

Connecting Romania with The European Market Through Courier Services

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Abstract

In the context of globalization, express courier services become essential for streamlining cross-border trade.

Among the main players facilitating these processes is UPS, a giant of the courier industry, whose strategies, and services play an important role in connecting the Romanian business environment with markets in the rest of Europe.

The study's findings underscore UPS's strategic importance not only as a logistics service provider, but also as an essential partner for Romania's sustainable economic development through more efficient integration into European supply chains.

E-commerce has experienced a significant expansion in Romania, and courier services are essential for the efficient operation of this sector. The speed and reliability of deliveries help meet consumer expectations and build trust in online shopping.

The paper makes a valuable contribution to existing literature by focusing on a specific case study, offering new perspectives on the role played by courier companies in regional economic dynamics.

Key words: integration, courier, industry, strategy, economy

J.E.L. classification: F1

1. Introduction

Against the backdrop of a Romanian economy in continuous expansion and integration into European structures, the need for efficient logistics services adapted to market needs is more demanding than ever. In this context, UPS finds itself not only as a courier service provider, but also as a strategic partner for Romanian businesses aspiring to a consolidated presence on the European single market. Through a well-organized logistics network and the implementation of continuous growth strategies, UPS facilitates the access of Romanian products to new markets, thus contributing to increasing national competitiveness on the European stage.

Analysis of UPS's strategies in the Romanian context highlights how adaptability, innovation and sustainability underpin the company's success in meeting the complex needs of its customers. This paper also presents an analysis of UPS services and highlights the challenges encountered in integrating its services into the Romanian market and how they have been overcome through creative and efficient solutions.

Therefore, this study is not only a representation of the role UPS plays in connecting Romania with the rest of Europe, but also provides a broad insight into the dynamics of the express delivery services market, highlighting current and future trends that will shape this vital sector for the Romanian economy.

2. Theoretical background

In essence, the activity of providing postal services is subject to the regulations established by Government Emergency Ordinance no. 13/2013 on postal services, which is regularly updated, and

is detailed in Decision no. 925/2023 issued by the National Authority for Management and Regulation in Communications (ANCOM).

This decision, published in the Official Gazette of Romania, part I, nr. 1175 of 27.12.2023, establishes the framework for a general authorisation regime for entities wishing to provide postal services.

Through ANCOM Decision nr. Regulation (EC) No 925/2023 clarifies the procedure by which applicants can obtain authorisation to provide such services and the conditions under which postal operators can operate under this general regime. The aim is to promote an open competitive market and protect the interests of consumers of postal services.

This legislative and regulatory approach reflects the recognition of international trade as a fundamental pillar of the global economy, representing the oldest and most significant international economic flow.

Many countries proclaim free trade, but a series of protectionist measures are promoted discreetly (Ion,2010, p425).

Discriminatory practices used in developed countries are numerous and often very effective. In this regard, Michael Didier considers that to achieve the protection of industry in these countries, "technical reasons" are used several times, a quality mark is required – which is rarely granted to foreign firms when it comes to competition for public orders (Michael, 1994, p176 and 177).

Over time, the process of economic integration at international level has undergone a significant evolution, manifesting itself through various current forms, including:

- The Customs Union, which aims to eliminate trade barriers, especially customs barriers, between participating countries. It is based on preferential trade agreements between member countries and applies a common customs tariff in relations with third countries. This facilitates a progressive liberalisation of international trade, encouraging competition and competition between companies.
- Free Trade Zones, characterized by the elimination of customs duties in certain regions or territories.
- The Common Market (or Single/Internal Market), which represents a more advanced level of integration, aiming not only at trade liberalization, but also at the free movement of labor and capital between Member States.
- Economic Union, which goes beyond the characteristics of the Common Market by coordinating national economic policies in certain sectors at a supra-state level.
- Economic and Monetary Union, a more advanced form of association that also includes monetary aspects such as the implementation of a common monetary policy, the existence of a single central bank and the adoption of a single currency.
- Political and Territorial Integration, which constitutes a higher level of integration, through the transfer of competences from national bodies to supranational structures.
- Globalization, seen as a manifestation of global integration trends, illustrated by the creation of international bodies such as the World Trade Organization (WTO), which regulate global trade.

These forms reflect varying degrees and ways in which countries work together to facilitate cross-border trade and investment, with global economic growth and prosperity as the goal.

