

REPORT

regarding the outcomes of the assessment analysis on the tariffs
charged by The National Company *Romanian Post*
for the services within the scope of universal service
dealing with intra-Community postal parcels

On 18 April 2018, the European Parliament and the Council adopted Regulation no. 2018/644 on cross-border parcel delivery services (hereinafter referred to as *the Regulation*), for the purpose of improving these services, including as regards the affordability of tariffs charged by universal service providers on natural persons, respectively on small and medium sized enterprises. Generally, universal service obligations in respect of regulation of tariffs charged for services within the scope of universal service are laid down in art. 12 of Directive 97/67/EC on common rules for the development of the internal market of Community postal services and the improvement of quality of service, with the subsequent amendments and completions (hereinafter referred to as the *3rd Postal Directive*). According to these provisions, the tariffs of services within the scope of universal service, charged by the universal service provider, are regulated by the national regulators to ensure the observance of the following principles:

- tariffs must be affordable;
- tariffs must be cost-driven and enable the effective provision of universal service;
- tariffs must be transparent and non-discriminatory;
- a uniform tariff could be applied, while the universal service provider(s) may conclude individual agreements on special tariffs and conditions.

The Regulation complements the provisions of the 3rd Postal Directive as regards the single-piece tariffs charged for the delivery of cross-border parcels within the scope of universal service and provided in the Annex to the Regulation. This analysis is based on the tariffs collected pursuant to art. 5 of the Regulation, according to which the parcel delivery service providers under the obligation to report information shall provide the national regulatory authority with the public list of single-piece tariffs applicable on 1 January of each calendar year for the delivery of postal items both domestically and inside EU. That information shall be provided to the regulator by 31 January of each calendar year, the latter sending it to the European Commission (EC) no later than 28 February of the same year.

Subsequently, overall information aggregated by the EC shall be published on a dedicated website by 31 March of each reporting year, so that all the data sent by the regulators could be accessed by means of this online application. This instrument contains the modules required both for collecting and aggregating the data according to art. 5 of the Regulation, and for identifying the tariffs to be subject to an assessment analysis in accordance with the provisions of art. 6 of the above-mentioned normative act. Considering – among others – a series of elements pre-set by these provisions, respectively through the recommendations included in the methodology guidelines drawn up by EC¹ (detailed in Chapter III of this Report) issued to clarify the implementation phase of this Regulation, this analysis is structured in two stages, which are mandatory:

I. Identification of tariffs, for each of the single-piece postal items listed in the Annex to the Regulation, that are susceptible to being unreasonably high (Article 6 paragraph (1));

According to the provisions of the Regulation, and as mentioned in the EC Guidelines, the cross-border parcel delivery tariffs within the scope of this analysis are exclusively those which are subject to the universal service obligation and which the Regulatory Authority objectively considers necessary to assess. To this end, the Regulation suggests the use of an objective pre-assessment filter mechanism, for prior analysis, to be applied with due regard to the principle of proportionality, so that the assessment process set out in art. 6 paragraph (2) and art. 6 paragraph (3) should not be duplicated. According to the EC Guidelines, the purpose of this mechanism is to provide objective indications for determining the range of tariffs that can be easily identified based on the information available pursuant to art. 5, as well as those tariffs that are likely to be unreasonably high, prior to a detailed assessment according to art. 6 paragraph (2) and art. 6 paragraph (3). The EC recommendation - based on the analysis in the ERGP (18) 36 Report² - is to use a pre-assessment filter mechanism relying on a ranking of cross-border delivery tariffs charged in all the EU Member States, for each category of items in the Annex to the Regulation. Later, the tariffs

¹COMMUNICATION FROM THE COMMISSION COM (2018)838 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

² ERGP input for the Commission's Guidance related to the Article 6 Assessment of cross-border single-piece parcel tariffs

shortlisted by this pre-assessment filter mechanism as susceptible to being unreasonably high are automatically fed into the second stage of the analysis.

With a view to supporting the Regulatory Authorities, the EC acted towards implementing the proposed pre-assessment filter mechanism by means of the dedicated website, thus ensuring both tariff correction in accordance with the data regarding the purchasing power parity, and a ranking of the highest 25% of tariffs for each service under scrutiny. This threshold was set by means of the Guidelines mentioned before, being applied in the first 2 years of the Regulation implementation and this percentage is to be reduced gradually to values set through the close cooperation between EC, the national regulatory authorities and the ERGP.

