

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 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 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;
- Member States may decide that a uniform tariff should be applied throughout their national territory, 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 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 of postal items both 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. Considering – 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. 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 Guidelines¹ issued 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 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. With a view to supporting the

¹ 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

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

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 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/sent to the EC by means of the dedicated application by 1 March 2021.

I. 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 flexible solution for the mechanism implementation, so as to take into account the market developments.

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 lead to 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 EU³ after applying the correction of these tariffs with data regarding the purchasing power parity (PPP). Therefore, the conclusion of this preliminary analysis is summarized in the table below:

No.	Category of items	Tariffs SUSCEPTIBLE to being unreasonably high	Tariffs NOT SUSCEPTIBLE to being unreasonably high
1.	500 g standard correspondence item		X
2.	1 kg standard correspondence item		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 parcel	X	
11.	2 kg standard parcel	X	
12.	5 kg standard parcel	X	
13.	1 kg track and trace parcel	X	
14.	2 kg track and trace parcel	X	
15.	5 kg track and trace parcel	X	

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

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. 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 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. Also, 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 line 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 relevant and 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 expressed in national currency and applied the PPP correction⁴.

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

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.

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

Regarding the tariffs charged for the delivery of intra-Community parcels of up to (including) 1kg, 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 ES, FI, FR, IS, IT, LI, NO, as resulted from the dedicated web application. However, given that there are comparative data available only for ES, FR and IT, the results of this investigation show that the tariffs charged by CNPR for intra-Community standard parcels weighing up to (including) 1 kg for these destinations (RON 24.9, RON 23.39, respectively

⁴ The tariffs were converted using the category "Gross domestic product" in Eurostat – i.e., the tariffs reported in national currency in PARCEL were divided by the latest available PPP-factor (= 2019) in the table PPPs (prc_ppp_ind)

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

RON 24.5) are higher than the sum of the domestic tariffs in the country of origin and in the country of destination, the differences being 8.29 (ES), 13.28 (FR) and 12.58 (IT).

The secondary comparison was made only for ES and FR, given that for this analysis the data were available only for these destinations. The difference between the tariffs charged by CNPR for these destinations is higher by RON 4.31 in the case of ES, respectively by RON 2.80 for FR compared to the sum of the tariffs charged by an alternative operator in RO and an alternative operator in ES, respectively in FR for the delivery of standard domestic parcels weighing up to (including) 1 kg.

In the case of the tariffs charged by CNPR for the delivery of intra-Community standard parcels weighing between 1 kg and 2 kg (including), only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage for which there were available data were evaluated. The results of the preliminary investigation revealed that the tariffs charged by CNPR for the mentioned services for these destinations are higher than the sum of the domestic tariffs charged by the universal service providers in the originating country and in the destination country, the differences being similar among the analysed countries. What follows is information regarding the destinations for which there are available data uploaded on the public application on the European Commissions' website⁶.

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
EL	27.52	10.74	16.78	61%
ES	31.06	18.20	12.86	41%
FR	28.71	11.27	17.44	61%
IE	29.55	10.35	19.20	65%
IT	30.18	11.90	18.28	61%
Average gap			16.91	58%

This analysis was completed by a secondary comparison only for ES, FR and IE, given that for this analysis the data were available only for these destinations. The results revealed the following differences: 9.15 (ES), -27.86 (FR) and 9.82 (IE).

Regarding the tariffs charged by CNPR for the delivery of intra-Community standard parcels weighing between 4 kg and 5kg, CNPR charges differentiated tariffs depending on the destination, for the provision of these services. After the pre-assessment filtering stage, only several tariffs were found 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 these tariffs were evaluated. Thus, the results of the primary investigation showed that the tariffs charged by

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

CNPR for the delivery of intra-Community standard parcels up to 5kg for these destinations are higher than the sum of the domestic tariffs charged by the universal service providers 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)	USPs' domestic tariffs in the two MS (national currency-PPP)	Gap	Weight of the gap in CNPR's cross-border tariff
CY	41.42	9.39	32.03	77%
DE	40.27	9.24	31.03	77%
DK	40.83	10.32	30.51	75%
EL	40.27	18.60	21.67	54%
ES	49.52	23.14	26.38	53%
FR	44.68	16.42	28.26	63%
IE	49.68	12.69	36.99	74%
IT	47.22	12.50	34.72	74%
LU	41.42	9.16	32.26	78%
NL	41.02	27.22	13.80	34%
PL	48.57	8.13	40.44	83%
SE	43.73	20.33	23.40	54%
Average gap			29.29	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:

Country	CNPR's cross-border tariff (RON-PPP)	Domestic tariff of competing operator in originating country + domestic tariff of competing operator in destination country (national currency-PPP)	Gap
DE	40.27	18.08	22.19
ES	49.52	28.87	20.65
FR	44.68	25.55	19.13
IE	49.68	10.82	28.02
PL	48.57	19.98	28.59
Average gap			23.72

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.

In the case of the tariffs charged by CNPR for the delivery intra-community track and trace parcels of up to 1 kg, these could not be evaluated in any of the two stages, as there are no comparative tariffs available on the EC's dedicated web application for any of the destinations identified as subject to CNPR's tariffs susceptible to being unreasonably high.

