Regulation beyond the Postal Directive

Impact and Opportunities for Postal Operators

Seminar on Postal Economics
WiK

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Detailed slide pack for the binder

Agenda

- ❑ Regulation of the traditional postal value chain
- ❑ Regulation beyond the postal directive
- ❑ Proposals impacting postal industry
- ❑ E-commerce
- ❑ Data protection
- ❑ E-invoicing
- ❑ E-signature/identification/authentification
- ❑ Final reflection points

Regulation of the traditional postal value chain

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Postal value chain & regulation

Pre-postal | Collect | Transport | Sorting | Transport | Distribution | Post-postal

Postal directive :

- **Main focus for NRAs: compliance enforcement**
  - USO provision compliance
  - USO net cost
  - QoS
  - Cost accounting cost allocation
  - Pricing compliance check
  - Issuing licences

- **Main focus for governments: policy & competition**
  - USO scope and provision
  - SGEI such as retail density, access to services and enfrastructure
  - Ensure interoperability (access to service elements) possibly mandated to NRA

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New regulations

Traditional postal services

- Intra-postal and inter-media competition → role of regulation ?
- Role of NRA and Governments
- Increased focus of competition law
- Corporate identity and privatization

Financial services

- Banking intermediation regulation
- Full banking regulatory package
- UPU

Changing Postal Industry

«Identity» management services

- E-signature
- Identification & authentification regulation
- Public key infrastructure/trusted third party regulation

E-commerce services

- Current e-commerce directive
- Consumer law
- Delivery & transport regulation

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Regulation beyond the postal directive

The EU 2020 Strategy

HEADLINE TARGETS		
– Raise the employment rate of the population aged 20-64 from the current 69% to at least 75%. – Achieve the target of investing 3% of GDP in R&D in particular by improving the conditions for R&D investment by the private sector, and develop a new indicator to track innovation. – Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in our final energy consumption to 20%, and achieve a 20% increase in energy efficiency. – Reduce the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%. – Reduce the number of Europeans living below national poverty lines by 25%, lifting 20 million people out of poverty.		
SMART GROWTH	**SUSTAINABLE GROWTH**	**INCLUSIVE GROWTH**
INNOVATION EU flagship initiative "**Innovation Union**" to improve framework conditions and access to finance for research and innovation so as to strengthen the innovation chain and boost levels of investment throughout the Union.	***CLIMATE, ENERGY AND MOBILITY*** EU flagship initiative "**Resource efficient Europe**" to help decouple economic growth from the use of resources, by decarbonising our economy, increasing the use of renewable sources, modernising our transport sector and promoting energy efficiency.	***EMPLOYMENT AND SKILLS*** EU flagship initiative "**An agenda for new skills and jobs**" to modernise labour markets by facilitating labour mobility and the development of skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand.
EDUCATION EU flagship initiative "**Youth on the move**" to enhance the performance of education systems and to reinforce the international attractiveness of Europe's higher education.	***COMPETITIVENESS*** EU flagship initiative "**An industrial policy for the globalisation era**" to improve the business environment, especially for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.	***FIGHTING POVERTY*** EU flagship initiative "**European platform against poverty**" to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.
DIGITAL SOCIETY EU flagship initiative "**A digital agenda for Europe**" to speed up the roll-out of high-speed internet and reap the benefits of a digital single market for households and firms.		

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The EU Single Market Act

EUROPEAN COMMISSION

Brussels, 11.11.2010
COM(2010) 608 final/2

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Towards a Single Market Act

For a highly competitive social market economy

50 proposals for improving our work, business and exchanges with one another

12 levers to boost growth and strengthen confidence:

1. Access to finance for SMEs
2. Mobility for citizens
3. IPRs (patent, licensing, counterfeit, …)
4. Consumer empowerment (eg ADR)
5. Services
6. Networks
7. Digital single market
8. Social enterpreneurship
9. Taxation
10. Social cohesion
11. Business environment
12. Public procurement

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A Digital Agenda for Europe

EUROPEAN COMMISSION

Brussels, 26.8.2010
COM(2010) 245 final/2

CORRIGENDUM:
Annule et remplace le document COM(2010) 245 final du 19.5.2010
Concerne toutes les versions linguistiques

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Digital Agenda for Europe

7 priority areas:

1. Creating a Digital Single Market
2. Improving the framework conditions for interoperability between ICT products and services
3. Boosting internet trust and security
4. Guaranteeing the provision of much faster internet access
5. Encouraging investment in research and development
6. Enhancing digital literacy, skills and inclusion
7. Applying ICT to address social challenges such as climate change, rising healthcare costs and the ageing population.

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Proposals impacting postal industry

Proposals likely to impact postal industry

Subject area	Proposal	Timing
Counterfeiting and piracy	Action plan Legislative proposals	2011 2012
E-commerce	Initiatives to develop electronic commerce. Focus on combatting discrimination against recipients of services because of their nationality or place of residence	Consultation 2011 Communication end 2011 (?)
Transport	White paper : measures to remove remaining obstacles between means of transport and between national systems of transport	2011

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Proposals likely to impact postal industry

Ecological footprint	Check feasibility of an initiative on the Ecological Footprint of Products to address the issue of the environmental impact of products. Explore possibilities for establishing a common European methodology to assess and label them	Before 2012
Public procurement	Legislative proposals to simplify and update the current 2 directives	Green paper 2011 & Consultation Draft directive expected Dec 2011
Service concessions	Legislative initiative on services concessions. Equal treatment and a level playing field for economic operators. Promote public/private partnerships.	2011