Thus, at the request of the EC, the ERGP issued - based on a questionnaire sent to the regulatory authorities - a common position on the opportunity of reducing this threshold gradually, as it was mentioned in the guidelines. By means of this position paper, the ERGP expressed the opinion that *"a reduction of the percentage of the pre-assessment filter mechanism as appropriate. This may contribute to a more efficient filter mechanism, that better reflects market conditions and still captures an appropriate and proportionate number of tariffs that require further investigation. Besides, such an approach also contributes to a reduction of the administrative burden both for the NRAs and the USPs whose tariffs are assessed. Applying such a reduced percentage in 2022 will allow adequate time for its implementation and the possibility to acquire more detailed knowledge on the development of tariffs."*

In this sense, we consider that, although the provisions and recommendations mentioned before give the regulatory authorities the possibility to set the pre-assessment filter mechanism that they consider to be most relevant, as well as another percentage threshold than the one applied by EC in its web app, a homogeneous and relevant analysis at European level could only be obtained if a unitary approach among the regulatory authorities that perform these analyses is applied. This is the only way in which the purpose of the Regulation could be attained, namely that of identifying the tariffs for the cross-border parcel delivery services unreasonably high, thus offering, upon the corrective measures on these assessments, a high level of protection of the end-users' interests.

Under these conditions, ANCOM deemed opportune to continue the EC approach, namely to use the 25% percentage threshold in the process of pre-assessment filtering.

II. Analysis of the tariffs shortlisted in the first stage, in order to identify the cross-border parcel delivery tariffs considered to be unreasonably high (art. 6 paragraph (2)).

The provisions of art. 6 paragraph (2) in the Regulation set out four essential elements to which the regulatory authorities must pay special attention in the assessment of the single-piece tariffs charged

for the cross-border parcel delivery under universal service obligations. In addition to these, the provisions of art. 6 paragraph (3) identify two optional elements that could be used in this analysis.

Regarding the information on the postal items mentioned in the Annex to the Regulation, ANCOM has carried out the stages of collecting data from the postal service providers, the data being reported, respectively sent to the EC by means of the dedicated application by 1 March 2022.

1. Identification of tariffs, for each of the postal items listed in the Annex to the Regulation, that are susceptible to being unreasonably high - the pre-assessment filter mechanism

According to Recital 25 of the Regulation, the national regulatory authorities can, when identifying which cross-border tariffs should be assessed in detail, base their identification on an objective pre-assessment filter mechanism, in order to reduce - to the extent possible - the administrative burden on the national regulatory authorities and on parcel delivery service providers in relation to the universal service obligations incumbent on them pursuant to the Regulation. Although the implementation of this filter mechanism is up to the national authorities, for a consistent approach at the European level, the EC suggests – by means of the Communication – a solution for the mechanism implementation.

However, analysing the data reported by the universal service providers in the Member States, one can see that some of these providers do not have corresponding data available for certain categories of services or for certain states in the overall database aggregated by the EC using the dedicated reporting application. Therefore, the lack of relevant information leads to the assumption that the pre-assessment stage of filtering the tariffs reported by the universal service providers could yield different results should these be included in the database.

Nevertheless, the analysis of the available data revealed that some of the tariffs charged by the National Company *Romanian Post* (hereinafter referred to as *CNPR*) for the cross-border delivery of correspondence items and postal parcels are susceptible to being unreasonably high. This preliminary analysis reveals that for some categories of items or, in some cases, only for certain destinations within the same category, CNPR charges - based on the data reported by this application - among the highest 25% of the tariffs levied by universal service providers in the EU³ after applying the correction of these tariffs with data regarding the purchasing power parity (PPP). Therefore, considering the provisions of art. 6 paragraph (1) of the Regulation, the conclusion of this preliminary analysis made through the dedicated web app, based on the data reported by the universal service providers in the Member States, is summarized in the table below:

³ According to the criterion suggested by means of the EC Communication COM (2018)838 of 12.12.2018

No.	Category of items	Tariffs SUSCEPTIBLE to being unreasonably high	Tariffs NOT SUSCEPTIBLE to being unreasonably high
1.	500 g standard correspondence		X
2.	1 kg standard correspondence		X
3.	2 kg standard correspondence		X
4.	500 g registered correspondence		X
5.	1 kg registered correspondence		X
6.	2 kg registered correspondence		X
7.	500 g track and trace correspondence		X
8.	1 kg track and trace correspondence	X	
9.	2 kg track and trace correspondence	X	
10.	1 kg standard parcels	X	
11.	2 kg standard parcels	X	
12.	5 kg standard parcels	X	
13.	1 kg track and trace parcels	X	
14.	2 kg track and trace parcels	X	
15.	5 kg track and trace parcels	X	

Based on the experience gained by the regulatory authorities from the exercises of analysis of these tariffs, there were discussions in the ERGP to inclusively clarify and settle aspects that were approached differently from one country to another. To reach a uniform approach at European level in view of obtaining relevant conclusions, certain solutions concerning were suggested. Therefore, the ERGP PL II (21) 20 Report on Cross-border Regulation implementation includes a series of useful explanations as follows:

Registered or track and trace letter category

- *Registered letters, if classified as such by the universal service provider, should be reported exclusively in the categories for registered letters (i.e. categories d, e and f in the Annex to the Regulation). Letters with a track and trace functionality, if classified as such by the universal service provider, should be reported exclusively in the track and trace categories (i.e. categories g, h and i in the Annex*

to the Regulation)

