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IMPACT ASSESSMENT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council on cross-border parcel delivery services

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Annex 5: Cross-border Delivery Market Overview - continued

Private operators and NPO, Private Operators or Integrators

The public consultation has confirmed that private delivery operators who do not maintain a cross border network, or even those how do, are dependent on the network of others in order to meet the customer demand when this exists. **Costs related to the cross border operations**

According to the University of Antwerp meeting the needs for a B2C cross border parcel delivery requires the mobilisation of an array of resources and the deployment of an operational design that impacts heavily the cost structure of the delivery operator. Those cost drivers depend heavily on:

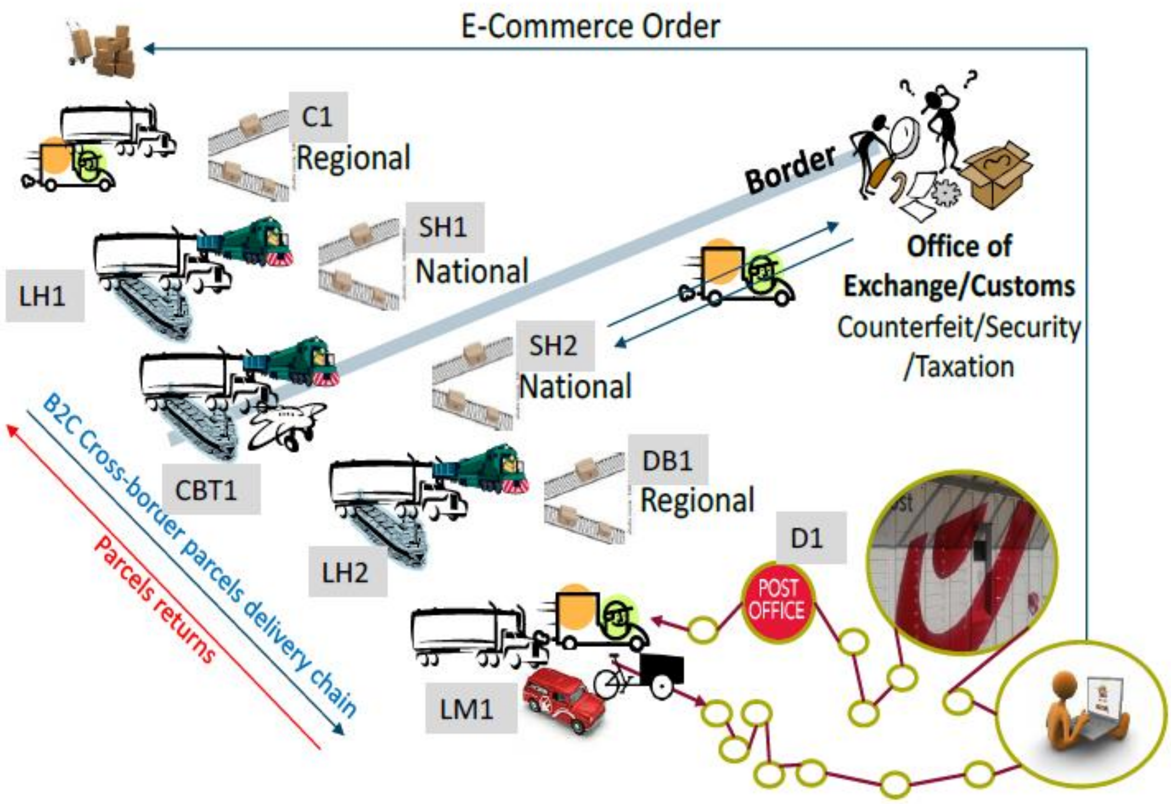
1) The characteristics of the e-commerce product/ collection arrangement (first and last mile logistics)

2) The behavioural characteristics of the delivery culture in the delivery destination (behavioural effect)

3) The volumes associated with each flow (scale effect) and on the capacity to jointly move letters together with parcels or B2B volumes together with B2C volumes (scope effect)

4) The degree of network optimisation (reach effect)

Figure 31. Generic B2C Cross-border parcels delivery chain



Source: University of Antwerp (2015) Cross Border Parcel Delivery Operations

On the first point the economics of the e-commerce arrangement can vary depending on the agreement each retailer has concluded with the e-retailer. Operational arrangements like collection from the warehouse of the retailer or depot-collect (i.e. the retailer transports the goods to a depot point indicated by the delivery operator) exercise an impact on the costs of the operations and are therefore reflected in the costs of the overall process.

Below a list of cost drivers and a short description on how they can influence the total operation costs of the B2C cross border delivery.

Table 18a. Products typology and cost effects

	Cost effect
Delivery time windows	↑
Deferred delivery time	↓
Express delivery	↑
Scheduled collection	↓
On demand collection	↓↑
Vehicle type (larger load capacity)	↑
Track & Trace	↶
Packaging (air)	↑
Payment on delivery	↑
Receipt signature	↑
Delivery at parcel shop and post office	↓
Delivery lockers	↶
Unattended home delivery	↓
Work place delivery	↓
On the move delivery	?
Green city logistics standards	↑
Hybrid delivery (3D or postposed printing)	↶

Source: University of Antwerp (2015) Cross Border Parcel Delivery Operations

On the second point, the delivery culture in a given country also exercises and impact on the costs related to the operation. If for example delivery to a neighbour or unattended delivery is considered to be acceptable in the national context, this can reduce the % of failures in delivery. **Cost simulations show a cost difference of 16% between attended and unattended door to door delivery and about 75% for delivery in a locker.** Similar effect has the attitude towards payment-upon-delivery.

The cross border delivery costs can be influenced by the volume of parcels transported in each stage of the delivery chain. The costs per parcel can be low even when the costs per trip are high, if the factor loading increases. This element naturally influences the differences in costs in the rural vs. urban deliveries as well as the differences across countries. **Cost simulation show a significant difference in the costs per parcel between urban to urban (1.6 €-3.5 € per parcel) vs. rural to rural delivery (5.4-10€ per parcel).** This cost can be moderated **if the operator has the capacity to combine parcel flows with the letter mail flows (NPO example of co-production) or with B2B flows (integrators example).**

As a last point the degree of network optimisation influences both the per-parcel and per-trip transportation costs. If an operator (or a freight forwarded) is in a position to manage trade imbalances, this offers costs savings potentials that cannot be materialised absent the network optimisation. **Costs**

simulations show a potential of 20-40% of cost reductions in selected trading routes if network optimisation is performed.

PRICES

Cross Border Prices

A complete analysis of the cross border CEP parcels market should by no means exclude a presentation of the pricing regime that is applied in this segment of the market.

As we explained in the previous sections of this Annex, in the cross border market we identify a number of companies offering delivery services across Europe. Apart from the international integrators (DHL Express, UPS, TNT Express and FedEx) that mainly offer time definite but also day definite cross border premium delivery services across Europe and beyond European borders, we also identify operators offering pan-European coverage through an owned network and/ or through a series of partnerships with other delivery operators. Those operators offering pan-European coverage (or even regional coverage) mainly focus on the deferred (day definite, times however not being guaranteed) segment of the market however without abstaining from offering guaranteed time and day definite services. A final set of operators active in the cross border segment, is the traditional network of cooperation of the national delivery operators who offer a diversified product portfolio that, as a common denominator, includes standard cross-border parcel delivery services which, from a consumer point of view, is perceived to be as a low value basic parcel service.

A part of this cross border service offered by National Postal Operators is covered by Universal Service Obligations guaranteed by the 2008/6/EC postal directive which refer to a set of 'affordable' postal services of 'specified quality' whose provision has to be ensured by the Member States. Prices of Universal Services must be 'affordable', 'cost oriented', 'transparent' and 'non-discriminatory'.

From an initial analysis of the product specification of the various operators active in the cross border segment of the market one can see that the product (and service offering) is quite diversified. Thousands of different parcel product references, each one enriched with different product characteristics (weight, dimensions, and pairs of destinations) as well as different value added features are offered by tens of delivery operators. This creates a very difficult price setting to analyse.

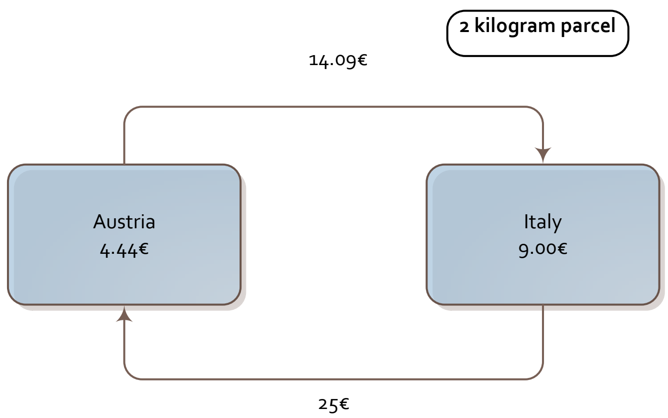
The European Commission, in the case COMP/M. 6570 – UPS/ TNT Express merger case[227], concludes that (at least for the purposes of that particular case) express (time definite) and deferred services constitute separate markets, in the sense that operators active predominantly in one of each segment are not directly competing with each other. Therefore for a horizontal price analysis like the one that we will undertake for the purposes of this exercise it would be more relevant if one could include product references that address relevant product segments.

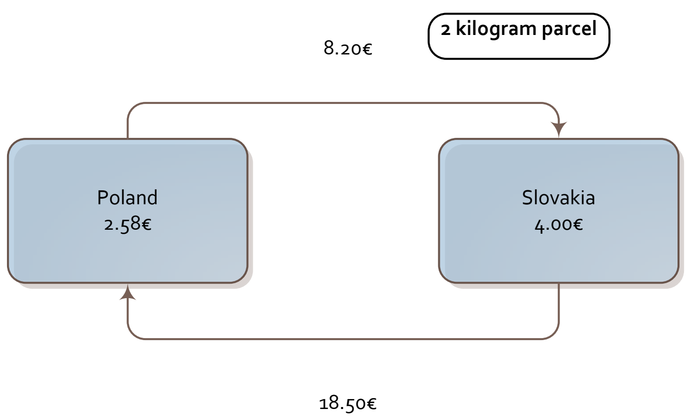
[227] http://ec.europa.eu/competition/mergers/cases/decisions/m6570_20130130_20610_4241141_EN.pdf, p.p 42 and onwards

For the purposes of this particular analysis, and as, the focus of this Impact Assessment is the B2C e-commerce related cross border parcel flows, we will mainly focus on the cross border prices of the low-value (deferred and standard) segment of the market and focus on the products that address this segment of the market.

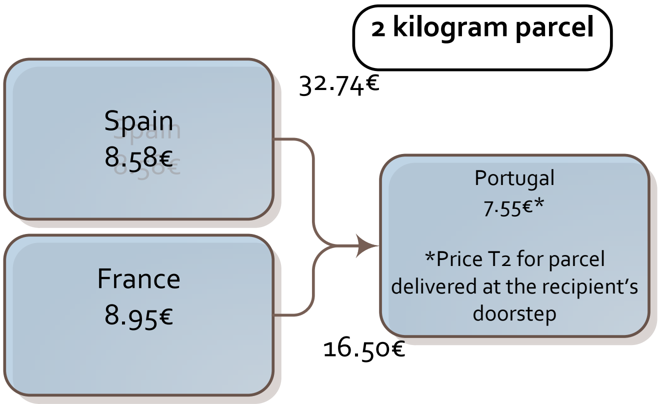
To do this the European Commission has collected and validated a list of about 12 000 list prices from domestic and cross border parcel (mainly) products in order to better understand the cross border parcel price offering in Europe today[228]. The focus of this data gathering was the public tariffs offered by 25 National Postal Operators (data form national operators form EU28 countries except for Cyprus, Luxembourg and Estonian Post). We note that most operators participating in the analysis include in their parcel portfolio express products in addition to the standard and/ or deferred products they offer. For the sake of completeness of the analysis we will cover this segment of the market in the analysis below, to the extent that the availability of information allows us to do so.

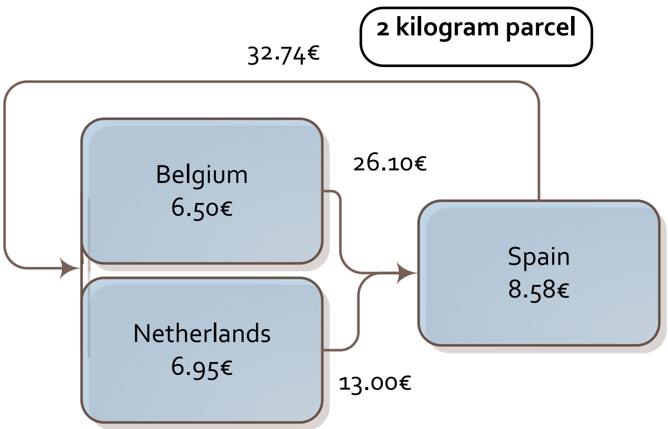
From the raw data several price examples showed already significant differences in bilateral pricing of cross-border parcels by some NPOs. It showed also that comparable origin countries may apply different cross-border prices to same destination countries:





[228] The validation was performed by the Erasmus University of Rotterdam. The project was under the responsibility of EMLE department [European Master of Lay and Economics].





