



ICAO Air Transport Symposium



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May 8, 2014



Overcoming Restrictions and Lessons Learned

Focus on 2 aspects from FedEx Experience

–Advocacy

- Advocating for changes in regulatory environment allowed FedEx to start operations and has remained a hallmark of FedEx today
- Engaging with Governments to find solutions which allow necessary government functions and trade facilitation to exist together

–Information

- “The information about a package is just as important as the package itself.” (Fred Smith, 1978)
- Information from private companies can be used to help in the regulatory world (finding the needle in the haystack).





FedEx Today



FedEx.
Corporation

FedEx.
Express

FedEx.
Ground

FedEx.
Freight


FedEx Kinko's.
Office and Print Center

FedEx.
Trade Networks

FedEx.
Supply Chain
Services

FedEx.
Custom Critical

FedEx.
Services



Express Services



- **What do Express Companies do? What is an integrator?**
 - **Door-to-door Air-Ground Network**
 - **Time Sensitive, High-value Shipments**
 - **Information Intensive**
 - **Global Operations**
 - **Customs Cleared**



Connecting 95% of Global GDP Within 72 Hours





FedEx Express and the Regulatory Environment



- Began operations in Memphis on April 17th, 1973 with 10 small planes and 186 packages going to 25 cities and operating under existing regulatory exceptions for small aircraft
- Network Concept proved itself, giving rise to necessity of changing the regulatory environment leading to U.S Air Cargo Deregulation in 1978
- Followed by U.S. Interstate and Intrastate Trucking Deregulation



FedEx Express and the Regulatory Environment



- With changing business climates such as Global Supply Chains and E-Commerce, later regulatory efforts included international as well as U.S. domestic efforts:
 - International Aviation
 - Aircraft Noise and Emissions
 - Postal
 - Customs
 - Security
 - Trade
- There have been many accomplishments through work by individual companies, associations and governments but obviously still work to be done
 - Ownership and control laws
 - Free-trade agreements
 - Expand, further liberalize Open Skies
 - ATC and Infrastructure
 - More efficient border processes
 - Risk-based Security
- FedEx has had a special emphasis on trade and we are committed to extolling the demonstrable benefit of growing world trade and pushing politicians to look at the greater good of endorsing new treaties



FedEx Express and the Regulatory Environment



• WTO Trade Facilitation Agreement (Bali Agreement)

- First multilateral trade agreement out of WTO in its 19 years; an important milestone for our industry
- Culmination of many years of public advocacy on benefits of efficient customs and border management
- Provides for transparency, cost-based fees, pre arrival release, risk management systems, expedited customs procedures and single window clearance procedures
- Not everything we wanted but over the long-term should improve customs performance in key developing countries
- 2/3 of WTO members must ratify by target date for entry into force July 2015
- Implementation flexibilities are highly complex and many provisions won't be in place for many years
- OECD estimates that once fully implemented, the agreement will achieve 10% transaction cost savings in developed countries and 15% transaction cost savings in developing and least developed countries



Fred Smith realized that tracking packages—knowing points of origin, movement through the system, and estimated times of arrival—was nearly as valuable as the packages themselves

- Internal

- The need for speed means the need for control; everything is tracked

- Shippers

- Assists with inventory management
- Technology solutions to solves shippers' business problems with technology
- Provides transparency and reliability
- Provides protected environment for special shipments with devices that can transmit key variables: temperature, barometric pressure, humidity, shock and location

- Government

- Opportunities for cooperation, especially with customs and security
- Digital screening can be as important or even more important than physical screening
- ACAS
- New Opportunities



Efficient Border Clearance is Critical to Leveraging the Full Potential of Innovative Supply Chains



