

Memorandum from the Association of International Courier and Express Services to the Transport Select Committee – 9th October 2007.

1. The Association of International Couriers and Express Services (AICES) is the UK trade association for companies handling international express documents and package shipments and its members include household names such as DHL, FedEx, TNT and UPS. Our members are responsible for over 95% of the international courier and express shipments moved through the UK every day, providing the “just-in-time” information and goods that organisations from hospitals to major financial institutions rely upon.

2. The sectors that are most reliant on express services are among the most productive and the fast growing areas of the UK economy including the manufacturers of electronic components, telecoms and financial services. Rapid, cost-effective delivery is increasingly important to these sectors’ ability to compete in global markets with more than two-thirds of companies reporting that express delivery services are vital or very important for their business success.

3. A recent independent report by Oxford Economic Forecasting entitled “The Economic Impact of express Carriers for UK Plc” reveals that the sector currently contributes nearly £1 billion to GDP and £1.3 billion of economic activity to the UK economy and directly employs 32,000 people and indirectly supports a further 72,000 jobs.

4. The Association would like to submit the following as evidence to the Transport Select Committee as part of the forthcoming inquiry into the Department for Transport’s approach to freight transport.

- **The TC will also examine whether the Department’s responsibilities should be extended, to developing and implementing an integrated freight plan, for example.**

5. The Association is sceptical of the value of adopting an Integrated Freight Plan by the Department for Transport. The difficulties faced by the department in reducing high levels of private car use and the challenge associated with encouraging greater use of public transport should remain the department’s key priority.

6. The idea of a DfT Integrated Freight Plan in addition to work being undertaken by TFL, local authorities and devolved bodies risks more bureaucracy and regulation being imposed on top of existing arrangements with no measurable improvement in the operation of freight transport.

7. Members already operate full vehicles having consolidated them effectively. An integrated freight plan could not, therefore, reduce the number of freight vehicles operated by the large express carriers.

- **Is the Department's investment in logistics programmes-including the Sustainable Distribution Fund-good value for money and meeting the objectives?**

8. The Association is concerned with the continuous emphasis on modal shift from road to rail and water borne freight. The express sector is based on rapid and time specific deliveries with heavy emphasis on using planes, lorries and vans. The scope for moving to alternatives is extremely limited.

9. Regarding the efficiency programme the association believes that a great deal more could be done to encourage and promote the engagement of the sector with this work.

10. The Association is of the view that the SDF should include a work stream based on research and development into alternative fuel technologies.

- **International distribution patterns involving air freight increase carbon dioxide by up to 30 times that of sea transport-what more can be done to promote modal shift from road and air freight to inland waterway, shipping and rail?**

11. AICES members are fully supportive of measures to improve the environment and actively promote their own initiatives, such as the introduction of quieter, more fuel efficient aircraft engines and environmentally friendly vehicles. One example of the numerous voluntary projects AICES members have been working on is the initiative to reduce the impact of night operations:

12. Investment in new aircraft - To reduce noise and emissions, the express industry is investing over 3,300 million euros in quieter and cleaner aircraft for use in Europe.

13. Adaptation of operational and flight procedures to minimise noise impact - Express operators co-operate with airport authorities to develop flight procedures which have the least impact on the environment, while respecting safety requirements.

14. Divert the transport of shipments from air to road or rail - Whenever possible, express operators divert from air to road, but the emphasis must be laid on whenever possible. This diversionary approach cannot be allowed to undermine the crucial role played by the express sector.

- **How can the Government encourage and incentivise further efficiency improvements.**

15. The sector needs plenty of time to adapt to change and avoid haphazard and un-coordinated change from a multiplicity of different policy directions – the EU, the DfT and TfL. The emphasis needs to be on more positive encouragement rather than negatives.

- **Air freight in the South-East is forecast to grow from 2.2 million tonnes a year in 2003 to 14 million tonnes by 2030. Has the Department adequately planned for the capacity and access implications of this very significant growth?**

16. Practically every organisation relies on fast and efficient transportation of goods, components and documents in order to ensure their commercial competitiveness and success. The express industry specialises in time-definite, reliable transportation services for documents, parcels and freight. It has allowed British business to rely on the predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness.