Based on the collected data an econometric study has been carried out on a selected group of products. The starting point from this study was the FTI[229](2011) analysis, who, after studying the packet, parcel, and the express products of 28 national postal operators, confirmed that business that sent low parcel volumes infrequently or reside in the peripheral countries and non-urban areas pay unjustifiably higher prices for their shipments. High prices result in low volumes and less competition create a viscus cycle preventing growth in this segment of the market. The FTI analysis has demonstrated evidence to show that cross border price differentials (i.e. the difference of the list cross border prices vs. a theoretical fair benchmark price level that could relate to the actual costs of the cross border delivery) are on average 40% higher for packets, 55% higher for parcels and 61% higher for express products within the six largest CEP markets (Germany, UK, France the Netherlands, Spain and Italy) and 47% for packets, 65% for parcels and 61% for express within the rest of Europe[230]. This element raises doubts to the underlying cost orientation of prices the national postal operators apply to their cross border products, especially for the countries of the periphery. Factors that were found to explain these observed differentials are scale (i.e. volumes that one operator sends to the other), competition in

[229] Fri(2011) "Study of the intra community parcel delivery
[230] Those sentimations refert o price data 2011

the country of origin of the parcel mail (the higher the choice for the sender the lower the level of the price), and cross border competition (in cross border flows within the six larges CEP markets, differentials were found to be significantly lower). FTI (2011) concluded that their results seem to suggest that there is market power in the cross border market for small and infrequent senders which partially stems from the ability of national postal operators to maintain high list prices and therefore their ability not to pass cost savings on to customers and to keep high termination rates.

Copenhagen Economics, who provided an analysis of price developments in the postal products (included parcels), have highlighted in their study[231] that parcel prices have increased faster than the inflation. Although volumes of parcels seem to have been increased, parcel prices contrary to what would have been expected did not decrease. Copenhagen Economics found that between 2001 and 2011, real prices for bulk parcels increased by 7 % in Western Europe, whereas prices in Eastern and Southern Europe increased by 57 %. This trend was less pronounced for single piece parcels. Between 2001 and 2011, prices increased by 21 % in Western Europe (three times more than bulk parcels) whereas they increased by 35 % in Southern and Eastern Europe. According to Copenhagen Economics, these figures reflect the fact that the small customers or infrequent senders either have no alternative to the USP, lack relevant information about possible alternatives, or cannot enjoy quantity discounts that are often being offered to large volume customers.

Against this background the European Commission has commissioned the University of Saint-Louis Bruxelles, to provide an econometric analysis of the above mentioned dataset[232]. The dataset consists of standard and premium[233] parcels and letters in various weights[234]. This gives a total of 40 products per country (16 letter products and 24 parcel products).[235]

The objective of this analysis was to better understand the size, and causes of the differences between cross-border prices and domestic prices paid by small, infrequent senders when they use the national postal operator to send goods abroad. In particular, the analysis aims at identifying whether published domestic and cross-border prices for parcels and larger letters would be relatively[236] different compared to the domestic equivalent depending on certain product characteristics such as weight, type of product (standard of premium), zoning strategy, and distance to the destination, as well as to investigate the extent to which other explanatory factors such as competitive conditions, scale, real expenditure, labor cost can affect the price differentials.

The study reaches the following conclusions:

1. **c<u>ross border letter prices are on average about 3.5 times higher than their domestic equivalent and cross border parcel prices are about 5 times higher than their domestic equivalent</u> in all products categories (standard or premium products).**

    To illustrate this we present an overview of the domestic prices versus their international equivalent for a **2 kg standard and premium letter and parcel**. Both prices refer to a residential

[231] CE (2013) "Pricing behaviour of postal operators"
[232] NPOs that are not covered are CY, EE, LU
[233] For standard products we try to find the cheapest alternative, that is a product for the residential customers and delivered at home. For premium, following additional characteristics were taken into account Time to delivery < 7 days,Track and Trace,Insurance,Proof of delivery
[234] For letters : 0,25kg,0, 5 kg,5kg,1kg,2kg
For parcels : 0,25kg, 0,5kg, 1kg,2kg, 5kg,10kg
[235] When a specific product could not be found in the public list price data of an NPO the dataset considered it as missing.
[236] $D_{ij}^{k} = \frac{P_{ij}^{k}-P_{i}^{k}}{P_{i}^{k}}$, / $D_{ij}^{k} = cross\ border\ price\ from\ country\ i\ to\ country\ j$ and P_{i}^{k}= domestic price in country i

product which is delivered at home in each country of reference. The cross border price is constructed as a weighted average[237] of all cross prices of an international product delivered into 25 European destinations[238]. All prices refer to published list prices, i.e. net of discounts or volume rebates.

Figure 32 - Domestic and (weighted average) cross-border prices for 2 kg Standard Letters239.

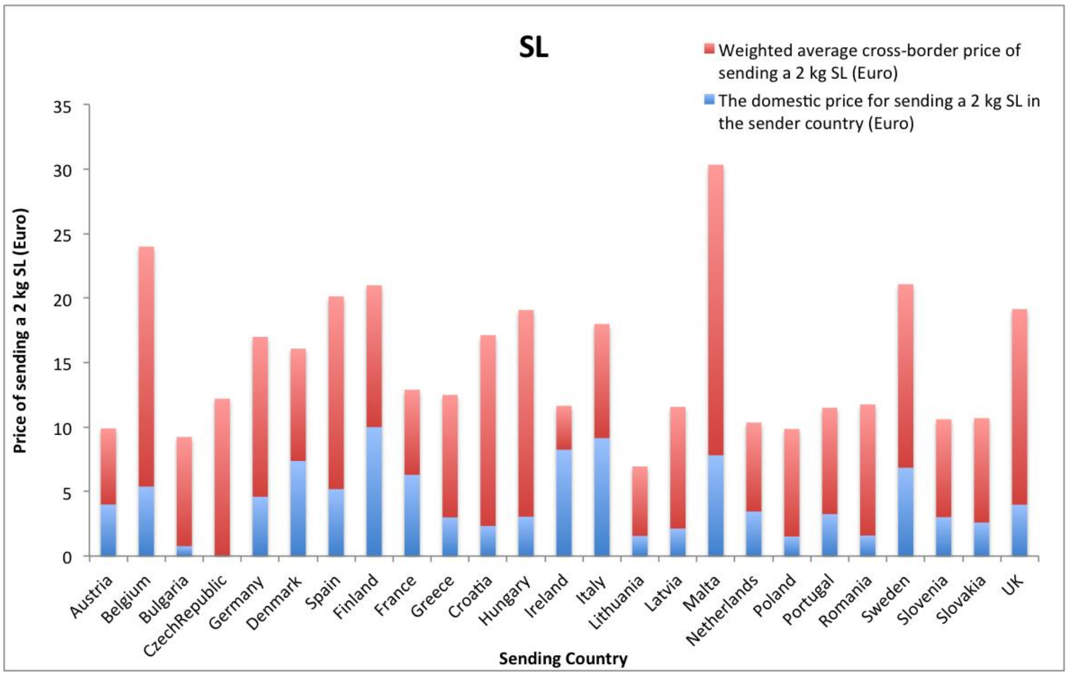
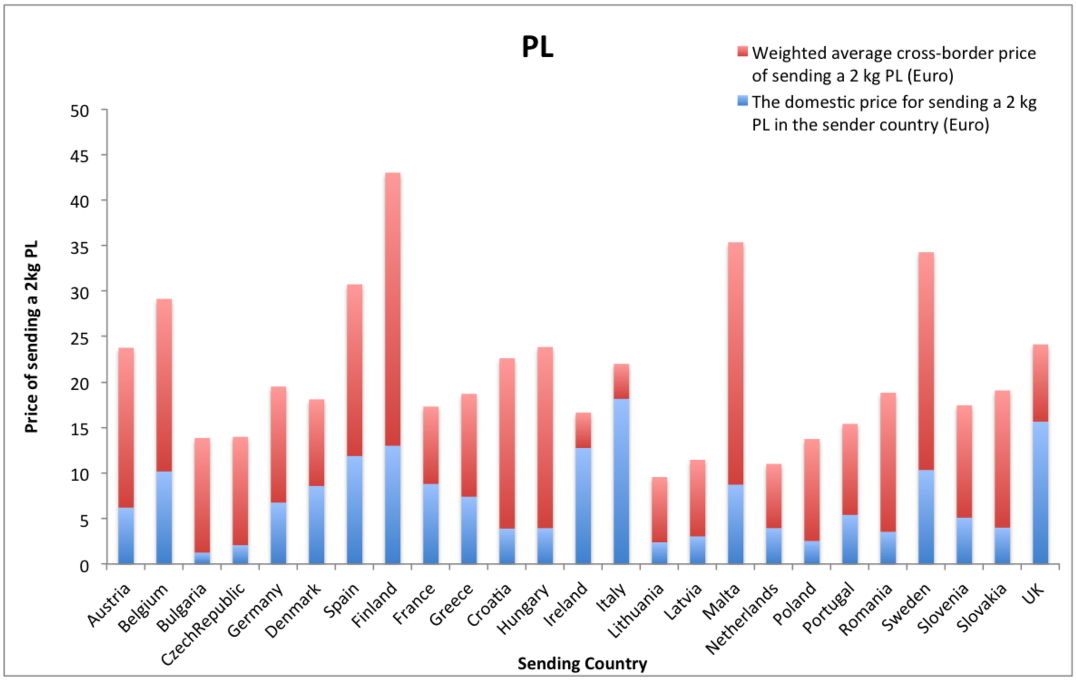


Figure 33 -. Domestic and (weighted average) cross-border prices for 2kg Premium Letters.



[237] The weights are based on bilateral trade flows between EU countries.

[238] All EU28 countries, except Estonia, Cyprus and Luxembourg.

[239] Due to missing data on the Czech Republic (DSL 2 kg), Malta (DPP 2 kg) and Portugal (ISP 2 kg) we do not illustrate full price data for these countries.

Figure 14 - Domestic and (weighted average) cross-border prices for 2kg Standard Parcels.

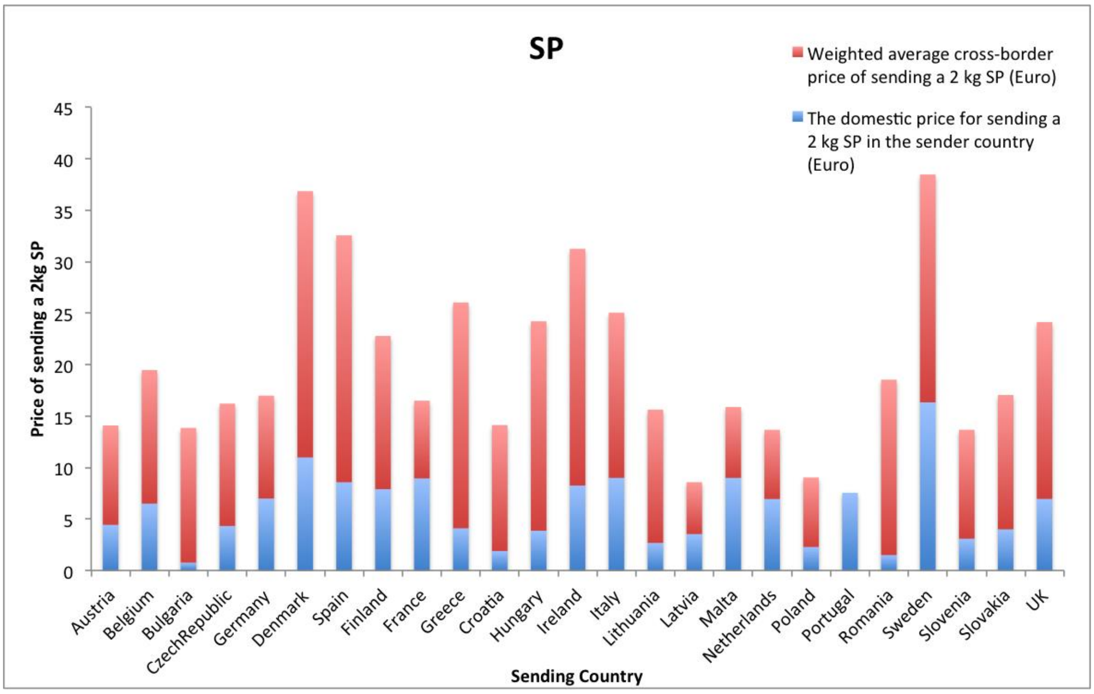
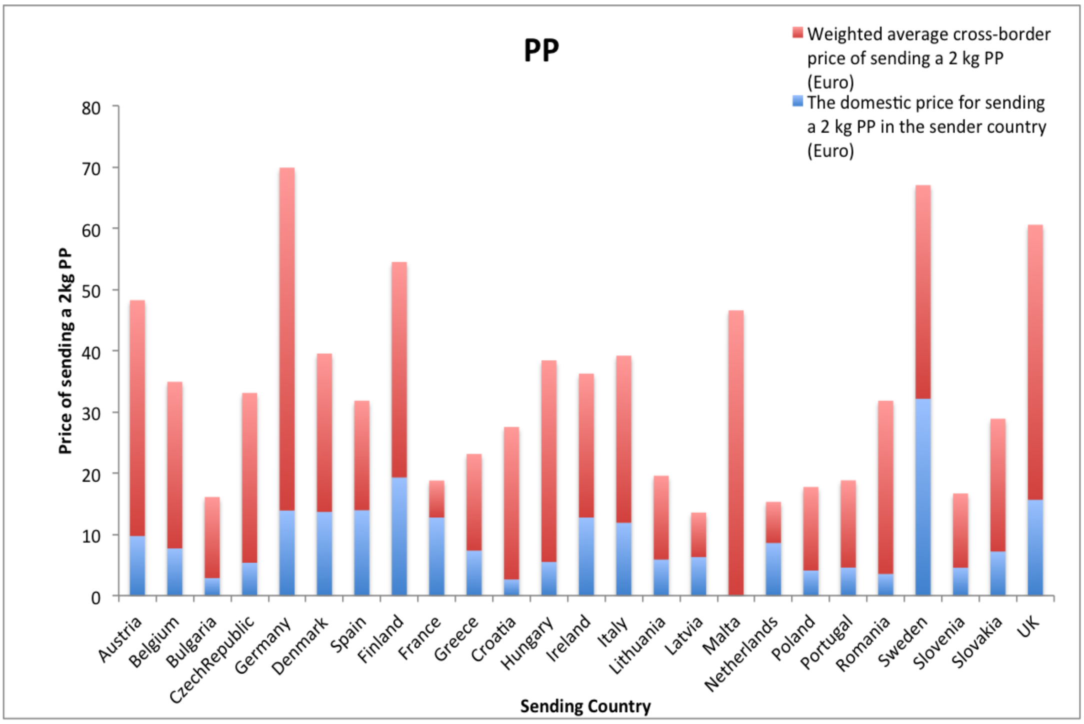


Figure 35 -. Domestic and (weighted average) cross-border prices for 2kg Premium Parcels.



