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Digital Single Market: Cross-border parcel delivery services

Impact Assessment (SWD (2016) 166 final, SWD (2016) 167 final (summary)) of a Commission proposal for a regulation of the European Parliament and of the Council on cross-border parcel delivery services (COM (2016) 285 final)

Background

This note seeks to provide an initial analysis of the strengths and weaknesses of the European Commission's Impact Assessment (IA) accompanying the above proposal, adopted on 25 May 2016 and referred to Parliament's Committee on Transport and Tourism. The European courier, express and parcel (CEP) market is estimated to be worth around €37 to €53.5 billion and has grown in recent years by an estimated 3.2 to 5.7% in value and by 4.8 to 6% in volume. In particular, e-commerce has intensified the competition in the business-to-client (B2C) delivery market. The market is centred in five Member States (UK, Germany, France, Italy and Spain), which currently hold 75% of the total CEP market (IA, p.2). The competition is concentrated where 'revenues are higher, namely in business-to-business (B2B) segments', in areas with higher population density and where there is a higher volume of B2C segments.¹ The landscape of delivery operators is varied and includes National Postal Operators (NPOs), international express carriers, couriers and parcel brokers that have different pricing structures between them and between letters and parcels (IA, p.3). The Postal Services Directive 97/67/EC (PSD)² (one of the main legal instruments governing parcel delivery providers) focuses primarily on letter mail, which now accounts for less than half of the European postal sector's revenues (IA, p.4). EU consumers 'could save €11.7 [billion] each year thanks to lower prices and wider choice offered by online shopping'; only '16% of consumers bought online from other EU countries in 2015' (IA, p.1).

The proposal is intended as a step towards improving the regulatory environment by boosting competitiveness and making parcel delivery pricing more transparent.³ It is one of the cornerstones of the Commission's Digital Single Market Strategy⁴. In its 'Towards a Digital Single Market Act' own initiative report⁵, the European Parliament especially stressed the need for improvement of delivery services across the EU.

Problem definition

The Commission identifies the main problem to be high cross-border delivery (and return) prices for SMEs and individuals, which are a barrier to cross-border commerce (IA, p.5). Average 'cross-border prices from NPOs are two to six times higher than the comparable prices for domestic delivery'; notably, for letters they are on average three and a half times higher than their domestic equivalent, and around five times higher for parcels

¹ See Valant, Jana, [Cross-border parcel delivery services](#), Legislative Briefing, European Parliamentary Research Service, 2016, p.3.

² Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, OJ L 15.

³ For further information, see Valant, Jana, [Cross-border parcel delivery services](#), op cit.

⁴ COM(2015) 192 final.

⁵ 2015/2147 (INI)

(IA, p.6). This negatively affects SMEs and consumers. Around '37% of retailers selling online cite the higher costs of cross border delivery to be an important obstacle to the development of cross border sales' (IA, p.7), mainly affecting SMEs. High prices also prevent consumers, particularly those in remote and peripheral areas, from buying more online from other Member States. DHL, for example, levies considerable surcharges on delivery to remote areas, for example €20 for remote area delivery or collection in Finland. High delivery prices are cited as the 'main reason for abandoning a shopping cart' (IA, p.7). The four identified drivers are:

