

Evaluation of cross-border single-piece parcel tariffs (2020)

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

PUBLIC VERSION

Index

1. Framework.....	1
2. Analysis	4
2.1. Identification of tariffs to assess	4
2.2. Assessment of the tariffs	4
2.2.1. Principles set out in Article 12 of Directive 97/67/EC and specific price regulation under national legislation	4
2.2.2. The application of a uniform tariff for two or more MS	6
2.2.3. Bilateral volumes, specific transportation or handling costs, other relevant costs and service quality standards	8
2.2.4. Domestic tariffs and other relevant tariffs for comparable parcel delivery services in originating MS and destination MS	12
2.2.5. Likely impact of cross-border tariffs on individual users and on small and medium-sized enterprises (SME), including those situated in remote or sparsely populated areas, and on users with disabilities or with reduced mobility	23
2.2.6. Abuse of dominant market position	23
3. Conclusion	23

(Page intentionally left blank)

1. Framework

Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April (Regulation)¹ concerning cross-border parcel delivery services lays down specific provisions, among others, on the assessment, by National Regulatory Authorities (NRA), of the tariffs of certain cross-border parcel delivery services, to determine whether any of these tariffs are unreasonably high.

In particular, Article 6 (1) of the Regulation provides that the NRA identify, based on the public lists of tariffs obtained pursuant to Article 5, for each of the categories of single-piece postal items listed in the annex to the Regulation (and summarised in the following table), the cross-border tariffs of the parcel delivery service provider that originates in its Member State (MS) and that are subject to a universal service (US) obligation that it objectively considers necessary to assess.

Table 1. Categories of postal items in the annex to the Regulation

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

Source: Regulation.

Pursuant to Article 5 (1) of the Regulation, parcel delivery service providers² must submit to the NRA of the MS in which they are established, before 31 January of each calendar year, the public list of tariffs applicable on 1 January of that year, for the delivery of single-piece postal items falling within the categories listed in the Annex to the Regulation. In accordance with Article 5 (2) of the Regulation, the public list of tariffs has been published by the European Commission (EC) on a dedicated website³.

¹ <https://www.anacom.pt/render.jsp?contentId=1435241>.

² An exception applies for the providers excluded under Article 4 (6) and (7) of the 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 European Commission for this purpose: CEP - Correos Express Portugal, S.A. (CEP), CEP II - Correos Express Portugal, S.A. (CEPII), CTT - Correios de Portugal, S.A. (CTT), CTT Expresso - Serviços Postais e de Logística, S.A. (CTT Expresso), DHL Express Portugal, Lda. (DHL), DPD Portugal - Transporte Expresso, S.A. (DPD), Logista - Transportes, Transitários e Pharma, Unipessoal, Lda. (Logista), TCI – Transporte Courier International, Lda. (TCI), TNT Express Worldwide (Portugal), Transitários, Transporte e Serviços Complementares, Unipessoal, Lda. (TNT), UPS of Portugal Transportes Internacionais de Mercadorias Sociedade Unipessoal, Lda (UPS).

³ https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en.

In this context, insofar as CTT is the universal service provider (USP) for postal services in Portugal, and therefore responsible for the corresponding obligations, only the tariffs charged by CTT, as the USP, are subject to this assessment.

Note that, as set out in recital 25 of the Regulation, in order to reduce the administrative burden on NRA and parcel delivery service providers subject to US obligations, and in accordance with the proportionality principle, NRA may base the identification of cross-border tariffs requiring assessment on an objective pre-assessment filter mechanism.

As provided for in Commission Communication COM (2018) 838⁴ of 12/12/2018, which sets out guidelines for NRA regarding the assessment of cross-border parcel tariffs under the Regulation, 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 Regulation, based on the tariffs reported by the providers, adjusted according to the purchasing-power parities laid down by Eurostat. According to the EC, this will help to ensure comparability and fairness across the European Union (EU), as well as the flexibility and adaptability of a filter mechanism in order to take into account market changes.

Therefore, based on the pre-assessment filter mechanism proposed by the EC, tariffs subject to analysis must be above a predefined threshold; in the case of this tariff assessment exercise, and given that this is the Regulation's second year in force, the tariffs in the group of the 25% highest should be subject to analysis⁵.

As regards the objective assessment to be done by the NRA, Article 6 (2) of the Regulation states that this assessment must be based on the principles set out in Article 12 of Directive 97/67/EC, in particular taking into account the following elements:

- domestic tariffs and other relevant tariffs for comparable parcel delivery services in originating MS and destination MS;
- the application of a uniform tariff for two or more MS;

⁴ <https://www.anacom.pt/render.jsp?contentId=1465151>.

⁵ As provided for in the above communication, this percentage may gradually decrease in the years following the Regulation's application (taking on values ranging from 25% to 5%), to be determined in close cooperation between the EC, NRA and European Regulators Group for Postal Services (ERGP).

- 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 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.

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

It should be noted that, as set out in Article 6 (5) and (6) of the 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 11/05/2020, ANACOM submitted a request for information to CTT, which provided the information requested on 11/06/2020. This information is taken into account in the analysis presented in the following section of this document, in particular with respect to the costs incurred in providing the services concerned.

2. Analysis

2.1. Identification of tariffs to assess

Following the application of the above-mentioned 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 Regulation [EU Member States, Iceland, Liechtenstein and Norway] – corresponding to “Zone 1” and “Zone 2” tariffs of the CTT international parcel tariff);
- A 2 kg track & trace parcel (for all destinations reported under Article 5 of the Regulation [EU Member States, Iceland, Liechtenstein and Norway] – corresponding to “Zone 1” and “Zone 2” tariffs of the CTT international parcel tariff);
- A 5 kg track & trace parcel (to Iceland, Norway and EU Member States except Austria, Belgium, Germany, Spain, France, Italy, Luxembourg and the Netherlands – corresponding to the “Zone 2” tariff of the CTT international parcel tariff).

Note that these same tariffs were identified in the pre-assessment filter mechanism used in the previous year (2019), where ANACOM's assessment found no evidence that these tariffs were unreasonably high in 2019⁶.

2.2. Assessment of the tariffs

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

⁶ Decision of 26/06/2019, available at <https://www.anacom.pt/render.jsp?contentId=1475460>.

article 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 specific principles:

- Affordability of prices, so that all users have access to the services provided, irrespective of their geographical location and taking account of specific national conditions;
- Cost-oriented pricing, encouraging efficient provision of the US, where 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;
- Transparency and non-discrimination of tariffs and their associated conditions.

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 (1) 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 (3) of this same article further specifies 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. 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 11/05/2018⁷, reaffirm these principles.

In this context, the tariffs now warranting an analysis under the Regulation comprise the US-proposed pricing already analysed by ANACOM per the above-mentioned US pricing criteria set by ANACOM.

In particular, the prices in effect on 01/01/2020 were assessed in the US-proposed pricing submitted by CTT applicable to the start of June 2019⁸ and the start of June 2020⁹ (since the proposal analysed for the start of June 2020 maintained prices previously in effect), where ANACOM concluded that the proposals were in compliance with the maximum price variations permitted for each of these years and, on the whole, did not violate the principles

⁷ <https://www.anacom.pt/render.jsp?contentId=1462677>.

⁸ Decision of 22/05/2019, available at <https://www.anacom.pt/render.jsp?contentId=1472940>.

⁹ Decision of 21/05/2020, available at <https://www.anacom.pt/render.jsp?contentId=1532591>.

of cost-oriented pricing, affordability, transparency and non-discrimination. As such, ANACOM did not oppose the US-proposed pricing conveyed by CTT, which became effective at the start of June 2019 and June 2020.

Nevertheless, it should be noted that the analyses behind these decisions were based on an overall analysis of the parcel service on an international scale (including destinations beyond the EU and European Economic Area), thereby not assuming the level of detail arising from the application of the Regulation, which now applies.

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

Commission Communication COM (2018) 838 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 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.

As such, 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, constituting a common practice in the EU, insofar as most US providers in the various MS have some degree of price consistency based on the geographic proximity of destinations, as highlighted in this communication.

As far as the tariffs charged by CTT are concerned, it should be noted that there are only two charging zones for all EU MS, Iceland, Liechtenstein and Norway, “Zone 1” and “Zone 2” tariffs, depending on the country of destination, as shown in the following table (with the tariffs applicable to “Zone 1” lower than those applicable to “Zone 2”).

Table 2. CTT charging zones (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

Note that this differentiation has been used by CTT in previous years, and had already been considered in the assessment of tariffs under the Regulation in the previous year. In this context, the conclusions reached at this time – that in general, charging zones take account

of distance from destination, as longer distances will have implications for the costs incurred – should be reiterated.