2. **Weight has a significant effect on the cross-border price differential.** Higher weights lead to higher price differentials. This could be an indication that volume is inversely related to weight, leading to higher unit cross-border costs, and/or lower cross-border competition for heavier products.

3. **Interestingly, parcels have, on average, higher cross-border price differentials than letters and premium products have, on average, lower cross-border price differentials.** One explanation for that the finding is that premium parcels face historically more competition than in the standard parcel segment, therefore this drives differentials down.

4. **Having one single tariff (one cross border zone) has no significant effect on the relative cross-border price differential neither for letters nor for parcels**.

5. **The coefficient for parcels between countries in the periphery[240] is positive.** That means that smaller and less connected cross-border mail operators charge higher cross-border prices. Larger and highly connected mail markets lead to a reduction of the relative cross-border price benchmark. On the contrary, the "periphery effect" is not proven to be significant for letters, fact that it is normal, as most countries apply a single zone for this segment.

6. **Larger well connected cross-border markets[241] may reduce unit costs due to larger volumes, while at the same time leaving room for more competition,** again, possibly implying that more competition reduces, ceteris paribus, the benchmark cross-border price differential.. As expected, the coefficient for those countries is negative and very significant, implying that larger and well connected countries set lower cross border prices to each other.

7. **There is indirect evidence in favor of the hypothesis that vertical integration decreases cross-border prices**. Both dummies for the UK & France show significantly negative sign for all letter and most parcel categories. This could indicate that La Poste and Royal Mail consumers (including UK and French eretailers and foreign buyers) benefit from lower cross border prices for all EU destinations. Another way to interpret this result is that termination rates are not determined in the same way (are higher than) than the transfer prices between the outbound subsidiary and inbound subsidiary of the same operator. Vertically integrated firms have an incentive to set transfer prices on an arm's length basis (reflecting marginal cost) to maximize joint profits.

8. **The "neighboring effect" (i.e. countries which share a common border) affects cross-border parcels prices negatively, ceteris paribus, but letter cross border prices positively.** The positive border effect in the letter segment is rather surprising, but it may just indicate that countries with more neighbors have on average higher differentials.

9. **Population density of the sending country affects negatively cross border differentials for parcels but not for letters**. Population density in the destination country has no significant effect on the cross-border price differential. In other words, lower average variable costs do

[240] In the periphery we include Portugal, Latvia, Lithuania, (Estonia), Greece, Bulgaria, Malta, Romania and Croatia (while not exactly in the periphery Croatia has just recently become a member of the EU). These countries are expected to have lower cross-border volumes which may lead to higher cross-border prices, ceteris paribus. This is especially the case when they send mail items to each other.

[241] We also include a zone which consists of the largest countries in Western Europe: United Kingdom, the Netherlands, Italy, Germany, France and Spain. These countries are characterized by high levels of cross-border competition in large markets that are strongly linked.

not seem to have an effect on the termination rates charged by the destination country's operator.

10. **Higher labor costs in the sending country decreases the cross-price differential in a very significant way, which is expected when prices reflect costs**: higher unit costs have a proportionally higher impact on domestic prices than on cross-border prices in the sending country.

11. **The effect of higher international (destination) labor costs is not significantly different from zero.** This could indicate that the receiving country's operator's (labor) costs have little influence on the cross-border price and hence do not seem to affect the termination rates. In other words, one may interpret this insignificant coefficient as an indication that termination rates do not fully reflect unit variable costs.

12. The maturity of postal liberalization in a country matters, as it leads statistically to lower cross border price differentials for letters and higher differentials for parcels, implying that there is a strong disciplining effect on domestic letter post products that were not subject to competition until recent years.

13. **Bilateral online trade seems to matter only on the 'import' side: the higher the sending country's share of the destination country's online "imports", the lower the cross-border price.** Higher incoming volume leads to both lower average fixed costs and more competition for this volume in the destination country. There seems to be evidence that the sending operator benefits through lower termination rates, which in return generate lower prices.

Relative price differentials as identified by the study are presented below:

Table 17. Relative cross-border price differentials and zoning strategies: International Standard Letters (ISL)

weight	prod	SCountry	Austria	Belgium	Bulgaria	CzechRepublic	Denmark	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus	Latvia	Lithuania	Luxembourg	Hungary	Malta	Netherlands	Poland	Portugal	Romania	Slovenia	Slovakia	Finland	Sweden	UK	min	max	zones
w2000	ISL	Austria	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1,48	1
w2000	ISL	Belgium	-	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	3,45	1
w2000	ISL	Bulgaria	11,67	-	11,67	11,67	11,67	11,67	11,67	9,00	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	11,67	9,00	11,67	11,67	11,67	11,67	11,67	11,67	9,00	11,67	2
w2000	ISL	CzechRepublic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
w2000	ISL	Germany	2,70	2,70	2,70	2,70	-	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	2,70	1
w2000	ISL	Denmark	1,18	1,18	1,18	-	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1,18	1
w2000	ISL	Spain	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	-	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	1
w2000	ISL	Finland	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	1,10	-	1,10	1,10	1,10	1,10	1,10	1
w2000	ISL	France	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	-	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1,05	1
w2000	ISL	Greece	3,17	3,17	3,17	3,17	3,17	3,17	3,17	-	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	3,17	1
w2000	ISL	Croatia	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	-	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	6,34	1
w2000	ISL	Hungary	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	-	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	1
w2000	ISL	Ireland	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	0,41	1
w2000	ISL	Italy	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	-	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	1
w2000	ISL	Lithuania	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	-	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	3,46	1
w2000	ISL	Latvia	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	1
w2000	ISL	Malta	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	-	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	2,88	1
w2000	ISL	Netherlands	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	-	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	1
w2000	ISL	Poland	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	-	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	5,49	1
w2000	ISL	Portugal	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,38	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,62	-	2,62	2,62	2,62	2,62	2,62	2,62	2,62	2,38	2,62	2
w2000	ISL	Romania	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	-	6,40	6,40	6,40	6,40	6,40	6,40	6,40	6,40	1
w2000	ISL	Sweden	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	2,08	-	2,08	2,08	2,08	2,08	1
w2000	ISL	Slovenia	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	2,51	-	2,51	2,51	2,51	2,51	2,51	2,51	2,51	1
w2000	ISL	Slovakia	3,23	3,23	2,46	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	3,23	-	3,23	3,23	3,23	3,23	2,46	3,23	2
w2000	ISL	UK	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	3,81	-	-	3,81	3,81	1

Source: Vergote W. Claes A (2015)

Table 18 - Relative cross-border price differentials and zoning strategies: International Premium Letters (IPL)

weight	prod	SCountry	Austria	Belgium	Bulgaria	CzechRepublic	Denmark	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus	Latvia	Lithuania	Luxembourg	Hungary	Malta	Netherlands	Poland	Portugal	Romania	Slovenia	Slovakia	Finland	Sweden	UK	min	max	zones
w2000	IPL	Austria	-	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	2,83	1
w2000	IPL	Belgium	1,86	-	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1,86	1
w2000	IPL	Bulgaria	10,63	10,63	-	10,63	10,63	10,63	10,63	10,63	8,18	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	10,63	8,18	10,63	10,63	10,63	10,63	10,63	8,18	10,63	2
w2000	IPL	CzechRepublic	5,75	5,75	5,75	-	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	1
w2000	IPL	Germany	1,89	1,89	1,89	1,89	1,89	-	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1
w2000	IPL	Denmark	1,11	1,11	1,11	1,11	-	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1
w2000	IPL	Spain	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	-	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1
w2000	IPL	Finland	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	2,31	-	2,31	2,31	2,31	2,31	1
w2000	IPL	France	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	-	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	0,97	1
w2000	IPL	Greece	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	-	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1,53	1
w2000	IPL	Croatia	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	-	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	4,80	1
w2000	IPL	Hungary	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	-	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	5,04	1
w2000	IPL	Ireland	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31	1
w2000	IPL	Italy	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	-	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	0,21	1
w2000	IPL	Lithuania	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	-	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	3,02	1
w2000	IPL	Latvia	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	-	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	2,77	1
w2000	IPL	Malta	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	-	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	3,05	1
w2000	IPL	Netherlands	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	-	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1
w2000	IPL	Poland	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	-	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	4,43	1
w2000	IPL	Portugal	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	-	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1,85	1
w2000	IPL	Romania	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	4,32	-	4,32	4,32	4,32	4,32	4,32	4,32	4,32	1
w2000	IPL	Sweden	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	2,32	-	2,32	2,32	2,32	1
w2000	IPL	Slovenia	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	2,43	-	2,43	2,43	2,43	2,43	2,43	2,43	1
w2000	IPL	Slovakia	3,83	3,83	3,83	3,45	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	3,83	-	3,83	3,83	3,83	3,45	3,83	2
w2000	IPL	UK	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	0,54	-	0,54	0,54	1

Source: Vergote W. Claes A (2015)

Table 19- Relative cross-border price differentials and zoning strategies: International Standard Parcels (ISP)

weight	prod	SCountry	Austria	Belgium	Bulgaria	CzechRepublic	Denmark	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus	Latvia	Lithuania	Luxembourg	Hungary	Malta	Netherlands	Poland	Portugal	Romania	Slovenia	Slovakia	Finland	Sweden	UK	min	max	zones
w2000	ISP	Austria	-	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	2,17	1
w2000	ISP	Belgium	3,02	-	3,02	3,02	3,02	1,68	3,02	3,02	3,02	3,02	1,68	3,02	3,02	3,02	3,02	3,02	1,68	3,02	3,02	1,68	3,02	3,02	3,02	3,02	3,02	3,02	3,02	1,68	1,68	3,02	2
w2000	ISP	Bulgaria	18,00	18,00	-	18,00	18,00	18,00	18,00	18,00	14,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00	14,00	18,00	18,00	18,00	18,00	18,00	14,00	18,00	2
w2000	ISP	CzechRepublic	2,45	4,06	3,26	-	2,45	3,77	3,26	3,05	3,26	3,05	3,05	3,05	2,45	2,45	3,05	4,06	2,45	3,05	3,26	2,45	0,79	3,26	4,06	3,05	-	4,06	4,06	3,05	0,79	4,06	6
w2000	ISP	Germany	1,43	1,43	1,43	1,43	1,43	-	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1,43	1
w2000	ISP	Denmark	2,35	2,35	2,35	2,35	-	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,35	1
w2000	ISP	Spain	2,82	2,82	2,54	2,54	2,82	2,82	2,54	2,82	2,82	-	2,82	2,54	2,82	2,54	2,54	2,82	2,82	2,54	2,54	2,82	2,54	2,82	2,54	2,82	2,82	2,82	2,82	2,82	2,54	2,82	2
w2000	ISP	Finland	2,33	1,68	2,33	2,33	1,68	1,68	1,68	2,33	2,33	2,33	2,33	2,33	2,33	2,33	1,68	1,68	1,68	2,33	2,33	1,68	2,33	2,33	2,33	2,33	2,33	-	1,68	2,33	1,68	2,33	2
w2000	ISP	France	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	-	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	0,84	1
w2000	ISP	Greece	5,51	5,51	4,46	5,51	5,51	5,51	5,51	5,51	-	5,51	5,51	6,77	5,51	4,46	5,51	5,51	5,51	5,51	5,51	5,51	5,51	5,51	6,77	5,51	5,51	5,51	5,51	5,51	4,46	6,77	3
w2000	ISP	Croatia	5,28	5,28	12,13	7,38	5,28	5,28	12,13	12,13	12,13	7,38	7,38	-	7,38	12,13	12,13	12,13	7,38	7,38	12,13	5,28	7,38	7,38	7,38	5,28	7,38	7,38	7,38	5,28	5,28	12,13	3
w2000	ISP	Hungary	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	-	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	5,26	1
w2000	ISP	Ireland	2,94	2,94	2,94	2,94	2,94	2,94	2,94	-	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,94	2,39	2,39	2,94	2
w2000	ISP	Italy	1,78	1,78	2,33	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	-	2,33	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	1,78	2,33	2
w2000	ISP	Lithuania	4,46	7,21	3,99	4,17	4,58	6,26	4,33	5,22	4,40	5,39	5,46	3,98	4,71	4,68	3,07	-	4,25	5,04	5,80	4,85	4,07	6,48	4,84	4,22	3,30	5,95	5,30	6,67	3,07	7,21	27
w2000	ISP	Latvia	3,79	5,30	-	3,09	3,69	4,63	-	-	-	4,15	4,25	-	3,89	3,43	-	-	-	3,59	-	3,55	3,24	-	-	-	-	4,42	-	4,76	3,09	5,30	14
w2000	ISP	Malta	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	-	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	0,76	1
w2000	ISP	Netherlands	0,87	0,87	1,66	1,66	0,87	0,87	1,66	1,66	1,78	0,87	0,87	1,66	0,87	1,78	1,66	1,66	0,87	1,66	1,78	-	1,66	1,66	1,66	1,66	1,66	1,66	0,87	0,87	0,87	1,78	3
w2000	ISP	Poland	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	-	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	2,95	1
w2000	ISP	Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
w2000	ISP	Romania	9,81	14,87	7,98	8,80	10,60	12,74	11,44	11,39	9,31	11,43	11,50	9,22	10,66	9,39	9,72	11,02	10,02	10,55	12,10	10,35	10,06	13,65	-	9,53	9,30	14,30	12,47	14,38	7,98	14,87	27
w2000	ISP	Sweden	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	1,35	-	1,35	1,35	1,35	1
w2000	ISP	Slovenia	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	3,42	-	3,42	3,42	3,42	3,42	3,42	3,42	1
w2000	ISP	Slovakia	3,63	3,63	3,63	1,25	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	3,63	-	3,63	3,63	3,63	1,25	3,63	2
w2000	ISP	UK	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	2,47	-	2,47	2,47	1