3. Research methodology

Through a case-study-based methodology, analysis of official company documents and interviews with experts in the field, the paper reveals how adaptability, innovation in logistics services and places UPS at the forefront of e-commerce and traditional commerce enablers between Romania and Europe.

The study aims to analyse how UPS contributes to increasing and streamlining trade between Romania and the Member States of the European Union, highlighting the strategies adopted by the company to meet the specific needs of the Romanian market.

United Parcel Service (UPS) is one of the largest and most recognized courier and logistics companies worldwide, offering a wide range of freight forwarding, supply chain management, and

e-commerce services. With a long history dating back to 1907, UPS has built its reputation on the efficiency and reliability of its services. In Romania, UPS offers a variety of services tailored to the diverse needs of its customers, whether they are small, medium, or large corporations.

UPS benefits from an extensive network that allows UPS to provide fast and efficient service throughout the country. Through local hubs and strategic partnerships, UPS connects Romania with the rest of the world, facilitating international trade.

4. Findings

4.1 Characteristics of Romania's international trade during the period 1.I-31. XII 2023

• Export

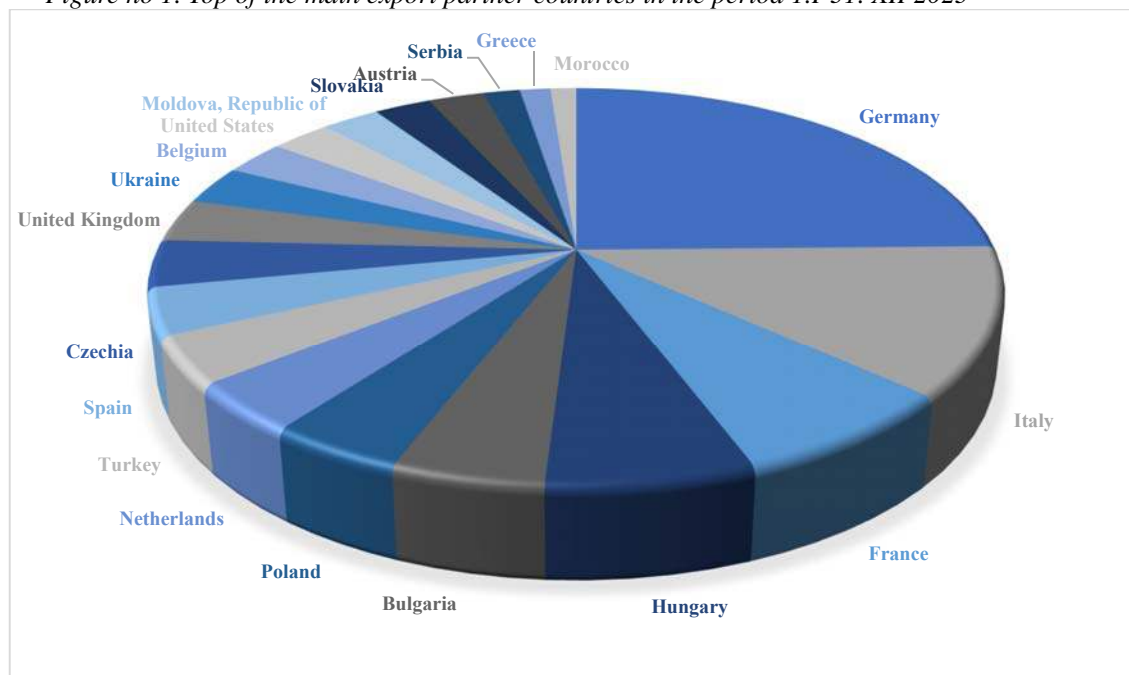
According to National Institute of Statistics of Romania, between 1 January and 31 December 2023, the value of exports calculated at the fob price reached 93,098.1 million euros, registering an increase of 1.3% compared to the same period in the previous year, 2022.

Exports to the other 26 Member States of the European Union (EU27) increased by 1.7% in the same period in 2023 compared to the similar period in 2022, accounting for 72.6% of total exports.

In terms of main export destinations in the mentioned period of 2023, the top ten countries (Germany with 20.8%, Italy with 10.2%, France with 6.3%, Hungary with 5.7%, Bulgaria with 4.2%, Poland with 3.7%, Netherlands with 3.4%, Turkey with 3.3%, Spain and the Czech Republic both with 3.2%) together constituted 64% of the total export volume.

