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Parcel delivery/
e-commerce

Brussels, 20 March 2013

OPINION

of the
European Economic and Social Committee
on the
Green Paper - An integrated parcel delivery market for the growth of e-commerce in the EU
COM(2012) 698 final

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On 19 February 2013, the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

> *Green Paper - An integrated parcel delivery market for the growth of e-commerce in the EU*
> COM(2012) 698 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 March 2013.

At its 488th plenary session, held on 20 and 21 March 2013, (meeting of 20 March), the European Economic and Social Committee adopted the following opinion by 156 votes, with 2 abstentions.

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1. **Conclusions and recommendations**

1.1 The European Economic and Social Committee (EESC) believes it is important to restore the confidence of online consumers and retailers in the integrated logistics systems used in e-commerce, which is particularly attractive to many consumers, given the importance of the digital market and its *high potential for economic growth and jobs*.

1.2 The EESC welcomes the Commission initiative to address the issues facing the sector by consulting all the relevant stakeholders through its Green Paper on an integrated market, which is aimed at securing an integrated parcel delivery market for online purchases and at developing e-commerce, *not only B2C but also B2B and C2C*.

1.3 The EESC calls on the Commission to draw up a directive focusing on six priority requirements:

– joint and several liability regime that would apply to online sellers and delivery operators throughout the delivery chain, in particular when consumers return items upon withdrawal or lack of conformity;
– full traceability of deliveries;
– the obligation to offer consumers the choice of more delivery options;
– full acceptance of the system of national e-commerce delivery problem-solving centres;
– the obligation to guarantee fair working conditions;
– transparency regarding conditions and prices

and to present a report on the results from individual Member States and cross-border deliveries.

1.4   The Committee believes that the shortcomings in the regulatory framework need to be addressed, and recommends a structured dialogue between representatives of organised civil society – in particular of organisations of consumers and SMEs, online sellers and delivery operators – in order to assess the appropriate regulatory and non-regulatory policy options to address the six aforementioned priorities.

1.5   The Committee believes it is important for the European standardisation bodies to be strongly urged to develop – with the involvement of consumer groups, SMEs and other operators concerned on an equal basis – *European technical and regulatory standards* in order to ensure the quality, reliability and sustainability of integrated logistics used in e-commerce and the relevant *social and reliability guarantees*. Development of a European reliability and quality mark for delivery systems would be highly desirable.

1.6   The Committee considers that, to ensure that integrated delivery services are affordable, reliable and efficient, measures are needed under European programmes for *technological research, the environment and transport*, in particular *Galileo*.

1.7   Full interoperability of systems and network interconnection platforms is crucial for information-sharing and coordination between all stakeholders.

1.8   With a view to ensuring fair competition and preventing abuse of dominant positions, the EESC recommends that adequate support be given to innovative SMEs that create new jobs, through the introduction of *EIB assistance lines* for that purpose.

1.9   The EESC calls strongly for the creation of a European network of national e-commerce delivery *problem-solving centres* which is user-friendly and provides quick and inexpensive solutions to online consumers' and sellers' problems, and the establishment of a *European monitoring centre* to address the sector's problems.

1.10   The Committee advocates setting up a *rapid alert system for e-commerce delivery* with the same powers as the RAPEX/ICSMS system, which facilitates the rapid exchange of information between Member States and the Commission on measures taken to prevent or restrict the marketing or use of an e-commerce delivery system posing a serious risk to the rights of online consumers or sellers.

1.11   The EESC considers that, to achieve an integrated parcel delivery market, high-quality jobs are needed with a *sound, well-integrated social dimension* allowing the redefinition of existing skills and reskilling, securing fair and decent working and pay conditions, and combating undeclared unemployment, in the context of a *dialogue between the social partners* in the sector at European, national and regional levels.

1.12   The EESC recommends creating a user-friendly European network of national e-commerce delivery problem-solving centres to provide rapid, costless solutions to all users' and e-retailers' problems, and establishing a European monitoring centre for e-commerce delivery systems that reports on a quarterly basis on problems encountered in e-commerce delivery.

1.13   In order to promote the fair and sustainable development of the sector, the exchange of national good practices on standard contracts[1] and quality and arbitration systems, as well as greater cooperation and interoperability between all stakeholders involved at national and cross-border level, the EESC believes that a conference on the new integrated logistics for e-commerce delivery should be organised at the interinstitutional level.

2.   **E-commerce and integrated parcel delivery systems**

2.1   E-commerce in Europe had a turnover of EUR 300 billion in 2012, which represents an increase of 20% over the previous year[2], with online purchases having risen from 20% to 37% in five years[3]. Consumer savings are estimated to total some EUR 12 billion per year.

2.2   The benefits of e-commerce can be measured in terms of the savings made in a transaction and its speed, cross-border nature and completeness, and the speed of information and service content relating to traded goods. The physical availability of most products, except for digital products, remains dependent, however, on the capacity to manage logistics methods for the processing and packaging, tracking, identification, handling, storage and transport of parcels and packages.