Source: Vergote W. Claes A (2015)

Table 20- Relative cross-border price differentials and zoning strategies: International Premium Parcels (IPP)

weight	prod	SCountry	Austria	Belgium	Bulgaria	CzechRepublic	Denmark	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus	Latvia	Lithuania	Luxembourg	Hungary	Malta	Netherlands	Poland	Portugal	Romania	Slovenia	Slovakia	Finland	Sweden	UK	min	max	zones
w2000	IPP	Austria	-	4,21	4,21	3,84	4,21	3,84	4,21	4,21	4,21	4,21	4,21	4,21	3,84	4,21	4,21	4,21	4,21	3,84	4,21	4,21	4,21	4,21	4,21	3,84	3,84	4,21	4,21	4,21	3,84	4,21	2
w2000	IPP	Belgium	4,13	-	4,13	4,13	4,13	3,51	4,13	4,13	4,13	4,13	3,51	4,50	4,13	4,13	4,13	4,13	2,78	4,13	4,13	2,78	4,13	4,13	4,13	4,13	4,13	4,13	4,13	3,51	2,78	4,50	4
w2000	IPP	Bulgaria	4,62	4,62	-	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	4,62	1
w2000	IPP	CzechRepublic	4,84	6,51	4,84	-	6,51	5,68	6,51	6,51	6,51	6,51	6,51	4,84	6,51	6,51	4,84	6,51	4,84	6,51	6,51	4,84	1,83	6,51	6,51	4,84	1,59	6,51	6,51	6,51	1,59	6,51	4
w2000	IPP	Germany	4,03	4,03	4,03	4,03	4,03	-	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	4,03	1
w2000	IPP	Denmark	1,89	1,89	1,89	1,89	-	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1,89	1
w2000	IPP	Spain	1,42	1,42	1,68	1,68	1,42	1,42	1,68	1,42	1,42	-	1,42	1,68	1,42	1,68	1,68	1,42	1,42	1,68	1,68	1,42	1,68	0,08	1,68	1,42	1,42	1,42	1,42	1,42	0,08	1,68	3
w2000	IPP	Finland	2,11	1,69	2,11	2,11	1,69	1,69	1,69	2,11	2,11	2,11	2,11	2,11	2,11	2,11	1,69	1,69	1,69	2,11	2,11	1,69	2,11	2,11	2,11	2,11	2,11	-	1,69	2,11	1,69	2,11	2
w2000	IPP	France	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	-	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	0,47	1
w2000	IPP	Greece	3,03	3,03	-	3,03	3,03	3,03	3,03	3,03	-	3,03	3,03	3,03	3,03	-	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	3,03	1
w2000	IPP	Croatia	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	-	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	10,25	5,75	10,25	10,25	10,25	10,25	5,75	10,25	2
w2000	IPP	Hungary	5,64	5,64	5,64	5,64	5,64	5,64	5,64	5,64	5,64	5,64	5,64	5,64	6,63	6,63	6,63	6,63	6,63	-	6,63	6,63	6,63	6,63	6,63	6,63	6,63	6,63	6,63	6,63	5,64	6,63	2
w2000	IPP	Ireland	1,94	1,94	1,94	1,94	1,94	1,94	1,94	-	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,94	1,59	1,59	1,94	2
w2000	IPP	Italy	2,46	2,46	2,46	2,46	2,46	2,17	4,15	2,46	2,46	2,46	2,17	2,46	-	2,46	4,15	4,15	2,46	2,46	2,46	2,17	2,16	2,46	2,42	2,46	2,46	2,46	2,46	2,17	2,16	4,15	5
w2000	IPP	Lithuania	2,68	2,88	5,84	2,92	2,12	2,88	0,46	3,58	3,90	3,90	3,90	7,03	3,90	7,03	0,07	-	2,92	3,07	3,07	2,88	2,63	3,58	3,07	3,07	2,68	3,14	3,04	3,34	0,07	7,03	15
w2000	IPP	Latvia	1,99	2,93	2,08	1,57	1,82	2,62	-0,19	2,27	1,60	2,10	2,40	2,12	2,11	1,78	-	-0,19	1,65	1,87	2,18	1,87	1,62	2,56	1,89	1,58	1,44	2,37	2,02	2,63	-0,19	2,93	24
w2000	IPP	Malta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
w2000	IPP	Netherlands	0,70	0,70	1,34	1,34	0,70	0,70	1,34	1,34	1,44	0,70	0,70	1,34	0,70	1,44	1,34	1,34	0,70	1,34	1,44	-	1,34	1,34	1,34	1,34	1,34	1,34	0,70	0,70	0,70	1,44	3
w2000	IPP	Poland	3,24	3,82	3,24	1,18	3,24	3,59	3,24	3,82	3,82	3,82	3,82	3,24	3,82	3,82	3,24	3,24	3,24	3,24	3,82	3,24	-	3,82	3,82	3,24	1,18	3,82	3,82	3,82	1,18	3,82	4
w2000	IPP	Portugal	4,16	4,16	22,05	4,16	4,82	4,16	4,82	4,16	10,84	0,08	4,16	22,05	4,16	16,57	4,82	4,82	4,16	4,16	4,82	4,16	4,82	-	22,05	22,05	22,05	4,82	4,82	4,16	0,08	22,05	6
w2000	IPP	Romania	7,92	7,44	7,18	7,44	8,92	8,43	7,92	8,92	8,43	7,44	7,44	7,18	8,43	7,18	7,92	7,44	7,44	8,43	7,92	7,44	7,44	7,92	-	-	7,92	8,92	8,92	7,92	7,18	8,92	5
w2000	IPP	Sweden	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	1,09	-	1,09	1,09	1,09	1
w2000	IPP	Slovenia	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	2,67	-	2,67	2,67	2,67	2,67	2,67	2,67	1
w2000	IPP	Slovakia	2,61	3,86	3,86	1,22	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	3,86	2,61	3,86	3,86	1,22	3,86	3,86	3,86	-	3,86	3,86	3,86	1,22	3,86	3
w2000	IPP	UK	3,66	2,70	3,66	3,66	2,75	2,75	3,66	2,46	3,07	3,07	2,75	3,66	3,07	3,66	3,66	3,66	2,70	3,66	3,66	2,70	3,66	3,07	3,66	3,66	3,66	3,66	3,66	-	2,46	3,66	4

Source: Vergote W. Claes A (2015)

Concluding remarks

With respect to relative cross border versus domestic price differentials, The University of Saint-Louis found statistical evidence suggesting that:

- Cross border letter prices are on average 3.5 times higher that their domestic equivalent and cross border parcel prices are on average about 5 times higher that their domestic equivalent
- Zoning strategies do not affect cross-border price differentials
- Parcels lead to higher cross-border price differentials than letters
- Premium products to lower differentials than standard products
- Weight increases the price differentials
- Cross-border price differentials increase in flows between periphery countries and decrease in flows between the six largest Western European countries, as far as parcels are concerned.
- There is evidence suggesting that vertical integration seems to decrease price differentials indirectly.
- Letter differentials and parcel differentials are explained by different factors, highlighting the differences in the market structure and maturity of competition between the two distinct product segments (scale, density of population, liberalization etc.).
- Labor costs in the destination country, although being a large component of the cost structure of the cross border parcel delivery service do not seem to statistically influence cross border differentials, contrary to the domestic leg of the cost structure.

Termination Rates and Termination Agreements

Termination Rates can be defined as the levels of remuneration each operator receives for delivering the international mail of another operator in the country where they are based[242].

As we identified in the section above, CE[243](2013) identify 6 collaborative models for cross border delivery: NRO+NPO, NPO + foreign subsidiary, NPO + private courier, Private Operator +NPO or Private Partner and finally Private Operator + Private Operator.

The termination rates are particularly relevant for our analysis in the cases when there are **two separate entities .responsible for fulfilling the international delivery**, and less relevant when a delivery operator cooperates in order to fulfil the international delivery with an affiliate company or a subsidiary established in the destination country.

The termination rates are analysed briefly in this annex, as they are identified as a distinct and measurable cost element of the cross border delivery value chain that is linked with the cost of the final mile of delivery, the operational characteristics of each type international delivery and of course has implications (direct or indirect) in the **final price** of the cross border product and/ or in the **profitability** of the cross border segment. At the same time independent studies have suggested that the remuneration levels of some postal operators is not always reflecting the costs of providing delivery service one to another, which creates in turn some distortive effects in the mail and parcel flows and product balance.

The determination of the remuneration of postal operators involved in the delivery of international mail of postal operators that do not have direct (or indirect – through a subsidiary or an affiliated

[242] Inbound logistics according to Copenhagen Economics (2014) "the economics of terminal dues"
[243243] A study in the state of play of the delivery markets in Europe with a particular emphasis in e-commerce

company) presence in the country of destination, are usually determined via **a set of bilateral or multilateral international contractual agreements**. The extent to which, the details governing those agreements are publically available depends on the type of agreement. It is not an exaggeration to say that the rules and the actual remuneration levels are kept highly confidential to a large extent and therefore the analysis that will be presented in this chapter will be based on a secondary research of public studies and inevitably cannot be detailed.

Before presenting the type of agreements that are known to govern the remuneration of the delivery operators, we will have to make two points of clarification:

The type of agreement applied is largely dependent on **the type of postal product** involved in the cross border delivery. An example for that example is the following: Some parcels are sent through the letter mail stream of the national postal operators. There are a number of reasons that can motivate this choice, one of which is the levels of remuneration that will be paid to the partner operator.

Most multinational agreements that will be presented in the sections that follow govern the NPO+NPO type of transaction (according to the CE(2013) classification above) which consists of a non-negligible part of the standard-deferred cross border B2C segment of the market.

Analysis to be added

The Terminal Dues system

The UPU terminal dues system is a two tier system open only to the members of the UPU244 (in **Europe they are the designated national postal operators of all EU28 Member States)**. It defines the remuneration for the distribution of cross border *letter mail* for industrialised and developing countries on the basis of a target system and transitional system.

It takes into account a series of parameters such as[245] per item and per kilogram rates, domestic tariffs, incentives for quality and a set of per item and per kilogram caps and floors.

Although amongst the factors that determine the remuneration there is a component of domestic price, according to CE(2013) the caps and floors applied for the target countries are so close to each other that in most of the cases **result in a fixed rate, rather than a variable rate (depending on th domestic national price)** (per kilogram or per item). Therefore, in this case the UPU system fails to be country specific and is not linked to the actual cost of the last mile transactions.

According to CE (2014) this creates a series to distortions as regards parcels:

The current system of UPU terminal dues increases demand for delivery services covered by the system relative to services outside the system. This leads to excessive use of packet delivery services at the expense of parcel delivery services.

In the cases when terminal dues are set at a level below the cost of last-mile activities, this distorts competition among last-mile operators, that is, service providers who compete for intercity transport, sorting, and delivery of (small packet) mail in the destination country.

- The structure of current terminal dues also leads to distortions in mail and trade flows by increasing demand for less efficient cross-border delivery of letter post[6] (including packets).

[244] http://www.upu.int/en/the-upu/the-upu.html
[245] CE(2014) The economics of terminal dues

According to CE[246](2013), 19% of products bought online (and require physical delivery) are shipped as packets (200g-2kg). UPU claims that 80% of e-commerce shipments weigh less than 2 kilos[247]. So, in the absence of any other alternative, they can potentially fall under the UPU terminal dues system (if their dimensions allow them to be regarded as letter mail).

In the case of intra-EEA cross border parcel delivery Europe, however it is unlikely that this remuneration system is highly relevant for our analysis, as in the absence of an equivalent multinational agreement between operators (see REIMS below), bilateral agreements are usually concluded between operators to cover most of the volume exchange between operators. The results of the public consultation confirmed this statement above; although certain operators report that the UPU terminal .dues system is still relevant at least for certain pairs of exchange between countries.

The Inward land rates system

As in the case of UPU Terminal dues systems, the ILS (inward land rates) are rates payable for the delivery of cross border parcels by the designated operator within the meaning of UPU rules[248]. The ILR rate is based on a UPU base rate that is more or less a flat charge per parcel to be delivered including a variable charge per weight step of the consignment. This second leg of the charge is determined unilaterally by the different postal operators and is paid regardless of the Quality of Service, although the system includes some incentives to quality in the form of bonus payments.

The system results to higher remuneration than the cost of the service, therefore (and according to FTI(2011)) could potentially benefit operators that send more cross border parcel mail than what they are called to deliver, by resulting in more (net) revenues. As the ILRs are determined unilaterally by the delivery operators, they also result in higher cross border charges (that are set by the sending operator who are called to cover the costs of the overall transaction) fact that again raises doubts on the cost orientation of the final cross border prices offered to the customer.

However, according to an estimate provided by UPU cross border parcels account for only a small percentage of cross border packages, therefore termination rates for letter post items (UPU terminal dues) has a much greater effect on the market for cross border packages than the terminal dues for parcels (ILR)[249].

