st century, as a rules-based international trade order, with the WTO as its arbiter, is the only way to ensure a stable international environment that is conducive for businesses.

Revitalize the WTO negotiating function, by allowing countries that are willing to move forward via “open” plurilateral talks to do so (e.g., JSI on E-Commerce, on Investment Facilitation), strengthen the monitoring role of the Secretariat and reform the dispute settlement to restore trust among members.

Enable the MSMEs Informal Working Group to have a greater voice, address cross-cutting issues and help guide members in the implementation of certain WTO agreements, such as the Trade Facilitation Agreement (TFA) whose provisions should be in particular enforced and applied to expedited shipments.



## Climate and Clean Tech

*Collaborating to Accelerate Required Technology for Private Sector Green Transition*

Align on efforts towards a green recovery and action towards net zero, and on government incentives to accelerate production of electric and alternative fuel vehicles and the corresponding infrastructure.

Scale up production and market uptake of Sustainable Aviation Fuels (SAF) to advance the air transport sector's transition towards lowering emissions and leading to a more sustainable global aviation network.

Jointly enable the production and use of sustainable fuels for road transport, such as bio-LNG and bio-CNG, that offer significant decarbonization potential as bridging technologies while the long-haul road transport sector transitions to zero emission technologies.

### Example

UPS strives to increase the energy efficiency of our transportation network, including investing in low and zero carbon technologies. We welcome the TTC progress towards coordinating EU-US approaches on technology standards for heavy-duty electric vehicle charging. UPS is also committed to using 30% SAF by 2035 for its global air network. An accelerated and coordinated energy policy for SAF will help ensure efficient industry advancement which will support broader uptake. 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. Approaches based on tax incentives for the use of SAF can be an effective tool to catalyze the development of the industry, as by rewarding high emission reduction values with higher incentives it is ensured that more sustainable pathways are supported effectively.





## Data Governance and Technology Platforms / ICTs Security and Competitiveness

### *Facilitating Cross-Border Data Flows*

Encourage cross-border and transatlantic data collaboration projects, leveraging free flow of data principles and 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 or build expensive physical infrastructure or use local infrastructure as a condition of doing business.

Build on the announcement of a new EU-US framework for secure cross-border data transfer (March 2022) 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 like UPS who move shipments across borders.

### *Modernizing Digital Trade Rules*

Jointly promote ambitious, binding rules for global e-commerce through the conclusion of the ongoing WTO negotiations, so 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.

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.



## Promoting SMEs Access to and Use of Digital Technologies

### *Capacity Building and Trade Facilitation to Empower SMEs*

Improve EU-US bilateral trade facilitation by developing modernized customs measures to reduce the costs of doing transatlantic business, particularly for SMEs. In 2022 UPS published a report that surveyed SMBs from 10 countries, including Italy and France in the EU, to identify challenges that hinder SMEs' growth and prevent them to access ecommerce opportunities ([SMBResearchFullReport.pdf \(ups.com\)](#)).

UPS supports the deliverable of providing training to assist SMEs improve gaps in their skill sets and we see a particular opportunity to engage women in the global digital market. UPS has been running a Women's Exporters Program globally and to date has trained over 20,000 women on how to export.

### Example

The US and EU can cooperate to empower greater SME success in global e-commerce by establishing a customs duty de minimis at a commercially meaningful level, simplifying customs documentation, improving on common data elements for both imports and exports, encouraging mutual recognition of customs controls through Mutual Recognition Agreements, developing a Single Window for submission of customs electronic documentation, moving duty and tax collection process away from the border and ensuring an entry clearance for low value shipments based on simplified procedures and reduced data requirements. In addition, capacity building is vital for SMEs and UPS stands ready to collaborate with the EU and US working group on this concept similar to how we have partnered with Member States government stakeholders in Europe, the UK and other global markets.





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