

## REPORT

regarding the outcomes of the assessment analysis on the tariffs  
charged by The National Company "Romanian Post" (CNPR)  
for the services within the scope of universal service  
processing intra-Community postal items

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 small and medium sized enterprises, respectively on natural persons. Generally, universal service obligations in respect of regulation of tariffs charged for services within the scope of universal service are laid down by means of the provisions under 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 3<sup>rd</sup> 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;

- Member States may decide that a uniform tariff should be applied throughout their national territory, which does not exclude the right of the universal service provider(s) to conclude individual agreements on special tariffs and conditions.

The Regulation complements the provisions of the 3<sup>rd</sup> 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 based on art. 5 of the Regulation, according to which all cross-border 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 domestically and within the EU. That information shall be provided to the regulator by 31 January of each calendar year, the latter sending them 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. Taking into account – among others – a series of elements pre-set by the respective detailed provisions (see Chapter III of this Report), the analysis is structured in two stages, which are mandatory:

- 1. Identify 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<sup>1</sup> issued in order to clarify the implementation phase of this Regulation for the Member States, 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

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<sup>1</sup> COMMUNICATION 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

paragraph (3). The present document also takes into consideration the EC recommendation - based on the analysis in the ERGP (18) 36 Report<sup>2</sup> - of using a pre-assessment filter mechanism relying on a list of cross-border delivery tariffs charged in all the EU Member States, for each category of items in the Annex to the Regulation. 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. Thus, the tariffs shortlisted by this pre-assessment filter mechanism as susceptible to being unreasonably high are automatically fed into the second stage of the analysis.

*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 which the regulatory authorities must pay special attention to in the assessment of the single-piece tariffs charged for the cross-border delivery of parcels under universal service obligations. Since they are not ranked by importance, the analysis process must take into account all these elements. 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/sent to the EC by means of the dedicated online application no later than 28 February 2020.

*I. Identify tariffs, for each of the single-piece 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 the administrative burden on the national regulatory authorities and on parcel delivery service providers subject to the universal service obligation. 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 flexible solution for the mechanism implementation, so as to take into account the market developments.

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<sup>2</sup> ERGP Opinion for guiding the European Commission on the assessment of cross-border single-piece parcel tariffs provided in Article 6 of the Regulation

Moreover, given that this mechanism has already been implemented by means of the application made available by the EC, ANCOM deemed useless to duplicate this whole process by a thorough analysis, mirroring the one generated through the above-mentioned application, and even found – by random checking – that the results published by the EC match the ones calculated by ANCOM. 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 in the overall database aggregated by the EC using the dedicated reporting application. Therefore, the lack of relevant information may imply the assumption that the pre-assessment stage of filtering the tariffs reported by the universal service providers could yield inconsistent results.

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 among the highest 25% of the tariffs levied by universal service providers in the EU<sup>3</sup> after applying the correction of these tariffs with data regarding the purchasing power parity (PPP). Therefore, the conclusion of this analysis is summarized in the table below:

No.	Single-piece postal items	Tariffs SUSCEPTIBLE to being unreasonably high	Tariffs NOT SUSCEPTIBLE to being unreasonably high
1.	a 500 g standard correspondence item		X
2.	a 1 kg standard correspondence item		X
3.	a 2 kg standard correspondence	X	
4.	a 500 g registered correspondence		X
5.	a 1 kg registered correspondence		X
6.	a 2 kg registered correspondence		X
7.	a 500 g track and trace correspondence		X
8.	a 1 kg track and trace correspondence	X	
9.	a 2 kg track and trace correspondence	X	
10.	a 1 kg standard parcel	X	

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

11.	a 2 kg standard parcel	X	
12.	a 5 kg standard parcel	X	
13.	a 1 kg track and trace parcel	X	
14.	a 2 kg track and trace parcel	X	
15.	a 5 kg track and trace parcel	X	

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 regarding the supervision of regulations on cross-border parcel delivery services. Thus, recital 16 of the Regulation states that *“For the purpose of implementing this Regulation, it is important to provide clear definitions of parcels, parcel delivery services and parcel delivery service providers and to specify which postal items are covered by those definitions. It is assumed that mail items that are thicker than 20 mm contain goods other than correspondence items, which can or cannot be delivered by the universal service provider. Postal items that only have as object correspondence items should not fall within the scope of parcel delivery services.”*