As in the case of terminal dues, also the ILR are widely **not** used amongst European postal operators, as either other multinational agreements are instead put in place, or because bilateral agreements are considered to be either more flexible or fairer (i.e. more cost oriented). The results of the public consultation confirmed this statement above; although certain operators report that the ILR system is still relevant at least for certain pairs of exchange between countries

The REIMS System

The REIMS termination rates system is an agreement that is effective between postal operators (amongst which some of the largest EU28 national postal operators) for the determination of the remuneration of the cross border delivery services they provide one another.

[246] CE(2013) E-commerce and delivery
[247] http://www.upu.int/en/activities/letter-post-development/about-letter-post-development.html
[248] FTI(2011)
[249] WIK(2013) p.113

The formula determining the amount of the remuneration is heavily based on a fraction[250] of the domestic price and it includes incentives for improving the quality of service251.

The European Commission adopted a decision in 1999 and another one in 2003 allowing this agreement to come into force[252], in the light of certain public benefits subject to the condition that any third party could also access the terms and conditions of this agreement. According to IMX CEO, IMX France is the only company benefiting from the favourable conditions of the REIMS agreement (at least until 2011[253]). The REIMS agreement is kept confidential; therefore no further information can be disclosed and it cannot be verified to what extent the rates resulting from the REIMS agreement are now cost-oriented and non-discriminatory[254]. It is believed that currently all USPs of the EU28 take part in the REIMS agreement apart from the national postal operators of Bulgaria and Romania[255].

REIMS agreement affects the pricing scheme of the parcel products; to the extent (as in the case of the UPU termination rates) B2C e-commerce parcels are shipped as packets and therefore delivered through the letter mail stream. Again, according to CE, 19% of products bought online (and require physical delivery) are shipped as packets (200g-2kg). UPU claims that 80% of e-commerce shipments weigh less than 2 kilos[256], and therefore could potentially be shipped as packets through the letter mail stream (if their dimensions allow them to be regarded as letter mail).

The EMS System[257]

The EMS is a platform coordinated by the UPU to offer the possibility for a cross border express premium delivery service in addition to the standard parcel service traditionally exchanged between national postal operators.

An EMS package typically involves priority handling, end to end tracking signature upon delivery and delivery at the home or premises of the recipient. According to FTI(2011) all UPU members, are members of the EMS cooperative but Austria, Denmark France Germany and the Netherlands, who have nonetheless concluded arrangements for an inward EMS delivery service.

The lack of information on contractual terms and conditions of the EMS co-operative and the lack of data related to volumes means that we cannot provide any judgment on the pricing structure resulting from this agreement.

The EPG258 System

An equivalent to the EMS, the EPG (after Enhanced Parcel Group but currently called the E-Parcel Group) was created in 1996 initially to facilitate the B2B priority shipments between the IPC members. Although it created as a B2B service, it has been expanded to cover all cross border parcels by using an end-to –end tracking system and after sales services.

The EPG are delivery agreements that are based on the traffic profile of each operators, therefore there are higher chances to be reflecting certain delivery and performance standards[259].

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[250] In REIMS II agreement this ratio was 80% of the domestic delivery price of a domestic single piece priority letter
[251] CE(2014) the economics of terminal dues
[252] COMP/C1/38170
[253] http://www.wik.org/fileadmin/Konferenzbeitraege/2011/13th_Koenigswinter_seminar/S2_2_Cayet.pdf
[254] WIK(2013) p. 95
[255] WIK(2013) Main developments in the postal sector
[256] Ref needed
[257] http://www.upu.int/en/activities/ems/about-ems.html
[258] http://www.ipc.be/en/operational-services/capability-visibility/epg

As in the case of the EMS platform, also in the EPG platform, the data related to the volumes, the remuneration formulas and the terms and conditions of the interconnection agreements are all strictly confidential to its members, therefore, we cannot make any judgments on their potential effects in the overall pricing scheme of cross border parcel products.

Bilateral Agreements

As we explained previously, it seems quite likely that in many cases, cross border deliveries are governed by bilateral agreements between postal operators that would contain the terms conditions and remuneration levels of each pair of cross border transaction. This pattern should probably also be followed by non-NPOs that wish to collaborate with other operators to preform cross border deliveries, or by NPOs cooperating with private operators who do not wish to team up with other NPOs for a series of reasons (like quality or price concerns).

Last, but not least, the choice of cross-border delivery partner is affected by the presence of own delivery networks. For example, PostNL is operating own B2C network in Belgium and choses therefore not to co-operate with Bpost. Royal Mail is using their own subsidiary GLS for deliveries in Belgium so there is no use setting up better tracking between Royal Mail and Bpost. The same goes for postal operators' individual International Mail and Parcels divisions (Bpost International Mail, Asendia, DHL Global Mail etc)[260].

Contractual arrangements are confidential in nature, but they are more likely to be based on market tested conditions. The general rule is that **the sending operator keeps the profits, and the contracts are administered by the signatories themselves**[261]. In this case, the negotiating power of each one of the two contracting parties generated by the total mail balance between the two operators might influence the outcome and the conditions set by each specific contract. In theory high sending operators could minimise termination rates (that are otherwise set through multinational agreements) on their benefit. The FTI(2011) report that **it is still remaining inconclusive as to what extent reductions from termination rates achieved through bilateral contracts actually are passed on to the cross border prices** (that are in fact set by the sending operator) and therefore it still remains inconclusive as to what extent they benefit the final user of the delivery service, especially if it is a small or infrequent user of those services.

Article 13 of the Postal Services Directive sets out the **principles** to which Member States' universal service providers should follow terminal rates for cross-border services. It requires Member States to apply the principles of cost orientation, remuneration related to quality of service, transparency and non-discrimination in agreements on terminal dues for cross-border postal services transactions.

Conclusions from the consultation

The consultation has shed some light on the actual balance of the cross border pricing arrangements between postal operators who cooperate in order to fulfil and international (intra EEA) cross border delivery for packets and parcels. It is rather the rule than the exception that each operator utilises more than one type of pricing agreements depending on the country that the cross border shipment is addressed and of course the type of the consignment (letters or parcels). It is very common that an operator uses for example at the same time the REIMS agreement the UPU agreement for the distribution of their packets, and the ILR agreements the EPG agreement for the distribution of

[259] FTI (2011)
[260] CE(2012) E-commerce and delivery
[261] FTI (2013)

parcels. Many operators have replied that, at least for the more important counterparts, they have negotiated directly bilateral pricing agreements.

According to the consultation, when it comes to the NPOs, the level of the termination rates is the most significant factor affecting the cross border price setting of the sending operators that responded to this specific question, followed by transportation and handling costs respectively.

2. SUSTAINABLE DEVELOPMENTS

This chapter provides an overview of social and environmental aspects of the EU CEP market, with emphasis on cross-border parcel delivery, based on recent evidence, studies and reports.

1.1. Social Aspects

As the CEP market is identified as a distinct segment that intrinsically belongs in the Postal Sector[262] (see Introduction), this section will start with a brief contextual overview of recent developments in overall postal employment. This will be followed by a more detailed presentation of key social aspects in the CEP segment, especially in a European cross-border context, where possible.

As regards the methodology in this section, the diversity of employment and working conditions in the CEP sector is difficult to quantify for several reasons: First, because there is no generally agreed and accepted definition of the CEP sector. Secondly, because of lack of reliable employment data for the sub-segments concerned. A quantification of net employment effects in the CEP market is therefore not possible here and our analysis of CEP employment developments is mainly qualitative.

1.1.1. Postal employment

Employment in the postal sector has undergone significant restructuring in recent years impacted by several parallel developments:[263]

First, the key economic development driving restructuring is the decreasing letter mail volumes and revenues as a result of e-substitution and changing consumer and business behaviour.

Second, technological advances, especially digitisation, have brought about modernisation, automation of sorting procedures and efficiency improvements with impact on job profiles, tasks and skills needed of postal workers.

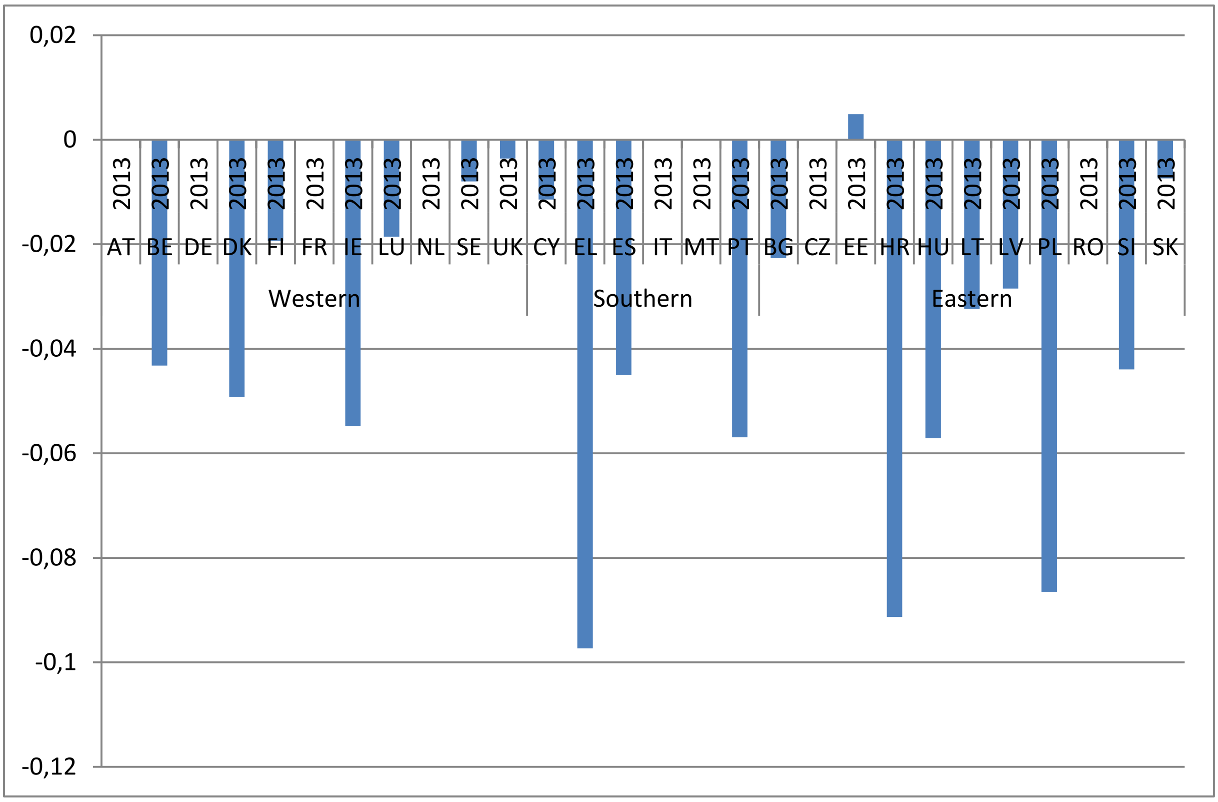
Third, postal market opening has created new opportunities, as well as challenges, in a competitive environment for national postal operators and new market entrants which impact on their business models, the provision of services and products, and also on employment. Significant restructuring, including job losses but also job creation, has taken place especially in those Member States that opened their postal markets to competition later. [264]

In response to these challenges, many postal operators are taking steps to create a more flexible workforce better adapted to declining letter volumes, while carrying out efficiency enhancement, quality improvement, and cost-optimisation programmes. Measures to reduce delivery costs of the last mile and the outsourcing of postal activities have also had a strong impact on employment. Some USPs have diversified their business activities into new markets and services, creating new employment. In addition, there is a shift in the mix of postal products and services, while the traditional postal core business, the letters business, is decreasing.[265]

[262] H53 of NACE Code, see Introduction.
[263] (2013) WIK report, (2015) PSD Implementation Report, and (2014) IPC Global Postal Industry Report.
[264] Eurofound, ERM Quarterly, October 2013.
[265] (2015) PSD Implementation Report , and (2013) WIK report, and (2012) IPC-BCG "Focus on the Future".