In December 2023, the value of FOB exports was 6,144.2 million euros, marking a decrease of 8.3% compared to December last year.

Figure no 1. Top of the main export partner countries in the period 1.I-31. XII 2023



Source: National Institute of Statistics

• Import

According to National Institute of Statistics of Romania, in the time interval between January 1 and December 31, 2023, the total value of imports, calculated on a cost, insurance, and transport (CIF) basis, amounted to EUR 122,045.7 million, marking a decrease of 3.2% compared to the same period in the previous year, 2022.

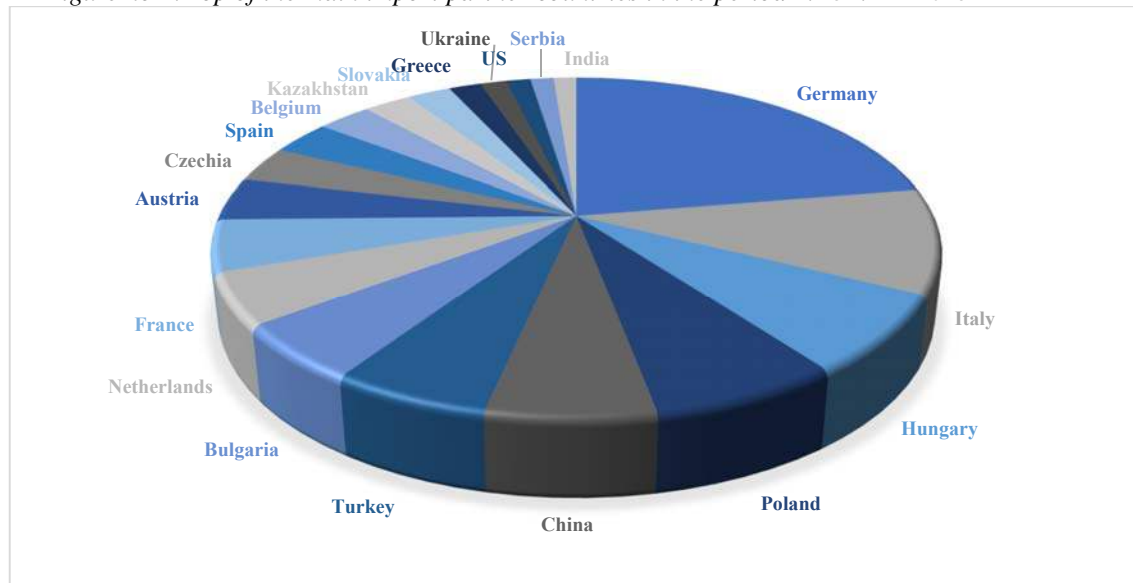
Imports from the other 26 Member States of the European Union (excluding the reporting country to reach the EU27) registered a slight increase of 0.2% in the same period in 2023 compared to the previous year, accounting for 73.3% of total imports.

The top ten countries from which imports were made during this period (together accounting for 68.3% of total imports) were Germany (with a contribution of 19.4% to total imports), Italy (8.7%), Hungary (6.5%), Poland (6.2%), China (5.5%), Turkey (5.2%), Bulgaria (4.7%), Netherlands and France (both 4.3%) and Austria (3.5%).

In December 2023, the value of CIF imports decreased to 9,573 million euros, being 2.3% lower than in December 2022.

Also, the trade deficit calculated based on manufacturing price and shipping cost (FOB-CIF) for the full year 2023 was 28,947.6 million euros, which represents a reduction of 5,141.9 million euros compared to the previous year.

Figure no 2. Top of the main import partner countries in the period 1.I-31. XII 2023



Source: National Institute of Statistics

4.2 Courier services in Romania, pre and post pandemic

Connecting Romania with the European market through courier services is an essential aspect in the country's economic and social dynamics, having a profound impact on the way businesses and consumers interact both domestically and internationally. In the context of European integration and globalisation, courier services play a crucial role in facilitating trade, speeding up deliveries and improving access to various products and services.

Courier services allow Romanian companies to expand their operations into new markets, providing a fast and efficient way to send and receive products. This is vital for business growth and diversification of markets.

Connectivity with the European market through courier services facilitates the exchange of goods between Romania and other Member States of the European Union, thus promoting economic integration and compliance with European standards.

Courier services support local entrepreneurs by offering an efficient logistics solution for the distribution of their products both locally and internationally. This opens doors to new business opportunities and stimulates innovation.