According to the provisions of art. 2 indent 11 of Government Emergency Ordinance no. 13/2013 on postal services, approved, with amendments and completions, by Law no. 187/2013, with the subsequent amendments and completions, a correspondence item is defined as a *“written communication on any kind of physical medium, to be transported and delivered to the address indicated by the sender on the item itself or on its packaging. Books, catalogues, newspapers, periodicals are not considered to be correspondence items”*. Therefore, these items cannot contain goods, nor can they contain small packages, as the national provisions establish a distinct category of small packages, which are defined and charged separately. Thus, any content in the form of goods, according to the legal provisions, shall be classified either in the category of small packages or in that of parcels, and be priced accordingly.

Taking into account the above aspects and the purpose pursued through the provisions of the Regulation, namely, to assess the tariffs related to the delivery of goods (small packages, parcels), the analysis of the tariffs charged by CNPR for the delivery of international correspondence items becomes irrelevant in this context, exceeding the purpose of the Regulation, a fact also confirmed by the recital quoted above.

Therefore, what follows is an analysis exclusively of the tariffs related to the items containing goods, i.e. of parcels, resulting from the preliminary assessment that they are susceptible to being unreasonably high.

It is important to note that the tariffs charged by CNPR as a universal service provider for the provision of services within the scope of universal service have been approved by ANCOM in compliance with the cost-orientation principle, in accordance with the legal provisions in force.

Regarding the implementation of 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 identified in the previous stage as being susceptible to being unreasonably high, as follows:

*11.1. The domestic tariffs and any other relevant tariffs applicable to comparable cross-border parcel delivery services in Romania and in the destination Member State*

A 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 that in the destination country, in national currency, all of these being applied the PPP correction<sup>4</sup>.

Tariff of the cross-border delivery service under assessment = Tariff of similar USP domestic service in the originating country + Tariff of similar USP domestic service in the destination country<sup>5</sup>

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

Tariff (cross-border) of the service under assessment = Tariff (domestic) of similar USP service in the originating country + Tariff (domestic) of similar service provided by a competitor in the destination country<sup>6</sup>

Regarding the tariff charged by CNPR for the delivery of 1kg intra-Community parcels, CNPR charges differentiated tariffs depending on the destination, for the provision of these services. In the primary analysis, only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were evaluated, for the destinations EE, ES, FI, IS, IT, LI, NO, and UK, respectively, as resulted from

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<sup>4</sup> Purchasing power parities (EU=28); Source: Eurostat

<sup>5</sup> All tariffs are expressed in the national currency and have been applied the PPP correction.

<sup>6</sup> All tariffs are expressed in the national currency and have been applied the PPP correction.

the dedicated web application. However, given that there are comparative data available only for ES, IT and UK, the results of this investigation show that the tariffs charged by CNPR for intra-community standard parcels weighing 1 kg for these destinations (RON 25.51; RON 25.14, respectively RON 24.76) are higher than the sum of the national tariffs in the country of origin and in the country of destination, the differences being 10.27 (ES), 13.22 (IT) and 19.05 (UK) depending on the tariff charged in the country of destination for the similar/substitutable service.

The secondary comparison was made only for ES given that for this analysis there are no data available except for this destination, the difference between the tariff charged by CNPR for the destination ES (corrected with PPP) being higher by RON 6.4 than the sum of the tariffs charged by CNPR and an alternate ES operator for the delivery of standard internal parcels weighing 1 kg.

In the case of the tariff charged by CNPR for the delivery of 2kg intra-Community standard parcels, only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were evaluated. The results of the preliminary investigation revealed that the tariffs charged by CNPR for the delivery of 2kg intra-Community standard parcels for these destinations are higher than the sum of the domestic tariffs charged in the originating country and the destination country, the extreme gaps being RON 35.41 (CY) and RON 13.49 (SE) depending on the tariff charged in the destination country for the similar/substitutable service. What follows is information regarding the destinations for which there are available data uploaded on the public application from the European Commissions' website<sup>7</sup>.

