ERGP REPORT ON END-TO-END COMPETITION AND ACCESS IN EUROPEAN POSTAL MARKETS

June 2014

Introduction

Background

The gradual market opening and liberalisation of European postal markets entered into its final phase with the adoption of Directive 2008/6/EC in January 2013. Directive 2008/6/EC was supported by two earlier Directives which began the liberalisation of letters and parcels. These three directives can be summarised as follows:

- 1997 Directive: service delivery of letters and parcels below 350 grams in weight, or those costing five times less than the standard service (basic tariff) were reserved to universal service providers.
- 2002 Directive: the reserved area was then reduced again in two stages: in 2003 to 100 grams and three times the basic tariff, and in 2006 to 50 grams and two and a half times the public tariff for an item of correspondence.
- 2008 Directive: the Third Directive provided the introduction of full competition in European postal sectors and the abolition of any reserved services for universal service providers. This Directive came into force on 27 February 2008 with some exceptions for eleven Member States such as new members and those with particular geographical issues making this impractical.

The speed of liberalisation varied across member states. However, by 1 January 2011, 15 member states (Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, the Netherlands, Slovenia, Spain, Sweden and the United Kingdom) had fully liberalised their postal markets. As a result, approximately 95 percent of the EU's volumes of addressed mail were liberalised. We note that several countries reduced their reserved area prior to full market liberalisation, to the extent that competition was possible in the market relevant to this report (the letter market, including items up to 350 grams). For countries where this was the case, we have taken the date of their full market liberalisation as the relevant date for the purposes of this report. We also note that four of the countries that feature in this report have not fully liberalised their postal markets: Cyprus, Norway, Serbia and Switzerland.[1]

Market liberalisation has not, however, led to radical change in the competitive position of these markets: although there are member states where competition has emerged or appears to be doing so, in all member states the incumbent postal operators retain the overwhelming majority market shares of the previously restricted postal sectors.

[1] Norway has yet to liberalise its market; Cyprus transposed the Directive 2008/6/EC into national law on 13th December 2013, but as per 1st January 2013 there have been no restrictions for market entry of alternative operators; Switzerland retains a reserved area for items up to 50g; Serbia retains a reserved area for items up to 100g.

To provide letter services there are generally two strategies for postal operators: building up their own local or nationwide delivery network ("end-to-end competition"), or service-based strategies using parts of the postal infrastructure and / or the network elements of the incumbent ("access competition") – or, as in some countries forming part of this study, a combination of both.

This paper considers some factors potentially influencing the emergence of both forms of competition.

The work stream

In 2012, ERGP looked specifically at access competition, its role and limitations in European countries.

In 2013, we have looked more widely at both end-to-end and access competition in the market for letters and packets below 350 grams in member states, considering whether it was possible to identify the factors that encourage competition in one form or another and if so, how the alternative forms of competition might interact. This paper summarises these findings.

This report

This report is based on a questionnaire issued in the beginning of March 2013submitted to the national regulatory authorities of European countries. We received 29 replies to the questionnaire[2], as set out in Table 1 below; a more detailed summary of each country's response can be found in the Annex to this report.

Table 1 – list of participating countries, year of liberalisation and competition by volume

Country	Year of full market liberalisation	More than 5% end-to-end competition by volume	More than 5% access competition by volume
Austria	2011	No	No
Belgium	2011	No	No
Bulgaria	2011	Yes	No
Cyprus	N/A[3]	No	No
Czech Republic	2013	No	No

[2] Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland and the UK.

[3] Norway has yet to liberalise its market; Switzerland retains a reserved area for items up to 50g; Serbia retains a reserved area for items up to 100g.

Country	Year of full market liberalisation	More than 5% end-to-end competition by volume	More than 5% access competition by volume
Denmark	2011	No	No
Estonia	Before 2008	Yes	No
Finland	Before 2008	No	No
France	2011	No	No
Germany	Before 2008	Yes	Yes
Greece	2013	No	No
Hungary	2013	No	No
Ireland[4]	2011	No	No
Italy[5]	2011	No	No
Latvia	2013	Yes	No
Lithuania	2013	Yes	No
Malta	2013	No	No
Netherlands	2009	Yes	No
Norway	N/A3	No	No
Poland	2013	Yes	No
Portugal	2012	No	No
Romania	2013	Yes	No
Serbia	N/A3	No	No
Slovakia	2012	Yes	No
Slovenia	2011	No	Yes
Spain	2011	Unknown[6]	Unknown[7]
Sweden	Before 2008	Yes	No
Switzerland	N/A3	No	No
UK	Before 2008	No	Yes

Source: ERGP questionnaire, circulated April 2013

[4] In Ireland, although the market was fully liberalised on 1 January 2011, the European third Postal Directive was only transposed into national law by the Communications Regulation (Postal Services) Act 2011 in August 2011.
[5] As of April 2013, Italy was unable to provide data as to market share by volume for any postal operator.
[6] The Spanish NRA is unable to define whether the 18% of market share by volume handled by competitors falls within the definition of end-to-end or access competition.
[7] The Spanish NRA is unable to define whether the 18% of market share by volume handled by competitors falls within the definition of end-to-end or access competition.

Part one of this report provides an overarching, largely qualitative overview of competition developments in all countries. It looks briefly at the countries that have most recently liberalised their postal markets, noting that these countries have very limited information about competition, due to this recent opening. It then looks at the countries that have had their market open to competition for more than two years (i.e. those countries that liberalised their markets in 2011 or earlier), dividing them into two groups: firstly, those that do not have competition accounting for more than 5% of the letter market by volume, or that do not have data allowing them to determine whether they have more than 5% competition by volume and, secondly, the eight countries with more than 5% competition by volume. The latter eight countries are:

- Bulgaria, Estonia, the Netherlands and Sweden, which have more than 5% end-to-end competition
- Slovenia and the UK, which have more than 5% access competition
- Germany, which has more than 5% by volume of both end-to-end and access competition
- Spain, which has more than 5% competition (around 18% of volumes) but which is unable to define whether these are end-to-end or access volumes.

Part two of the report examines the development of end-to-end competition, looking for common factors in its development. It is based, however, on a small sample size (the six countries mentioned above having more than 5% end-to-end competition). This is done on the basis of five factors: demographics (population density and level of urbanisation), mail characteristics (volumes per capita, bulk mail and direct mail), regulation, maturity and timing, and the origins of any alternative operators (notably whether they come from related domestic sectors or are postal incumbents from nearby countries).

Part three of the report looks in more detail at the development of access competition, to determine if there may be common factors having led to its development. It is based on a particularly small sample size, and aims only to tentatively look at factors that may have been relevant in the three countries concerned. The development of access competition has been considered on the basis of the same five factors as in part two.

A word of caution - the limited statistics and small sample size on which the report is based limit the depth of our study. Accordingly, ERGP cannot reasonably draw firm conclusions. Rather, it aims to indicate hypotheses that may aid future regulation development or issues that might warrant more detailed examination.

This report is not a market analysis; it only looks at the situation of member states regarding the type of competition (end-to-end or access) present.

Part I – an introduction to the development of competition in member states

As noted above, in this part of the report we provide an overarching, largely qualitative overview of competition developments in all countries. We look briefly at the countries that have fairly recently liberalised their postal markets, noting that these countries have very limited information about competition, due to recent opening. We then consider those countries whose markets have been fully liberalised for more than two years: firstly, at those that do not have competition accounting for more than 5% of the letter market by volume, or that do not have data allowing them to determine whether they have less than 5% competition and, secondly, at the eight countries with more than 5% competition. More detailed presentations on each country are annexed to this report.

The responses show a clear differentiation in the level of competition in the letter mail market and the parcels market.

While competition (either access or end-to-end) has emerged in some countries, for a significant number there is little or no competition in the letter market. Many replies to the questionnaire contain phrases such as "*there is de facto no competition in the letter market*" (Austria), "*still there is no effective competition*" (Bulgaria), "*the USP has still more than 99% of the letter market*" (Denmark), "*there is very little effective competition on the letters market*" (France), and "*competition struggles to emerge*" (Switzerland). The replies indicate that the development of competition on the letter post market is thus not easy and it is unclear whether this will change in the future.

The situation is very different in the parcels market, which is growing at a fairly rapid pace, due to factors such as the development of e-commerce. For parcels, countries have noted that the market is "*a source of growing competition and innovation*" that "*shows promising signs of development of competition*" (France), "*the market is known to be more competitive*" (Netherlands), and "*there is significantly more end-to-end competition in the packets and parcels market*" (UK). While growth in the parcels market may not have a significant impact on the situation in the letter market per se (in most countries volumes are declining due to the use of new technologies and especially electronic communications), it may be a factor that helps ease the difficulties associated with transition to new market structures and its growth could have implications for the letter mail market. Competition in parcel markets could be a useful issue for future study, and is already an issue being looked at from a different angle by the ERGP but, to note, it is not the subject of the rest of this report, which focuses on the letter post market.

As noted above, ERGP received 29 replies to its questionnaire. Of the replies, 10 concern countries (Czech Republic, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia) that have only recently put in place full market opening (Slovakia in January 2012, Portugal in April 2012 and the others in January 2013). These countries are considered separately as, due to the limited time the market has been open, many have limited information on competition (the situation indicated, for example, by the Czech Republic) and it is difficult to draw conclusions at this stage. Noting the lack of conclusive data for some of these countries, and while as in almost all countries there are not particularly high levels of competition, that is not to say that competition has not developed at all.

Romania indicates that there is "*a very low level of competition on the letter post market*" (but above 5% by volume of letters up to 2kg) with moderate competition for parcels. More specifically, in the last few years, a very high number of operators entered the market (giving a total of more than 800 in 2009), but their numbers declined rapidly, to a still high number (more than 300), by 2011. It is to be noted that traffic increased in Romania until 2007, before falling in 2010 to a level below that of 2005. The reply received from ANCOM indicates that letter post competition, focussed on business mail, still remains low but that it may not yet have reached maturity and may continue to grow after full market opening. In Slovakia, competition in letter post is focussed on bulk mail, but there is an expectation that it will in the next few years extend to non-bulk mail. Hungary also indicates that, if competition develops, it will likely be on the business letter market. Malta indicates a start to competition on a very limited section of the letter market (registered items) but that the historical operator remains dominant on all letter markets. It is interesting to note that, of these 10 countries, 5 indicate that there is greater than 5% competition in their markets. Indeed, Latvia, Lithuania, Poland, Romania and Slovakia each have more than 5% end-to-end competition in the letter market. More information on these countries can be found in annex 1, which includes a fact sheet for each country having replied to ERGP's questionnaire.

Of the remaining 19 countries, 15 fully liberalised their markets in 2011 or before (the other four have yet to fully liberalise).[8] Of this fifteen, 7 do not have competition accounting for more than 5% of the letter post market, or do not have information allowing them to determine whether competition is greater than 5%. These countries are: Austria, Belgium, Denmark, France, Finland, Ireland and Italy[9]. To note, the limited competition in these countries cannot easily be attributed to a lack of market opening: the markets of these countries have been open to competition for more than two years, and they often have a number of alternative providers. In Denmark, despite liberalisation, the historical operator retains more than 99% of the letter market; this is similar to the situation in France, where the historical operator continues to hold a "*virtual monopoly*"[10] (that is, a de facto monopoly),

[8] Cyprus and Norway have yet to liberalise their markets; Switzerland retains a reserved area for items up to 50g; Serbia retains a reserved area for items up to 100g.
[9] As of April 2013, Italy was unable to provide data as to market share by volume for any postal operator.
[10] ARCEP's annual report for 2011 notes that "*at 31 December 2011, no authorised service provider had seemed able to capture a significant share for itself. La Poste continues to hold a virtual monopoly on delivering items of correspondence throughout the national territory*".

despite market opening on 1 January 2011 and there being 21 licenses for domestic delivery of correspondence. Italy is an example of a country where competition may exceed 5% by volume but where the regulator is unable to provide figures confirming this.

The remaining 8 countries are those having had their market open to competition for more than two years, and able to confirm that they have letter post competition (be it end-to-end or access related) greater than 5%. These countries are: Bulgaria, Estonia, Germany, the Netherlands, Slovenia, Spain, Sweden, and the United Kingdom. Again, it is to be noted that, if these countries have more than 5% competition, the market share of alternative providers tends to be around 10 - 20% at most. Below is a brief description for each of the 8 countries that have letter post competition greater than 5%, whose markets have been open to competition since 2011 or earlier.

Spain

In Spain, competition in letter post began in the 1960s with intra-city letter services and direct marketing, leading to competitors holding around 18% of the market by volume today. The Spanish regulator indicates that competition has kept prices low but has not necessarily led to better quality. To note, Spain is unable to define whether these volumes are access or end-to-end competition. In Spain, there is one principal competitor, Unipost, created in 2001 as a merger of several small operators and processing around 12% of letter mail volumes. The next four competitors treat around 2% of volume combined (noting that smaller competitors treat around another 4%). The combined revenues of the first five operators are about 6% of letter market revenues. Competitors generally target large entities, such as banks or public administrations, and SMEs.

The Netherlands

The Netherlands fully opened its postal market in April 2009. End-to-end competition has been the main form of competition that has developed in the Dutch market: in a study conducted in 2010, ACM´s predecessor OPTA concluded that only 5% of the volume of competitors of the incumbent was delivered by the incumbent. These competitors delivered approximately 71% of their volume themselves. The remaining volume was delivered by other postal operators.

On a national level, end-to-end competitors Sandd and Selekt Mail (a Deutsche Post subsidiary) have slowly gained market share since 2002. Selekt Mail was taken over by Sandd in 2011. As of 2012, Sandd has a market share of 10-20%. As Sandd is able only to process pre-sorted and D+3 postal items, and it has already attained a relatively large market share in this market segment, the growth of its market share may stagnate in the near future. The combined market share of Sandd and the incumbent PostNL is 90-100%.

On a local and regional level end-to-end competition has emerged as well. The combined market share of these competitors, however, is negligible. Further growth of end-to-end competition may not be viable due to the decline of volumes.

Access to the network of the incumbent as well as the networks of other postal operators may have had a positive effect on the emergence and sustaining of regional end-to-end competition.

Sweden

The Swedish postal market was fully liberalised in 1993. Bring Citymail was the first competitor of the historical operator, Posten AB. Bring Citymail has a market share of approx 12%. The Swedish regulator indicates that the letter market has likely reached maturity, noting that letter volumes have been falling since year 2000. Posten AB continues to hold a dominant position and Bring Citymail's market share is increasing at a low pace. No major changes to market shares are foreseen.

Estonia

In 2009, the Estonian postal market was fully liberalised. Since then, one additional letter post service provider has emerged, namely the private-owned Express Post Ltd. with a market share of around 5% in volumes and revenues. Express Post emerged as a periodicals deliverer and has successfully targeted bulk mailers.

