



Parcels market – need for more regulation?

Copenhagen economics seminar

*Guillaume Roty –
European Commission*

Introduction (and caveats)

- Commission to submit “a proposal, if appropriate, in view of the outcome of its study” on the internal market for postal services
- Prospective study is on-going – first results on scenarios shared at high-level event organised by the Belgium Presidency
- One common thread across each scenario – the growing importance of “delivery” and the new policy issues it raises
- Objective of the presentation: point out to some open questions to capture ideas on the need/opportunity for EU policy action

Delivery, in particular parcels delivery, is growing in political importance

Belgium giving minimum wage to parcel couriers is 'not the end of cheap deliveries'

Friday, 10 November 2023

rtbf **ACTUS**

ÉLECTIONS SPORT RÉGIONS CULTURE ENVIRONNEMENT BIEN-ÊTRE TECH VIE PRATIQUE

ON N'EST PAS DES PIGEONS

Les effets néfastes de la livraison de colis sur l'environnement

Online traders from non-EU countries

20.3.2024

Question for written answer E-000863/2024
to the Commission
Rule 138
Maximilian Krah (ID)

CHINA DAILY 中国日报网 .COM.CN

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Parcel delivery sees booming growth

- 1 Is there an internal market for delivery?
- 2 Is parcel delivery harming the environment?
- 3 Do last mile delivery workers need extra protection?
- 4 Should there be a “right” to parcel delivery?
- 5 Should we limit parcels imports from China?



- Do we need to intervene?
- Do we need to intervene at EU level?

1

Is there an internal market for delivery?

Potential market failures

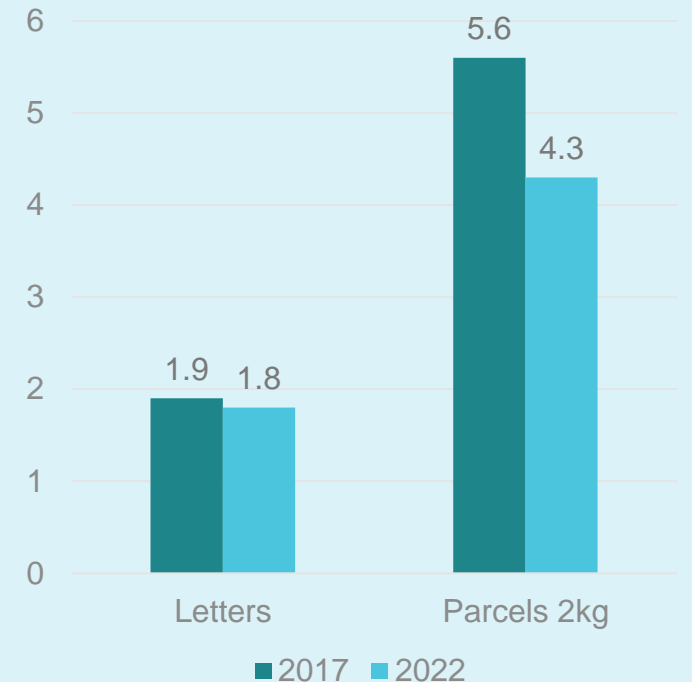
- “Border premium”: high intra-EU cross-border tariffs vs. domestic tariffs
- Level playing field between parcel delivery operators and postal operators
- Level playing field between e-commerce, retail and integrated platforms (issue of free delivery)

Potential policy solutions

- Align regulatory requirements between postal and parcel
- Promote network access/network sharing to increase competition (telco option)
- Promote price transparency / introduce compulsory price choices (browser option)
- Introduce price regulation - cost-base (roaming option)

Intra-EU border premium

Ratio of intra-EU vs. domestic tariffs for letters and parcels



2

Is parcel delivery harming the environment?