Courier services in Romania have gone through significant changes before and after the pandemic, adapting to new consumer requirements and behaviours. The COVID-19 pandemic has accelerated digitalisation and changed the way people buy and interact with courier services.

Before the pandemic, the courier services market in Romania was already on an upward trajectory, stimulated by the growth of e-commerce and demand for fast deliveries. Consumers had begun to appreciate the convenience of online shopping, but most still preferred traditional methods of shopping. Courier companies were focused on expanding their networks and improving operational efficiency to cope with increased volumes, but the pandemic was not yet a factor significantly influencing the industry.

With the outbreak of the pandemic, a dramatic change was observed. The restrictions imposed to limit the spread of the virus have led to an explosion of online commerce and, implicitly, to a massive increase in demand for courier services. This had several implications such as increasing Volumes, adapting to new norms and diversifying services.

Courier services have registered record volumes of parcels, driven by the growth of online shopping. To protect the health of customers and employees, courier companies have implemented measures such as contactless delivery and wearing protective equipment.

It was necessary to accelerate digitalization to efficiently handle the increased volume of orders and provide customers with user-friendly interfaces for parcel tracking.

New services have been developed, such as same-day deliveries or flexible drop-off/pick-up options to meet customer requirements.

In the post-pandemic period, consumer behaviour influenced by the pandemic seems to persist, E-commerce continues to be an important growth engine for courier services:

In conclusion, courier services in Romania have been deeply influenced by the COVID-19 pandemic, accelerating existing trends towards digitalization and adaptability. The industry continues to evolve rapidly to stay aligned with consumer preferences and new global challenges.

4.3 Introducing UPS as a Global Leader in Logistics and Courier Services

4.3.1 Brief Description of UPS Services for Exporting/Sending & Importing/Receiving Envelopes, Packages and Pallets (Express Courier Division)

UPS offers small packages and pallets shipping services in Romania, through the express courier division, but also freight transport services, through the SCS (Supply Chain Solutions) division.

Description of common express courier terms:

- Small package: parcel with an actual weight of maximum 70 kg
- pallet (palletized goods): parcel with a real weight of over 70 kg, but maximum 384 kg; However, the goods are mandatory palletized, respectively placed on the wooden pedestal, the so-called pallet, wrapped in foil and attached to the pallet with various strips / straps.
- export services: shipping services originating in Romania, and with destinations in countries outside the European Union (EU) – services that require the fulfilment of export customs formalities.
- sending services: shipping services originating in Romania, and with destinations in countries inside the European Union (EU) – services that do not require the fulfilment of export customs formalities.
- import services: shipping services destined for Romania, and with origins in countries outside the European Union (EU) – services that require the fulfilment of import customs formalities.
- receiving services: shipping services destined for Romania, and with origins in countries inside the European Union (EU) – services that do not require customs import formalities.
- Domestic (domestic) services: forwarding services, originating and destined within a country.
- cross-border services (TB): sending or receiving services, originating, and destined in countries inside the European Union (EU)
- worldwide (WW) services: sending or receiving services, originating in and destined for countries outside the European Union (EU)
- Shipment: The package or pallet, packages, or pallets for which a transport document (Airwaybill – AWB) has been issued for shipment

- Shipments can be:
 - single – contain a single package or pallet.
 - multiple – contain at least 2 packages or pallets.

Below are presented the express courier services available in Romania:

- UPS Express Plus – door-to-door service, air freight, guaranteed transit time of 1 business day for most postal codes in Europe and 1-3 business days for the rest of the destinations. Ideal service for the most urgent shipments, with delivery until 08:00 am / 09:00 am, depending on postal codes; available in about 55 countries (EU and non-EU); Available for export and import.

- UPS Express – door-to-door service, air freight, guaranteed transit time of 1 business day for most postal codes in Europe and 1-3 business days for the rest of the destinations. Ideal service for urgent shipments, with delivery until 10:30 am / 12:00 am / 14.30 pm, depending on postal codes; available in about 150 countries (EU and non-EU); Available for domestic, export and import.