Overall postal employment, especially USP employment, allocated both in the letter and parcel segment of the market, has decreased as a result of these developments. Based on the most recent data available, overall, postal employment decreased on average by 4.4% in the EU28 between 2012 and 2013 and several universal service providers reduced employment by over 8% over the same period (see figure below). .[266]

Figure 36 - Employment Change in Universal Service Providers between 2012-2013267



Source: European Commission Postal Statistics Database

Nevertheless, despite reductions in the work force, Universal Service Providers continue to employ directly about 1.2 million people. In some Member States the postal operators still have a notable proportion of employment, in particular in the Czech Republic, Slovakia, and Finland (see figure below).[268]

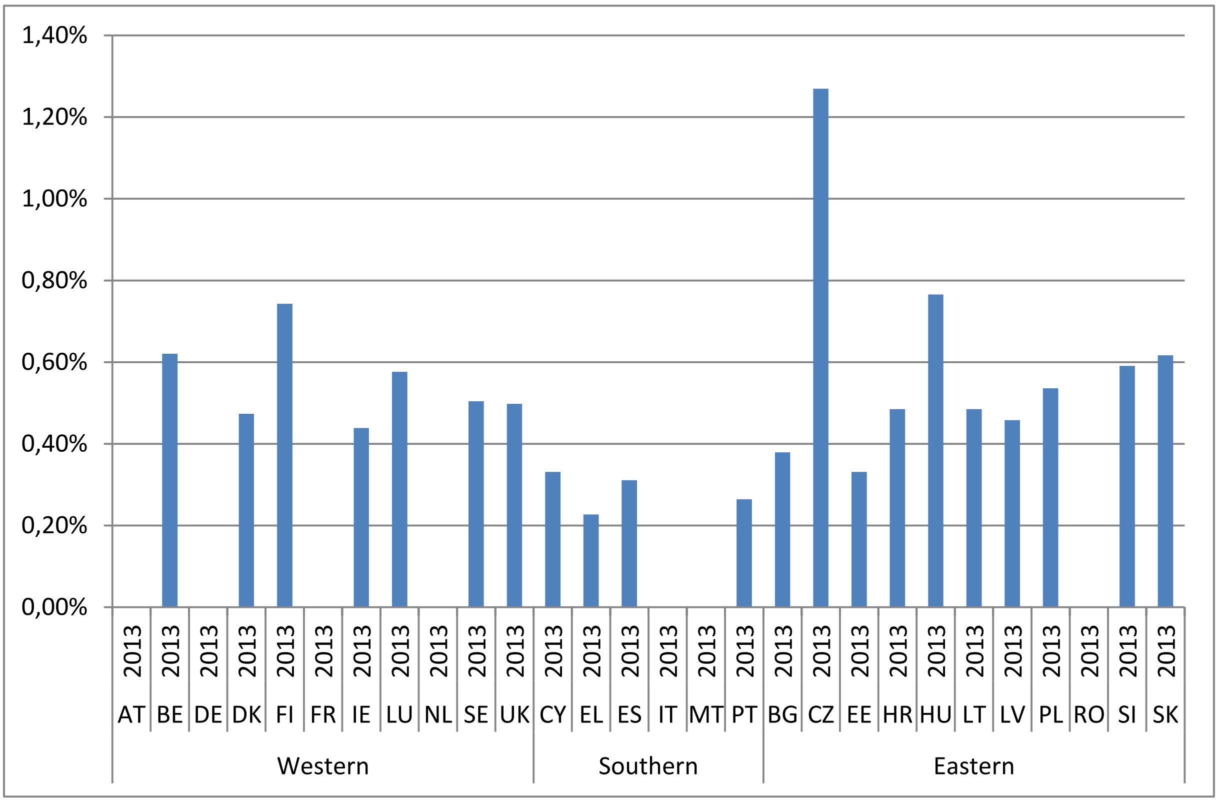
Figure 37 - Share of Universal Service Providers' domestic employment as percentage of total employment in EU Member States, 2013269

[266] EC Postal Statistics (2015). Available at http://ec.europa.eu/eurostat/tgm_grow/table.do?tab=table&init=1&language=en&pcode=post_emp_1&plugin=1

[267] Postal Statistics Database 2012-2013. AT, FR, NL, RO confidential, others not presented: missing or not applicable

[268] EC Postal Statistics (2015).

[269] AT, FR, NL, RO confidential, others not presented: missing or not applicable



Source: European Commission Postal Statistics Database

Together with the European express industry[270], which is estimated to directly employ about 272.000 workers[271], postal sector employment would reach about 1.5 million people in the EU28 making the postal sector one of the largest employers in the EU.[272]

1.1.2. CEP employment

In contrast to shrinking letter post markets, the courier, express and parcel market is growing significantly (see Introduction), with a positive impact on employment. The demand for parcel delivery services is linked to strong growth in e-commerce, especially in the B2C segment, to the benefit of employment in the CEP market.
The express industry, which is estimated to support a total of 579,000 jobs (directly, indirectly and through induced employment) across the EU, provides an illustrative example in this case:[273] The European express operators employ people and use goods and services in each of the countries in which they operate, which creates a ripple effect down the supply chain with **direct and indirect economic impacts**[274]:

- The express industry **employs directly over 272,000 people**[275], and through its own activities it generates €10.3 billion of EU GDP.

[270] Includes four leaders of the global express industry (so called international integrators: DHL, FedEx, TNT, UPS) and many other smaller express companies with emphasis on domestic presence. Oxford Economics (2011).
[271] Oxford Economics (2011)
[272] The Economic impact of express couriers in Europe, Oxford Economics, 2011
[273] The Economic impact of express couriers in Europe, Oxford Economics, 2011. http://www.euroexpress.org/uploads/ELibrary/EEA_RA2011_LR.pdf
[274] Express Delivery and Trade Facilitation: Impacts on the Global Economy, Frontier Economics, 2015. According to the report, spending on European goods and services by the 463,000 workers, who are either directly or indirectly employed by the express industry, supports a further 116,000 European jobs, so called induced employment, and generates a further €4.7 billion to the EU's GDP.
[275] Full-time equivalents (in 2010).

- Through purchasing goods and services from other European companies, the express industry supports **indirectly a further 191,000 European jobs**, and generates a further €8.4 billion of GDP to the European economy.

Spending on European goods and services by the above mentioned 463,000 workers, who are either directly or indirectly employed by the express industry, supports a further 116,000 European jobs, so called induced employment, and generates a further €4.7 billion to the EU's GDP. Based on existing growth rates, the express industry is expected to directly employ 300,000 people by 2020, up by 10 per cent from current levels.[276]

The overall net effect on CEP employment from increasing parcel volumes, restructuring, and market opening is however difficult to quantify, because of lack of definition of the CEP sector and unavailability of relevant employment data for the sub-segments. Strong growth in e-retailing indicates that employment in the CEP market can be expected to further grow in the future. An optimistic outlook is supported by a recent survey on European on-line merchants' expectations on future cross-border sales: The e-commerce sector is one of the few European industries that has experienced non-stop double-digit growth. For merchants, there are still plenty of opportunities for growth by expanding into new European markets. Breaking down barriers to cross-border e-commerce in particular could have the potential to create millions of extra jobs by 2020.[277]

Type of employment and working conditions

Overall there has been a move towards more flexible employment contracts, for example part-time employment, temporary agency employment or even self-employment.[278] This trend in the postal sector towards non-standard employment contracts is consistent with more general trends towards such flexible forms of employment in the wider economy. The extent and the type of flexible employment in the Member States is determined largely by demand for such contracts but also by national or sectoral social and labour legislation. While such contracts may be appealing to employees seeking flexibility, 'flexible' contracts may also provide less job security and lower wages than permanent full time employees at the universal service provider.

As regards the postal sector specifically, the development is linked to the fact that operators are seeking to reduce costs and to respond to falling letter volumes although some employees may prefer more flexible contracts which enable them to balance work with caring responsibilities.[279] Labour costs form a significant part of most postal operators' costs, more than half in the majority of USPs. This share has declined in some Member States, where automation has increased.

The type and extent of flexible employment conditions differ depending on the players (or employers) active in the B2C and B2B cross-border delivery of products bought on-line. Some countries have many operators of different types, whereas other countries have only the national postal operator and the international integrators.[280] The national postal operators account on average for about 20% of the CEP market, mainly attributed to their focus on the B2C segment, whereas the express operators have a strong market presence in the B2B segment.[281] Four global providers (DHL, FedEx, TNT and UPS),

[276] Express Delivery and Trade Facilitation: Impacts on the Global Economy, Frontier Economics, 2015,

[277] Ecommerce Europe, Survey on Barriers to Growth, June 2015. And European Parcels: Market Insight Report 2015.

[278] WIK-Consult, *Main Developments in the Postal Sector (2010-2013)*, pp 265-269; PIQUE: *Privatisation of Public Services and the Impact on Quality, Employment and Productivity (PIQUE), Summary Report, 2009*, p. 26; Copenhagen Economics, *Main Developments in the Postal Sector (2008-2010)*, pp151-188.

[279] Schmeißer, Claudia et al., *Atypische Beschäftigung in Europa 1996 – 2009, WZB-DiscussionPaper -2012001*, Berlin, Juni 2012, p. 12 from WIK-Consult, *Main Developments in the Postal Sector (2010-2013)*

[280] (2013) WIK Report, p. 118.

[281] (2013) WIK report.

or so called ‘integrators’, are the largest international operators in the European express market, but there are also many alternative operators in this highly competitive sector (see Introduction).[282]

Working conditions and employment relations for similar type of function can differ substantially depending on employer: they are different for persons employed by the national postal service providers, couriers directly employed by a competing service provider, couriers employed by a subcontractor of the service provider, and self-employed drivers without employment contracts.

The average share of part-time employees in USPs has largely remained stable at 20 per cent since 2002, though this average masks differences between Member States.[283] The response to a recent public consultation on cross-border parcel delivery also indicates predominantly standard employment contracts in National Postal Operators (NPOs): All NPOs responding stated that they employed 60% or more of their staff full time outside peak seasons, with several employing all parcel delivery staff full time. The range of staff outsourced varied from none to 100%. Where significant proportions were not outsourced, upwards of 80% were usually employed on permanent, rather than temporary contracts. The policy for managing seasonal peaks in activity included employees doing overtime as well as engaging casual staff, sometimes on fixed term seasonal contracts and outsourcing. [284]

In contrast the number of full staff employed outside peak seasons by the other delivery operators responding ranged from 54% to 100% and the proportion of permanent staff ranged from 17% to 100% (for other delivery operators). Temporary staff was the favoured solution by other operators for managing labour needs at peak times. [285]

Non-standard employment contracts are already commonly used by other operators, who also use subcontractors and self-employed delivery staff. According to a study on employment and working conditions in the European postal markets, self-employment and the use of subcontractors is widespread, especially in the parcel and express industry.[286] Even though there is a lack of country-wide data, case studies suggest that a significant part of delivery activities are carried out by subcontractors and self-employed individuals, which has consequences for employment and working conditions. Self-employment is often the result of outsourcing in which global players contract service partners for delivery activities. The service-partners in turn hire local self-employed drivers to carry out the delivery tasks. [287]

For example, in Germany, many competitors do not use their own delivery personnel but outsource delivery to business partners, in some cases even outsourcing sorting activities.[288]

In some cases regulatory measures have been introduced: in the Netherlands the vast majority of mail deliverers at the new competitors were self-employed until government regulations forced the companies to transform at least 80 per cent of the contracts into regular employment relationships.[289]

With self-employment, an increasing proportion of the postal-sector workforce risks being formally excluded from trade union and works-council representation. The problem is not only the difference between former national postal operators and their competitors, but also the increasingly diffuse boundaries of the postal sector and fragmentation of collective agreements. With the expansion of

[282] Includes four leaders of the global express industry (so called international integrators: DHL, FedEx, TNT, UPS) and many other smaller express companies with emphasis on domestic presence, Oxford Economics (2011). (2013) WIK report, and (2013) Copenhagen Economics – "E-commerce and delivery"

[283] 2015 PSD Implementation Report (forthcoming).

[284] Summary Report on Public Consultation on Cross-Border Parcel Delivery, 2015 (forthcoming)

[285] Summary Report on Public Consultation on Cross-Border Parcel Delivery, 2015 (forthcoming)

[286] The Liberalisation of European Postal Markets and the Impact on Employment and Working Conditions, Forba, 2013, p. 6

[287] The Liberalisation of European Postal Markets and the Impact on Employment and Working Conditions, Forba, 2013. http://www.uniglobalunion.org/sites/default/files/files/news/post_report_forba.pdf

[288] Summary Report on Public Consultation on Cross-Border Parcel Delivery, 2015 (forthcoming)

[289] www.postsocialdialog.org

parcels and express services, transport sector companies, with sector-specific labour agreements, have also become active in the distribution of postal items.[290]

Wages and working conditions at Universal Service Providers tend to be covered by collective labour agreements and working conditions are strongly regulated in all EU Member States. Collective agreements are however less common for other postal service providers. Where they do not exist new market entrants agree individually on wages and working conditions with employees, though in some Member States such as Austria and Italy, collective labour agreements of neighbouring sectors apply (e.g. transport or trade sector).[291]

Nevertheless, for example international integrators apply corporate social responsibility, which includes social benchmarks. The challenge is rather for small subcontractors to implement social minimum standards as higher wages will impact on the labour costs of parcel service providers.[292]

Gender balance of employee profiles depends on the business mix of the operator. In the parcels and express business segment operators tend to have a higher proportion of male employees, for example all international integrators (TNT Express, FedEx, UPS and DHL) have female employee shares below 30%.[293]

Social inclusion

Social inclusion is an important aspect of well-functioning delivery services. This implies that certain services are made available to all consumers and users in a Member State, regardless of their geographical location. Especially the last mile of delivery is crucial for social inclusion of rural and remote areas. Evidence suggests that there are important differences in terms of the availability of delivery services between different EU Member States and different regions within the same Member State to the detriment of consumers living in less accessible areas. This imbalance risks jeopardising the potentially positive socio-economic effects of e-commerce, providing access to a wide choice of goods and services for people who would otherwise not benefit from the single market to the same degree.[294]

According to a recent study on parcel delivery issues faced by online shoppers across the UK, which is the biggest national online market in the EU, delivery issues are a particular problem for consumers living in remote and island areas, such as: higher cost for delivery; longer delivery time; no delivery to consumers' area; free delivery offered but not available, and a reduced number of premium delivery options. The detriment caused by these issues is not confined to online shoppers, online retailers are also missing out on revenue that could be generated from sales in these areas.[295]

Another recent study concludes that national postal operators (in Denmark, Finland and Norway) are facing a major challenge to fulfil their universal service obligation in remote and peripheral areas in the future, due to a declining population and decreasing letter mail volumes.296 E-commerce is

[290] The Liberalisation of European Postal Markets and the Impact on Employment and Working Conditions, Forba, 2013. http://www.uniglobalunion.org/sites/default/files/files/news/post_report_forba.pdf

[291] Cf. European Social Dialogue Committee of the Postal Sector 2011, p19.

[292] (2013) WIK Report, and (2015) PSD Implementation Report, and UNI Post and Logistics Global Union. http://www.uniglobalunion.org/sites/default/files/attachments/pdf/UNI%20P%2526L%20Research%20on%20Liberalisation%20-%20EN.pdf

[293] (2014) IPC Global Postal Industry Report, p. 54.

