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A simple and pragmatic process to increase parcel delivery transparency *EEA considerations on the upcoming parliamentary vote in the Transport Committee*

The European Express Association (EEA) encourages the Members of the Transport Committee of the European Parliament to work towards a balanced and relevant compromise text for the proposed regulation for cross border parcel delivery. The EEA supports the overall objective of achieving greater transparency for all services as pursued by the European Commission and supported by the General Approach approved by the Council earlier this year.

With specific reference to article 5, the EEA believes that this article should remain limited to universal service providers as proposed by the Commission and supported by the Council. The national regulatory authority should be provided *with the mandate to assess, if deemed necessary*, the affordability of cross-border tariffs *applied by universal service providers under the universal service obligation*.

For all other services, offered by universal service providers or other parcel delivery operators, general competition rules are sufficient to allow the appropriate agencies to address possible concerns about abuse of dominant position and unreasonably high pricing in the market. Including specific regulation for these services in this proposal would lead to unnecessary and excessive sector regulation.

Background

1. Express delivery operators and other parcel delivery operators facilitate cross border e-commerce: Increased regulation would remove incentives for competition and would be counterproductive to the objective of growing e-commerce.

Express delivery companies operate very differently from the universal service networks of National Postal Operators. Express delivery networks and service offerings are based on an EU-wide operational and IT network to support a European service portfolio.

Fierce competition in the express delivery market has resulted in clear benefits for shippers, high quality of service and competitive rates for both cross border and domestic delivery in the B2B segment. E-commerce provides an opportunity to bring these benefits to Small and Medium sized traders and ultimately to the end-consumer in the B2C market.

A study conducted by Oxford Economics in 2010 already identifies the express delivery sector as a catalyst for deepening the Single Market, and it has the potential to do more in the future. An estimated €269 million intra-EU cross-border express deliveries took place during 2010 amounting to just over 74% of the industry's total shipments within the EU. Over 30% of e-commerce sales are dependent on express delivery services. SMEs depend on express delivery services for 15% of their sales revenues.



The numbers above confirm that the services offered by express delivery operators facilitate and support cross border e-commerce. There are no reports that indicate market failure, the express delivery market is highly competitive and dynamic. Such a competitive, market driven parcel delivery sector is pre-condition for driving growth.

Given that express delivery and other commercial parcel delivery services have operated in a very competitive environment for more than four decades, increased regulation would be counterproductive. The majority of volume carried moves across internal market borders, confirming that competition works. In a competitive market, operators cannot afford NOT to be affordable. There is no need for additional transparency and affordability measures.

2. The Postal Service Directive (PSD) provides a legal basis to address concerns about cross border parcel pricing within the scope of universal service. The PSD needs to be better applied, instead of new legislation being introduced and extended to non-universal services.

According to the Commission, some of the cross-border tariffs applied by USPs might be too high. The Commission proposal aims to establish transparency and assess the affordability of tariffs offered by universal service providers, given that the universal service, as introduced by the Postal Services Directive, offers a guarantee for a basic affordable service for the delivery of postal items, including parcels for domestic and cross border service:

- Article 3.7 of the PSD clearly states that universal service covers both national and cross-border services. Universal Service is not limited to parcel delivery within a Member State.
- Article 12 - indents 1 and 2 - confirms that Member States shall take steps to ensure that tariffs related to the universal service comply with the principles of affordability. There is no need to create new legislation to re-introduce this principle and procedure.

It should be underlined that express delivery services have never been considered universal services.

Should problems exist regarding the affordability of universal cross-border services, the Commission is asked to enforce Member States' respective obligations under the PSD. There is no justification for a new regulation that extends affordability requirements to the entire delivery market to the detriment of customers, including consumers and SMEs.