

# Regulation on Cross-Border Parcel Delivery Services

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## Assessment of cross-border single-piece tariffs

Regulation foresees an assessment of tariffs on the scope of USO in two steps:

1. to identify the tariffs which need investigation (NRA objectively considers necessary to assess...15 categories listed in the annex)
2. investigation if needed ...whether prices are “*unreasonably high*”.

According to the regulation as it stands, the implementing act is only supposed to cover the second step - investigation.

“Identification”– the NRAs have the discretion to choose whether or not they use a pre-assessment filters and which filter they consider appropriate under the national market circumstances.

# Article 6.1

## I. Identification of tariffs

<...On the basis of the public lists of tariffs obtained in accordance with Article 5 , the NRA shall identify, for each of the single-piece postal items (...) the [USO] cross-border tariffs (...) that the NRA objectively considers necessary to assess...>.

This first step is to determine which of the tariffs need an investigation

- According to EC:
  - A multiple of 1,5 – fine
  - 1,5 – 5 “yellow zone”
  - A multiple of 5 appears to be excessive
- ERGP proposal for identification to use the pre-filter mechanisms (13 pre-assessment filter mechanisms have been identified)

# Article 6.1

## Pre-assessment filter mechanisms – discretion of NRA

### PRO&CONTRA

- Determination of the ratio of domestic and EU cross-border products (definition of threshold: the cross-border price is more than X fold (f.e.4,5-5) of the domestic price for the same category
  - ✓ ...simple, easy to estimate....
- Identification of prices that are X% (f.e.20-30 %) higher than their respective cost & identification of excessive profits
  - ✓ USP provides only aggregated costing data until now, not per country/destination...USP may not have detailed accounting system?
  - ✓ Cross-Border Price  $(x \rightarrow y) = X^*(\%) + \text{Transit} + Y^*(\%)$ 
    - \*X – Domestic price (50-60%); Y– Destination country price (80%)

**Filter : Ratio of cross-border and domestic tariff/ 2 kg tracked parcel**

**Domestic tariff- 2,7, Intra EU-15,79**

Origin	DE	EE	EL	ES	FI	FR	IT	LT	LV	NL	NO	PL	PT		
DE	1,00	2,80	2,80	2,80	2,80	2,80	2,80	2,80	2,80	2,80		2,80	2,80	2,65	2,65
EE															
EL															
ES	2,83	2,83	2,83	1,00	2,83	2,83	2,83	2,83	2,83	2,83		2,83	2,83	2,83	2,68
FI															
FR	1,97	1,97	1,97	1,97	1,97	1,00	1,97	1,97	1,97	1,97		1,97	1,97	1,97	1,89
IT	1,65	1,65	1,65	1,65	1,65	1,65	1,00	1,65	1,65	1,65		1,65	1,65	1,65	1,59
LT	5,73	5,73	5,73	5,73	5,73	5,73	5,73	1,00	5,73	5,73		5,73	5,73	5,73	5,37
LV															
NL	3,42	4,87	4,87	3,42	4,87	3,42	3,42	4,87	4,87	1,00		4,87	4,87	4,34	4,09
NO	2,34	2,34	2,34	2,34	2,34	2,34	2,34	2,34	2,34	2,34		2,34	2,34		
PL															
PT	4,39	4,39	4,39	4,39	4,39	4,39	4,39	4,39	4,39	4,39		4,39	1,00	#REF!	#REF!
Average	17,75	19,06	20,32	18,24	20,32	17,88	19,38	20,56	20,32	17,73	18,64	20,32	18,76		
Min	4,99	3,84	13,99	10,67	13,99	7,65	9,00	13,99	13,99	3,80	11,99	13,99	5,55		
Max	30,17	32,80	32,80	32,80	32,80	30,17	32,80	32,80	32,80	30,17	29,99	32,80	32,80		

## Article 6.1

### Pre-assessment filter mechanisms

- Identification of parcel tariffs that are X% (f.e. 20 %) higher than a comparable small package /letter stream
  - ✓ Manual processing of parcels increase price X%?
- Identification of EU average tariff, calculated on the basis of purchasing power parities (PPP). Those tariffs that significantly deviate from the average (f.e. +30%) should be investigated
  - ✓ Includes affordability
  - ✓ Rather complicated evaluation...after 31 of March/ EC has to publish the tariff lists

### Other filters?

“the NRAs have the discretion to choose or not a pre-assessment filter and which filter they consider appropriate”

- ✓ comparison of tariffs for similar products in LT, LV, EE
- ✓ comparison of tariffs for similar products to EU / non EU countries
- ✓ cross checking (LT → LV & LV → LT)
- ✓ other?

...the identification mechanism should be quite clear and simple...not to be a large burden on the NRAs...