Proposals likely to impact postal industry

E-signature, authentification	Policy study on eIAS underway Review e-Signature directive	2011-2012
Services of general interest - state aid	Consultation on the competition rules and practice on State compensation for public services Renewed Monti/Kroes package	2010 Dec 2011
Consumers	Data protection directive review Updated consumer rights directive ADR Collective redress Consumer protection in financial markets European Contract law proposal	2011 2012

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Proposals likely to impact postal industry

Taxation	Common Consolidated Tax Base Cross-border fiscal barriers review Revision of VAT system at large	2011-2012
Standardisation	Legislative reform of the framework for standard-setting procedures	2011
Posting of workers	Legislative proposal improving the implementation of the Posting of Workers Directive (focus on the exercise of fundamental social rights)	2011

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Other impacting regulatory initiatives

- ✓ **Customs**
  - Implementing provision current customs code
  - Modernised customs code & its implementing provisions
  - Postal traffic specifics
- ✓ **Aviation security**
  - Air cargo security plan
  - New Implementing Regulation for Regulation 300/2008 as of 1 Feb 2012
  - Extra-territorial impact
- ✓ **Transport legislative package**
  - Eurovignette reviewed directive
  - Urban mobility
  - Ecocombi
  - European tolling approach

  …

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E-commerce

E-commerce value chain

Marketing	Web shop	Payment	Fulfilment Transport	Delivery Customs	Customer Care	Returns Management
						
Market analysis Customer analysis	Website infrastructure	Payment solutions	Order management	Collect & deposit	Information	Back to sender
E-reputation management	Website functionality	Payment integration	Warehousing	Transport and sorting	Ordering and servicing	Reverse logistics
Market plan and campaign design	Photographs and content	Payment intermediary and security	Value added services	Delivery	Claims and complaints handling	Repair
Market plan and campaign execution	Mobile web	Currency conversion	Tax and customs management	Data exchange		Warranty and refund management
Marketing ROI measurement	Web analytics and SEO	Factoring	Inventory management	Customs operations		
Public relations Peer networking	e-certification, e-contracting and security	E-billing		Value added services		

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The **cross border and cross continental e-commerce** market is **growing at a slower pace**

Domestic

44% → 51%

Cross border (EU)

10% → 12%

Cross border (non-EU)

6% → 7%

Internet users (%) who ordered goods or services over the internet for private use (2008 → 2010)

Cross border e-commerce challenges

For the e-tailer

Language/culture **1**

Payment **2**

Legal and fiscal issues (VAT, no harmonisation, …) **3**

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Cross border e-commerce challenges

For the consumer

1 Fears about fraud

2 What to do when problems arise

3 Consumer rights

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Alleged delivery/pricing problems

Delivery related issues (FTI study):

1. **Price**
2. **Quality of service**
3. **Information (address standards, complaints, returns)**

-> Cross-border "high prices" : wrong discussion

- **Market fully competitive**
- **Bulk of volume not via PPOs**
- **Multi-operator environment in logistic supply chain : integrators, consolidators, various transport companies, line-haulers, PPOs, …**
  - **different operational transaction costs & SLAs**
  - **Geographic & demographic factors**

->not comparable to roaming in telecom networks

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Postal operators can play a vital role to tackle these obstacles and to support the international expansion

European debate

- **“E-commerce” directive 7 June 2000 : “on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market”**
  - information society services relating to the internal market
  - establishment of service providers
  - commercial communications
  - electronic contracts
  - liability of intermediaries
  - codes of conduct
  - out-of-court dispute settlements, court actions
  - cooperation between Member States.

- **2010 : public consultation e-commerce directive of 8 June 2000**

  “after 10 years of this directive, the development of retail electronic commerce remains limited to less than 2% of European total retail trade” -> public consultation closed Nov 2010 -> expected Communication Dec 2011/Jan 2012

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European debate

- 21 Sept 2010 : resolution of European Parliament on completing the internal market for e-commerce (removal barriers)
- WG European Parliament - > Working document published 22 June 2011
- Study from the European Parliament (IMCO) on Consumer behavior in a digital environment, Oct 2011
- "Study on Intra-community Cross-border parcel delivery" for the postal unit of DG Markt
  - better understand market conditions and the reasons for any differences that may exist between cross-border and domestic services
  - emphasis of the study on residential customers and SMEs
- ERGP report ?
- Expected Communication from the Commission Dec 2011/Jan 2012

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5 Data protection

Background : Communication of the Commission (Nov 2010)

- Twin objective : protection of personal data (fundamental right) and achievement of the internal market (free flow of personal data)
- Existing directive of 1995 + e-Privacy directive 2002
- Strengthened importance in the Lisbon Treaty (article 16 TFUE)
- Rapid technologic developments & globalisation : easy sharing of behaviour & consumer preferences : social networks, cloud computing, e-transport ticketing, road toll collection, geo-location devices, RFID, key-coded data, datamining, …
- Ways of collecting personal data become increasingly elaborated and less easily detectable -> EU Commission announcement to review/update existing rules. Rules to be technology neutral

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Progress

1. **Public consultation Commission : Nov 2010 – Jan 2011**

2. **EU parliament (self-initiative) report on the Commission's Communication: July 2011**

3. **Support from the Council of the EU (Feb 2011) with call upon the Commission to make cost impact and to emphasis some specific issues**

4. **Awaiting proposal review directive from the Commission**

-> PostEurop common position June 2011 with focus on no opt-in for direct mail

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E-invoicing

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Background & progress

- **Background : synchronisation paper and e- invocing**

- **Council directive 13 July 2010 changing VAT for e-invoicing:**

  - **to be transposed by 1 Jan 2013**
  - **new VAT rules as regards e-invoicing**
  - **equal treatment between paper and e-invoices**

- **Dec 2010 : Communication of the EU Commission *"Reaping the benefits of electronic invoicing (e-invoicing) for Europe"***

