

# **Evaluation of cross-border single-piece parcel tariffs (2019)**

**– Article 6 of Regulation (EU) 2018/644 –**

## **PUBLIC VERSION**

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## 1. Framework

Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April (Cross-Border Regulation)<sup>1</sup>, which aims to foster better cross-border parcel delivery services, lays down specific provisions concerning (a) regulatory oversight related to parcel delivery services, (b) transparency of tariffs, and assessment of tariffs for certain cross-border parcel delivery services for the purpose of identifying those that are unreasonably high and (c) information for consumers made available by traders concerning cross-border parcel delivery services.

Article 6 (1) of the Cross-Border Regulation provides that, for each of the single-piece postal items listed in the Annex of the aforementioned Regulation, the cross-border tariffs of the parcel delivery service provider that originates in its Member State and that are subject to a universal service obligation that the national regulatory authority objectively considers necessary to assess.

**Table 1. Postal items in the Annex to the Cross-Border Regulation**

| Service              | Weight (in grams)   |
|----------------------|---------------------|
| Standard letter      | 500, 1000 and 2000  |
| Registered letter    | 500, 1000 and 2000  |
| Track & trace letter | 500, 1000 and 2000  |
| Standard parcel      | 1000, 2000 and 5000 |
| Track & trace parcel | 1000, 2000 and 5000 |

Source: Cross-Border Regulation

This identification shall be based on the public lists of tariffs obtained pursuant to Article 5 of the Cross-Border Regulation, which stipulates under its paragraph 1 that cross-border parcel delivery service providers<sup>2</sup> shall provide the NRA of the MS in which they are established with the public list of tariffs applicable on 1 January of each calendar year for the delivery of single-piece postal items falling within the categories listed in the Annex to

<sup>1</sup> <https://www.anacom.pt/render.jsp?contentId=1435245>.

<sup>2</sup> An exception applies for the providers excluded under Article 4 (6) and (7) of the Cross-Border Regulation. In Portugal, the following parcel delivery service providers submitted information on the tariffs associated with the postal items listed in the annex to the aforementioned Regulation using the Parcel platform, developed by the EC for this purpose: Chronopost Portugal - Transporte Expresso Internacional, SA (Chronopost), CTT - Correios de Portugal, SA (CTT), CTT Expresso - Serviços Postais e de Logística, SA (CTT Expresso), DHL Express Portugal, Lda (DHL), Lisespo, Transportes, Lda (Lisespo), Rangel Expresso II, SA (Rangel Expresso II), Rangel Expresso, SA (Rangel Expresso), TCI - Transporte Courier International, Lda (TCI), TNT Express Worldwide (Portugal), Transitários, Transporte e Serviços Complementares, Unipessoal, Lda (TNT) and UPS of Portugal Transportes Internacionais de Mercadorias Sociedade Unipessoal, Lda (UPS).

the Regulation. In accordance with Article 5 (2) of the Cross-Border Regulation, the public list of tariffs has been published by the European Commission on a dedicated website<sup>3</sup>.

As mentioned above, Article 6 (1) establishes the need for the NRA to identify tariffs that it objectively considers necessary to assess, these being limited to those originating in its MS and which are subject to the US obligation. Accordingly, only the tariffs charged by CTT, as provider of the US, are subject to this scrutiny.

Article 6 (2) of the Cross-Border Regulation then provides that the NRA shall objectively assess, in accordance with the principles in Article 12 of Directive 97/67/EC, the tariffs identified under paragraph 1 in order to identify those which it considers to be unreasonably high, in particular taking into account the following elements:

- Domestic and other relevant tariffs of the comparable parcel delivery services in the originating MS and in the destination MS;
- Any application of uniform tariff to two or more MS;
- Bilateral volumes, specific transportation or handling costs, other relevant costs and service quality standards;
- The likely impact of the applicable cross-border tariffs on individual and small and medium-sized enterprise (SME) users including those situated in remote or sparsely populated areas, and on individual users with disabilities or with reduced mobility, where possible without imposing a disproportionate burden.

Additionally, Article 6 (3) of the Cross-Border Regulation provides that the NRA may also take into account, where deemed necessary, the following elements:

- Whether tariffs are subject to a specific price regulation under national legislation;
- Abuses of dominant market position established in accordance with relevant applicable law.

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<sup>3</sup> Available at [https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border\\_en](https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en).

It should also be noted that Commission Communication COM (2018) 838<sup>4</sup>, of 12/12/2018, sets out guidelines for NRA regarding the assessment of cross-border parcel tariffs under the Cross-Border Regulation. These guidelines also cover the objective pre-assessment filter mechanism for identifying those tariffs, as provided for in Article 6 (1) of the Cross-Border Regulation, with a view to reducing the administrative burden on NRA and on parcel delivery service providers subject to the US obligation.

Pursuant to Article 6 (7) of the Cross-Border Regulation, the NRA will be required to submit its assessment to the European Commission by 30 June of the calendar year concerned, as well as to provide a non-confidential version of that assessment. The Commission shall publish the non-confidential version of the assessment provided by all NRA within one month of receipt (Article 6 (8)).

## **2. Analysis**

### **2.1. Identification of tariffs objectively necessary to assess**

As set out in recital 25 of the Cross-Border Regulation, in order to reduce the administrative burden on NRA and parcel delivery service providers subject to US obligations, the identification of cross-border tariffs that are required may be based on an objective pre-assessment filter mechanism.

In turn, Commission Communication COM (2018) 838 stresses the importance of ensuring comparability and fairness across the European Union (EU), as well as the flexibility and adaptability of a filter mechanism in order to take account of market changes, concluding that NRA should use a filter mechanism based on a ranking of the cross-border tariffs of all MS for each of the 15 categories of single-piece items listed in the Annex to the Cross-Border Regulation, based on the tariffs reported by the providers, adjusted according to the purchasing-power parities laid down by Eurostat. The aforementioned Commission Communication also states that it is appropriate to set a range between 25% and 5% of the highest tariffs for each category, starting in the first two years with the highest percentage (i.e. 25%) and lowering the percentage progressively. Subsequently, the percentage should be determined through close cooperation between the Commission, the NRA and the European Regulators Group for Postal Services (ERGP).

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<sup>4</sup> <https://www.anacom.pt/render.jsp?contentId=1465228>.

Following the application of the pre-assessment filter mechanism identified in Commission Communication COM (2018) 838, it was identified as objectively necessary to assess the tariffs charged by CTT for the following items:

- A 1 kg track & trace parcel (for all destinations reported under Article 5 of the Cross-Border Regulation (EU MS, Iceland, Liechtenstein and Norway) – corresponding to “Zone 1” and “Zone 2” of the CTT international parcel tariff);
- A 2 kg track & trace parcel (for all destinations reported under Article 5 of the Cross-Border Regulation (EU MS, Iceland, Liechtenstein and Norway) – corresponding to “Zone 1” and “Zone 2” of the CTT international parcel tariff);
- A 5 kg track & trace parcel (for EU MS – except Austria, Belgium, Germany, Spain, France, Italy, Luxembourg and the Netherlands – Iceland and Norway – corresponding to the “Zone 2” tariff CTT international parcel tariff).

ANACOM then assesses the above tariffs in order to identify any cases of unreasonably high tariffs, taking into account the provisions of Article 6 (2) of the Cross-Border Regulation, as referred to in the preceding section of this document.

It should be noted that, for this purpose, and as set out in Article 6 (5) and (6) of the Cross-Border Regulation, each NRA may, where it considers it to be necessary, request any further relevant evidence in relation to those tariffs that is needed for the assessment to be made, which shall be provided to the NRA within one month of the date of receipt of the request, together with any justification of the tariffs under assessment. Under this framework, on 23/05/2019, ANACOM submitted a request for information to CTT, which provided the information requested on 21/06/2019. This information is taken into account in the following analysis, in particular with respect to the costs incurred in providing the services concerned.

## **2.2. Assessment of the tariffs**

Following the identification of the specific tariffs as potentially unreasonable under the pre-assessment filter mechanism, these are then assessed taking into account the elements listed in Article 6 (2) of the Cross-Border Regulation.

### **2.2.1. Principles set out in Article 12 of Directive 97/67/EC and specific price regulation under national legislation**

As mentioned above, the assessment should be carried out in accordance with the principles set out in Article 12 of Directive 97/67/EC (Article 6 (2) of the Cross-Border Regulation).

Article 12 of Directive 97/67/EC, as amended, provides that MS shall take steps to ensure that the tariffs for each of the services forming part of the provision of the US comply with the following principles:

- Prices must be affordable and must be such that all users have access to the services provided, irrespective of their geographical location and taking account of specific national conditions. MS may maintain or introduce provisions ensuring the provision of free postal services for use by blind and partially-sighted persons;
- Prices should be cost-based and provide incentives for efficient provision of the US. Where necessary for reasons of public interest, MS may apply a uniform tariff throughout their national territory and/or across borders for services provided at single-piece tariff and other postal items;
- The application of a uniform tariff does not preclude the right of the US provider or providers to conclude individual agreements on prices with customers;
- Tariffs must be transparent and non-discriminatory;
- Where US providers apply special tariffs, e.g. for services for firms or businesses, bulk mailers or consolidators of mail for different customers, they shall apply the principles of transparency and non-discrimination to both tariffs and the associated conditions. The tariffs and associated conditions shall apply equally in the relationship between third parties and in the relationship between third parties and US providers offering equivalent services. These tariffs should also benefit customers who send postal items under similar conditions, especially individual customers and SME.

The principles contained in Directive 97/67/EC were transposed into the national framework by means of Law 17/2012 of 26 April, subject to subsequent amendments (Postal Law). In particular, Article 14 of this Law establishes that the pricing of postal services that form part

of the US shall observe the principles of (a) accessibility to all customers; (b) cost orientation, where prices should encourage efficient provision of the US; and (c) transparency and non-discrimination (paragraph 1), further specifying that ANACOM shall establish, for a minimum multiannual period of three years, the criteria for the pricing of the postal services that compose the US (paragraph 3). The US pricing criteria for the three-year period 2018-2020, as set by ANACOM's decision of 12/07/2018 and complemented by the decision of 11/05/2018<sup>5</sup>, reaffirm these criteria.

It should also be noted that the Postal Law and, in particular, the US pricing criteria set by ANACOM for the three-year period 2018-2020, substantiate the existence of specific rules on pricing within the scope of national legislation, in under which the US tariffs applied by CTT, as US provider, are evaluated with a view to ensuring their compliance with the general principles referred to above.

In this context, it should be noted that the tariffs to be assessed in order to ascertain whether or not they are unreasonably high were fixed by CTT under the said US pricing criteria, and have already been analysed by ANACOM within the scope of those criteria, ANACOM concluding that they comply with the principles and criteria for pricing the US postal services for both 2018 and 2019 (bearing in mind that the tariffs in force as of 01/01/2019 were already in force in 2018, by application of the specific criteria applicable to that year, and remain in force in 2019 by application the specific criteria applicable to that year)<sup>6</sup>.