In the case of the tariffs charged by CNPR for the delivery of intra-Community track and trace parcels between 1 kg and 2 kg, only the tariffs susceptible to being unreasonably high after the pre-assessment filtering stage were evaluated, thus, only the tariffs from the corresponding destinations for which there were available data uploaded on the public application on the European Commissions' website⁷ were involved in the evaluation. The results of the preliminary investigation revealed that the tariffs charged by CNPR for the delivery of the intra-Community track and trace parcels up to 2 kg for these destinations are higher than the sum of the domestic tariff of CNPR and the domestic tariff charged by the universal service provider in the destination country for the similar service for the following destinations:

Country	CNPR's cross-border tariff (RON-PPP)	USPs' domestic tariffs in the two MS (national currency-PPP)	Gap
ES	31.06	18.20	12.86
FI	31.14	6.65	24.49
IE	29.55	13.77	15.78
IT	30.18	11.90	18.28
Average gap			17.85

The secondary comparison was performed for the same destinations, with the following results:

Country	CNPR's cross-border tariff (RON-PPP)	Domestic tariff of competing operator in originating country + domestic tariff of competing operator in destination country (national currency-PPP)	Gap
ES	31.06	24.72	6.34
FI	31.14	36.03	-4.89
IE	29.55	23.03	6.52
IT	30.18	26.93	3.25
Average gap			2.81

The results of the primary investigations on the tariffs charged by CNPR for the delivery of intra-Community track and trace parcels between 4 kg and 5 kg revealed that these tariffs 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:

⁷ 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	Weight of the gap in CNPR's cross-border tariff
BE	43.01	8.51	34.50	80%
CY	41.42	9.39	32.03	77%
DE	40.27	9.24	31.03	77%
DK	40.83	10.32	30.51	75%
EL	40.27	11.33	28.94	72%
ES	49.52	23.14	26.38	53%
FI	49.25	7.24	42.01	85%
FR	44.68	16.42	28.26	63%
IE	49.68	9.53	40.15	81%
IT	47.22	12.50	34.72	74%
LU	41.42	11.39	30.03	73%
NL	41.02	27.22	13.80	34%
PL	40.35	8.13	32.22	80%
PT	45.99	14.77	31.22	68%
SE	43.73	14.73	29.00	66%
SK	49.72	8.41	41.31	83%
Average gap			31.63	71%

The secondary comparison made for the tariffs of this service showed that the tariffs charged by CNPR are higher than the sum of the domestic tariff in the country of origin and the domestic 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)	Domestic tariff of competing operator in originating country + domestic tariff of competing operator in destination country (national currency-PPP)	Gap	Weight of the gap in CNPR's cross-border tariff
BE	43.01	8.51	34.50	80%
CY	41.42	9.39	32.03	77%
DE	40.27	9.24	31.03	77%
DK	40.83	10.32	30.51	75%
EL	40.27	11.33	28.94	72%
ES	49.52	23.14	26.38	53%
FI	49.25	7.24	42.01	85%
FR	44.68	16.42	28.26	63%
IE	49.68	9.53	40.15	81%
IT	47.22	12.50	34.72	74%
LU	41.42	11.39	30.03	73%
NL	41.02	27.22	13.80	34%
PL	40.35	8.13	32.22	80%
PT	45.99	14.77	31.22	68%
SE	43.73	14.73	29.00	66%

SK	49.72	8.41	41.31	83%
	Average gap		31.63	71%

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 subjected to this analysis, it was found that CNPR is first in the ranking of the lowest tariffs levied for the delivery of cross-border parcels, 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 hold a competitive advantage.

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

CNPR's tariffs for the delivery of intra-Community 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.

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

A. BILATERAL VOLUMES

In 2019 more parcels were sent from Romania abroad than from abroad to Romania (37% more parcels up to 1 kg (including), 44% more parcels between 1 and 2 kg (including), and 18% more parcels between 4 and 5 kg left the country, compared to the import traffic within the same postal item category). Nonetheless, this was not found to influence any costs or cross-border tariffs under this analysis.

An important aspect in analysing bilateral volumes is - in our view - 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 parcels weighing up to (including) 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 - ES	24.90	ES - RO	NUSO ⁸	-
RO - FR	23.39	FR - RO	14.66	8.73
RO - IT	24.50	IT - RO	24.11	0.39
Average difference				4.56

Intra-Community 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</i>	<i>Difference (A)-(B)</i>
RO-EL	27.52	EL- RO	NUSO	-
RO-ES	31.06	ES- RO	NUSO	-
RO-FR	28.71	FR- RO	16.59	12.12
RO-IE	29.55	IE- RO	29.55	0
RO-IT	30.18	IT- RO	29.13	1.05
Average difference				4.39

Intra-Community 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</i>	<i>Difference (A)-(B)</i>

⁸ Service is outside the scope of universal service.