In particular, and taking into account a necessarily simplistic assessment of the distances between Portugal and each of the countries in each of these zones¹⁰, it appears, as shown in the table below, that the average distance from Portugal to the countries in “Zone 1” is substantially lower than is the case for “Zone 2” countries. In particular, the maximum distance from Portugal to the “Zone 1” countries is 1,873 km, 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.

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

Regarding the unit costs associated with the tariffs under analysis for postal items sent to each destination¹¹, we can conclude that there is indeed a difference concerning average costs for each of the tariff zones: the average costs associated with “Zone 1” destinations are lower than those observed for “Zone 2”, as shown in the following table.

Table 4. Estimated unit costs for postal items sent to each tariff zone (euros) [BCI¹²]

		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	

[ECI¹³]

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.

In this context, it is 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, together with the underlying service costs¹⁴.

¹⁰ This is based on the simple straight-line distance between each country, per the distance calculator available at https://ec.europa.eu/programmes/erasmus-plus/resources/distance-calculator_en.

¹¹ Costs estimated by CTT for 2019 based on data from the analytical accounting system for the first half of 2019, without non-recurring expenses – information not audited by ANACOM. Detailed information included in an appendix to this document.

¹² Start of confidential information.

¹³ End of confidential information.

¹⁴ This is notwithstanding the possibility of variations at an individual level, since reflecting the specific costs associated with each destination would imply a further breakdown of tariff zones or, ultimately, the definition of

It should also be noted that the aggregation of tariffs in only two zones has 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; in addition, as stated in recital 26 of the Regulation, the application of uniform tariffs for two or more MS might be important for the protection of regional and social cohesion.

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

Pursuant to Article 6 (2c) of the Regulation, the criteria therein are especially related to the assessment of the cost orientation of the tariffs.

Commission Communication COM (2018) 838 states that the elements in question concern costs in a broad sense and should form the core of the assessment made by the NRA, stressing that the USP's cost accounting system should be the main source of information to be taken into account.

It also states that volumes affect unit costs, emphasising that when volumes are high, there may be economies of scale¹⁵. It is also stated that other costs should be taken into account, in particular, the cost of terminal shares, a term used to cover both terminal dues¹⁶ (applicable to letters) and incoming land dues¹⁷ (which apply to parcels), whereby parcel delivery service providers should be required to provide the NRA with the specific terminal shares concerned for the tariff under assessment.

As indicated above, the tariffs reported by CTT under Article 5 of the Regulation have already been analysed by ANACOM during the conformity analysis of US-proposed pricing against US pricing criteria, namely within the scope of ANACOM decisions dated 22/05/2019 and 21/05/2020. In this regard, it was concluded that there was no violation of the principles of cost-oriented pricing, with prices having been determined according to costs and service accessibility.

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).

¹⁵ The Commission Communication further clarifies that volumes should be measured by the number of parcels for the service under assessment, and for other services provided in combination, which may help lower the unit cost.

¹⁶ Article 29 of the UPU Convention.

¹⁷ Articles 35 and 36 of the UPU Convention.

It should also be noted that the changes in annual average CTT prices for delivering international parcels (to “Zone 1” and “Zone 2” destinations) from 2014-2020 are not very significant, as shown in the following table. In particular, the annual average variation in prices from 2014-2020 ranges from -0.5% to 0.9%. In 2020, CTT tariffs for the items in question had no changes vis-à-vis the previous year, with the same tariffs analysed in the previous year's tariff assessment exercise remaining applicable, thereby representing zero change.

Table 5. Changes in annual average CTT prices for delivering international parcels (1 kg, 2 kg and 5 kg) to “Zone 1” and “Zone 2” destinations (euros)

Weight	Destination	2014	2015	2016	2017	2018	2019	2020	Annual average variation 2014-2020	Variation 2019-2020
1 kg	Zone 1	23.11	23.60	23.65	23.65	24.18	24.35	24.35	0.9%	0.0%
	Zone 2	27.37	27.76	27.80	27.80	28.44	28.65	28.65	0.8%	0.0%
2 kg	Zone 1	25.70	26.20	26.25	26.25	26.85	27.05	27.05	0.9%	0.0%
	Zone 2	31.37	31.44	31.45	31.45	32.16	32.40	32.40	0.5%	0.0%
5 kg	Zone 1	33.73	33.06	33.01	33.00	33.75	34.00	34.00	0.1%	0.0%
	Zone 2	43.82	41.46	41.27	41.25	42.19	42.50	42.50	-0.5%	0.0%

Source: CTT

In this context, the table below summarises the unit values (costs and margins) estimated by CTT for 2019¹⁸, as reported by CTT in its communication of 11/06/2020, for each of the tariffs under consideration.

Table 6. Estimated unit costs and margins for postal items sent to each tariff zone [BCI]

		Average unit cost (euros)	Average unit margin (euros)	Average unit margin (%)
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. Average unit costs include air transport costs, distribution costs in the country of destination and other costs (which include acceptance, handling and transport costs in the national territory and other structural costs, including the cost of capital). Estimates assuming a distribution of parcels by weight ranges that is the same for all MS considered. Source: CTT information.

As evidenced, in unit terms and for each of the types of postal item under consideration and tariff zones, positive margins are estimated, ranging from [BCI] [ECI]% and [BCI] [ECI]%, associated with sending 1 kg track & trace parcels to “Zone 1” and sending 2 kg track & trace parcels to “Zone 1”, respectively.

¹⁸ In view of the tariffs in effect in 2019, which are the same ones applicable on 01/01/2020 (and still currently in effect, since they underwent no changes in 2019 and 2020).

The estimated 2019 margins are higher than those estimated for 2018 in the previous year's tariff assessment exercise, as shown in the following table. Note, however, that the variations in margins do not exceed 8.9 percentage points (p.p.).

Table 7. Estimated unit margins for postal items sent to each tariff zone – 2018 and 2019 [BCI]

		2018 average unit margin (%)	2019 average unit margin (%)	Variation 2018-2019 (p.p.)
A 1 kg track & trace parcel	Zone 1			8.9
	Zone 2			8.7
	Total EU/EEA			8.8
A 2 kg track & trace parcel	Zone 1			7.6
	Zone 2			7.8
	Total EU/EEA			7.8
A 5 kg track & trace parcel	Zone 2			7.9

[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.

Of particular note in this context, as mentioned above, is that the tariffs charged by CTT did not change between the two assessment exercises; as such, the variation in margins is primarily due to the fluctuation in average costs. These costs include air transport costs, distribution costs in the country of destination and other related costs such as acceptance costs, handling and transport costs in the national territory, structural costs (of CTT) and the cost of capital. When analysing the estimates presented by CTT at any given moment¹⁹, it is clear that the main variations are due to the reduction of the component [BCI] [ECI], while the specific costs of [BCI] [ECI] and [BCI] [ECI] increased slightly.

Table 8. Estimated unit costs for postal items sent to each tariff zone (euros) – 2018 and 2019 [BCI]

		2018			2019			Variation 2018-2019		
		Air transport and distribution costs in the country of destination	Other costs	Total costs	Air transport and distribution costs in the country of destination	Other costs	Total costs	Air transport and distribution costs in the country of destination	Other costs	Total costs
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.

¹⁹ Note that the results of the analytical accounting system do not identify specific costs associated with the products under analysis; as such, the information submitted by CTT is the best possible estimate.

Source: CTT information.

With regard to the component [BCI] [ECI], the decrease is particularly due to reductions of the [BCI] [ECI] and costs of the [BCI] [ECI], with variations of approximately [BCI] [ECI]% and [BCI] [ECI]%, respectively.

Even so, it should still be noted that, within the scope of its 2020 US-proposed pricing, CTT estimated a slight increase in overall costs associated with international parcels of approximately [BCI] [ECI]%. Although the service is more comprehensive than the types of parcels associated with the tariffs under analysis, in that they apply to all international destinations with a weight of up to 10 kg, it would be reasonable to allow for the possibility of a similar development in 2020 in the costs associated with the parcels in question. As such, and assuming the same degree of variation as in the estimation of specific costs for 2020, the margins associated with the parcels under analysis would be slightly lower, ranging from [BCI] [ECI]% to [BCI] [ECI]%, associated with sending 1 kg track & trace parcels to “Zone 1” and sending 2 kg track & trace parcels to “Zone 1”, respectively.