### **2.2.2. The application of a uniform tariff for two or more MS**

As stated in Commission Communication COM (2018) 838, the application of a uniform tariff may be considered a legitimate deviation from the principle of cost-oriented pricing, as provided for in Article 12 of the Postal Directive. In particular, that communication states that uniform tariffs may be important for the protection of regional and/or social cohesion, whereby the NRA should take into account the fact that the existence of a gap between the

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<sup>5</sup> <https://www.anacom.pt/render.jsp?contentId=1463566>.

<sup>6</sup> The prices in force as of 01/01/2019 had entered into force at the beginning of April 2018 and were subject to assessment by ANACOM in its decision of 23/03/2018 (available at <https://www.anacom.pt/render.jsp?contentId=1432816>). It should be noted that, on that date (23/03/2018), the pricing criteria applicable in 2017 (which had been defined by ANACOM on 21/11/2014 under the same Postal Law) were transitionally applied, and would be maintained and confirmed for 2018 by ANACOM's decision of 15/07/2018. By decision of 22/05/2019 (available at <https://www.anacom.pt/render.jsp?contentId=1473282>), ANACOM assessed the proposal submitted by CTT regarding prices to enter into force at the beginning of June 2019, under which the tariffs for international parcels under review remained unchanged, ANACOM concluding that they comply with the criteria and pricing applicable to 2019.

specific cost of a service and its price may be justified due to the price being based on an average cost reflecting different cost structures. The same Commission communication states that, in practice, most US providers charge uniform tariffs for cross-border postal items linked to the geographic proximity of the destinations, with very few US providers having differentiated tariffs to all MS.

As far as the tariffs charged by CTT are concerned, it should be noted that there are only two tariffs for EU MS, Iceland, Liechtenstein and Norway, “Zone 1” and “Zone 2” tariffs, depending on the country of destination, as shown in the following table.

**Table 2. Charging zones applied by CTT (for EU countries, Iceland, Liechtenstein and Norway)**

| Zone 1  | Zone 2   |
|---|--|
| Germany, Austria, Belgium, Spain, France, Netherlands, Italy, Liechtenstein, Luxembourg | Bulgaria, Cyprus, Croatia, Denmark, Slovakia, Slovenia, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Latvia, Lithuania, Malta, Norway, Poland, United Kingdom, Czech Republic, Romania, Sweden |

Source: CTT.

In general, charging zones take account of distance from destination, as longer distances will have implications for the costs incurred. In particular, and taking into account a necessarily simplistic assessment of the distances between Portugal and each of the countries in each of these zones<sup>7</sup>, it appears that the average distance from Portugal to the countries in “Zone 1” is substantially lower than is the case for “Zone 2” countries, as shown in the table below.

**Table 3. Distances from Portugal to the countries of each CTT charging zone (km)**

|        | Average distance | Maximum distance | Minimum distance |
|--------|------------------|------------------|------------------|
| Zone 1 | 1471             | 1873             | 273              |
| Zone 2 | 2465             | 3630             | 1427             |

Source: ANACOM calculation.

In particular, we find that the maximum distance from Portugal to the “Zone 1” countries is 1,873km, and only two of the countries in “Zone 2” are located at shorter (but similar) distances: Ireland and the United Kingdom, countries that have the common geographical feature of being islands.

The information submitted by CTT on 21/06/2019 regarding the unit costs associated with the tariffs under analysis for postal items sent to each destination<sup>8</sup>, which is further analysed in the following section of this document, allows us to conclude that there is indeed a

<sup>7</sup> Based on simple straight line distance between each country, as per the distance calculator available at [https://ec.europa.eu/programmes/erasmus-plus/resources/distance-calculator\\_en](https://ec.europa.eu/programmes/erasmus-plus/resources/distance-calculator_en).

<sup>8</sup> Costs estimated by CTT for 2018 based on cost accounting data for the first half of 2018, using cost allocation criteria employed in 2015, with non-recurring expenditure - information not audited by ANACOM. Detailed information included in the Annex to this document.



difference in terms of average costs for each of the tariff zones. It is noted that there are different costs for each destination, and the costs associated with “Zone 1” destinations are generally lower than those observed for “Zone 2”, which is reflected in the average costs associated with each tariff zone, as shown in the following table.

**Table 4. Estimated unit costs for postal items sent to each tariff zone (euros)** [BCI<sup>9</sup>]

|                             |        | Average unit cost |
|-----------------------------|--------|-------------------|
| A 1 kg track & trace parcel | Zone 1 |                   |
|                             | Zone 2 |                   |
| A 2 kg track & trace parcel | Zone 1 |                   |
|                             | Zone 2 |                   |
| A 5 kg track & trace parcel | Zone 2 |                   |

[ECI<sup>10</sup>]

Note: No information is available for 5 kg parcels for Zone 1, as it is not necessary to assess the respective tariff.  
Source: CTT information.

It is therefore considered appropriate to conclude that the definition of only two tariff zones will generally take into account the distance to or from the countries of destination and will generally reflect the underlying costs. Notwithstanding this, it is acknowledged that this will not allow the underlying costs to be fully taken into account, as this would imply a further breakdown of tariff zones or, ultimately, the definition of specific tariffs for each country of destination (or even, potentially, according to each destination operator commissioned by CTT to carry out the distribution in the country of destination).

However, as the Postal Directive itself states, the higher level of tariff aggregation will contribute to greater territorial cohesion, as interpreted from a European perspective, and will also bring the benefit of greater transparency (and lower tariff complexity) for service customers, who will thus be able to more easily identify the prices applicable to the services provided. This could even have a positive effect on the development of cross-border e-commerce, enabling SME to inform their customers in a timely and appropriate manner of the values associated with the delivery of goods purchased, contributing to transparent practices and greater end-user confidence in the sector. In this context, it should also be noted that, in recital 26, the Cross-Border Regulation itself states that the application of uniform tariffs for two or more MS might be important for the protection of regional and social cohesion and consideration should be given to the need to promote e-commerce and to offer new opportunities for remote or sparsely populated areas to participate in online trade, and to enhance their regional economies.

<sup>9</sup> Beginning of confidential information.

<sup>10</sup> End of confidential information.

From this standpoint, and while recognising the possible existence of deviations between the uniform tariffs applied and the specific costs underlying the provision of services, it is understood that the possible deviations will be justified by the benefits to customers, and it should be noted that, as noted above, the Postal Directive itself and the Cross-Border Regulation legitimise this practice.

### **2.2.3. Bilateral volumes, specific transportation or handling costs, other relevant costs and service quality standards**

Commission Communication COM (2018) 838 states that the elements referred to in Article 6 (2) (c) of the Cross-Border Regulation concern costs in a broad sense and should form the core of the assessment made by the NRA, stressing that the US provider's cost accounting system should be the main source of information to be taken into account. However, the Communication further specifies that cost information will only be comparable with the services listed in the Annex to the Cross-Border Regulation if it is broken down into individual products and accounted for separately, and the NRA should request detailed information regarding the individual products concerned where these data are not available.

Commission Communication COM (2018) 838 further states that transportation costs will depend to a large extent on the means of transport used, and admits that handling costs will vary considerably for the different items in the Annex to the Cross-Border Regulation, specifying that some postal items, particularly parcels, may generally have higher associated labour costs. It is further stated that other costs should be taken into account, in particular, the cost of terminal shares, a term used to cover both terminal dues<sup>11</sup> (applicable to letters) and incoming land dues<sup>12</sup> (which applies to parcels), whereby parcel delivery service providers should be required to provide the NRA with information on the specific terminal shares concerned for the tariff under assessment.

It is further noted that volumes affect unit costs, highlighting that if volumes are high, there may potentially be economies of scale and clarifying that volumes should be measured by the number of parcels for the service under assessment and for other services performed jointly, which may contribute towards a reduction in the unit cost.

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<sup>11</sup> Article 29 of the UPU Convention.

<sup>12</sup> Articles 35 and 36 of the UPU Convention.

As regards the criteria under consideration, which derive, as mentioned, from Article 6 (2) (c) of the Cross-Border Regulation, it should be noted that their relevance is especially related to the assessment of the cost orientation of the tariffs under consideration. In this context, it should be reaffirmed that, as indicated above, the tariffs reported by CTT under Article 5 of the Cross-Border Regulation have already been analysed by ANACOM under ANACOM decisions of 23/03/2018 and 22/05/2019, it being concluded in this regard that the prices presented by CTT (respectively for 2018 and 2019) complied with the principles and criteria for the pricing of the postal services that compose the US, in particular, their determination being evidenced in accordance with costs and the accessibility of services (with a view to ensuring an appropriate price to allow use of the services by customers).

In this context, the table below summarises the unit values (costs and margins) estimated by CTT for 2018, as reported by CTT in its communication of 21/06/2019, for each of the tariffs under consideration.

**Table 5. Estimated unit prices, costs, and margins for postal items for each tariff zone (euros) [IIC]**

|                             |              | Average unit price | Average unit cost | Average unit margin relative to price (euros) | Average unit margin relative to price (%) |
|-----------------------------|--------------|--------------------|-------------------|---|---|
| A 1 kg track & trace parcel | Zone 1       |                    |                   |   |   |
|                             | Zone 2       |                    |                   |   |   |
|                             | Total EU/EEA |                    |                   |   |   |
| A 2 kg track & trace parcel | Zone 1       |                    |                   |   |   |
|                             | Zone 2       |                    |                   |   |   |
|                             | Total EU/EEA |                    |                   |   |   |
| A 5 kg track & trace parcel | Zone 2       |                    |                   |   |   |

[ECI]

Note: No information is available for 5 kg parcels for Zone 1, as it is not necessary to assess the respective tariff.  
Source: CTT information and ANACOM calculation.

As evidenced, in unit terms and for each of the types of postal item under consideration and tariff zones, margins are always estimated to be close to zero, with the slightly negative margin associated with 1 kg track & trace orders being of particular note. It should also be noted that all observed positive margins are below 5%<sup>13</sup>.

<sup>13</sup> By comparing the tariff charged for each country with the unit cost of delivery to that country, instead of considering the average unit cost of each Zone, the margins obtained by country vary between [BCI] [ECI]% and [BCI] [ECI]%, leading to the conclusion that there is no significant deviation between the tariff charged and the country-specific cost.

At the same time, the table below also shows the tariffs charged by CTT for the delivery of international parcels (to destinations in “Zone 1” and “Zone 2”) in the period 2014-2018.

**Table 6. CTT tariffs for delivering international parcels (1 kg, 2 kg and 5 kg) to “Zone 1” and “Zone 2” destinations**

| Weight | Destination | 2014  | 2015  | 2016  | 2017  | 2018  | Average annual variation 2014-2018 |
|--------|-------------|-------|-------|-------|-------|-------|------------------------------------|
| 1 kg   | Zone 1      | 23.11 | 23.60 | 23.65 | 23.65 | 24.18 | 1.1%                               |
|        | Zone 2      | 27.37 | 27.76 | 27.80 | 27.80 | 28.44 | 1.0%                               |
| 2kg    | Zone 1      | 25.70 | 26.20 | 26.25 | 26.25 | 26.85 | 1.1%                               |
|        | Zone 2      | 31.37 | 31.44 | 31.45 | 31.45 | 32.16 | 0.6%                               |
| 5kg    | Zone 1      | 33.73 | 33.06 | 33.01 | 33.00 | 33.75 | 0.0%                               |
|        | Zone 2      | 43.82 | 41.46 | 41.27 | 41.25 | 42.19 | -0.9%                              |

Source: CTT.