	(A)		(B)	
RO-CY	41.42	CY-RO	31.98	9.44
RO-DK	40.27	DK-RO	22.20	18.07
RO-EL	40.83	EL-RO	N/A	-
RO-ES	40.27	ES-RO	47.47	-7.2
RO-FR	49.52	FR-RO	21.24	28.28
RO-IE	44.68	IE-RO	55.77	-11.09
RO-IT	49.68	IT-RO	32.15	17.53
RO-LU	47.22	LU-RO	23.31	23.91
RO-NL	41.42	NL-RO	N/A	-
RO-PL	41.02	PL-RO	25.50	15.52
RO-SE	48.57	SE-RO	N/A	-
Average difference				11.81

Intra-Community track & 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</i>	<i>Difference (A)-(B)</i>
RO-ES	31.06	ES-RO	35.40	-4.34
RO-FI	31.14	FI-RO	17.43	13.71
RO-IE	29.55	IE-RO	N/A	-
RO-IT	30.18	IT-RO	NUSO	-
Average difference				4.68

Intra-Community track & 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</i>	<i>Difference (A)-(B)</i>
RO-BE	43.01	BE-RO	29.07	13.94
RO-CY	41.42	CY-RO	31.98	9.44

RO-DE	40.27	DE-RO	N/A	-
RO-DK	40.83	DK-RO	22.20	18.63
RO-EL	40.27	EL-RO	34.54	5.73
RO-ES	49.52	ES-RO	47.47	2.05
RO-FI	49.25	FI-RO	17.43	31.82
RO-FR	44.68	FR-RO	21.24	23.44
RO-IE	49.68	IE-RO	N/A	-
RO-IT	47.22	IT-RO	NUSO	-
RO-LU	41.42	LU-RO	N/A	-
RO-NL	41.02	NL-RO	21.37	19.65
RO-PL	40.35	PL-RO	25.50	14.85
RO-PT	45.99	PT-RO	50.60	-4.61
RO-SE	43.73	SE-RO	32.00	11.73
RO-SK	49.72	SK-RO	33.66	16.06
Average difference				13.56

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, as well as the traffic volumes corroborated with economies of scale that may be registered by the providers - 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 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 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.

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 + 5⁹ - 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.

⁹ 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 postal parcels up to (including) 1 kg, the traffic volume achieved by CNPR in 2019 for export parcels amounted to 84,570 items, i.e. 46% of the total volume of this category (185,797 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 2019 Separate Financial Statements (SFS).

Analysing the tariff charged by CNPR for the delivery of a ≥ 1 kg domestic parcel [RON 6.6 (adjusted by PPP = 2.62)] vs. the average of tariffs charged for the provision of the equivalent intra-Community service [RON 55 (adjusted by PPP = 21.84)], 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 ¹⁰	Other expenses	Total
Unit cost per domestic 1 kg parcel	✗	✗	✗	✗	✗
Unit cost per cross-border 1 kg parcel	✗	✗	✗	✗	✗

Concerning the intra-Community parcels between 1 kg and (including) 2 kg, the traffic volume registered by CNPR in 2019 (export) amounted to 39,529 items, which accounts for 21% in the total volume of intra-Community parcels category (185,797 items).

Analysing the tariff charged by CNPR for the delivery of a domestic parcel weighing between 1 kg and (including) 2 kg [RON 7.2 (adjusted by PPP = 2.86)] vs. the average tariff per destinations for the equivalent cross-border service [RON 68.73 (adjusted by PPP = 27.30)], 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:

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

	Submission /clearance	Sorting	Transport + Distribution ¹¹	Other expenses	Total
Unit cost per domestic 2 kg parcel	✗	✗	✗	✗	✗
Unit cost per cross-border 2 kg parcel	✗	✗	✗	✗	✗

Regarding the intra-Community parcels between 4 and (including) 5 kg, the traffic volume registered by CNPR in 2019 (export) amounted to 8,756 items, accounting for less than 5% in the total volume of intra-Community parcels category (185,797 items). 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 7.8 (adjusted by PPP = 3.1)] vs. the average of tariffs charged for the provision of the equivalent intra-Community service [RON 109.91 (adjusted by PPP = 43.65)], 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 ¹²	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 in 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) while the activities corresponding to the transport of domestic parcels do not involve such operations.

On the other side, the costs incurred by the domestic transport of the intra-Community parcels (export) account for approx. ✗ % in the total domestic expenses corresponding to these items, 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

¹¹ The distribution costs are included only in the tariff charged for the domestic parcels.

¹² The distribution costs are included only in the tariff charged for the domestic parcels.

territory of the destination countries of the respective items, these accounting on average for approx. 70% within the total unit cost registered by CNPR, on the rise since the previous year.

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 look 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 ANCOM survey conducted 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 affordable. The users from areas situated in the areas considered exceptional granted the highest score to the affordability of the CNPR tariffs, followed by the inhabitants from the rural area and 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

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, 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 of postal services within the scope of universal service 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 analyses - upon CNPR's request - data regarding costs and revenues registered in the SFS that underlie the tariffs submitted to approval and decides 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, in the standard category, respectively 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. 70% 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.

f) At national level, CNPR charges the first lowest tariffs for the delivery of intra-Community parcels, these being sometimes 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.