As regards the volumes associated with the deliveries concerned, it should be emphasised that no information broken down by weight is available, as indicated by CTT in its communication of 11/06/2020. Notwithstanding this, CTT reported that the total traffic sent to “Zone 1” and “Zone 2” countries was, in 2019, [BCI] [ECI] objects (in particular, [BCI] [ECI]% of traffic to “Zone 1” countries and [BCI] [ECI]% of traffic to “Zone 2” countries). It follows that this volume will correspond to an overvaluation of traffic in relation to the items specified in the Annex to the Regulation, which will necessarily be lower. Regardless, note that the figure given by CTT corresponds to growth of around [BCI] [ECI]% over the total volume specified in the previous year’s exercise ([BCI] [ECI] objects). This rise in traffic may also have contributed towards lowering the above-mentioned unit costs, namely the variation in acceptance costs. Nonetheless, in view of the available information, one cannot unequivocally conclude on the volumes’ potential effect as regards economies of scale and their impact on costs incurred.

In view of the above, and in particular the above-mentioned ANACOM decisions of 22/05/2019 and 21/05/2020, which have already assessed the conformity of CTT tariffs with the principles of cost-oriented pricing and affordability, and which concluded that there were no violations of these principles, together with the limitations associated with specific information on costs incurred for the parcels in question, it is not possible to conclude from

the information available that the tariffs charged by CTT under consideration herein are unreasonable. Nonetheless, ANACOM will continue to monitor the prices of the service categories in question, taking updated information on costs into account.

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 products are, first and foremost, those corresponding to services provided under US in the destination MS, while bearing in mind, however, that different principles may be used for setting corresponding tariffs (despite postal service tariffs comprising US having the obligation to follow the principles of Article 12 of the Postal Directive: cost orientation, affordability, transparency and non-discrimination). There is also the option of using other products in the comparison, although their characteristics (e.g. service quality level) must be as similar as possible.

In this context, it is also stated that the tariffs to be analysed may be compared with 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.

It is further mentioned that a comparison may also be made with tariffs applicable to other postal items sent by USP competitors, where the NRA should consider specific product information (e.g. insurance/liability, speed of delivery, guaranteed or average travel 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.

The Commission communication itself states that, in general, the tariffs of single-piece postal items largely depend on service quality and other product characteristics. As such, different product characteristics would naturally lead to differences in prices.

2.2.4.1. 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 USP 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 9. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by USP in other MS, for the sending of postal items to Portugal

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	13.93	75%	27.05	13.93	94%
BE	24.35	32.8	-26%	27.05	32.8	-18%
DE	24.35	-	-	27.05	-	-
ES	24.35	30.8	-21%	27.05	34.1	-21%
FR	24.35	15.5	57%	27.05	17.55	54%
IT	24.35	25.33	-4%	27.05	30	-10%
LU	24.35	-	-	27.05	-	-
NL	24.35	18.5	32%	27.05	18.5	46%
Average	24.35	22.81	7%	27.05	24.48	10%

Note: 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.

Table 10. 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	28.65	16.48	74%	32.40	19.98	62%	42.50	28.98	47%
CZ	28.65	17.03	68%	32.40	19.00	71%	42.50	24.94	70%
DK	28.65	21.42	34%	32.40	30.52	6%	42.50	30.52	39%
EE	28.65	15.82	81%	32.40	18.36	76%	42.50	25.98	64%
FI	28.65	28.90	-1%	32.40	28.90	12%	42.50	28.90	47%
GR	28.65	22.76	26%	32.40	26.88	21%	42.50	38.44	11%
HR	28.65	11.80	143%	32.40	15.73	106%	42.50	21.63	96%
HU	28.65	26.11	10%	32.40	26.94	20%	42.50	34.44	23%
IE	28.65	35.00	-18%	32.40	42.50	-24%	42.50	74.00	-43%
LT	28.65	17.23	66%	32.40	20.05	62%	42.50	28.51	49%
LV	28.65	-	-	32.40	-	-	42.50	-	-
MT	28.65	11.32	153%	32.40	13.64	138%	42.50	20.60	106%
PL	28.65	12.31	133%	32.40	13.63	138%	42.50	14.73	189%
RO	28.65	10.95	162%	32.40	14.22	128%	42.50	24.04	77%
SE	28.65	25.14	14%	32.40	27.92	16%	42.50	27.92	52%
SI	28.65	13.67	110%	32.40	13.67	137%	42.50	20.48	108%
SK	28.65	17.00	69%	32.40	19.00	71%	42.50	26.50	60%
UK	28.65	14.21	102%	32.40	16.52	96%	42.50	32.92	29%
Average	28.65	18.66	54%	32.40	21.62	50%	42.50	29.62	43%

Note: 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.

As evidenced, there is a significant variation in the deviation of CTT tariffs analysed herein compared to those charged by the USP in the destination MS, for deliveries to Portugal, where CTT tariffs are sometimes lower and sometimes higher. This holds true both for “Zone 1” and “Zone 2” destinations, although the deviations in tariffs charged for the MS of “Zone 2” are generally more positive than those of the MS of “Zone 1”. This is reflected by the average values calculated for each tariff zone, where the average deviations between CTT tariffs and the tariffs of MS belonging to “Zone 1” are 7% and 10% for the sending of 1

kg and 2 kg parcels, respectively, while the average deviation between CTT tariffs and the tariffs of MS belonging to “Zone 2” are 54%, 50% and 43% for the sending of 1 kg, 2 kg and 5 kg, respectively.

These average variations generally represent an upholding of the status quo from the previous year’s tariff assessment exercise, which had variations of 7% and 11% for the MS of “Zone 1” (for the sending of 1 kg and 2 kg parcels, respectively) and 51%, 45% and 39% for the MS of “Zone 2” (for the sending of 1 kg, 2 kg and 5 kg parcels, respectively). Note that, although the current exercise clearly has a higher deviation in the tariffs charged by CTT for the MS of “Zone 2”, this is due to changes introduced by the USP in the destination MS, given that CTT did not change its tariffs for these specific deliveries.

In this context, it should be emphasised that these deviations – and, above all, their significant variation according to the destination MS – may be due to various factors, namely: (i) the existence of only two tariff zones, resulting in a reduced reflection of specific costs, offset by a greater ease of use and tariff transparency for users; (ii) the characteristics of each product under analysis, which may significantly influence the price; 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 experience²⁰; (iii) the geographic location and transport infrastructures available in the country; note that Portugal is a peripheral country with some limitations as regards available transport infrastructures compared to other more central MS, which may have implications concerning costs incurred; and (iv) the individual cost structures of each US provider, which will ultimately reflect the characteristics of the environments within which they operate, and even the development of their networks and infrastructure.

In parallel with these various factors, the regulatory framework applicable to each MS may also have a major influence on the amounts of tariffs. Although these tariffs must comply with the principles of Article 12 of the Postal Directive, in some MS, their amounts may be

²⁰ Note, in this regard, that the specific information on the characteristics associated with each tariff communicated by each USP in each MS under the Parcel platform does not provide detail on the associated characteristics, 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. Note that the ERGP has even pointed out (document ERGP (18) 36 ERGP input for the Commission’s Guidance related to Article 6 Assessment of cross-border single-piece parcel tariffs) 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.

determined with a particular focus on ensuring affordability, and it is not infeasible that at least some of the tariffs analysed may be set at a value below the costs incurred by the respective provider. It is anticipated that the tariffs concerned have been set taking into account these principles, which will necessarily reflect the characteristics of the applicable MS, which may not have a parallel in the other MS.

In view of the above, it cannot be unequivocally concluded – based on a comparison between CTT tariffs and tariffs under US in the destination MS, for deliveries to Portugal – that CTT tariffs are unreasonable.

Even so, it is believed that any significant differences between prices charged by CTT for deliveries to other MS and prices charged by the USP of these MS for deliveries to Portugal may be a competitive disadvantage for economic agents in Portugal sending postal parcels of up to 5 kg, particularly for those without any alternative to the USP for sending their parcels, from the standpoint of ease in exporting goods produced. As such, and given ANACOM's belief that the tariffs in question should not be detrimental to the interests of individual users or the progress of the national economy, namely as regards the role of exporters, this authority believes it should continue to monitor the prices charged by CTT for the above deliveries, with a view to minimizing these effects.

