



AKOS

AGENCY FOR COMMUNICATION
NETWORKS AND SERVICES OF THE
REPUBLIC OF SLOVENIA

European Commission
DG for internal market, industry,
entrepreneurship and SMEs
Unit for Public Interest Services (Grow E2)
B - 1049 Brussels (Belgium)

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**Submitted through PARCEL web-
application**

Subject: ASSESSEMENT OF SLOVENIAN CROSS-BORDER SINGLE-PIECE TARIFFS IN ACCORDANCE WITH REGULATION (EU) 2018/644 – YEAR 2024 – **NON CONFIDENTIAL VERSION**

1. Introduction

Agency for Communication Networks and Services of the Republic of Slovenia (hereinafter: AKOS) is the body competent for implementation of the Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services (hereinafter: Regulation).

According to Article 6, paragraph 7, of the Regulation, National Regulatory Authority (hereinafter: NRA) shall submit its assessment of cross-border single-piece tariffs for items falling in the scope of USO in order to evaluate their affordability to the European Commission by 30 June of the relevant calendar year.

To comply with the mentioned provision, AKOS implemented a 2-steps analysis: firstly, it applied the EC pre-assessment filter mechanism to identify tariffs that are potentially high and need a further assessment; secondly, it performed an assessment of those tariffs, considering the other elements stated in Articles 6 (2) and 6 (3) of the Regulation (domestic and any other relevant tariffs of the comparable parcel delivery services, the application of uniform tariffs to two or more Member States (hereinafter: MS), the amount of bilateral volumes, specific transportation and handling costs).

The assessment concluded that the identified cross-border tariffs cannot be considered unreasonably high. The evaluation found that volumes of outbound services are low and costs are remarkable. The Slovenian USP (Pošta Slovenije), does not benefit from economies of scale as it is not a global integrator and it is not able to optimize cross-border delivery service provisions.



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2. Identification of tariffs for the assessment

According to Article 6, paragraph 1 of the Regulation, the NRA shall identify the cross-border tariffs, which the NRA objectively considers necessary to assess. The NRA should use a filter mechanism based on a ranking of the cross-border tariffs of all MS for each category of postal items listed in the Annex of the Regulation. The European Commission suggests that the pre-filter mechanism should identify the 15 % highest tariffs, which should be adjusted for purchasing power parities (PPPs) from Eurostat. If a tariff falls within the 15 % highest of reported tariffs to a particular destination, the tariff is considered unreasonably high and is therefore eligible for further assessment.

AKOS used EC pre-filter mechanism which identifies the highest 15% tariffs for each of the categories listed in the Annex of the Regulation, corrected according to purchasing - power parities as laid down from Eurostat. Through the application the EC pre-assessment filter on the Slovenian tariffs, the below products have been selected and, therefore, will be evaluated, pursuant Article 6 (2) and (3) of the Regulation, to identify if their prices are “unreasonably high”.

Table 1 – Slovenian cross-border tariffs indicated by the pre-filter mechanism (15% highest)

Product	Tariff	Destination
1 kg track and trace letter	14,11 €	IS, NO, LI

Source: data provided by Pošta Slovenije according to Art.5 of the Regulation

3. Assessment of identified cross-border tariffs

a) “The domestic and any relevant tariffs of the comparable parcel delivery services in the originating MS and in the destination MS”

The tariffs selected by the pre-filter mechanism (see Table 1 above) need to be compared with other relevant tariffs. Some comparison elements that can be used for the assessment as primary comparison, the sum of the domestic tariff of the USP in the originating MS and the domestic tariff of the USP in the destination MS (in our case not MS but used anyway hereinafter). Secondary comparison compare the sum of the domestic tariff of the USP in the originating MS and the domestic tariff of a competitor providing interchangeable services in the destination MS.

AKOS identified, USP domestic tariffs in the originating country, competitors domestic tariff, USPs and competitors cross-border tariffs but lacking any comparable tariffs for destination.

Pošta Slovenije is the only operator providing US products in Slovenia. The PARCEL website presents tariffs on “track and trace” letter products outside the US for products offered by competitors in the originating MS. Taking into consideration the destination MS identified in Table 1 (Iceland, Norway and Liechtenstein), the PARCEL dataset does not show tariffs for domestic products in Iceland, Norway and Liechtenstein or tariffs for products originating from Iceland, Norway and Liechtenstein, therefore it is not possible to perform an analysis on prices considering these



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elements.

AKOS, due to the lack of an exhaustive list of information regarding the tariffs considered, chose to compare the price per destination of the Pošta Slovenije with the competitor price, both by weight and destination, where the price of competitor is higher than the one of the USP. It is important to consider that, for destinations Iceland, Norway and Liechtenstein, only two operator provide the service beside Pošta Slovenije. Furthermore, service characteristics, like quality of service, are not fully comparable. Competitor product is out of the scope of the US and has an end-to-end tracking due to their affiliation to global networks. Prices of competitors are approx. 10 times higher.

b) “Any application of a uniform tariff to two or more Member States” and “bilateral volumes”

Regarding the application of a uniform tariff to two or more MS, the analysis of cross-border tariffs collected according to Article 5 of the Regulation shows that, for the product identified “track and trace letter 1 kg”, Pošta Slovenije charges 2 different prices, according to 2 main clusters: one for Iceland, Norway and Liechtenstein and one for all the other EU MS. Pošta Slovenije exchanges shipments with EU countries on the basis of the LIRAE (Letter- post Interconnect Renumeration Agreement Europe) agreement within the framework of the IPC (International Post Corporation) or by the UPU agreements with above mentioned countries.

c) “Specific transportation or handling costs, other relevant costs and service quality standards”

According to the information collected by the USP, costs have a sensible impact on cross-border tariffs. Costs associated to the provision of the outbound service, compared to the previous year, have increased, specifically due to higher transport costs and higher cost of working force. Low volumes, and the consequent high fixed costs for the provision of cross border parcel products, are the ground explaining the above financial results that the Pošta Slovenije does not benefit from economies of scale or from vertical integration of activities and therefore it is hard to achieve lower costs and lower cross-border prices. All of three destinations highlighted in the pre-filter mechanism (Iceland, Norway, and Liechtenstein) are reached by airplane, with an impact over the cost of delivery, all of them are reached through a transit in a third EU country, which increased the unit cost of service provision.

Considering costs allocation for the outbound service under investigation, instead, the proportion of costs associated with both transportation and external costs (terminal dues) is around [REDACTED] of total costs, which can be considered significant and difficult to decrease due to the existing conditions. Transportation costs register increase due to the transformation of international routes and to the rise of fuel prices and higher costs of working force.

d) “Whether tariffs are subject to a specific price regulation under national legislation”



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In Slovenia the tariffs of postal US products must be cost-oriented, according to Article 12 of the Postal Services Directive and Article 35 of the Postal Services Act (The Official Gazette of the Republic of Slovenia no. 51/09, 77/10, 40/14 – ZIN-B in 81/15) allowed affordable, cost-oriented and reasonable prices for cross-border letters and parcels within the US.

4. Conclusion

The analysis has considered the affordability of tariffs of US cross-border products track & trace letter for 1 kg, that have been identified by the EC pre-assessment filter mechanism as “potentially high”. Based on the elements stated in Article 6 (2) and (3) of the Regulation no. 2018/644, the identified tariffs cannot be considered unreasonably high. As the price comparative analysis shows a few limits, the assessment has considered bilateral volumes and the costs for the provision of such services: the Pošta Slovenije is not a global integrator and, therefore, does not benefit from economies of scale for the provision of cross-border services. The prices for postal services included in the USO shall be cost oriented.

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