17. This usually requires goods to be picked up at the end of the working day for delivery early the following day. The only way to achieve such a delivery schedule is by the operation of aircraft outside of normal business hours, including those defined as night, between 11pm and 6am. Night flights are only used when no other alternatives are available.

18. Typically, the types of goods transported by express services are high-value items such as electronic components, automotive spares, product samples and pharmaceutical products. With e-commerce becoming a major driver for the UK economy, the express industry will play an increasingly important role in the supply chain ensuring business efficiency and consumer satisfaction. The ability to fly at night is therefore particularly important for express operators to meet the “next day” needs of customers.

19. AICES members have taken numerous voluntary initiatives to reduce the impact of night operations as much as possible. These include, investment in new aircraft; the adaptation of operational and flight procedures to minimise noise impact and, wherever possible, diverting the transport of shipments from air to road.

20. As the Government recognised in its aviation white paper, the demand for express industry services is growing. A balanced approach must therefore be struck between providing businesses with vital modern transportation and logistics and the needs of the communities living nearby airports.

21. Failure to find a balance could result in severe consequences. If restrictions or even bans on night flights are imposed, carriers may be forced to move to more favourable locations within the European Union. With them will go considerable national and local economic benefits.

22. The loss of a next day delivery service would damage UK business considerably, particularly the hard pressed manufacturing sector. In a recent CBI and Oxford Economic Forecasting survey, over 90% of firms in the computer and office equipment, electrical engineering, motor vehicles, printing & publishing and precision & optical instruments sectors reported that they would be very badly affected by the cessation of nightflights and next day delivery services.

23. The express industry welcomed the "balanced approach" on aviation noise, agreed in October 2001 at the International Civil Aviation Organisation General Assembly and implemented by EU Directive 2002/30/EC on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Community Airports.

24. The "balanced approach", if effectively implemented by Member States, should provide legal certainty to the express industry whilst at the same time ensure a reduction in the number of people affected by noise.

25. AICES supports and advocates sensible noise regulation, but believes that such regulation is best achieved within an international framework. AICES is of the opinion that ICAO is the most appropriate organisation responsible for managing the environmental effects of the global aviation system.

26. The demand for express delivery services is growing. We are proud of our contribution to the UK economy – local and national – and the efforts we have made to adapt our operations to address environmental concerns. We look forward to working with decision makers at all levels to ensure we are able to do so in the future.

27. If the UK economy is going to remain competitive, it is vital that existing airport capacity is used to the full to support the future growth in trade and that freight should be entitled to a share of any additional capacity derived from the expansion of Heathrow.

28. The continuation of dedicated freight night flights at East Midlands Airport, Luton and Stansted are vital in ensuring that sufficient capacity is maintained to meet the large volume of demand for time definite express deliveries.

- **How will transport networks need to adjust to serve the growing air freight market?**

29. The Association supports the principle of road pricing provided that the schemes are proven to have a positive cost-benefit. The Association is also strongly of the view that consulting with the transport sector should be a compulsory requirement included in the Local Transport Bill. The Association would recommend that freight only lanes on motorways should be subjected to examination in a pilot study.

- **How effective are the Freight Quality Partnerships in improving the local experience of freight and deliveries?**

30. AICES are actively involved in the Central London Freight Partnership which has working groups on loading/unloading/PCNs and consolidation centres. Progress is slow but there is now agreement that both local authorities and the private sector have a shared interest in reducing the number of incorrectly applied PCNs, which involve costs being incurred by both. The Association is of the view that traffic and parking restrictions should be restricted to considerations of safety and traffic flow.

- **Are the restrictions on night-time deliveries still appropriate? What impact would weakening the restrictions have on quality of life and other factors?**

31. The majority of our deliveries are done during the day.

- **How can the road safety record of haulage vehicles be improved?**

32. Road safety is an important issue for the industry – many of our members have significant driver training and road safety programmes to minimize the risk to others.