Country	CNPR's cross-border tariff (RON-PPP)	USPs' domestic tariffs in the two MS (national currency -PPP)	Gap	Weight of the gap in CNPR's cross-border tariff (in %)
<b>CY</b>	43.50	8.09	35.41	81%
<b>EL</b>	28.58	10.94	17.64	62%
<b>ES</b>	32.07	17.69	14.38	45%
<b>FR</b>	29.58	11.20	18.38	62%
<b>IE</b>	30.49	10.91	19.58	64%
<b>IT</b>	31.20	12.13	19.07	61%
<b>SE</b>	27.71	14.22	13.49	49%
<b>UK</b>	30.91	5.92	24.99	81%
Average gap			20.37	63 %

This analysis was completed with a secondary comparison only for ES, IE and SE, given that for this analysis the only available data are for these destinations. The results revealed the following differences: 11.83 (ES), 14.84 (IE) and 3.47 (SE).

<sup>7</sup> [https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border\\_en](https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en)

Regarding the tariff charged by CNPR for the delivery of 5kg intra-Community standard parcels, CNPR charges differentiated tariffs depending on the destination, for the provision of these services. After the pre-assessment filtering stage, only several tariffs were susceptible to being unreasonably high. However, taking into account that comparable data is available only for the tariffs charged by CNPR for the delivery of items to certain destinations, only said tariffs were evaluated. Thus, the results of the primary investigation revealed that the tariffs charged by CNPR for the delivery of 5kg intra-Community standard parcels for these destinations are higher than the sum of the domestic tariffs charged in the originating country and the destination country. The gaps, based on the tariffs charged in the destination country for the similar/substitutable service, are presented in the following table:

Country	CNPR's cross-border tariff (RON-PPP)	USPs' domestic tariffs in the two MS (national currency -PPP)	Gap	Weight of the gap in CNPR's cross-border tariff (in %)
<b>CY</b>	70.54	9.74	60.80	86%
<b>DK</b>	43.08	11.39	31.69	74%
<b>EL</b>	42.54	18.90	23.64	56%
<b>ES</b>	51.77	22.57	29.20	56%
<b>FR</b>	46.66	16.22	30.44	65%
<b>IE</b>	51.81	13.29	38.52	74%
<b>IT</b>	49.40	12.76	36.64	74%
<b>LT</b>	41.75	8.38	33.37	80%
<b>LU</b>	43.87	9.52	34.35	78%
<b>MT</b>	42.54	14.30	28.24	66%
<b>NL</b>	43.00	28.31	14.69	34%
<b>PL</b>	42.58	8.47	34.11	80%
<b>SE</b>	45.66	16.34	29.32	64%
<b>UK</b>	49.36	17.49	31.87	65%
Average gap			32.63	68 %

The secondary comparison made for the tariffs regarding this service showed that the tariffs charged by CNPR are higher than the sum of the national tariff 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:

Country	CNPR's cross-border tariff (RON-PPP)	CNPR domestic tariff + domestic tariff of competing operator from MS (national currency-PPP)	Gap
ES	51.77	26.51	25.26
IE	51.81	17.76	34.05
LT	41.75	17.26	24.49
SE	45.66	28.87	16.79
Average gap			25.15



Regarding the services having as object the delivery of the intra-community track and trace parcels, CNPR provides these services at the same tariffs as those for the delivery of the standard parcels. Therefore, the analysis of these tariffs was carried out by comparison to the tariffs charged for to the track and trace parcels by the operators in the Member States, the results being different from those presented previously.

Thus, in the case of the tariffs charged by CNPR for the delivery of 1kg intra-Community track and trace parcels, only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were evaluated in the primary analysis, for destinations CY, EE, IS, LI, respectively NO, as resulted from the dedicated web application. However, given that there are comparative data available only for CY and EE, the results of this investigation show that the tariffs charged by CNPR for intra-community track and trace parcels weighing 1 kg for these destinations (RON 34.48 and RON 32.49 respectively) are higher than the sum of the national tariffs in the country of origin and in the destination country, the differences being 26.94 (CY) and 24.79 (EE), depending on the tariff charged in the country of destination for the similar/substitutable service.

The secondary comparison was made for the same destinations for which tariff data were identified in the European Commission's public application, the differences between the tariffs charged by CNPR for the track and trace delivery services for parcels weighing 1kg being by RON 16.41 and RON 16.36 higher than the sum of the tariffs charged by CNPR and an alternative operator from CY or EE, respectively, for the same services.

It was found that the tariffs charged by CY for the delivery of track and trace items is identical to the one charged for the standard service; same situation is encountered in Romania as well.