### II. Assessment of the tariffs identified in the first step

Assessment in accordance with the principles of Article 12 of the PD (affordability, cost-orientation, transparency and non discrimination) and taking into account:

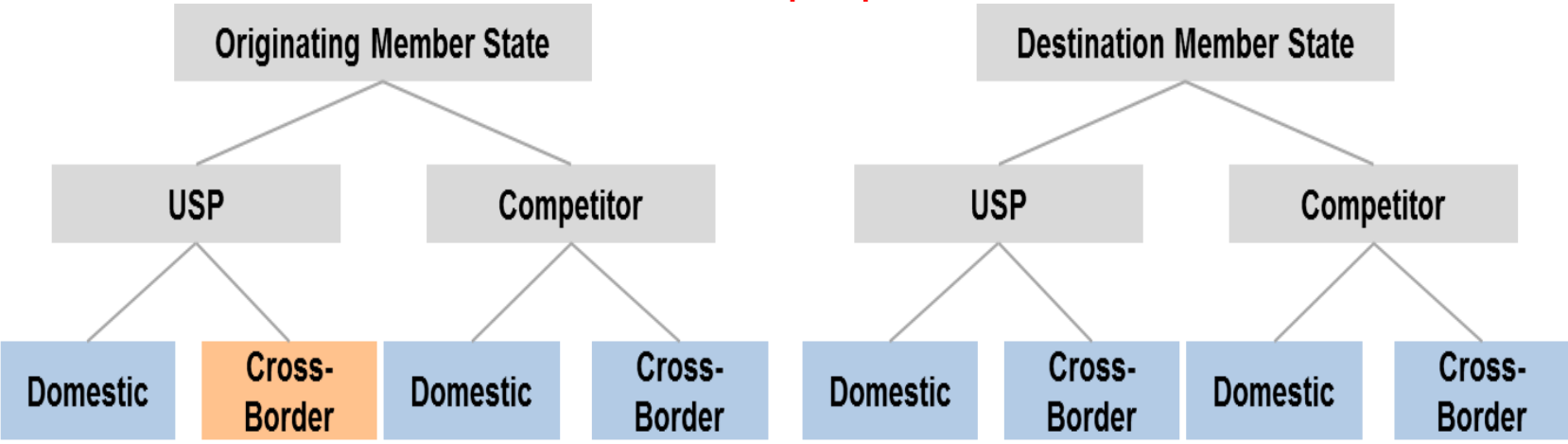
- domestic and any other relevant tariffs (Competitor) in origin and destination country
- any uniform tariff
- bilateral volumes & relevant costs (transport, service standards)
  - where possible or necessary: likely impact on individual and SME users, including in remote areas and users with disabilities; specific price regulation; abuses of dominant market position
- Commission will set out guidelines on methodology




# Article 6.2

## II. Assessment of the tariffs

- domestic and any other relevant tariffs (Competitor) in origin and destination country... **Gathering all this information might be a large burden on the NRA and therefore not proportionate or feasible**



 Tariff identified in Step 1 (Article 6.1)

 Other tariffs that could be used to assess identified tariff

## II. Assessment of the tariffs

- any uniform tariff (PD- allows for the application of uniform tariffs and individual agreements is possible).
- ✓ uniform tariffs may create a gap between the cost and tariffs or increase some tariffs
- ✓ Lietuvos Paštas charges one single uniform tariff for letters (big format) into other EU countries. For parcels has different tariff groups
- ✓ ERGP proposal: “a possible assessment of the uniform tariff could be the comparison of the tariff being assessed with the sum of the domestic tariff in the originating Member State plus the weighted average (volumes) of the domestic tariffs of those Member States that are included in the uniform cross-border tariff”

## II. Assessment of the tariffs

- bilateral volumes, specific transportation, handling cost & other relevant costs (transport, service quality standards)
- ✓ this criterion focuses on the influence that volumes, specific costs and service quality standards may affect cost. The aim is to examine whether there are objective reasons, for an identified potentially high tariff
- ✓ volumes to a particular receiving country will affect the unit cost
- ✓ air transportation is likely to be higher than with road transportation
- ✓ manual handling of parcels/ hand sorting is needed then the handling costs is more likely to be high
- where possible or necessary: likely impact on individual and SME users, including in remote areas and users with disabilities; specific price regulation; abuses of dominant market position

## Article 6.2

ERGP recommendation to use checklist for Article 6.2 and 6.3 of the Regulation

By 30 June 2019: NRAs shall submit tariff assessments to EC:  
confidential and non-confidential version

Next steps? If tariffs are “unreasonably high” NRA has to take certain decision/ to oblige the USP to reduce tariffs

- ✓ How many parcel delivery service providers do you expect in your country that have the obligation to report the prices according to the Art.5? When you are planning to start communication with parcel delivery service providers?
- ✓ Are you planning to send declarations/ or what process will you apply to select the parcel delivery service providers that fulfil the criteria - licensed operators, etc.)?
- ✓ EshopWedrop.ee, EshopWedrop.lv, EshopWedrop.it?  
“EshopWedrop is part of the Xpediator Plc Group, a leading provider of freight management services that has 30 years’ experience in the transport and logistics industry”

## Timeline

- 31 January 2019: operators provide tariff information to NRAs
- 28 February 2019: NRAs submit tariff information to EC
- 31 March 2019: publication of tariffs on EC's website
- 30 June 2019: NRAs provide tariff assessments to EC
- 30 June 2019: operators provide statistical information to NRAs
- 30 July 2019: EC publishes (non confidential) tariff assessments
- by November 2019: EC notified of penalties



Thank You