As evidenced, the trend witnessed in the period concerned is not significant, with the average annual variation of most tariffs being less than 1.1%, the largest annual average variation being 1.1% and the smallest annual average variation, -0.9%.

As regards the volumes associated with the deliveries concerned, it should be noted that no information broken down by weight is available, as indicated by CTT in its communication of 21/06/2019. Notwithstanding this, CTT reported that the total traffic sent to “Zone 1” and “Zone 2” countries was, in 2018, **[BCI]** **[ECI]** objects, corresponding to all traffic to these destinations. It follows that this volume will correspond to an overvaluation of traffic in relation to the items specified in the Annex to the Cross-Border Regulation, which will necessarily be lower.

In view of the above, and in particular that, according to the information available:

- the ANACOM decisions of 23/03/2018 and 25/05/2019 mentioned above concluded, in the context of the analysis of US tariffs presented by CTT, that no situations of non-compliance with the principle of cost orientation of prices and affordability were identified;
- the international parcel tariffs under consideration here under Article 6 (2) of the Cross-Border Regulation, have almost no margin compared to the average cost of the respective tax zones (Zone 1 and Zone 2);

it is not possible to conclude from the information available that the tariffs charged by CTT under consideration herein are unreasonable.

#### **2.2.4. Domestic tariffs and other relevant tariffs for comparable parcel delivery services in originating MS and destination MS**

According to Commission Communication COM (2018) 838, comparable tariffs will in principle be those corresponding to services provided under the US in the destination MS. It is further noted that it may, however, still be relevant to check whether there are other products that could be used in the comparison with the tariffs under consideration, underlining that the characteristics of the two products to be compared (e.g. in terms of quality) should be as close as possible.

It is mentioned that the assessment should take into account that different principles are used to set tariffs, and postal service tariffs that are part of the US are based on the obligation to respect the principles set out in Article 12 of the Postal Directive: cost orientation, accessibility, transparency and non-discrimination.

However, this does not preclude the possibility of making comparisons with the tariffs charged by the competitors of US providers, both in the originating and the destination country, and the NRA should take into account product-specific information (e.g. insurance/liability, delivery speed, guaranteed or average travelling time, territorial coverage) to ensure that services are interchangeable under market conditions. If it cannot be concluded that the products are sufficiently interchangeable from the standpoint of the customer, the comparison should be restricted to products subject to the US obligation.

##### **2.2.4.1. The sum of the domestic tariff of the US provider in the originating MS and the domestic tariff of the US provider in the destination MS**

The following tables show the comparison between CTT tariffs for each of the types of postal item under analysis and the sum of domestic tariffs applied by US providers in the originating MS (i.e. by CTT in the national service) and in the destination MS. The first table groups the information for countries that belong to “Zone 1” and the second table groups the countries that belong to “Zone 2”.

**Table 7. Comparison between the tariffs charged by CTT – Zone 1 – and the sum of the domestic tariffs charged by US providers in the originating and destination MS**

| MS             | A 1 kg track & trace parcel                 |                           |   |  | A 2 kg track & trace parcel                 |                           |   |  |
|----------------|---|---------------------------|---|--|---|---------------------------|---|--|
|                | Sending of postal items from PT to other MS | Domestic price in each MS | CTT Domestic Price <sup>(2)</sup> + Domestic price in each MS | Deviation of the CTT price for sending postal items to other MS versus sum of CTT domestic price and domestic price of another USP | Sending of postal items from PT to other MS | Domestic price in each MS | CTT Domestic Price <sup>(2)</sup> + Domestic price in each MS | Deviation of the CTT price for sending postal items to other MS versus sum of CTT domestic price and domestic price of another USP |
| AT             | 24.35                                       | 4.80                      | 12.45   | 96%  | 27.05                                       | 4.80                      | 12.45   | 117%   |
| BE             |   | 5.70                      | 13.35   | 82%  |   | 5.70                      | 13.35   | 103%   |
| DE             |   | -                         | -   | -  |   | -                         | -   | -  |
| ES             |   | 10.90                     | 18.55   | 31%  |   | 12.85                     | 20.50   | 32%  |
| FR             |   | 7.80                      | 15.45   | 58%  |   | 8.80                      | 16.45   | 64%  |
| IT             |   | 9.00                      | 16.65   | 46%  |   | 9.00                      | 16.65   | 62%  |
| LU             |   | -                         | -   | -  |   | -                         | -   | -  |
| NL             |   | 6.95                      | 14.60   | 67%  |   | 6.95                      | 14.60   | 85%  |
| Average Zone 1 | 24.35                                       | 7.53                      | 13.29   | 83%  | 27.05                                       | 8.02                      | 13.66   | 98%  |

1. The table shows data for EU countries only. Data for Iceland, Liechtenstein and Norway are not shown in the table, as information is not available on the Parcel platform.

2. The CTT domestic price is 7.65 euros.

Source: Parcel Platform and ANACOM calculation.

**Table 8. Comparison between the tariffs charged by CTT – Zone 2 – and the sum of the domestic tariffs charged by US providers in the originating and destination MS <sup>(1)</sup>**

| MS             | A 1 kg track & trace parcel                 |                           |   |  | A 2 kg track & trace parcel                 |                           |   |  | A 5 kg track & trace parcel                 |                           |   |  |
|----------------|---|---------------------------|---|--|---|---------------------------|---|--|---|---------------------------|---|--|
|                | Sending of postal items from PT to other MS | Domestic price in each MS | CTT Domestic Price <sup>(2)</sup> + Domestic price in each MS | Deviation of the CTT price for sending postal items to other MS versus sum of CTT domestic price and domestic price of another USP | Sending of postal items from PT to other MS | Domestic price in each MS | CTT Domestic Price <sup>(2)</sup> + Domestic price in each MS | Deviation of the CTT price for sending postal items to other MS versus sum of CTT domestic price and domestic price of another USP | Sending of postal items from PT to other MS | Domestic price in each MS | CTT Domestic Price <sup>(2)</sup> + Domestic price in each MS | Deviation of the CTT price for sending postal items to other MS versus sum of CTT domestic price and domestic price of another USP |
| BG             | 28.65                                       | -                         | -   | -  | 32.40                                       | -                         | -   | -  | 42.50                                       | -                         | -   | -  |
| CY             |   | 4.18                      | 11.83   | 142%   |   | 4.48                      | 12.13   | 167%   |   | 5.38                      | 14.18   | 200%   |
| CZ             |   | 4.26                      | 11.91   | 141%   |   | 4.26                      | 11.91   | 172%   |   | 4.65                      | 13.45   | 216%   |
| DK             |   | 8.03                      | 15.68   | 83%  |   | 8.57                      | 16.22   | 100%   |   | 9.10                      | 17.90   | 137%   |
| EE             |   | 3.84                      | 11.49   | 149%   |   | 4.08                      | 11.73   | 176%   |   | 4.80                      | 13.60   | 213%   |
| FI             |   | 4.76                      | 12.41   | 131%   |   | 4.76                      | 12.41   | 161%   |   | 4.76                      | 13.56   | 213%   |
| GR             |   | 2.60                      | 10.25   | 180%   |   | 3.10                      | 10.75   | 201%   |   | 4.60                      | 13.40   | 217%   |
| HR             |   | 2.69                      | 10.34   | 177%   |   | 2.69                      | 10.34   | 213%   |   | 3.36                      | 12.16   | 250%   |
| HU             |   | 4.83                      | 12.48   | 130%   |   | 4.83                      | 12.48   | 160%   |   | 5.48                      | 14.28   | 198%   |
| IE             |   | 13.00                     | 20.65   | 39%  |   | 13.00                     | 20.65   | 57%  |   | 20.50                     | 29.30   | 45%  |
| LT             |   | 2.54                      | 10.19   | 181%   |   | 2.68                      | 10.33   | 214%   |   | 3.10                      | 11.90   | 257%   |
| LV             |   | 2.99                      | 10.64   | 169%   |   | 3.54                      | 11.19   | 190%   |   | 4.10                      | 12.90   | 229%   |
| MT             |   | 9.00                      | 16.65   | 72%  |   | 9.00                      | 16.65   | 95%  |   | 9.00                      | 17.80   | 139%   |
| PL             |   | 1.80                      | 9.45  | 203%   |   | 1.80                      | 9.45  | 243%   |   | 2.86                      | 11.66   | 264%   |
| RO             |   | -                         | -   | -  |   | -                         | -   | -  |   | -                         | -   | -  |
| SE             |   | 11.73                     | 19.38   | 48%  |   | 11.73                     | 19.38   | 67%  |   | 14.33                     | 23.13   | 84%  |
| SI             |   | 3.73                      | 11.38   | 152%   |   | 3.73                      | 11.38   | 185%   |   | 4.45                      | 13.25   | 221%   |
| SK             |   | 3.90                      | 11.55   | 148%   |   | 3.90                      | 11.55   | 181%   |   | 3.90                      | 12.70   | 235%   |
| UK             |   | 4.59                      | 12.24   | 134%   |   | 4.59                      | 12.24   | 165%   |   | 10.22                     | 19.02   | 123%   |
| Average Zone 2 | 28.65                                       | 5.20                      | 12.31   | 133%   | 32.40                                       | 5.34                      | 12.43   | 161%   | 42.50                                       | 6.74                      | 14.83   | 187%   |

1. The table shows data for EU countries only. Data for Iceland, Liechtenstein and Norway are not shown in the table, as information is not available on the Parcel platform.

2. The CTT domestic price is 7.65 euros.

Source: Parcel Platform and ANACOM calculation.

The comparison between the CTT tariffs for the cross-border sending of postal items and the sum of domestic tariffs charged by CTT in Portugal with those of US providers in the

destination MS allows us to conclude that there is a considerable variation between the results associated with each destination MS. Notwithstanding other factors that may contribute to the existence of this variation, this will also result from the existence of only two tariff zones and the ensuing positive and negative consequences mentioned above.

It should be noted, however, that the deviations found are all positive. Nevertheless, this result was expected, given that, although the sum of domestic tariffs can be used as an approximation of the costs associated with some steps in the process associated with international postal deliveries, it does not allow adequate consideration of the costs associated with transport to the destination MS, which may form a significant part of the total underlying costs.

It should also be noted that the tariffs associated with the sending of 5 kg parcels to “Zone 1” countries, which were not flagged as potentially unreasonable, did not differ substantially from those presented for the other postal items under consideration, the tariffs charged by CTT representing a deviation of 108% from the sum of the respective domestic tariffs.

It should also be noted, as mentioned above, that national the tariffs should respect the principles of Article 12 of the Postal Directive. The application of these principles and the particular emphasis placed on some of them, namely cost orientation and/or accessibility, may influence the value assumed by the domestic tariffs, which may thus adequately reflect the characteristics of the MS in which they are applied and the regulatory objectives intended to be met, but may not guarantee their suitability as a point of comparison with the tariffs charged in the other MS.

