



Brussels,  
D(2015)

## Opinion

**Title: DG GROW - Impact assessment on measures to ensure affordable high quality cross-border parcel delivery  
(draft version of 11 November 2015)\***

### **(A) Context**

One of the pillars of the Digital Single Market Strategy (DSM) is access for consumers and business to online good and services across Europe. Affordable, high-quality cross-border delivery services is an important element that can build consumer trust in cross-border online sales. In parallel, a self-regulation exercise - launched in 2013 by industry as a follow-up to the Green Paper on "An integrated parcel delivery market for the growth of e-commerce in the EU" – is still ongoing and involves actions on quality and interoperability aspects like "track and trace" and faster delivery of parcels. The DSM announced that it would assess the need for additional measures, after taking due account of progress made, with a view to improve price transparency and enhance regulatory oversight of parcel delivery.

### **(B) Overall opinion: NEGATIVE**

**The Board gives a negative opinion since the report is deficient in the following key aspects, which should be clarified:**

- 1) What exactly does this initiative want to achieve? What is its added value, given that (i) most of the principles proposed were already foreseen under the Postal Service Directive, (ii) initiatives under the Roadmap 2013 are still ongoing, and (iii) stakeholders seem to prefer the baseline scenario (and in general self-regulatory measures)?**
- 2) What is the evidence base justifying the need for new regulatory intervention? What is the market failure? To what extent are the options likely to achieve the desired results?**
- 3) What is the estimated magnitude of the impacts on prices and parcel volumes, including in different Member States?**

**Once revised, the IA must be resubmitted to the Board which will issue a new opinion on the revised draft.**

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\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

### **(C) Main recommendations for improvements**

**(1) Purpose of the initiative:** The report should clarify what the purpose of this initiative is. Is the aim to improve the knowledge of those involved in cross-border parcel delivery (in particular of National Regulatory Authorities), to promote competition, to extend the Universal Service Obligation to parcels, to increase the market transparency, etc.? On the basis of more specific objective(s), clearer evaluation arrangements should be set out to explain how the success of the initiative would be measured ex-post.

**(2) Baseline scenario:** A baseline is not a static concept. Therefore the baseline scenario should be further developed to explain how the identified problem is likely to evolve in the absence of this initiative and why competition and market forces alone, characterised by high price sensitivity, would not lead to lower prices for cross-border parcel delivery services. In doing so, it should take into account the ongoing industry initiatives such as Interconnect Programme, e-retailers' plans to set up an information platform addressing some of the information deficits in the market or the information platform supported through funding from the COSME Programme.

**(3) Added value and evidence base:** The report should better demonstrate the added value of this initiative given that (i) most of the principles proposed in the measures were already foreseen under the Postal Service Directive, (ii) initiatives under the Roadmap 2013 are still ongoing, (iii) stakeholders prefer the baseline scenario (and in general self-regulatory measures), and (iv) the e-commerce sector is a fast-changing market with high growth rates. The report should provide more conclusive evidence to justify the need for additional regulatory intervention and clarify to what extent the options proposed could achieve the desired results in practice. Moreover, it should better justify using evidence why certain options are only applied to some actors of the sector (i.e. National Postal Operators) and not the other players.

**(4) Assessment of impacts.** The report should clarify what is the evidence base for concluding that the foreseen measures would lead to price decreases and consequently volume growth in cross-border delivery, especially for the targeted groups or regions. It should also substantiate the likelihood of the main assumption that by centralizing already public information (e.g. public list prices and public discounts for general public) there would be some kind of pressure for a voluntary, or automatic, decrease of cross-border delivery prices by national postal operators while at the same time access to the postal infrastructure and tariffs would continue to be provided on fair terms. The report should better explain to what extent the proposed measures would be able to, on the one hand, facilitate competition to the benefit of consumers and SMEs in remote areas and offer incentives for delivery operators to better address these segments, and, on the other hand, ensure "affordability" of parcel services in remote areas. The report should also elaborate on the magnitude of the foreseen impacts, including in different Member States. In doing so, it could use visual aids illustrating the price settings for different types of parcels and the difference between countries. The report should also better assess likely impacts on National Postal Operators, explaining the impact on their revenues and how they would compensate for potential loss, for instance in case where the delivery price might be below the cost level (especially for remote and peripheral areas).

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated into the final version of the impact assessment report.*

**(D) Procedure and presentation**

In general, the report should present more clearly the link between the different sections. It should better explain the price setting mechanisms for cross-border parcels, the underlying role of the National Regulatory Authorities and the mechanisms put in place to ensure their effective collaboration. The key assumptions underlying cost calculations should be briefly mentioned in the main text, while more details should be kept in the annexes. The uncertainties and limitations of the assumptions should be discussed in a transparent way. The rationale behind the ratings in the tables comparing the options should be better explained and inconsistencies avoided.

**(E) RSB scrutiny process**

Reference number	2015/GROW/027
External expertise used	No
Date of RSB meeting	2 December 2015