



Brussels, 9 November 2021
(OR. en)

13651/21

POSTES 4
TELECOM 407
MI 808
COMPET 776
DIGIT 155
CONSUM 251

COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 8 November 2021

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.: COM(2021) 675 final

Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on the application and implementation of Regulation (EU) 2018/644 on cross-border parcel delivery services

Delegations will find attached document COM(2021) 675 final.

Encl.: COM(2021) 675 final



EUROPEAN
COMMISSION

Brussels, 8.11.2021
COM(2021) 675 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

**on the application and implementation of Regulation (EU) 2018/644 on cross-border
parcel delivery services**

EN

EN

1 INTRODUCTION

There has been a significant increase in demand for parcel delivery services¹ in recent years both nationally and cross-border. The borderless opportunities for online shoppers have driven an increase in cross-border e-commerce and paved the way for a dynamic growth in parcel delivery services. As shown in the latest report by the European Regulators' Group for Postal services (ERGP), the volume of parcels in the observed period 2018-2019 has grown 9.1% or by more than 500 million parcel items.² The COVID-19 pandemic has further accelerated these developments. Customers had access to a significant variety of products from the confinement of their homes and delivery operators have been able to continue operating in spite of restrictions imposed during the pandemic, in particular in the transport and freight sectors. Consumers today expect access to a wide choice of parcel delivery services, competitive offers of such services, both in terms of quality and level of tariffs and transparency regarding domestic and cross-border tariffs for parcel delivery services. Furthermore, consumers increasingly consider the quality aspect, such as flexible points of delivery and short delivery times, as important features of cross-border parcel delivery.

Regulation (EU) 2018/644 on cross-border parcel delivery services³ (hereinafter the "Regulation") was adopted in 2018 in the context of the EU Digital Single Market Strategy to address the concern that the relatively high level of tariffs applicable to cross-border parcel delivery services, the lack of transparency and regulatory oversight of such services and related tariffs constituted an obstacle to the cross-border provision of parcel delivery services and to the functioning of the internal market.

The Regulation builds on and complements the rules in Directive 97/67/EC⁴ (the "Postal Services Directive") as far as cross-border parcel delivery services are concerned. The Commission adopted together with this report, a report on the application of the Postal Services Directive, drawing upon the evaluation of the Directive and identifying possible areas where the postal services framework might have to be brought in line with market and technological developments and changing users' needs.⁵

The Regulation establishes requirements for operators to report their tariffs for certain domestic and cross-border delivery services. It also provides for a procedure by which national regulatory authorities have to identify tariffs for cross-border delivery of single-piece

¹ Note that in accordance with Article 2 of the Regulation parcels mean postal items that contain goods with or without commercial value, other than an item of correspondence, with a weight not exceeding 31,5kg, and parcel delivery services means services involving the clearance, sorting, transport and distribution of parcels.

² ERGP PL II (20) 23 Report on core indicators.

³ Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services, OJ L 112, 2.5.2018, p. 19–28.

⁴ Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 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/EC⁴ and Directive 2008/6/EC, OJ L 015 of 21 January 1998, p. 14 - 25.

⁵ Report from the Commission to the European Parliament and the Council on the application of the Postal Services Directive (Directive 97/67/EC as amended by Directive 2002/39/EC and Directive 2008/6/EC), COM(2021) 674

parcels that are unreasonably high. The Regulation also provides all regulatory authorities with consistent powers to monitor parcel delivery services. Finally, it confirms the right of consumers to be informed about cross-border delivery options, charges payable by consumers for cross-border parcel delivery, and about complaint handling policies of traders in line with the Consumer Rights Directive⁶.

Article 11 of the Regulation requires the Commission to report on the application and implementation of the Regulation, and to evaluate, in particular, its contribution to the improvement of cross-border parcel delivery services, including the affordability for SMEs and individuals and its impact on cross-border delivery levels and e-commerce. It should also look at the extent to which national regulatory authorities have had difficulties in applying the Regulation and progress made in other initiatives for completing the single market for parcel delivery services.

This Report highlights the main achievements and challenges so far regarding application and implementation and, in particular, it indicates that all national regulatory authorities have gained significant knowledge on the parcel delivery operators that are active in the parcel delivery services market, including on new business models.

2. METHOD AND SCOPE

This Report covers the first two years of application of the Regulation. It builds on contributions from the ERGP⁷. The tariffs used in the report have been communicated by the national regulatory authorities every year between 2019 and 2021. The Commission also carried out a targeted consultation addressed to delivery operators, consumers, retailers, and the social partners in the European Social Dialogue Committee for postal services.

The Regulation obliges national regulatory authorities to collect specific information, including tariffs, from parcel delivery service providers. The tariffs falling under the scope of the Regulation are the publicly listed domestic and intra-EU cross-border tariffs for 15 commonly used parcel delivery services as identified in the Annex to the Regulation. These tariffs exclusively concern single-piece items without any discount. They therefore apply primarily to parcel delivery services purchased by individual consumers or very small e-retailers which have not negotiated tariffs with operators. Larger senders, particularly e-commerce retailers or platforms, benefit in general from negotiated discounted tariffs primarily due to high volumes, but also because the senders undertake some pre-sorting and transportation activities. Consequently, the publicly listed tariffs apply only to a very small

⁶ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council, OJ L 304, 22.11.2011, p. 64–88.

⁷ In particular, ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

part of the overall parcel delivery service market and may be as low as 6% of the overall volume of parcels.⁸

Still, individual senders of single piece parcel items are particularly sensitive to tariffs, which should remain affordable to them. This was confirmed by the consumers who responded to the targeted consultation. Very small e-retailers, which are more likely to use single piece tariff parcel delivery service, often look for the cheapest delivery options when developing their e-commerce activities. They may thus benefit from increased tariff transparency. Transparent tariffs for single-piece items also serve as a reference point for larger e-retailers in the negotiation of discounted tariffs with delivery services providers.

