North America International Express Service - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2030)

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Abstracts

The North America International Express Service Market size is estimated at 10.79 billion USD in 2024, and is expected to reach 15.12 billion USD by 2030, growing at a CAGR of 5.79% during the forecast period (2024-2030).

The e-commerce sector is fueling the international express service market's growth in North America

The e-commerce growth fueled the international express service market in North America as consumers ordered more online. With more consumers moving from offline to online shopping, courier companies have witnessed a rise in businesses delivering goods amid the COVID-19 pandemic restrictions. Growth in cross-border e-commerce in North America is expected to drive the market. As of 2022, only 3% of e-commerce revenue was from cross-border transactions in the United States and Canada. Whereas in Mexico, cross-border accounted for 5% of e-commerce revenue. Over the upcoming years, cross-border B2C e-commerce in North America is expected to expand gradually.

As of 2022, 26% of US retailers offered same-day delivery, and an additional 73% planned to add the service within the next three years. Furthermore, Mexico offers an abundance of opportunities for Canadian businesses. The shifting preferences of Mexico's population, which now prioritizes high-quality products, are perfectly aligned with Canada's retail strengths. Also, small retail businesses are benefitting from reduced expenses by express delivery carriers in the United States, resulting from the

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implementation of the United States-Mexico-Canada Agreement (USMCA).

The demand for international same-day delivery in Canada via air is driven by goods like pharmaceuticals and other health products, which are expected to grow by 11.3% per year through 2025. Additionally, the growth of cross-border e-commerce for products like first-aid items, hearing aids, and biometric monitors, is also expected to drive the growth of the international express service market in the region.

Toronto-Windsor-Detroit-Chicago corridor and Pan-American Highway facilitating regional parcel deliveries

The United States leads the North American international express service market, along with Canada, Mexico and other countries. The growing preference for online shopping and demand generated by end-users such as BFSI sector, healthcare, manufacturing among others has driven the regional market demand. Around 50% of US-based companies receive more than 80% of e-commerce revenue from the North American market.

The Toronto-Windsor-Detroit-Chicago corridor is one of the densest and most integrated within the intra-region framework. Laredo inland port is a major gateway into Mexico. In Canada, the Trans-Canada Highway offers a coast-to-coast route, while from Mexico, the Pan-American Highway links the countries of Central America. These highways have enabled trucks to take over short-haul routes from railways while the railways concentrate on long-haul, low-cost routes. The Northwest Seaport Alliance facilitates the transshipment of goods from North America to the rest of the world. The small packet international air service of Canada facilitates shipment of lightweight parcels up to 2 kgs.

Many retailers in the United States currently provide international same-day delivery services due to increased customer demand with priority delivery requirements. Retailers are providing international same-day delivery services, specifically via air cargo, to more than 200 locations globally. Time-sensitive shipments and other perishables are also driving international express deliveries in Canada via air. Mexico announced its plans to move its air cargo airport from Mexico City International Airport (AICM) to Felipe ?ngeles International Airport (AIFA) in 2023 for exclusive cargo shipments, which may improve international same-day deliveries.

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North America International Express Service Market Trends

Mexico's transportation sector propels GDP with 21.3% surge, initiates USD 39.38 billion investments for infrastructure modernization

Transportation and warehousing contributed a GDP of MXN 1.84 trillion (USD 0.094 trillion) during the third quarter of 2022, marking a 0.62% quarterly increase and a substantial 21.3% surge compared to the previous year's corresponding period. The Infrastructure, Communications, and Transport Ministry, in collaboration with the public and private sectors, committed investments totaling MXN 768 billion (USD 39.38 billion) in 2022 to enhance Mexico's road and rail infrastructure. This comprehensive effort aims to modernize railways, highways, and bridges while also addressing road safety enhancements.

The Port Infrastructure Development Program of the Maritime Administration, which the US Department of Transportation announced in 2022, would receive more than USD 703 million to support 41 projects in 22 states and one territory that will enhance port facilities. The funding will help improve supply chain reliability by increasing port capacity and resilience, improving operations, lowering emissions from the port, and creating new employment opportunities for coastal seaports, Great Lakes ports, and inland river ports.

In North America, the United States is the largest contributor to the GDP of the transportation and storage sector, accounting for 86% of the total North American transportation and storage sector's GDP. The United States contributes six times the combined value of Canada and Mexico. The Canadian government provided an additional CAD 1.9 billion (USD 1.46 billion) to the National Trade Corridors Fund over four years (2021-22 to 2024-25), which may spur investments in much-needed improvements to Canada's roads, rails, and shipping routes, build long-term resilience for the Canadian economy, and support internal trade.

Low supply and high demand for natural gas in the United States are anticipated to increase natural gas prices

In 2021, natural gas prices declined by 14.7% YoY. However, in 2022, natural gas prices recorded a YoY growth of 34.3%, and the YoY growth of gasoline prices stood at 2.02% due to high inflation and the Russia-Ukraine War. The supply of crude oil

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became more constrained, and the gasoline demand increased, which raised the price even higher. The retail diesel prices were predicted to average around USD 4.20/gal in 2023, down by 16% from 2022, and the diesel refining margins in the country were expected to decline by 20% in 2023 and 38% in 2024. The prices are expected to keep dropping in 2024 and average close to USD 3.70/gal.

The primary driver of high gas and diesel prices is the price of crude oil, which is now 75% higher than in 2021. For instance, in Canada, gas prices jumped by more than 50% in 2021, pushing the cost of a liter to more than USD 1.56 in many parts of the country. Similarly, many western states faced much higher gas prices in the United States because of more limited refining capacity.

There has been a rapid rise in diesel fuel prices, squeezing freight transportation companies and their customers. The impact is evident more in Mexico, where about 80% of trucks are managed by small trucking companies or owner-operators. The increase in natural gas prices in the United States will inevitably spread to Mexico's gas and power markets. However, Mexico imports 80% of its fuel from the United States. Still, gas and diesel cost less in Mexico because the Mexican government offers subsidies to the trucking industry to offset operating expenses. A weaker-than-expected supply response in the United States, combined with high natural gas demand in domestic and export markets, is expected to increase the prices further.

North America International Express Service Industry Overview

The North America International Express Service Market is moderately consolidated, with the top five companies occupying 52.63%. The major players in this market are DHL Group, FedEx, International Distributions Services (including GLS), OnTrac and United Parcel Service of America, Inc. (UPS) (sorted alphabetically).

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