Driver 1	Underlying economic factors
	<p><i>1.1 Low numbers of SMEs decrease their negotiating power and increase delivery costs for delivery operators:</i></p> <ul style="list-style-type: none"> • Cross-border parcel delivery market as a two-tiered market: large senders benefit from lower delivery prices and low volume, infrequent senders face high prices and few alternatives to NPOs, since other delivery operators target higher volume customer segments. • Consumers often pay the price for the delivery of an individual item, which is higher than the discounted prices of larger e-retailers, and face surcharges in remote areas. <p><i>1.2 Parcel delivery is a network industry with high fixed costs:</i></p> <ul style="list-style-type: none"> • Deliveries in remote areas entail a higher fixed cost. • Existing competition forms an oligopoly: it is concentrated where revenues are higher (B2B, some B2C segments and areas of higher population density). • The investments required to develop cross-border networks limit market entry.
Driver 2	Lack of market and price transparency
	<p><i>2.1 Low awareness of market operators and services:</i></p> <ul style="list-style-type: none"> • Market heterogeneity makes it difficult for e-retailers and e-shoppers to access comparable information about delivery and change operators. • Regulators are unable to properly monitor the market and identify potential market failures or regulatory/competition concerns, which keeps costs high. <p><i>2.2 Inter-operator wholesale pricing agreements are not transparent:</i></p> <ul style="list-style-type: none"> • Operators often need to partner with other operators to provide cross-border services, thus paying a fee (inter-operator wholesale price). • The mechanism for this is not transparent, as the terms and conditions are often not public. • SMEs lack bargaining power to negotiate cheaper prices with delivery operators, creating imbalances in negotiations between operators.
Driver 3	Ineffective, inconsistent or inexistent regulatory oversight creates obstacles to the single market
	<ul style="list-style-type: none"> • Regulatory fragmentation leads to additional administrative (e.g. compliance) costs. • National regulatory agencies (NRAs) have a limited mandate to monitor the market and do not have adequate information. • Art. 13 of the PSD⁶ only requires Member States to encourage (rather than oblige) universal service providers to apply the principles of cost-orientation, remuneration related to quality of service, transparency and non-discrimination in inter-operator agreements, possibly leading to high prices as there is no enforcement of rules. • NRAs are unable to ensure that small, third party operators have access to NPOs' cross-border networks in order to benefit from their economies of scale, which limits competition and maintains NPOs' high fixed costs.
Driver 4	High profit margins added to delivery costs by e-retailers
	<ul style="list-style-type: none"> • Delivery prices charged to consumers by retailers do not reflect the prices delivery operators charge to retailers because some retailers mark up the delivery prices. • The prices that consumers pay do not decrease if delivery operators lower prices because they depend on e-retailers making the same reduction.

N.B.: authors' reworking (IA, pp.7-14).

Generally, the IA provides ample evidence of the existing problem (IA, pp.15 -17). However, the presentation of the problem and drivers tends to be repetitive and somewhat tautological. For example, driver 1 appears to be mainly descriptive of the general economic context, which can be found elsewhere in the text of the IA report (IA, pp.2-3). Moreover, it is unclear which drivers are of equal significance, as a reading of the IA would seem to suggest that the Commission wants to address only drivers 2 and 3. If that is the case, the reason as to why these drivers are the focus of the IA is not apparent.

⁶ 'Article 13 of the PSD sets out the general specific principles for intra-Community cross-border mail, which is a part of the universal service' (IA, p.12).

On the positive side, the IA does explain in detail how the situation would evolve without further action (baseline scenario). In this regard, e-commerce is expected to grow, with internet retailing in Europe reaching €700 billion by 2019 which would represent an 85% increase compared to 2014. B2C deliveries are set to 'account for over one third of the overall delivery market in 2019'. Although economic operators are likely to enter the market, 'competition would however develop mainly for large volume flows – i.e. for larger e-retailers [...] and for densely populated areas' (IA, p.18). Moreover, existing policy initiatives would continue, such as the [2013 Parcel Roadmap](#), the 2012 Green Paper⁷, and the PSD⁸. However, the Roadmap's aim to improve affordability 'has not been specifically addressed by self-regulatory action or market developments' (IA, p.17) despite the 18 month deadline for action ending in June 2015. According to the Commission, the PSD would not achieve the objective of affordability as the aforementioned principles set out in Article 13 are only 'encouraged' rather than required.

Objectives of the legislative proposal

The *general* objectives of the Commission's proposal are to (1) promote growth and jobs (retailers, especially small retailers would sell more, resulting in more growth and jobs); (2) to enhance consumer welfare (in terms of more choice, lower prices and more convenience); and (3) to improve social and territorial cohesion (specifically, by helping rural or peripheral regions) (IA, p.21).

The *specific* objectives are to ensure that (a) 'markets work as efficiently as possible by making regulatory oversight of cross-border parcel markets more effective and encouraging competition', and that (b) 'all business and citizens (retailers and consumers) benefit from better and more affordable delivery services even if they are "vulnerable" (in terms of size or location) by improving price transparency to create downward pressure on prohibitively high prices' (IA, p.21). Moreover, there are two *operational* objectives, which are to improve the affordability of parcel delivery, especially for vulnerable users, and to promote competition and market efficiency, by empowering regulators to monitor cross-border parcels markets.

Overall, the objectives are consistent with the problem definition. However, the operational objectives do not appear to correspond entirely to the recommended S.M.A.R.T. (specific, measurable, achievable, realistic, time bound) parameters for the operational objectives found in the Commission's Better Regulation Guidelines, as they do not appear to be time-bound or sufficiently precise enough since they merely tend to repeat the specific objectives.