  - **Ensuring a consistent legal environment for e-invoicing**
  - **Achieving mass market adoption by getting SMEs onboard**
  - **Stimulating an environment that creates maximum reach between trading partners exchanging invoices**
  - **Promoting a common e-invoicing standard**
  - **Dec 2010 : Communication of the EU Commission *"Reaping the benefits of electronic invoicing (e-invoicing) for Europe"***

- **Multi-stakeholder forum**

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Identity management

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e-identification & authentification services: background

- eIAS: what are we talking about ?
- Feb – April 2011 : public consultation EU Commission (results published 12 Aug 2011)
  - review the Electronic Signatures Directive
  - propose, in 2012, a decision on the mutual recognition of eID and e-authentication across the EU
  - Improve confidence in on-line transactions

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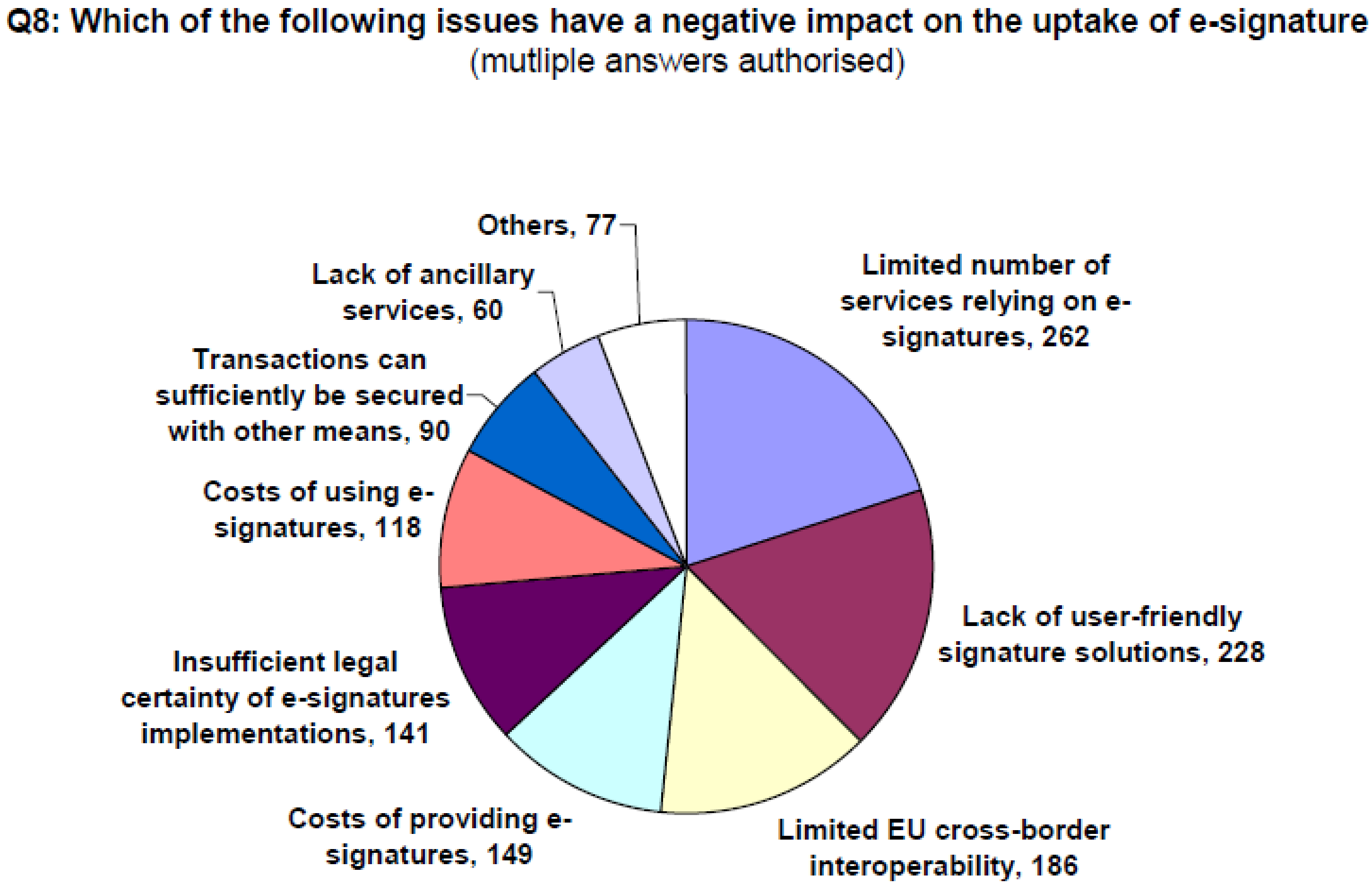
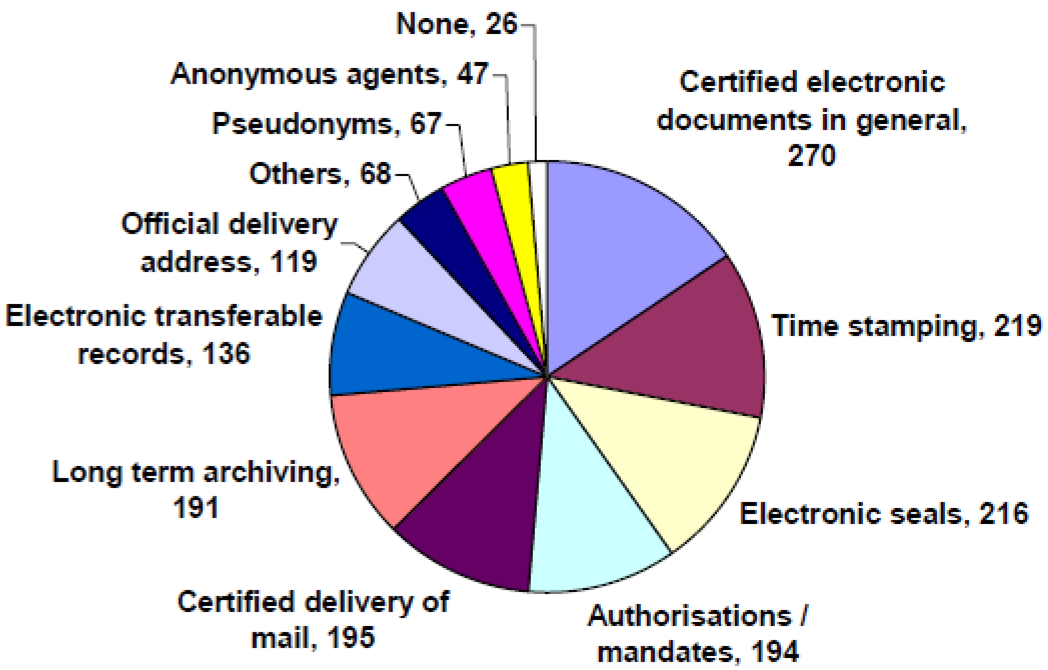
eIAS consultation



