



The International Express Delivery of E-commerce Volume

Challenges and Opportunities

March 13, 2025

Evolution of Global E-Commerce due to Expanding Online Demand

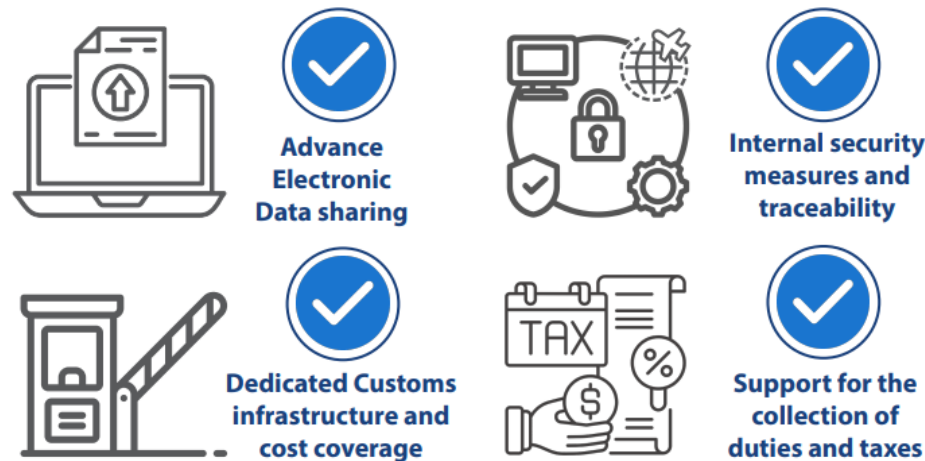
- E-commerce continues to fuel global economic growth by opening new, convenient channels for consumers and allowing businesses of all sizes, especially SMEs, to reach markets across borders.
- E-commerce makes it easier for SMEs to export, which in turn increases their likelihood of growth, resilience to economic shocks, and access to new ways of doing business that will sustain their future growth.
- As consumer demand for online sales grows, the volume of low-value parcels delivered across borders has risen sharply. Flood of low-value direct-to-consumer (B2C) consignments can create complications around customs oversight, product safety, and fair competition.
- E-commerce rapid expansion strains in particular customs authorities, which are responsible for detecting unsafe, counterfeit, or non-compliant products.

Essential Role of the Express Industry

- The express sector underpins global supply chains by providing reliable, time-definite transportation. Express delivery carriers control the entire logistics chain:
 - Picking up shipments, transporting them in secure vehicles and aircrafts, ensuring all necessary export and import formalities are completed, and delivering directly to the addressee.
- From urgent medical shipments to just-in-time manufacturing components to e-commerce goods, UPS facilitates seamless trade within and beyond national borders.
- Commitment to protect, trace, and deliver goods on time depends entirely on strict compliance with global trade regulations and expedited treatment at the border.
 - **Advance Electronic Data:** Express carriers lead the provision of detailed electronic shipment data to border authorities before arrival, ensuring transparency and efficiency.
 - **Customs Expertise:** As some of the world's largest customs brokers, express carriers have built advanced systems to meet and, in many cases, exceed regulatory standards.
 - **End-to-end Control:** From pickup to delivery, shipments are secure and traceable.

International Agreements and Commitments

- Global treaties like the WTO Trade Facilitation Agreement (TFA) and national initiatives such as Authorized Economic Operator (AEO) programs recognize that compliant operators should receive expedited and simplified treatment at borders.
- The TFA specifies precise requirements for expedited shipments, including:



- Express carriers already meet these criteria. Yet, these benefits are often applied inconsistently, leaving compliant operators to compete with those who fail to meet the same standards.

Rewarding High Standards: The Case for Differentiated Facilitation

- Under international and national agreements, facilitation benefits should apply without any weight and value restrictions and be reserved for those who uphold the highest compliance standards. These benefits include:
 - A de minimis threshold under which no duty is paid;
 - Immediate release on the basis of a consolidated declaration (e.g. manifest, waybill, cargo declaration);
 - Reduced documentation, data and inspections;
 - Rapid release times;
 - Deferred payments for duties and fees;
 - Single declarations for periodic imports and exports, and
 - On-premises clearance or clearance at authorized locations
- Only those operators who meet rigorous requirements should receive these facilitation benefits, but any operator who meets these standards should receive the corresponding benefits, regardless of ownership, nationality, mode of transportation (level playing field).