- Standard or track and trace parcels

- *The Regulation does not give any definition of the different services. However, we can implicitly conclude that the Annex categories j, k and l "standard parcel" were designed for parcels with just the basic delivery services and without additional functionalities, as the Regulation foresees the categories m, n and o as categories for "track and trace parcel", i.e. with an additional functionality. Thus, track and trace parcels should not be submitted in the standard parcel categories.*
- *Such an approach will serve to achieve greater transparency, as only products with similar main characteristics will be in the respective categories, as foreseen in the Regulation.*

Based on these guidelines, the results of the analysis presented in the table above will be adjusted so as to observe these recommendations. Concretely, from the category of items included in the table above whose tariffs were identified as being susceptible to be unreasonably high the track and trace letters will be removed given including that the service offered by CNPR with this characteristic is in fact the service for registered items which, implicitly and willingly, has the functionality of electronic monitoring across the technological flow.

As well, only the tariffs for the delivery of track and trace parcels will be analysed as follows given that CNPR offers this facility for all the cross-border parcel deliveries. Consequently, as the standard parcels category, within the meaning of the Regulation, does not exist in the CNPR offer, it will not be included in this analysis.

Thus, within this exercise, the categories of postal items whose tariffs are relevant, and which will be analysed in detail in view of identifying the extent to which they may be considered unreasonably high are as follows:

- 1 kg track and trace postal parcels;
- 2 kg track and trace postal parcels;
- 5 kg track and trace postal parcels.

II. Assessment of tariffs for cross-border delivery of postal items, susceptible of being unreasonably high

The purpose of the Regulation is to establish a set of rules as regards the supervision of regulations on cross-border parcel delivery services in view of safeguarding the end-users' interests.

According to the provisions of art. 6 paragraphs (2) and (3) of the Regulation, in assessing the tariffs for cross-border delivery of single-piece postal items processed by services within the scope of

universal service, ANCOM analysed the elements set out by these provisions for the tariffs corresponding to the delivery of the aforementioned parcels.

It is important to mention that the tariffs charged by CNPR as universal service provider for the provision of the services within the scope of universal service analysed and presented in this report were approved by ANCOM in compliance with the principle of cost-orientation, according to the legal provisions in force.

II.1. The domestic tariffs and any other relevant tariffs applicable to comparable parcel delivery services in Romania and in the destination Member State

The first stage of the evaluation process is that established by the provisions of art. 6 paragraph (2), i.e. the analysis of the tariff under assessment, in national currency, as compared to the domestic tariff charged by the universal service provider in the originating country, in national currency, cumulated with the domestic tariff charged by the universal service provider in the destination country, in national currency, all of these tariffs being expressed in national currency and applied the PPP correction⁴.

$$\text{Tariff} \quad \boxed{\text{cross-border service under assessment}} = \text{Tariff} + \boxed{\text{similar domestic service of USP in the originating country}} \quad \text{Tariff} \quad \boxed{\text{similar domestic service of USP in the destination country}}$$

This analysis is complemented by a secondary investigation i.e. a comparison of the tariff charged by CNPR, for the services under assessment, to the amount obtained by adding the domestic tariff of a competitor in the originating country for a similar service and the domestic tariff of a competitor providing similar/substitutable services in the destination country. All these tariffs, expressed in national currency, have been applied the PPP correction⁵.

$$\text{Tariff} = \boxed{\text{cross-border service under assessment}} \quad \text{Tariff} \quad \boxed{\text{domestic of similar service of a competitor in the originating country}} \quad + \text{Tariff} \quad \boxed{\text{domestic of similar service provided by a competitor in the destination country}}$$

Regarding the tariffs charged by CNPR for the delivery of intra-Community track and trace parcels, the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were

⁴ The tariffs were corrected by using the purchasing power parities (EU27_2020= 1)

⁵ The tariffs were converted using purchasing power parities (EU27_2020= 1)

assessed, for the destinations for which there are data available in the public app on the European Commission's website⁶.

The results of the preliminary investigation on the tariffs charged for the delivery of intra-Community track and trace parcels of up to 1kg revealed that the tariffs charged by CNPR for the following destinations are higher than the sum of the domestic tariff charged by CNPR and the domestic tariff charged by the universal service provider in the destination country for the similar service.

Country	CNPR's cross-border tariff (RON-PPP) analysed in 2021	CNPR's cross-border tariff (RON-PPP) analysed in 2022	<i>Gaps 2022 versus 2021</i>	USPs' domestic tariff in the two MS (national currency-PPP)	<i>Gaps</i>
	(a)	(b)		(b)-(a)	
DK	18.59	29.60	11.01	9.75	19.85
FI	25.10	34.91	9.81	7.00	27.91
SE	21.33	32.96	11.63	12.55	20.41
Average gap			10.82		22.72

The secondary comparison was made for the same destinations and the results are presented below:

Country	CNPR's cross-border tariff (RON-PPP) analysed in 2022	Domestic tariff of competing operator in originating country + domestic tariff of competing operator in destination country (national currency-PPP)	<i>Gaps</i>
	(b)	(c)	
DK	29.60	19.05	10.55
FI	34.91	30.03	4.61
SE	32.96	22.42	10.54
Average gap			8.57

The gaps resulted from the comparison of the tariff under assessment with the domestic tariff charged by the universal provider in the originating country cumulated with the domestic tariff charged by the universal service provider in the destination country is based to the largest extent on the external costs that the universal service providers pay for the distribution of the cross-border parcels, as it results from the analyses carried out by the Authority in view of approving these tariffs.

