



January 27, 2012

Mr. L. Daniel Mullaney
Assistant U.S. Trade Representative for Europe and the Middle East
Office of the United States Trade Representative
600 17th Street, NW.
Washington, DC 20508

RE: Docket No. USTR-2012-0001.
Request for comments on U.S.-EU High Level Working Group Meetings

Dear Mr. Mullaney:

On behalf of Deutsche Post DHL ("DHL"), I would like to provide comments on the referenced Federal Register Notice regarding the opportunity to provide input on the work of the U.S.-EU High Level Working Group on Jobs and Growth, which was launched at the November 28, 2011 European Union - United States Summit meeting.

DHL is an EU headquartered company with a strong footprint in the United States. DHL Express was established in 1969 in San Francisco, and has become the leading express delivery company worldwide. Today, the DHL group is present in the U.S. with four business units (DHL-Exel Supply Chain, DHL Express, DHL Global Forwarding, and DHL Global Mail), each of which plays a key role in the transatlantic and global supply chain.

Our more than 25,000 employees in the U.S. provide a broad product portfolio for our U.S. customers: millions of international shipments each year, sophisticated logistics services for a range of U.S. manufacturers, heavy freight movements as well as the management of postal products. DHL's business constitutes a significant part of the transatlantic market place. The transatlantic business of DHL can be impacted significantly by the actions taken as part of the high level working group.

DHL offers comments today based on our role as a transportation and logistics provider in the transatlantic movement of goods. Trade and the free flow of goods is the lifeblood of our industry, and it is therefore with great interest that DHL engages USTR in the discussion of tariff and non-tariff barriers to trade. Below are five areas where greater collaboration between the US and EU would greatly improve the speed and efficiency of the cross border movements between our two interlinked economies.

1. Harmonize Transportation Security Requirements:

DHL's high security standard globally is second to none. We recognize that the threat to commerce posed by terrorism does not stop at national borders. Therefore, DHL commends the efforts of the US and EU to establish mutual recognition of the existing

Deutsche Post DHL
900 17th Street, NW, Suite 920
Washington, DC 20006

Phone: (202) 293 - 9380
Fax: (202) 293 - 9387
www.DP-DHL.com

trade partnership programs: U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) and EU Authorized Economic Operator (AEO). DHL is a member of both trusted-trader programs and strongly supports the goal of recognizing and eventually harmonizing trusted programs to improve the efficiency and engagement of more industry partners. Without timely and sufficient recognition of these two programs, both programs will fail to achieve the goal of a safer supply chain. Regulatory authorities should provide commercially useful benefits to carriers and shippers as an acknowledgement of such cooperation and increased network safety. This is both feasible and fully supported by the World Customs Organization (WCO).

Further, as new security programs and initiatives are developed, greater effort is needed to harmonize standards to prevent future divergence in program requirements. For example, both markets have agreed on the need for pre-lading information for air cargo and to work towards making this principle an international standard through the WCO. DHL and the industry have already worked with the US Department of Homeland Security's (DHS) and CBP/TSA to establish a collaborative Air Cargo Advance Screening (ACAS) program. Currently with our ACAS pilots we are testing the feasibility of analyzing the already required data – now transmitted earlier – in order to identify and intercept potential threats. This ACAS pilot program so far has worked very successfully for the U.S. government (CBP/TSA) and our industry. It is our understanding that EU authorities are examining a similar program, and DHL strongly encourages EU authorities to work closely with the U.S. and our industry to establish a carrier-initiated, risk-based approach that can be employed on both sides of the Atlantic. The ongoing ACAS pilot has set a good example for similar tests in the EU.