Potential market failures

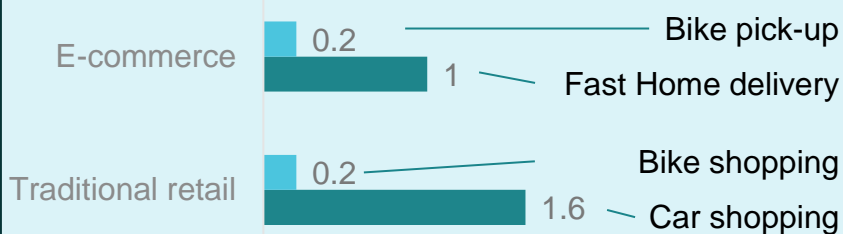
- Development of e-commerce and parcel delivery increases CO2 emissions and local pollution (last mile delivery/congestion)

Potential policy solutions

- Targeted incentives/disincentives to limit damaging practices:
 - Tax on same day delivery?
 - Congestion tax?
 - Promoting pooled delivery (local monopolies)?
 - Packaging rules? Return rules?

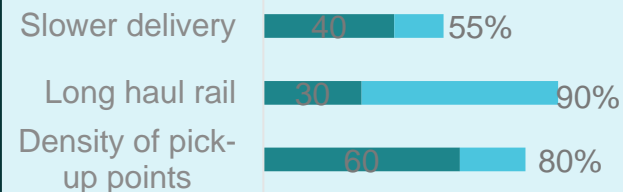
CO2 emission of purchasing shoes*

Kg CO2 equivalent



Emission reduction potential in 2030**

% compared to today



3

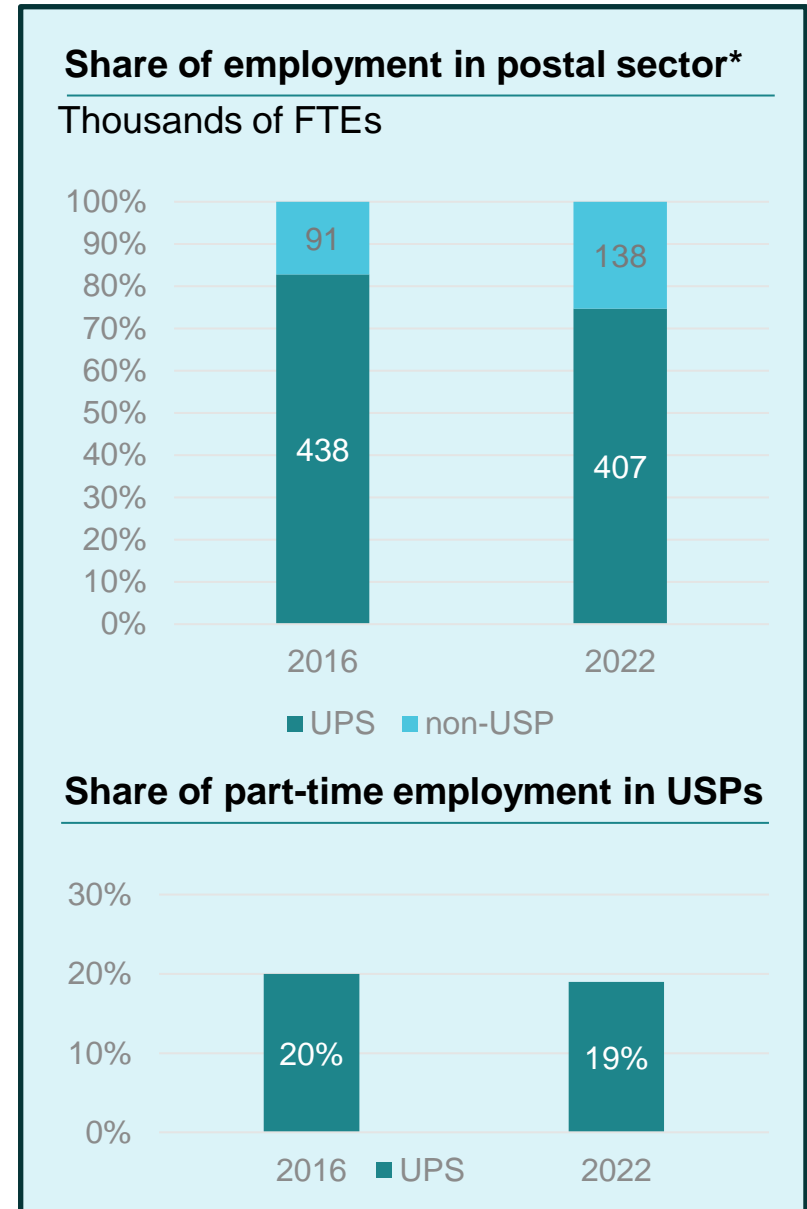
Do last-mile delivery workers need more protection?