2.2.4.2. 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 11. 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	CTT Domestic Price + Domestic price in each MS	Deviation of the CTT price for sending postal items to other MS versus sum of domestic prices	Sending of postal items from PT to other MS	CTT Domestic Price + Domestic price in each MS	Deviation of the CTT price for sending postal items to other MS versus sum of domestic prices
AT	24.35	12.46	95.4%	27.05	12.46	117.1%
BE	24.35	13.35	82.4%	27.05	13.35	102.6%
DE	24.35	-	-	27.05	-	-
ES	24.35	19.05	27.8%	27.05	21.10	28.2%
FR	24.35	15.60	56.1%	27.05	16.60	63.0%
IT	24.35	16.65	46.2%	27.05	16.65	62.5%

LU	24.35	-	-	27.05	-	-
NL	24.35	14.90	63.4%	27.05	14.90	81.5%
Average	24.35	13.41	81.5%	27.05	13.80	96.1%

Notes:

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 12. 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

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	CTT Domestic Price + Domestic price in each MS	Deviation of the CTT price for sending postal items to other MS versus sum of domestic prices	Sending of postal items from PT to other MS	CTT Domestic Price + Domestic price in each MS	Deviation of the CTT price for sending postal items to other MS versus sum of domestic prices	Sending of postal items from PT to other MS	CTT Domestic Price + Domestic price in each MS	Deviation of the CTT price for sending postal items to other MS versus sum of domestic prices
BG	28.65	-	-	32.40	-	-	42.50	-	-
CY	28.65	11.83	142.2%	32.40	12.13	167.1%	42.50	14.18	199.7%
CZ	28.65	12.37	131.6%	32.40	12.37	161.9%	42.50	13.52	214.3%
DK	28.65	17.82	60.8%	32.40	17.82	81.8%	42.50	18.97	124.0%
EE	28.65	11.49	149.3%	32.40	11.73	176.2%	42.50	13.60	212.5%
FI	28.65	12.41	130.9%	32.40	12.41	161.1%	42.50	13.56	213.4%
GR	28.65	10.25	179.5%	32.40	10.75	201.4%	42.50	13.40	217.2%
HR	28.65	10.27	179.0%	32.40	10.27	215.5%	42.50	12.08	251.8%
HU	28.65	12.18	135.2%	32.40	12.18	166.0%	42.50	13.94	204.9%
IE	28.65	20.65	38.7%	32.40	20.65	56.9%	42.50	23.80	78.6%
LT	28.65	10.19	181.2%	32.40	10.33	213.6%	42.50	11.90	257.1%
LV	28.65	-	-	32.40	-	-	42.50	-	-
MT	28.65	16.65	72.1%	32.40	16.65	94.6%	42.50	17.80	138.8%
PL	28.65	9.36	206.1%	32.40	9.99	224.3%	42.50	11.50	269.6%
RO	28.65	9.04	216.9%	32.40	9.14	254.5%	42.50	10.60	300.9%
SE	28.65	18.68	53.4%	32.40	18.68	73.4%	42.50	22.27	90.8%
SI	28.65	11.50	149.1%	32.40	11.50	181.7%	42.50	13.25	220.8%
SK	28.65	11.55	148.1%	32.40	11.55	180.5%	42.50	12.70	234.6%
UK	28.65	17.43	64.4%	32.40	20.01	61.9%	42.50	38.69	9.8%
Average	28.65	12.58	127.8%	32.40	12.81	152.9%	42.50	15.44	175.3%

Notes:

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 for 1 kg and 2 kg parcels and 8.80 for 5 kg parcels.

Source: Parcel Platform and ANACOM calculation.

As occurred in the previous tariff assessment exercise under the Regulation, the comparison between the CTT tariffs for the cross-border sending of postal items and the sum of domestic tariffs charged by US providers in the originating and destination MS allows us to conclude that there is a significant variation between the results associated with each destination MS. At the same time, all of the deviations in question continue to be positive.

As was concluded in the previous year, this result was to be expected, taking into account that: (i) the existence of only two tariff zones ultimately means that tariffs do not fully reflect the characteristics of the specific destinations (which may be reflected in domestic prices); (ii) the sum of domestic tariffs, although a useful approximation of costs associated with some steps in the process of international postal deliveries, does not adequately consider transport costs to the destination MS; and (iii) domestic tariffs may be subject to different regulatory requirements under the principles of Article 12 of the Postal Directive, thereby

not guaranteeing their suitability as a point of comparison with the tariffs charged in the other MS.

With regard to point (iii), of particular note is the possibility that prices charged domestically do not fully reflect costs incurred, as this could jeopardise the affordability of services. As such, the actual domestic prices charged by CTT for the parcel service under US have estimated negative margins of [BCI] [ECI]% for 2019 and [BCI] [ECI]% for 2020, with the domestic tariffs charged by USP and other MS potentially reflecting a similar concern.

In view of the above, we believe it is not possible to unequivocally conclude, based on the criteria analysed herein, that the tariffs charged by CTT for cross-border deliveries are unreasonable, with the potential limitations regarding the comparability of the tariffs in question being of particular note, as mentioned.

2.2.4.3. Tariffs charged by competitors of the USP in the originating country

The above comparisons have some limitations arising from the specific framework applicable to the tariffs in each originating MS, as described in the preceding sections of this document.

As such, we believe it is also useful to perform a comparative analysis between the tariffs charged by CTT for the deliveries in question and the tariffs charged by its competitors, while at the same time remembering that the framework applicable to tariffs subject to mandatory universal service does not apply to the prices charged by providers beyond the USP²¹.

Following is an analysis of the tariffs of parcel delivery service providers who sent information within the scope of the Regulation, for each of the delivery categories under analysis, compared to those charged by CTT.

The following tables show the result of the comparison for sending 1 kg and 2 kg track & trace parcels to EM of “Zone 1”.

²¹ In addition, it should be noted that any differences may also be due to the individual characteristics of the offers in question.

Table 13. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by other providers in Portugal, 1 kg track & trace parcel

MS	CEP	CEPII	CTT	CTT EXPRESSO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
AT	41.78	-	24.35	28.63	14.64	18.81	34.27	19.67	45	24.45	28.41	-14.3%
BE	41.78	-	24.35	28.63	14.64	18.81	28.53	23.34	42.5	17.45	26.96	-9.7%
DE	41.78	-	24.35	28.63	14.64	17.58	28.53	19.67	45	17.45	26.66	-8.7%
ES	41.78	7.77	24.35	6.9	10.23	15.12	11.83	19.67	42.5	11.45	18.58	31.0%
FR	41.78	-	24.35	28.63	14.64	18.81	24.86	19.67	45	17.45	26.36	-7.6%
IT	41.78	-	24.35	28.63	14.64	25.08	34.27	19.67	45	17.45	28.32	-14.0%
LI	58.14	-	24.35	55.63	21.02	21.16	41.6	47.25	67.5	-	44.61	-45.4%
LU	41.78	-	24.35	28.63	14.64	18.81	28.53	23.34	42.5	17.45	26.96	-9.7%
NL	41.78	-	24.35	28.63	14.64	18.81	28.53	23.34	42.5	17.45	26.96	-9.7%
Average	43.60	7.77	24.35	29.22	14.86	19.22	28.99	23.96	46.39	17.58	25.73	-5.4%
CTT deviation from average	-44.15%	213.38%	-	-16.65%	63.87%	26.68%	-16.02%	1.64%	-47.51%	38.55%	-5.37%	-

Source: Parcel Platform and ANACOM calculation.

Table 14. Comparison between the tariffs charged by CTT – Zone 1 – and the tariffs charged by other providers in Portugal, 2 kg track & trace parcel

MS	CEP	CEPII	CTT	CTT EXPRESSO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
AT	66.69	-	27.05	28.63	16.74	18.81	35.46	-	55.5	24.45	35.18	-23.1%
BE	66.69	-	27.05	28.63	16.74	18.81	28.53	-	53	17.45	32.84	-17.6%
DE	66.69	-	27.05	28.63	16.74	17.58	28.53	-	86.5	24.45	38.45	-29.6%
ES	66.69	8.15	27.05	6.9	10.95	16.46	11.83	-	86.5	24.45	28.99	-6.7%
FR	66.69	-	27.05	28.63	16.74	18.81	24.86	-	55.5	17.45	32.67	-17.2%
IT	66.69	-	27.05	28.63	16.74	25.08	35.46	-	86.5	24.45	40.51	-33.2%
LI	82.13	-	27.05	67.96	23.27	30.57	62.58	-	86.5	-	58.84	-54.0%
LU	66.69	-	27.05	28.63	16.74	18.81	28.53	-	53	17.45	32.84	-17.6%
NL	66.69	-	27.05	28.63	16.74	18.81	28.53	-	86.5	28.45	39.19	-31.0%
Average	68.41	8.15	27.05	30.59	16.82	20.42	31.59	-	72.17	22.33	37.72	-28.3%
CTT deviation from average	-60.46%	231.90%	-	-11.56%	60.80%	32.50%	-14.37%	-	-62.52%	21.16%	-28.29%	-

Source: Parcel Platform and ANACOM calculation.