[294] EP Report, January 2014, http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2014-0024+0+DOC+PDF+V0//EN

[295] Consumer Futures"Signed, Sealed…delivered?", pp. 30, 32. www.consumerfutures.org.uk

[296] The USO sets the requirements designed to ensure that certain services are made available to all consumers and users in a Member State, regardless of their geographical location, at a specified quality and, taking account of specific national circumstances, at an affordable price. Delivery to remote areas with very difficult access is subject to exemptions from the USO. (COM(2011) 900 final – A Quality Framework for Services of General Interest in Europe.)

growing with more demand for parcel delivery, which will require innovative parcel delivery solutions for remote and peripheral areas.297

1.2. Environmental aspects

This section presents an overview of key environmental issues in the EU CEP market and CEP operators' approaches to reduce their carbon footprint and to promote a sustainable environment, with focus on cross-border parcel delivery.

To have an idea of the scale of cross-border parcel deliveries, it is useful to reiterate some key parameters of the CEP market: in EU28 in 2011, together with the letter post segment, the overall CEP market was responsible for a total of 91 billion of shipments (see Introduction).[298]

Cross-border courier, parcel and express delivery in the EU, including B2B and B2C, still represent only 15% of total EU shipments. Most parcel and express traffic is domestic with five Member States (Germany, France, the UK, Italy and Spain) accounting for 70% of the total EU parcel and express market.[299] The European express delivery sector delivered around 269 million intra-EU cross-border shipments, where the shipment's origin and destination were both within the EU27.[300]

Cross-border courier, express and parcel delivery is achieved by using a variety of transport modes: such as, lorries, vans, and aircraft. Rail transport is used by only a few countries, for example Sweden, in cross-border postal services. Where possible, the CEP delivery industry uses surface transport modes. Air transport is only used where there are no other options available to meet same day and next-day delivery requirements.[301]

Express delivery companies are also involved in pilot projects investigating the potential use of high-speed trains in express networks, together with the use of electric, bio-ethanol and hybrid cars. For urban distribution, the express industry is aiming at optimising its pick-up and delivery route planning and operating in an efficient way.[302]

In Europe, road transport is an important transport mode in cross-border parcel and express delivery, which is reflected in the CEP operators' environmental policy priorities. Transport logistics is a volume business, where environmental impacts and costs can be reduced through increasing cross-border volumes and parcel flows. As mentioned in the introduction of this annex, freight and logistics services are excluded in this Impact Assessment Report. However given transport's intrinsic part in parcel and express delivery services, this section therefore also refers to transport in the context of environmental sustainability.

CEP operators have an impact on the environment, mainly in terms of greenhouse gas emissions, noise and air pollution, and paper wasting. Most CO_2 emissions are the result of using road transport, aviation and heating of buildings. In order to reduce the carbon footprint and to promote a sustainable environment, CEP operators in Europe have undertaken several measures. A review of major CEP operators in Europe shows that all are implementing policies to increasing environmental sustainability and reducing their carbon footprint, especially in road transport, for example: [303]

- **International Integrators** (e.g. DHL, TNT Express, UPS and Fedex): All major integrators have dedicated environmental policies addressing issues, such as energy and carbon efficiency, network optimisation, eco-driving, and increasing environmental awareness among

[297] www.pts.se, Stelacon "Postservice i glesbygd – En nordisk jämförelse", March 2015.
[298] WIK (2013) Main Developments Study.
[299] (2015) PSD Implementation Report of the PSD.
[300] http://www.euroexpress.org/uploads/ELibrary/EEA_RA2011_LR.pdf
[301] Idem.
[302] http://www.euroexpress.org/uploads/ELibrary/EEA_RA2011_LR.pdf
[303] IPC Sustainability Report 2014, IPC Global Postal Industry Report 2014, Euroexpress Organisation, WIK (2013) Main Developments Study, Express Delivery Company annual reports.

their employees and subcontractors (ex. Deutsche Post DHL "GoGreen Programme", TNT Express Corporate Responsibility Framework, UPS "Committed to More programme", and Fedex "EarthSmart").

- **National Postal Operators** (NPOs): More than half of the NPOs are implementing measures to reduce energy consumption and CO2 emissions, and to improve the performance of the transport fleet by eco-driving schemes and using bio and other alternative fuels. The majority of NPOs are also members of information networks to improve their environmental performance, such as the Greenhouse Gas Reduction Programme, established by PostEurope, and the IPC Environmental Measurement and Monitoring System.

- **Parcels express and courier operators** (eg. Hermes/DE, Yodel/UK, Nightline/IE, MRW/ES etc.): Measures to reduce negative environmental impacts include, for example, reduction of annual trucking miles and fuel consumption, electric vehicle fleet, solar powered facilities, and recycled waste. (Ex. Hermes' Sustainability Programme "We Do!").

Several drivers are pushing the CEP operators to adopt sustainable delivery modes: In addition to regulatory drivers (e.g. compliance with EU regulations on carbon emissions), retailers' and consumers' demands for more sustainable delivery options are increasingly becoming a competitiveness driver pushing to act.

For example, Ecommerce Europe is in favour of freight consolidation of capacity between retailers, as it will improve the trucks fill ratio and also reduce the environmental impact of deliveries.[304] Out of 1.62 billion tons of truck emissions in Europe, almost one quarter are caused by trucks running empty, sometimes due to legal requirements.[305]

Consumers are also becoming more aware of environmental aspects in their purchasing decisions. Operators are responding to this through greater emphasis on customisation and quality of service, i.e. more convenient, green and flexible parcel delivery services,.

Particular attention is given to the carbon intensity of "last mile deliveries", i.e. deliveries of goods from local depots to home, especially when there is a home delivery failure and goods have to be redelivered or the recipient has to collect them from a depot. Environmental and economic concerns push the delivery operators and public actors to rethink the supply chain models in urban areas and to establish sustainable urban logistics plans.[306]

According to a German study, delivery services provided by CEP operators for retail and online trade are an indispensable part of sustainable city logistics: they combine deliveries avoiding traffic and contribute to reducing the environmental impact of the last mile.[307]

Complementing green innovations in transportation, enhanced efficiency in warehousing is also crucial to reducing carbon emissions in the delivery network. The savings potential is evident, when considering that up to 80 % of the energy used in warehouses is consumed by electrical lighting.[308]

Electric, bio-ethanol and other alternative-fuel vehicles are the main focus of achieving environmental technological progress in the CEP industry. Although good progress has been made, the technology is still not at a stage where it is able to significantly impact the sector's reliance on fossil fuels, as these vehicles often do not have the necessary range for intermediate and long-range journeys. In addition, national infrastructure in terms of service stations for electric vehicles and the supply of biofuel are not

[304] Ecommerce Europe: e-logistics: A need for integrated European solutions, April 2015.
[305] Deutsche Post AG – Delivering Tomorrow (2010), and Report on The State of Union Road Transport market (2014) p.5 http://ec.europa.eu/transport/modes/road/news/com(2014)-222_en.pdf
[306] LaMiLo, Last Mile Logistics project, www.list.lu/en/project/lamilo/
International Transport Forum, 2015 Annual Summit, http://www.internationaltransportforum.org/about/IntOrgDocs/Trade-Last%20mile_Summary%20of%20discussion.pdf

[307] Sustainable City Logistics study, German Parcel and Logistics Association, BIEK, 2015, IPC, March 2015, Market Intelligence.
[308] Deutsche Post AG – Delivering Tomorrow (2010).

yet available allowing alternative fleets to be operational on an economically viable scale.[309] Responding to these environmental challenges will require long-term investments, building on smart use of existing technologies and collaboration.[310]

OUTLOOK

Although European CEP Markets presented continuous growth in the last years; studies do not identify yet clear indications of maturity. European B2C markets are expected to continue to grow and operators are expected to continue focusing their investments to service this segment of the market. At the same time AT Kearny (2015) estimate that international will continue to grow faster than express and also international standard will out pass international express, especially as for neighbouring countries, quality differences between segments are not considered to be significant. Overall AT Kearney (2015), estimates a compound annual average of 7% until 2016 with an equivalent increase of 8% of the international standard segment.

Figure 38 – International market growth 2011-2016 – Forecast

Source: AT Kearney

A potential risk to the growth rates of the B2C related volumes (according to AT Kearney311 (2015)) could potentially stem from the expected decrease in the e-commerce return rates. As e-retailers aim to minimize returns in an effort to increase efficiency in their logistics operations, this could potentially impact the volumes of the delivery business.

Apex Insight (2015) forecast for the CEP market show a steady CAGR of 4,5% for the CEP Market that would be sufficient to reach the levels of 69bn euros until 2019. At the country level, the report shows that the UK and the Polish national market will continue to grow faster than the rest of the national markets, highlighting the growth potentials still existing in those countries, irrespectively of the steep CEP growth observed in the last years. According to Apex Insight, B2C related deliveries are

[309] Deloitte 2014, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Consumer-Business/gx-cb-last-mile.pdf
[310] Deloitte 2014, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Consumer-Business/gx-cb-last-mile.pdf, 2014 IPC Global Postal Industry Report.
[311] AT Kearney (2015) Europe's CEP Market: Steady growth begins to shift

likely to account for 35% of the total in 2014, illustrating the growing importance of this segment in the overall CEP market. They also highlight that home delivery is still identified as one among consumer's strong preferences therefore the industry investments are likely to concentrate in this area. Apex Insight (2015) comment that it is fair to anticipate mild concentration motivated by the cross border segment especially as large networks seek to fill in their gaps in the domestic markets, therefore a wave of acquisitions might still be changing the competitive landscape in Europe.

ANNEX 6: REGULATORY FRAMEWORK

Impact Assessment on cross-border parcel delivery

Legal background

Overview

There is no one sector-specific EU legal instrument that explicitly governs the cross-border delivery of all parcels within the EU. However, several provisions of existing EU legislation, in particular for postal services, also cover parcel delivery. EU rules for postal services can therefore be considered as the central EU provisions for parcel delivery services.

At the international level, rules are contained in the Convention establishing the Universal Postal Union (UPU) and in the Acts of the UPU, in particular the latest Parcel Post Regulation adopted by the UPU in 2012 (effective since 1 January 2014).

Other aspects of relevance for parcel delivery are covered by rules on consumer protection, standards, customs, taxation, transport, employment, environmental and competition rules at EU level and trade, customs and aviation rules at international level.

The European postal services legal framework

Directive 97/67/EC on common rules for the development of the internal market of Community postal services and the improvement of quality of service, as amended by Directive 2002/39/EC and Directive 2008/6/EC (in the following: Postal Services Directive – PSD), contains the core provisions that in part relate to the parcel market.

Postal services according to the PSD involve the clearance, sorting, transport and distribution of postal items[312]; while transport alone is not to be considered to constitute a postal service[313]. Postal items are items carried by a postal services provider. This includes notably postal parcels containing merchandise with or without commercial value.[314]

The PSD obliges the Member States to set up a universal service involving the permanent provision of a postal service of specific quality at all points of the territory of the Member States at affordable prices for all users.[315] It needs to be emphasised that the universal service covers both national and cross border services.[316] It encompasses the clearance, sorting, transport and distribution of postal items up to two kilograms and of postal packages up to 10 kilograms.[317] The weight limit for postal packages may be extended to 20kg by the national postal regulators, a possibility which was applied by some, but not all Member States.

[312] PSD, Art 2, point 1
[313] See recital 17 of Directive 2008/6/EC.
[314] PSD, Art 2, point 6
[315] PSD, Art 3, par 1
[316] PSD, Art 3, par 7
[317] PSD, Art 3, par 4

Member States have to ensure that postal parcels received from other Member States and weighting up to 20 kilograms are delivered within their territory, even if not covered by the universal service obligation domestically.[318]

The PSD requires Member States to guarantee, as a minimum, the provision of the universal service as specified in its Articles 3 and 5 and establishes the possibility for Member States to designate universal service providers (USP)[319].

Regarding universal services, the PSD establishes that prices have to be affordable independent of geographical location and that they must be cost-oriented. In this context Member States are explicitly allowed to maintain uniform tariffs for single piece tariff mail, the service most frequently used by consumers, including small and medium-sized enterprises. Member States may also maintain uniform tariffs for some other mail items, such as, for example, newspapers and books, to protect general public interests, such as access to culture, ensuring participation in a democratic society (freedom of press) or regional and social cohesion[320]. Tariffs shall be transparent and non-discriminatory.[321] Likewise, Member States should encourage USP that terminal dues[322] agreed between them shall be fixed in relation to the costs of processing and delivering cross-border mail, in relation to the quality of services and shall be transparent and non-discriminatory.[323]

Quality of the universal service shall focus on routing times, regularity and reliability of services. Annex II of the PSD sets the time limit from deposit of a postal item to delivery (end to end) at date of deposit plus 3 days for 85% and date of deposit plus 5 days for 97% of postal items.

The PSD requires Member States to set up transparent, simple and inexpensive complaint procedures for postal users, not limited to the universal service.[324]

A system of national regulatory authorities (NRA) is also established by the PSD. Member States shall designate NRA legally separate and operationally independent from postal operators to ensure compliance with the obligations arising from the PSD. NRA shall establish monitoring and regulatory procedures to ensure the provision of the universal service.[325] Member States shall ensure consultation and cooperation of their NRA with the national competition and consumer protection authorities.[326] Decisions of the NRA have to be subject to review.[327]

[318] PSD, Art 3, par 5
[319] PSD, Art 4
[320] Recital 38 of Directive 2008/6/EC.
[321] PSD, Art 12
[322] Terminal dues are fees that one postal administration owes another postal administration for the cross-border delivery of post items.
[323] PSD, Art 13, par 1
[324] PSD, Art 19, par 1
[325] PSD, Art 22, par 2
[326] PSD, Art 22, par 1 (2)
[327] PSD, Art 22, par 3

Postal operators shall provide all the information (including financial information) concerning in particular the universal service to the NRA. Information shall be provided to allow NRA to ensure conformity with provisions of the PSD or decisions made in accordance with the PSD. Furthermore, information shall be submitted for statistical purposes.[328] Information shall be provided on request from the NRA. The NRA in turn shall provide the Commission on request with information received from the postal service providers.