Range of options considered

The Commission presents five policy options and an additional seven sub-options. The IA report does not mention any previously discarded options.

Option 1: Baseline scenario/No action

'Member States, NRAs, delivery operators and other stakeholders would still be likely to continue existing projects linked to the 2013 Roadmap' and markets would be the main driver of change (IA, p.23). However, given that the Roadmap has not led to improvements in the competence of NRAs to collect relevant market data and ensure the affordability of cross-border parcel services, regulatory oversight would not be enhanced.

⁷ The 2012 Green Paper on 'An integrated parcel delivery market for the growth of e-commerce' concluded that 'e-commerce driven delivery was a key factor in the overall development of e-commerce and that the increasing expectations of consumers and e-retailer regarding parcel delivery services were not being met, especially for cross-border delivery' (IA, p.73). It followed a 2012 Commission Communication on e-commerce (COM (2011) 942 final), which 'identified the delivery of goods purchased online as one of the top priorities for boosting e-commerce by 2012' (IA, p.73).

⁸ For more details on existing policies, see Hopp, Balasz, [Postal Services in the Digital Age](#), European Parliamentary Research Service, 2016.

Option 2: Consolidate volumes of small e-retailers

Consolidating small volumes into bigger ones by a centralised platform and taking advantage of economies of scale would provide volume discounts, and therefore lower prices, for small senders (IA, p.23).

Option 3: Enhance the transparency of prices

- *3a: Publication of prices by the Commission*

This would involve highlighting the difference between domestic and cross-border prices on the Commission's EUROPA website. Prices would be collected from NPOs by NRAs once a year; the Commission would publish prices for 15 domestic and cross-border delivery services per NPO covering a variety of weights and levels of quality⁹. NRAs would assess the affordability and cost-orientation of prices and publish their assessments, sharing them with the Commission and national competition authorities.

- *3b: Enhancing the transparency of individually negotiated prices between all delivery operators and large e-retailers*

All delivery operators would have to communicate to NRAs once a year individually negotiated prices agreed with account customers. These prices would not be published, but rather NRAs would be required to judge 'whether cross-border parcel delivery services are reasonably priced for the market as a whole' (IA, p.24).

- *3c: Enhancing the transparency of inter-operator wholesale prices*

NPOs would communicate annually to NRAs the inter-operator wholesale prices or terminal rates¹⁰ that they charge. In the case of commercially confidential information, NRAs would not publish the information but 'would be required to take wholesale prices into consideration, because they are one of the determinants of the costs of cross-border delivery' (IA, p.25).

- *3d: Enhancing the transparency of delivery prices charged by e-retailers*

E-retailers would disclose on their websites the prices that they pay to (all) delivery operators and the delivery price they charge to consumers. There could be exemptions for SMEs to minimise administrative burdens.

Option 4: Enhance regulatory powers and market knowledge of postal NRAs

- *4a: Powers to collect statistical data from all parcel delivery operators*

NRAs would have a clear mandate to collect specific data¹¹ to monitor developments in domestic and cross-border parcel markets, which would be published by the Commission.

- *4b: 'Ex-ante powers' for national regulators in a cross-border context – notification of price changes*

All delivery operators would notify NRAs one month in advance of changing their published cross-border prices. NRAs would not be required to examine the prices, but 'would be able to take issue with the prices on the basis of information about costs, volumes, revenues etc.' (IA, p.26).

- *4c: Powers to enforce market access, where appropriate, to NPOs' cross-border multilateral wholesale remuneration agreements and cross-border services*

The option would 'reinforce non-discrimination by requiring NPOs to meet all reasonable requests for access to multilateral agreements on terminal rates.' To ensure non-discrimination, NRAs would require NPOs to 'publish a reference offer as NPOs 'would be able to charge for access to their cross-border services' (IA, p.26).

Option 5: Regulate cross-border parcel prices

Price caps would be introduced either through a simple mechanism (e.g. based on distance) or by taking into account the actual cost of cross-border delivery (e.g. reflecting transport costs and domestic price levels).

⁹ For letters: 500g, 1kg, and 2kg for each standard, registered, and track & trace qualities. For parcels: 1kg, 2kg, and 5kg for both standard and track & trace qualities. Total 15 types of products (IA, p.226).

¹⁰ i.e. 'the payments from the originating universal service provider to the destination universal service provider for the costs of transport, sorting and distribution of cross-border items in the destination Member State' (IA, p.25).