The remainder of the market share of around 95% is held by the state-owned incumbent Eesti Post Ltd. There is no access-based competition above 5%.

Postal operators operate under specific licence conditions. Eesti Post is obliged to provide access to its outward mail centre. The NRA has the power to intervene when postal operators are not able to agree on access prices and conditions.

The United Kingdom

The United Kingdom has a rather distinct form of competition: an access regime provided for by legislation, which led to the first access agreement in 2004 between Royal Mail, the incumbent operator, and UK Mail, an alternative operator. Access increased rapidly thereafter, accounting for 44% of the total mail market in 2012. The growth was likely to be partly due to the price control put in place by Postcomm in 2006, which required Royal Mail to maintain a minimum margin between its retail and wholesale prices. It appears that access volumes have now reached maturity and, to note, revenue derived from access by alternative operators only represents around 2% of the total market revenue.

End-to-end competition in the UK remains limited: the market was fully opened in 2006 but Royal Mail still delivers more than 99% of total mail volumes. In April 2012, TNT Post began trialling end-to-end deliveries in West London (delivering 345,000 items per week (0.13% of the total market by volume) as at December 2012) and it may seek to expand its end-to-end delivery operations to other urban centres in the UK.

Slovenia

In Slovenia, the full opening of the postal market took place on 1 January 2011. The current incumbent operator and universal service provider is Posta Slovene. APEK, the Slovenian regulator, has issued a general authorization for 6 operators and received a notification of 13 operators.

Currently, there is no competition in the end-to-end letter market in Slovenia but the full market opening in 2011 led to competition emerging in the access market. There are currently four access operators in Slovenia handling approximately 7.6% of the total addressed letter volume while the incumbent, Posta Slovene, handles the remaining 92.4% (approximately).

Germany

In Germany, full market opening took place relatively early, end December 2007. While the incumbent remains dominant, end-to-end-competitors have a market share of just above 10% and have recently increased their horizontal cooperation.

The main competitor is a subsidiary of the Dutch incumbent. Other significant players emerged from newsletter distribution and small/medium local letter entities. If a reasonably flexible licensing regime may have helped competition development, VAT issues and minimum wage obligations may have slowed its development (particularly end-to-end).

To note, in Germany, the dominant provider must provide access to its network, and has improved the services offered over the years (reducing minimum drop volumes and by increasing discounts). In 2011 the competitors handled over 1.7 billion items end to end (of a total of 16.6 billion letter items conveyed in Germany), generating revenue of approximately €0.8bn. Deutsche Post Group competitors injected another approximately 1.7 billion incidental service items into Deutsche Post Group's network. This means 11.4 % of the letter items Deutsche Post Group distributes were injected in the incumbent´s network by competitors

Bulgaria

The Bulgarian postal market has been fully liberalised since the beginning of 2011. There are six operators holding an individual license for the provision of the universal postal service and services within the scope of the universal service, the first two entering the market in 2006. There were over a hundred postal operators by the end of 2012 but the universal service provider still has a market share of 91% in the market of items falling within the scope of the universal service.

End-to-end competitors have a combined market share of 9% in this market but until now there is no significant access competition.

To resume, competition accounting for more than 5% of the market by volume exists in (at least) 8 countries, namely Bulgaria, Estonia, Germany, the Netherlands, Slovenia, Spain, Sweden, and the United Kingdom. There is end-to-end competition of around 15% in the Netherlands and Sweden. Competition in the United Kingdom and Slovenia takes a different form: they are the only two of the eight above-mentioned countries whose competition primarily takes the form of access. In Germany, competition is around 11.4% access and 10% end-to-end.

Having looked globally at the development of competition in all countries having replied to the questionnaire, parts two (end-to-end competition) and three (access competition) of the report will look more in detail at those countries having more than 5% competition, whatever the moment of their opening the market to competition.

More specifically, we examine a number of factors that may have led to competition. Indeed, have demographics played a role? Is the make-up of mail sent or the presence of rival operators in related markets important? Did regulation help or hinder? Was the “timing” simply right? Or, indeed, were there simply anomalous factors that would not be relevant for other countries, or simply are not pertinent for the present-day context?

Part II - End-to-end competition

This chapter, looking at those countries having more than 5% end-to-end competition, discusses various factors that may have facilitated competition in European postal markets. End-to-end competition is defined for the purposes of this report as the process whereby operators other than the incumbent collect process and deliver mail directly to the recipient, without using the incumbent's network. Our study is based on consideration of the six countries[11] that have more than 5% end-to-end competition, and which liberalised their markets in 2011 or earlier. Given this limited sample size, it does not aim to indicate general conclusions but rather possible preliminary support for certain hypotheses. We examined five main factors:

- population density;
- mail characteristics;
- regulation;
- maturity and timing; and
- the existence and origin of competitors in the postal market.

As noted above, the limited statistics restrict the possibilities of an in depth evaluation and firm conclusions cannot be drawn.

For further analysis and investigation the statistic figures were broken down into the following economic factors and differentiated by countries having more than 5% competition and those not having more than 5% end-to-end competition:

- Demographics
    - population density
    - level of urbanisation
- Mail characteristics
    - Volumes per capita
    - Percentage of bulk mail
    - Percentage of direct mail

It should be noted that the main findings in the following sub-chapter must be seen with the caveat that most countries have just opened their letter markets in the last few years. Thus the influence of the demographic parameters and the mail characteristics on successful market entry will be overlapped or superimposed by this fact. Accordingly the meaningfulness and interpretability with respect to the market entry are limited and largely depend on the timing of liberalisation. Markets that have been liberalised for longer may be expected to be more competitive than markets liberalised only recently. The longer a market

[11] Bulgaria, Estonia, Germany, the Netherlands, Slovakia and Sweden

has been open, the more chance competitors would have had to enter the market and build a network.

Thus reliable and predictable meaningful conclusions of the socio-economic and demographic statistical data can be made for countries liberalised ahead of Directive of 2008 Directive deadline.

Demographics

Population density

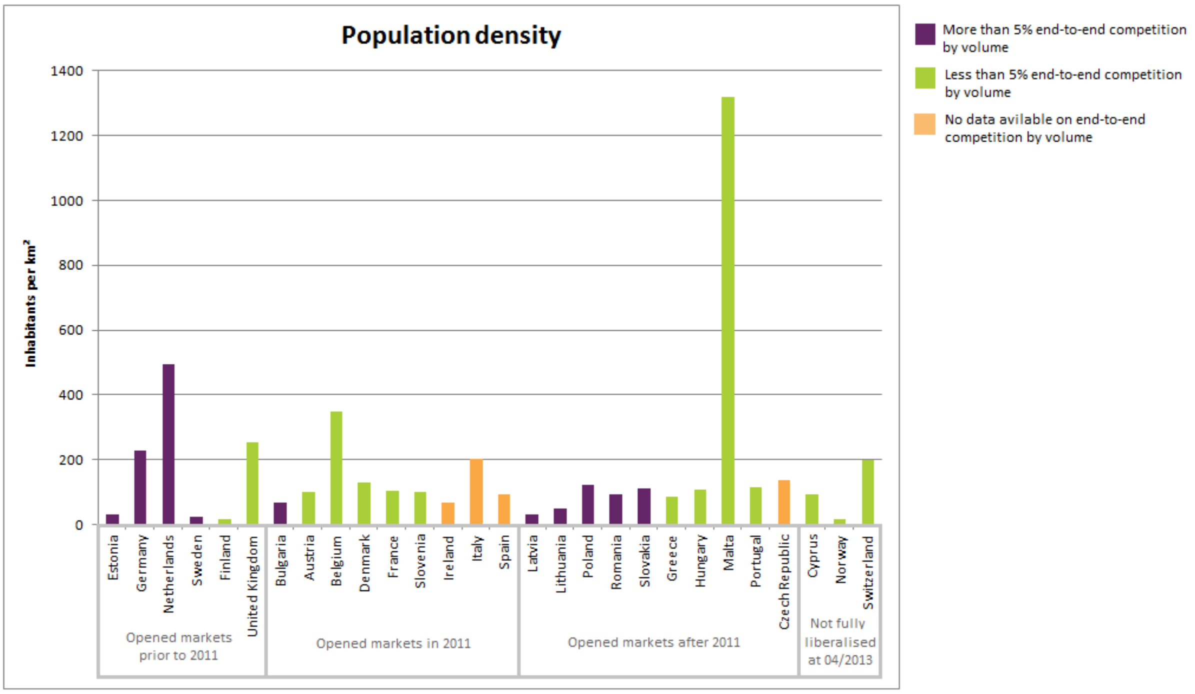
The work indicates that, in the six countries considered, population density does not appear to have influenced the development of end-to-end competition.

To examine the role of demographic factors on the development of end-to-end competition we looked at population density and urbanisation in the countries with more than 5% competition by volume and compared these figures with those of countries where end-to-end competition has not emerged, or is less than 5% by volume.

When focusing on the criterion of population density it can be observed that there is only a weak interaction between population density and successfulness of entrants.

The following figure provides an overview of the population density ranking from Malta with an index of 1318 inhabitants per square kilometre and Finland with an index of 17.7. The average index amounts to 203. Nevertheless, the indices of the majority of countries with effective end-to-end competition such as Latvia and Lithuania fall below the mean value of population density.

Figure 1 – population density, by date of liberalisation



Source: Eurostat inhabitants per km², 2010

In summary, the data available seems to suggest that population density does not play a major role for the development of end-to-end competition. Even though the statistical data does not show the relation between this indicator and market entry, this does not prove that population density does not play an important role for the business activities of market entrants. It only shows that there might be other factors superimposing and masking the demographic effects.

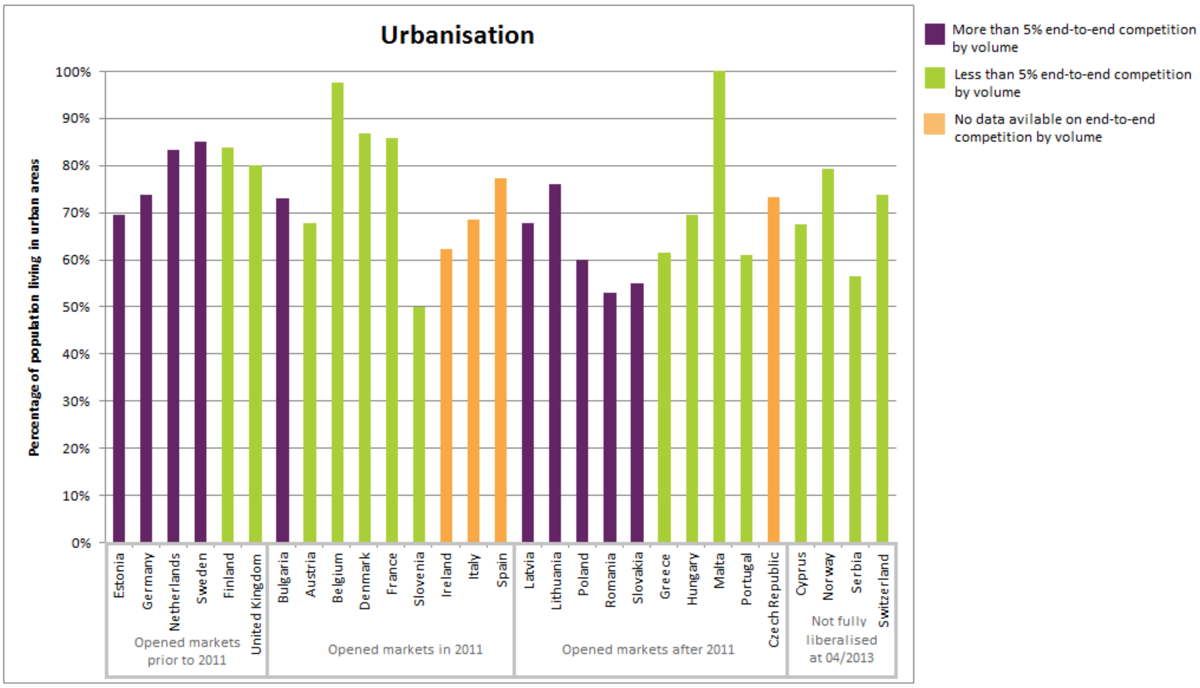
Level of urbanisation

One hypothesis is that high urbanisation may facilitate competition by enabling cost savings. Our work, again based on limited data, indicates, however, that the level of urbanisation cannot be seen as an indicator for market entry of alternative end-to-end operators.

Urbanisation plays a decisive role in the context of collection and delivery. Such economies of density are achieved because the average cost per unit of mail handling decreases when mail volume rises given a fixed size of the network. Consequently, the costs incurred for the service provision, in particular for handling the letters are related to the mail volumes processed through the delivery network, as well as the geographical conditions of a country. For example, in countries where little mail per capita is sent and vast areas are thinly populated and difficult to approach because of mountains, lakes or other geographical conditions, delivery costs will likely be relatively high and economies of density relatively absent. However, depending on the particular circumstances in a Member State, this may not always hold true. Based on the replies in conjunction with the data provided by Eurostat we examined whether and to what extent there is an empirical relation between the successful market entry of end-to-end competitors on one side and the level of urbanisation on the other.

Figure 2 below shows the level of urbanisation in the countries with more than 5% end-to-end competition by volume and with less or no such competition – and gives a rather heterogeneous picture. The variations between these two sets of countries show prima facie relatively little relationship.

Figure 2 – population distribution/urbanisation by liberalisation date



Source: UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011

Interestingly, the majority of countries having an end-to-end market share by volume of more than 5% are characterised by a medium sized population density. This indicates that the level or urbanisation may not be an obstacle to delivery services. These findings also indicate that other factors may more strongly affect the successfulness of alternative end-to-end providers.

Urbanisation in Germany: case study

Though the statistical data looked at by ERGP do not indicate any interaction between urbanisation and the level of competition, an evaluation of the business activities of successful market entrants in Germany reveals that urbanisation could be a key factor:

In German regions with a high level of urbanisation (congested regions and urban agglomerations) competitors profitably operate in realising economies of scale and density. Consequently local and regional operating end-to-end-competitors can successfully enter the market. They substantially differ from the incumbent by lower prices as well as by offering equivalent products or customised and tailored conveyance services, which they pick up at the sender, will be delivered within the next one or two days. Due to the limited geographical coverage they preferably target mailers generating a high percentage of local and/ or regional letters in congested areas. The targeted customer base includes for example municipal authorities, tax offices or the local bank branch.