3 OVERVIEW OF THE PARCEL DELIVERY MARKET IN THE EU

The market for cross-border parcel delivery services has been open to competition since the 1990s, with different providers offering different services and prices depending on weight, size and destination, as well as added value features, such as traceability or routing time options.

The parcel delivery market can broadly be segmented into three sub-markets “business to business” (B2B), “business to consumer” (B2C) and “consumer to any other party” (C2X). Out of these, the C2X segment constitutes only a small part of the market: for example, it is estimated that the C2X segment, representing parcels sent at single-piece list prices, is lower than 7% of the total parcel delivery market in Germany and lower than 3% in the Netherlands⁹.

The growth potential of the parcel delivery market is closely related to the growth of the online retail market. Total internet retail sales in Europe reached €424bn in 2019, with a growth of 15% per year since 2014. Cross-border delivery represents almost 24% of total online sales in Europe.¹⁰ As a result, the European parcel delivery market grew considerably in the past two years and exceeded €70bn in turnover in 2019¹¹. Technology for tracking and tracing mail and parcels and a more secure, reliable delivery service has improved and boosted consumer confidence.

The COVID-19 crisis has greatly accelerated the already growing e-commerce and, subsequently, parcel delivery services. Globally, the average growth in parcel volumes in the second quarter of 2020, during the COVID-19 lockdown, was 43 percent¹². The trend has continued throughout the rest of the year.¹³

⁸ According to the International Post Corporation (IPC) in 2019 the average volume send by individual senders is 5.8 percent, the one send by government is 10.5 percent and the one send by businesses is 83.7 percent.

⁹ ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

¹⁰ <https://ecommercenews.eu/24-of-e-commerce-in-europe-is-cross-border/>

¹¹ European Parcels Market Insight Report 2020, Apex Insight.

¹² IPC (2020), Global Postal Industry report 2020, p. 9.

¹³ E.g., <http://www.oecd.org/coronavirus/policy-responses/connecting-businesses-and-consumers-during-covid-19-trade-in-parcels-d18de131/>; and 22 European national regulators reported on increased parcel volumes in

The first short-term review of the Geo-blocking Regulation¹⁴ adopted on 30 November 2020, concluded that some e-retailers continue to be reluctant to offer cross-border delivery options. Even though the Geo-blocking Regulation does not oblige traders to deliver across borders where this is not provided for in the contract, the shopping process can be hampered at the last stages because consumers are only then informed that the e-retailer does not deliver to the home country of the consumer. A mystery shopping exercise referenced in the Geo-blocking Report looking at different aspects of online shopping (not limited to cross-border parcel delivery), revealed that only one in three cross-border shopping attempts was successful.

Such problems potentially frustrate the expectations of consumers who would like products offered online to be accessible across the EU single market. At the same time, online traders still encounter administrative obstacles (such as VAT-registration requirements), and are unclear about the consumer protection requirements that apply to cross-border sales¹⁵. These issues deter e-retailers from more active cross-border engagement.

Parcel delivery service providers active in the market include national postal operators, international express and logistic operators, operators with predominantly domestic presence and parcel brokers (i.e., intermediaries between customers and operators which aggregate customers' demands for parcel delivery services). While, in their respective countries, national universal service postal operators generally have very high market shares in the letter market¹⁶, they only had an average share of the parcel market amounting to approximately 33% in volume and 27% in revenues over the period 2015 to 2019.¹⁷ International express and logistic operators are the most important players in the various segments of the market, which has also seen international online retail platforms entering the parcel delivery market in some Member States (Austria, France, Germany, Italy and Spain). Besides historical operators with a national footprint, therefore, an increasing number of players active in this sector have a multinational/international logistic structure.

The parcel delivery market is one where innovation and digitalisation are constantly ongoing. Technology has contributed to providing better, cheaper and more reliable parcel delivery services. Operators have been investing in the improvement of their information systems, both to provide better information on delivery to their customers (e.g., by employing innovative solutions for tracing parcels) and to improve their operational effectiveness. Many carriers have recently deployed cargo-bikes for last mile delivery, electric vehicles to reduce the

August (compared with 15 reporting in April), see European Regulators Group for Postal Services Report on the consequences of COVID-19 on the postal sector.

¹⁴ COM(2020) 766 final

¹⁵ These are the second- and third-most prominent obstacles for retailers respectively (after debt recovery) and still affect a large share of businesses (60% of businesses cite VAT procedures as an obstacle to selling across borders), Commission Staff Working Document: Business Journey on the Single Market: Practical Obstacles and Barriers SWD(2020) 54 final.

¹⁶ Paragraph 3.2 of SWD(2021) 309 accompanying the Report from the Commission to the European Parliament and the Council on the application of the Postal Services Directive (Directive 97/67/EC as amended by Directive 2002/39/EC and Directive 2008/6/EC), COM(2021) 674

¹⁷ ERGP report on core indicators for monitoring the European postal market, 2020.

environmental footprint, and have increased the use of parcel lockers and collection points for additional convenience of online shoppers.

4 MAIN FINDINGS OF THE APPLICATION AND IMPLEMENTATION OF THE REGULATION

4.1 Regulatory oversight

In accordance with the requirements set out in the Regulation, **parcel delivery service providers** (with more than 50 employees or established in more than one Member State) have submitted key information about their activities including turnover, volumes, and staffing to the national regulatory authority where they are established. However, nine out of the thirteen trade union representatives who participated in the consultation were of the opinion that this reporting had not enhanced transparency in relation to the number of staff employed by parcel delivery operators and eleven reported that it had not enhanced reporting and transparency for what concerns the employment status of workers in the parcel delivery sector. The ERGP reported that several national regulatory authorities had experienced difficulties in collecting employment data and providing the necessary granularity in the information on employment. Moreover, it reported that, in 2020, 15 national regulatory authorities had decided not to publish the data collected¹⁸.

Providers operating across borders have also submitted their public list of tariffs for 15 commonly used parcel delivery services. These reporting obligations have overall led to a more coherent and detailed information and data collection process across Member States, even if some disparities could be noticed in the level of precision of the data submitted.