eIAS consultation

Q6: For which of the following trust building services and credentials should legal or regulatory measures be considered at EU-level in order to ensure their cross-border use?
(multiple answers authorised)



Progress

- Subsidiarity versus single market view
- Mutual recognition of e-ID & e-authentification
- Study on policy option started (DG INFSO)

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Final reflection points

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Final reflexion points

- Increased regulation next to postal directive regulatory frame

- Proportional regulation: not necessary a full equivalent of regulation for paper and e-

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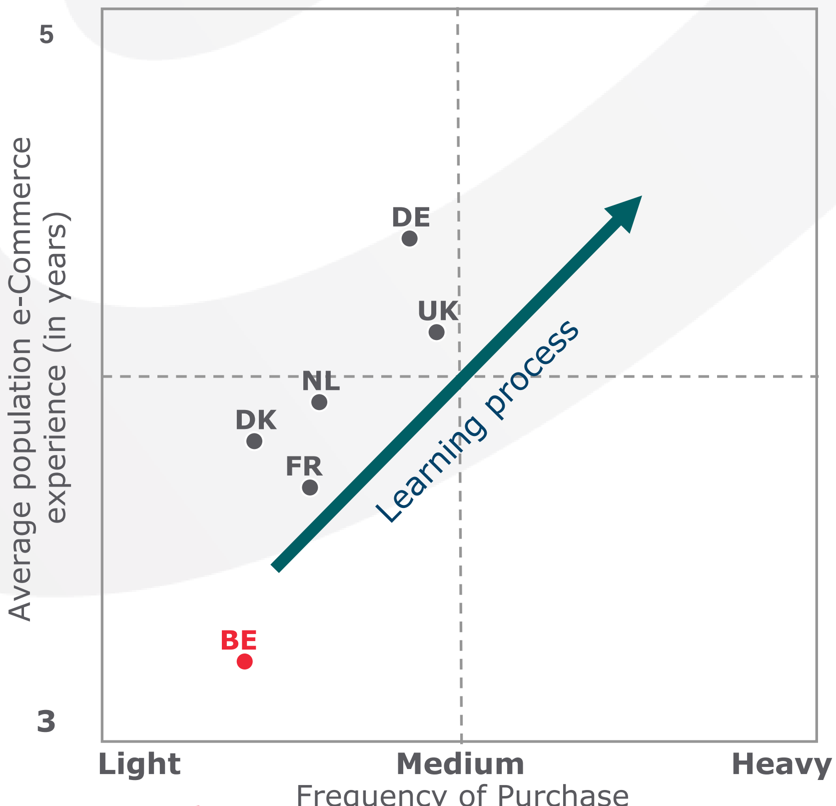
BACK-UP
INFO

B2C e-commerce landscape

Internet shopping is a learning process. Both Belgian shoppers as well as e-tailers are quickly catching up.

European e-Commerce adoption



IPC Cross-border E-Commerce report (2010)

Key findings

- Internet shopping is a learning process. Market research shows that as internet shopping experience increases, both the frequency of shopping and the value of the goods purchased increases.
- Cross-border shoppers are in general more experienced and buy online more frequently.
- In Belgium online retail sales is still below 2% of total retail sales. The Belgian online retail market is still immature compared to neighboring countries, but shows fast growth with a 20% increase from 2008 to 2009 to €700 Mio value. The expected CAGR in the coming five years is 15%.
- Belgium has 5,000 web shops and 90 new web shops are created each month

B2C e-commerce landscape

Internet shopping profiles vary within Europe

Total Population	UK	DE	FR	DK	NL	BE
Broadband internet access at home (= online population)	62%	55%	57%	74%	74%	60%
Purchase goods requiring physical delivery in the past 12 months	58%	49%	49%	61%	65%	38%
Online Population						
Purchase online in past 12 months	95%	90%	88%	87%	90%	76%
Purchase goods for physical delivery in past 12 months	93%	89%	86%	83%	88%	64%
Cross-border purchases	36%	29%	33%	51%	27%	40%
Population purchasing cross-border Who purchases where?						
Own country	63%	64%	64%	75%	49%	70%
Neighboring countries	28%	59%	75%	51%	72%	89%
Other EU countries	32%	49%	12%	76%	20%	15%
North America	68%	42%	39%	41%	53%	26%
Asia	27%	24%	22%	9%	15%	12%

