



December 23, 2004

Ms. Anita Thomas
Attn: Transatlantic Economic Relationship Written Comments
Office of Europe and the Mediterranean
Office of the U.S. Trade Representative
1724 F Street, N.W.
Washington, DC 20508

Re: Enhancing the Transatlantic Economic Relationship

Dear Ms. Thomas:

This letter responds to the August 17, 2004, Federal Register notice of the U.S. Trade Representative ("USTR") soliciting comments on ways to further strengthen the transatlantic economic relationship. DHL, as a strong supporter of open markets and reduced government regulation of commerce around the world, applauds USTR's efforts to promote economic growth through trade and investment between the United States and the European Union.

DHL is the global leader in express delivery and logistics services, an industry that plays a unique and vital role in supporting the U.S. economy and facilitating global trade. DHL serves 220 countries and has more than 200,000 employees worldwide. In the U.S. alone, DHL provides for the employment of approximately 45,000 people. DHL is wholly owned by Deutsche Post World Net, a German corporation.

DHL and the other leading express delivery and logistics service providers compete with each other on a global basis. Customs and other trade barriers and unnecessary or discriminatory government regulation, however, impede their ability to operate efficiently. This in turn hampers global commerce, which is highly dependent on express, time-sensitive delivery and logistics management services as a vital link in the global supply chain. Accordingly, it is imperative that governments prioritize liberalization of trade in express delivery and logistics services as a matter of policy and, more particularly, as part of multilateral and bilateral trade negotiations.

Trade in express delivery and logistics services in and between the U.S. and the EU is relatively open and unencumbered by burdensome or discriminatory government regulation (by comparison to the operating environment in some other countries around the world). Progress over the past decade in reducing such barriers to trade has been substantial. In Europe, the leadership of the EU and key member states, including Germany, whose markets are among the most open of any around the world, has been critical. Nonetheless, government-imposed economic barriers persist on both sides of the Atlantic. Some of these restrictions discriminate among service providers based on nationality; others, while not discriminatory, needlessly impose additional costs and inefficiencies on all providers. Examples of these barriers include:

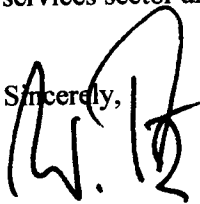
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- Both the U.S. and the EU have established *de minimis* standards whereby goods under a specified value are exempt from Customs declaration requirements, duties and taxes. The U.S. *de minimis* threshold is U.S. \$200, but the EU threshold can be as low as Euro 22, which is far too restrictive.
- The EU lacks a centralized customs clearance system and customs procedures differ among member states. This is inefficient and adds to the cost of doing business for express delivery service providers and their customers. It also results in avoidable confusion and delays in clearing goods. Some member states appear to be continuing to resist an EU initiative to move to a centralized customs system.
- Both the U.S. and the EU impose restrictions on foreign investment in air carriers. The U.S. restrictions are particularly onerous. U.S. law prohibits non-citizens from owning 25% or more of the voting interest in a U.S. air carrier. By contrast, EU law allows non-citizens to own up to 49.9 % of an EU air carrier. The Bush Administration has proposed that the U.S. liberalize its airline ownership restrictions to match those of the EU, but Congress has not passed the requisite legislation. This liberalization is crucial to providing a transparent and competitive aviation market.
- EU air carriers are prohibited from holding out service in the domestic U.S. market, whereas U.S. carriers enjoy extensive rights to operate between EU member states. This disparity in operating rights (and airline ownership rights, as described above) imposes higher costs on EU air express delivery companies operating in the U.S., which are obliged to contract with "U.S. citizen" air carriers for airlift in the U.S.
- The U.S. government imposes prior authorization licensing requirements on foreign air freight forwarders wishing to engage in domestic U.S. or international freight forwarding in the U.S. Those requirements do not apply to U.S.-owned air freight forwarders. By contrast, Germany and the EU do not impose any licensing requirements on U.S.-owned air freight forwarders.

DHL urges the U.S. government to build on the progress and cooperative spirit established by President Bush and his EU counterparts at the June 2004 US-EU economic summit by engaging the EU in a dialogue with the objective of reducing and eliminating barriers to trade and investment including those described above, both in the express delivery and logistics services sector and in the economy as a whole.

Sincerely,



Wolfgang Pordzik
 Executive Vice President
 Corporate Government Affairs
 DHL Americas