¹¹ All parcel delivery providers would provide the following information once: name, legal status and form, registration and VAT numbers, trade or similar register information, address and contact person, nature of services offered, complaints procedure description. Annually, they would provide the annual turnover, number of persons employed, and number of domestic, incoming, and outgoing parcels (IA, p.25).

While the IA presents a wide range of options, the presentation of the options does not appear to be very balanced. It quickly becomes apparent that a mix between options 3 and 4 is required in order to address the focus of the IA (namely, greater price transparency and enhanced regulatory oversight) (IA, p.5). Indeed, this is made even more apparent by the fact that options 2 and 5 are discarded even before being assessed, although they are initially presented as viable options. They are thus not included in the comparison of options regarding the various impacts. Option 2 is discarded since ‘an information platform is being supported through funding from the COSME Programme’¹² as of early 2016, which is expected to include a consolidation option for participation of SMEs in cross-border shipments (IA, p.24). Option 5 is discarded because there are substantial differences between the postal and telecoms markets, such that the latter cannot be used as inspiration for price regulation, and there are potentials for competition distortion (IA, p.26).

The Commission further presents three policy instruments and an additional three sub-instruments. These are: **(1) improving the implementation** of the current PSD framework by providing clear guidance on how certain articles should be used; **(2) issuing a recommendation** to Member States; and **(3) using legally binding instruments**, namely a revision of the PSD, a self-standing directive or regulation (IA, p.27). It is regrettable that the Commission does not include the policy instruments in the scope of its assessment, as there would be stark differences in terms of, for example, the impact on proportionality. Thus, the Commission has only assessed the content of possible solutions, but not the means by which those solutions might be achieved.

The Commission’s **preferred package of policy options consists of options 3a, 3c, 4a and 4c** (IA, p.42) and the **preferred instrument is a regulation** (IA, p.40).

Scope of the Impact Assessment

The IA assesses the social, economic and environmental impacts of options 1, 3 and 4 (including the sub-options). Regarding social impacts, the IA notes that an increase in ‘e-commerce demand for good and cross-border delivery due to improved affordability’ of delivery prices (IA, p.35) will positively affect job growth for delivery operators and e-retailers who will be able to sell more. In terms of social inclusion, the proposal will benefit consumers in remote or peripheral areas. It is surprising that the Commission has not assessed territorial impacts, since one of the general objectives is to enhance social and territorial cohesion (IA, p.21). Regarding economic impacts, the IA considers that all of the options would give consumers more choice and encourage economic growth, as affordability will enable e-retailers to sell more. There could be negative environmental impacts in terms of ‘pollution from air or road transport, and congestion’ due to more cross-border deliveries (IA, p.35). However, this could be minimised if ‘a downward pressure on prices and larger volumes lead to optimisation’ of delivery logistics (IA, p.35). No sense of scale and no hard evidence is provided for these assessments; indeed, the Commission has hardly compared these impacts between each option. As such, the scope is extremely limited and rather superficial.

Subsidiarity / proportionality

The legal basis for the proposal is Article 114 of the TFEU. The IA states that ‘with limited (if any) power over the cross-border market, and no dedicated mechanisms for the oversight of transactions involving multiple operators’ (IA, p.20), no single NRA is able to solve the problem on its own. ‘The most striking example of this is the fact that in some Member States regulatory oversight is severely limited to certain parts of the postal sector while in others the whole sectors (letters and parcels beyond the [universal service obligation]) is subject to oversight’ (IA, p.20). Therefore, the fragmentation of regulatory oversight means that the problem cannot be tackled at national level. Moreover, ‘cooperation between NRAs concerning the application of pricing principles to cross-border delivery services [...] is simply inexistent’ (IA, p.20). Thus, the IA concludes, action is required at EU-level. No reasoned opinion was tabled by any of the national parliaments.

¹² COSME is an EU funding programme for SMEs running from 2014-2020 (IA, p.285).

The IA assesses the policy options for proportionality. It considers that Options 3b and 3d would significantly increase administrative costs and address the issue of affordability for small senders; they would therefore be disproportionate. Similarly, 4b would impose weak negative burdens and, as these measures are not required, would also be disproportionate (IA, p.37). Safeguard clauses are also envisaged for SMEs (see section on SME test below). The IA considers that the retained options would be proportionate as 'they are limited and primarily target the segments of the market (i.e. public list prices) where there is evidence that competition does not appear to be exercising a downward pressure on prices in some markets and self-regulation has had no impact' (IA, p.42). Overall, proportionality does not appear to have been sufficiently developed, however. This is largely because the Commission has compared the content of policy options more in detail than it has the different policy instruments available.