In the case of the tariff charged by CNPR for the delivery of 2kg intra-Community track and trace parcels, only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were evaluated, thus, only the tariffs from the corresponding destinations were involved in the evaluation. The results of the preliminary investigation revealed that the tariffs charged by CNPR for the delivery of 2kg intra-Community track and trace parcels for these destinations are higher than the sum of the domestic tariffs charged in the originating country and the destination country, the extreme gaps being 35.41 (CY) and 14.38 (ES), depending on the tariff charged in the destination country for the similar/substitutable service. What follows is information regarding the destinations for which there are available data uploaded on the public application from the European Commissions' website<sup>8</sup>.

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<sup>8</sup> [https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border\\_en](https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en)

Country	CNPR's cross-border tariff (RON-PPP)	USPs' domestic tariffs in the two MS (national currency -PPP)	Gap
<b>CY</b>	43.50	8.09	35.41
<b>EE</b>	38.85	8.21	30.64
<b>ES</b>	32.07	17.69	14.38
<b>FI</b>	32.24	6.84	25.40
<b>IE</b>	30.49	14.43	16.06
<b>IT</b>	31.20	12.13	19.07
<b>UK</b>	30.91	14.09	16.82
Average gap			22.54

In this case as well, it was found that the tariffs charged by certain providers among those analysed for the delivery of track and trace shipments are identical to those charged by them for the standard service (CY, ES, IT), a situation also encountered in Romania.

The secondary comparison was performed for the same destinations as in the first stage, the results revealing the following differences:

Country	CNPR's cross-border tariff (RON-PPP)	CNPR domestic tariff + domestic tariff of competing operator from MS (national currency - PPP)	Gap
<b>CY</b>	43.50	18.78	24.72
<b>EE</b>	38.85	23.11	15.74
<b>ES</b>	32.07	28.56	3.51
<b>FI</b>	32.24	27.00	5.24
<b>IE</b>	30.49	25.93	4.56
<b>IT</b>	31.20	21.71	9.49
<b>UK</b>	30.91	26.55	4.36
Average gap			9.66

Regarding the tariffs charged by CNPR for the delivery of 5kg intra-Community track and trace parcels, the results of the primary investigations revealed that these tariffs charged are higher than the sum of the domestic tariffs charged in the originating country and the destination country. The gaps, based on the tariffs charged in the destination country for the similar/substitutable service, are presented in the following table:

Country	CNPR's cross-border tariff (RON-PPP)	USPs' domestic tariffs in the two MS (national currency -PPP)	Gap
<b>BE</b>	45.12	8.75	36.37
<b>CY</b>	70.54	9.74	60.80
<b>EE</b>	57.91	9.76	48.15

<b>ES</b>	51.77	22.57	29.20
<b>FI</b>	51.68	7.46	44.22
<b>FR</b>	46.66	16.22	30.44
<b>IE</b>	51.81	16.81	35.00
<b>IT</b>	49.40	12.76	36.64
<b>PT</b>	48.23	14.61	33.62
<b>SE</b>	45.66	15.32	30.34
<b>SK</b>	48.69	16.71	31.98
<b>UK</b>	49.36	30.46	18.90
Average gap			36.31

The situation in the Member States shows that several tariffs charged for the services analysed in this stage are similar to those charged for similar standard services, in most countries included in this stage of analysis (CY, ES, FR, IT).

The secondary comparison made for the tariffs regarding this service showed that the tariffs charged by CNPR are higher than the sum of the national tariff 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:

Country	CNPR's cross-border tariff (RON-PPP)	CNPR domestic tariff + domestic tariff of competing operator from MS (national currency - PPP)	Gap
<b>BE</b>	45.12	18.19	26.93
<b>CY</b>	70.54	20.83	49.71
<b>EE</b>	57.91	20.42	37.49
<b>ES</b>	51.77	26.51	25.26
<b>FI</b>	51.68	29.92	21.76
<b>FR</b>	46.66	29.68	16.98
<b>IE</b>	51.81	28.05	23.76
<b>IT</b>	49.40	29.66	31.37
<b>PT</b>	48,23	25.03	23.20
<b>SE</b>	45.66	28.87	16.79
<b>SK</b>	48.69	22.61	26.08
<b>UK</b>	49.36	28.67	20.69
Average gap			26.67

The results of this stage of analysis show that the competing operators in the Member States charge higher tariffs than the universal service providers in those countries.

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, are first in the ranking of the lowest domestic tariffs, corrected by PPP, among those charged by universal service providers.