National regulatory authorities have submitted the public list of tariffs for the 15 commonly used parcel delivery services to the Commission once a year. The deadline to submit the tariffs has in most cases been respected by all the regulators. National regulatory authorities were also required to identify and assess those tariffs that are considered unreasonably high, and submit these assessments to the Commission. Such assessment, however, only covers tariffs for services subject to a universal service obligation, as only such services are required to be cost-oriented and affordable in line with the Postal Services Directive. In its 2018 guidelines the Commission recommends that when national regulators apply a pre-assessment-filter-mechanism, i.e., a system to rank the cross-border tariffs for the 15 commonly used parcel delivery services as part of the assessment procedure, they should examine the 25% of the highest tariffs in the ranking. The ERGP has recently recommended to the Commission ¹⁹ that from the 2022 exercise, national regulatory authorities reduce the assessment to the 20% highest tariffs.

In 2020, 20 assessment reports were submitted by national regulators to the Commission, the same number as in 2019. In those 6 countries where potentially high tariffs were observed in

¹⁸ ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

¹⁹ On 29 April 2021 the ERGP published ERGP PL (21) 4 regarding a possible reduction of the percentage of the pre-assessment filter mechanism.

2020, intervention from the national regulators led to lower prices in two Member States in 2021.

The **Commission** has published the non-confidential versions of the above-mentioned assessment reports.²⁰ It has also adopted an Implementing Regulation²¹ on 20 September 2018 establishing the forms for the submission of information by parcel delivery service providers. Moreover, on 12 December 2018, it issued guidelines to national regulatory authorities on the transparency and assessment of cross-border parcel tariffs.²² Both acts aim at standardising and ensuring the consistency of reporting and tariff assessments, while at the same time reducing the administrative burden on national regulatory authorities and on parcel delivery service providers.

The Regulation requires **Member States** to adopt rules on penalties, which apply to providers which do not comply with the Regulation. All national regulatory authorities have sanctioning powers via national legislation. None of the national regulatory authorities have so far imposed sanctions due to alleged infringements of the Regulation.

Overall, the obligations under the Regulation have been fulfilled by the parcel delivery service providers, the national regulatory authorities and Member States. In some instances national regulatory authorities have been late with submitting tariff assessment reports to the Commission. The extent to which the delays will persist in the coming reporting periods, and the reasons thereof, will be monitored by the Commission.

Administrative consequences and difficulties for the national regulatory authorities

As regards the **collection and submission of information** by the parcel delivery service providers, some regulators have reported minor but various issues encountered by parcel delivery service providers regarding, for example, divergent interpretations of specific terms²³ (franchisees, subcontractors) or related to certain data²⁴ (turnover, volumes, employment). However, in 2020, fewer national regulatory authorities reported such difficulties compared to 2019, which may suggest a learning curve.

As regards **collection and submission of tariffs** from parcel delivery service providers to the national regulatory authorities, which in turn submit the tariffs to the Commission, the main difficulties reported have been connected to technical difficulties with the parcel application (a web based data collection tool) used for submitting the tariffs. These have been resolved. A few national regulatory authorities received tariffs from parcel delivery service providers with

²⁰ https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/assessment-cross-border-single-piece-parcel-tariffs_en

²¹ Commission Implementing Regulation (EU) 2018/1263 of 20 September 2018 establishing the forms for the submission of information by parcel delivery service providers pursuant to Regulation (EU) 2018/644 of the European Parliament and of the Council, C/2018/6007.

²² Communication from the Commission on guidelines to national regulatory authorities on the transparency and assessment of cross-border parcel tariffs pursuant to Regulation (EU) 2018/644 and Commission Implementing Regulation (EU) 2018/1263, COM/2018/838 final.

²³ 15 NRAs in 2019 and 9 in 2020.

²⁴ 7 NRAs in 2019 and 5 in 2020.

some delays and therefore had difficulties in verifying them and in meeting the deadline for submission to the Commission.

As far as tariffs for the 15 commonly used parcel delivery services are concerned, problems with definitions and difficulties to find the right tariff category are often due to the fact that the Regulation is based on weight categorisation used by designated universal service providers. Other parcel delivery service providers (often express service providers) may rather base their tariffs on different criteria such as dimension instead of weight. Some providers therefore found it difficult to fit their services into one of the 15 categories. This made it difficult to have a genuine comparison of tariffs. Some inconsistency in the allocations of products where some providers report the same parcel product data in different categories has also been noticed. Some universal service providers report that there are no track and trace parcel services available, apart from the standard untracked universal service parcels.

The number of parcel delivery service providers reporting tariffs to their national regulatory authority greatly varies between Member States, irrespective of the size of the Member State. The number of providers offering domestic and cross-border delivery services for a 1kg parcel with track and trace vary between 4 and 18 depending on the Member State. This may indicate either varying degrees of market concentration across the EU or some difficulties for regulators to enforce the reporting obligations vis-à-vis operators.

Regarding the national regulatory authorities' **assessment of tariffs that may be unreasonably high**, the main difficulties reported by regulatory authorities were generally related to data availability and comparability issues. Experience has shown that certain elements to be taken into account by the regulators in the assessment, notably volumes between the Member State of origin and the one of delivery, specific transportation and handling costs and other relevant costs and service quality, were more used than others (such as the likely impact on individual and small and medium-sized enterprise users) in carrying out the tariff assessments.

The ERGP also assessed the **administrative consequences** for national regulatory authorities in their application of the Regulation²⁵.

The average number of staff-hours spent for the collection and processing of information as required by the Regulation were 108 in 2020 compared to 168 in 2019 (-35%). The average number of staff-hours spent for collection and submission of tariffs were 95 in 2020 compared to 159 in 2019 (-40%). The number of staff-hours spent however vary quite significantly amongst national regulatory authorities. For the carrying out of the assessment of tariffs, the average of staff-hours spent were 135 in 2020 compared to 182 in 2019 (-26%).