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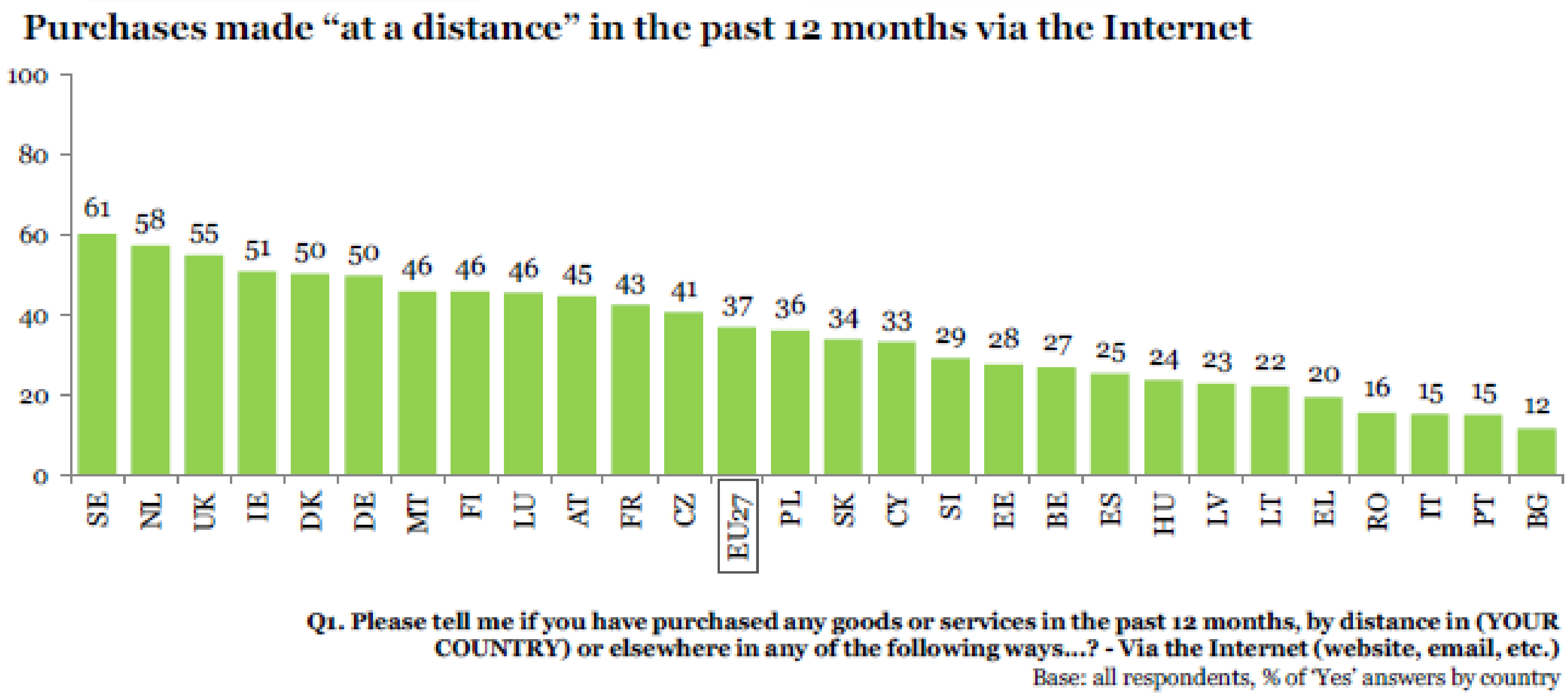
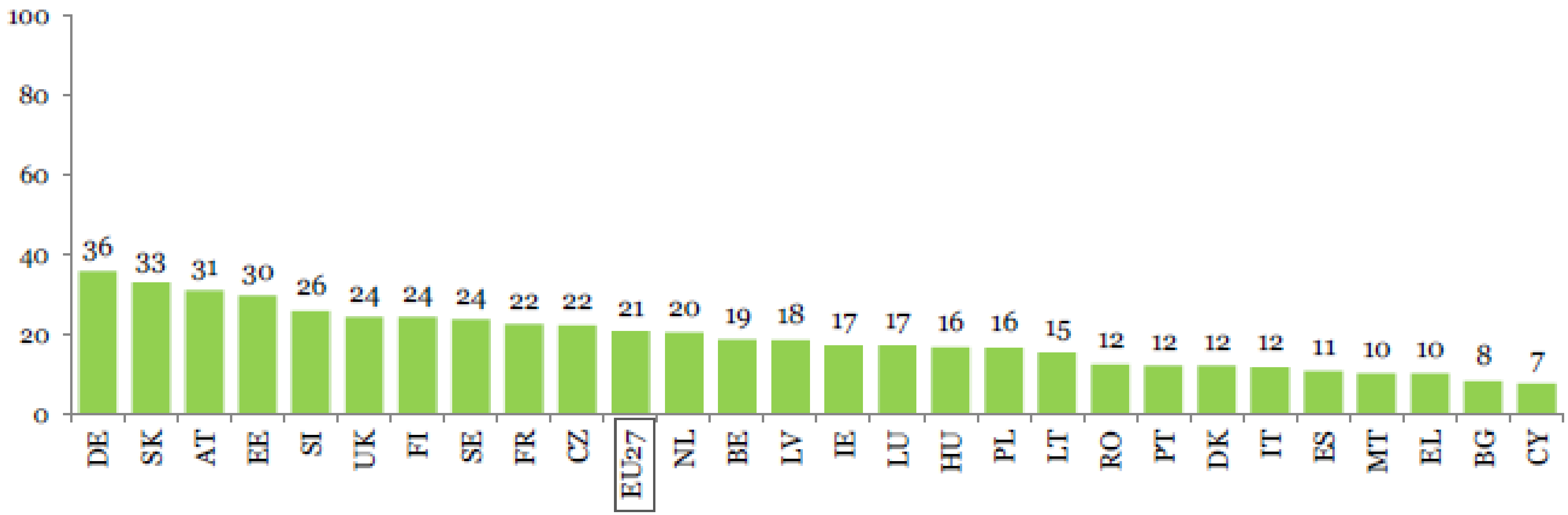
IPC Cross-border E-Commerce report (2010)