2. Increase "De Minimis" Import Values and Eliminate the Formal Entry List:

When considering tariff related burdens on the flow of commerce, DHL supports a commercially meaningful "de minimis" value threshold for the imposition of duties and customs requirements for both markets. Currently, the EU "de minimis" value is significantly below that of the US, leading to significant barriers for small exporters. Recent studies by the Peterson Institute for International Economics, ITS Global and the Centre for Customs and Excise Studies at the University of Canberra have demonstrated that higher "de minimis" values provide substantial benefits to the supply chain and the local and national economies. Raising the "de minimis" will reduce regulatory and financial burdens for small and medium sized enterprises and will allow host country border authorities to better target often scarce resources on real risks. Therefore, the cost benefits in the short and medium term would be shared by all parties. DHL actively supports all legislative and regulatory efforts to increase the "de minimis" threshold in the US. A parallel effort in Europe would benefit shippers and the economy as a whole in both markets.

Further, even with "de minimis" and informal entry levels designed to reduce requirements for imported goods, the US maintains a list of goods under the Harmonized Fact Sheet 30, which requires formal customs entry even below the formal entry level of \$2,000. US Customs and Border Protection (CBP) reduced this list in 2009 in recognition of the expiration of textile quotas and the implementation of WTO trading rules, but several low value items in four sections of the Harmonized Tariff Schedule list still require formal entry. Clear legislative authority exists for any items remaining on the

list of exceptions, and we encourage abolishing the list completely. As a result, the efficiency and cost for cross border shipments would be reduced.

3. Open Investment Structure for Ownership and Control of Airlines:

DHL continues to believe that Aviation markets should be liberalized worldwide, so that airlines from all countries can compete on equal terms in every market. Removal of restrictions on traffic rights, the ability for airlines to bid for public sector business regardless of nationality, and the removal of ownership and nationality clauses which prevent airlines from gaining access to international capital are key objectives. In today's interconnected world, there is no longer any justification to treat aviation differently than other sectors of the economy.

In the transatlantic space, an Open Aviation Area (OAA) should be achieved. Ownership and investment rules that currently prevent non-US/EU citizens from playing a meaningful role in US/EU airlines should be adjusted accordingly. Legitimate concerns for national security and homeland security should and can be accommodated.

4. Avoid Unilateral Actions That Could Harm Trade in Services:

DHL provides a global network of services across 220 countries and territories worldwide. Whenever a country acts unilaterally to impact trade without coordination through the international bodies – such as the WCO, WTO, and ICAO – it imposes a burden on the efficient movement of goods and threatens commercial disadvantages. For example, the EU and US are currently engaged in a heated dialogue over the imposition of a European Emissions Trading Scheme (ETS). While DHL strongly supports the goal of sustainability and addressing the threats associated with global climate change, the escalating dispute has the potential to adversely affect trade in services, particularly global transportation of goods and passengers. DHL therefore urges the negotiating parties on both sides of the Atlantic to continue a constructive dialogue in order to harmonize schemes and/or regulations. Most importantly, the US and EU must avoid any result that would harm a transportation/logistics provider's ability to effectively and efficiently serve customers on either side of the Atlantic.

5. Use of Intermediaries to Enforce Protection of Intellectual Property Rights (IPR):

Today IPR infringements affect commodities as diverse as luxury leather goods to pharmaceuticals and aircraft parts requiring highly skilled and experienced experts to identify them. DHL fully supports the need to enforce the protection of intellectual property rights and actively engages with, and supports enforcement bodies globally.

DHL will continue to support enforcement bodies. We do not however have the necessary expertise nor experience to identify counterfeit goods. There should be a clear recognition that despite our efforts to support the fight against IPR infringements, carriers such as DHL cannot be expected to undertake a role for which they are not qualified but must rely on the real experts to continue the role of enforcement.

DHL believes strongly in the collaboration with governments and the value of a safe and efficient supply chain. The transatlantic relationship remains the strongest economic tie for either the US or the EU, and DHL appreciates the efforts of the U.S.-EU High Level Working Group to reduce barriers to trade. For further information or to answer any questions, please contact our office at 202-293-9380.

With kind regards,

Wolfgang Pordzik
Executive Vice President
Corporate Public Policy
DP DHL Americas