



MEMO

To : GROW-ERGP@ec.europa.eu
From : Ecommerce Europe
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Subject : Ecommerce Europe's contribution to ERGP public consultation "Developments in the postal sector and implications for regulation"

The digital commerce sector is at a turning point. Now more than ever, decisions taken by EU policymakers will determine the success of European e-retailers within the EU Digital Single Market and globally. While the ERGP claims that the promotion of competition is one of the main goals of the existing European regulatory framework, the recent past has shown that instead, competition was rather enabled but not actively promoted.

Efficient and reliable delivery of parcels is an essential element of, on the one side, the domestic, EU-wide and global retail and, on the other side, of the postal services. Digital commerce itself is fundamentally changing postal and parcel markets. Global e-commerce revolutionizes shopping through commercial items delivery, but the current parcel service provisions are ill-fitted to accommodate this.

Parcel delivery is a global issue and, in the past years, **international postal agreements at United Nations' (UPU) level favored third countries like China**. Consequently, the postal channel became the facilitator of counterfeiting, VAT and customs fraud, and benefitted from "at cost" domination fees into Europe. This has put **EU businesses at a competitive and unfair disadvantage** and led to trade disruptions.

It is an alarming consequence of the failure of the European postal regulatory conduct that **other regulatory bodies** - in this case the financial and customs related regulators - **had to step-in and create new legislation** - the "EU VAT E-commerce Package" - in order to stop the malfunctioning of the European postal channel.

While all commercial postal items containing goods have to be **traceable since 2018 in the global UPU postal network**, enforcement of this provision in the EU is still missing. EU policymakers shall **introduce mandatory traceability for all parcels delivered by any operator**: this is a prerequisite for a functional Digital Single Market in the EU. Furthermore, it empowers EU consumers to decide how they need their goods delivered, and it also helps governments in dealing with VAT, customs, consumer rights and product safety.

This is a **consequence of postal delivery markets becoming less sender- and more receiver-oriented**. B2C is supposed to stand for shopping from home and getting the goods delivered at home. As traditional home delivery is not scalable, **an infrastructure with unattended delivery at home or at the workplace shall be established**. Any other setup, such as "Pick-Up and "Drop-Off" (PUDO) ought to be seen as being a solution bridging the period until the final, regulated infrastructure is in place.

Online retail and commerce are consumer driven. Most postal delivery operators (Courier, Express, Parcel & Postal operators) are currently engaged in the wrong sorting, the wrong vehicles and even the wrong business model. The current growth in commercial items delivery will need a new approach driven



by regulators, **defining a new "necessary infrastructure" accessible by all, including new ways of access**, both up- and down- stream to their current delivery value chain.

Therefore, **commercial item volumes are currently the enemy on the last mile**, especially for deliveries that requires time window delivery. Due to the wrong regulatory setting, almost all postal item delivery operators are under extreme pressure when it comes to building facilities for parcel handling. In addition, a permanent lack of drivers is slowly increasing variable costs as well.

In the view of Ecommerce Europe, representing the interests of 19 nation e-commerce associations from Europe, there is a **growing need to have instruments in place in order to maintain, or even further foster competition on a level playing field in the delivery of retail and commercial items**. In specific cases, the EU Postal Service Directive (PSD) provided the necessary legal framework to already engage the wider postal stakeholders to work under mandates to further develop European standards or European standardization deliverables or, where necessary, to revise existing standards in support of the implementation of postal-related regulation including parcel delivery in Europe and globally.

In the future, **parcels will follow the consumers and not the other way around**. **Interoperability** standards, like the Harmonized Parcel Label, or the development of **electronic advanced data** for VAT, Customs and transport security by the European Committee for Standardization, will be instrumental to ensure a **seamless delivery to the end-consumer**.

While the PSD was designed some 25 years ago to enable rather than foster fair competition and finally to create a common European Postal Services market, it is without any doubt, that the creation of a European Digital Single Market and the further development of commerce and predominately European wide retail by means of online communication through delivery to consumers, requires a **fundamental, market oriented greenfield approach**, in which the goals and underlying concepts of the PSD can be re-examined and, where appropriate, reaffirmed.

About Ecommerce Europe

Ecommerce Europe is the voice of the European digital commerce sector. Through its 19 national e-commerce associations, Ecommerce Europe represents more than 75,000 companies selling goods and services online to consumers in Europe. European merchants still face difficulties when selling online, specifically cross-border. That is why Ecommerce Europe acts at European level to help legislators create a better framework for online merchants, so that their sales can grow further. Ecommerce Europe aspires to be the European platform for digital commerce, where members of national e-commerce associations, direct company members and suppliers can:

- Network and share best practices, exchange information and knowledge on issues concerning their business;
- Work towards promotion, professionalization and self-regulation the digital commerce industry, thanks to projects like our European Trustmark;
- Create better fitted frameworks that can foster online sales at all levels, both domestically and cross-border.

Moreover, Ecommerce Europe provides certified online companies across Europe with a European Trustmark label, with the aim of increasing consumers' trust in cross-border purchases.