While the PSD concentrates on the universal service, it nevertheless also covers services outside the universal service such as express services[329]. This clearly results already from Article 1 first indent of the PSD and is confirmed in other provisions such as the one in relation to complaints procedures and possible collection of market data from the parcel delivery operators, which provide postal services.

The International legal framework for parcels

The UPU was established in 1874 by 21 mainly European founding member countries. Since then it has developed into a 192 member organisation that has the status of a specialised agency within the UN family. The EU participates as an observer in the UPU bodies.[330] The EU Member States systematically declare that they will apply the Acts adopted at UPU Congresses in accordance with their obligations pursuant to the EU Treaty.[331]

The UPU is based on five primary acts binding for its member countries: the Constitution, the General Regulations, the Universal Postal Convention, the Letter Post Regulations and the Parcel Post Regulations. The Convention is renewed periodically at each UPU Congress taking place every 4 years.[332] Within the framework of the UPU an agreement on Postal Payment Services has also been adopted.

The Universal Postal Convention sets out the primary obligations for member countries and designated postal operators in relation to letter post and parcel services. The Parcel Post Regulations cover the provisions specifically for parcel services.

Within the UPU member countries establish designated operators (DO) to operate postal services and to fulfil obligations stemming from the Acts of the UPU. The term DO is not identical with the designation as universal service provider established as one option in Article 4 PSD.

The UPU rules apply only to the DO providing services covered by the UPU. These rules are traditionally applicable to and applied by national postal operators and their legal successors and do not apply to any other parcel delivery operator (e.g. express operators).

[328] PSD, Art 22a, par 1
[329] PSD, recitals 17-18
[330] UPU Doha Congress 2012, Resolution C 78/2012
[331] See for instance Doc 41 Add 10, UPU Congress Acts 2012
[332] The last UPU Congress took place in Doha in 2012, the next will be held in Turkey in 2016

The UPU Convention contains several provisions that are mirrored in the PSD such as the obligation to ensure a universal postal service,[333] the scope of the universal service (called "basic services"[334]) and provisions on terminal dues for postal items up to 2kg and inward land rates for postal parcels up to 31.5 kg.[335]

In addition, the Convention contains provisions on mandatory supplementary services.[336] For parcels, mandatory supplementary services are notably insurance services, cash-on-delivery services, express services, free of charges and fees delivery and fragile and cumbersome parcels. Other additional provisions concern the freedom of transit; postal charges; postal security; personal data processing; postal express services; electronic postal services; customs rules; liability and indemnities; air, land and see rates. The Parcel Post Regulations comprise further detailed provisions on parcel services.

The PSD refers to the UPU in two occasions. Minimum and maximum dimensions for postal items under the European universal service regime are laid down by the UPU.[337] Secondly, regarding the harmonisation of technical standards, the European Committee for Standardisation shall take into account harmonisation measures adopted within the UPU.[338] Respective UPU rules for parcels are stipulated in the Parcel Post Regulations.[339]

Other EU-legislation of relevance for parcel delivery

To an albeit limited degree[340], the Services Directive 2006/123/EU is applicable to cross-border service provision applying to cross-border parcel delivery services of goods purchased in the context of e-commerce. However, as for aspects regulated by the PSD, the relationship has been clarified in that the latter prevails[341]. It should be pointed out that notably Article 22 of the Services Directive regarding the information on providers and their services requires providers to make available information such as the price of a service and its main features may be of relevance.

The Consumer Rights Directive 2011/83/EU (CRD) enhances the rights of consumers having merchandises delivered by parcel. The CRD applies to contracts concluded between a trader and a consumer[342] and it includes, among others, pre-contractual information requirements for distance and off-premises contracts[343]. Before concluding a contract a consumer must be

[333] UPU Convention (2012), Art 3
[334] UPU Convention (2012), Art 13
[335] UPU Convention (2012), Art 29-32
[336] UPU Convention (2012), Art 14
[337] PSD, Art 3, par 6
[338] PSD, Art 20, par 3
[339] UPU Parcel Post Regulations (2012), RC 115 (size limits); RC 221 (application of standards)
[340] See, e.g.. Art 17(1)a of the Services Directive
[341] Recital 58 of Directive 2008/6/EC states "This Directive is consistent with other Community instruments concerning services. In the event of conflict between a provision of this Directive and a provision of another Community instrument, in particular Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, the provisions of this Directive will prevail and will apply in full to the postal sector."
[342] CRD, Art 3
[343] CRD, Art 6(1)

informed about the total price of the good or services, including all additional delivery, freight or postal charges. The arrangements for payment, delivery, performance and the time by which the trader undertakes to deliver the goods must also be stated. Information must also be provided about the cost of returning the goods in case of withdrawal. A specific requirement is laid down for trading website to indicate clearly at the beginning of the ordering process whether any delivery restrictions apply and which means of payment are accepted[344]. The CRD also clarifies the rights of consumers regarding delivery of the goods, time limits, consequence of late delivery[345] and passing of risk of loss or damage of goods during delivery[346].

The Directive 2013/11/EU on alternative dispute resolution for consumer disputes (ADR Directive) is a relevant instrument in view of the provision from the PSD to develop independent out-of-court schemes for the resolution of disputes between postal service providers and users where users qualify as consumers under Directive 2013/11/EU. The ADR Directive covers disputes concerning contractual obligations stemming from sales contracts or service contracts between a consumer resident in the Union and a trader established in the Union.[347] It aims to ensure that consumers can turn to quality alternative dispute resolution entities for **all kinds of contractual disputes** that they have **with traders** no matter what they purchased **(excluding disputes regarding health and higher education**) and whether they purchased it online or offline, domestically or across borders.

The ADR Directive is complemented by Regulation (EU) No 524/2013 on online dispute resolution for consumer disputes (ODR Regulation). This Regulation applies to the out-of-court resolution concerning contractual obligations stemming from online sales or service contracts between a consumer resident in the Union and a trader established in the Union.[348] Based on this Regulation, an **EU-wide online platform** was established by the European Commission for disputes that arise from **online transactions**. The platform links all the national Alternative Dispute Resolution entities notified by Member States to the Commission and operates in all EU official languages.

The harmonisation of technical standards for postal services is entrusted to the European Committee for Standardisation.[349] Currently, 39 European Norms (EN), technical specifications (TS) or technical reports (TR) for postal services are published, while 5 more are in the approval phase. The published standards include standards for the measurement of the transit time of end-to end services for priority mail,[350] non-priority mail,[351] bulk mail,[352] for the measurement of complaints and redress procedures[353] for the loss of registered mail and

[344] CRD, Art 8(3)
[345] CRD, Art 18
[346] CRD, Art 20
[347] ADR Directive, Art 2 (1)
[348] ODR Regulation, Art 2 (2)
[349] PSD, Art 20, par 2
[350] EN 13850
[351] EN 14508
[352] EN 14534
[353] EN 14012

other postal items[354] and for the loss and substantial delay of priority mail.[355] Specifically for parcel services there is a technical report on the measurement of transit times for parcels by the use of a track and trace system[356] and a technical specification in this area is in the approval phase. The Annual Union Work Programme for European Standardisation for 2015[357] defined postal services as one of the strategic priorities. It particularly emphasised in point 2.5. the need to enhanced interoperability of parcel-delivery operations. A fourth standardisation request is currently in elaboration in cooperation with CEN/TC 331.

Regulation 952/2013/EU will be applicable as of 1 May 2016[358]. It establishes the EU Customs Code, which permits special customs procedures for postal services.

In the area of taxation, Article 132(1)(a) of Council Directive 2006/112/EC on the common system of value contains a VAT exemption for the supply by the public postal services of services other than passenger transport and telecommunications services, and the supply of goods incidental thereto.

Parcel delivery is also closely linked with EU transport policy. According to Article 5 lit a) of Regulation (EC) No 1072/2009 on common rules for access to the international road haulage market, the carriage of mail as a ***universal*** service does not require a Community licence and is exempt from any carriage authorisation. Safety in the aviation, rail and maritime sectors is the object of detailed EU rules and is followed by the European agencies EASA, ERA and EMSA. A single aviation market is organised notably through Regulation (EC) No 1008/2008[359].

On 9 April 2015, the Commission established the Digital Transport and Logistics Forum.[360] The Forum is addressing problems related with the quality of cross-border delivery services and the interoperability of the various IT systems used by different logistics stakeholders (including for parcel delivery) as well as problems related with information on cross-border delivery services (e.g. services offer and tracking tools). Work of the Forum is based on a number of EU-funded projects. As foreseen in the 2011 Roadmap to a Single European Transport Area[361], the Commission is supporting in this frame the development of tools for identifying easily available transport services, for tracking goods along the supply chain, and for making the whole supply chain more interoperable. A consultation on e-Freight has been carried out in 2012-2013.

The respect of employment terms and conditions, confidentiality of correspondence, data and environmental protection are, among others, essential requirements listed explicitly in the

[354] EN 14137
[355] TS 14773
[356] TR 15472
[357] COM (2014) 500 final, 30.7.2014.
[358] Regulation (EEC) No 2913/92, currently in force, will be repealed by 1 May 2016.
[359] OJ L 293, 31.10.2008, p. 3.–
[360] C(2015)2259
[361] COM(2011) 144 final

PSD the guarantee of which allows Member States to impose conditions on the supply of postal services.[362]

According to Article 13(1)(d) of Regulation (EC) No 561/2006, Member States may grant exceptions from the provisions related to crews, driving times, breaks and rest periods laid down in that Regulation to the carriage by "vehicles or combinations of vehicles with a maximum permissible mass not exceeding 7,5 tonnes used to deliver items as part of the universal service within a 100 km radius from the base of the undertaking, and on condition that driving the vehicles does not constitute the driver's main activity.

The European Union has not made any EU-wide commitment to provide market access or national treatment in either the postal or courier services sector. However, there are commitments for courier services for a number of Member States, namely Austria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, and Slovak Republic.[363]

Furthermore, EU competition law applies to parcel delivery services. Art 101 TFEU prohibits agreements between undertakings and concerted practices aiming at the prevention, restriction or distortion of competition. Art 102 TFEU sanctions the abuse of dominant positions within the internal market which also applies to the delivery market.

Article 106 TFEU requires Member States not to enact nor maintain in force in case of specific group of undertakings[364] any measure contrary to the Treaties rules, including competition rules. When undertakings are entrusted with the operation of services of general economic interest, such as for example the universal postal service, they continue to be subject to the rules contained in the Treaties, including rules on competition, as long as the application of such rules does not obstruct the performance of the particular tasks assigned to them.

Finally, Article 107 TFEU prohibits any State Aid which distorts or threatens to distort competition in so far as it affects trade between Member States. However, aid necessary for an undertaking to perform a service of general economic interest, such as the universal postal service, may be allowed on the basis of Article 106 (2) TFEU as implemented in the 2011 SGEI Package (2011 SGEI Decision[365] or 2011 SGEI Framework[366] depending on the amount of aid).

Other international rules of relevance for parcel delivery

In the context of the World Trade Organisation (WTO), the agreements relating to tradein goods and services, in particular the General Agreement on Tariffs and Trade (GATT) and the

[362] PSD, Article 2, point 19 and Article 9
[363] See the overview of the commitments by WTO Members in Table 2 of Postal and Courier Services. Background Paper by the Secretariat, S/C/W/319, 11 August 2010.
[364] Public undertakings and undertakings with special or exlusive rights.
[365] Commission Decision of 20 December 2011 on the application of Article 106(2) TFEU to State aid in the form of public service compensation granted to certain undertaking entrusted with the operation of SGEI, OJ L 7, 11.01.2012, p. 3
[366] Communication from the Commission: European Union framework for State aid in the form of public service compensation (2011), OJ C 8, 11.01.2012, p. 15.

General Agreement on Trade in Services (GATS) are applicable to the delivery of goods by postal and courier services.

Within the framework of GATS, the WTO also uses a classification system[367] which is based on the UN Central Product Classification (CPC). This classification distinguishes between postal and courier services. Postal services related to parcels[368] are described as "services consisting of pick-up, transport and delivery services of parcels and packages, whether for domestic or foreign destinations, as rendered by the national postal administration." In contrast multi-modal courier services[369] are "services consisting of pick-up, transport and delivery services, whether for domestic or foreign destinations of letters, parcels and packages, rendered by courier and using one or more modes of transport, other than by the national postal administration. These services can be provided by using either self-owned or public transport media.

Apart from rules contained in the UPU Convention,[370] international customs law is laid down in global agreements such as the International Convention on the Simplification and Harmonisation of Customs Procedures under the World Customs Organisation (WCO). The Convention provides a basic set of rules for customs controls for international shipments and on customs clearance.

International aviation rules such as the Chicago convention from 1944 govern transit and landing rights. Commercial landing rights are usually granted only by way of agreements. The Union is party to some of such agreements. By way of example, reference may be made to the Open Skies Agreement[371] with the USA from 2007, which replaces the bilateral agreements between the USA and the EU Member States. Negotiations for a second phase were opened in May 2008 and concluded with the signature of a second stage Agreement in June 2010. Norway and Iceland acceded to the agreement in 2011.

[367] WTO Document MTN.GNS/W/120.
[368] CPC code 75112
[369] CPC code 75121
[370] UPU Convention (2012), Art 20
[371] Decision 2007/339/EC