Analysing the tariffs charged by the authorized postal operators in Romania, at national level, for services similar to those subject to this analysis, it was found that CNPR is 2nd in the ranking of the lowest tariffs, in some cases these being even 10 times lower than the fees charged by certain alternative providers. In this context, an important role is played by the postal network owned by operators throughout Europe, postal providers with an extended network in several Member States being able to have a competitive advantage.

### *11.2. Application of a uniform tariff to two or more destination Member States*

CNPR charges uniform tariffs for the delivery of intra-Community standard and track & trace parcels, therefore the analysis below contains only aspects and conclusions regarding CNPR's tariffs corresponding to the main three categories of services that were found susceptible to be unreasonably high, i.e.: services processing intra-Community 1 kg, 2 kg and 5 kg parcels.

CNPR's tariffs for the delivery of these parcels are differentiated for each destination (Member State) according to the costs registered throughout the operational chain (presentation, 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.

### *11.3. Bilateral volumes, specific transportation or handling costs, other relevant costs and quality-of-service standards*

#### **A. BILATERAL VOLUMES**

Generally, considering bilateral volumes, in 2017 more parcels were sent from Romania abroad than from abroad to Romania (50% more 1 kg parcels, 44% more 2 kg parcels, and 10% more 5 kg parcels left the country, compared to the import traffic within the same postal item category). However, this was not found to influence any costs or cross-border tariffs under this analysis.

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

#### Intra-Community 1 kg parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
RO - ES	25.51	ES - RO	30.76	-5.25
RO - IT	25.14	IT - RO	24.37	0.76
RO - UK	24.76	UK - RO	8.93	15.82
<b>Average difference</b>				<b>3.78</b>

Intra-Community 2 kg parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
<b>RO-CY</b>	43.5	<b>CY- RO</b>	22.73	20.77
<b>RO-EL</b>	28.58	<b>EL- RO</b>	56.99	-28.41
<b>RO-ES</b>	32.07	<b>ES- RO</b>	34.59	-2.52
<b>RO-FR</b>	29.58	<b>FR- RO</b>	16.09	13.49
<b>RO-IE</b>	30.49	<b>IE- RO</b>	31.23	-0.74
<b>RO-IT</b>	31.2	<b>IT- RO</b>	29.46	1.74
<b>RO-SE</b>	27.71	<b>SE- RO</b>	16.27	11.44
<b>RO-UK</b>	30.91	<b>UK- RO</b>	12.16	18.75
<b>Average difference</b>				<b>4.32</b>

Intra-Community 5 kg parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
<b>RO- CY</b>	70.54	<b>CY-RO</b>	32.97	37.57
<b>RO-DK</b>	43.08	<b>DK-RO</b>	23.34	19.74
<b>RO-EL</b>	42.54	<b>EL-RO</b>	95.28	-52.74
<b>RO-ES</b>	51.77	<b>ES-RO</b>	46.06	5.71
<b>RO-FR</b>	46.66	<b>FR-RO</b>	32.54	14.12
<b>RO-IE</b>	51.81	<b>IE-RO</b>	25.51	26.30
<b>RO-IT</b>	49.4	<b>IT-RO</b>	32.50	16.90
<b>RO-LT</b>	41.75	<b>LT-RO</b>	32.65	9.10
<b>RO-LU</b>	43.87	<b>LU-RO</b>	24.10	19.77
<b>RO-MT</b>	42.54	<b>MT-RO</b>	29.50	13.04
<b>RO-NL</b>	43	<b>NL-RO</b>	105.94	-62.94
<b>RO-PL</b>	42.58	<b>PL-RO</b>	26.49	16.09
<b>RO-SE</b>	45.66	<b>SE-RO</b>	21.30	24.36

<b>RO-UK</b>	49.36	<b>UK-RO</b>	26.09	23.27
<b>Average difference</b>				7.88

Intra-Community 1 kg track & trace parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
<b>RO- CY</b>	34.48	<b>CY-RO</b>	18.75	18.00
<b>RO-EE</b>	32.49	<b>EE-RO</b>	42.58	-0.77
<b>Average difference</b>				8.62