The issues reported above seem to be primarily linked to the initial period of application and do not suggest any significant problems in data collection and regulatory oversight. The Commission will monitor whether certain issues persist and assess how a better data

²⁵ ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

comparability could be ensured, for instance through guidance to operators and regulatory authorities.

Technical difficulties with the transmission of data for publication in the web based parcel application will need to be continuously monitored.

4.2 Transparency of cross-border tariffs

In order to increase transparency of cross-border tariffs, the Commission has established in 2019 a web based transparency tool. This tool publishes the public list domestic and cross-border tariffs for 15 commonly used parcel delivery services for single piece items in all Member States²⁶. These are in principle relevant only for consumers or very small (micro) e-retailers that do not benefit from discounted tariffs.

In 2021, the Commission published 40,440 tariffs applied by 281 parcel delivery providers, down from 52,276 tariffs of 386 parcel delivery providers in 2019. The decrease in the number of providers and tariffs does not seem to reflect a real trend towards some consolidation on the market, but rather to be the outcome of national regulatory authorities reassessing or redefining the scope of their reporting obligations after their initial experience in 2019 as in certain countries subsidiaries operating in the same country were duplicating price data.

Based on the number of visits, the level of awareness of the web based transparency tool appears rather low. The monthly average of visits in 2019 was 333, and in 2020 the number was 814. Some national regulatory authorities have been more pro-active than others in disseminating the link to the tool as can be observed by the profile of users where most visitors of the page came from Italy (40%), Hungary (16%), Belgium (8%), Croatia (7%). The Commission and national regulators should undertake efforts to promote and improve the user-friendliness of this transparency tool.

The respondents to the Commission's targeted consultation on cross-border parcel delivery confirm that e-retailers and consumers are hardly aware of its existence. While parcel delivery service providers are more aware of it, they point out that more relevant information is available on their own websites, as well as on other price comparison websites.

The national regulatory authorities highlight an additional number of shortcomings of the Commission's web based transparency tool, raising questions about its effectiveness in its current format.²⁷ For example, the database of the website is updated only once a year, while tariffs may change throughout the year. National regulatory authorities also mention that the tariffs may not represent the most common services used by individuals and e-retailers. Moreover, some parcel delivery service providers base tariffs on the dimension of a parcel and not on its weight (which is one of the search criteria used on the web tool). In addition,

²⁶ https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en

²⁷ ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

there are other product characteristics end-customers need in order to make an informed choice, such as delivery time or insurance conditions. These are not reported on.

In line with the Regulation, tariffs available on the Commission's website do not include VAT. A parcel delivery service provider that is not a universal service provider is subject to VAT, while a universal service provider is not. The comparison tool therefore makes it difficult for consumers to compare the real price they would pay for a parcel delivery service. This affects its effectiveness and user friendliness.

A more dynamic price calculator, for example, one that regularly provides updated tariffs, or that allows users to include more options in their search for the desired service, may be a better alternative than the existing Commission web tool. National regulatory authorities are however cautioning that such an approach may risk imposing a significant administrative burden on both regulators and parcel delivery service providers, and argue that commercial providers may be better placed to provide such a service which is already available in some Member States.

According to the Regulation, the Commission's web tool has to be neutral and non-commercial in character. Discounts between e-retailers and parcel delivery operators are the result of negotiations between the two parties. Including them in the Commission's website would not be informative as they would not reflect the specific conditions applicable to all e-retailers. In addition, these discounts are business sensitive data which is not publicly available.

While it is still early to fully assess the functioning of the Commission's tariff related web based transparency tool, there seems to be more transparency on the tariffs for the cross-border delivery of single piece parcels today than prior to the Regulation. To address the low use of the transparency tool, the Commission will consider which improvements could be made to the web tool in order to ensure greater comparability between tariffs, especially addressing the VAT different treatment. It will also ensure a better promotion to the public at large, notably by demonstrating its complementarity to other price comparison tools currently available.

Affordability for SMEs and individuals

Enhanced transparency of tariffs is supposed to contribute to the improvement and affordability of cross-border parcel delivery services, in particular for users of the single piece, non negotiated services.

A tariff analysis has been conducted for a 1kg and 2kg standard parcel with track and trace feature, the most popular categories in terms of number of price offers on the transparency tool²⁸. The analysis covers the evolution over the first three years of data collection. It

²⁸ These products were also chosen for their wide usage among consumers. It is estimated that 86% of the items purchased online in another country weighed less than 2 kg.

provides some contrasting evidence for the evolution and level for the tariffs of services offered by universal service providers and non universal service providers²⁹.

The average tariffs for the cross-border delivery of these two parcels³⁰ by **universal service providers** generally remained broadly stable in nominal terms over the period 2019-2021 with the exception of Finland, that experienced an important decrease in cross-border tariffs, and Hungary where there was a substantial increase. Over the same time period many Member States also experienced important increases in tariffs for the domestic delivery of the same parcels, with increases of more than 12% in eight Member States.

The ratio between the average cross-border and domestic tariffs charged by universal service providers in 2021 ranges from around 2 (in France, Malta, the Netherlands, Spain and Sweden for both parcels) to around 9 (in Romania for the 2kg track and trace parcel). This indicates that on average, cross-border tariffs are from two to nine times more expensive than domestic ones. The ratio did not change much over the three years under review.

Average cross-border tariffs of the same parcel categories delivered by **non universal service providers** show a steeper percentage tariff increase over the period 2019-2021. In many instances however, the increase of domestic tariffs is even higher. The ratio between average cross-border and domestic tariffs charged by non-universal service providers in 2021 ranges from around 2 (in Finland, France, Italy, Luxembourg and the Netherlands for the 1kg track and trace parcel) to around 30 (Malta for the 2kg track and trace parcel).

Average cross-border tariffs charged by non-universal service providers are generally higher than the universal service ones charged by universal service providers. A comparison of tariffs charged by universal service providers and non-universal service providers in 2019 also shows that the universal service tariffs charged by universal service providers for sending a 1kg track and trace parcel across borders are closer to the lower range of tariffs charged for that service than to the highest tariff³¹.