Flash Eurobarometer 299 (March 2011), DG Health and Consumers

Purchases made “at a distance” in the past 12 months by post (catalogues, mail order)

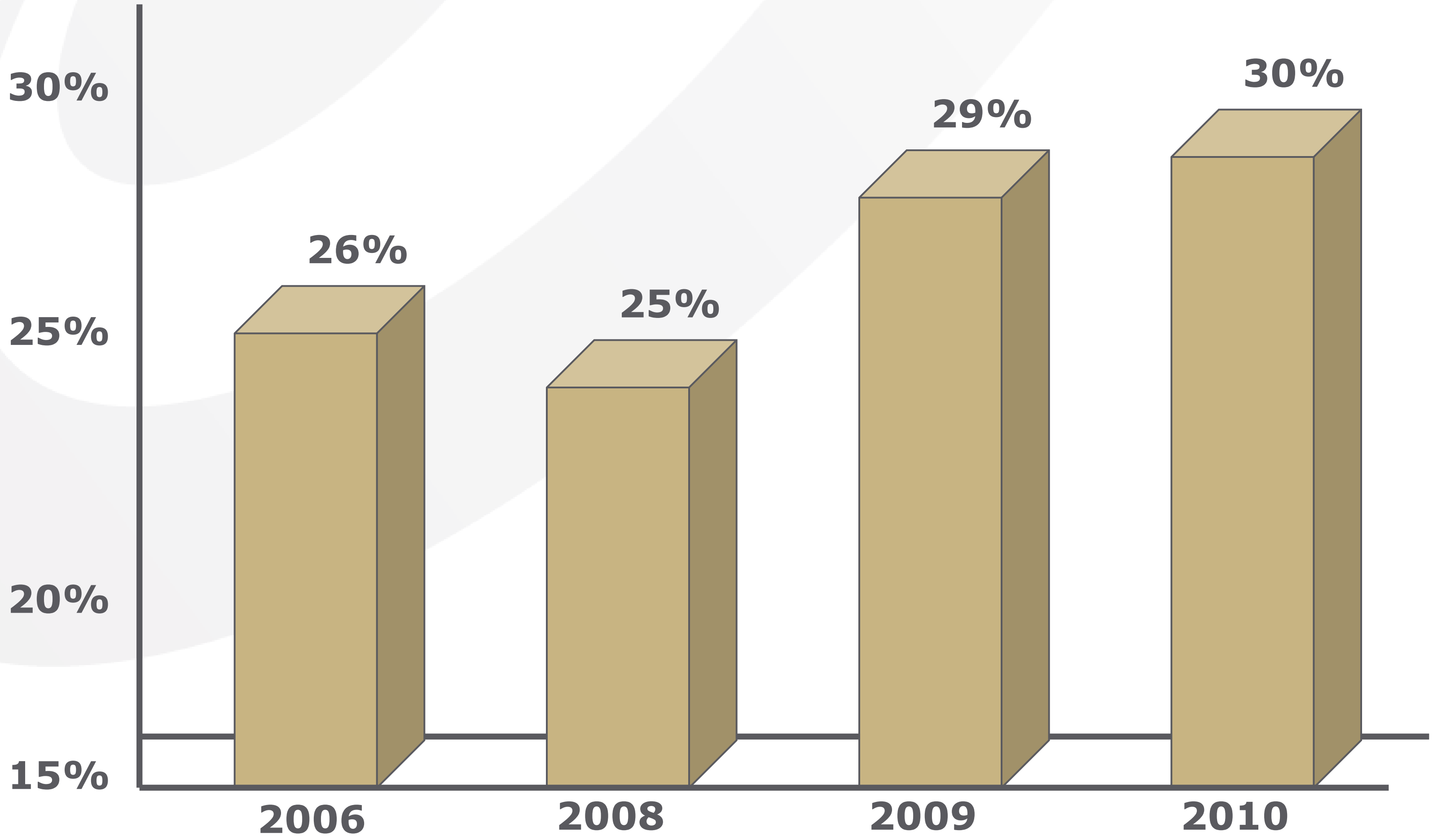


Q1. Please tell me if you have purchased any goods or services in the past 12 months, by distance in (YOUR COUNTRY) or elsewhere in any of the following ways...? - By post (catalogues, mail order, etc.)