Intra-Community 2 kg track & trace parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
<b>RO- CY</b>	43.5	<b>CY-RO</b>	22.73	23.52
<b>RO-EE</b>	38.85	<b>EE-RO</b>	56.20	-5.05
<b>RO-ES</b>	32.07	<b>ES-RO</b>	34.59	0.42
<b>RO-FI</b>	32.24	<b>FI-RO</b>	23.36	3.34
<b>RO-IE</b>	30.49	<b>IE-RO</b>	37.39	-12.01
<b>RO-IT</b>	31.2	<b>IT-RO</b>	30.98	0.70
<b>RO-UK</b>	30.91	<b>UK-RO</b>	14.84	16.21
<b>Average difference</b>				3.88

Intra-Community 5 kg track & trace parcels

<i>Parcel delivery route Romania – Member State (destination country)</i>	<i>Tariff charged by Romanian USP</i>	<i>Parcel delivery route Member State (origination country) - Romania</i>	<i>Tariff charged by MS' USP</i>	<i>Difference</i>
<b>RO-BE</b>	45.12	<b>BE-RO</b>	29.55	15.57
<b>RO-CY</b>	70.54	<b>CY-RO</b>	32.97	37.57
<b>RO-EE</b>	57.91	<b>EE-RO</b>	38.19	19.72
<b>RO-ES</b>	51.77	<b>ES-RO</b>	46.06	5.71
<b>RO-FI</b>	51.68	<b>FI-RO</b>	23.36	28.32
<b>RO-FR</b>	46.66	<b>FR-RO</b>	20.58	26.08
<b>RO-IE</b>	51.81	<b>IE-RO</b>	65.10	-13.29
<b>RO-IT</b>	49.4	<b>IT-RO</b>	36.57	12.83
<b>RO-PT</b>	48.23	<b>PT-RO</b>	50.94	-2.71
<b>RO-SE</b>	45.66	<b>SE-RO</b>	40.29	5.37
<b>RO-SK</b>	48.69	<b>SK-RO</b>	36.39	12.30

<b>RO-UK</b>	49.36	<b>UK-RO</b>	29.57	19.79
<b>Average difference</b>				13.94

Taking into account certain factors with unquantifiable influence - such as the quality standards for services whose tariffs can be found in the web application dedicated to public tariffs on the EC website, the traffic volumes corroborated with economies of scale that may be registered by suppliers - the differences between the intra-Community tariffs charged by CNPR compared to those charged by other USPs for the same delivery route become insignificant. As mentioned under section B, 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 that the tariffs charged by CNPR are not reasonable.

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.

Domestic transport costs incurred with the delivery of intra-Community parcels (export) account for 60% of the total domestic expenditure related to these items (approximately 14% of the total cost), revealing the importance of this operation carried out domestically, on the national territory. However, the most important cost component of the tariffs charged by CNPR for the provision of services involving the delivery of intra-Community parcels is given by the terminal fees CNPR pays to external partners for the distribution of the respective items on the territory of the destination country, i.e. approximately 60% on average of the total unit cost registered by CNPR.

Based on these findings, one can justify also the differences between the sum of the national tariffs (the one charged by CNPR and the one charged by USP in the destination country) and the intra-Community tariff charged by CNPR for the delivery of the same type of postal item.

#### 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 + 5<sup>9</sup> - 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.

#### C. ANALYSIS OF COSTS THAT ARE SPECIFIC TO POSTAL OPERATIONS

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<sup>9</sup> The quality standard refers to the interval within which an item circulates on the territory of Romania – from presentation until it crosses the border. D is the day of collecting the postal item.

Concerning intra-Community postal parcels up to (including) 1 kg, the traffic volume achieved by CNPR in 2018 for export parcels amounted to 70,584 items, i.e. 38 % of the total volume of this category (183,702 items), these items representing the largest share within the total intra-Community export items.

The cost breakdown based on which ANCOM approved CNPR's tariffs for providing the services under this analysis relies on the data registered in the 2017 Separate Financial Statements (SFS).

Analysing the tariff charged by CNPR for the delivery of a  $\geq 1$  kg domestic parcel [6.7 RON (adjusted by PPP = 2.78)] vs. the average of tariffs charged for the provision of the cross-border equivalent service [57.7 RON (adjusted by PPP = 23.29)], 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 presentation/collection, 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:

	Presentation /collection	Sorting	Other expenses	Transport	Total
Unit cost per domestic 1 kg parcel	✗	✗	✗	✗	✗
Unit cost per cross-border 1 kg parcel <sup>10</sup> (European destinations)	✗	✗	✗	✗	✗
Unit cost per cross-border 1 kg parcel <sup>6</sup> (destinations in UPU list)	✗	✗	✗	✗	✗

Both on the level of presentation/collection, and especially on that of sorting activities, there are gaps between the costs of a domestic parcel and those of a cross-border one. Nevertheless, the analysed tariffs for the delivery of a  $\geq 1$  kg cross-border parcel are mainly based on the distribution costs (terminal dues), which account for approximately ✗ of the total costs (internal + external). On the other hand, the transportation costs of this service are the lowest in the category of the analysed intra-Community parcels, possibly due to the scale economies achieved.