As well, it is found that the final gap resulted from the secondary investigation (8.57) compared to that resulted from the preliminary analysis (22.72) is significantly lower, which proves once more that the tariffs charged by the universal service providers for domestic items are lower than those charged by the alternative providers for similar/substitutable services.

⁶ https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en

In the case of the tariffs charged by CNPR for the delivery of intra-Community track and trace parcels weighing between 1 kg and 2 kg, the results of the investigations revealed that the tariffs charged by CNPR for the mentioned services for the destinations presented in the table below are higher than the sum of the domestic tariff charged by CNPR and the domestic tariff charged by the universal service provider for the similar service in the respective destination countries.

Country	CNPR's cross-border tariff (RON-PPP) analysed in 2021	CNPR's cross-border tariff (RON-PPP) 2022	<i>Gaps 2022 versus 2021</i>	USP's domestic tariff in both countries (national currency-PPP)	Gaps
	(a)	(b)	(b)-(a)	(c)	(b)-(c)
CY	25.34	34.49	9.15	8.28	26.21
DK	24.15	38.43	14.28	9.98	28.45
EE	23.83	31.93	8.10	10.20	21.73
EL	31.06	34.87	3.81	7.68	27.12
ES	31.14	44.36	13.22	12.05	22.82
FI	28.71	33.69	4.98	7.23	37.13
FR	27.52	34.80	7.28	12.02	21.67
IT	30.18	34.38	4.20	12.58	21.80
MT	24.42	37.55	13.13	13.59	23.96
PT	27.52	36.36	8.84	12.84	23.52
SE	26.93	42.25	15.32	12.78	29.47
Average gap			9.30		25.81

The secondary comparison was made for the same destinations and the results were as follows:

Country	CNPR's cross-border tariff (RON-PPP) 2022	Domestic tariff of competing operator in originating country + domestic tariff of competing operator in destination country (national currency-PPP)	Gaps
CY	34.49	17.18	17.31
DK	38.43	20.09	18.34
EE	31.93	18.18	13.75
EL	34.80	22.18	12.62
ES	34.87	18.66	16.21
FI	44.36	26.81	17.55
FR	33.69	34.90	-1.21
IT	34.38	18.23	16.15
MT	37.55	14.62	22.93
PT	36.36	20.20	16.16
SE	42.25	19.25	23.00
Average gap			15.71

The results of the preliminary analysis on the tariffs charged by CNPR for the delivery of intra-Community track and trace parcels weighing between 4 kg and 5 kg showed that the tariffs charged by CNPR for the delivery of these items to the destinations in the table below are higher than the sum of the domestic tariffs charged in the originating country and in the destination country for the similar/substitutable service. The gaps are presented in the following table:

Country	CNPR's cross-border tariff (RON-PPP) analysed in 2021 (a)	CNPR's cross-border tariff (RON-PPP) analysed in 2022 (b)	<i>Gaps</i> 2022 versus 2021 (b)-(a)	USP's domestic tariff in both countries (national currency-PPP) (c)	<i>Gaps</i> (b)-(c)
AT	35.90	53.42	17.52	12.76	40.66
BE	43.01	54.49	11.48	9.67	44.82
CY	41.42	64.89	23.47	9.95	54.94
CZ	30.26	53.00	22.74	10.75	42.25
DK	40.83	64.93	24.10	11.68	53.25
EE	38.24	59.00	20.76	12.10	46.90
GR	40.27	59.35	19.08	12.03	47.32
ES	49.52	59.42	9.90	26.81	32.61
FI	49.25	72.69	23.44	7.91	64.78
FR	44.68	57.32	12.64	17.31	40.01
HR	42.30	52.65	10.35	13.05	39.60
HU	34.39	42.71	8.32	13.14	29.57
IE	49.68	61.64	11.96	15.20	46.44
IT	47.22	58.24	11.02	13.27	44.97
LT	38.28	54.72	16.44	12.68	42.04
LU	41.42	60.22	18.80	11.92	48.30
LV	37.53	60.84	23.31	12.14	48.70
MT	39.91	71.51	31.60	14.28	57.23
NL	41.02	53.95	12.93	10.38	43.57
PL	40.35	53.80	13.45	8.23	45.7
PT	45.99	67.11	21.12	15.16	51.95
SE	43.73	70.13	26.40	15.54	54.59
SI	39.20	53.07	13.87	9.63	43.44
SK	49.72	54.64	4.92	8.90	45.74
Average gap		12.97			42.66