Base: all respondents, % of 'Yes' answers by country

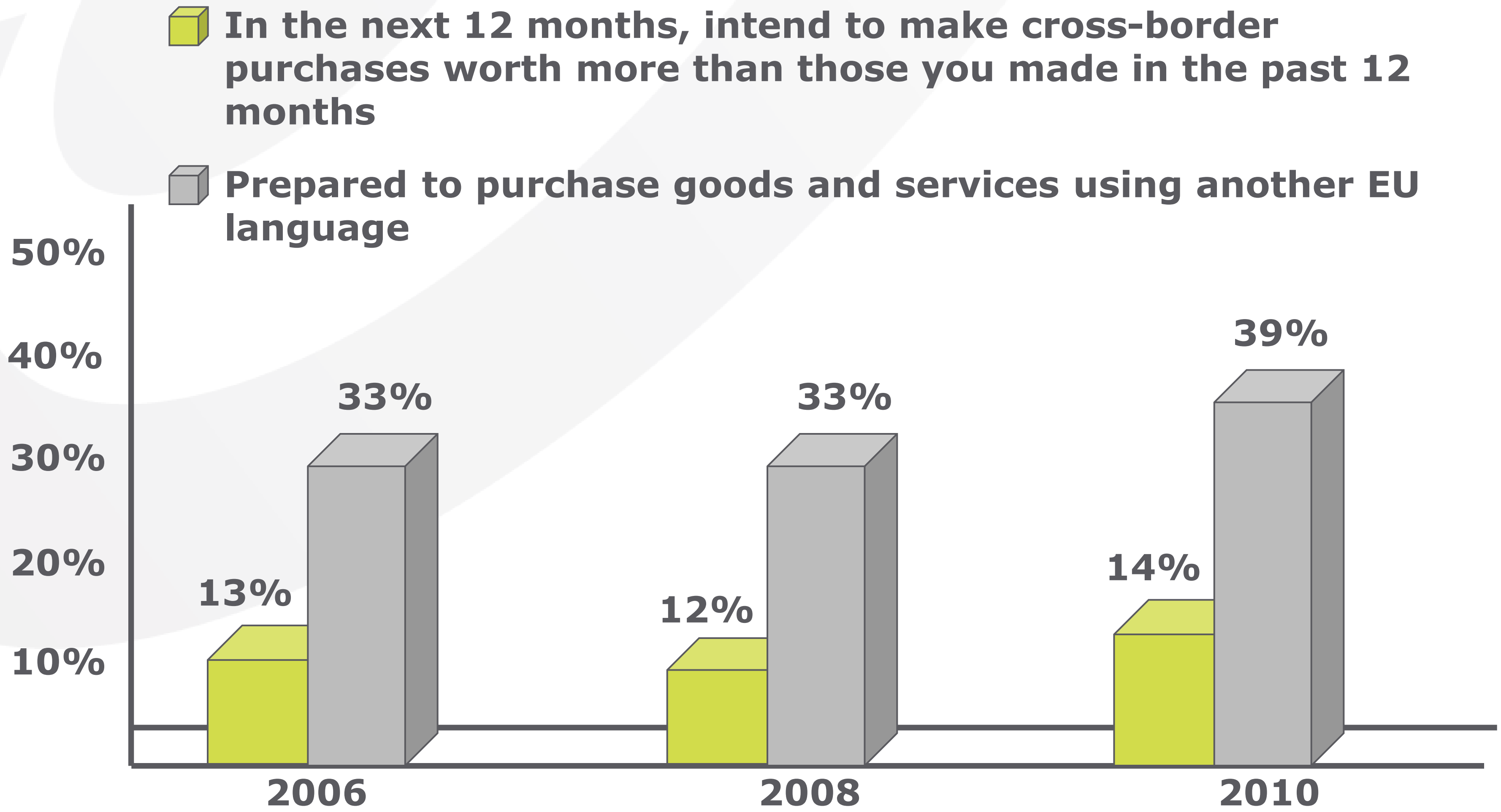
Flash Eurobarometer 299 (March 2011), DG Health and Consumers

In the past 12 months, **30% of the consumers made at least one cross-border purchase**