Potential market failures

- Platformisation of last-mile delivery
- Race to the bottom on social conditions
- Security concerns

Potential policy solutions

- Platform workers directive
- Value chain control / subcontracting limit



Source: Copenhagen Economics, Main developments in the postal sector (2022)

4

Is there a need for a right to parcel delivery?

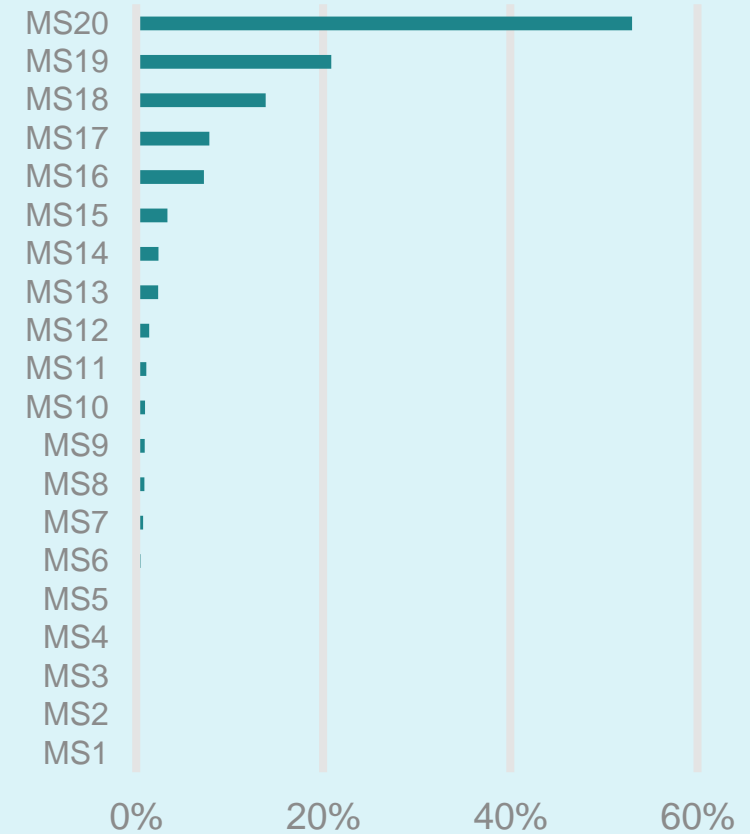
Potential market failures

- Access of all EU citizens, in particular rural citizens to quality parcels delivery at affordable costs
- Protection of consumers – who delivers, complaint handling in case of lost / damaged deliveries

Potential policy solutions

- Maintain/adapt a universal service obligation on parcel delivery – at what conditions?
- Clarify responsibilities in parcel delivery towards consumer, improve complaint handling

Market share of domestic parcel under USO



5

Should we limit parcels import from China?

Potential market failures

- Very high increase in e-commerce coming from China
- Unlevel playing field between third country and local players
- Oversight on conformity of goods entering the Single Market
- Environmental impact of Chinese e-commerce

Potential policy solutions

- Change in customs/VAT rules to level the playing field
- Better oversight of third country platforms
- Clarification of business models



Conclusion

- Postal / parcel delivery services confronted with numerous policy choices
- Important to identify these choices and engage in discussion about policy priorities and solutions
- 2 essential dimensions
 - Sector specific vs. horizontal regulation
 - EU vs national and local regulation

Thank you



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