The secondary comparison made for the tariffs corresponding to this service showed that the tariffs charged by CNPR are higher than the sum of the domestic tariff of a competing operator in the country of origin and the national tariff charged by a competing operator in the destination country, the differences for the analysed states being as follows:

Country	CNPR's cross-border tariff (RON-PPP)	Domestic tariff of competing operator in originating	Gaps
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	PPP)	country + domestic tariff of competing operator in destination country (national currency-PPP)	
AT	53.42	15.33	<i>38.09</i>
BE	54.49	13.60	<i>40.89</i>
BG	43.78	15.10	<i>28.68</i>
CY	64.89	15.84	<i>49.05</i>
CZ	53.00	14.39	<i>38.61</i>
DE	55.10	13.48	<i>41.62</i>
DK	64.93	19.63	<i>45.30</i>
EE	59.00	16.90	<i>42.10</i>
GR	59.35	19.29	<i>40.06</i>
ES	59.42	20.16	<i>39.26</i>
FI	72.69	20.16	<i>52.53</i>
FR	57.32	17.35	<i>39.97</i>
HR	52.65	16.32	<i>36.33</i>
HU	42.71	15.52	<i>27.19</i>
IE	61.64	20.95	<i>40.69</i>
IT	58.24	24.09	<i>34.15</i>
LT	54.72	23.26	<i>31.46</i>
LU	60.22	32.85	<i>27.37</i>
LV	60.84	43.69	<i>17.15</i>
MT	71.51	18.62	<i>52.89</i>
NL	53.95	12.00	<i>41.95</i>
PL	53.80	12.21	<i>41.59</i>
PT	67.11	18.46	<i>48.65</i>
SE	70.13	19.58	<i>50.55</i>
SI	53.07	13.51	<i>39.56</i>
SK	54.64	16.61	<i>38.03</i>
Average gap			<i>39.37</i>

The analysis of the tariffs levied by the universal service providers for the delivery of domestic parcels in the countries that were subjected to the analysis for each category of items shows that the domestic tariffs charged by CNPR, corrected by PPP, rank first in the top of the lowest domestic tariffs, corrected by PPP, among those charged by universal service providers in the Member States.

Analysing the tariffs charged by the authorized postal operators in Romania, at national level, for services similar to those subjected to this analysis, it was found that CNPR is also first in the ranking of the lowest tariffs levied for the delivery of intra-Community parcels, in some cases these being even 10 times lower than the rates charged by certain alternative providers.

II.2. Application of a uniform tariff to two or more destination Member States

CNPR's tariffs for the delivery of intra-Community track and trace parcels of 1 kg, 2 kg, respectively 5 kg are differentiated for each destination (Member State) according to the costs registered throughout the operational chain (submission, sorting, transport and delivery) and consist of two elements: a flat rate tariff/parcel and a tariff/kg. These were approved by ANCOM upon CNPR's request, in compliance with the principles underlying the tariff regulation measures, based on the actual costs highlighted in the Separate Financial Statements (SFS) and on the further analysis of the data regarding terminal dues.

II.3. Bilateral volumes, specific transport or handling costs, other relevant costs and quality-of-service standards

A. BILATERAL VOLUMES

In 2020 more parcels were sent from Romania abroad than from abroad to Romania (by 120% more export parcels up to 1 kg (including), by 117% more export parcels between 1 and 2 kg (including), and by 65% more export parcels between 4 and 5 kg (including) left the country, compared to the import traffic within the same postal item category). Nonetheless, this was not found to influence the gaps regarding the cross-border tariffs under this analysis.

An important aspect in analysing bilateral volumes is the analysis of the tariffs (adjusted by PPP) levied by the universal service providers for the delivery of postal items (import-export) by each service category, respectively by destination country – among those under this analysis – as represented in the tables below:

Intra-Community track and trace parcels weighing up to 1 kg

<i>Parcel delivery route Romania (origination country) – Member State</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State – Romania (destination country)</i>	<i>Tariff charged by MS' USP</i>	<i>Difference (A)-(B)</i>
RO-DK	29.60	DK-RO	19.23	10.37
RO-FI	34.91	FI-RO	17.59	17.32
RO-SE	32.96	SE-RO	21.36	11.60
Average difference				13.10

Intra-Community track and trace parcels between 1 kg and (including) 2 kg

<i>Parcel delivery route Romania (origination country) – Member State</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State – Romania (destination country)</i>	<i>Tariff charged by MS' USP (B)</i>	<i>Difference (A)-(B)</i>
RO-CY	34.49	CY-RO	21.76	12.73
RO-DK	38.43	DK-RO	27.83	10.6
RO-EE	31.93	EE-RO	23.36	8.57
RO-EL	34.80	EL-RO	20.14	14.66
RO-ES	34.87	ES-RO	35.29	-0.42
RO-FI	44.36	FI-RO	N/A	N/A
RO-FR	33.69	FR-RO	16.90	16.79
RO-IT	34.38	IT-RO	29.58	4.8
RO-MT	37.55	MT-RO	20.52	17.03
RO-PT	36.36	PT-RO	37.74	-1.38
RO-SE	42.25	SE-RO	24.20	18.05
Average difference				10.14