In Germany two thirds of the conveyed letters remain in the local region[12]. An extension of the market potential can be realised by the use of the access to the postal infrastructure of the incumbent. Another business option for this type of operators could be to cooperate with other providers acting as networkers to make up for the lack of economies of scale and to reach nationwide coverage. In both cases the local players can pick up the client´s entire/whole outgoing mail including the items not being forwarded in the original area. However the market share of the competitors has not substantially exceeded the threshold of 10% after full market opening.

Comparable to Germany, in Sweden Bring Citymail has successfully entered the Swedish letter market. Bring Citymail is a subsidiary of the Norwegian incumbent Posten Norge and is not aiming at nationwide coverage, instead pursuing a business strategy focusing the relatively more urban southern part of Sweden, where some rural areas are also covered. In the UK, TNT intends to launch an end-to-end delivery service in mainly urban areas where profitability would be highest (particularly when they are able to minimise use of expensive urban premises). Spain considers urbanisation as a key factor, as competence developing is being based in such strategy, based on local providers settled in local or regional limited areas, mainly in congested urban regions.

[12] The meaning of local region is clearly itself an imprecise terms but may be considered loosely to represent regions that consider themselves to be distinct commercially or socially.

Mail characteristics

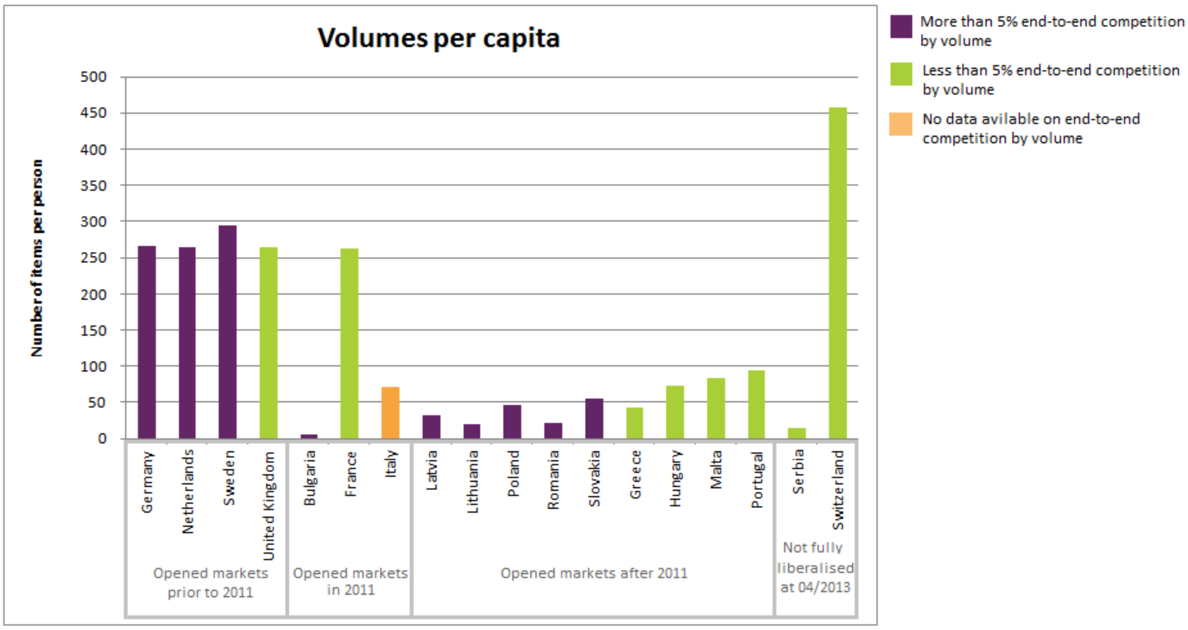
Mail characteristics (per capita volumes, growth/decline in the market, business mail as a percentage of total, bulk mail as a percentage of total, direct mail as a percentage of total) could play a key role when assessing potential market entry of alternative postal end-to-end-competitors.

Volumes per capita

Per capita volumes could be closely linked with the economic advantages because postal operations are characterised by economies of scale resulting from the fixed costs of maintaining the postal infrastructure for the delivery and collection processes. However, a preliminary evaluation of countries with more than 5% end-to-end competition indicates no relationship between the volumes per capita and end-to-end-competition.

Figure 3 provides an overview of the volumes per capita in different European countries.

Figure 3 – domestic letter item volumes per capita, by liberalisation date



Source[13]: ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011

Figure 3 does not clearly indicate that end-to-end competition successfully emerges just in countries with high levels of volumes as we also see end-to-end competition in those countries with low levels of volumes. Countries having higher volumes per capita, such as

[13] All figures come from this source except for the UK's which is from Ofcom's International Communications Market Report, 2012, http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/icmr/ICMR-2012.pdf

Germany, the Netherlands and Sweden (above 250 items per capita) and countries with lower levels, such as Poland, Lithuania and Latvia (below 50 items per capita) all have more than 5% end-to-end competition by volume. In contrast, there are countries with less than 5% or no end-to-end-competition that have high volumes per capita (e.g. France).

The statistics of the mail characteristics indicate that the influence of demographic factors may be less important than first thought. These empirical observations should be interpreted with caution. The findings do not prove that total volumes per capita cannot be deemed to be a crucial factor. Indeed, there might be other factors overruling the influence of the volume-related effects, such as, for example, the business model selected by the operator.

Scope of bulk mail (transactional and direct mail)

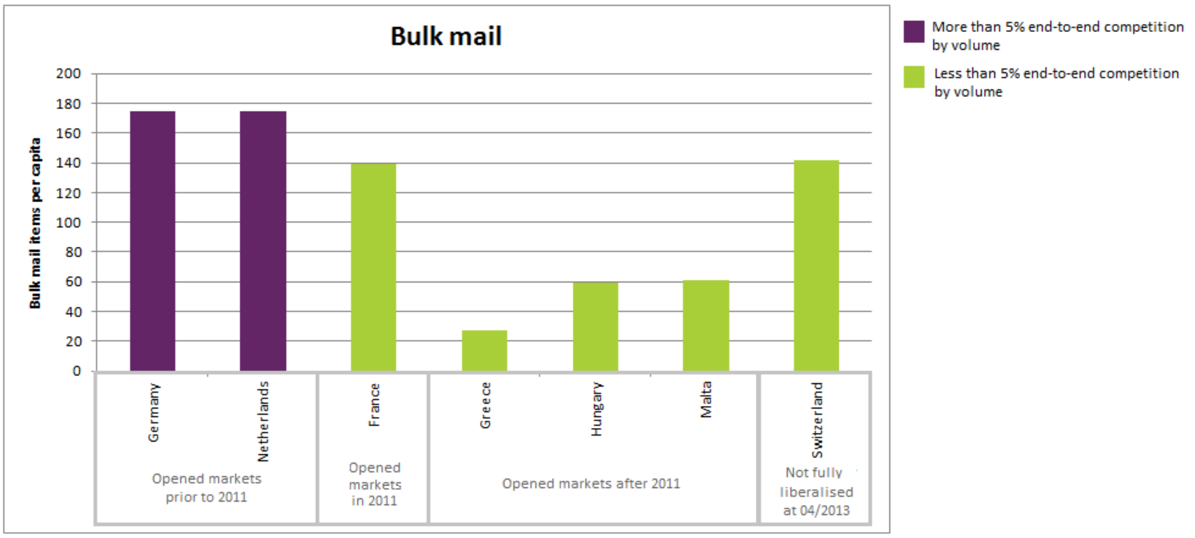
It could be assumed that figures on bulk mail volumes may be more informative than per capita volumes for the assessment of market-entry. Indeed, new market entrants may focus on this more lucrative segment, characterised by high volumes per address and so (as opposed to consumer mail) not requiring widely spread collect and delivery facilities.

The bulk segment includes transactional mail (e.g. bank statements and utility bills) of large and medium sized customers. These undertakings generate mailings with high volumes which can be planned in advance and do not require next day delivery. As the delivery takes place two or three times per week and the coverage does not need to be nationwide the financial burdens and the required investments are limited.

Despite the theoretical consideration the following diagram on volumes for bulk mail does not yield any evident relationship between competition and bulk mail opposing the countries with more than 5% end-to-end-competition and those with less or none. This could be explained by the assumption that other factors than mail characteristics dominate investment decisions of potential market entrants. Actual data for bulk mail was only available for some countries, but not split into bulk mail to businesses and bulk mail to consumers. A more detailed breakdown of the bulk mail figures is not possible due to the fact that data were available on the aggregated level.

Figure 4 underlines the influence of the volume for the bulk segment. Due to the weak database the results shall be seen and interpreted with caution.

Figure 4 – bulk mail letters per capita, by liberalisation date



Source: ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 15, Domestic bulk mail per capita (excluding express), 2011

Business strategies of alternative end-to-end-operators

The end-to-end competitor offers the full range of conveyance supply chain from the sender to the recipient. Their business offerings include the operational processes and activities linked with collection, sorting and delivery of letter items. A prerequisite for being successfully active as a full range service provider involves the establishment of a logistical network.

Alternative operators tend to focus more on the business segments for transactional and addressed direct mail (business-to-business and business-to-consumer), characterised by high volumes for one address, and/ or conveyance services in limited regions or areas for reasons related to economies of scale. The same reasoning applies for the low attractiveness of the consumer-to-all market segment: apart from a delivery network a collection network would have to been built as well.

End-to end providers each adopt their own business strategy:

The operator may be local or national

Local providers convey letter items in a regional limited area, preferably in congested urban regions. Due to the limited geographical coverage they preferably target mailers generating a high percentage of local and/or regional letters. The targeted customers include for example municipal authorities, tax office or local bank branch. An extension of the market potential can be realized by the use of the access to the postal infrastructure of the incumbent. Another business option for this type of operator could be to cooperate with other providers acting as networkers. In both cases the local player can pick up the client´s entire outgoing mail including the items not being forwarded in the original area.

The operator (treating only bulk mail) may focus on the advertising mail segment or be a full service provider

In many countries postal operators previously active in the advertising segment started with their business activities in the unaddressed mail segment and then expanded their business engagement to the addressed mail segment.

Postal service providers successfully positioned themselves in the un-addressed mail develop economies of scale and a network (including last mile delivery) enabling them to cope with addressed mail as well at a later stage. The business model of this type of postal operators focusing on the last mile delivery is usually based on 1 – 3 times delivery per week.

Operators developing a full service concept are focusing on the entire addressed bulk mail segment. This segment includes transactional mail (bank statements and utility bills) of large and medium sized customers. For processing and handling transactional mail investments in the postal infrastructure including sorting equipment are needed. As the delivery takes place two or three times per week and the coverage does not need to be nationwide the financial burdens and the required investments are limited. If necessary, agreements will be concluded with the national postal operator and/ or other operators to facilitate delivery in those parts of the country that are not yet covered by the delivery network.

Regulation

ERGP has considered whether there might be an interaction between the regulatory regime and the presence of end-to end competition.

Access regime

The success of an end-to-end delivery network could also depend on the establishment of an access regime. When looking at the countries with more than 5% end-to-end competition, we sometimes find countries with an access regime like Germany. However, we can also find countries with an access regime but less than 5% or no end-to-end competition. Based on the available data ERGP can neither verify nor falsify that an access regime necessarily helps (or hinders) end-to-end competition and this may vary from country to country.

One supposition for a possible relationship between these types of competition could be that access to the network of the incumbent facilitates the business opportunities of local providers. By using the access to the sorting facilities of the incumbent end-to-end providers with a regional delivery network can profitably offer nationwide conveyance services. Under these circumstances the access option serves as a supplementary element to their own delivery service portfolio.

On the other hand, access regimes could also negatively influence end-to-end-competition. This could, for example, be the case if access services are incorrectly priced (too high discounts could discourage end-to-end-providers) or the regime could create dependence on the incumbent and restrict innovation.

Putting aside network access, access to elements of the postal infrastructure such as P.O. boxes or the system of address changes may be seen as essential for successful market entry. These kinds of access facilitate providers to offer services at high quality levels. In absence of such access – either on obligatory or voluntary basis – operators are not able to deliver letters. Thus they are limited in their business activities unless they would completely duplicate the network which economically would not make sense.

When looking at countries with relative high levels of end-to-end competition (i.e. more than 5%, see above) it is worth mentioning that in all countries concerned letter operators can use the postal infrastructure. In Germany and Sweden it took several years to establish such an access regime.

Licensing

The information available to ERGP does not indicate that licensing requirements pose a barrier to entry. Obviously, as a general comment, design, scope and license requirements create an economic environment for end-to-end delivery services.

To note, the license regimes in countries with more than 5% competition do neither require the provision of universal services nor a specific quality nor do they require individual authorisations for the delivery of postal items. For example, in Germany a flexible licensing regime with requirements to serve geographically limited areas – without obligation to fulfil the universal service obligation – facilitates the emergence of alternative end-to-end-operators. Also the Swedish NRA requires a specific license, but this is a formality and compliance with the requirements does not generate a significant burden on the entrants.

Maturity and timing

Markets being liberalised longer may be expected to be more competitive than markets liberalised only recently. The longer a market has been open, the more chance competitors would have had to enter the market and build a network. The date of full market opening in the EU member states is summarised in table 2 below (countries with more than 5% end-to-end competition in italics).

Table 2 – liberalisation dates; countries with more than 5% end-to-end competition by volume in italics[14]

Full liberalisation ahead of 2008 Directive deadline
Estonia, Finland, *Germany*, *Sweden*, United Kingdom
Full liberalisation by January 1, 2011
Austria, Belgium, *Bulgaria*, Denmark, France, Ireland[15], Italy[16], *the Netherlands*, Slovenia, Spain
Full liberalisation by January 1, 2012
Slovakia
Full liberalisation by January 1, 2013
Cyprus[17], Czech Republic, Greece, *Latvia*, *Lithuania*, Hungary, Malta, *Poland*, Portugal, *Romania*

Source: NRAs own data, ERGP questionnaire, 2013

There seems to be some relation between the period of full market liberalisation and end-to-end competition insofar as four out of six countries liberalising their markets ahead of the 2008 Directive deadline have more than 5% end-to-end competition. Recital 14 of the third Postal Directive (Directive 2008/6/EC) refers to this:

> "There are a number of drivers of change within the postal sector, **notably demand and changing user needs,** organisational change, automation and the introduction of new technologies, **substitution by electronic means of communication** and the opening of the market."

To note, the timing of market liberalisation for the majority of countries coincided with the economic recession impacting general economic activity across Europe and which has contributed to accelerated declines in letter mail volumes. In relation to postal services, the impact of the recession was twofold:

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[14] Norway has yet to liberalise its market; Switzerland retains a reserved area for items up to 50g; Serbia retains a reserved area for items up to 100g.

[15] In Ireland, although the market was fully liberalised on 1 January 2011, the European third Postal Directive was only transposed into national law by the Communications Regulation (Postal Services) Act 2011 in August 2011.