This is relevant in the case of the CTT domestic parcel service under the US, where the service margin<sup>14</sup> is significantly negative (margin of [BCI] [ECI]% in 2017<sup>15</sup> and estimated at [BCI] [ECI]% in 2018 and [BCI] [ECI]% in 2019<sup>16</sup>) so as to ensure the accessibility of the service. If, for example, the price of domestic parcels were increased so that their price would be equal to the estimated cost for 2019 (which would imply an increase in the domestic price of [BCI] [ECI] euros, from the current 7.65 to [BCI] [ECI] euros), although the deviation would remain positive, it

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<sup>14</sup> Margin for parcels up to 10 kg.

<sup>15</sup> According to the results of the CTT cost accounting system – general criterion with non-recurring costs.

<sup>16</sup> Estimates for 2018 and 2019 according to information submitted by CTT under the 2019 price proposal.

would be significantly smaller. However, such an increase could undermine the accessibility of the service.

In view of the above, and notwithstanding the fact that the tariffs applied by CTT generally deviate positively from the sum of its domestic tariffs and the domestic tariff of the US provider in the destination MS, it cannot be unequivocally concluded that the tariffs applied by CTT for cross-border postal items are unreasonable.

#### **2.2.4.2. Tariffs charged by competitors of the US provider in the originating country**

As mentioned above, Commission Communication COM (2018) 838 does not preclude the possibility of taking into account comparisons other than that presented in the preceding section, namely the tariffs under consideration with the tariffs charged by competitors of the US provider, either in the originating or the destination country, which must take into account product-specific information to ensure comparability. In this context, and in view of the limitations arising from comparisons with the tariffs applied in the other MS (in particular, as mentioned above, the fact that the tariffs charged by each provider take into account, in principle, the cost structures of those operators, which reflect the different characteristics of the environments in which they operate and even the development of their networks and infrastructures, as well as the different regulatory frameworks), it is considered appropriate to restrict this comparative analysis to the tariffs charged by competitors of the US provider in the originating country.

Accordingly, the following tables show the tariffs of parcel delivery service providers that submitted information under the Cross-Border Regulation, for each of the categories of postal items under consideration, according to the CTT tariff zones - “Zone 1” and “Zone 2”.

In particular, the following tables show the result of the comparison for sending 1 kg track & trace parcels.



**Table 9. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by other providers in Portugal, 1 kg track & trace parcel**

| MS  | A 1 kg track & trace parcel |            |              |       |         |                    |                 |       |       |       |                       |                            |
|---|-----------------------------|------------|--------------|-------|---------|--------------------|-----------------|-------|-------|-------|-----------------------|----------------------------|
|   | CTT                         | Chronopost | CTT Expresso | DHL   | Lisespo | Rangel Expresso II | Rangel Expresso | TCI   | TNT   | UPS   | Average excluding CTT | CTT deviation from average |
| AT  | 24.35                       | 18.48      | 26.63        | 58.50 | 56.04   | -                  | 79.14           | 19.67 | 45.00 | 57.90 | 45.17                 | -46%                       |
| BE  |                             | 18.48      | 26.63        | 58.50 | 56.04   | -                  | 79.14           | 23.34 | 42.50 | 57.90 | 45.32                 | -46%                       |
| DE  |                             | 17.27      | 26.63        | 58.50 | 53.54   | -                  | 79.14           | 19.67 | 45.00 | 57.90 | 44.71                 | -46%                       |
| ES  |                             | 14.72      | 7.17         | 22.10 | 11.44   | 16.13              | 79.14           | 19.67 | 42.50 | 42.70 | 28.40                 | -14%                       |
| FR  |                             | 18.48      | 26.63        | 58.50 | 63.16   | -                  | 79.14           | 19.67 | 45.00 | 57.90 | 46.06                 | -47%                       |
| IT  |                             | 24.64      | 26.63        | 58.50 | 51.48   | -                  | 79.14           | 19.67 | 45.00 | 57.90 | 45.37                 | -46%                       |
| LI  |                             | 20.79      | 51.75        | 68.50 | 96.74   | -                  | 98.11           | 47.25 | 67.50 | -     | 64.38                 | -62%                       |
| LU  |                             | 18.48      | 26.63        | 58.50 | 56.04   | -                  | 79.14           | 23.34 | 42.50 | 57.90 | 45.32                 | -46%                       |
| NL  |                             | 18.48      | 26.63        | 58.50 | 56.04   | -                  | 79.14           | 23.34 | 42.50 | 57.90 | 45.32                 | -46%                       |
| Average Zone 1  | 24.35                       | 18.87      | 27.26        | 55.57 | 55.61   | 16.13              | 81.25           | 23.96 | 46.39 | 56.00 | 45.56                 | -47%                       |
| CTT Zone 1 deviation from average compared to Zone 1 average of each provider | -                           | 29%        | -11%         | -56%  | -56%    | 51%                | -70%            | 2%    | -48%  | -57%  | -47%                  | -                          |

Source: Parcel Platform and ANACOM calculation. Green cells represent tariffs lower than those charged by CTT.

**Table 10. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by other providers in Portugal, 1 kg track & trace parcel**

| MS  | A 1 kg track & trace parcel |            |              |       |         |                    |                 |       |       |       |                       |                            |
|---|-----------------------------|------------|--------------|-------|---------|--------------------|-----------------|-------|-------|-------|-----------------------|----------------------------|
|   | CTT                         | Chronopost | CTT Expresso | DHL   | Lisespo | Rangel Expresso II | Rangel Expresso | TCI   | TNT   | UPS   | Average excluding CTT | CTT deviation from average |
| BG  | 28.65                       | 33.22      | 90.74        | 64.10 | 112.79  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 81.30                 | -65%                       |
| CY  |                             | 58.08      | 90.74        | 71.20 | 150.37  | -                  | 147.69          | 47.25 | 95.50 | -     | 94.40                 | -70%                       |
| CZ  |                             | 17.93      | 26.63        | 64.10 | 84.07   | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 67.79                 | -58%                       |
| DK  |                             | 20.79      | 30.05        | 58.50 | 84.07   | -                  | 79.14           | 19.67 | 45.00 | 62.55 | 49.97                 | -43%                       |
| EE  |                             | 24.64      | 30.05        | 64.10 | 112.71  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 72.64                 | -61%                       |
| FI  |                             | 33.22      | 30.05        | 64.10 | 112.71  | -                  | 79.14           | 47.25 | 67.50 | 62.55 | 62.07                 | -54%                       |
| GR  |                             | 39.05      | 26.63        | 64.10 | 112.79  | -                  | 79.14           | 47.25 | 67.50 | 62.55 | 62.38                 | -54%                       |
| HR  |                             | 24.64      | 90.74        | 64.10 | 108.63  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 79.71                 | -64%                       |
| HU  |                             | 20.79      | 26.63        | 64.10 | 84.07   | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 68.15                 | -58%                       |
| IE  |                             | 24.64      | 26.63        | 58.50 | 112.79  | -                  | 79.14           | 19.67 | 45.00 | 62.55 | 53.62                 | -47%                       |
| IS  |                             | 58.08      | 30.05        | 71.2  | 151.24  | -                  | 98.11           | 19.67 | 95.5  | -     | 143.39                | -80%                       |
| LT  |                             | 20.79      | 30.05        | 64.10 | 112.79  | -                  | 141.78          | 79.44 | 67.50 | 93.05 | 76.19                 | -62%                       |
| LV  |                             | 24.64      | 30.05        | 64.10 | 112.79  | -                  | 141.78          | 56.45 | 67.50 | 93.05 | 73.80                 | -61%                       |
| MT  |                             | 58.08      | 30.05        | 71.20 | 150.37  | -                  | 147.69          | 47.25 | 95.50 | -     | 85.73                 | -67%                       |
| NO  |                             | 33.22      | 30.05        | 68.50 | 164.89  | 164.89             | 98.11           | 19.67 | 67.50 | -     | 80.85                 | -65%                       |
| PL  |                             | 17.93      | 30.05        | 64.10 | 84.07   | -                  | 141.78          | 47.25 | 45.00 | 93.05 | 65.40                 | -56%                       |
| RO  |                             | 33.22      | 90.74        | 64.10 | 108.63  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 80.78                 | -65%                       |
| SE  |                             | 24.64      | 30.05        | 64.10 | 112.79  | -                  | 79.14           | 19.67 | 45.00 | 62.55 | 54.74                 | -48%                       |
| SI  |                             | 20.79      | 26.63        | 64.10 | 108.63  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 71.22                 | -60%                       |
| SK  |                             | 20.79      | 26.63        | 64.10 | 108.63  | -                  | 141.78          | 47.25 | 67.50 | 93.05 | 71.22                 | -60%                       |
| UK  |                             | 18.48      | 26.63        | 58.50 | 56.04   | -                  | 79.14           | 19.67 | 45.00 | 57.90 | 45.17                 | -37%                       |
| Average Zone 2  | 28.65                       | 29.89      | 40.47        | 64.52 | 111.71  | 164.89             | 120.29          | 41.34 | 66.14 | 82.01 | 73.36                 | -61%                       |
| CTT Zone 2 deviation from average compared to Zone 2 average of each provider | -                           | -4%        | -29%         | -56%  | -74%    | -83%               | -76%            | -31%  | -57%  | -65%  | -61%                  | -                          |

Source: Parcel Platform and ANACOM calculation. Green cells represent tariffs lower than those charged by CTT.

Compared to the previous tables for 1 kg track and trace parcels, it may be concluded that, although there are providers whose tariffs are lower than those charged by CTT, on

average, the tariffs charged by CTT are 47% and 61% lower than the average tariffs charged by other providers for “Zone 1” and “Zone 2” countries, respectively.

In particular for “Zone 1” MS, it is noted that, on average, only four providers (Chronopost, CTT Expresso, Rangel Expresso II and TCI) have an average tariff lower than that of CTT. However, it should be noted that, in the case of CTT Expresso, this is only due to the lower value for postal items sent to Spain, with tariffs for all other destinations being higher than those charged by CTT, and that Rangel Expresso II only delivers postal items to Spain and no other destination, and so cannot provide a suitable comparison. In the case of Chronopost and TCI, it is noted that their tariffs are generally lower than those of CTT, and are also characterised by a greater price breakdown taking into account the destination MS. In particular, and as an average, CTT tariffs are 29% and 2% higher than Chronopost and TCI tariffs, respectively.

Regarding the “Zone 2” MS, it can be seen that, on average, the tariffs charged by CTT are lower than those of the other providers.

It should also be noted that it is generally found that the other active providers charge tariffs with a greater breakdown in terms of the destination MS when compared to the CTT tariff structure, which consists of only two tariff zones for Europe.

The following tables show the result of the comparison for sending 2 kg track & trace parcels.