Intra-Community track and trace parcels between 4 kg and (including) 5 kg

<i>Parcel delivery route Romania (origination country) – Member State</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State – Romania (destination country)</i>	<i>Tariff charged by MS' USP (B)</i>	<i>Difference (A)-(B)</i>
RO-AT	53.42	AT-RO	17.77	35.65
RO-BE	54.49	BE-RO	28.45	26.04
RO-BG	43.78	BG-RO	N/A	N/A
RO-CY	64.89	CY-RO	31.57	33.32
RO-CZ	53.00	CZ-RO	35.14	17.86
RO-DE	55.10	DE-RO	N/A	N/A
RO-DK	64.93	DK-RO	27.83	37.1
RO-EE	59.00	EE-RO	36.57	22.43
RO-GR	59.35	GR-RO	34.79	24.56
RO-ES	59.42	ES-RO	47.32	12.1

RO-FI	72.69	FI-RO	N/A	N/A
RO-FR	57.32	FR-RO	21.60	35.72
RO-HR	52.65	HR-RO	33.59	19.06
RO-HU	42.71	HU-RO	42.22	0.49
RO-IE	61.64	IE-RO	N/A	N/A
RO-IT	58.24	IT-RO	32.64	25.6
RO-LT	54.72	LT-RO	N/A	N/A
RO-LU	60.22	LU-RO	N/A	N/A
RO-LV	60.84	LV-RO	N/A	N/A
RO-MT	71.51	MT-RO	28.13	43.38
RO-NL	53.95	NL-RO	21.68	32.27
RO-PL	53.80	PL-RO	N/A	N/A
RO-PT	67.11	PT-RO	49.50	17.61
RO-SE	70.13	SE-RO	32.50	37.63
RO-SI	53.07	SI-RO	24.12	28.95
RO-SK	54.64	SK-RO	32.66	21.98
Average difference				26.21

Taking into account certain factors with unquantifiable influence - such as the quality standards for services whose tariffs can be found in the EC web application, as well as the traffic volumes corroborated with economies of scale that may be registered by the providers - the differences presented in the tables above become insignificant in the context of the analysis. As mentioned under section B herein, CNPR's analysed tariffs correspond to services provided under a priority regime, while other USPs reported tariffs for non-priority services. In view of these considerations and findings, the tariff differences presented above cannot stand as a relevant indication for stating whether and to what extent the tariffs charged by CNPR might be considered as unreasonably high.

No operational details are available as regards cumulating postal items from various categories or weight classes during transport, therefore this analysis cannot include any data on possible economies of scale.

B. QUALITY REQUIREMENTS

According to national regulations, postal items consisting of parcels within the scope of universal service are not subject to any obligations regarding minimum quality requirements, and CNPR establishes the delivery times of intra-Community parcels - D + 5⁷ - on commercial principles. Therefore, in this case, the Quality Standards element is not relevant, and a potential pressure on the universal service provider in terms of costs incurred due to an obligation to comply with certain quality standards cannot be considered in the analysis.

⁷ The quality standard refers to the transit times on the territory of Romania – from submission until it crosses the border. D is the postal item clearance day.

C. ANALYSIS OF COSTS SPECIFIC TO POSTAL OPERATIONS

Concerning intra-Community track and trace postal parcels up to (including) 1 kg, the traffic volume achieved by CNPR in 2020 for these export parcels amounted to 78,496 items, i.e. 43% of the total volume of this category (182,851 items), these items holding the largest share within the total intra-Community export parcel items.

The cost breakdown based on which ANCOM approved CNPR's tariffs for the services under this analysis relies on the data registered in the 2020 Separate Financial Statements (SFS).

Analysing the tariff charged by CNPR for the delivery of a ≥ 1 kg track and trace domestic parcel [RON 8.3 (adjusted by PPP = 3.17)] vs. the average of tariffs charged for the provision of the equivalent intra-Community service [RON 67 (adjusted by PPP = 25.62)], we found that the differences between them are due to different costs incurred in the delivery of the respective service on the domestic and on the intra-Community levels. These differences are based on significant gaps between the costs of submission/clearance, sorting, respectively transport operations required for a domestic item compared to those of a cross-border item, due to the different processing flows.

Thus, since domestic postal items follow a different technological flow than intra-Community ones, the internal costs for these categories differ, as presented below:

	Submission/clearance	Sorting	Transport + Distribution ⁸	Other expenses	Total
Unit cost per domestic 1 kg parcel	✗	✗	✗	✗	✗
Domestic unit cost per cross-border 1 kg parcel	✗	✗	✗	✗	✗

Concerning the intra-Community export track and trace parcels between 1 kg and (including) 2 kg, the traffic volume registered by CNPR in 2020 (export) amounted to 38,315 items, which accounts for 21% in the total volume of intra-Community export parcels category.