[16] As of April 2013, Italy was unable to provide data as to market share by volume for any postal operator.

[17] Cyprus implemented the transposition of the 3rd Postal Directive on the 13th December 2013.

(i) businesses were affected and to reduce costs in postal services, many moved much of their communications from postal services to e-substitution and are unlikely to return to using postal services; and

(ii) in many countries there have been severe difficulties in obtaining funding and this would have negatively impacted on the emergence of end to end competition in the letter post market.

However, we cannot indicate a causal relationship and there may be various country-specific conditions at play. Indeed, despite early market opening, there is very little end-to-end competition in Finland and the United Kingdom, but five out of eleven countries that fully liberalised their markets in 2011 or earlier do have significant end-to-end competition. Indeed, other factors may be more important than date of market opening. Furthermore, that five out of fifteen early-liberalising countries have more than 5% end-to-end competition may be explained by those markets being liberalised early for the very reason that they were viable for competition (as determined by other factors).

Since mail characteristics do not seem to relate to the degree of end-to-end competition (see above), there is no cause to investigate specific mail characteristics in the different countries at the time of market opening.

<u>The existence of other operators</u>

The existence of rival operators in adjacent markets or adjacent countries may have a positive effect on the development of end-to-end competition. For instance, operators with a delivery network for newspapers or unaddressed mail may enter the market for delivery of addressed letter post at relatively low costs.

Adjacent markets

Of the early-liberalising countries with more than 5% end-to-end competition only Germany seems to have competitors emerge from adjacent markets, namely newsletter distribution. In Estonia and the Netherlands competitors slowly build and expanded own networks and have now reached nation-wide coverage but did not start from adjacent sectors. Swedish competitors have done the same, but remain active regionally or locally only. There are also entrants from the newsletter distribution market in Sweden, that have been active for a few years.

The more recently fully liberalised countries, however, seem all to have had competitors emerge from adjacent markets. In Bulgaria competitors entered the market from courier and express services and in Romania from packet/parcel carriers and deliverers of unaddressed mail. Lithuanian and Slovakian competitors emerged from closed network distribution.

The existence of rival operators in adjacent markets therefore seems to have helped or hastened the development of end-to-end competition in those countries. However, it is unlikely that said operators do not exist in countries with no or marginal end-to-end competition. For instance, newspaper delivery networks will exist in every country. A direct causal link between the existence of rival operators in adjacent markets and the degree of end-to-end competitions is therefore difficult to establish.

Adjacent countries

In number, most end-to-end competitors emerged within the country itself. However, the countries with a larger than usual end-to-end competitor (holding around 15% of market share by volume), the Netherlands and Germany, have had market entry by a subsidiary of a foreign country's incumbent.

Selekt Mail, a subsidiary of Germany's incumbent Deutsche Post, entered the Dutch market as early as 2002 and slowly gained market share until being taken over by end-to-end competitor Sandd in 2011. TNT Post Deutschland, a subsidiary of the Dutch incumbent PostNL, entered the German market and has since attained a market share of 7-8%. PostNL subsidiaries are active in the United Kingdom and Italy as well, but so far have not attained a market share of more than 5% by volume. Bring Citymail, now a subsidiary of the Norwegian incumbent Posten Norge has entered the Swedish market, focussing on the more urbanised part of Sweden. The existence of rival operators in adjacent countries therefore seem to have helped or quickened the development of end-to-end competition in those countries.

This does not, however, explain why incumbents have not expanded into more countries. PostNL states in its annual report for 2012 that it has concentrated its international activities in the countries that are most attractive from both a regulatory and a mail volume perspective. In other words: other factors come into play when it concerns expansion into other countries. This is probably true for other incumbents as well. Indeed, while an interesting conclusion, there may be country specific circumstances (and timing issues) that are less relevant for other countries and at the present time.

Part III - Access Competition

Methodology

For the purposes of this report, access competition is defined as activity in which an operator collects mail, processes it (to some extent) and then inserts it into another operator's network for delivery. The mail is normally marked with the alternative operator's brand and the operator whose network is being used is normally directly contracted to provide a delivery service by the access operator. Access competition is based on regulated or non-regulated down-stream or upstream access and access competition is different to consolidation or mail preparation by mail handlers or routers.

The development of access competition has been considered on the basis of five hypotheses[18]:

- maturity and timing;
- regulation;
- demographics;
- mail characteristics; and
- the existence of rival operators in the postal sector.

Due to the staggered openings of the postal markets, we have considered the 'Maturity and timing' hypothesis first, since the time of market opening was ultimately the starting point for competition to emerge. Furthermore, we have also tried to take the dates of market opening into consideration for other hypotheses. Where possible, the data and information used to examine the 'regulation', 'demographics', 'mail characteristics' and 'existence of rival operators' hypotheses has been examined comparing the countries with more than 5% access competition to those with less or none by their date of liberalisation.

This approach is necessary for the other hypotheses because the earlier the market opened, the more likely it is that the market is in a stable position and reflective of the access market as a whole, in contrast to those which have just opened and are still adjusting and developing.

It is worth noting that the level of aggregation in the statistics limits the depth of any analysis. It is quite possible that there are underlying connections which would be exposed by more in depth analysis but are not apparent at this level.

[18] Clearly, there will also be other factors impacting on the development of end-to- end competition, particularly those specific to individual states which have not been directly considered in this report, for example the specific nature of the incumbents services, local traditions of postal use and attitudes to electronic communications by institutions.

Table 3 below shows the countries which have more than 5% access competition by volume and those which do not, and when they opened their markets.

Table 3 - date of liberalisation

Countries which opened prior to the EU deadline	Countries which opened at the 2011 EU deadline	Countries which opened between 2011 and the extended 2013 EU deadline	Countries which had not fully liberalised their markets as of April 2013
more than 5% access competition			
Germany	Slovenia		
UK			
less than 5% access competition			
Estonia	Austria	Czech Republic	
Finland	Belgium	Greece	Norway
The Netherlands	Bulgaria	Hungary	Serbia
Sweden	Denmark	Latvia	Switzerland
	France	Lithuania	
	Ireland[19]	Malta	
	Italy[20]	Poland	
	Spain[21]	Portugal	
		Romania	
		Slovakia	
		Cyprus	

Source: NRAs own data, ERGP questionnaire 2013

Please note that for some countries, the data required for examining several of the proposed factors was not available and as such they could not be included. Also, many countries which opened their markets more recently (i.e. in 2013) are currently unable to identify whether or not access competition is emerging, and so could not been included in the study. Therefore, this may not represent a complete picture of the access market.

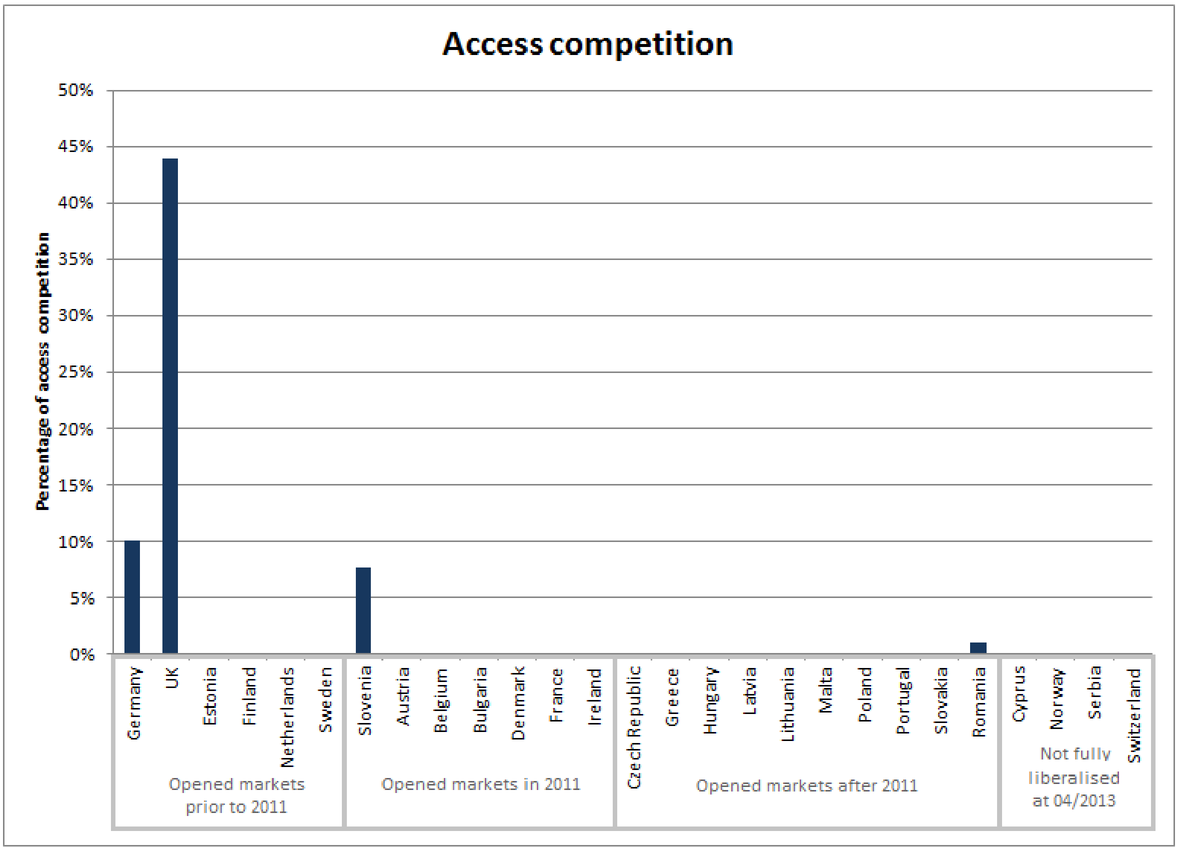
[19] In Ireland, although the market was fully liberalised on 1 January 2011, the European third Postal Directive was only transposed into national law by the Communications Regulation (Postal Services) Act 2011 in August 2011.
[20] As of April 2013, Italy was unable to provide data as to market share by volume for any postal operator.
[21] As of April 2013, Spain was unable to define which volumes related to access mail and which to end-to-end mail

Maturity and timing

The market was liberalised earlier in some countries. Despite this, the majority of incumbent postal operators have maintained market shares of around 90% in terms of correspondence items.

Taking into account that the actual universal service providers are the historical operators who came from the past with an entire network and infrastructure for delivering their services and that the liberalisation process may not have had enough time to produce its effects, access competition is low. But in some cases the market shares of the operators who collect mail, process it (to some extent) and then insert it into another operator's network (generally into the USP's network) for delivery their correspondence items e.g. UK, Slovenia and Spain is more than 5%. Taking a visual representation of the market where data was available, figure 5 sets out the percentages of access competition in the countries based upon the dates of market opening. The graph shows that the only countries with more than 5% access competition opened prior to or at the 2011 deadline; less than 5% competition can be seen in the countries which opened their markets in 2013. However, it is important to note that for a number of the countries which opened their markets in 2013 we do not yet have any data because it has not been a full year since the new regulatory regime was implemented.

Figure 5 - percentage of access competition by volume, by date of liberalisation



Source: ERGP questionnaire 2013

<u>Regulation</u>

Different types of regulation could also be impacting upon whether access competition emerges in a country or not, and so it is important to analyse European practices in this area. The types of access and licensing regimes countries have in place, as well as the different elements of their postal networks have been considered against those countries with more than 5% access competition to those without.

Access regimes

Access regimes set out the obligations of the universal service providers regarding competitors' access to their networks and infrastructures, and so we have considered the regimes in the countries which have more than 5% access competition and opened their markets prior to, or at the deadline of, the 2011 EU Directive.

The most successful trend of access competition is observed in the UK (as shown in figure 5) where the volumes data show that access market has reached maturity (even though the revenue that operators derive from access operations, after payment to Royal Mail, only represents 2% of the total market revenue). The first access agreement was signed in 2004, between Royal Mail (incumbent) and UK Mail. Since 2005, access has seen significant growth, such that, as of 2011-12, access mail accounted for 44% of the total mail market by volume. This growth was likely to be partly due to the price control put in place by the regulator in 2006, in the full liberalisation year, which required Royal Mail to maintain a minimum margin between its retail and wholesale prices. The majority of licensed operators use the Royal Mail’s network by dealing with collection, sorting and transportation to delivery centres leaving Royal Mail responsible for final delivery to individual addresses. There are currently 26 companies using access contracts in the UK and two of them control the major part of access volumes.

Another example of competition in the access market has been found in Slovenia. Here, the full liberalisation in 2011 led to competition emerging in this market with four access operators entering. Currently the main business of these operators is printing and preparing invoices. In the access market, approximately 7.6% of the total addressed letter volume is handled by access operators, the incumbent handling the remaining 92.4% (approximately).

In the German market there are numerous active companies, mainly operating as consolidators and end-to-end competitors seeking access to the postal infrastructure for the complementary regions and areas where they are active itself, having concluded contracts for access to the sorting facilities. Five access operators control the major part of access volumes, with all of the access operators handling 10% of the total volume of the letters market. These have emerged from diverse sectors such as the entry of rival incumbent postal operators or operators specialised in mail preparation processes and mail handling.

In Spain, specific data is not available to identify the exact market share held by the access operators, but access and end-to-end competitors hold a combined share of 18%.

Licensing regimes

Regarding the licensing regimes, in the letter and parcel markets this is generally regulated through different licenses; a specific license for the USP and a standard one for other operators. Looking at the letters market, we can see that around half of countries have some form of specific licence regime, and half have general authorisation regimes. Of the countries with more than 5% access competition, the UK and Slovenia both have general authorisation regimes. However, given the very small sample sizes and the even spread between specific licence and general authorisation regimes, it is not possible for us to draw a conclusion about the relationship of this factor to the competitive situation.

Elements of the postal networks

At a European level, elements of the postal network and of the postal infrastructure are defined in different ways through the national legislation. Whether these are subject to a specific legal obligation or not, the implementation of this part starts at the requirement under the Third Directive of the potential beneficiaries under transparent and non-discriminatory negotiated terms and in the case of dispute the NRA would intervene and establish the access terms.

More than half of the participating countries have a legal requirement for access to the postal network (e.g. mail centres), and most countries have a legal requirement for access to postal infrastructure (e.g. postcode system, redirection data, PO boxes). All three countries with more than 5% access competition have a legal requirement for access to the postal network, and the UK and Slovenia have a requirement for access to postal infrastructure, to varying degrees.

The legal requirements for downstream (network) access vary considerably among participating countries. insofar as certain types of access are provided for postal operators or senders, the provision of those types of access to other postal operators in comparable circumstances is obligatory. Anyway, all the NRAs play an important role in this context because they have to ensure that access conditions to the postal network and infrastructure do not constitute a market entry barrier.