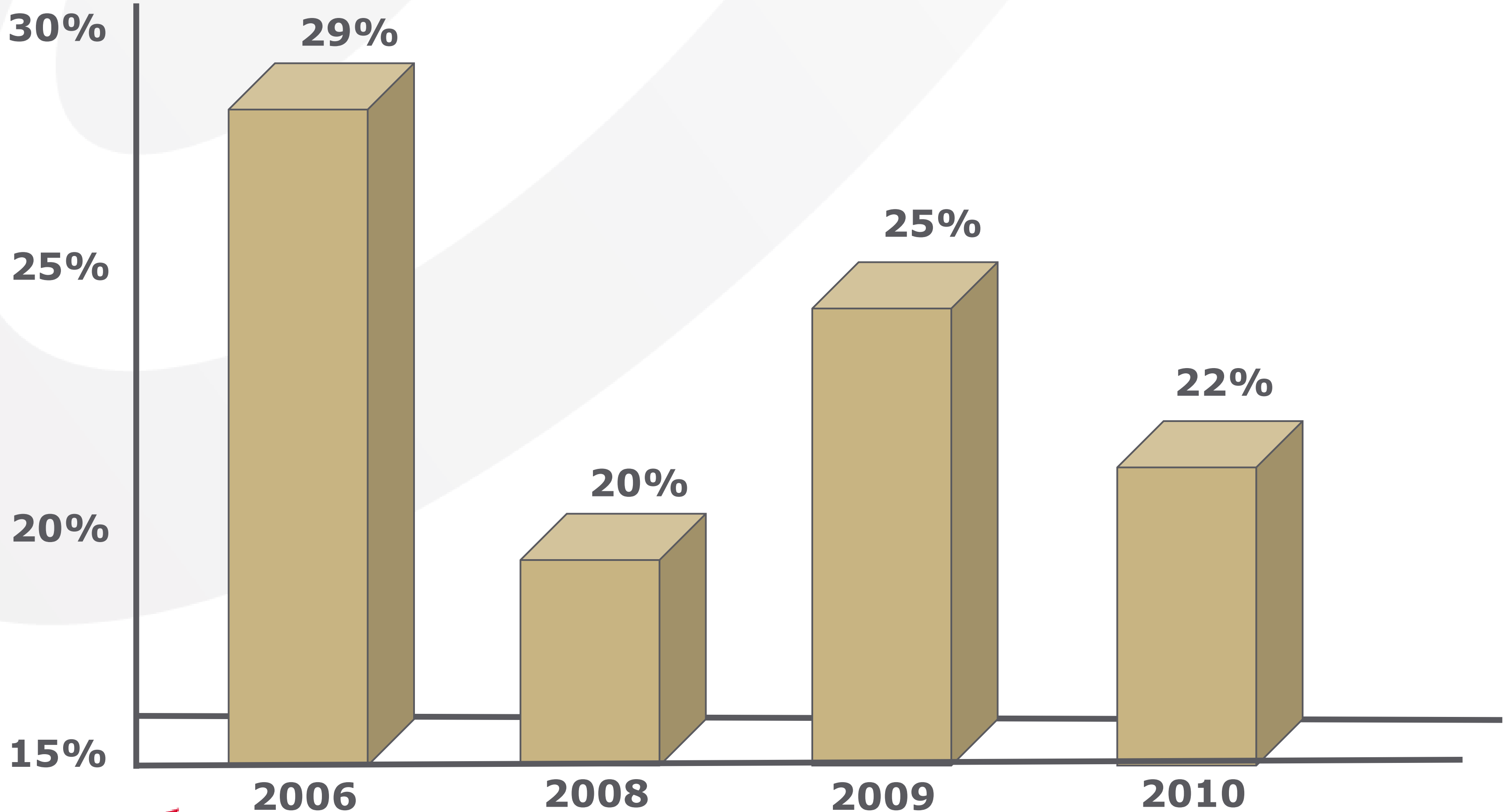


EU consumer scoreboard 03/11

Increasing % consumers with intention to spend more for their **cross-border purchases** next year

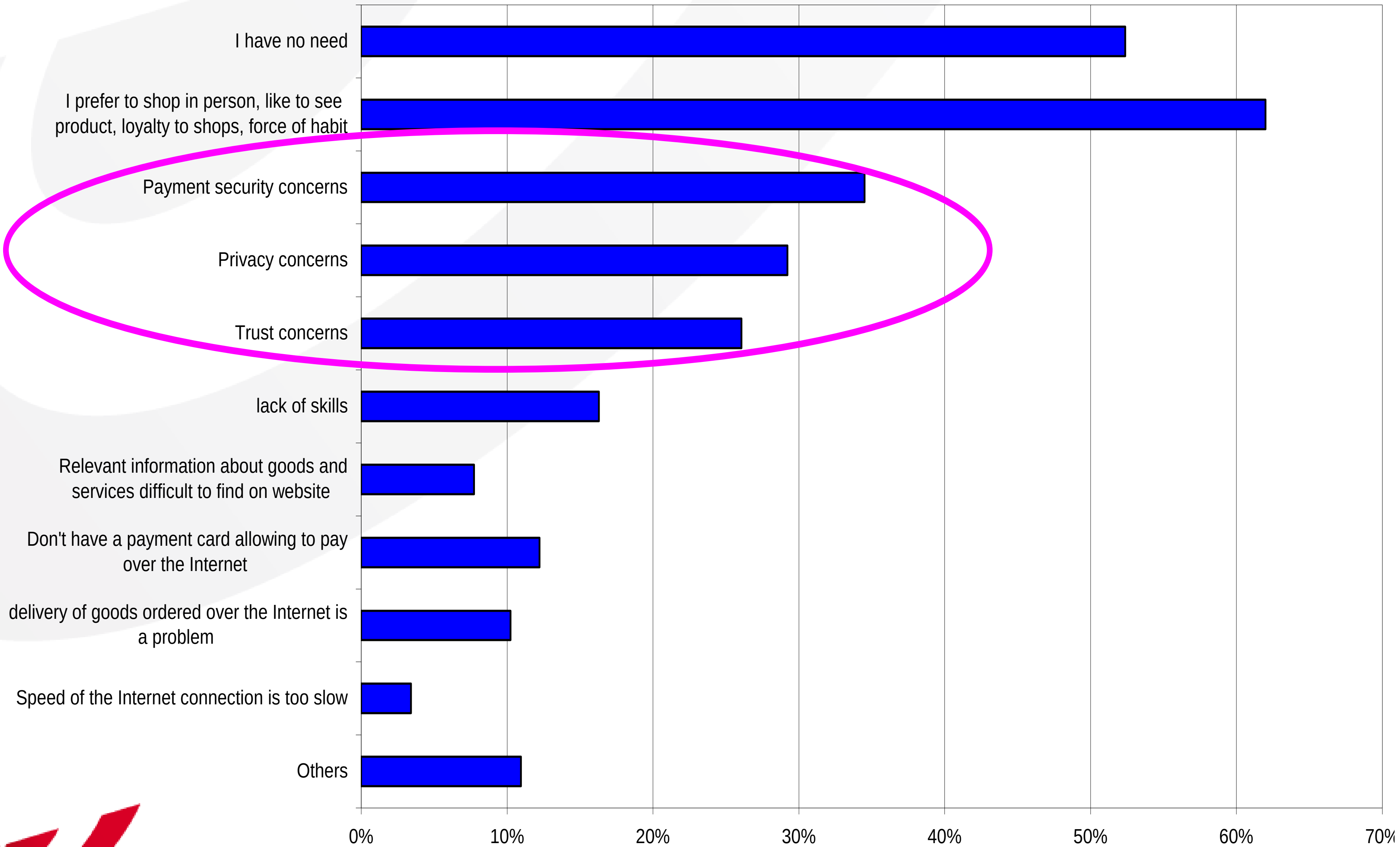


Retailers appear to remain still **relatively unconvinced** of the benefits of **selling cross-border**



Percentage of retailers sales to at least one other EU country

Example : reasons for not buying online



Source: Eurostat Community Survey on ICT Usage by Households and by Individuals 2009