

Brussels, 29 June 2017

**UNI Europa Post & Logistics statement in support of the Rapporteur's Compromise Amendments on the Cross-Border Parcel Delivery Regulation**

UNI Europa Post & Logistics has supported the European Commission's efforts to encourage affordable, high-quality cross-border parcel delivery services. In a context of a liberalised postal market and dramatic declines in letter mail volume, it is our hope that the growing demand for parcel services can lead to an increase in quality employment in European delivery markets and contribute to the commercial success of responsible employers in the sector.

**Context of the regulation**

Whilst UNI Europa Post & Logistics supports efforts to create a single digital market adapted to the needs of e-retailers and customers, changes and regulatory adaptations must not come at the expense of social, employment and environmental standards. Postal liberalisation and the ensuing diversification in postal operators' service provision have had significantly negative consequences for employment and working conditions in the sector. The parcel segment is expected to be a leader for growth in the industry. The Regulation must not contribute to a continued decline in social and employment conditions. Parcel delivery involves the universal service providers, pan-European integrators, and other, smaller operators. Large e-retailers can, to a great degree, determine the activities and tariffs negotiated when tendering business to delivery providers. In a competitive market, these operators increasingly rely on flexible employment models to reduce cost. To meet consumer demand, competition is largely driven by cost and the degree of delivery flexibility. This inevitably affects costs and conditions of labour. As delivery service contracts are further subcontracted, the downward pressure on wages, working conditions and the employment relationship is further exacerbated. Despite calls for fair working conditions in the larger sector, the Commission has not acted to create a level-playing field. The initial proposal fails to address market fragmentation between the Universal Service Providers, competitors, and e-Commerce traders.

**Comments on the Compromise Amendments to the TRAN Committee**

To achieve a single market in cross-border parcel delivery for all involved operators it is necessary to devise a regulatory framework which takes into consideration the universal service obligation and its sustainability. It should guarantee a level-playing field for all operators and consider the delivery operators' social impacts.

## **1. Further extension of the scope to cover all market players**

There cannot be completion of a single market in cross-border parcel delivery without a minimum regulatory framework addressing market failures and unfair competition. The regulatory framework should apply consistently to all operators involved in delivery services. It should include a strong social dimension with shared responsibility throughout the entire e-commerce delivery chain.

The social dimension should apply to all market operators, guarantee broad and effective European social dialogue, ensure appropriate vocational training, guarantee decent pay and fair working conditions and impede insecure and undeclared work, particularly prevalent in outsourced 'last mile' operations. Other aspects that could benefit from a consistent regulatory framework are interoperability guarantees, price transparency (reflecting actual costs of deliveries with pay levels and environmental impacts), choice of delivery operators, as well as a common definition of expected service quality.

The draft Compromise Amendments proposed by the European Parliament's Rapporteur Lucy Anderson MEP, rightly extend the qualification threshold of who is counted as a parcel delivery service provider, including subsidiaries and subcontractors, to undertakings employing at least 25 persons or active in more than one Member State.

*Given the market reality and degree of competition in the parcel delivery industry, UNI Europa Post & Logistics strongly supports Compromise Amendment 1, 2, and 3. We believe that the threshold of 25 persons reflects accurately the degree of competition prevalent in the market. The industry is characterised by SMEs and micro-companies, which rely on flexible employment models to reduce costs. We believe that Compromise Amendment 3 balances well the need to limit the use of precarious employment whilst promoting a fair-level playing field in terms of reporting duties of undertakings, including subsidiaries and subcontractors, involved in parcel delivery services.*

## **2. Extension of the scope to e-retailers and added transparency obligations**

Given the market power of large e-retailers which can, to a great degree, determine the activities and tariffs negotiated when tendering business to delivery providers, UNI Europa Post & Logistics strongly supports the Compromise Amendments that seek to make the traders involved in parcel delivery services subject to certain obligations. UNI Europa Post & Logistics strongly supports the extension of information requirements for all parcel delivery service providers, including "traders", their subsidiaries and subcontractors active in the parcel delivery services supply chain. We strongly favour the establishment of reporting obligations for all involved parties as it forms a basis for a fair level-playing field in terms of competition and use of employment models.

*UNI Europa Post & Logistics therefore favours the inclusion of "traders" and of all parcel delivery services providers in the scope of the Regulation notably the reporting obligations and employment declarations (all types of employment contracts). To obtain a good regulatory oversight in a single market for parcel delivery services, it is important to ensure that same regulatory obligations apply to all market players involved in some way with clearance, sorting, transport or distribution of parcels.*

### **3. Transparency of tariffs, addressing market failures whilst attaining regulatory oversight**

UNI Europa Post & Logistics supports price transparency. In that sense, price transparency requirements need to apply to all parcel delivery operators also in order to enable comparability of information and delivery options for the consumers. Reporting obligations would not be disproportionate if they apply to all parcel delivery services operators, especially when Universal Service Providers are required to offer access to postal networks to third party providers.

*UNI Europa Post & Logistics supports a wide scope of application of this Regulation notably on transparency and affordability assessment of tariffs. In that sense, we support the draft Compromise Amendments 4 and 5 that seek to bring about transparency obligations for all parcel delivery operators on one hand (track and trace information and delivery options) and the breakdown of delivery charges on the other. Any test regarding affordability should be applied across the market and not only to Universal Service Providers. The affordability test must include considerations over local conditions and an assessment of whether applied single-piece tariffs are sufficient to ensure decent employment standards, an appropriate margin, and guarantee the appropriate quality of service within the scope of the Universal Service Obligation.*

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