**Table 11. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by other providers in Portugal, 2 kg track & trace parcel**

|   | A 2 kg track & trace parcel |            |              |       |         |                    |                 |       |       |       |                       |                            |
|---|-----------------------------|------------|--------------|-------|---------|--------------------|-----------------|-------|-------|-------|-----------------------|----------------------------|
|   | CTT                         | Chronopost | CTT Expresso | DHL   | Lisespo | Rangel Expresso II | Rangel Expresso | TCI   | TNT   | UPS   | Average excluding CTT | CTT deviation from average |
| AT  | 27.05                       | 18.48      | 26.63        | 74.00 | 56.04   | -                  | 104.09          | 23.80 | 55.50 | 73.85 | 54.05                 | -50%                       |
| BE  |                             | 18.48      | 26.63        | 74.00 | 56.04   | -                  | 104.09          | 27.94 | 53.00 | 73.85 | 54.25                 | -50%                       |
| DE  |                             | 17.27      | 26.63        | 74.00 | 53.54   | -                  | 104.09          | 23.80 | 55.50 | 73.85 | 53.59                 | -50%                       |
| ES  |                             | 14.72      | 7.17         | 22.10 | 11.44   | 16.13              | 104.09          | 23.80 | 53.00 | 50.65 | 33.68                 | -20%                       |
| FR  |                             | 18.48      | 26.63        | 74.00 | 63.16   | -                  | 104.09          | 23.80 | 55.50 | 73.85 | 54.94                 | -51%                       |
| IT  |                             | 24.64      | 26.63        | 74.00 | 51.48   | -                  | 104.09          | 23.80 | 55.50 | 73.85 | 54.25                 | -50%                       |
| LI  |                             | 20.79      | 63.22        | 84.60 | 147.00  | -                  | 121.22          | 47.25 | 86.50 | -     | 81.51                 | -67%                       |
| LU  |                             | 18.48      | 26.63        | 74.00 | 56.04   | -                  | 104.09          | 27.94 | 53.00 | 73.85 | 54.25                 | -50%                       |
| NL  |                             | 18.48      | 26.63        | 74.00 | 56.04   | -                  | 104.09          | 27.94 | 53.00 | 73.85 | 54.25                 | -50%                       |
| Average Zone 1  | 27.05                       | 18.87      | 28.53        | 69.41 | 61.20   | 16.13              | 105.99          | 27.79 | 57.83 | 70.95 | 54.97                 | -51%                       |
| CTT Zone 1 deviation from average compared to Zone 1 average of each provider | -                           | 43%        | -5%          | -61%  | -56%    | 68%                | -74%            | -3%   | -53%  | -62%  | -51%                  | -                          |

Source: Parcel Platform and ANACOM calculation. Green cells represent tariffs lower than those charged by CTT.

**Table 12. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by other providers in Portugal, 2 kg track & trace parcel**

|   | A 2 kg track & trace parcel |            |              |       |         |                    |                 |       |        |        |                       |                            |
|---|-----------------------------|------------|--------------|-------|---------|--------------------|-----------------|-------|--------|--------|-----------------------|----------------------------|
|   | CTT                         | Chronopost | CTT Expresso | DHL   | Lisespo | Rangel Expresso II | Rangel Expresso | TCI   | TNT    | UPS    | Average excluding CTT | CTT deviation from average |
| BG  | 32.40                       | 33.22      | 119.03       | 80.60 | 112.79  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 96.91                 | -67%                       |
| CY  |                             | 58.08      | 119.03       | 89.20 | 199.00  | -                  | 191.92          | 47.25 | 117.50 | -      | 117.43                | -72%                       |
| CZ  |                             | 17.93      | 26.63        | 80.60 | 84.07   | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 79.86                 | -59%                       |
| DK  |                             | 20.79      | 30.05        | 74.00 | 84.07   | -                  | 104.09          | 23.80 | 55.50  | 80.50  | 59.10                 | -45%                       |
| EE  |                             | 24.64      | 30.05        | 80.60 | 112.71  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 84.71                 | -62%                       |
| FI  |                             | 33.22      | 30.05        | 80.60 | 112.71  | -                  | 104.09          | 47.25 | 86.50  | 80.50  | 71.87                 | -55%                       |
| GR  |                             | 39.05      | 26.63        | 80.60 | 112.79  | -                  | 104.09          | 47.25 | 86.50  | 80.50  | 72.18                 | -55%                       |
| HR  |                             | 24.64      | 119.03       | 80.60 | 108.63  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 95.32                 | -66%                       |
| HU  |                             | 20.79      | 26.63        | 80.60 | 84.07   | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 80.22                 | -60%                       |
| IE  |                             | 24.64      | 26.63        | 74.00 | 112.79  | -                  | 104.09          | 23.80 | 55.50  | 80.50  | 62.74                 | -48%                       |
| IS  |                             | 58.08      | 30.05        | 93.60 | 243.82  | -                  | 121.22          | 23.80 | 117.50 | -      | 98.30                 | -67%                       |
| LT  |                             | 20.79      | 30.05        | 80.60 | 112.79  | -                  | 185.41          | 79.44 | 86.50  | 110.50 | 88.26                 | -63%                       |
| LV  |                             | 24.64      | 30.05        | 80.60 | 112.79  | -                  | 185.41          | 56.65 | 86.50  | 110.50 | 85.89                 | -62%                       |
| MT  |                             | 58.08      | 30.05        | 89.20 | 199.00  | -                  | 191.92          | 47.25 | 117.50 | -      | 104.71                | -69%                       |
| NO  |                             | 33.22      | 30.05        | 84.60 | 164.89  | -                  | 121.22          | 23.80 | 86.50  | -      | 77.75                 | -58%                       |
| PL  |                             | 17.93      | 30.05        | 80.60 | 84.07   | -                  | 185.41          | 47.25 | 55.50  | 110.50 | 76.41                 | -58%                       |
| RO  |                             | 33.22      | 119.03       | 80.60 | 108.63  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 96.39                 | -66%                       |
| SE  |                             | 24.64      | 30.05        | 80.60 | 112.79  | -                  | 104.09          | 23.80 | 55.50  | 80.50  | 64.00                 | -49%                       |
| SI  |                             | 20.79      | 26.63        | 80.60 | 108.63  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 83.29                 | -61%                       |
| SK  |                             | 20.79      | 26.63        | 80.60 | 108.63  | -                  | 185.41          | 47.25 | 86.50  | 110.50 | 83.29                 | -61%                       |
| UK  |                             | 18.48      | 26.63        | 74.00 | 56.04   | -                  | 104.09          | 23.80 | 55.50  | 73.85  | 54.05                 | -40%                       |
| Average Zone 2  | 32.40                       | 29.89      | 45.86        | 81.29 | 120.75  | -                  | 156.68          | 42.53 | 83.55  | 99.52  | 82.51                 | -61%                       |
| CTT Zone 2 deviation from average compared to Zone 2 average of each provider | -                           | 8%         | -29%         | -60%  | -73%    | -                  | -79%            | -24%  | -61%   | -67%   | -61%                  | -                          |

Source: Parcel Platform and ANACOM calculation. Green cells represent tariffs lower than those charged by CTT.

In view of the above tables, similar conclusions may be reached for 1 kg parcels, in particular:

- on average, the tariffs charged by CTT are 51% and 61% lower than the average tariffs charged by other providers for “Zone 1” and “Zone 2” countries, respectively;
- for “Zone 1” destinations, there are three providers (Chronopost, CTT Expresso, Rangel Express II) that have a lower average tariff than CTT, and the same limitations on comparisons apply as mentioned above: Rangel Expresso II only delivers postal items to Spain and no other destination, and so cannot provide a suitable comparison, and the deviation witnessed in the CTT Expresso tariff is mainly due to the value of the delivery of postal items to Spain. In the case of Chronopost, on average, the tariffs charged by CTT are 43% higher;
- For “Zone 2” destinations, on average, the tariffs charged by CTT are 18% higher than those charged by Chronopost, and the tariffs charged by all the other providers are significantly higher than those charged by CTT.
- For both “Zone 1” and “Zone 2” destinations, most providers have more widely differentiated tariffs according to the destination MS when compared to CTT tariffs.

The following tables show the result of the comparison for sending 5 kg track & trace parcels, with the results being limited only to “Zone 2”, given that this was the tariff flagged as being potentially unreasonable. Notwithstanding this, as regards the “Zone 1” destinations, it is noted that the conclusions reached by comparing CTT tariffs with those of the other providers are no different from those presented above.

**Table 13. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by other providers in Portugal, 5 kg track & trace parcel**

|   | A 5 kg track & trace parcel |            |              |        |         |                    |                 |        |        |        |                       |                            |
|---|-----------------------------|------------|--------------|--------|---------|--------------------|-----------------|--------|--------|--------|-----------------------|----------------------------|
|   | CTT                         | Chronopost | CTT Expresso | DHL    | Lisespo | Rangel Expresso II | Rangel Expresso | TCI    | TNT    | UPS    | Average excluding CTT | CTT deviation from average |
| BG  | 42.50                       | 48.18      | 202.33       | 113.00 | 129.47  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 145.01                | -71%                       |
| CY  |                             | 60.83      | 202.33       | 135.70 | 300.43  | -                  | 317.78          | 73.16  | 163.50 | -      | 179.10                | -76%                       |
| CZ  |                             | 25.41      | 32.78        | 113.00 | 103.19  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 117.68                | -64%                       |
| DK  |                             | 30.03      | 38.19        | 98.90  | 103.19  | -                  | 159.79          | 37.49  | 78.50  | 125.55 | 83.96                 | -49%                       |
| EE  |                             | 35.53      | 38.19        | 113.00 | 129.47  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 122.91                | -65%                       |
| FI  |                             | 48.18      | 38.19        | 113.00 | 129.47  | -                  | 159.70          | 73.16  | 120.50 | 125.55 | 100.97                | -58%                       |
| GR  |                             | 56.10      | 32.78        | 113.00 | 129.47  | -                  | 159.70          | 73.16  | 120.50 | 125.55 | 101.28                | -58%                       |
| HR  |                             | 35.53      | 202.33       | 113.00 | 114.00  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 141.49                | -70%                       |
| HU  |                             | 30.03      | 32.78        | 113.00 | 103.19  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 118.26                | -64%                       |
| IE  |                             | 35.53      | 32.78        | 98.90  | 129.47  | -                  | 159.70          | 37.49  | 78.50  | 125.55 | 87.24                 | -51%                       |
| IS  |                             | 60.83      | 38.19        | 137.90 | 389.18  | -                  | 176.61          | 37.49  | 163.50 | -      | 143.39                | -70%                       |
| LT  |                             | 30.03      | 38.19        | 113.00 | 129.47  | -                  | 310.83          | 163.89 | 120.50 | 162.60 | 133.56                | -68%                       |
| LV  |                             | 35.53      | 38.19        | 113.00 | 129.47  | -                  | 310.83          | 88.98  | 120.50 | 162.60 | 124.89                | -66%                       |
| MT  |                             | 60.83      | 38.19        | 137.90 | 300.43  | -                  | 317.78          | 73.16  | 163.50 | -      | 155.97                | -73%                       |
| NO  |                             | 48.18      | 38.19        | 129.90 | 201.14  | -                  | 176.61          | 37.49  | 120.50 | -      | 107.43                | -60%                       |
| PL  |                             | 25.41      | 38.19        | 113.00 | 103.19  | -                  | 310.83          | 73.16  | 78.50  | 162.60 | 113.11                | -62%                       |
| RO  |                             | 48.18      | 202.33       | 113.00 | 114.00  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 143.08                | -70%                       |
| SE  |                             | 35.53      | 38.19        | 113.00 | 129.47  | -                  | 159.70          | 37.49  | 78.50  | 125.55 | 89.68                 | -53%                       |
| SI  |                             | 30.03      | 32.78        | 113.00 | 114.00  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 119.61                | -64%                       |
| SK  |                             | 30.03      | 32.78        | 113.00 | 114.00  | -                  | 310.83          | 73.16  | 120.50 | 162.60 | 119.61                | -64%                       |
| UK  |                             | 25.85      | 32.78        | 98.90  | 84.06   | -                  | 159.70          | 37.49  | 78.50  | 113.15 | 78.80                 | -46%                       |
| Average Zone 2  | 42.50                       | 39.80      | 67.65        | 115.24 | 151.42  | -                  | 255.53          | 68.04  | 116.64 | 148.79 | 120.34                | -65%                       |
| CTT Zone 2 deviation from average compared to Zone 2 average of each provider | -                           | 7%         | -37%         | -63%   | -72%    | -                  | -83%            | -38%   | -64%   | -71%   | -65%                  | -                          |

Source: Parcel Platform and ANACOM calculation. Green cells represent tariffs lower than those charged by CTT.