In view of the above, note that most of the tariffs of other providers are characterised by a greater tariff breakdown according to the destination MS, thereby allowing, as mentioned above, a more specific consideration of the characteristics of deliveries to each destination. Note also that some providers do not deliver to all of the MS included in “Zone 1”.

These factors may contribute towards lowering the tariffs charged by some providers compared to those charged by CTT, although not guaranteeing the suitability of the comparison made. In particular, the greater tariff breakdown may allow some providers to charge lower prices to some specific destinations (e.g. Spain), which significantly impacts the calculated average of their tariffs for all of “Zone 1”.

Nonetheless, one can conclude that, on average, assuming the average tariffs charged for all MS of “Zone 1”, the tariffs charged by CTT are lower than those of its competitors, with

deviations of -5% for sending a 1 kg track & trace parcel and -28% for sending a 2 kg track & trace parcel.

Note also that, when considering the median of tariffs charged (which is more sound in assessing situations of significant data variability), one could conclude that CTT's prices are aligned with the other providers' median price to the various destinations, and are even slightly lower (with deviations in the prices charged by CTT compared to the average of these medians²² of -7.4% and -11.7% for the cost to send 1 kg and 2 kg track & trace parcels, respectively).

The following tables show the result of the comparison for sending 1 kg, 2 kg and 5 kg track & trace parcels to MS of "Zone 2".

Table 15. Comparison between the tariffs charged by CTT– Zone 2 – and the tariffs charged by other providers in Portugal, 1 kg track & trace parcel

MS	CEP	CEPII	CTT	CTT EXPRES SO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
BG	49.8	-	28.65	97.55	16.98	33.82	34.27	47.25	67.50	24.45	46.45	-38.3%
CY	76.3	-	28.65	97.55	71.2	60.83	34.27	47.25	95.50	39.45	65.29	-56.1%
CZ	49.8	-	28.65	28.63	16.98	18.25	34.27	47.25	67.50	24.45	35.89	-20.2%
DK	41.78	-	28.65	32.30	14.64	21.16	28.53	19.67	45.00	24.45	28.44	0.7%
EE	49.8	-	28.65	32.30	16.98	25.08	34.27	47.25	67.50	24.45	37.20	-23.0%
FI	58.14	-	28.65	32.30	16.98	33.82	34.27	47.25	67.50	24.45	39.34	-27.2%
GR	58.14	-	28.65	28.63	16.98	39.76	34.27	47.25	67.50	24.45	39.62	-27.7%
HR	49.8	-	28.65	97.55	16.98	25.08	34.27	47.25	67.50	24.45	45.36	-36.8%
HU	49.8	-	28.65	28.63	16.98	21.16	34.27	47.25	67.50	24.45	36.26	-21.0%
IE	41.78	-	28.65	28.63	14.64	25.08	34.27	19.67	45.00	24.45	29.19	-1.8%
IS	49.8	-	28.65	32.30	74.00	59.13	41.60	56.45	95.50	-	58.40	-50.9%
LT	49.8	-	28.65	32.30	16.98	21.16	34.27	79.44	67.50	24.45	40.74	-29.7%
LV	49.8	-	28.65	32.30	16.98	25.08	34.27	56.45	67.50	24.45	38.35	-25.3%
MT	76.3	-	28.65	32.30	71.20	60.83	34.27	47.25	95.50	39.45	57.14	-49.9%
NO	58.14	-	28.65	32.30	21.02	33.82	41.6	19.67	67.50	28.45	37.81	-24.2%
PL	49.8	-	28.65	32.30	16.98	18.25	34.27	47.25	45.00	24.45	33.54	-14.6%
RO	49.8	-	28.65	97.55	16.98	33.82	34.27	47.25	67.50	24.45	46.45	-38.3%
SE	41.78	-	28.65	32.30	16.98	25.08	34.27	19.67	45.00	24.45	29.94	-4.3%
SI	49.8	-	28.65	28.63	16.98	21.16	34.27	47.25	67.50	24.45	36.26	-21.0%
SK	49.8	-	28.65	28.63	16.98	21.16	34.27	47.25	67.50	24.45	36.26	-21.0%
UK	41.78	-	28.65	28.63	14.64	18.81	34.27	19.67	45.00	17.45	27.53	4.1%
Average	51.99	-	28.65	43.51	24.72	30.59	34.69	43.09	66.14	25.80	40.26	-28.8%
CTT deviation from average	-44.89%	-	-	-34.15%	15.91%	-6.33%	-17.42%	-33.51%	-56.68%	11.05%	-28.84%	-

Source: Parcel Platform and ANACOM calculation.

²² These amount to 26.29 and 30.63 euros for the cost to send 1 kg and 2 kg track & trace parcels, respectively.

Table 16. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by other providers in Portugal, 2 kg track & trace parcel

MS	CEP	CEPII	CTT	CTT EXPRESSO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
BG	75.91	-	32.40	127.96	19.14	33.82	47.54	-	86.50	24.45	59.33	-45.4%
CY	109.86	-	32.40	127.96	89.20	83.05	47.54	-	86.50	24.45	81.22	-60.1%
CZ	75.91	-	32.40	28.63	19.14	18.25	47.54	-	117.50	39.45	49.49	-34.5%
DK	66.69	-	32.40	32.30	16.74	21.16	28.53	-	55.50	24.45	35.05	-7.6%
EE	75.91	-	32.40	32.30	19.14	25.08	47.54	-	86.50	24.45	44.42	-27.1%
FI	82.13	-	32.40	32.30	19.14	33.82	47.54	-	55.50	17.45	41.13	-21.2%
GR	82.13	-	32.40	28.63	19.14	39.76	47.54	-	86.50	24.45	46.88	-30.9%
HR	75.91	-	32.40	127.96	19.14	25.08	47.54	-	86.50	24.45	58.08	-44.2%
HU	75.91	-	32.40	28.63	19.14	21.16	47.54	-	117.50	-	51.65	-37.3%
IE	66.69	-	32.40	28.63	16.74	25.08	47.54	-	55.50	24.45	37.80	-14.3%
IS	75.91	-	32.40	32.30	93.60	59.13	62.58	-	55.50	17.45	56.64	-42.8%
LT	75.91	-	32.40	32.30	19.14	21.16	47.54	-	86.50	24.45	43.86	-26.1%
LV	75.91	-	32.40	32.30	19.14	25.08	47.54	-	117.50	39.45	50.99	-36.5%
MT	109.86	-	32.40	32.30	89.20	83.05	47.54	-	53.00	17.45	61.77	-47.5%
NO	82.13	-	32.40	32.30	23.27	33.82	57.44	-	55.50	24.45	44.13	-26.6%
PL	75.91	-	32.40	32.30	19.14	18.25	47.54	-	17.68	10.45	31.61	2.5%
RO	75.91	-	32.40	127.96	19.14	33.82	47.54	-	86.50	24.45	59.33	-45.4%
SE	66.69	-	32.40	32.30	19.14	25.08	47.54	-	86.50	24.45	43.10	-24.8%
SI	75.91	-	32.40	28.63	19.14	21.16	47.54	-	53.00	11.45	36.69	-11.7%
SK	75.91	-	32.40	28.63	19.14	21.16	47.54	-	55.50	24.45	38.90	-16.7%
UK	66.69	-	32.40	28.63	16.74	18.81	35.46	-	55.50	17.45	34.18	-5.2%
Average	78.28	-	32.40	49.30	29.21	32.70	47.25	-	74.13	23.20	47.92	-32.4%
CTT deviation from average	-58.61%	-	-	-34.28%	10.91%	-0.93%	-31.42%	-	-56.29%	39.66%	-32.38%	-

Source: Parcel Platform and ANACOM calculation.