Price is however not the only factor that makes the delivery of a parcel affordable (or not) for the final user. The quality of services, such as delivery time or point of delivery also plays an important role. Overall, service levels have improved in the past few years, for example in terms of quicker delivery, digital track and trace systems informing the recipient of the location of the parcel, or broader availability of alternative delivery points such as locker stations or shops. In a context of stable or slightly increasing prices, parcel delivery services now demonstrate a higher level of quality, or include delivery services for free.

In 2019, only a small number of those Member States where universal service parcels were identified in the higher range of cross-border tariffs, concluded in their assessment that those tariffs were unreasonably high (four Member States), or potentially unreasonably high (one Member State). When taking into account a number of objective elements, such as any other

²⁹ See Annex 1 of this report for the detailed data and the methodology used.

³⁰ See also Annex 1 , tables with evolution of single piece tariffs.

³¹ ERGP PL II (20) 23 Report on Postal Core Indicators.

relevant tariff for a comparable parcel delivery service, volumes of trade flows, or specific transportation, handling or any other relevant costs, those regulators concluded there was a significant difference between the tariffs and their underlying costs. Generally, tariffs identified as unreasonably high in 2019 were also identified as unreasonably high in 2020. The Regulation does not provide for any obligation for national regulators to take measures to correct such situation

The Postal Services Directive only provides for a general framework for the assessment of the affordability and cost-orientation of the tariffs of universal postal services. According to the ERGP³², a number of national regulatory authorities confirm the affordability of those tariffs for consumers and small and medium sized enterprises. The reasons for this include the fact that alternative delivery service providers offered similar services at lower prices, or the tariffs concerned products that were not commonly used.

In response to the Commission's consultation, stakeholders expressed mixed views on whether tariffs for parcel delivery services are affordable. End customers and associations of retailers stated that over the last two years there has been no change in the affordability of tariffs. In contrast, a majority of parcel delivery service providers, including universal service providers, have a more positive view and believe that the affordability of parcel delivery services has improved. The overall assessment of the responses to the consultation suggests that tariffs in general are affordable.

The Commission will continue to monitor the tariffs charged by postal service delivery operators, their development and affordability for users, taking also into account the significant overall change in volumes over the last years.

Impact on cross-border parcel delivery levels and e-commerce, including data on delivery charges

The Regulation, with its limited scope and targeted objectives, does not contain any provisions that can directly influence the levels of cross-border parcel delivery in an e-commerce context.

The increased transparency of cross-border tariffs could help the setup of new small e-retailers as well as already existing small brick and mortar retailers that decide to sell their products online by identifying the best delivery options among the 15 commonly used parcel delivery services. The latter also includes those many small brick and mortar retailers that were forced to find alternative solutions to sell their products in the context of the COVID-19 pandemic, in particular during lockdown periods.

Indeed, when it comes to delivery charges in the context of e-commerce, a distinction has to be made between tariffs that parcel delivery service providers charge e-retailers, and amounts that e-retailers charge their end customers for delivery. While the Regulation aims at rendering certain tariffs charged by parcel delivery service providers more affordable for

³² ERGP PL II (20) 24 Report on the evaluation of cross-border parcel delivery services.

individuals via increased transparency, the tariffs negotiated by the retailer may be significantly different. The amount that the end customer ends up paying in a transaction will largely depend on the business strategy of the retailer. An e-retailer may indeed decide to offer shipping free of charge by absorbing the delivery costs (all or in part), or integrating the delivery costs (all or in part) into the price of the product. The same can happen with other costs linked to the online sale of products, for example packaging costs. It is therefore not possible to extrapolate from the total price paid by the end customer what the real delivery charges are. This makes it difficult to evaluate whether the Regulation has any impact on the delivery costs that end customers pay for the products they buy online. It may however be worth investigating how tariffs for parcel deliveries in an e-commerce context are set.

4.3 Information for consumers

The Regulation specifies that for contracts falling within the scope of the **Consumer Rights Directive**³³, consumers must already at the pre-contractual stage be given information by the traders about the cross-border delivery options, the charges payable by consumers and the complaints handling policies of the trader. The EU regulatory framework on consumer rights has recently been revised resulting in the following new initiatives that are relevant for parcel delivery:

- **the Directive on better enforcement and modernisation of EU consumer protection rules**³⁴ requires the online marketplace to mention explicitly how the obligations related to the contract are shared between the third party offering the goods and the provider of the online marketplace (e.g., including which trader – the third party or the online marketplace - is responsible for providing the parcel delivery, for handling the returned goods, and where the consumer can turn in case of problems);
- **the Directive on representative actions for the protection of the collective interests of consumers**³⁵ will also make it possible for qualified entities to bring collective actions both to cease the infringements of consumer' rights and to obtain redress. It is noteworthy that although the Representative Actions Directive (EU) 2020/1828, applicable since 2023, does not mention Regulation 2018/644 among the legal acts listed in Annex I of that Directive, Member States remain competent to make provisions of Directive (EU) 2020/1828 applicable to areas additional to those mentioned in Annex I³⁶.

³³ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council, OJ L 304, 22.11.2011, p. 64–88.

³⁴ Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules.

³⁵ Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers and repealing Directive 2009/22/EC.

³⁶ Recital (18) of Directive (EU) 2020/1828 of 25 November 2020 on representative actions for the protection of the collective interests of consumers and repealing Directive 2009/22/EC.

5 PROGRESS ON OTHER INITIATIVES FOR COMPLETING THE SINGLE MARKET FOR PARCEL DELIVERY SERVICES

The Regulation requires progress to be assessed also on other initiatives relevant for cross-border parcel delivery. The section below highlights recent developments affecting cross-border parcel delivery.