Budgetary or public finance implications

The IA notes that the proposal has no implications for the EU budget or the budget of EU agencies (IA, p.47). The IA's Executive Summary states that 'Member States may face additional costs if NRAs are funded through national budgets and require additional resources'¹³. The IA also states that 'Member States would face costs for introducing the policy options and for monitoring compliance [and] NRAs should be provided with all necessary resources for the performance of their tasks' as required by the PSD (IA, p.47). The estimated cost is under €500 000 (€221 000 for regulators, €20 000 for national postal operators and €170 000 for other delivery operators), based on the EU standard cost model and the Commission's statistical experience (Executive Summary p.3).

SME test / Competitiveness

The Commission envisages that the proposal would particularly affect SMEs offering delivery services and SME retailers. In order to reduce the burden on these SMEs, the Commission notes that 'SMEs with under 50 employees would be completely exempted from the requirements imposed by the preferred package of policy options' (IA, p.47), thus exempting 98.6% of the majority of SME delivery operators. The IA states that this will have 'a minimal impact on the proposed policy option as a small number of large operators are responsible for the majority of the volumes' (IA, p.47). Around 744 SME delivery operators would be required to provide information to regulators, though the IA does not elaborate in detail on this point to assess the burden that this would pose. It does not appear that the Commission has conducted a quantitative or qualitative cost-benefit analysis of the impact on SMEs.

Competitiveness would improve for SME retailers and this would help them benefit from their growth potential. Price transparency should render delivery services more affordable and give SMEs a greater choice of delivery operators (IA, p.47). It is regrettable that the Commission has not assessed the impact on the competitiveness of other businesses and the opening of new businesses, especially since the increase of competition is one of the objectives of this initiative. The IA mainly compares the options in terms of effectiveness, efficiency, coherence and the impact on relevant stakeholders (see tables on p.36 and p.37).

Simplification and other regulatory implications

The IA states that the proposal is complementary and coherent with other pieces of legislation and initiatives, notably the PSD and the 2013 Roadmap, respectively. It is also coherent with the overall objective of the Digital Single Market Strategy and its proposals, which aim to improve the 'access for consumers and businesses to online goods and services across Europe' (IA, p.22).

¹³ SWD(2016) 167 final.

Quality of data, research and analysis

As evidenced in Annex 1, the Commission had recourse to outside experts in preparation of the IA and used a broad range of studies, reports and statistics (IA, pp.53-72), totalling almost thirty documents. Important studies include those by FTI Consulting (2011), WIK-Consult (2013 and 2014), Copenhagen Economics (2013), the University of St. Louis (2015) and the European Regulators' Group for Postal Services (ERGP), (2013, 2014 and 2015), which were frequently cited and underpin much of the analysis of the problem. The IA appears to be based on sound research and is generally substantiated with all the sources that the Commission used. Generally, the IA also presents evidence in support of its analysis, although more evidence would have been welcomed in the second part of the IA, namely in the analysis of the various impacts, to provide a sense of the scale of the impact of the various options. Nonetheless, the data is up-to-date and the Commission provides a clear methodology in Annex 4 that describes the manner in which price differentials between domestic and cross-border packet and parcel prices were assessed (IA, p.93-97). However, it does not appear to have conducted a sensitivity analysis for the linear regression model and it has not adequately explained the limitations or robustness of the model (IA, p.93 and p.97, respectively).

Stakeholder consultation

Overall, stakeholder views, broken down by industry, are incorporated throughout the IA (especially regarding the policy options).

A public consultation on cross-border parcel delivery took place between 6 May and 6 August 2015. The Commission received 361 responses from consumers (211), retailers (64, of which 51 were SMEs), delivery operators (35, of which 21 from NPO and 14 from other operators), and representative bodies/Member States and regulators (51) (IA, p.75). The main findings can be found in Annex II (IA, p.73). There was broad consensus regarding the problems: retailers noted that the cost of 'free delivery' was often passed onto consumers through higher product prices. Consumers highlighted high delivery prices (75%), slow delivery (33%), and no free returns option (25%) as the main reasons for abandoning online purchases. Operators reported that different rules and procedures, difficulty in finding an operator in the destination country, and lack of interoperability were some important obstacles when delivering abroad. Similar concerns were raised by Member States, which also underlined regulatory differences and disproportionate costs (IA, pp.79-82).

