Excess supply of new national parcel legislations

To be or not to be...?

Prof. dr. Roel Gevaers
Introduction

Prof. dr. Roel Gevaers

• Master in Applied Economics (2007)
• Doctor in Applied Economics (2013)
• Title: “Evaluation of Innovations in Last Mile, B2C reverse and waste logistics
• Assistant @ TPR: 2007 – 2014
• Steunpunt Goederenstromen (2007-2011)
• Intern @ P&G (TPR collaboration) : 2011 – 2014

• Supply Chain Program Manager @ Ahold Delhaize Belgium (2014 – 2018)
• Projects & Innovation Director @ BD Logistics/Citydepot (2018-2022)

• Owner @ Jomini Advice & Research (2022-now)
• Professor @ UAntwerpen & AMS (2019 – now)
• GSCM, MGM, C-MAT, Ex-MBA, Ex-PhD

• TRB Urban Freight Committee member (2021-now)
• Chair VIA VIA Top Team Zero Emissie Vrachtvervoer (2023-now)
Introduction
Agenda

1. Setting the scene
   Some facts and trends about the Belgian parcel and eCommerce markets

2. Parcel legislation changes the last 3 years in Belgium

3. The (potential) impacts of these new legislations

4. Conclusions and policy advice
Setting the scene

Some facts and trends about the Belgian parcel and eCommerce markets
1. Belgian Federal Government

Setting the scene

Elections: June 2024

PETRA DE SUTTER
- Vice-Prime Minister
- Green party
- Minister of:
  - Postal & Parcel markets
  - Regulator
  - State owned companies

GEORGES GILKINES
- Vice-Prime Minister
- Green party
- Minister of:
  - Mobility (federal)
  - Transportation (federal)
2. Greening the supply chains & focus on urban logistics

Setting the scene

The city of Ghent wants to align the rules and legislation about parcels with other cities.

“There are too much parcel related routes/vehicles in a city”

While this is only... 7% to 10%
3. Belgium has a history of lagging “behind” when speaking about e-commerce
4. Focus on social issues in Belgian parcel landscape

Setting the scene

A crappy van implies a crappy contract...

Hoe sjofeler het busje, hoe sjofeler het contract

De pakjeskoeriers zijn alomtegenwoordig in deze lockdowntijden. Maar de sector is kwetsbaar voor misbruik, zeker nu in allerijl duizenden extra handen nodig zijn. ‘Als de vraag het aanbod overvleugelt, gaat de lat naar beneden.’

Door Norman Delbcke
FOTO: Barend Even
Zaterdag 12 december 2020 om 3:25 uur

Hoe stop je de race to the bottom in de pakjessector?

Een prijzenoorlog, gevoed door webwinkels en klanten, zet de pakjessector van boven onder druk, terwijl onderaan de ladder slachtoffers vallen. Minister Petra De Sutter wil de ‘cowboypraktijken’ aan banden leggen.

Korneel Delbcke
Woensdag 24 november 2021 om 3:25 uur

Uber loses a major employment rights case as the UK’s top court rules its drivers are workers

PUBLISHED FRI, FEB 19 2021 4:54 AM EST | UPDATED FRI, FEB 19 2021 8:09 AM EST

Ryan Browne
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KEY POINTS

• The U.K.‘s Supreme Court upheld a ruling that Uber’s drivers should be classified as workers rather than independent contractors.

• Uber insists its drivers are self-employed and that it acts as more of an “agency” which connects them with passengers through an app.

• The ruling potentially jeopardizes Uber’s business model in the U.K. and has major implications for the country’s gig economy.

How to stop the race to the bottom in the parcel sector?

De zelfstandige koeriers kunnen niet staken en staan zwak in de concurrentiële sector, die gebukt gaat onder grote prijstdruk. © Wouter Van Woens
Setting the scene

4. Focus on social issues in Belgian parcel landscape
Parcel legislation changes the last 3 years in Belgium
Parcel legislation changes the last 3 years in Belgium

**Locker walls should be “open” to all parties**

Postal regulator BIPT can impose on parcel market players to open their parcel locker networks to each other if it contributes to sustainability

Based on:

“In a recent French study, we read that parcel locker deliveries emit an average of 641 grams of CO2 into the air. That figure rises to an average of 2,060 grams for home deliveries. 'Of course, it depends on how you go to the parcel locker: on foot or by car.”