Digitisation and e-commerce

Ending unjustified cross-border e-commerce barriers, improving cross-border parcel delivery services, protecting online customer rights and promoting cross-border access to online content are cornerstones of the Digital Single Market Strategy. A new regulatory framework on Geo-blocking entered into force on 3 December 2018³⁷.

Even if the Geoblocking Regulation referred to above does not regulate cross-border parcel delivery, it serves in particular to address and tackle discrimination against consumers and businesses based on their nationality, place of residence or establishment, when buying goods or services online in the EU. On 30 November 2020, the first Report on the Geoblocking Regulation was published by the Commission, from which it appeared that consumers have often high expectations on cross-border delivery across the internal market, which are frustrated by denial or the absence of delivery options for certain countries, including by multinational traders. It concluded that the shopping process is often stopped in its final stages because the trader does not deliver to the shopper's country. Only one in three cross-border shopping attempts was successful in the recent mystery-shopping exercise³⁸. This is mainly due to the persistence of delivery limitations in cross-border shopping. Such restrictions still affect more than 50% of shopping attempts, even with multinational traders who offer different national versions of their websites.

For these reasons the Commission concluded, *inter alia*, that it will further monitor the evolution of elements affecting the active cross-border engagement of traders, including with regard to cross-border delivery and/or on the availability of innovative delivery services for consumers.³⁹

³⁷ On 30 November 2020, a Report was published by the Commission, where it appeared that the first months of implementation by national enforcement and assistance bodies showed that, when it comes to disputes and problems, consumers have often greater expectations about the rights and obligations at stake

³⁸ Ipsos et al (2020).

³⁹ <https://ec.europa.eu/digital-single-market/en/news/commission-publishes-its-short-term-review-geo-blocking-regulation>

Development of standards

The Commission's most recent standardisation request was adopted in 2016⁴⁰ and completed in 2020. Several standards developed since then aim at **improving parcel delivery operations**:⁴¹

- A standard for measuring **complaints** concerning damaged, delayed or lost parcels. The standard puts emphasis on e-commerce by addressing the issue with multiple operators for a consignment, as well as the role of the recipient in relation to the person who has paid for the service;
- standardisation of **parcel boxes** with digital features. Such parcel boxes for home use improve the user-friendliness of e-commerce;
- interfaces for **cross border parcels**. This tool contributes to e-commerce by specifying the information exchange between the e-merchant and the first logistic operator. It concerns both the physical label and the electronic exchanges;
- standardisation of requirements for **electronic advance data** in postal operations. This tool concerns data that is sent before the parcel actually arrives, indicating value, risk material etc. It promotes interoperability of parcel delivery operations.

A new Commission standardization request on postal services is currently under preparation.

Interconnect

30 postal operators, including a majority of EU universal service providers, participate in **the Interconnect programme launched by the International Post Corporation (IPC)** to improve the inter-operability of cross-border parcel delivery. Participating universal service providers have committed to receive and deliver items from each other in accordance with jointly agreed standards enabling them to grow their volumes of e-commerce delivery. Interconnect registered record levels of tracked cross-border parcels in 2020.⁴² This is in part due to the COVID-related e-commerce boom, but also reflects the increasing trust by posts and e-retailers. In 2018, IPC also launched a cross-border shopping platform ("Dynamic Merchant Platform") which enables e-retailers, especially SMEs, to offer their customers a wide range of (cross-border) postal delivery solutions.⁴³

Universal Postal Union

The substantial growth of parcels originating from non-EU countries, in particular South-East Asian countries, has presented a number of important commercial and policy challenges to

⁴⁰ M/548 was adopted by the Commission in August 2016 C (2016) 4876 final of 1.8.2016.

⁴¹ Commission Implementing Decision (EU) 2021/1827 of 18 October 2021 on standards for postal services and the improvement of quality of service in support of Directive 97/67/EC of the European Parliament and of the Council – *OJ L 369, 19.10.2021* https://eur-lex.europa.eu/eli/dec_impl/2021/1827/oj

⁴² <https://www.ipc.be/news-portal/general-news/2021/01/27/15/00/record-volumes>

⁴³ WIK 2019, Development of Cross-border E-commerce through Parcel Delivery , p. 137.

EU operators. Universal postal service providers were indeed receiving from the originating provider a remuneration (“terminal dues”) that was far too low and unrelated to either domestic postage or actual delivery costs.

This created market distortions in the e-commerce sector, by allowing non EU e-commerce operators to benefit from lower delivery charges. This particularly affected European small e-retailers. In 2019 the remuneration system set at a global level in the framework of the the Universal Postal Union was revised with the introduction of a remuneration rate which could be decided unilaterally by the receiving universal service operator and amount to 70% of the tariff for single-piece domestic delivery (the so-called self-declared rates). These will be gradually introduced till 2025 (July 2020 for the United States).

Furthermore, the exemption from import VAT applying to goods with a very small value up to EUR 22 has been eliminated as of 1 July 2021. This served to address the problem of fraud caused by a previously misused VAT exemption for goods coming from outside the EU which resulted in market distortions and created unfair competition⁴⁴. These changes will lead to a greater level playing field for parcel delivery providers and e-retailers.

6 CONCLUSIONS

In its current form, the Regulation has a limited scope and clearly defined objectives. By focusing on single-piece parcel delivery, it does not address the tariffs for bulk deliveries in an e-commerce context. Within its scope and limitations, the Regulation has broadly achieved its key objectives to increase the level of transparency of certain single-piece tariffs and enhance regulatory oversight for the part of the parcel delivery market falling under its scope. Importantly, the Regulation’s new reporting obligations have led to some improvement in the way information and data have been collected across the Member States. This contributed to enhancing the parcel market monitoring capabilities of the national regulatory authorities. The Member States, the national regulatory authorities and parcel delivery service providers have in general fulfilled their obligations under the Regulation. Over the reporting period, the national regulatory authorities did not use their sanctioning powers to enforce the Regulation. At this early stage, the Commission considers it is too soon to assess the direct and indirect effects of the implementation of the Regulation and consider amendments in this regard. More time is also needed to be able to assess how the Regulation interacts with other on-going initiatives that may directly or indirectly address issues tackled by the Regulation. This could include investigating how tariffs for parcel deliveries are set.