- UPS Express Saver – door-to-door service, air freight, guaranteed transit time of 1 business day for most postal codes in Europe and 1-3 business days for the rest of destinations. Ideal service for urgent shipments, with delivery by the end of the working day; available in approximately 250 countries (EU and non-EU); Available for domestic, export and import

- UPS Standard – door-to-door, road/air, non-express service for shipments in the EU, UK, Norway, Switzerland and Liechtenstein, planned transit time of 2-6 business days, depending on the postal code at destination/origin; available in about 35 countries (EU and some non-EU countries in Europe); shipments to EU & UK countries travel exclusively in road traffic, those to Norway, Switzerland and Liechtenstein run in air traffic to the UPS central hub in Cologne / Germany, and then in road traffic to destination countries; Available for export and import

- UPS Expedited - door-to-door service, non-express air freight, intended for shipments outside Europe, planned transit time of 3-6 business days, depending on the postal code at destination / origin; available in approximately 205 countries (excluding non-EU); Available for export and import

UPS Worldwide Express Freight (WWEF) - door-to-door service, air freight, guaranteed transit time of 1 business day for most postal codes in Europe and 1-3 business days for the rest of destinations. Ideal service for urgent palletized shipments with a real weight of over 70 kg per pallet, but maximum 384 kg, with delivery by the end of the working day. The service is available only when shipping from Romania; available in around 85 countries (EU and non-EU)

4.3.2 Restrictions and limitations (except pallets)

- Weight and size restrictions
 - Maximum actual weight of a package - 70 kg
 - Maximum length of one package - 274 cm
 - the maximum accepted size of a package is 400 cm, considering the length and circumference taken together; the method of calculation is $L + 2 * l + 2 * h$, values expressed in cm.
- Value restrictions and more
 - maximum value or declared value is US\$50,000 per PARCEL
 - the maximum value or declared value for each PARCEL of jewellery and watches (not imitation jewellery and watches) is USD 500.
 - imitation jewellery and watches = jewellery and watches for which the retail price is less than USD 150, and do not contain precious metals and/or stones
- the maximum value or declared value for each package that is tendered in a UPS Access Point is US\$1,000
- UPS does NOT deliver to PO Boxes and DOES NOT pick up/pick up packages from PO Boxes
- There is no weight limit on a shipment or a maximum number of packages in a multiple shipment.

Also, in the UPS shipping system, there are certain items that are prohibited from shipping, or that require the fulfilment of preconditions to be shipped (such as dangerous goods or certain special goods).

4.3.3 Payment options for transport taxes and customs duties; applying VAT to invoicing.

UPS has various payment options available for both shipping fees and customs duties.

- Transport fees can be paid by:
 - sender – so-called PP (pre-paid) shipments – sending rates from the country of origin of the shipment apply.
 - consignee - so-called FC shipments (freight collect) - the reception rates in the destination country of the shipment apply.
 - by a third party, other than the consignor or consignee, and which may be in the country of the sender, in the country of the consignee, or in a third country - so-called TP (third party) shipments.
 - Sending rates from the country of origin of the shipment apply, unless the third party is in the country of destination of the shipment (in this case, the reception rates from the country of destination of the shipment will apply)
- Customs duties (customs duties + VAT) at destination can be paid by:
 - consignor – so-called FD shipments (free domicile – the sender pays both transport taxes and import customs duties in the destination country)
 - recipient – situation encountered both in the case of PP shipments and in the case of FC shipments, as defined above.
 - by a third party, other than the consignor or consignee, and which may be in the country of the sender, in the country of the consignee, or in a third country - situation encountered both in the case of PP shipments and in the case of CF, or TP shipments, as defined above.

There is also another option available to pay customs duties, namely SPLIT DUTY, and VAT (SDV), which involves the separate payment of customs duties and VAT, i.e., transport charges and only customs duties will be paid by the consignor or third party and only VAT will be paid by the recipient or by a third party.

Not all payment options are available for all origins and destinations. To check which payment options, apply when sending or receiving a shipment, in a specific country of origin or destination, you can use the Global Advisor tool, available on www.ups.com.

Regarding the application of VAT to the invoicing of transport taxes related to sending / export shipments and receipt / import, the only situation in which VAT is NOT applied is when invoicing export shipments from Romania to a destination country outside the EU, made by legal entities, and containing non-documents (goods) (customs clearable shipments – dutiable – in the destination country). For all other types of shipments, VAT is charged when invoicing transport taxes.

4.3.4 Shipping to Individuals - UPS Access Point & My Choice

UPS Access Point - UPS Access Points (UPS APs) are positioned in accessible locations, such as shopping centres or fuel stations, with extended business hours, where UPS packages can be picked up or packages can be dropped off for shipment through UPS, mostly by individuals.