Analysing the tariff charged by CNPR for the delivery of a domestic parcel weighing between 1 kg and (including) 2 kg [RON 8.9 (adjusted by PPP = 3.4)] vs. the average tariff per destinations for the equivalent cross-border service [RON 89 (adjusted by PPP = 34.16)], we notice considerable differences also due to various internal costs incurred mainly by additionally processing the cross-border items as regards the submission/clearance, sorting, respectively transport operations, and especially the delivery of these items.

Consequently, since domestic postal items follow a different technological flow on a national level than intra-Community ones, the internal costs for these categories vary, as presented below:

⁸ The distribution costs are included only in the tariff charged for the domestic parcels.

	Submission /clearance	Sorting	Transport + Distribution ⁹	Other expenses	Total
Unit cost per domestic 2 kg parcel	✗	✗	✗	✗	✗
Domestic unit cost per cross-border 2 kg parcel	✗	✗	✗	✗	✗

Regarding the intra-Community export track and trace parcels between 4 and (including) 5 kg, the traffic volume registered by CNPR in 2020 (export) amounted to 9,619 items, accounting for 5% in the total volume of intra-Community parcels category. Therefore, in this case, the higher costs can be justified by the reduced economies of scale as compared to the items in the other weight classes.

Analysing the tariff charged by CNPR for the delivery of a 5 kg domestic parcel [RON 10.7 (adjusted by PPP = 4.1)] vs. the average of tariffs charged for the provision of the equivalent intra-Community service [RON 156 (adjusted by PPP = 59.8)], we found considerable differences due also to different internal costs incurred in the additional processing of cross-border items compared to domestic items, as regards the submission/clearance, sorting, transport, and especially delivery operations.

Considering that domestic postal items follow a different technological flow than intra-Community ones, the internal costs corresponding to these categories vary, as follows:

	Submission /clearance	Sorting	Transport + Distribution ¹⁰	Other expenses	Total
Unit cost per domestic 5 kg parcel	✗	✗	✗	✗	✗
Domestic unit cost per cross-border 5 kg parcel	✗	✗	✗	✗	✗

Analysing the transport operations for intra-Community parcels, we assessed that CNPR incurred much higher costs with the processing of these items on the national territory as compared to the costs of domestic parcels in the same weight class. The costs incurred in transporting intra-Community parcels imply transit costs specific to this category of items (complex processing operations such as handing them over to the air carrier, filling out of specific forms for export items) while the activities corresponding to the transport of domestic parcels do not involve such operations.

The assessed differences are also justified by the differences of traffic registered by CNPR during 2020 between the delivered domestic parcels and the delivered intra-Community (export) parcels. Thus, while 919,896 domestic postal parcels were distributed at national level, 182,851 postal parcels were delivered at intra-Community level, which, due to the lack of economies of scale, justify higher values of the unit costs corresponding to the export intra-Community items.

⁹ The distribution costs are included only in the tariff charged for the domestic parcels.

¹⁰ The distribution costs are included only in the tariff charged for the domestic parcels.

On the other side, the costs incurred by the domestic transport of the intra-Community parcels (export) account for approx. 25% in the total domestic costs corresponding to these items, that is exclusively the distribution costs (accounting for 25% of the total expenses), justifying the importance of this operation carried on the national territory. However, the most important cost component of the tariffs charged by CNPR for the provision of services dealing with the delivery of intra-Community parcels are the terminal dues CNPR pays to the foreign partners for the distribution on the territory of the destination countries of the respective items, these accounting on average for approx. 60% within the total costs registered by CNPR.

Based on these findings, the differences assessed between the sum of the domestic tariffs (the one charged by CNPR and the one charged by the USP in the destination country) and the intra-Community tariff charged by CNPR for the delivery of the same type of item become justified.

Regarding the transport solution used for the distribution of intra-Community postal parcels to the destinations under analysis, air carriers are the main choice, which constitutes an important cost component of the tariffs charged for such services.

The differences assessed and detailed in Chapter II.1 are based on the finding regarding the considerable weight of terminal dues in the total cost, which triggers significant differences between the cross-border tariff and the sum of tariffs charged on national level for similar services.

II.4. The likely impact of the cross-border tariffs levied to users (individual and small and medium-sized enterprises), including those in remote or sparsely populated areas, and to individual users with disabilities or with reduced mobility, without imposing – to the extent possible - an unfair burden

According to the most recent survey¹¹ commissioned by ANCOM to be conducted among the users of cross-border parcel delivery services, the users find affordable the tariffs charged by CNPR for these services. The users from rural areas granted a higher score to the affordability of the CNPR tariffs than the users in the urban area. In addition, generally, the tariff aspect is not seen to be an impediment to the use of postal services as a sender.