External costs feature varying values, based on destination, - as presented in the table below -, and they hold a considerable weight in the tariffs corresponding to each destination under analysis.

Destination country	External cost per 1 kg parcel RON	Internal cost per 1 kg parcel RON	Tariff per 1 kg parcel RON	Weight of external cost in the tariff

<sup>10</sup> The cost details are the average of all the unit costs for the postal items in all the weight categories.



ESTONIA*	✂	✂	78.20	✂
FINLAND	✂	✂	62.00	✂
ICELAND*	✂	✂	115.80	✂
ITALY	✂	✂	60.50	✂
LIECHTENSTEIN*	✂	✂	78.10	✂
UNITED KINGDOM	✂	✂	59.60	✂
NORWAY*	✂	✂	109.00	✂
SPAIN	✂	✂	61.40	✂

\* terminal dues as listed by UPU, not EPG.

Regarding the intra-Community parcels weighing between 1 kg and (including) 2 kg, the traffic volume achieved by CNPR in 2017 for the service processing such parcels (export) amounted to 37,049 items, i.e. 20% of the total volume of items in the intra-Community parcel category (183,702 items).

Analysing the tariff charged by CNPR for the delivery of a domestic parcel weighing between 1 kg and (including) 2 kg [7.2 RON (adjusted by PPP = 2.99)] vs. the average tariff by destination charged for the provision of the equivalent cross-border service [70.44 RON (adjusted by PPP = 29.27)], we found considerable differences also due to various internal costs incurred mainly in additionally processing of cross-border items as regards the presentation/collection, sorting, respectively transport operations, and especially the delivery of a postal item.

Therefore, since domestic postal items follow a different technological flow on a national level than intra-Community ones, the internal costs corresponding to these categories vary, as follows:

	Presentation/ collection	Sorting	Other expenses	Transport	Total
Unit cost per domestic 2 kg parcel	✂	✂	✂	✂	✂
Unit cost per cross-border 2 kg parcel <sup>11</sup> (European destinations)	✂	✂	✂	✂	✂
Unit cost per cross-border 2 kg parcel <sup>7</sup> (destinations in UPU list)	✂	✂	✂	✂	✂

Although there are differences in the presentation/collection, sorting and transport costs between a domestic parcel and a cross-border parcel, the analysed tariffs for the delivery of 1 kg - 2 kg cross-border parcels are largely determined by the costs incurred with parcel delivery (terminal dues), which account for ✂ of the total costs (internal and external).

Destination country	External cost per 2 kg parcel RON	Internal cost per 2 kg parcel RON	Tariff per 2 kg parcel RON	Weight of external cost in the tariff
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<sup>11</sup> The cost details are the average of all the unit costs for the postal items in all the weight categories.

CYPRUS*	✂	✂	104.70	✂
GREECE	✂	✂	68.80	✂
SPAIN	✂	✂	77.20	✂
FRANCE	✂	✂	71.20	✂
IRELAND	✂	✂	73.40	✂
ITALY	✂	✂	75.10	✂
SWEDEN	✂	✂	66.70	✂
UNITED KINGDOM	✂	✂	74.40	✂

\* terminal dues as listed by UPU, not EPG.

Analysing the tariff charged by CNPR for the delivery of a 5 kg domestic parcel [8.7 RON (adjusted by PPP = 3.61)] vs. the average of tariffs charged for the provision of the equivalent cross-border service [113.58 RON (adjusted by PPP = 47.19)], 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 presentation/collection, sorting, transport, and especially delivery operations.