Table 17. Comparison between the tariffs charged by CTT – Zone 2 – and the tariffs charged by other providers in Portugal, 5 kg track & trace parcel

MS	CEP	CEPII	CTT	CTT EXPRESSO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
BG	131.67	-	42.50	217.5	21.38	49.05	87.40	-	120.50	24.45	93.14	-54.4%
CY	169.33	-	42.50	217.5	135.70	142.70	87.40	-	120.50	24.45	128.23	-66.9%
CZ	131.67	-	42.50	35.24	21.38	25.87	52.46	-	163.50	39.45	67.08	-36.6%
DK	118.54	-	42.50	41.05	18.92	30.57	32.44	-	78.50	24.45	49.21	-13.6%
EE	131.67	-	42.50	41.05	21.38	36.17	52.46	-	120.50	24.45	61.10	-30.4%
FI	142.83	-	42.50	41.05	21.38	49.05	61.96	-	78.50	17.45	58.89	-27.8%
GR	142.83	-	42.50	35.24	21.38	57.12	52.46	-	120.50	24.45	64.85	-34.5%
HR	131.67	-	42.50	217.5	21.38	36.17	87.40	-	120.50	24.45	91.30	-53.4%
HU	131.67	-	42.50	35.24	21.38	30.57	52.46	-	163.50	-	72.47	-41.4%
IE	118.54	-	42.50	35.24	18.92	36.17	52.46	-	78.50	24.45	52.04	-18.3%
IS	131.67	-	42.50	41.05	137.90	61.93	125.50	-	78.50	17.45	84.86	-49.9%
LT	131.67	-	42.50	41.05	21.38	30.57	52.46	-	120.50	24.45	60.30	-29.5%
LV	131.67	-	42.50	41.05	21.38	36.17	52.46	-	163.50	39.45	69.38	-38.7%
MT	169.33	-	42.50	41.05	135.70	142.7	87.40	-	74.00	17.45	95.38	-55.4%
NO	142.83	-	42.50	41.05	25.61	49.05	61.96	-	78.50	24.45	60.49	-29.7%
PL	131.67	-	42.50	41.05	21.38	25.87	52.46	-	17.68	10.45	42.94	-1.0%
RO	131.67	-	42.50	217.5	21.38	49.05	87.40	-	120.50	24.45	93.14	-54.4%
SE	118.54	-	42.50	41.05	21.38	36.17	61.96	-	120.50	24.45	60.58	-29.8%
SI	131.67	-	42.50	35.24	21.38	30.57	52.46	-	74.00	11.45	50.97	-16.6%
SK	131.67	-	42.50	35.24	21.38	30.57	52.46	-	78.50	24.45	53.47	-20.5%
UK	118.54	-	42.50	35.24	18.92	26.32	39.35	-	78.50	17.45	47.76	-11.0%
Average	134.35	-	42.50	72.72	37.67	48.21	64.04	-	103.32	23.20	69.41	-38.8%
CTT deviation from average	-68.37%	-	-	-41.56%	12.83%	-11.84%	-33.63%	-	-58.86%	83.19%	-38.77%	-

Source: Parcel Platform and ANACOM calculation.

In view of the above information, one can conclude, similarly to that described for deliveries to the MS of “Zone 1”, that, generally speaking, the other active providers have tariffs with a greater breakdown as regards the destination MS, when compared to the tariff structure of CTT.

Notwithstanding the above considerations on the suitability of the comparisons in question, note that, on average, the tariffs charged by CTT are 29%, 32% and 39% lower than the average tariffs charged by other providers, for the MS of “Zone 2”, to send 1 kg, 2 kg and 5 kg track & trace parcels, respectively.

As before, if one considers the median tariff, the conclusions remain largely unchanged, with the added conclusion that CTT prices are generally lower than those of other providers (with deviations in CTT prices, compared to the average median prices of other operators to the various destinations,²³ of -21.7%, -17.5% and -23.2% for the cost to send 1 kg, 2 kg and 5 kg track & trace parcels).

In addition to the analysis presented, it is also appropriate to note how the cross-border tariffs relate to each provider’s domestic tariffs²⁴. The following table summarises the results of this analysis.

Table 18. Deviations from average cross-border tariffs compared to each provider’s domestic tariffs

		CEP	CEPII	CTT	CTT EXPRESO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average deviation observed
1 kg	Average Zone 1 tariff compared to PT tariff	-	0.00%	218.30%	464.01%	93.48%	101.90%	234.42%	445.74%	162.38%	68.18%	196.26%	11.23%
	Average Zone 2 tariff compared to PT tariff	-	-	274.51%	739.87%	221.84%	221.30%	300.17%	881.60%	274.11%	146.89%	397.97%	-31.02%
2 kg	Average Zone 1 tariff compared to PT tariff	-	0.00%	253.59%	490.45%	109.49%	78.77%	264.36%	-	-16.57%	-8.69%	131.12%	93.41%
	Average Zone 2 tariff compared to PT tariff	-	-	323.53%	851.69%	263.78%	186.37%	444.95%	-	-14.30%	-5.11%	287.90%	12.38%
5 kg	Average Zone 2 tariff compared to PT tariff	-	-	382.95%	797.81%	346.28%	322.15%	638.60%	-	-14.26%	-5.11%	347.58%	10.18%

Source: Parcel Platform and ANACOM calculation.

As evidenced, for the categories of deliveries under analysis, the ratio between cross-border tariffs and domestic tariffs resulting from CTT tariffs does not differ substantially from that resulting from the average tariffs of all other providers. If one considers the median tariff, one can conclude that there are higher deviations between the ratio resulting from tariffs charged by CTT and that of other providers (with deviations ranging from 0.15% to 221.94% for the costs to send 1 kg track & trace parcels to “Zone 2” and 2 kg track & trace parcels

²³ These amount to 36.57, 39.27 and 55.34 euros for the cost to send 1 kg, 2 kg and 5 kg track & trace parcels, respectively.

²⁴ Note that some providers do not offer the deliveries in question in the national territory.

to “Zone 1”, respectively, compared to deviations of -31.02% to 93.41%, for the same deliveries, resulting from consideration of the average).

When looking specifically at the results of the analysis for each provider, it should be noted that there are some providers whose ratio is significantly lower than that resulting from CTT tariffs. In this regard, the specific case of CEPII stands out, with no difference between the domestic price and cross-border delivery price, but with the peculiarity of only making deliveries to Spain, as shown in the above tables. Along these lines, with regard to other results whose ratios are lower than those of CTT, it must be emphasised that this does not necessarily entail a misalignment of CTT cross-border tariffs, but may simply reflect higher prices at a domestic level, as shown in the following table.

Table 19. Domestic tariffs of each provider

	CEP	CEPII	CTT	CTT EXPRESSO	DHL	DPD	LOGISTA	TCI	TNT	UPS	Average excluding CTT	CTT deviation from average
1 kg	-	7.77	7.65	5.18	7.68	9.52	8.67	4.39	17.68	10.45	8.92	-14.21%
2 kg	-	8.15	7.65	5.18	8.03	11.42	8.67	-	86.50	24.45	21.77	-64.86%
5 kg	-	9.17	8.80	8.10	8.44	11.42	8.67	-	120.50	24.45	27.25	-67.71%

Source: Parcel Platform and ANACOM calculation.

When considering the median in lieu of the average shown in the above table, CTT's tariffs are once again lower than the median tariffs of other operators²⁵, although with less pronounced deviations than those of the average (deviations of -6.93%, -11.76% and -4.03% for tariffs to send 1 kg, 2 kg and 5 kg parcels, respectively).

In view of the above, and notwithstanding the identification of situations in which some providers charge lower tariffs than CTT for the categories of deliveries under consideration, it can be concluded that CTT tariffs are still lower than the average and median tariffs charged on a national scale. Note also that, generally speaking, there is a higher degree of uniformity in the tariffs charged by CTT, resulting from the existence of only two tariff zones.

In this way, one cannot conclude, based on this information, that the tariffs charged by CTT are unreasonable.

²⁵ These amount to 8.22, 8.67 and 9.17 euros for deliveries of 1 kg, 2 kg and 5 kg, respectively.

2.2.5. Likely impact of cross-border tariffs on individual users and on small and medium-sized enterprises (SME), including those situated in remote or sparsely populated areas, and on users with disabilities or with reduced mobility

Article 6 (2) of the Regulation states that this factor should be taken into account only where possible, and providing it does not impose a disproportionate burden. Commission Communication COM (2018) 838 also clarifies 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.

Since there are no known studies specifically addressing this matter, this factor has not been included in this analysis, with the belief that this will not significantly affect the conclusions reached.

2.2.6. Abuse of dominant market position

Article 6 (3) of the 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).

In this context, note that, to date, no cases have been found of abuse of dominant market position, as described in Commission Communication (2018) 838, and there is therefore no indication that the CTT tariffs under consideration are unreasonable.

