

# Postal services: further opening to competition

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As is the case with the 2005 Application Report, this Report provides a comprehensive assessment of the overall transposition of the Postal Directive in the Member States. The Report also assesses the application of key elements and trends related to the postal services sector such as: economic, technical, social, employment and quality of services trends. The Report summarises and pulls together the main elements and findings of the Commission Staff Working Paper SEC(2006)1293.

The Report finds that in 2004 EU postal services earned around EUR 90 billion - equivalent to 0.9% of the Community's GDP. As such it plays a significant role in the EU economy. Postal services are labour intensive and account for a large proportion of the EU's overall employment. In 2004 postal services employed around 1.71 million people with a further 5 million jobs related to postal activities.

At the same time however, postal services are changing. The sector deals with three key EU economic activities namely communications, advertising and transportation/logistics. The Report warns that sector boundaries are beginning to blur and competition must be taken into account when assessing the future of the postal services sector.

## Main conclusions

**1) Confirmation of the Postal Directive's timetable:** All the intermediate policy results of the Postal Directive have been achieved to date.

- Firstly, the monopolies have been progressively reduced, either by gradually implementing the market opening enshrined in the Postal Directive, or by opening up important segments (such as direct mail) or by fully opening up the postal market as was the case in the UK, for example.
- Secondly, competition has grown. In the most advanced Member States the market share of incumbents has been reduced to around 90%. Competition has not, however, grown as much as was originally hoped.
- Thirdly, universal service providers have restructured and successfully adapted to regulatory and market developments. This development is underpinned by the positive trend towards overall revenue and profitability.
- Fourthly, the quality of service has improved considerably with consumer satisfaction ratings high.

Developments to date provide no evidence supporting the need for changing the 2009 deadline as set out in the Postal Directive.

## **2) Main focus: High level of universal service and consumer needs:**

- The present Postal Directive is based on the principle of minimum harmonisation. This has allowed the Member States to adapt universal services to the specific need of their own country.
- On the other hand the need to fully assure universal service rights for consumers and small businesses is generally uncontested. Individual consumers (including SMEs) and citizens have the

right to enjoy the same quality of service – if not better – following the full opening up of the postal market. Their needs must act as a benchmark. This requires that their rights should be strengthened – such as extending the appeal procedures to all operators.

- Greater attention should be given to enhancing co-operation between the National Regulatory Authorities. Such a move could include, for example, information exchange and benchmarking exercises.