As in the previous situations, the overall conclusion is that the tariffs charged by CTT are, on average, 65% lower than the average of all the other providers, and only 7% higher than those charged by Chronopost. In this context, the greater dispersion of the tariffs charged by that provider is also worth mentioning.

In addition to the analysis presented, it will also be appropriate to consider how the cross-border tariffs relate to each provider's domestic tariffs. The following table summarises the results of this analysis.

**Table 14. Average cross-border tariffs compared to each provider's domestic tariffs**

|                             |   | CTT  | Chronopost | CTT Expresso | DHL   | Lisespo | Rangel Expresso II | Rangel Expresso | TCI   | TNT  | UPS  | Average excluding CTT |
|-----------------------------|---|------|------------|--------------|-------|---------|--------------------|-----------------|-------|------|------|-----------------------|
| A 1 kg track & trace parcel | Average Zone 1 tariff compared to domestic tariff | 218% | 102%       | 391%         | 467%  | 490%    | 2%                 | -               | 446%  | 162% | 206% | 303%                  |
|                             | Average Zone 2 tariff compared to domestic tariff | 275% | 220%       | 629%         | 558%  | 1086%   | 939%               | -               | 842%  | 274% | 348% | 549%                  |
| A 2 kg track & trace parcel | Average Zone 1 tariff compared to domestic tariff | 254% | 68%        | 414%         | 608%  | 550%    | 2%                 | -               | 533%  | 227% | 229% | 361%                  |
|                             | Average Zone 2 tariff compared to domestic tariff | 324% | 166%       | 726%         | 729%  | 1182%   | -                  | -               | 869%  | 373% | 362% | 591%                  |
| A 5 kg track & trace parcel | Average Zone 2 tariff compared to domestic tariff | 383% | 255%       | 715%         | 1076% | 1484%   | -                  | -               | 1303% | 560% | 377% | 787%                  |

Source: Parcel Platform and ANACOM calculation.

As demonstrated, for the categories of postal items under consideration, CTT cross-border tariffs are around 2 to 4 times higher than its domestic tariffs. In the situations concerned, this ratio is lower than the average tariff of all the other providers (see last column), and their cross-border tariffs are around 2 to 8 times higher than their domestic tariffs. It is further noted that, for the vast majority of providers, the ratio resulting from the tariffs applied by each provider is higher than that resulting from CTT tariffs, and in particular cases where the ratio arising from the tariffs of other providers is lower than that of CTT, the deviation does not appear to be very significant (the exception being Rangel Expresso II – which, however, as mentioned above, only delivers postal items to Spain – and Chronopost).

In view of the above, and notwithstanding the identification of situations in which some providers charge, on average, lower tariffs than CTT for the categories of deliveries under consideration, it should be noted that CTT tariffs are still significantly lower than average market tariffs, with a much more pronounced level of homogeneity through the definition of only two tariff zones (with the possible benefits this may bring to customers, notably in terms of transparency and understanding the price of the services). It should also be stressed that CTT cross-border tariffs are closer to domestic tariffs than those of the other providers.

Furthermore, if a pre-assessment filter mechanism similar to that identified in Commission Communication COM/2018/838 were applied only to tariffs reported by providers active in the Portuguese market, CTT tariffs would not be flagged as potentially unreasonable, as they would not feature among the highest 25% in the market.

Therefore, based on this information, it is impossible to conclude that the tariffs charged by CTT are unreasonable, and it should also be noted that the services provided by providers active in the Portuguese market may have different characteristics from the service that comprises the US provided by CTT. However, this information is not available on the Parcel platform, which does not present this level of detail.

#### 2.2.4.3. Comparable tariffs applied under the US in the destination MS

The following tables show a comparison between the CTT tariffs under consideration and the tariffs charged by the US provider in the other MS, for the sending of postal items to Portugal – the first table grouping the information for the countries that belong to “Zone 1” and the second table grouping the countries that belong to “Zone 2”.

**Table 15. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by US providers in other MS, for the sending of postal items to Portugal (1)**

| MS             | A 1 kg track & trace parcel                 |                                  |  | A 2 kg track & trace parcel                 |                                  |  |
|----------------|---|----------------------------------|--|---|----------------------------------|--|
|                | Sending of postal items from PT to other MS | Postal items from other MS to PT | Deviation of CTT price from price of USP in other MS | Sending of postal items from PT to other MS | Postal items from other MS to PT | Deviation of CTT price from price of USP in other MS |
| AT             | 24.35                                       | 13.92                            | 75%  | 27.05                                       | 13.92                            | 94%  |
| BE             |   | 32.80                            | -26%   |   | 32.80                            | -18%   |
| DE             |   | -                                | -  |   | -                                | -  |
| ES             |   | 30.80                            | -21%   |   | 34.10                            | -21%   |
| FR             |   | 15.20                            | 60%  |   | 17.20                            | 57%  |
| IT             |   | 25.33                            | -4%  |   | 30.00                            | -10%   |
| LU             |   | -                                | -  |   | -                                | -  |
| NL             |   | 18.50                            | 32%  |   | 18.50                            | 46%  |
| Average Zone 1 | 24.35                                       | 22.76                            | 7%   | 27.05                                       | 24.42                            | 11%  |

1. The table shows data for EU countries only. Data for Iceland, Liechtenstein and Norway are not shown in the table, as information is not available on the Parcel platform.

Source: Parcel Platform and ANACOM calculation. Green cells represent cases where the CTT tariffs are lower.

As evidenced, the deviation of CTT tariffs for “Zone 1” from the tariffs charged by other US providers, in the other MS, for the sending of postal items to Portugal, varies significantly: in the case of the sending of 1 kg parcels, it appears that this deviation ranges from -26%, compared to the prices charged in Belgium, to 75%, compared to the prices charged in Austria; in the case of sending 2 kg parcels, this deviation varies from -21%, compared to the prices charged in Spain to 94%, compared to the prices charged in Austria. However, on average, there is no significant difference between CTT and “Zone 1” MS tariffs, as represented by average deviations of 7% and 11% for the sending of 1 kg and 2 kg parcels, respectively.

In this context, it should be noted that, in the case of tariffs associated with the shipment of 5 kg parcels that were not flagged as potentially unreasonable, the situation does not differ substantially from that of 1 kg and 2 kg parcels. In particular, it should be noted that, also in the case of the sending of 5 kg parcels, there is a significant variation in the deviation of

CTT tariffs compared to those charged in the other MS, from -23% compared to tariffs in Spain to 76% compared to tariffs in Austria, with an average deviation of 14%.

**Table 16. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by US providers in other MS, for the sending of postal items to Portugal**

| MS             | A 1 kg track & trace parcel                 |                                  |  | A 2 kg track & trace parcel                 |                                  |  | A 5 kg track & trace parcel                 |                                  |  |
|----------------|---|----------------------------------|--|---|----------------------------------|--|---|----------------------------------|--|
|                | Sending of postal items from PT to other MS | Postal items from other MS to PT | Deviation of CTT price from price of USP in other MS | Sending of postal items from PT to other MS | Postal items from other MS to PT | Deviation of CTT price from price of USP in other MS | Sending of postal items from PT to other MS | Postal items from other MS to PT | Deviation of CTT price from price of USP in other MS |
| BG             | 28.65                                       | -                                | -  | 32.40                                       | -                                | -  | 42.50                                       | -                                | -  |
| CY             |   | 16.48                            | 74%  |   | 19.98                            | 62%  |   | 28.98                            | 47%  |
| CZ             |   | 18.02                            | 59%  |   | 20.12                            | 61%  |   | 26.40                            | 61%  |
| DK             |   | 20.35                            | 41%  |   | 29.45                            | 10%  |   | 29.45                            | 44%  |
| EE             |   | 15.82                            | 81%  |   | 18.36                            | 76%  |   | 25.98                            | 64%  |
| FI             |   | 22.90                            | 25%  |   | 28.90                            | 12%  |   | 28.90                            | 47%  |
| GR             |   | 22.76                            | 26%  |   | 26.68                            | 21%  |   | 38.44                            | 11%  |
| HR             |   | 12.11                            | 137%   |   | 16.15                            | 101%   |   | 22.21                            | 91%  |
| HU             |   | 29.28                            | -2%  |   | 30.21                            | 7%   |   | 38.62                            | 10%  |
| IE             |   | 40.00                            | -28%   |   | 49.00                            | -34%   |   | 79.00                            | -46%   |
| LT             |   | 17.23                            | 66%  |   | 20.05                            | 62%  |   | 28.51                            | 49%  |
| LV             |   | 18.60                            | 54%  |   | 22.38                            | 45%  |   | 33.78                            | 26%  |
| MT             |   | 11.32                            | 153%   |   | 13.64                            | 138%   |   | 20.60                            | 106%   |
| PL             |   | 13.02                            | 120%   |   | 14.42                            | 125%   |   | 15.58                            | 173%   |
| RO             |   | 10.78                            | 166%   |   | 13.84                            | 134%   |   | 23.05                            | 84%  |
| SE             |   | 26.73                            | 7%   |   | 29.33                            | 10%  |   | 29.33                            | 45%  |
| SI             |   | 13.67                            | 110%   |   | 13.67                            | 137%   |   | 20.48                            | 108%   |
| SK             |   | 17.00                            | 69%  |   | 19.00                            | 71%  |   | 26.50                            | 60%  |
| UK             |   | 14.53                            | 97%  |   | 17.67                            | 83%  |   | 34.42                            | 23%  |
| Average Zone 2 | 28.65                                       | 18.92                            | 51%  | 32.40                                       | 22.38                            | 45%  | 42.50                                       | 30.57                            | 39%  |

1. The table shows data for EU countries only. Data for Iceland, Liechtenstein and Norway are not shown in the table, as information is not available on the Parcel platform.