The EU Case: Increasing Import of Low Value Goods (1/2)

- The European Commission observed that 4.6 billion e-commerce items were imported into the EU in 2024, which corresponds to up to 12 million small e-commerce items per day.
- Recent increase of e-commerce imports into the EU marks a high increase with respect to 2023 (2.4 billion) and 2022 (1.4 billion).
- UPS understands the concern around potential unsafe and illegal products being shipped to the EU in large volumes of individual and often small parcels sold to EU consumers via online platforms from non-EU countries.
- These products can prove to be difficult to control, in particular for customs authorities at the entry point, and they can lead to unfair competition if non-EU platforms enable non-EU manufacturers to enter the EU market, bypassing applicable regulations and standards.

The EU Case: Increasing Import of Low Value Goods (2/2)

- UPS is committed to upholding regulatory compliance and welcomes the implementation of the EU Customs Reform and the modernization of customs procedures, particularly through effective and centrally managed IT systems.
- UPS also calls for greater collaboration among national customs authorities, robust digital tools, and consistent enforcement of existing regulations.
- The EU institutions should go beyond customs enforcement alone by actively enforcing other existing legislations.
- A more comprehensive approach will help tackle non-compliant e-commerce shipments, thereby protecting consumers, compliant economic operators, and the EU economy.

The EU Case: Safety, Security and Compliance Challenges

Transparency

- Transparent information flows between express operators and customs officials are key and have allowed the express industry to be first to implement Release 1 and 2 of the Import Control System 2 (ICS2), an EU pre-loading and pre-arrival cargo information system using risk-based customs controls to boost security and trade efficiency.
- UPS welcomes the launch of an EU Customs Authority and an EU Data Hub to achieve efficiency gains and more accurate risk assessments, reducing the complexity of 27 national systems.
- UPS supports compliance with all applicable requirements and submits customs data for product safety risk assessments. However, we acknowledge that authorities have the ultimate responsibility for stopping non-compliant goods
- In addition to the customs legislation, the EU already has other tools, including the EU Digital Services Act (DSA), the EU General Product Safety Regulation (GPSR), to manage non-compliant imports.

The EU Case: Safety, Security and Compliance Challenges

Enforcement

- Enforcement efforts must extend beyond customs authorities, as addressing the challenges posed by e-commerce does not hinge solely on implementing the EU Customs Reform.
- National customs agencies can leverage existing legislation, risk-based systems, and technology to better detect infractions.
- Additional staffing and funding remain crucial, and revenue from import duties should be reinvested in enforcement and advanced risk analysis.
- Data sharing, AI-based risk profiling, blockchain tracking, random inspections with heavier penalties could further strengthen consumer protection.
- Rollout of the EU Digital Product Passport (DPP) in high-risk product areas can allow to better detect product quality and early verify compliance data.
- Encourage “trusted” digital labels and explore targeted website blocking to empower consumers to avoid risky products, reducing customs burdens and fostering market integrity.

The EU Case: Safety, Security and Compliance Challenges

Collaboration

- A cohesive, risk-based, and data-driven customs framework is critical for managing the influx of low-value e-commerce imports without stifling legitimate trade.
- Enhanced cooperation among customs, market surveillance, and other authorities is key to intercepting non-compliant goods.
- Introduction of common risk profiling tools could foster more uniform enforcement EU-wide.
- Establishment of targeted “Priority Control Areas” and robust risk analysis can allow legitimate operators, such as express couriers, to remain unimpeded.
- Partnerships with major trading partners (e.g., U.S. and China) should be aimed to improve customs oversight and mitigate unfair trade practices.



Thank you

Emanuele Frezza
UPS EU Affairs Senior Manager