3. Conclusion

Based on the analysis performed, the following can be concluded:

- The tariffs identified as being objectively necessary for assessment, through the implementation of the pre-assessment filter mechanism identified in Commission Communication COM/2018/838, are 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. As such, these tariffs have already been analysed by ANACOM under the Postal Law and the criteria in question (in particular, within the scope of ANACOM decisions dated 22/05/2019 and 21/05/2020), having concluded that there was no violation of the principles of cost-oriented pricing, accessibility to all customers, transparency and non-discrimination.

- These tariffs are the same ones as previously identified within the scope of the prior tariff assessment exercise under the Regulation. In this context, it should be noted that CTT made no changes to these tariffs in 2020 since the previous assessment exercise.
- The changes in annual average CTT prices for delivering international parcels (to “Zone 1” and “Zone 2” destinations) from 2014-2020 are not very significant (the annual average price variation ranges from -0.5% to 0.9% during this time, with no change in 2020).
- CTT uses only two charging zones for EU MS, “Zone 1” and “Zone 2”, a differentiation made by CTT in previous years which generally reflects the average distances to destinations and the differences in average costs associated with deliveries to each of the tariff zones. This practice is legitimised by the Postal Directive and by the Regulation, and may have the benefit of greater transparency (and lower tariff complexity) for service customers, with potential importance for the protection of regional and social cohesion.
- Based on available information, the estimated unit margins for each type of delivery under analysis are positive in value, on the order of [BCI] [ECI]% to [BCI] [ECI]%. These margins reflect a positive trend (less than 8.9 p.p.) vis-à-vis the estimates from the previous year’s tariff assessment exercise, which ranged from [BCI] [ECI]% to [BCI] [ECI]%. This was primarily due to estimated reductions in [BCI] [ECI] and in the costs of [BCI] [ECI]; it should be noted that specific air transport and distribution costs in the country of destination increased slightly.
- The volume of parcel deliveries under US to the MS of “Zone 1” and “Zone 2” increased by around [BCI] [ECI]% in 2019, while continuing to be volumes of

minor significance in absolute value, which is even more remarkable if the deliveries to each individual country are considered. Nonetheless, in view of the available information, one cannot conclude on the volumes' potential effect as regards economies of scale and their impact on costs incurred.

- There is significant variability in the deviations observed between the CTT tariffs analysed and those used under US in the destination MS, for deliveries to Portugal, while also noting, however, that on average, CTT tariffs are higher than those charged under US in the destination MS, for deliveries to Portugal. Significant differences between prices charged by CTT for deliveries to other MS and prices charged by the USP of these MS for deliveries to Portugal may be a competitive disadvantage for economic agents in Portugal sending postal parcels of up to 5 kg, particularly for those without any alternative to the USP for sending their parcels, from the standpoint of ease in exporting goods produced. However, this result should be assessed bearing in mind various factors that may significantly influence the results, namely the CTT's use of only two charging zones, Portugal's (more peripheral) geographic location, the less-established available infrastructures and the individual differences in the regulatory framework applicable to each MS. Nonetheless, the prices charged by CTT for the deliveries in question will continue to warrant continued monitoring, to ensure the interests of individual users as well as the progress of the national economy, namely as regards the role of exporters.
- A similar situation occurs when comparing the CTT tariffs under analysis with the sum of tariffs charged by CTT in the national service for the same type of delivery with the national tariff of the US provider in the destination MS, namely with regard to the variability of deviations observed, and the fact that the average CTT prices are higher. Even so, this result should be viewed considering the factors in the above point as well, while also noting, in this case, that the sum of domestic tariffs does not adequately consider costs associated with transport to the destination MS, and that the specific situation in Portugal is characterised by a negative margin tied to the price of domestic parcels, which may also be the case in other MS. Note also that the analysis showed that, on a national scale, CTT tariffs are also lower than the average tariffs charged by other service providers in the domestic market, meaning that these conclusions would remain largely unchanged if one were to consider the median in lieu of the average.

- There is one significant limitation associated with the comparisons made, involving the lack of information on the comparability of specific characteristics of each product, namely with regard to speed of delivery, parcel sizes and territorial coverage. The Commission communication itself states that, in general, the tariffs of single-piece postal items largely depend on service quality and other product characteristics. As such, it should be noted that specific information on the characteristics of each tariff notified by each US provider in each MS through the Parcel platform does not include detail with regard to associated characteristics, thereby not allowing this type of analysis in and of itself.
- There are no known cases of abuse of dominant market position by the USP, while making cross-border deliveries, as determined by the Competition Authority.

In view of the above and the available information, 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 Regulation [EU Member States, Iceland, Liechtenstein and Norway] – corresponding to “Zone 1” and “Zone 2” tariffs of the CTT international parcel tariff);
- a 2 kg track & trace parcel (for all destinations reported under Article 5 of the Regulation [EU Member States, Iceland, Liechtenstein and Norway] – corresponding to “Zone 1” and “Zone 2” tariffs of the CTT international parcel tariff);
- a 5 kg track & trace parcel (to Iceland, Norway and EU Member States except Austria, Belgium, Germany, Spain, France, Italy, Luxembourg and the Netherlands – corresponding to the “Zone 2” tariff of the CTT international parcel tariff).

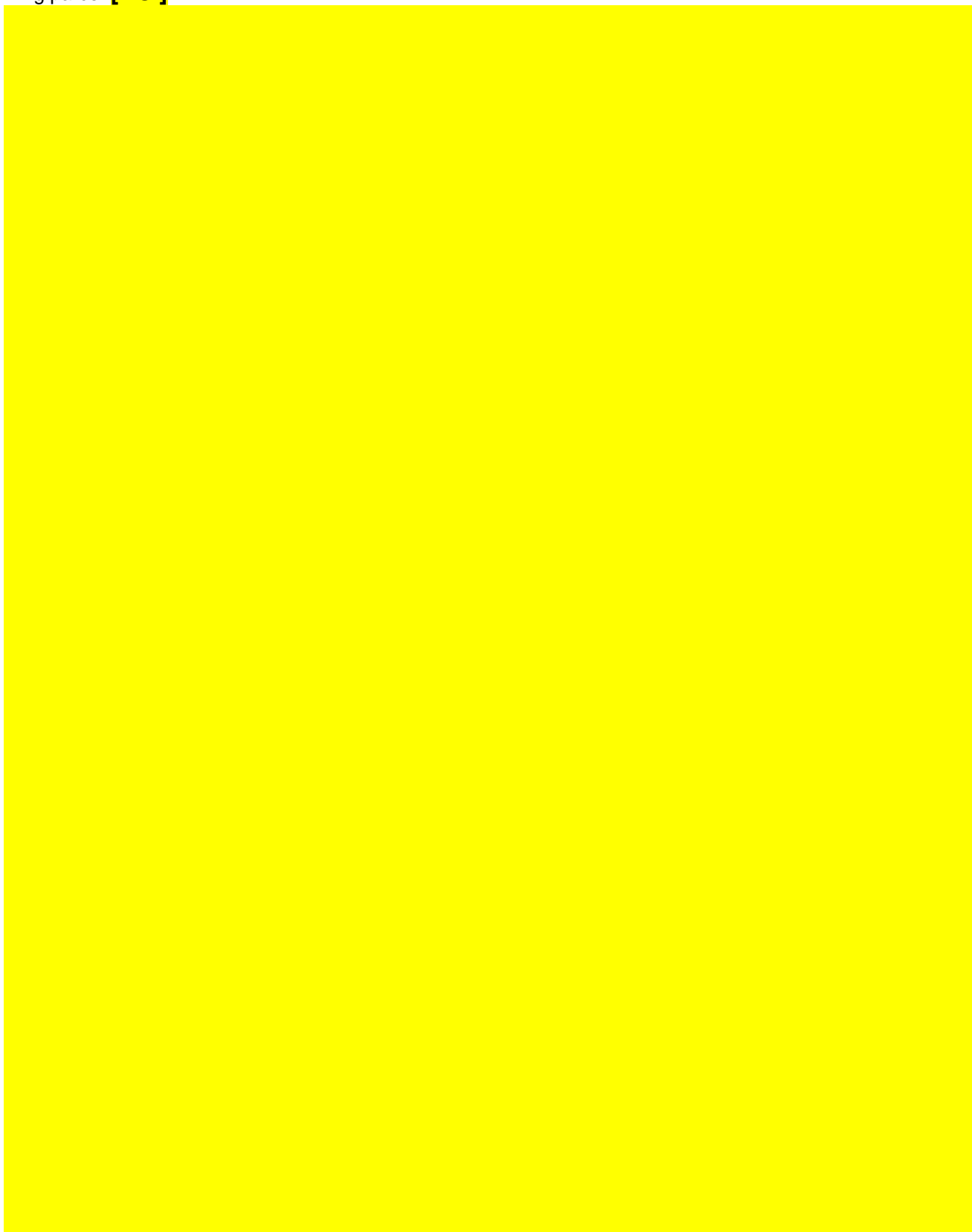
it may be concluded that, based on the available information, there is no sufficient evidence to affirm that these tariffs are unreasonably high.