Source: Parcel Platform and ANACOM calculation. Green cells represent cases where the CTT tariffs are lower.

Regarding the tariffs charged by CTT for the sending of postal items to “Zone 2” countries, it can be seen that the average deviations from the tariffs charged by US providers of the other MS for the sending of postal items to Portugal is higher than for “Zone 1” countries, with deviations of 51%, 45% and 39% for 1 kg, 2 kg and 5 kg parcels, respectively. Nevertheless, there is a large variation in these deviations, depending on the destination MS.

As mentioned above, the grouping of several destination countries into uniform tariff zones will necessarily imply a reduced reflection of underlying costs, in particular related to the distances to each of these destinations. At the same time, this grouping will naturally imply the existence of differences compared to the prices charged by the providers of other MS for the sending of postal items to Portugal. Notwithstanding this, it is reiterated that this higher level of aggregation may also have positive effects for customers, as already described above.

It should also be noted that the tariffs charged by each provider in its MS may have different characteristics (e.g. as mentioned above, the existence of insurance/liability, speed of



delivery, guaranteed or average travel time, territorial coverage) that influence the value of those tariffs. In particular, it may be the case that the higher tariffs result from the inclusion of additional services or a higher quality of service, which may contribute positively to the end-user experience and thus underpin the higher value of those tariffs. However, the specific information on the characteristics associated with each tariff communicated by each US provider in each MS under the Parcel platform does not present this level of detail, and therefore does not enable this type of analysis to be performed. Said information is also not easily obtainable in aggregated form from any other source. In this respect, it should be noted that the ERGP has even pointed out that the collection of all information enabling NRA to carry out this kind of detailed analysis could represent a very significant burden for NRA, which may not be either proportionate or even feasible<sup>17</sup>.

It should also be noted that geographic location may have a significant impact on the costs incurred – and hence on prices – since Portugal is a peripheral country with some restrictions on available transport (especially when compared to central European countries which, in addition to having various countries as neighbours, also have various alternative transport links to them – roads, railways or airways), and as the average distances to other countries are greater than the average distances between the other Member States, higher costs may be incurred. Indeed, it should be noted that the tariffs charged by each provider will take into account the cost structures of these operators, and it is expected that there will be differences between the tariffs of each provider in relation to the different characteristics of the environments in which they operate and even the development of their networks and infrastructure.

In this context, as is clear from the Postal Directive and clearly recognised under Commission Communication COM (2018) 838, universal postal service tariffs should comply with the principles set out in Article 12 of the Postal Directive, in particular, the cost orientation principle.

Similarly, particular attention should be paid to the fact that the tariffs charged by each operator are set with due regard to the principle of accessibility, and it is not unfeasible that at least some of the tariffs analysed may be set at a value below the costs incurred by the respective provider from a regulatory perspective of ensuring the accessibility of the service

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<sup>17</sup> ERGP (18) 36 ERGP input for the Commission's Guidance related to the Article 6 Assessment of cross-border single-piece parcel tariffs - <https://ec.europa.eu/docsroom/documents/31982>.

to all customers. It is therefore necessary for the assessment of the results of the comparison presented to take account of the fact that the tariffs concerned were set taking into account these principles, which will necessarily reflect the characteristics of the applicable MS, which may not be paralleled in the other MS.

In view of the above, the comparison between the tariffs applied by CTT and those applied under the US in the destination MS for the sending of postal items to Portugal does not allow it to be unequivocally concluded that CTT tariffs are unreasonable, in particular with regard to Zone 1 destinations.

#### **2.2.5. Likely impact of the applicable cross-border tariffs on individual and SME users, including those situated in remote or sparsely populated areas, and on users with disabilities or with reduced mobility**

Commission Communication COM (2018) 838 states that the impact mentioned above should be assessed from the user's perspective and should not be merely hypothetical, i.e. there should be reasons, for example studies, proving that users considered vulnerable are actually being affected by the tariffs concerned.

In this respect, Article 6 (2) of the Cross-Border Regulation states that this factor should be taken into account only where possible, and providing it does not impose a disproportionate burden. Given that, as of the current time, no studies conducted by ANACOM addressing this specific issue are available, coupled with the limited timeframe associated with the development of the analysis concerned, it is believed that consideration of this factor from an objective and adequately substantiated perspective appears disproportionate in light of the resources required and the protracted period of time required to develop such a study.

Against this background, it is believed that this factor should not be included in the present analysis, and that this will not significantly affect the conclusions reached.

#### **2.2.6. Abuse of dominant market position**

Article 6 (3) of the Cross-Border Regulation provides that, where it considers it to be necessary, the NRA may also take into account abuses of dominant market position established under relevant applicable law. Commission Communication (2018) 838 further clarifies that consideration may be given in this context to cases where the Competition Authority has determined in the past that the US provider has abused its dominant market

position by providing cross-border items, these cases being particularly relevant where the abuse involved the exploitation of end-users (e.g. through excessive pricing practices), rather than the exclusion of a competitor (e.g. through predatory pricing or margin squeezing).

It should be noted that consideration of this criterion in the analysis is optional, as is clear from the above-mentioned article of the Cross-Border Regulation. To date, no evidence has been found relating to potential cases of abuse of dominant market position as determined by the Competition Authority, in accordance with that described in Commission Communication (2018) 838, and there is therefore no indication that the CTT tariffs under consideration are unreasonable.

### **3. Conclusion**

From the implementation of the pre-assessment filter mechanism identified in Commission Communication COM (2018) 838, and from the assessment of the tariffs identified therein as potentially unreasonable, it follows that:

- These tariffs form part of the basket of prices analysed by ANACOM under the US pricing criteria for the 2018-2020 three-year period, as established by ANACOM decision of 12/07/2018 and complemented by the decision of 05/11/2018, ANACOM having concluded that they comply with the principles and criteria for the pricing of postal services that comprise the US for both 2018 and 2019 (bearing in mind that the tariffs in force as of 01/01/2019 were already in force in 2018 by application of the criteria applicable to that year, and remain in force in 2019 by application of the specific criteria applicable for that year);
- CTT applies only two tariffs for EU MS, Iceland, Liechtenstein and Norway: a tariff applicable to countries classified as “Zone 1” and a tariff applicable to countries classified as “Zone 2”. This higher level of tariff aggregation may contribute towards greater territorial cohesion, as interpreted from a European perspective, and also offer the benefit of greater transparency (and less complexity) for service users, which is a practice legitimised by the Postal Directive and the Cross-Border Regulation;

- It is estimated that, in unit terms and for each type of postal item under consideration, the margins earned by CTT for each of these tariff zones are close to zero, it is estimated that 1 kg track & trace parcels, in 2018, for both tariff zones, resulted in a slightly negative margin, and the remaining postal items, positive margins of less than 5%;
- Tariffs associated with cross-border parcel delivery did not significantly change over the period 2014-2018, with their average annual variation standing at below 1.1%;
- Comparing the CTT cross-border parcel tariffs with those charged by other providers in the Portuguese market, and notwithstanding the fact that services with different characteristics may be compared, it is clear that CTT tariffs are lower than average market tariffs. There is also a higher level of aggregation than with respect to the other active providers, with only two tariff zones. CTT cross-border tariffs are also closer to domestic tariffs when compared to the other providers.

Additionally, if a pre-assessment filter mechanism similar to that identified in Commission Communication COM (2018) 838 were applied only to tariffs reported by providers active in the Portuguese market, CTT tariffs would not be flagged as potentially unreasonable, as they would not feature among the highest 25% in the market;

- Although CTT cross-border parcel tariffs are generally higher than the sum of its domestic tariff and the US provider's domestic tariff in the destination MS, it cannot be unequivocally concluded that the tariffs applied by CTT for cross-border shipments are unreasonable, notably because the sum of the domestic tariffs will not allow proper consideration to be given to the costs associated with transport to the destination MS and because the regulatory framework to which the domestic tariffs are subject may be different (noting, in the case of CTT, that the domestic parcel margin is significantly negative, given the need to ensure accessibility to the service), significantly affecting their value;
- The comparison between CTT and the cross-border parcel tariffs applied under the US within the destination MS for the sending of postal items to Portugal does not allow us to conclude that CTT tariffs are unreasonable, and it should be noted that the tariffs charged by each provider will have to take into account the cost structures

of those providers and the national regulatory framework itself. It is expected that there will be differences between the tariffs of each provider in light of the different characteristics of the environments within which they operate, and even the development of their networks and infrastructure;

- Geographic location may have a significant impact on the costs incurred – and hence on prices – since Portugal is a peripheral country with some restrictions on available transport (especially when compared to central European countries which, in addition to having various countries as neighbours, also have various alternative transport links to them – roads, railways or airways), and as the average distances to other countries are greater than the average distances between the other Member States, higher costs may be incurred;
- There are no known cases of abuse of market dominance by the universal service provider when sending cross-border parcels;
- The available information on which this analysis was based is somewhat limited, in particular as regards the specific details of the characteristics of the tariffs that ensure complete and adequate comparability of the tariffs reported by all providers, as well as the specific information presented by CTT, which is based on unaudited elements. Notwithstanding this, the deadlines associated with the present analysis and the complexity of the tasks which would contribute to a greater degree of certainty as regards the conclusions presented would be incompatible with the necessary proportionality weighting with regard to the associated regulatory burdens.

In view of the above, it may be concluded that, in relation to CTT cross-border tariffs for the sending of:

- A 1 kg track & trace parcel (for all destinations reported under Article 5 of the Cross-Border Regulation (EU MS, Iceland, Liechtenstein and Norway) – corresponding to “Zone 1” and “Zone 2” of the CTT international parcel tariff).
- A 2 kg track & trace parcel (for all destinations reported under Article 5 of the Cross-Border Regulation (EU MS, Iceland, Liechtenstein and Norway) – corresponding to “Zone 1” and “Zone 2” of the CTT international parcel tariff).