Moreover, as regards the criteria when choosing the providers for the parcel delivery, the postal service users who sent postal parcels granted the largest importance to the quality of service, the tariff paid being ranked second, on the same importance level as the security of the items ensured by the providers during the parcel delivery operation. As well, 52% of the users who sent postal parcels deemed that the tariffs charged were the criterion that weighed the most in their decision to choose the services of

¹¹ <https://statistica.ancom.ro/sscpds/public/alldocuments/marketstudy?lang=en>

CNPR for the delivery of their parcels, which is proof of the the affordability of CNPR' tariffs compared to the other providers active at national level.

III.5. Tariff regulations

According to the provisions of art. 16 of GEO no. 13/2013 on postal services, approved with amendments and completions by Government Ordinance no. 187/2013, with subsequent amendments and completions, "(1) *The tariffs charged by the universal service provider for services within the scope of universal service which it is has the obligation to provide must be affordable, irrespective of the geographical location, transparent, non-discriminatory and cost-based [...].*

(2) *For ensuring compliance with the principles under paragraph (1), the regulatory authority will impose one or several of the following measures:*

- a) *tariff caps and formulas for controlling the amendment of tariffs for services within the scope of universal service;*
- b) *modalities of setting or amending certain tariffs for the services within the scope of universal service which the universal service provider has the obligation to provide, taking into account the specific features of these services;*
- c) *single-piece tariffs for services within the scope of universal service.*

(3) *The universal service provider has the obligation to set, respectively to amend the tariffs for the services within the scope of the universal service which it is has the obligation to provide in compliance with the measures imposed by the regulatory authority in accordance with the provisions of paragraph (2)."*

In line with these provisions, the tariffs under this analysis have been regulated with due regard to the principle of cost-orientation of single-piece tariffs. Single-piece services were deemed services corresponding to each destination and not subject to volume-based tariff discounts. Therefore, according to the national legal provisions, ANCOM has the obligation to analyse - upon CNPR's request - the data regarding the expenses and revenues registered in the SFS that underlie the tariffs submitted to approval and to decide on the latter's approval.

IV. Conclusions

- a) Considering that the data available in the dedicated web application, based on which the results of the pre-assessment filter mechanism recommended by the EC were obtained and analysed, do not contain information corresponding to all Member States - a situation encountered in the previous analysis exercises, as well -, we deem that there is a high probability that these results do not reflect a

thorough and relevant picture on the European market level. Moreover, as standard cross-border parcel delivery services are concerned, the reduced comparison base of the tariffs reported by Member States and introduced in the application can be considered insufficient to generate a relevant conclusion on the susceptibility that the tariffs introduced might be too high. In the case of the tariffs charged by CNPR as USP, subsequent to the application of the pre-assessment filter mechanism, ANCOM deemed necessary to analyse the tariffs for some of the postal services according to the provisions of art. 6.1 of the Regulation (postal services processing intra-Community parcels weighing 1 kg, 2 kg, and 5 kg, track & trace).

b) The tariffs charged by CNPR for the cross-border parcel delivery services subject to this analysis are justified considering the cost-based pricing principle, as outlined in the SFS.

c) The differences identified between the costs of a postal service provided domestically and the internal costs incurred by an intra-Community postal service, processing the same category of postal items, are also due to the different technological flows used by CNPR – as additional processing is required for intra-Community items.

d) ANCOM's analysis revealed that the most important cost element of the tariffs consists of the terminal dues that CNPR pays to foreign partners for the distribution of intra-Community postal items, which account on average for approx. >% of the total cost.

e) Regarding the tariffs charged by CNPR for services processing intra-Community postal parcels subject to this analysis, it is noteworthy that - although the quality requirements for these services are not regulated - they are provided on a priority basis and thus benefit from a superior quality speed regime, which could trigger higher costs compared to non-priority services. Therefore, where publicly available tariffs reported by Member States under the reporting obligation provided in Art. 5 of the Regulation correspond to standard, non-priority services, we consider this relevant, as the results of the pre-assessment filter mechanism can be distorted by comparing at European level services that are different in terms of quality. In this context and taking into account the increasing importance given by the users to the quality of postal services, in some case event before the charged tariffs, we deem that aspect concerning the delivery speed of the parcels under analysis should be a very important element in appreciating the reasonableness of the tariffs compared to similar or substitutable services, this information needing to be included in the public reporting of the tariffs for the intra-Community parcels.

f) At national level, CNPR ranks first in terms of lowest tariffs charged for the delivery of intra-Community parcels, these being in some cases by 10 times lower than the tariffs applied by certain alternative postal providers authorized in Romania for similar services.

g) Postal service users deem that CNPR's tariffs for the provision of cross-border parcel delivery services are affordable, and do not consider them a hindrance in using the postal services as senders. Moreover, the tariffs charged do not represent the most important criterion when choosing the

provider, the quality assumed and ensured by the provider in the provision of the services being seen by the users as a more important aspect than the tariffs.