Several initiatives could be pursued to improve tariff transparency and regulatory oversight:

- the comparability of the data collected by national regulatory authorities could be further improved by some further guidance from the Commission in cooperation with the European Regulators Group for Postal Services;

⁴⁴ https://ec.europa.eu/commission/presscorner/detail/en/IP_17_4404

- the Commission will also continue to monitor the tariffs charged by postal service delivery operators, their development and affordability for users and pay attention to alternative business models, such as those drawing on the collaborative economy and e-commerce platforms which are entering the parcel delivery markets. The Commission will equally keep monitoring the overall marketing practices of traders and the impact of these practices on the choices available to the public across the EU in the context of the Geoblocking Regulation;
- the Commission and national regulatory authorities should pursue their efforts to promote the Commission's web based transparency tool and improve its user friendliness, in particular by demonstrating its added value compared to other price comparison tools currently available. The limitations of the tool should be acknowledged as the published tariffs concern single-piece items without any discounts, which apply only to a very small part of the overall parcel delivery services market, and not to the broader e-commerce context. Possible improvements to improve the transparency tool and bring it more in line with market realities will be discussed with consumer representatives, operators and national regulators;
- moreover, overall coherence with other ongoing initiatives, such as the implementation of the European Digital Agenda and the European Green Deal, should be ensured.

The Commission invites the European Parliament and the Council and the European Economic and Social Committee to take note of this report, according to Article 11 of the Regulation.

Methodology

The tariff tables for the 1kg and 2 kg track and trace parcels are based on single piece tariffs that have been published in 2019, 2020 and 2021 on the Commission's tariff transparency web tool⁴⁵. The tariffs are reported in Euro and exclude value added tax. In order to avoid exchange rate fluctuations affecting the trend calculations, the rate applied on 31 March 2020 by the European Central Bank has been used to convert into Euro all those tariffs that were expressed in a non-Euro currency for all three years.

As the data collection process only started in 2019, the Commission observes that the price data set across the three years is not fully stable yet. In particular, there is some uncertainty on whether inconsistencies are due to real trend developments or data collection issues (i.e., inconsistent data reporting of providers or changing collection practices of the regulators). To deal with this issue the data set has been cleaned by: (1) removing parcel products that have not been consistently reported in each of the three years; and (2) removing the parcel product of a given provider for which an abnormally low price was reported in 2020/2021 compared to 2019. These tables should therefore be used with the necessary caution and take these limitations in consideration.

⁴⁵ https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en

Table 1 USO by Universal service providers – 1kg and 2kg track & trace parcel – Domestic and cross-border tariffs for 2019, 2020 and 2021

	1 kg t&t parcel (in EUR)								2 kg t&t parcel (in EUR)							
	2019		2020		2021		% diff. 2021 vs 2019		2019		2020		2021		% diff. 2021 vs 2019	
	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA
Austria	4,8	13,9	4,8	13,9	4,8	13,9	0%	0%	4,8	13,9	4,8	13,9	4,8	13,9	0.2%	0%
Belgium	5,7	30,5	5,7	30,5	5,7	30,5	0%	0%	5,7	30,5	5,7	30,5	5,7	30,5	0.0%	0%
Croatia	2,6	13,7	2,6	13,7	3,3	13,8	27%	1%	2,6	17,6	2,6	17,6	3,3	17,8	25.2%	1%
Cyprus	4,2	16,5	4,2	16,5	4,2	16,5	0%	0%	4,5	20,0	4,5	20,0	4,5	20,0	0.0%	0%
Czech Republic	4,0	15,3	4,7	15,3	4,7	15,3	18%	0%	4,0	16,5	4,7	16,5	4,7	16,5	17.1%	0%
Denmark	8,0	21,0	10,2	22,1	8,0	20,4	0%	-3%	8,6	30,0	10,2	31,1	8,6	29,5	0.0%	-2%
Estonia	3,8	17,2	3,8	17,2	5,2	17,1	37%	-1%	4,1	19,1	4,1	19,1	5,6	19,3	36.3%	1%
Finland	4,8	27,0	4,8	27,2	4,8	20,6	0%	-24%	4,8	26,8	4,8	27,2	4,8	20,6	0.0%	-23%
France	7,8	15,2	8,0	15,5	8,0	16,0	3%	5%	8,8	17,2	9,0	17,6	9,2	18,1	4.0%	5%
Greece	2,6	22,4	2,6	22,4	3,0	22,1	15%	-1%	3,1	26,1	3,1	26,3	3,5	26,6	12.9%	2%
Hungary	4,3	23,7	4,5	23,8	4,8	27,9	12%	18%	4,3	24,6	4,5	24,7	4,8	28,8	11.8%	17%
Lithuania	2,5	14,4	2,5	14,4	2,5	14,1	0%	-2%	2,7	16,0	2,7	16,0	2,7	15,7	0.0%	-2%
Malta	9,0	13,9	9,0	13,9	9,0	13,9	0%	0%	9,0	16,4	9,0	16,4	9,0	16,4	0.0%	0%
Netherlands	7,0	16,8	7,3	17,0	7,3	16,8	4%	0%	7,0	16,8	7,3	17,0	7,3	16,8	4.3%	0%
Poland	1,7	11,9	1,7	11,9	2,9	11,9	71%	0%	1,7	13,2	2,3	13,2	3,3	13,2	94.1%	0%
Portugal	7,7	27,3	7,7	27,3	8,1	27,3	5%	0%	7,7	30,7	7,7	30,7	8,1	30,7	5.9%	0%
Romania		11,5	1,4	11,9	1,4	11,4		-1%		14,4	1,5	15,0	1,5	14,2		-1%
Slovakia	3,9	16,7	3,9	16,7	3,9	16,7	0%	0%	3,9	18,7	3,9	18,7	3,9	18,7	0.0%	0%
Slovenia	3,7	13,7	3,9	13,7	4,4	14,0	19%	2%	3,7	13,7	3,9	13,7	4,4	14,0	18.0%	2%
Spain	10,9	29,4	11,4	29,4	12,7	30,5	17%	4%	12,9	32,8	13,5	32,8	14,3	34,2	11.3%	4%
Sweden	11,0	25,1	11,0	25,1	11,0	25,1	0%	0%	11,0	27,6	11,0	28,0	11,0	28,0	0.0%	1%