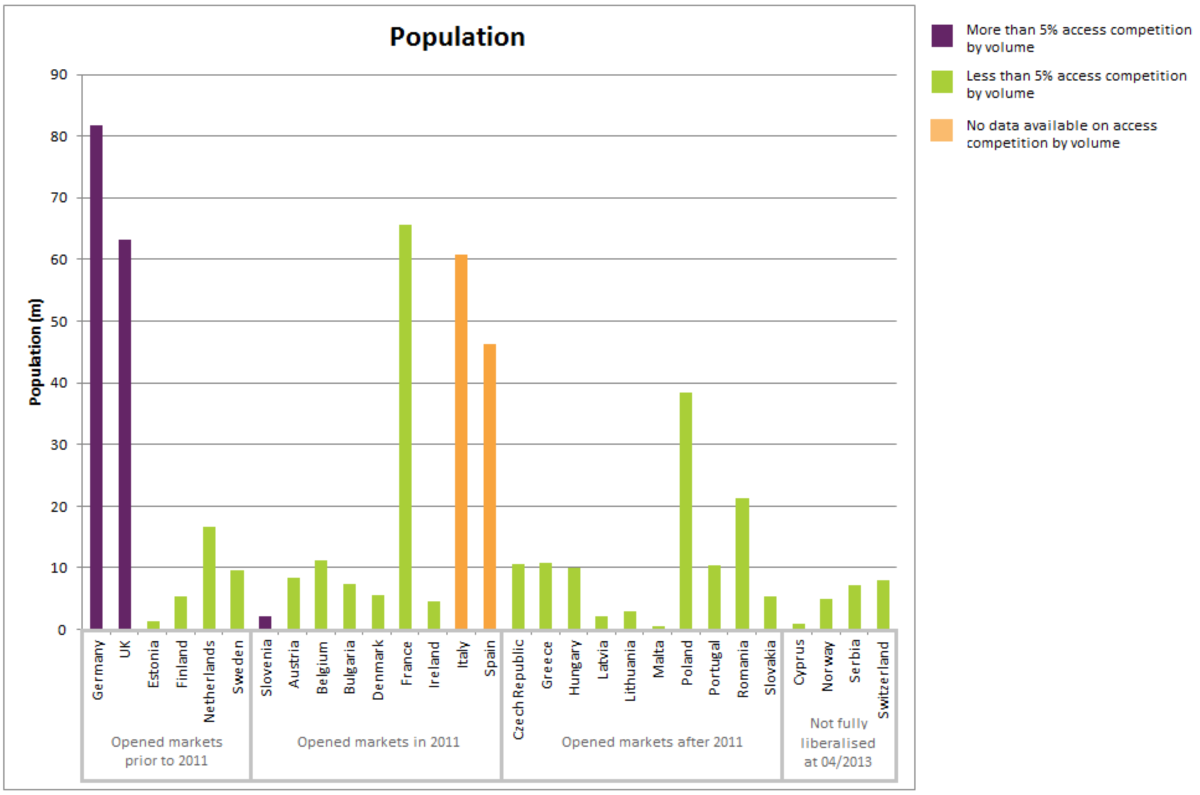
<u>Demographics</u>

To consider whether a country’s demographic characteristics impact on the development of access competition, we have looked at population and population density, as well as the levels of urbanisation within these countries, comparing those with significant access competition to those without.

Total population

Firstly, figure 6 shows the populations of all of the countries involved in the report. The varying bars within the graph show that there are no initial visible trends from this first examination; there appear to be countries with access competition having similar populations to those without, for example the UK and France have similar populations of 63.2 million and 65.6 million respectively, and Slovenia and Latvia both having populations of around two million.

Figure 6 – population, by date of liberalisation



Source: Eurostat, population on 1 January 2012

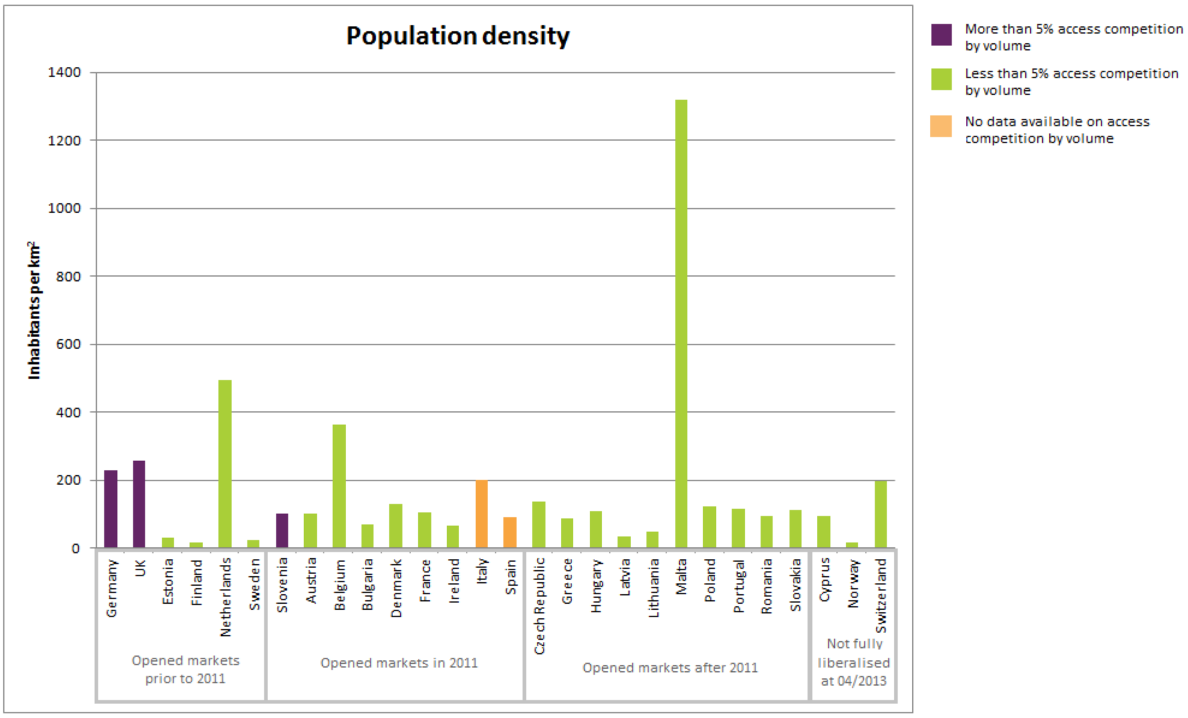
Further examination was undertaken to see whether there were any more recognisable differences for those which opened their markets earlier on. There appear to be no major trends amongst countries that opened their markets in 2011 or earlier. However, figure 6 does suggest that of the countries which opened their markets prior to 2011, those with access competition have higher populations than those without access competition.

Whilst this could therefore suggest that population levels may play a role in the emergence of access competition, this is difficult to conclude due to the fact that Slovenia has significant access competition and a very small population in comparison, and countries like France, which have similar populations to the UK and Germany, have no access competition.

Population density

Population density data could appear at first glance to have a stronger relationship to the presence of access competition – but the sample size is particularly small and we cannot draw any conclusions from the limited data we have, as set out in figure 7.

Figure 7 - population density, by date of liberalisation

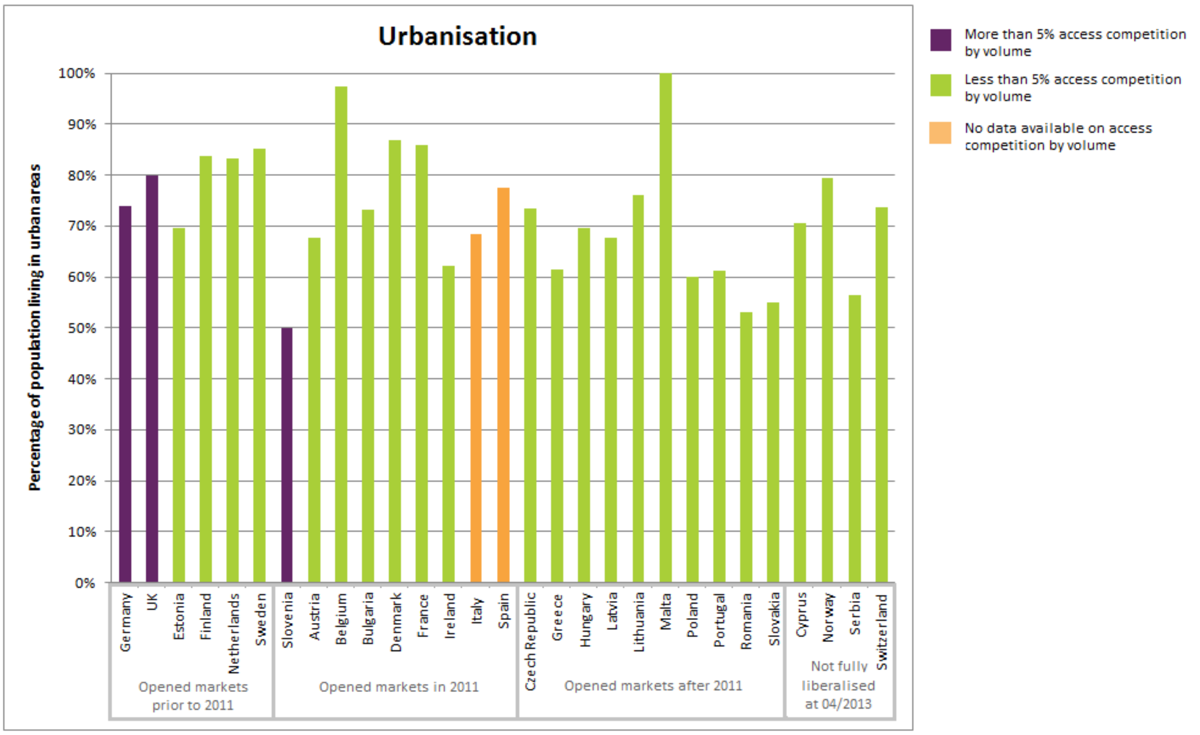


Source: Eurostat inhabitants per km^2, 2010

Urbanisation

Urbanisation statistics are set out in figure 8. This does not appear to indicate any major differences between the countries with access competition compared to those without, with there being similar levels of urbanisation across all of the countries, regardless of when they opened, suggesting that this characteristic does not play a major role in the development of access competition.

Figure 8 - urbanisation, by date of liberalisation



Source: UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, 2011 Revision, Percentage Urban 2011

In summary, the only relation of significance between the data considered and access competition appears to be population density. However, this observation is based on a very high level analysis and there may be other factors which have not been considered that could impact in the growth of access competition, e.g. social economic conditions which can effect volumes and types of mail for delivery. Total population may also have a connection though this is weaker. Urbanisation differences within Europe are not sufficiently diverse to offer a predictive value to access competition.

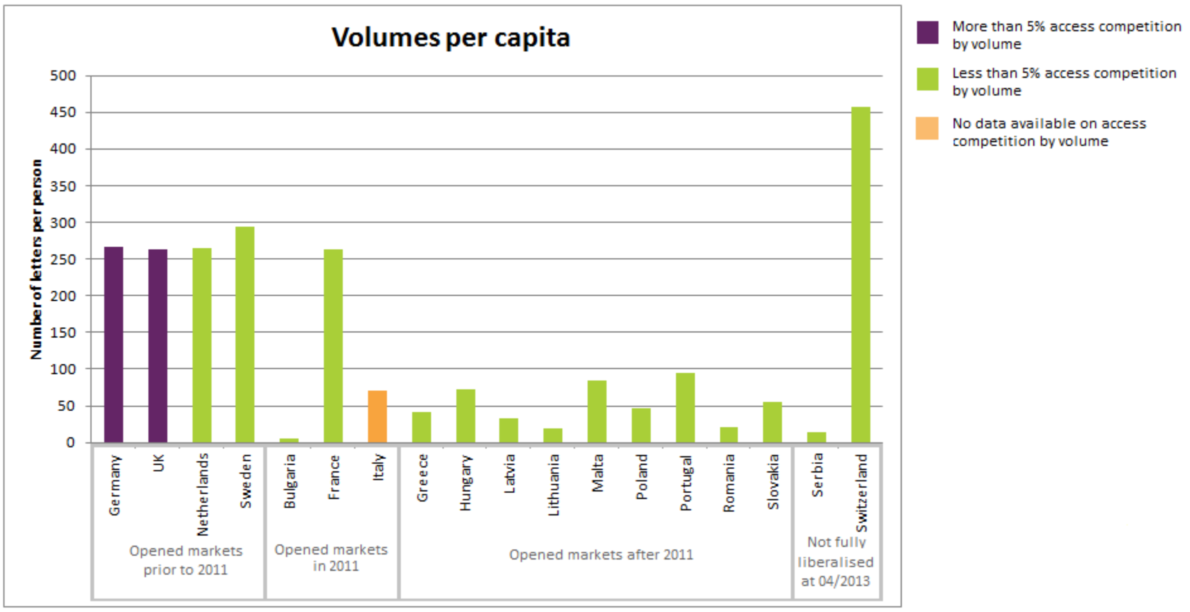
Mail characteristics

The mail market is constantly evolving, and the letter market in particular has seen major changes in recent years. We have therefore also considered whether characteristics such as a country's volume per capita, the amount of direct mail it receives, and whether there is an overall trend of growth or decline in its letter market, are factors impacting on the development of competition.

Volumes per capita

Where the data was available, figure 9 sets out the volumes per capita for all countries,. This shows that the UK, Germany and France have the highest and similar volumes per capita. This raises the question as to whether volumes per capita are a factor for access competition, or whether the relationship between volumes per capita and UK and Germany access competition is coincidental.