Nonetheless, ANACOM will continue to monitor the prices charged by CTT for the above deliveries, particularly within the scope of assessing tariff proposals to be submitted by the USP, and taking specifically into account any updated data on costs associated with the deliveries in question, or other relevant data which may become available.

APPENDIX

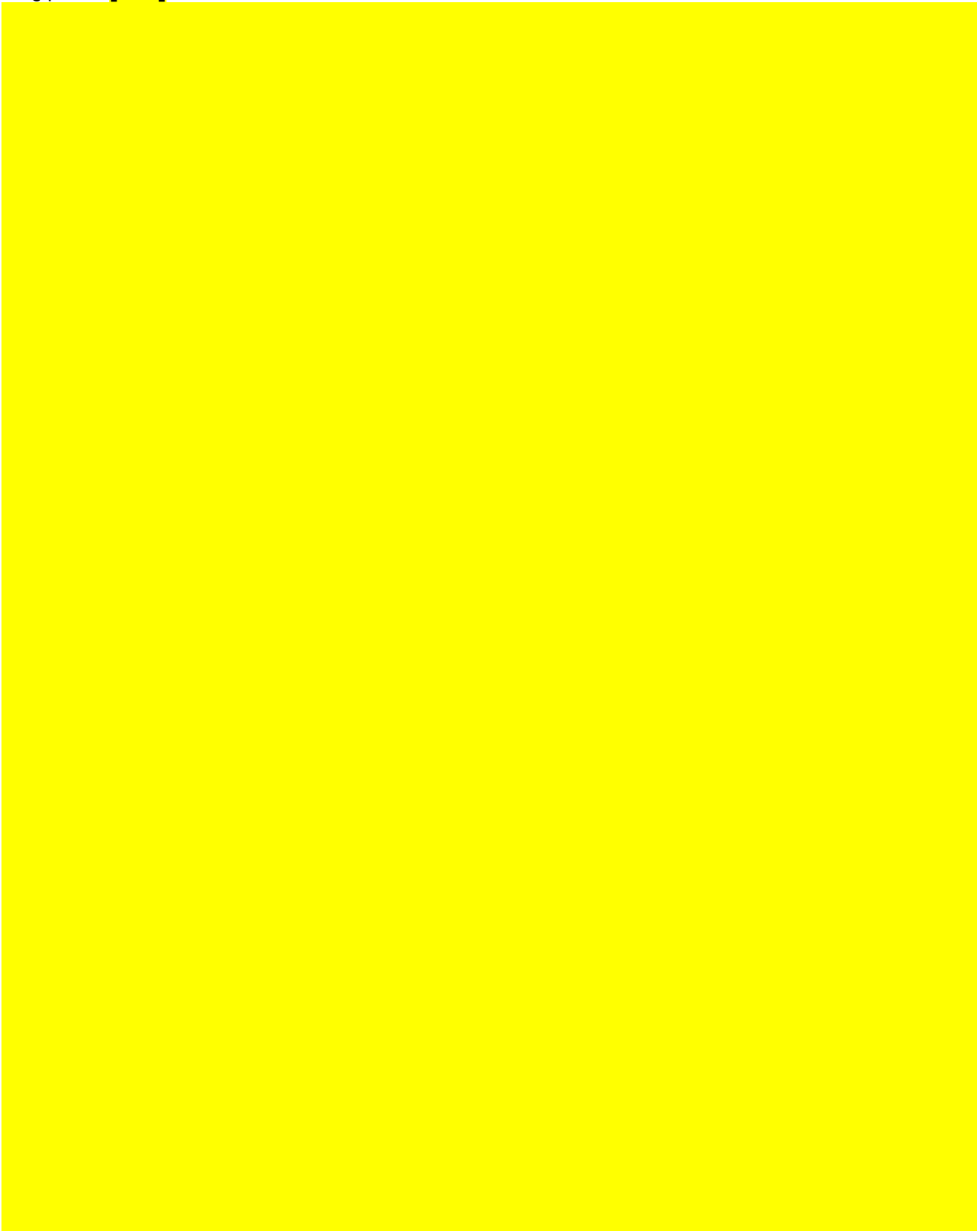
Information submitted by CTT in communication dated 11/06/2020

1 kg parcel **[BCI]**



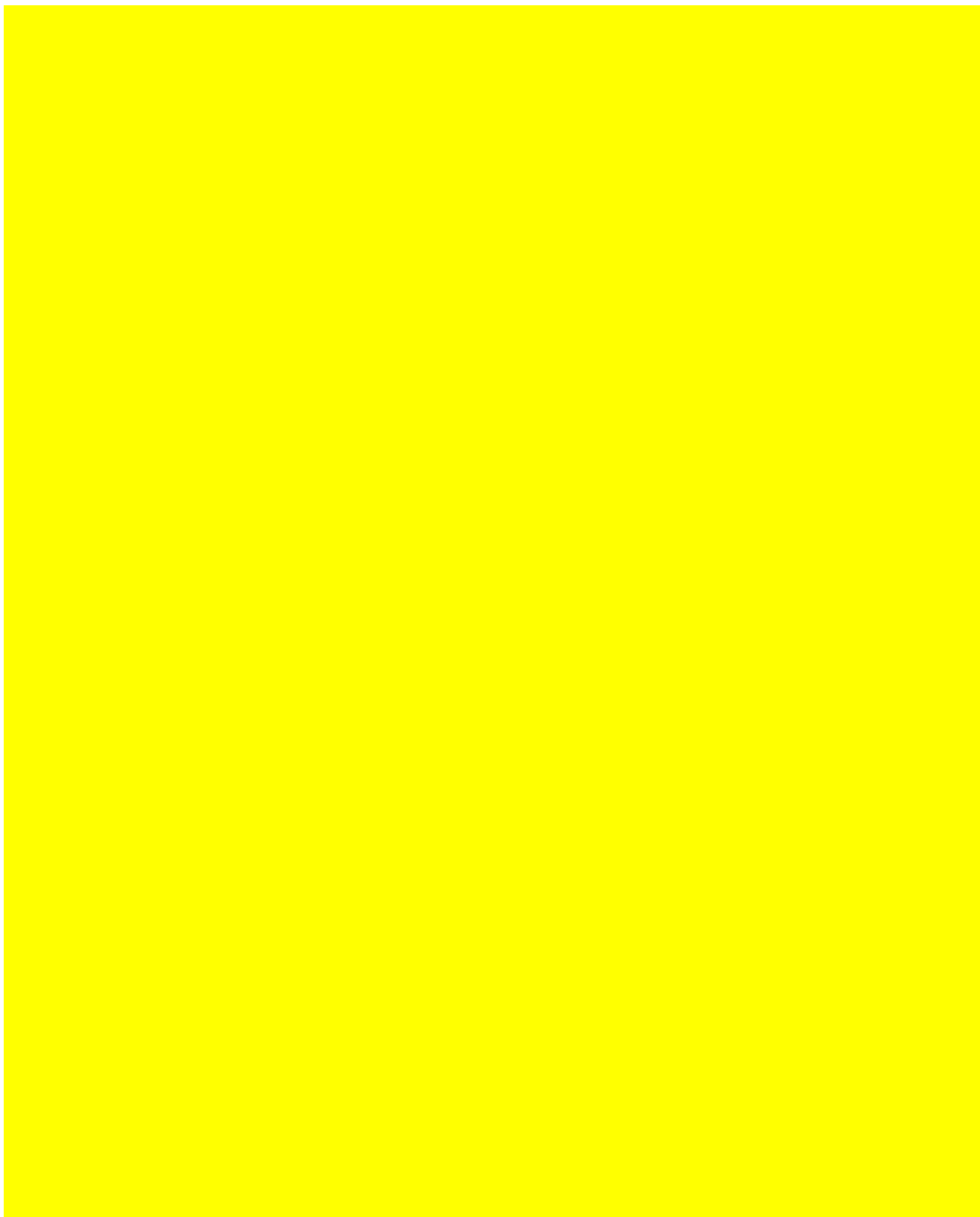
[ECI]

2 kg parcel **[BCI]**



[ECI]

5 kg parcel **[BCI]**



[ECI]