UPS has an extensive network of Access Points in Central and Western Europe, the United States, and other countries and regions around the world. In Romania, a network of UPS APs has not yet been implemented.

UPS My Choice - An option available on ups.com, used to track shipment routes/progress, for delivery alerts or for scheduling deliveries.

The use of this option is free, and access is made through a simple registration on the ups.com.

Among the benefits of using this option are:

- Parcel Route Tracking
- receiving delivery alerts, including indicating the delivery date
- the user's ability to authorize UPS to deliver the package to a neighbour or leave the package in a secure space at the destination address.

- the user's ability to authorize UPS to deliver the package to another address or to a UPS Access Point where available.
- the user's ability to request UPS to deliver the package on a date other than scheduled.
- the user's ability to request UPS to confirm a delivery window.

4.3.5 Ways to track shipments (tracking); receiving notifications from transit - Quantum View options; UPS Developer Kit APIs

The ups.com website – Tracking section, is an extremely easy tool to find out the status of a shipment, as well as the estimated date of delivery, just by entering the AWB number. This tool can also be used by occasional customers, without user & password on the ups.com.

Additionally, from the details window, 2 options are available, respectively:

- Get updates - receiving subsequent notifications / updated details regarding the expedition route, by email or text SMS – the so-called Quantum View Notify option,
- Change my delivery - option available only if the customer is registered with UPS My Choice and implicitly with user & password on the ups.com
- authorization sent to UPS to leave the package with a neighbour.
- Quantum View Notify (QVN) - special email notification service, which requires the customer to send information about the shipment, delivery itself or any events / exceptions that may occur during transit. This service can also be used by occasional customers, without user & password on the ups.com. The service can be requested right from the moment the shipping label is created – Internet Shipping or WorldShip –
- Quantum View Manage (QVM) - ups.com tool that provides complete visibility into sending/exporting, receiving/importing shipments or where the UPS customer is only a third party, responsible only for shipping charges. This tool does not require manual or other entry of AWB numbers – the tool automatically refunds them when accessing the option. With it, the UPS customer views all details associated with each shipment, from pickup to delivery, including exceptions in transit. At the same time, the customer can create specific reports, depending on what information he needs, can configure the transmission of notifications, via email or SMS, regarding the status of shipments, both to him and to his customers. However, QVM registration is done only through the sales agent – it cannot be done directly by the customer. This tool dedicated to customers with at least 1 shipment per day and does not require additional costs from the customer, but if the tool is not used for 45 consecutive days, then access is suspended; but it can be reactivated at the customer's request.
- UPS Developer Kit APIs - The kit contains a suite of APIs (Application Programming Interfaces) designed to access and integrate UPS functionality into ecommerce sites.

By integrating these UPS features, ordering, and shipping processes on UPS customers' ecommerce sites become more efficient and faster, and the end customer shopping experience improves significantly. Among the most common APIs are the following: available for ecommerce sites, shipping from Romania.

- Shipping API – integrating UPS Shipping functionality directly with the ecommerce website, respectively with the Orders section. In this case, the UPS shipping label is generated automatically by retrieving the data from the order form; It is necessary to use a thermal printer.
- Time in Transit API – provides end customers with information on delivery time, directly on the ecommerce site.
- Tracking API – allows end customers to track parcels directly on the ecommerce website, using the order number.

4.3.6 Customs Formalities

UPS offers common customs clearance brokerage services for both import and export free of charge. For special customs clearance services, however, additional fees are paid, depending on the additional service offered.

When exporting, among the most common additional services are the following:

- obtaining preferential documents – upon request and based on the information provided by the shipper, UPS may assist shippers (exporters) to apply for Certificates of Origin (ATR – EUR1 – GSP) to prove preferential treatment in import/destination countries.
- special customs entry – when a special processing is required for an export shipment, such as Temporary Export or Re-export of products that were previously imported.

At import, the most common additional service is the following: commission for the payment of customs duties at destination (on import into Romania) – the so-called "disbursement fee" – depending on the delivery condition, either the consignee or the sender, or a third party, is responsible for paying customs duties (VAT and / or customs duties), as requested by the Customs Authority. The shipment is free upon delivery to the consignee only after obtaining the customs release, which is granted by the Customs Authority only after full payment of customs duties.

4.4 UPS Financial Evolution, Turnover/Net Profit between 2005 and 2022

Comparing 2022 with 2005, there is a significant increase in both turnover and net profit. This indicates a general expansion of the company's activity during these years. There are annual fluctuations in both values, which can be attributed to factors such as changes in the market, major investments, changes in business strategy or global economic conditions.