Figure 9 - volumes per capita, by liberalisation date



Source[22]: ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011

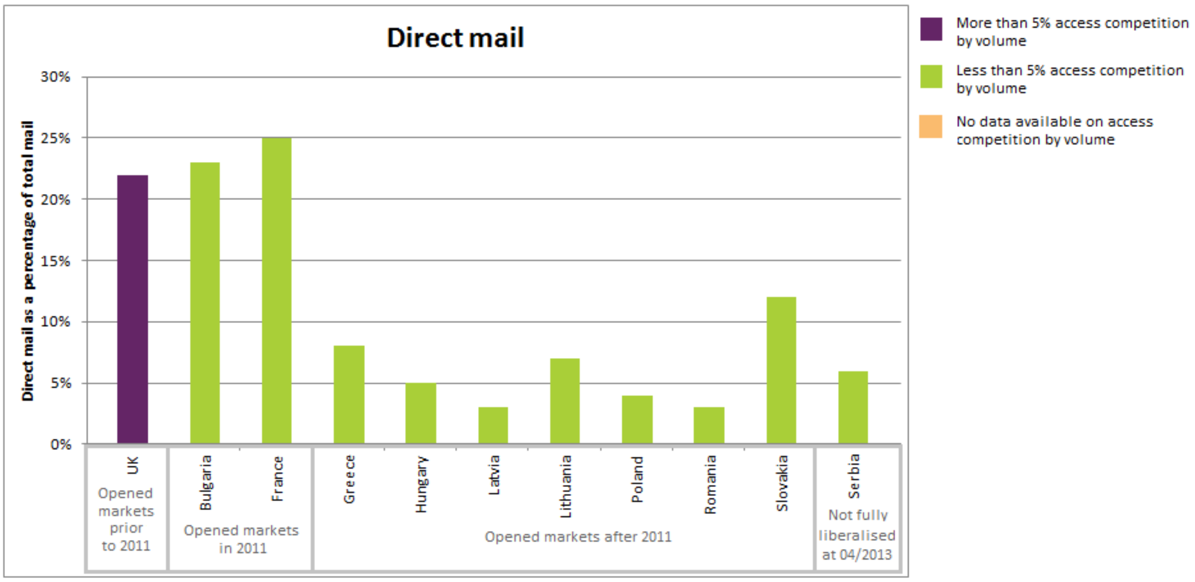
Direct mail

Some data was available for direct mail and as figure 10 shows, there is no evident distinction between the countries with more than 5% competition by volume and to those with less or none; the UK has similar levels of direct mail to Bulgaria and France. Bulk mail data was not available for any of the countries with significant access competition, and so a comparison between those countries with and without competition was not possible.

If there is any link between mail types and competition it is not evident at this level of aggregation.

[22] All figures come from this source except for the UK's which is from Ofcom's International Communications Market Report, 2012, http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/icmr/ICMR-2012.pdf

Figure 10 - direct mail as a percentage of total mail, by date of liberalisation



Source: ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 15, Domestic bulk mail per capita (excluding express), 2011

Letter mail volume trends

Almost all markets have experienced declines in total volumes over the past few years; the only exception to this trend is in Slovakia where there has been some small growth, at approximately 1.8%. It is not evident that access competition is encouraged or discouraged by total volumes, as it operates in a subset of this market.

<u>Existence of rival operators</u>

We have also considered the characteristics of competing operators. We have compared the backgrounds of the access operators, looking at how they emerged in the access market, as well as looking at the levels of competition in other markets between the countries.

Operators' backgrounds

Firstly, looking at the background of each of the access operators, we have considered how the largest operators have emerged in the UK, Germany and Slovenia, and how this compares to any of the access operators in countries with no significant access competition.

As table 4 shows, the countries with more than 5% access competition have access operators who have emerged from a wide range of backgrounds. Indeed, these operators include an incumbent from another country, as well as those which have expanded their operations from the parcels, business to business, and consolidating and invoicing markets.

By contrast access operators in markets with limited access competition tend to come from existing end-to-end competitors.

Whilst the Dutch incumbent has expanded its operations into the UK's access market, this use of their strength to enter and drive competition in access markets is not a trend seen in any of the other countries. Large or dominant operators are not generally seen to be driving access competition across a number of countries.

It does appear that, where access competition is strongest, access operators have emerged from organisations seeking to expand through the value chain or build on existing networks. It is not clear, however, why this is not the case in other states.

Table 4 - how access operators emerged in countries with more than 5% access competition

Operator	How they emerged
UK	
TNT Post	TNT Post is the Dutch incumbent expanding its operations. It has expanded into non-pre-sorted volumes down to 250 or less items per day.
UK Mail	As a business logistics company and parcel operator.
Secured Mail	As a downstream access operator.
Citipost	It began as specialist B2B directory and catalogue distributor.
City Link Post	As a packet/parcel carrier.
Germany	
Specific operator information is not available for the German market.	It is known that some of the largest access operators have entered from being rival incumbents (e.g. TNT Post), and some are operators which specialise in the mail preparation process.
Slovenia	
Kro d.o.o.	As an operator who prints and prepares invoices.
Maksmail d.o.o.	As a consolidator.
Informatika d.d.	As an operator who prints and prepares invoices.
EPPS d.o.o.	As an operator who prints and prepares invoices.

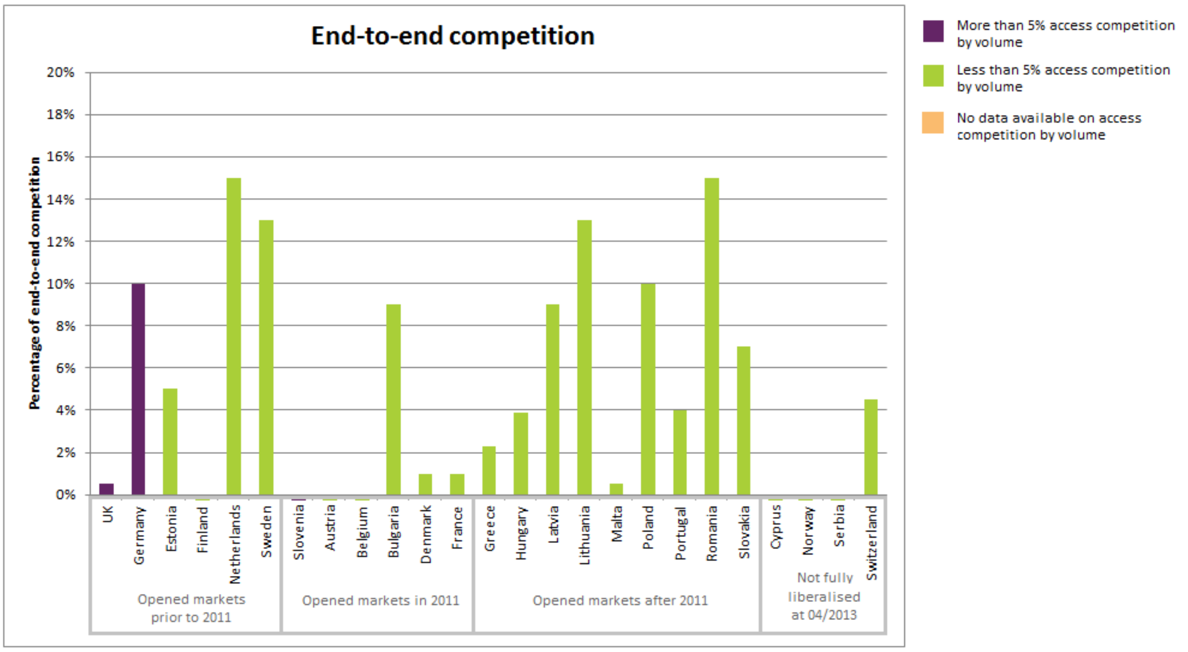
Source: ERGP Questionnaire, 2013

Relationship with end-to-end competition

We have also considered the relationship between access competition and end-to-end competition.[23]

With the exception of Germany, there is no noteworthy overlap between access and end-to-end competition. This might suggest that the existence of the other form of competition suppresses the demand for the former, though as the German example indicates other factors such as brand expansion and complementarities of networks (i.e. end-to-end networks using access to expand delivery ranges) may compensate for this.

Figure 11 - percentage of end-to-end competition, by date of liberalisation



Source: ERGP Questionnaire[24]

Overall, it would appear that there is some evidence to suggest that the backgrounds of access operators and the amounts of competition is adjacent markets, such as the end-to-end market, could possibly be factors impacting upon the development of access competition; however, a more detailed analysis would need to be undertaken to identify whether this was substantial or not.

[23] The percentages of end-to-end competition are generally the combined percentages of market shares for the five largest operators.
[24] As of April 2013, Italy was unable to provide data as to market share by volume for any postal operator.

Part IV – Conclusions

Our first observation is that level of competition (measured as the market share held by alternative providers, be it in the form of end-to-end or access competition) is low in all the countries examined. While the existence of alternative operators does exert some competitive pressure on incumbents, particularly in certain market segments, across all states the incumbent retains the overwhelming majority of letter volumes.

If there is limited competition in all European markets that is not, however, to say that competition has not emerged at all. Indeed, of the ten countries having recently opened their markets (between the beginning of 2012 and April 2013), half have more than 5% end-to-end competition and certainly indicate that competition may continue to increase. Of the 15 countries having had their market open for a longer period, eight have more than 5% competition, of which six in an end-to-end form and three of around 10-15%. Competition in the latter 15 markets appears to have largely stabilised.

If part one of the report presents the competition situation in all 29 countries, parts two and three of the report focus on the 8 countries whose markets have been open to competition for longer than two years and which have more than 5% end-to-end or access competition. The report presents various factors (mail make-up, demographics, origin of competitors) that may have supported the emergence of competition (end-to-end or access) and considers whether they may have been relevant in these eight countries. Generally, however, few patterns emerge at the level of analysis undertaken here. This heterogeneity suggests that the development of competition has been based on factors that are “country or time specific” and so less relevant for other countries or for the present day. To the extent that some limited patterns are present, the small sample size limits the ability to draw general conclusions of cause and effect[25].

That said, the examination does offer some insights into competition:

- Demographic factors may be less significant than imagined: the countries with competition have quite diverse levels of population density and urbanisation.

- Without supporting information, ERGP notes, as a hypothesis, that the scale of bulk mail may be linked to competition.

- Market entry may often come from companies already engaged in mail preparation or logistics in the country or, particularly, from incumbents in other states (the three

[25] Clearly, there will also be other factors impacting on the development of competition, particularly those specific to individual states which have not been directly considered in this report and equally more detailed analysis of some socio-economic trends across countries may offer additional insights though there is little evidence to support any specific area of further research.

countries having the highest per cent of end-to-end competition all have foreign incumbents operating in their markets).

- The timing of market liberalisation may be a supporting factor in the emergence of competition with the majority of those six countries that liberalised the market prior to 2008 having competitive volumes of one form and/or the other above 5% of the market. However, it could be argued, inversely, that it is the trend to competition that led to the market being opened. Also, there is evidence of competition emerging quickly in states that have only recently liberalised and there are several countries having liberalised fairly early but not having more than 5% competition.

- We can also observe that in those countries which have recently liberalised the early entry competitors have been end-to-end based. This could be due to the fact that access competition is more directly reliant on supporting regulation which needs time to be enforced effectively, though there is no specific supporting evidence for this.

- There are few examples of markets where there is both active end-to-end and access competition. Accordingly, evidence as to their interaction is very limited. It could be argued that, provided access pricing and terms and conditions are structured appropriately, access and end-to-end competition are complementary. On the other hand, it could be argued that there is a risk that encouraging access competition could reduce the incentives for operators to compete end-to-end. The Group cannot draw conclusion on this point, which may vary from country to country.

The study clearly does not eliminate factors such as population demographic and mail characteristics as important in the support of competition but suggests that competition requires a number of conditions to be available for it to emerge and individual factors alone are not sufficient to ensure competitive entry.

To what extent any of the above factors – isolated or interacting with each other – are relevant for the future is open to debate. Furthermore we would also note that in the future there is likely to be some benefit from considering the nature of competitive entry in those states that have liberalised their markets since 2013. Early indicators suggest that at least some of these states have seen competition emerging quickly, but there is to date limited related information available.

With the likely emergence of more reliable data over time on the competitive situation of Member States, which have only recently deregulated their markets, a further insight analysis/evaluation could allow further conclusions on the development of end-end-competition.

Country summary – Austria	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 8.44 million [26] 102.2/km^2 [27] 67.7 % live in urban areas [28] Not available [29]
Background to competition The competition in letters markets started according to the law with 1/1/2011, but there is de facto no competition in the letter market. Altogether five companies have a licence for the conveyance of letter mail items of up to 50 g for third parties according to section 26 Postal Market Act, but only three of them have started services.	
Competition in the letters market **End-to-end competition:** No market data to indicate any end-to-end competition. -- **Access competition:** none. The Austrian law does not require an access regulation. Consolidators are not postal service providers according to the Austrian law.	
Regulatory information In the Austrian Postal Act there is regulation in place regarding the postcode system, delivery boxes, information on change of address and an address database.	

[26] Data taken from Eurostat, population on 1 January 2012
[27] Data taken from Eurostat, inhabitants per km^2, 2011
[28] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[29] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita 2011.

Country summary – Belgium	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 11.1 million [30] 364.3 km^2 [31] 97.5% live in urban areas [32] Not available [33]
Background to competition The postal market was fully opened up to competition on 1 January 2011 in line with the European Directives. The process of gradual opening of the postal letter market has started in 1998. For the postal sector we should divide the market into two parts, namely the letter post market and the parcel and express market. On the parcel market there has been always competitive and due to the opening of the postal letter market the competition on the parcel has increased. On the letter post market competition has started in the 1990 in added value services letters. Due to the gradual opening of the postal also competition has develop on the incoming cross-border mail market.	
Competition in the letters market **End-to-end competition:** none. The postal market has been open to fully competition since 2011. After the full market opening 5 individual licence holders have kept their individual licences which allow them to enter the Belgian postal letter market if they respect the conditions set in the law and the individual licensee. Until now we have one active player on the end-to-end letter market. -- **Access competition:** none. In the Belgium market many operators have access to the commercial tariffs of bpost through contractual agreements.	
Regulatory information The BIPT took on 20 July 2011 a decision on the conventional tariffs of bpost for the year	

[30] Data taken from Eurostat, population on 1 January 2012
[31] Data taken from Eurostat, inhabitants per km^2, 2011
[32] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[33] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita 2011.

2010. BIPT imposed a fine of EUR 2.3 million on the company, for giving preferential tariff treatment to its corporate customers, compared with other players in the market and applying a pricing policy lacked transparency. This decision was important to establish a healthy competition and combat discriminatory practices.

Country summary – Bulgaria	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 7.33 million [34] 67.5/km^2 [35] 73.1% live in urban areas [36] 6 [37]
Background to competition The Bulgarian postal market has been fully liberalized since the beginning of 2011. There are six operators holding an individual license for the provision of the UPS and services within the scope of UPS, the first two entering the market in 2006. Despite there being over a hundred postal operators by the end of 2012 the USP still has a share of 91% by volume of the market falling within the scope of the universal service.	
Competition in the letters market **End-to-end competition:** end-to-end competitors have a combined market share of 9%. -- **Access competition:** no access-based competition.	
Regulatory information Individual licences are required for the provision of services within the scope of the UPS. The USP is required to create a reference offer for access to its network. Domestic legislation extending access regulation is currently under construction.	

