

## Position

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# POSITION OF FEDIL – CROSS-BORDER PARCEL DELIVERY

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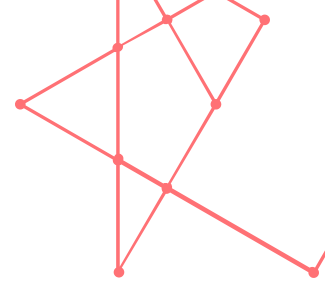
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**This position paper constitutes Fedil-ICT members' contribution to the "Proposal for a Regulation of the European Parliament and of the Council on cross-border parcel delivery services" published on 25<sup>th</sup> May 2016.**

## GENERAL COMMENTS

Fedil-ICT fully supports the European Commission in its efforts to increase cross-border e-commerce and further develop the digital economy. The e-commerce package presented on 25<sup>th</sup> May is timely because while e-commerce is continuously increasing at national level, cross-border online sales are still underdeveloped, also as a result of remaining fragmentation in the single market. Indeed, an average of only 9% of companies from EU countries made cross-border online sales to other EU Member states<sup>1</sup> while, "only 16% of consumers bought online from other EU countries" in 2015. In Luxembourg in particular, 7% of SMEs were selling online from which only 15% made cross-border online sales within the EU<sup>2</sup>. According to the results of the public consultation initiated by the Commission, delivery features and high prices are amongst the main issues preventing e-retailers and consumers from selling and from buying online. Therefore, Fedil-ICT welcomes the Commission's proposal to facilitate e-commerce within the EU by increasing price transparency and regulatory oversight of cross-border parcel delivery services in order to enhance affordability and quality of such services.

Yet, certain concerns remain on the measures provided by the proposed



regulation to achieve the Commission's objectives.

Regarding price transparency measures, the Commission is referring to the delivery costs that consumers are charged by e-retailers in order to assess the affordability of cross-border delivery tariffs. However, the commercial practice of e-retailers largely deviates from the tariffs charged by parcel delivery service providers. Some e-retailers for instance offer the parcel delivery service for free for consumers ordering goods exceeding a certain amount, yet there are obviously underlying delivery fees. On the other side, some e-retailers apply an additional margin to the delivery fees by charging their consumers a higher amount compared to the actual delivery charges. Thus, Fedil-ICT believes that **the use of delivery tariffs charged by e-retailers is an inaccurate starting point to estimate the affordability of cross-border parcel delivery services**. In addition, an obligation for universal service providers to provide affordable delivery services is already rooted in the current postal directives.

Moreover, according to a study mandated by the Commission<sup>3</sup>, on average, public tariffs for cross-border parcel delivery services charged by universal service providers are almost five times higher than their domestic counterpart<sup>4</sup> without a clear correlation to labour or other costs in the destination country. Fedil-ICT believes that concerns on excessive tariffs for cross-border parcel delivery services compared to in-land delivery service tariffs, in particular for short distances, frequently result from a misperception. In fact, most postal operators use a cross-subsidisation model and apply a **uniform price for all destinations within the EU**, covering short and long distances. Thus, this approach can be considered as a measure of simplicity and transparency for consumers, in the spirit of the universal service obligations.

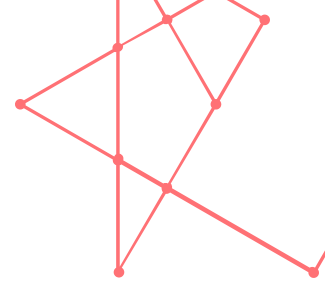
Finally, one of the specific objectives of the proposed regulation is to “make markets work more effectively by encouraging competition”. However, Fedil-ICT wants to underline that the **parcel delivery service market is already a highly competitive market** that experienced a very dynamic evolution over the past years in all the Member States. In Luxembourg for instance, about twenty postal operators offer delivery services (cf listing of

the national regulator ILR<sup>5</sup>). Moreover, the impact assessment carried out by the Commission on different policy alternatives recommended a package of measures to improve the transparency of tariffs of universal service providers and to strengthen the regulatory oversight of all parcel delivery service providers. Even though the conclusion of the impact assessment on the one side provides national regulatory authorities with access to the data of universal service providers as well as to the data of integrators, Fedil-ICT regrets that on the other side, the specific measures on price transparency within the proposal are solely **focused on postal incumbents**, while the integrators play a key role in the parcel delivery service market.

## **SPECIFIC COMMENTS**

### **PROVISION OF INFORMATION (ART.3)**

The proposed regulation intends to expand the competence of national regulators who are empowered with the possibility to “impose additional information requirements” to parcel delivery service providers “where they are necessary to ensure conformity with this regulation” in Article 3 (5). Fedil-ICT is concerned that mandating national regulators to collect more statistical data



and other financial indicators of parcel delivery service providers could potentially **increase administrative burden** for all concerned parties.

## **TRANSPARENCY OF TARIFFS AND TERMINAL RATES (ART.4)**

Article 4 (1) of the proposed regulation requires universal service providers to provide a list of public rates for “the delivery of postal items falling within the categories listed in the Annex” to the national regulatory authority of the Member State, who shall submit the public lists of tariffs to the Commission. Moreover, Article 4 (2) requires the Commission to “publish them on a dedicated website”. Fedil-ICT regrets that the Commission’s proposal only focuses on the universal service providers and believes that this provision has no real added value in the sense that **e-commerce traders frequently benefit from reduced commercial tariffs, which generally already apply for low delivery volumes, and thus are not subject to public rates**. In Luxembourg for instance, the postal incumbent offers discounted parcel delivery tariffs for volumes exceeding twenty parcel deliveries per month. Yet, the Commission only refers to the public tariffs, hence casting doubt on the coherence of the analysis with the market reality. Furthermore, there is a real risk that increased transparency through the publication of tariffs on a comparison portal could harm competition and encourage concerted practices since delivery service providers will have an overview on the price setting strategies of their competitors.

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## **FOOTNOTES**

1. Eurostat, Community Survey on use of ICT by enterprises
2. Digital Single Market – Country Sheet Luxembourg
3. Econometric study on parcel list prices (Université Saint-Louis Bruxelles, November 2015), [http://ec.europa.eu/growth/sectors/postal-services/studies/index\\_en.htm](http://ec.europa.eu/growth/sectors/postal-services/studies/index_en.htm)
4. [http://ec.europa.eu/growth/sectors/postal-services/studies/index\\_en.htm](http://ec.europa.eu/growth/sectors/postal-services/studies/index_en.htm)
5. [http://www.ilr.public.lu/services\\_postaux/operateurs/ListePrestatairesServicesPostauxInternets161215.pdf](http://www.ilr.public.lu/services_postaux/operateurs/ListePrestatairesServicesPostauxInternets161215.pdf)