2.3   The Commission's strategy aimed at "building trust in the Digital Single Market for e-commerce and online services"[4] identified "five main obstacles to the Digital Single Market and […] an action plan to remove them". These include the observation that "payment and delivery systems are still inadequate", while, in addition, "10% of people currently do not buy online[5] because they are concerned about the cost of delivery services, in particular cross-border delivery, and about service quality". The Commission therefore states that:

    –   "the choice between various options for the consumer must be developed, and the best European practices, such as home delivery at specific times, collection in a partner shop or in automated systems with long opening hours, etc., must be disseminated and used in the various Member States";

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[1]   See for example Thuiswinkel: Dutch standard contract, drawn up on 1.1.2012 by the Dutch Economic and Social Council in consultation with consumers, now used by 80% of e-operators.

[2]   Source: McKinsey – 4th Annual European E-Commerce Conference, 14.11.2012, Brussels.

[3]   Source: EUROSTAT for the period 2004-2009.

[4]   COM(2011) 942 final, 11.1.2012.

[5]   Eurostat, Household survey 2009.

– "from the viewpoint of both customers and businesses, the issue of liability for damaged, stolen or lost parcels should be clarified";

– "care must […] be taken to ensure that the delivery services are also efficient and affordable in rural or remote areas and in the outermost regions of the EU, so that e-commerce lessens rather than accentuates inequalities in terms of territorial cohesion";

– where deliveries of falsified and/or counterfeit medicinal products are concerned, guarantees should be put in place to ensure "adequate protection for patients purchasing medicinal products online".

2.4 The traditional logistics systems used in the delivery chain are now obsolete and could hamper the process of disseminating and developing e-commerce, especially where cross-border transactions are concerned, while faster development of new technologies is opening up new convergence possibilities.

2.5 The development of business to consumer (B2C) e-commerce for products that have to be physically delivered or cannot be delivered by digital means has led to a marked growth in small to medium-sized shipments to an extremely high number of destinations that are non-recurring and difficult to plan for, with a service that is increasingly tailored to the needs of an individual customer.

2.6 The speed of information gathering and completion of transactions made possible by an increasingly direct interface between producers and consumers is leading to higher expectations as regards the speed and reliability of deliveries, which places considerable pressure on the efficiency and costs of the logistics system.

2.7 The Committee believes it is important to restore the confidence of online consumers - whose main concerns include failure to deliver, damage to or loss of the goods ordered and the possibility of recovering their money, especially in cross-border transactions – and of online retailers, who suffer from the lack of a structured network that reflects the needs of the sector's operators, the lack of interoperability and the lack of an appropriate regulatory framework.

3. **The Commission Green Paper**

3.1 The Commission's Green Paper sets out three lines of action to solve the problems and overcome the challenges facing online consumers and retailers in order to boost the growth of e-commerce and ensure that every individual and SME in every European region can access its benefits with a delivery system that is sustainable and efficient at the national, Community and international levels. This means:

- making delivery services in the EU more convenient for consumers and SMEs;
- giving consumers and SMEs delivery solutions that are more efficient in terms of lower costs and tariffs;
- promoting greater interoperability among operators in delivery services, improving methods of collaboration and cooperation between operators and online retailers, especially SMEs.

4. **General comments**

4.1 The EESC welcomes the Commission's initiative to create an integrated parcel delivery market for online purchases and at developing e-commerce, not only B2C but also B2B and C2C, in order to improve trust among all stakeholders, especially European citizens, guaranteeing affordability, reliability, transparency, efficiency and due regard for and safeguarding of reciprocal rights.

4.2 The Committee believes that the current regulatory framework contains shortcomings that need to be remedied:

- with regard to postal services, with "A universal postal service ensuring the availability of high-quality, reliable and affordable postal services irrespective of geographical or financial situation or other factors is a key element of the European social model"[6];

- with regard to access to the provision of services of a cross-border nature and information obligations, with full application of the services directive[7].

4.3 In the Committee's view, it is essential that the regulatory framework be adapted in order to bring greater social and economic benefits to European consumers, in terms of greater autonomy and convenience, transparency and competition and access to a wider range of products and services, and give businesses – SMEs in particular – broad opportunities to offer innovative products and services that are of high quality and close to the consumer throughout the online European internal market, strengthening the position of such companies and enabling them to remain competitive in the global economy.

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[6]   OJ C 168, 20.7.2007, p. 74.

[7]   OJ C 224, 30.8.2008, p. 50.

4.4   There is a need for "policy makers to set quantitative as well as qualitative targets, using the SMART [**s**pecific, **m**easurable, **a**chievable, **r**ealistic and **t**imely] principle. Measurement of progress against realistic goals is a key requirement for effective management of policy initiatives and the evaluation of their practical impact"[8]. This will boost the confidence of consumers, operators and businesses and improve the working conditions of employees in a traditionally labour-intensive sector.