[34] Data taken from Eurostat, population on 1 January 2012
[35] Data taken from Eurostat, inhabitants per km^2, 2011
[36] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[37] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, single piece only, 2011.

Country summary – Cyprus	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 0.86 million [38] 92.3 km^2 [39] 70.5 % live in urban areas [40] Not available [41]

Background to competition

The national framework which will transpose the Third Directive is still under consideration by the Ministry of Communications and Works and so a major part of the postal sector is still not open to competition.

The part of postal sector that there is competition is only the express market. For local express delivery there is a price floor in order to protect the USO. Also the outgoing parcel express delivery is highly competitive.

We expect during 2013 the national framework to transpose the Third Directive and to proceed with the opening of the market.

Competition in the letters market

End-to-end competition: none – the market is not yet open to competition.

Access competition: none – the market is not yet open to competition.

Regulatory information

Despite the fact that the market has not been liberated OCECPR has done the work needed and is ready for the opening of the market. The relevant work regarding access tariffs has been completed.

[38] Data taken from Eurostat, population on 1 January 2012
[39] Data taken from Eurostat, inhabitants per km^2, 2011. Please note: includes Northern Cyprus.
[40] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[41] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country summary – Czech Republic	
Demographic and postal statistics Population: Population density: Population distribution: Letter volumes per capita:	 10.5 million [42] 135.9/km^2[43] 73.4% live in urban areas [44] Confidential [45]
Background to competition The postal market in the Czech Republic was fully liberalised from 1 January 2013. Prior to this date, the incumbent operator and universal service provider, Česká pošta, s.p., had a monopoly on the provision of inland postal services for items weighing up to 50g and costing up to 18 CZK. Further, the national regulatory authority until this date only had powers to collect data from Česká pošta as the USP and only for universal services, and no remit to gather data from other operators.	
Competition in the letters market **End-to-end competition:** there is no data on the market share of operators other than the incumbent, given the recent liberalisation. Since the liberalisation of the market, two end-to-end competitors have emerged: one as a previous provider of unaddressed mail delivery, and another from delivery of newspapers. -- **Access competition:** There were no access operators prior to market liberalisation, and data is not yet available for 2013.	
Regulatory information The universal service provider operates under a specific licence; all other operators have no	

[42] Data taken from Eurostat, population on 1 January 2012
[43] Data taken from Eurostat, inhabitants per km^2, 2011
[44] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[45] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

regulatory requirements.

Country summary – Denmark	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 5.57 million [46] 129.7/km^2 [47] 86.9% live in urban areas [48] Confidential [49]
Background to competition Since the liberalization of the market the USP has retained a market share of more than 99% of the letter market. Its main competitor Bladkompagniet A/S has attained a market share of 10-15%.of the market for newspapers and magazines. Bladkompagniet uses both its own network and the USP's network (in certain rural areas).	
Competition in the letters market **End-to-end competition:** less than 1% end-to-end competition. --- **Access competition:** no access competition.	
Regulatory information The incumbent provides services under a specific licence. Its main competitor operates under a general authorisation. The Danish NRA has no powers to take action within access competition.	

[46] Data taken from Eurostat, population on 1 January 2012
[47] Data taken from Eurostat, inhabitants per km^2, 2011
[48] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[49] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country summary – Estonia	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 1.29 million [50] 30.9/km^2 [51] 69.5% live in urban areas [52] 97 [53]
Background to competition In 2009 the 2.5x price requirement for 50g domestic letters was abolished. Since then, one additional letter post service provider has emerged. The incumbent Eesti Post is the only operator providing parcel delivery services.	
Competition in the letters market **End-to-end competition:** around %5 end-to-end competition. The state-owned incumbent Eesti Post Ltd. a market share of around 95% in volume and revenue. The private-owned Express Post Ltd. has the remainder of the market share and operates on a national level. Express Post emerged as a periodicals deliverer and has successfully targeted bulk mailers. --- **Access competition:** No access-based competition.	
Regulatory information Postal operators operate under specific licence conditions. Eesti Post is obliged to provide access to its outward mail centre. The NRA has the power to interfere when postal operators are not able to agree on access prices and conditions. Postal operators have to contribute to a fund for the compensation of the burdensome costs of the USO.	

[50] Data taken from Eurostat, population on 1 January 2012. Please note: break in time series.
[51] Data taken from Eurostat, inhabitants per km^2, 2011
[52] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[53] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2010 2011 not available.

Country summary – Finland	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 5.40 million [54] 17.7/km^2 [55] 83.7% live in urban areas [56] Not available [57]
Background to competition Finland opened its postal market before the EU deadline: the Postal Services Act which came into force in 1994 meant that all postal operations were subject to a licence, but competitors to the USP were allowed in the market. However, despite this advanced opening of the market, there is still little, and in some markets' cases, no competition. In the parcel market, there is competition with several other companies offering services, mainly to businesses, but they do also operate for consumers.	
Competition in the letters market **End-to-end competition:** there is no end-to-end competition in Finland. There have recently been two new regional licence applications, since all postal operators are required to hold a licence in Finland. However, the decisions on these applications are still pending at the administrative court, and as such, Itella Posti Oy (the Finnish incumbent) is currently the only end-to-end provider and licence holder in letter market (with 100% market share). -- **Access competition:** Finland has no access competition. Despite the fact that the new Postal Act included access regulation, no competition has occurred yet and there are no access operators.	

[54] Data taken from Eurostat, population on 1 January 2012
[55] Data taken from Eurostat, inhabitants per km^2, 2011. Please note: includes Åland Islands.
[56] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[57] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Regulatory information

The incumbent and universal service provider, Itella Posti Oy, operates under a specific licence. No other licences have been granted yet, though a number are under application.

Country summary – France	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 65.32 million [58] 103/km^2 [59] 85.8% live in urban areas [60] 263 [61]
Background to competition The letter post market has been fully open to competition since 1 January 2011. Alternative operators started to emerge in 2006 (partial market opening) but there is almost no effective competition for letter post. The parcels market is, however, a source of emerging competition and innovation, notably for B2C (e-commerce) parcels. La Poste has four principal parcels competitors (Kiala, Mondial Relay, Relais Colis and Colis Privé): three offering delivery to “pick up points”, with Colis Privé offering home delivery. These alternative actors rest small but innovative and ARCEP is following this market with interest, noting however that B2C parcels are not covered by the USO and as such ARCEP has limited market oversight. These operators are starting to show signs of developing a European-scale activity and development of competition seems set to continue.	
Competition in the letters market **End-to-end competition:** less than 5%. There are a number of licences[62] but very little effective competition on the letters market. As noted in ARCEP’s annual report: “at 31 December 2011, no authorised service provider had seemed able to capture a significant share for itself. La Poste continues to hold a virtual monopoly on delivering items of correspondence throughout the national territory”. Other than La Poste, the principal operator in 2012 was Adrexo, a company having started in the non-addressed publicity sector. It is difficult to envisage a substantial development of competition due to the substantial resources needed to set up a delivery “network” and, particularly, the steady decline in the correspondence volumes.	

[58] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[59] Data taken from Eurostat, inhabitants per km^2, 2011
[60] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[61] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.
[62] As at end 2012, 21 domestic licences; 10 for cross-border; 1 (La Poste) for both; of which two alternative operators operate nationally: Colis Privé (started in the parcels sector) and Adrexo (started in the non-adressed mail sector) ; Mediapost (from the non-adressed publicity mail sector) also operates nationally, but is subsidiary of La Poste ; other operators are locally-based SMEs, whose postal activity is generally a sub-set of their main activity (mail collection, franking…).

--- **Access competition:** No access operators or regime in France.
Regulatory information French postal law provides for transparent and non-discriminatory access by licence holders to the elements essential to the exercise of postal activities (repertory of post codes, information on address changes ...) and for identical access to private letter boxes. There is a system of obligatory licensing for 'postal activity' (delivery of correspondence but not parcels).

Country summary – Germany	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 81.84 million [63] 229.0/km^2 [64] 73.9% live in urban areas [65] 267 [66]
Background to competition The expiry of the Deutsche Post AG (DPAG)'s exclusive licence on 31st December 2007 marked the removal of the last significant legal barrier to the postal market after gradual market opening since 1998. Since the gradual reduction of exclusive rights for DPAG as the incumbent operator the competition has increased over the years. However, the competitive environment cannot yet be described as functioning and equitable and strong competition has yet to develop. The market share of DPAG is still almost 90% whereas the end-to-end-competitors have a market share of slightly around 10%. In the light of the current figures it is important to recall that these results were also impacted by external factors outside the regulatory sphere. In particular the market development was mainly influenced by issues such as VAT exemption for the incumbent and the minimum-wages-discussion within the letter segment. From 2008 for around 2 years minimum wages were introduced by law. This impeded the further roll-out of alternative delivery networks.	
Competition in the letters market **End-to-end competition:** around 10% end-to-end competition. Based on a flexible licensing regime (without obligation to fulfil the USO in total) but requirements to serve geographically limited areas end-to-end competition has significantly developed over the years. The main competitor is a subsidiary of a foreign country´s incumbent. Other significant protagonists acting in this field emerged from the newsletter distribution side as well as small/medium local letter entities. Recently a trend towards increased horizontal	

[63] Data taken from Eurostat, population on 1 January 2012
[64] Data taken from Eurostat, inhabitants per km^2, 2011
[65] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[66] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

cooperation among these operators can be observed. Such business models facilitate a successful roll-out especially for the business segment. Against this background a geographical coverage of more than 80% of the territory could be achieved. With regard to quality of service issues measured in terms of delivery targets these co-operations indicate high performance level of service close to the level of the incumbent operator. -- **Access competition:** over 11% access competition. There are numerous companies - mainly operating as consolidators and end-to-end competitors seeking access to the postal infrastructure for the complementary regions and areas where they are active itself – having concluded contracts for access to the sorting facilities. Five access operators control the major part of access volumes. The larger access operators have emerged from diverse sectors: • the entry of rival incumbent postal operators • operators specialised in mail preparation processes and mail handling
Regulatory information Germany has a licensing regime based on reliability, requisite qualification and capability. But as there are more than 600 licensees it cannot be called a market entry barrier. The Incumbent is obliged by law to grant access to partial services (network access) – under certain conditions set by the NRA – as well as to information to change of addresses and P.O. Box facilities. To the latter both prices are regulated by the NRA.

Country summary – Greece	
Demographic and postal statistics	
Population:	11.29 million [67]
Population density:	86.4/km^2 [68]
Population distribution:	61.4% live in urban areas [69]
Volumes per capita:	42 [70]
Background to competition In Greece the 3rd Postal Directive was transposed with Law 4053/2012 and full market opening began in 1/1/2013. The postal market in Greece consists of two main sectors: the universal services sector, where the Universal Service Provider (USP) and undertakings holding individual licenses operate, and the courier services sector, with undertakings that hold a general authorization. The Universal Service Provider appointed by the Greek state until 2028, by law 4053/2012, is Hellenic Post S.A. (ELTA). The concentration level in the universal services sector is very high, as the USP is handling almost 99% of sector, while there is medium concentration in the courier services sector, where the CR(8) is about 77-80%. As far as total postal market (US + Courier sector for both letter & parcels) is concerned, the USP handles 90% of total volume, courier companies 8% and undertakings holding individual licenses hold 2% of the market. However, as far as revenue are concerned, USP holds 60% of total market while private postal operators hold 40%.	
Competition in the letters market **End-to-end competition:** less than 5% end-to-end competition. There are a number of end-to-end operators in Greece, with the five largest being: Delta Post S.A., Apostolh S.A., Metropolitan Courier Ltd., ACS S.A. and West S.A. -- **Access competition:** there is no access competition in Greece.	

[67] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[68] Data taken from Eurostat, inhabitants per km^2, 2011
[69] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[70] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, universal service only, 2011.

Regulatory information

All of the end-to-end operators, including the incumbent, operate under a specific licence.

Under law 4053/2012, ELTA (the incumbent) must follow a specific practice regarding the individual agreements with customers, stating the rules and conditions, determining the characteristics of the services, specifying the cost-defining procedure as well as the pricing procedure, regardless of the obligation to comply with the principles of transparency and equal treatment of all users.

Country summary – Hungary	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 9.93 million [71] 107.2 /km^2 [72] 69.5 % live in urban areas [73] 73 [74]
Background to competition Market open to competition since 1 January 2013. In spite of the short term END-TO-END competition already emerged. **Parcels** - emerging competition in the B2C parcels market. The parcels, especially the e-commerce parcels seem to show growing volumes, however the majority of these volumes belong to non-US area. The main competitors in the letter segment emerged from the parcel segment.	
Competition in the letters market **End-to-end competition:** very little effective competition on the letters market; nevertheless there are no restrictions for market entry. Regarding to the economical restrictions and crisis at the moment we are not able to give real prognostication for the changes of market shares. Mostly the universal letters's volumes are decreasing, except official documents. Prognostically, the biggest competition may appear on the market of direct mails and business letters. --- **Access competition:** no access operators. An access regime for injecting letter items in the inward mail centre has been established.	
Regulatory information Regarding Hungarian postal law the universal postal service provider shall enter into bona fide negotiations with postal service providers which intend to use the universal postal network in order to be able to perform activities including the sorting, transporting and delivering postal items collected by them in the framework of their licensed service. The	

[71] Data taken from Eurostat, population on 1 January 2012. Please note: break in time series; provisional data.
[72] Data taken from Eurostat, inhabitants per km^2, 2011
[73] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[74] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, universal service provider only, 2011.

access seeker postal service provider shall initiate the execution of a network access contract with a content that is adapted to the universal postal service provider's current network structure and technological system. Further the USP is obliged to make its database containing the postal codes of settlements available to users and postal service providers at its website

Country summary – Ireland	
Demographic and postal statistics	
Population: Population density: Population distribution: Volumes per capita:	4.58 million [75] 66.9/km^2 [76] 62.2% live in urban areas [77] Confidential [78]
Background to competition The postal market in Ireland was liberalised on 1 January 2011[79]. The incumbent postal operator and universal service provider is An Post.	
Competition in the letters market **End-to-end competition:** there is no information available on market shares in Ireland. In addition to the USP, An Post, Ireland has four operators providing end-to-end delivery services. These operators emerged from a range of areas, including closed network distribution, packet/parcel services and mail consolidation. --- **Access competition:** no access competition. The market is in a nascent state and to date only one authorised postal operator has indicated an intention to seek access to the postal network; however, actual provision of services to customers has yet to be commenced.	
Regulatory information Section 33 of the Communications Regulation (Postal Services) Act 2011 ("2011 Act") gives authorised postal service providers the right to enter into negotiations with the USP for access to its postal network. Section 34 of the 2011 Act provides for access, for authorised postal service providers to the postal infrastructure (physical and non-physical) where the NRA issues a direction for	

[75] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[76] Data taken from Eurostat, inhabitants per km^2, 2011
[77] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[78] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.
[79] In Ireland, although the market was fully liberalised on 1 January 2011, the European third Postal Directive was only transposed into national law by the Communications Regulation (Postal Services) Act 2011 in August 2011.

such access to be granted. All postal service providers in Ireland operate under general authorisation.