The Commission also consulted various associations¹⁴, delivery operators, regulators, e-retailers, MEPs and trade unions through various forums and workshops between 2012 and 2015 (IA, p.74 and pp.88-89). However, the descriptions and results of these consultations are very vague and it is not clear how they fed into the IA.

Monitoring and evaluation

The IA identifies eight monitoring indicators to measure regulatory oversight, access, affordability, competition and e-commerce developments (IA, pp.49-50). Annex 12 states that the indicators are to be assessed annually or biannually (IA, pp.283-284). The Commission considers that most of the information for the indicators would be largely feasible to gather, since the mechanisms already exist, with the exception of the indicator for price trends. As there is no price comparison website, it would be 'developed throughout the implementation process' (IA, p.283).

The evaluation would be carried out by the Commission and 'would take place two years after the proposed instrument enters into force in its interim stage, and every two years thereafter' (IA, p.49). The evaluation would assess parallel initiatives (such as the COSME Programme) and the effectiveness of the proposal against its market and policy objectives, including a 'summary of the monitoring of cross-border parcel prices' (IA, p.49).

¹⁴ i.e. the Postal Directive Committee, which brings together representatives from Member States' national administrations and NRAs, and European Social Dialogue Committee of the Postal Sector, which was set up to advise the Commission on postal and allied services sector and the impact on social policy (IA, p.88).

Commission Regulatory Scrutiny Board

The Regulatory Scrutiny Board (RSB) issued a negative opinion on a draft version of the IA report in December 2015. A revised version, submitted in February 2016, subsequently received a positive [opinion](#). However, the RSB still called for further improvements, including clarifying the manner in which the objectives will be reached, presenting the content of options more clearly, and further developing the assessment of impacts (specifically on NPOs), which appear to have been addressed only partially. For example, it considered that the IA has provided enough evidence to demonstrate the effects of the proposal on its general objectives, namely promotion of territorial cohesion and jobs; the scope of impacts, however, remains limited, with the competitiveness on NPOs mentioned only very generally (IA, p.38). The limited scope of the assessment of impacts was an issue that was also raised in the RSB's first, negative opinion.

Coherence between the Commission's legislative proposal and IA

The Commission's legislative proposal generally appears to follow the recommendations of the IA at least as far as the preferred options are concerned. However, it is not clear why the proposal consistently refers to tariffs while the core part of the IA refers rather to prices. The proposal also differs from the IA in that NRAs would be asked for further information and justification should the tariffs provided by the providers be unaffordable; Article 5 also specifies which elements NRAs are to assess in order to judge affordability¹⁵. Significantly, despite the IA's assertion referred to above that 'SMEs with under 50 employees would be completely exempted from the requirements imposed by the preferred package of policy options' (IA, p. 47), Article 3.6 of the proposal would appear to suggest that such SMEs would *not* be exempt in cases where 'that provider is established in more than one Member State'¹⁶. Finally, the specific monitoring arrangements envisaged in the IA are altogether absent from the legislative proposal. As far as evaluation is concerned, this would include examining the extent to which NRAs have had difficulties in implementing the Regulation, and the extent to which transparent and non-discriminatory cross-border access has been granted by universal service providers. After the first evaluation report, to be drafted in 2019, the proposal envisages an evaluation every four years, as opposed to the two year period suggested in the IA¹⁷.

Conclusions

The Commission has provided sound reasoning and justification for the initiative, including broad and up-to-date use of research and evidence. However, the overall presentation suffers from an unclear definition of the problem and the drivers. The analysis of impacts is extremely limited and very general, a point which was also made in the RSB's opinion. This limited assessment of impacts remains one of the most problematic features of the IA.

This note, prepared by the Ex-Ante Impact Assessment Unit for the European Parliament's Committee on Transport and Tourism (TRAN), analyses whether the principal criteria laid down in the Commission's own Impact Assessment Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal. It is drafted for informational and background purposes to assist the relevant parliamentary committee(s) and Members more widely in their work

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¹⁵ COM(2016) 285 final, p.10 and p.18. The elements are: the domestic tariffs in the Member State of origin and destination; the terminal rates; and any application of a uniform tariff to two or more Member States.

¹⁶ COM(2016) 285 final, Article 3.6

¹⁷ COM(2016) 285 final.