4.5   The Committee considers it important that CEN-CENELEC-ETSI[9] be strongly urged to draw up, with the involvement of consumer groups, SMEs and other stakeholders on an equal basis, *European technical and regulatory standards*. This will ensure quality, reliability, sustainability and social and reliability guarantees for integrated delivery services used in e-commerce, according to a precise timetable, by means of a proper internet and media information campaign. The EESC also considers that establishing a *European trustmark for the reliability and quality* of deliveries (similar to *VeriSign Secured Seal* for online payments) – *to be issued by the European network of problem-solving centres* – would be a useful step.

4.5.1 The EESC recommends creating a user-friendly European network of national e-commerce delivery problem-solving centres to provide rapid, costless solutions to all users' and e-retailers' problems, and establishing a European monitoring centre for e-commerce delivery systems that reports on a quarterly basis on problems encountered in e-commerce delivery.

4.5.2 The EESC calls strongly for the establishment of a rapid alert system modelled on RAPEX[10]/ICSMS[11] which, once reports of abuse to the national e-commerce delivery problem-solving centres have been confirmed, can block fraudulent commercial practices in the sector, hiding the website in question and penalising the delivery operator until an effective, user-friendly solution to the problem is found.

4.6   In order to make integrated delivery services affordable, reliable and efficient, the Committee believes, in addition, that:

–   Horizon 2020 should prioritise *research into integrated logistics technology*, to guarantee tracking, fast routing and cooperation interfaces between producers, logistics operators and consumers in order to shorten the actual delivery time and to keep costs down;

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[8]   OJ C 108, 30.4.2004, p. 23.

[9]   CEN: European Committee for Standardisation; CENELEC: European Committee for Electrotechnical Standardisation; ETSI: European Telecommunications Standards Institute.

[10]   The Rapid Alert System for non-food dangerous products.

[11]   ICSMS: Information Communication System Market Surveillance.

– the operational start of the ***Galileo satellite constellation*** with earth station networks should be speeded up, as per the opinions adopted by the Committee on the matter[12];

– full ***interoperability*** should be ensured, ***especially of surveillance systems*** and simplified digitised systems for product and repayment networks, also drawing on the experiences of the IDA, IDABC and ISA Community programmes[13] - Interoperability solutions for European Public Administrations;

– ***network interconnection platforms*** should be launched for information-sharing and coordination among carriers, also with a view to limiting the environmental impact of "last mile" delivery, on the basis of pilot projects carried out under *Horizon 2020* and *Living well, within the limits of our planet 2020*;

– an ***SME integrated logistics line from the EIB*** should be activated as a means of providing financial assistance to innovative small and medium-sized enterprises and that create jobs under the Growth and Employment initiative[14];

– the transparency of individual cost items should be ensured in order to monitor the cost/price structure and the accessibility of services should be adequate, with market surveillance enhanced to ensure diversity of supply.

4.7 The parcel delivery sector is highly labour-intensive, employing, in particular, non-EU nationals but lacking skilled labour. In many EU countries, working conditions in the sector are characterised by insecure contracts, long working hours, low pay and few opportunities to access ongoing vocational training. This situation is the result of outsourcing processes that delivery companies have engaged in, through forwarding cooperatives or individual agents who, despite working for a courier whose uniform and branding they use, in fact own the van used to make deliveries (false self-employed)[15].

4.8 The EESC considers that, in order to pursue an integrated internal parcel delivery market, a solid and coherent social dimension is essential, the quality of jobs must be ensured, ongoing training provided and undeclared employment combated. The Committee therefore recommends that, by means of collective bargaining, Member States ensure that workers are employed directly by parcel delivery companies and are guaranteed fair and decent working conditions throughout the sector.

4.9 The Committee therefore deems it of strategic importance to the development of the parcel delivery and logistics sector for a ***structured sectoral dialogue*** to be established at European, national and regional level, involving both the social partners representing the sector and the representatives of organised civil society – especially organisations representing consumers

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12 OJ C 256, 27.10.2007, p. 73; OJ C 324, 30.12.2006, p. 41; OJ C 324, 30.12.2006, p. 37; OJ C 318, 23.12.2006, p. 210; OJ C 221, 8.9.2005, p. 28; OJ C 302, 7.12.2004, p. 35; OJ C 48, 21.2.2002, p. 42.

13 OJ C 218, 11.9.2009, p. 36.

14 ETF Start-up Programme - European Investment Fund.

15 See EESC opinion in preparation INT/628.

and SMEs, online sellers and delivery operators – in order to promote cooperation and mutual trust and full sustainability and interoperability of the market in the delivery of online orders.

Brussels, 20 March 2013

The President
of the
European Economic and Social Committee

Staffan Nilsson

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