On the other hand, taking into account the fact that domestic postal items follow a different technological flow than intra-Community ones, the internal costs corresponding to these categories vary, as follows:

	Presentation/ collection	Sorting	Other expenses	Transport	Total
Unit cost per domestic 5 kg parcel	✂	✂	✂	✂	✂
Unit cost per cross-border 5 kg parcel <sup>12</sup> (European destinations)	✂	✂	✂	✂	✂
Unit cost per cross-border 5 kg parcel <sup>8</sup> (destinations in UPU list)	✂	✂	✂	✂	✂

Analysing the transport operations for a 5 kg intra-Community parcel, we found CNPR incurred a cost much higher than in the case of a 5 kg domestic package, which explains, on the one hand, the gap between the domestic tariff and the average of intra-Community tariffs charged by CNPR for the delivery of the same category of items. The costs incurred in transporting a 5 kg intra-Community parcel are justified by considerably higher transit costs than those corresponding to parcels in lower weight categories, due to complex processing operations involved by handing the items over to the air carrier.

The distribution-related component represented by the terminal dues that CNPR pays to foreign partners for distributing the items sent from Romania to the destinations under analysis is on average ✂ of the total costs (domestic + cross-border) based on which the tariffs for 5 kg intra-Community parcels were approved. This being the only component that presents differentiated costs depending on destination, it is represented in the following table, together with the share of these costs in the tariffs for each destination under analysis.

<sup>12</sup> The cost data stand for the average of the unit costs for the postal items in all the weight categories.

Destination country	Cross-border cost for a 5 kg parcel RON	Domestic cost for a 5 kg parcel RON	Tariff for a 5 kg parcel RON	Cross-border cost share in the tariff
CYPRUS*	✂	✂	169.8	✂
DENMARK	✂	✂	103.7	✂
GREECE	✂	✂	102.4	✂
SPAIN	✂	✂	124.6	✂
FRANCE	✂	✂	112.3	✂
IRELAND	✂	✂	124.7	✂
ITALY	✂	✂	118.9	✂
LITUANIA	✂	✂	100.5	✂
LUXEMBOURG	✂	✂	105.6	✂
MALTA	✂	✂	102.4	✂
NETHERLANDS	✂	✂	103.5	✂
SWEDEN	✂	✂	109.9	✂
UNITED KINGDOM	✂	✂	118.8	✂

\* terminal dues as listed by UPU, not EPG.

Regarding the transport solution used for the distribution of intra-Community postal parcels to the destinations under analysis, air carriers are used as a 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 tariff, which triggers significant differences between the cross-border tariff and the sum of tariffs charged on a domestic level for similar services.

*11.4. The likely impact of the cross-border tariffs applicable to (individual and small and medium-sized enterprise) users, including those situated in remote or sparsely populated areas, and to individual users with disabilities or with reduced mobility, without imposing - where possible - an unfair burden*

According to the ANCOM survey carried out among the users of postal services, on the cross-border parcel delivery services, the users find the tariffs charged by CNPR for these services as accessible. The users from areas situated in exceptional conditions granted the highest score to the accessibility of CNPR tariffs, followed by the inhabitants from the rural area, then by those from 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.

### *III.5. Existence of specific tariff regulation under national legislation*

According to the provisions of art. 16 of GEO no. 13/2013 on postal services, approved with amendments and completions by Government Ordinance no. 27/2016, *"(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 accessible, irrespective of the geographical location, transparent, non-discriminatory and cost-based [...].*

*(2) For ensuring compliance with the principles under art. (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) set 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)."*

According to these provisions, the tariffs of postal services within the scope of universal service have been regulated with due regard to the tariff cost-orientation principle, for each of the services. 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 analyses - upon CNPR's request - data regarding costs in the SFS that underlie the tariffs submitted to approval and decides on the latter's approval.

## IV. Conclusions

a) Considering the fact 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 2019, as well -, we deem that there is a high probability that these results do not reflect a thorough picture that is relevant at the European market level. Thus, subsequent to the application of this 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, in the standard category, respectively track & trace).

b) The tariffs charged by CNPR for the cross-border delivery of postal items 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 domestic postal service and those of an intra-Community postal service, processing the same category of postal items, are 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 in the distribution of intra-Community postal items, which are on average 60% of the total cost, depending on the postal item category or destination.

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, which could trigger incurring 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.

f) At national level, CNPR charges the second lowest tariffs, these being sometimes 10 times lower than the tariffs applied by postal service providers authorized in Romania for similar services.

g) Postal service users deem that CNPR's tariffs for the provision of postal services of cross-border parcel delivery are accessible, and do not consider them a hindrance in using the postal services as senders.