The period 2005-2012 includes stable initial growth followed by the negative impact of the 2007-2008 financial crisis. Recovery begins to be visible from 2009. The years 2007 and 2008 show net losses (negative values for net profit), which suggests difficult times for the company, possibly due to the global financial crisis of that period.

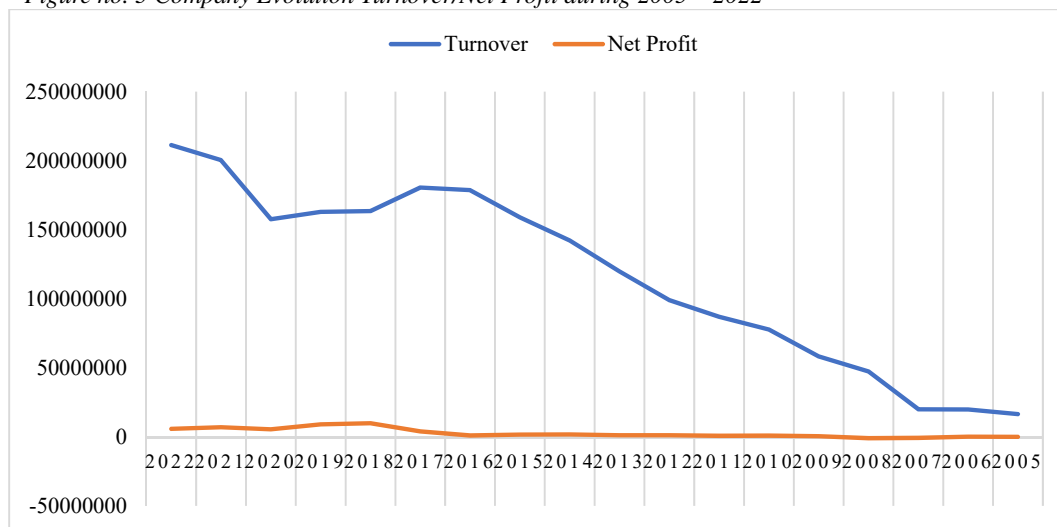
Period 2013-2017 There is a general upward trend in both turnover and net profit, indicating a period of consolidation and sustainable growth.

Period 2018-2022 It shows impressive growth, with a notable jump between the years 2020 and 2021. This may suggest significant expansion of operations or capturing a larger share of the market relevant to the company.

The company is on an overall positive trajectory with robust growth in recent years.

Difficult periods such as the global financial crisis have had a temporary negative impact, but the recovery and subsequent growth demonstrate the resilience and ability of the company to adapt to fluctuating market conditions.

Figure no. 3 Company Evolution Turnover/Net Profit during 2005 – 2022



Source: termene.ro

From the data of the figure above, we can see an evolution of UPS Romania's turnover and net profit over the years. Turnover has steadily increased in recent years, reaching a significant level in 2022. As for net profit, it fluctuated, but generally recorded an upward trend, except for some one-off decreases.

These data show a positive evolution of the company in recent years, with significant increases in turnover and a general upward trend in net profit.

5. Conclusions

Courier services play an essential role in today's globalized economy, facilitating the rapid exchange of goods between countries and continents. In the context of relations between Romania and the rest of Europe, these services are vital for several reasons:

Courier services allow Romanian companies to export their products to Europe with efficiency and safety, contributing to the country's economic growth. They also facilitate imports, ensuring Romanian consumers' access to a wide range of European products.

By ensuring efficient logistics, courier services help Romania integrate better into the European single market. This means working more closely with other EU Member States and access to new markets.

Easy access to courier services encourages Romanian entrepreneurs to expand their business on European markets, thus stimulating innovation and economic development.

In an increasingly connected world, courier services increase interconnectivity between Romania and the rest of Europe, facilitating not only trade but also cultural and personal exchanges.

As for UPS Romania, part of the American giant UPS (United Parcel Service), the company plays an important role in this logistics ecosystem due to its reputation for reliability and extensive global reach.

UPS offers a wide range of services including international shipping, logistics and supply chain solutions tailored to the diverse needs of customers in Romania.

UPS is known for its significant investments in logistics technology and infrastructure to improve the efficiency of its global operations – including in Europe and Romania – which has a positive impact on financial results.

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