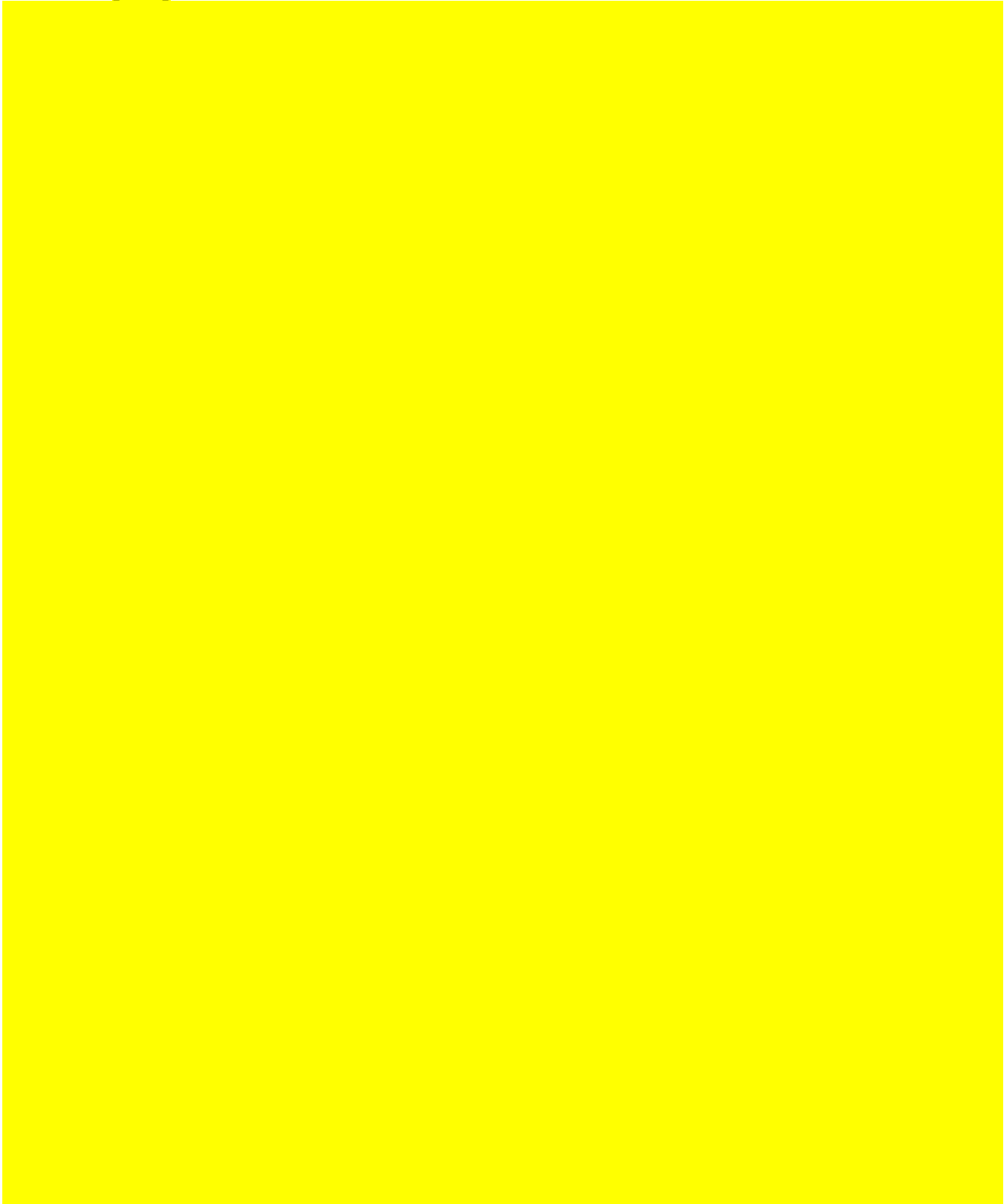
- A 5 kg track & trace parcel (for EU MS – except Austria, Belgium, Germany, Spain, France, Italy, Luxembourg and the Netherlands – Iceland and Norway – corresponding to the “Zone 2” tariff CTT international parcel tariff).

there is no evidence to conclude that these tariffs are unreasonably high.

## **ANNEX**

**Information submitted by CTT regarding traffic and costs (based on cost allocation according to the criteria used in 2015)**

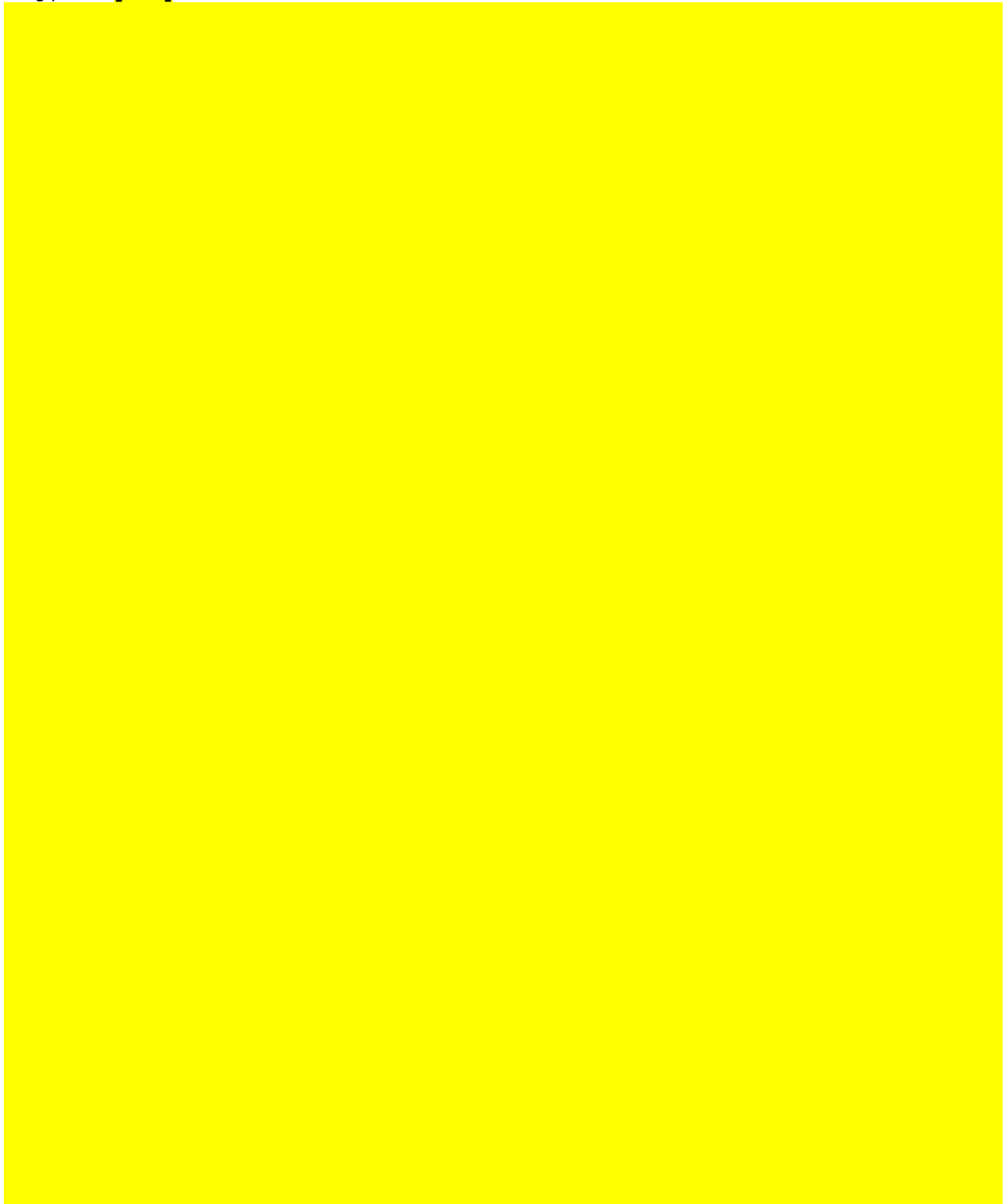
1 kg parcel **[BCI]**



**[ECI]**

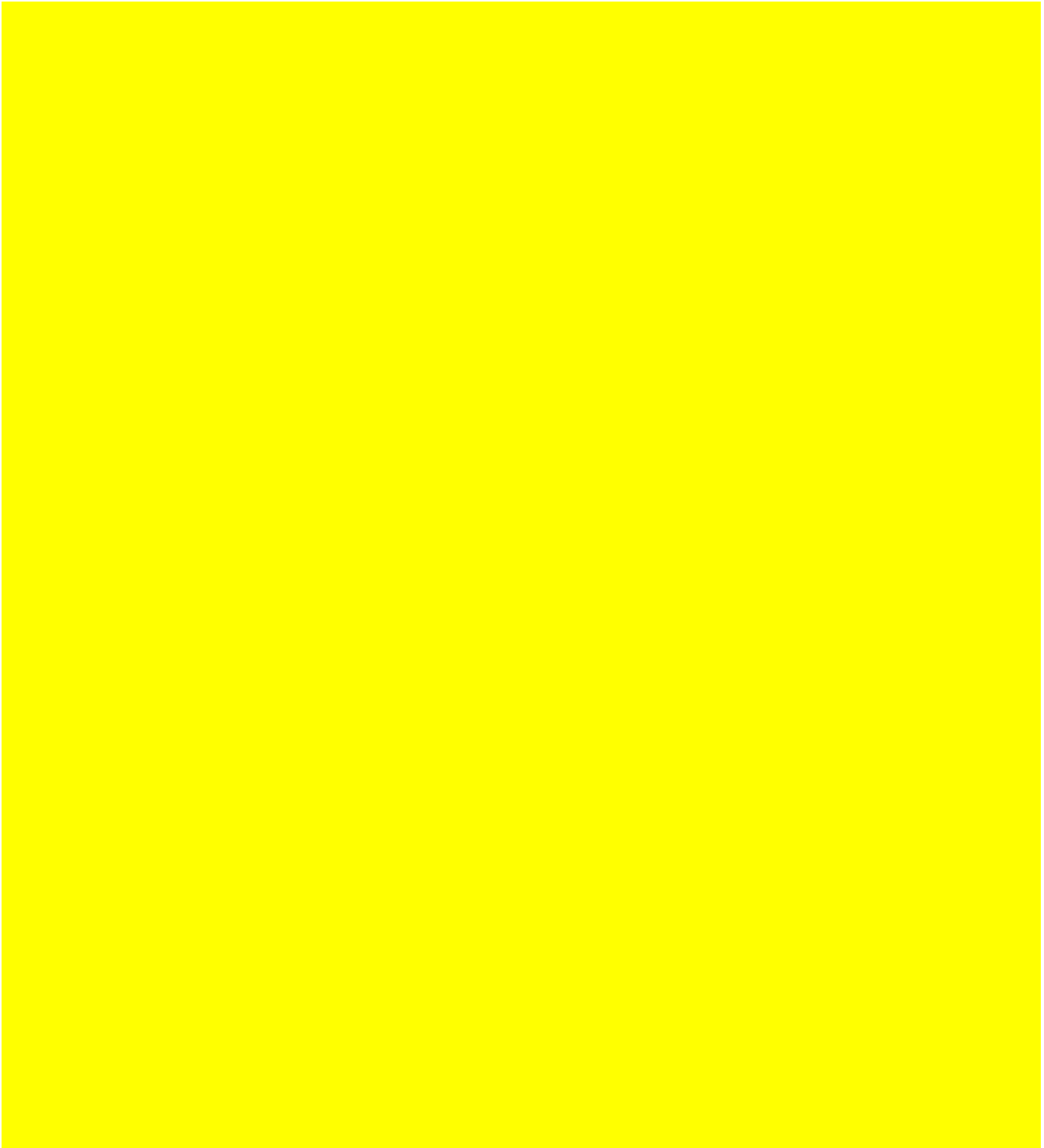


2 kg parcel **[BCI]**



**[ECI]**

5 kg parcel **[BCI]**



**[ECI]**