Source: data from EU tariff transparency tool, covering 21 Member States

No data was available for:

- Bulgaria, Ireland, Latvia: the USP reported that 1kg t&t and 2kg t&t parcels are not available
- Germany: no provision of data
- Italy: the USP reported that 1kg t&t and 2kg t&t parcels are not in the scope of the USO
- Luxembourg: data not available for 2021

Table 2 non-USP providers – 1kg and 2kg track and trace parcel –Domestic and cross-border tariffs for 2019, 2020, 2021

	1 kg t&t parcel (in EUR)								2 kg t&t parcel (in EUR)							
	2019		2020		2021		% diff. 21-19		2019		2020		2021		% diff. 21-19	
	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA	Dom.	EEA
Austria	10,0	39,5	10,1	40,3	10,1	40,4	1%	2%	10,1	46,8	10,2	47,7	10,3	48,2	1%	3%
Belgium	16,8	50,3	17,0	52,1	17,6	52,7	5%	5%	16,2	55,0	17,3	57,1	17,9	57,7	10%	5%
Bulgaria	3,6	43,9	3,5	41,9	3,5	42,7	-2%	-3%	4,2	48,3	3,8	46,2	3,8	47,4	-9%	-2%
Croatia	5,2	27,7	5,4	28,6	5,4	33,2	3%	20%	5,7	32,3	5,8	35,5	5,8	39,8	3%	23%
Cyprus	7,2	41,4	7,2	41,7	7,2	41,6	0%	0%	7,2	70,2	7,2	76,6	7,2	76,3	0%	9%
Czech Republic	7,6	54,1	7,9	47,4	8,3	50,2	9%	-7%	8,0	60,8	8,3	52,4	8,8	56,0	9%	-8%
Denmark	31,1	80,9	31,7	82,2	33,2	83,4	7%	3%	31,4	101,7	32,1	103,6	33,5	105,7	7%	4%
Estonia	8,0	72,3	8,3	74,3	8,7	77,0	10%	7%	10,3	88,6	9,5	135,8	9,9	87,8	-3%	-1%
Finland	38,7	85,0	39,9	89,8	41,9	93,0	8%	9%	39,7	98,9	40,9	107,0	43,0	111,2	8%	12%
France	37,4	77,6	38,5	81,4	41,1	84,8	10%	9%	29,2	93,9	29,2	94,4	29,2	94,8	0%	1%
Germany	3,5	14,3	4,1	16,9	4,1	16,5	17%	16%	3,7	14,9	4,1	17,4	4,2	14,9	13%	0%
Greece	6,3	44,4	6,3	46,0	6,2	46,9	-1%	6%	7,1	62,6	7,1	64,6	7,0	65,0	-1%	4%
Hungary	6,2	35,2	6,2	37,0	6,7	35,9	7%	2%	6,7	43,1	6,8	45,5	7,3	42,0	10%	-2%
Ireland	7,3	58,7	17,7	61,1	12,0	63,8	65%	9%	7,3	67,7	17,7	70,7	12,0	73,6	65%	9%
Italy	22,5	43,7	23,1	45,1	23,9	47,1	6%	8%	24,0	52,4	24,7	54,1	25,5	56,5	6%	8%
Latvia	9,7	40,3	10,7	41,4	10,1	42,0	4%	4%	11,1	46,7	12,1	53,9	11,5	48,6	4%	4%
Lithuania	5,4	51,8	5,4	53,6	5,5	48,1	1%	-7%	6,0	62,6	6,0	64,8	6,3	57,2	6%	-9%
Luxembourg	3,9	13,1	3,9	13,1	8,1	13,5	107%	3%	4,6	17,4	4,6	17,4	9,9	18,0	114%	3%
Malta	5,8	53,3	1,9	49,8	1,9	45,5	-67%	-15%	5,8	67,8	1,9	63,7	1,9	58,1	-67%	-14%
Netherlands	19,1	48,2	19,5	48,9	19,9	50,3	4%	4%	17,0	43,8	17,4	44,4	17,6	46,3	3%	6%
Poland	5,6	58,1	5,3	61,3	6,2	53,7	10%	-8%	6,1	79,7	5,9	83,6	7,0	74,9	15%	-6%
Portugal	10,6	40,1	8,9	41,2	8,7	41,6	-18%	4%	12,6	71,4	10,6	56,0	10,4	55,8	-18%	-22%
Romania	10,2	49,6	10,2	51,5	10,7	53,0	5%	7%	8,6	62,6	8,8	60,5	9,5	65,8	10%	5%
Slovakia	6,6	69,7	7,0	74,3	6,4	72,7	-3%	4%	6,6	76,7	7,6	80,0	6,5	80,8	-3%	5%
Slovenia	6,6	53,6	6,9	55,3	7,2	57,7	8%	8%	6,3	62,1	6,6	63,9	6,8	65,6	9%	6%
Spain	7,6	43,2	7,7	43,1	8,0	44,5	5%	3%	8,6	47,7	8,9	50,0	10,0	55,7	16%	17%

Sweden	26,3	71,4	27,1	74,7	28,3	76,3	8%	7%	23,4	73,2	24,7	78,2	25,1	78,0	7%	7%
--------	------	------	------	------	------	------	----	----	------	------	------	------	------	------	----	----

Source: data from EU tariff transparency tool, covering all Member States

Limitations:

Not all postal service delivery providers are represented, as explained in methodology

France, Luxembourg: incomplete dataset for 2021 on date of extraction