**Minister De Sutter “arranges” that parcel lockers need to be open for all players**
Parcel legislation changes the last 3 years in Belgium

Webshops need offer more than 1 “delivery option”

Minister Petra De Sutter wants the largest parcel companies in our country to report on their websites and to BIPT about their environmental impact and climate efforts. 'How much CO2 do they emit to bring a parcel to the door, do they drive environmentally friendly cars, ... all indicators to help customers choose the most sustainable company,' sounds De Sutter.

Every webshop needs to offer at least 2 delivery options

De Sutter wants parcel companies "to be open" about their impacts on the environment

Consumers will need to be able to choose always for “the most sustainable” option.
Parcel legislation changes the last 3 years in Belgium

**Strict working times for parcel players**

New law for all parcel players (Parcels < 30kg) operating in Belgium:

1. Maximum working time
2. Checked by a to-be-developed IT system
3. Minimal wages per hour
4. Regular reporting to BIPT, who will need to do the checks
5. Vans, insurance, fuel, etc. ➔ needs to be paid by the main contractor

➔ **Main idea: Subcontractor becomes a “payroll employee” without a change of company**
Parcel legislation changes the last 3 years in Belgium

Quick analysis
Parcel legislation changes the last 3 years in Belgium

Quick analysis

Risk: Dogmatic decisions
The (potential) impacts of these new legislations
Parcel legislation changes the last 3 years in Belgium

**Locker walls should be “open” to all parties**

**ADVANTAGES**

- Creation of a kind of a ”white” player

**ISSUES**

- These locker walls can be the main USP for some companies. Ex.: Budbee
- Every parcel players already operates its own system
- What about Homerr and ViaTim?

**CONCLUSION**

➔ Only driven by ecology, but can have impacts on the value of some of the parcel companies as assets ”lose” value
Parcel legislation changes the last 3 years in Belgium

Webshops need offer more than 1 “delivery option”

De Sutter wants parcel companies “to be open” about their impacts on the environment

Smartdrop is a calculation tool that calculates the impact of e-commerce package delivery. All the paths a package takes from the distribution center to your home are mapped by Smartdrop:

- Departure from the distribution center
- Logistical flow that follows
- The trip you make to pick up your package
- A missed delivery
- Return of your parcel

ADVANTAGES

- Creation of ecological visibility and choice

ISSUES

- Smart drop will potentially push all drops towards parcel lockers
- Only taking partly last mile into account

CONCLUSION

➔ Informing consumers, but risk of greenwashing

Consumers will need to be able to choose always for “the most sustainable” option.
Parcel legislation changes the last 3 years in Belgium

**Strict working times for parcel players**

**ADVANTAGES**

• Reduce social fraud in the Belgian parcel business

**ISSUES**

• Only for parcels, not for logistics and transportation
• New law because of existing laws were not enforced
  • Very complex application
• Only Belgian approach (in open border EU and Benelux set-up)
  • BIPT appointed to check “social” checks
• Includes rules that are considered as “false self-employment” in other sectors
• Potential cost increase due to admin and inflexibility by up to 25% per parcel

**CONCLUSION**

➔ Too complex local law which creates issues in other flows
➔ Law already approved but practicalities not
Parcel legislation changes the last 3 years in Belgium

Strict working times for parcel players

- Time registration: **NEEDED**
- Minimal "revenue": **NEEDED**
- Fuel: **PAID BY CONTRACTOR**
- Insurance: **PAID BY CONTRACTOR**
- Van: **PAID BY CONTRACTOR**
  - Enforcement: BIPT

- Time registration: **NOT ALLOWED**
- Minimal "revenue": **NOT ALLOWED**
  - Fuel: **SUBCO**
  - Insurance: **SUBCO**
  - Van: **SUBCO**
- Enforcement: Social inspection + Police

**FALSE SELF-EMPLOYMENT**
Conclusions and policy advice
Conclusions & policy advice

**Conclusions**

- Main focus on **ecology and social matters**
- **No financial/economics focus**
- Only **local and national** legislation
- No more difference between **payroll and subco**
- More complex **European-level playing field**
- **Investments in USPs** under pressure
- Dogmatic?
- Too much and "**quick**" legislation?
- Regulator put forward for **non-economical measures**.

**Food for thought**

- Is a regulator the way to push **non-economical political aims**?
- Is the **parcel business part of logistics (consolidation)** or not?
- What about **false self-employment**?
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