Country summary – Italy	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 59.39 million [80] 201.5/km^2 [81] 68.4% live in urban areas [82] Not available [83]
Background to competition Liberalisation started in 1999, but the postal regulator (AGCOM) was established in 2012, so competition started without a clear set of regulatory rules. There are two nation-wide operators in the letters market: the incumbent, which has the vast majority of the market (around 90% of revenue) and a competitor. Other than USO parcel products, the parcels market is served by five express companies, whose offers target B2B clients and also certain B2C segments	
Competition in the letters market **End-to-end competition:** possibly – though there is no volume information available. There are two nationwide actors in Italy: Poste Italiane, the USP, and TNT Post Italia (whose end-to-end network covers about 70% of national territory). The incumbent operator detains around 90% of the letters market by revenue, with around 8% detained by TNT Post Italia. Around 2% is held by local end-to-end operators (who also use access). -- **Access competition:** not more than 5%. Other than a USP subsidiary (Postel), Italy has three main access operators: TNT Post Italia, Selecta, and Rotomail. They all target bulk mail, be it from large organisations or SMEs.	
Regulatory information Access to the postal network is provided for in postal legislation.	

[80] Data taken from Eurostat, population on 1 January 2012. Please note: break in time series; provisional data.
[81] Data taken from Eurostat, inhabitants per km^2, 2011
[82] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[83] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country summary – Latvia	
Demographic and postal statistics	
Population: Population density: Population distribution: Volumes per capita:	2.04 million [84] 33.1/km^2 [85] 67.7% live in urban areas [86] 33 [87]
Background to competition The Latvian postal market was liberalised on 1 January 2013. The incumbent operator and universal service provider is Latvijas Pasts. Competition in the market is in its infancy.	
Competition in the letters market **End-to-end competition:** around 9% end-to-end competition. The incumbent, Latvijas Pasts, handles 91% of all letter items; the next largest operator by volume, Post Service, handles 7%, with other operators delivering 1-2% of letter volumes. All of Latvijas Pasts' competitors started in the packets/parcels market, expanding their operation to deliver letter items. All of Latvia's postal operators provide end-to-end delivery services. The NRA believes that this competition is emerging slowly, and that it is still in the early stages of development. -- **Access competition:** there is no access competition in Latvia.	
Regulatory information All operators in Latvia operate under a general authorisation regime.	

[84] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[85] Data taken from Eurostat, inhabitants per km^2, 2011
[86] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[87] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, single piece only, 2011.

Country Summary - Lithuania	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 3.00 million [88] 48.3/km^2 [89] 67.1 % live in urban areas [90] 20 [91]
Background to competition Postal market is liberalised from January 1, 2013: reserved area for domestic postal correspondence items, direct mail, and inbound cross border correspondence up to 50 g has been abolished. In 2012 the number of postal service providers increased by 30,8% (in comparison with 2011), as a result of upcoming liberalization of postal market, development of wider range of postal services (the self-service parcel terminals, prepaid packages, economy items, hybrid mail and etc.). According to the data of the NRA in June 1, 2013, there were 80 registered postal service providers.	
Competition in the letters market **End-to-end competition:** around 22% end-to-end competition. In 2012 mainly incumbent operator *Lietuvos paštas* (87 % of total volumes of postal correspondence) and competing postal service providers (13 **%** of total volumes of postal correspondence) shared the postal correspondence market (postal correspondence up to 2 kg including direct mail). --- **Access competition:** no access competition. There are many postal service providers which are operating like access operators, but they act only through commercial agreements, without any access contract and certain access conditions.	
Regulatory information According to the new Postal Law the postal network refers to all elements of postal infrastructure for the provision of postal service, which consists of clearance of postal items from the access points, routing and handling of those items from the access points to the distribution centres, sorting and distribution of the postal items to the addresses. The Postal Law sets down that each postal service provider, which has a network, is	

[88] Data taken from Eurostat, population on 1 January 2012
[89] Data taken from Eurostat, inhabitants per km^2, 2011
[90] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[91] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, single piece only, 2011.

obliged to negotiate and conclude contract with other postal service providers of postal service on the access to the owned postal network under negotiated price on conditions transparent and non-discriminatory. For the usage of the postal network, postal service provider pays. If postal service providers have disagreements on the access to the postal network issues, they may apply for dispute resolution to the NRA. The NRA will take an obligatory solution for both sides of the dispute.

The universal service provider is obliged to provide universal postal services according to the provision of Postal Law instead of the rest of the operators which have to require to the NRA for a general authorisation

Country summary – Malta	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 0.42 million [92] 1318.6/km^2 [93] 94.8% live in urban areas [94] 84 [95]

Background to competition

Malta's postal market was fully liberalised on 1 January 2013. The incumbent (and the current designated Universal Service Provider) is MaltaPost plc. The USP in Malta covers the provision of all letter mail services (incl. Registered and bulk) and standard parcel services weighing up to 20 kilograms.

Since 2010, competition has started to emerge in the delivery of inbound cross-borders parcels in addition to MaltaPost e.g. DHL. On the other hand, MaltaPost is the sole postal operator providing domestic and outbound standard parcel post services. Having said this, a number of courier postal operators provide inbound and outbound express parcel post services.

Competition in the letters market

End-to-end competition: Due to the recent liberalisation of the market, there is no data on the volume or revenues of end-to-end competition since this liberalisation. However, since 2007, Premiere Post Ltd has offered a specific type of registered mail service for the delivery of traffic summons. This accounted for just less than half a percent of all letter mail items delivered in Malta in 2012.

Access competition: there is no access competition in Malta. The NRA is of the opinion that operators requesting access would not find resistance from the designated USP; however, Maltese law allows the NRA to settle disputes should they arise.

[92] Data taken from Eurostat, population on 1 January 2012
[93] Data taken from Eurostat, inhabitants per km^2, 2011
[94] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[95] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, universal service only, 2011.

Regulatory information

Both end-to-end operators in Malta provide services under a specific licence.

The NRA adopted a 'Significant Market Power' approach to assess effective competition on end-to-end operators. Dominant operators found to have SMP are subject to specific ex-ante regulatory remedies in order to ensure fair and effective competition. To date MaltaPost, as the incumbent designated USP, has been declared to have a priori SMP in the following markets: standard letter mail, bulk mail, registered mail and parcel post. The NRA is currently carrying out its first round of market review to assess whether the USP or any operator has SMP in markets falling within the scope of the universal service. In the event that a market is found to be effectively competitive, regulation (such as price control) will be rolled back. Refer to SMP Designation Decision.

Country summary – The Netherlands

Demographic and postal statistics	
Population:	16.73 million [96]
Population density:	494.5/km^2 [97]
Population distribution:	83.2% live in urban areas [98]
Volumes per capita:	265 [99]

Background to competition

The market has gradually been opened up to competition since 2003, and has been fully opened since April 1st 2009.

Competition in the letters market

End-to-end competition: between 10 and 20% end-to-end competition. This has been the main form of competition that has developed in the Dutch market. On a national level end-to-end competitors Sandd and Selekt Mail (a Deutsche Post subsidiary) have slowly gained market share since 2002. Selekt Mail was taken over by Sandd in 2011. As of 2012 (most recent data available) Sandd has a market share of 10-20%. Sandd mainly targets large business senders (pre-sorted, non-time-sensitive periodicals and direct mail) and has done so successfully. A relatively large market share in this segment has been attained by Sandd. The combined market share of Sandd and the incumbent PostNL is 90-100%.

On a local and regional level end-to-end competition has emerged as well. The combined market share of these competitors, however, is negligible. Further growth of end-to-end competition may not be viable due to the decline of volumes.

Access competition: no access competition.

Regulatory information

The Netherlands has no licence or authorisation regime. Dutch Postal Act 2009 contains neither access obligation nor regulated access prices. This may lead to margin squeeze. Only insofar as certain types of access are provided for postal operators or senders, the provision of those types of access to other postal operators in comparable circumstances is

[96] Data taken from Eurostat, population on 1 January 2012
[97] Data taken from Eurostat, inhabitants per km^2, 2011
[98] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[99] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, delivered by the four largest operators, 2011.

obligatory A change to the Dutch Postal Act 2009 is currently pending approval by the Dutch senate. When enacted, this change would allow ACM to impose (access) obligations on postal operators with significant market power.

Country summary – Norway

Demographic and postal statistics	
Population:	4.99 million [100]
Population density:	16.2/km^2 [101]
Population distribution:	79.4 % live in urban areas [102]
Volumes per capita:	Not available [103]

Background to competition

The Norwegian postal market has gradually been opened to competition in line with the first European Postal Directives. However Norway is yet to have a fully open and liberalized postal market, due to the delay of the implementation of the third Postal Directive in Norway. Thus the Norwegian NRA does not have legal basis to require wide data and statistic from the different operators in the Postal market.

However after the license to Norway Post, the Norwegian NRA has some statistics from this operator, which currently has an exclusive right to deliver letters up to 50 grams, cf. Norwegian Postal Act article 6.

For the postal sector we should divide the market into two parts, namely the letter post market and the parcel and express market. In the parcel market there is fair competition. On the letter post market competition, Norway Post is a sole operator within the exclusive rights area.

Competition in the letters market

End-to-end competition: the postal market is yet to be open to fully competition due to the pending status on Norway position regarding Directive 2008/6/EC. Currently Norway Post holds an exclusive licence to operate in the letter market up to 50 grams.

Access competition: no access-based competition

[100] Data taken from Eurostat, population on 1 January 2012
[101] Data taken from Eurostat, inhabitants per km^2, 2011. Please note: includes Svalbard and Jan Mayen Islands.
[102] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[103] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Regulatory information
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Country Summary - Poland	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 38.54 million [104] 123.2/km^2 [105] 60.9% live in urban areas [106] 47 [107]
Background to competition Over the recent years, the postal services market in Poland has been gradually evolving towards opening up to competition. The area of services reserved for the public operator was systematically decreasing and, at the same time, market competition is on the increase. The stages for market liberalisation are: from June 2003 to 30 April 2004 - above 500g; from 1 May 2004 to 31 December 2005 above 350g; from 1 January 2006 to 31 December 2012 above 50g. The market was fully opened up to competition from 1 January 2013.	
Competition in the letters market **End-to-end competition:** around 10% end-to-end competition. In terms of volumes of letters and small packets the incumbent operator delivers at a national level over 88 % of total volumes and over 89 % in terms of total revenues. Four other end-to-end competitors provide at an aggregated level around 10 % of the total volume which means 4.3% of the total revenues in this market. -- **Access competition:** no access competition. To date, only one postal operator asked the incumbent with a request for access agreements without being implemented any access model. Currently, negotiations are underway between operators.	
Regulatory information All the postal operators in Poland are obliged to require to the NRA for an entry in the register to provide postal services. According to the Poland Postal Law the access refers only to elements of the postal	

[104] Data taken from Eurostat, population on 1 January 2012
[105] Data taken from Eurostat, inhabitants per km^2, 2011
[106] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[107] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

infrastructure of the designated operator (post office boxes, mailboxes, the system of postal codes identifying areas of service, information on change of address and the service of redirection).

Country summary – Portugal	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 10.54 million [108] 114.5/km^2 [109] 61.1 % live in urban areas [110] 94 [111]
Background to competition There were 4 phases in the liberalization process of the letters market: between 1999 and 2003the market was open to competition for items over 350g, from 2003 to 2005 for items over 100g, and in 2006 for items over 50g. The market was fully liberalised in 2012. The parcels market has always been liberalised.	
Competition in the letters market **End-to-end competition:** around 4% end-to-end competition. The evolution of the USP market share reflect the existence until April 26, 2012, of a reserved area for the USP, which in 2011 represented 78,6 % of total end-to-end market share by volume (letters and parcels). --- **Access competition:** no access competition until now; ANACOM intends to conduct an analysis of the current access to the postal network and infrastructure elements of the USP, in order to assess the necessity to define access rules to the postal network (e.g. on the terms and conditions of access). To this end, it is scheduled to hold a public consultation.	
Regulatory information Portuguese Postal Law foresees that the USP shall ensure access to the postal network under transparent and non discriminatory conditions, by means of agreements with postal operators. The NRA may intervene to determine the terms and conditions of access. The operators that provide services within the scope of universal service may be asked to contribute to finance the universal postal service, in case the net costs of universal service obligation are considered an unfair financial burden.	

[108] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[109] Data taken from Eurostat, inhabitants per km^2, 2011
[110] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[111] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country Summary - Romania	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 21.36 million [112] 93/km^2 [113] 52.8% live in urban areas [114] 21 [115]
Background to postal competition The reserved area in the Romanian postal market was reduced from 100g to 50g on 1 January 2006. Market was opened to competition since 1 January 2013. General authorisation regime for all the postal services (346 authorised postal operators in 2011, most of them focused on parcels with heights up to 10 kg and letter post up to 2 kg, especially the express service). The number of postal items had a sinuous pattern in the last years, with a high increasing till 2007 and the lowest level in the last years was in 2010.	
Competition in the letters market **End-to-end competition:** around 15% end-to-end competition. Around 99 **%** of the total market is provided by end-to end operators (around 120), especially by the "Romanian Post" National Company (83%), as a USO, which is simultaneously the incumbent operator. The four larger competitors of the incumbent operator summarize around 10**%** of the total volume delivered by the end-to-end operators (which have emerged as packets/parcels carriers or addressed/unaddressed items providers). -- **Access competition: around 1% access competition.** 5 access operators deliver more than 90 % of the access operators' volumes.	
Regulatory information about access provisions Romanian postal law require to the USP to give to the authorised competitors the right to access the USP's postal network (to all the system of organisation and resources of all kinds used by a provider of postal services in particular of the clearance of postal items from all	

[112] Data taken from Eurostat, population on 1 January 2012 . Please note: provisional data.
[113] Data taken from Eurostat, inhabitants per km^2, 2011
[114] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[115] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

access points; the routing and handling of those items from the access points to the distribution centres; the distribution of the postal items to the addresses shown on them), their postal infrastructure (the postcode system, the information on change of address, the address database, the delivery boxes, the post office boxes) and the services within the US provided by him.

Country Summary - Serbia	
Demographic and postal statistics	
Population:	7.24 million [116]
Population density:	Not available [117]
Population distribution:	56.4% live in urban areas [118]
Volumes per capita:	Not available[119]

Background to postal competition

Serbia retains its reserved area up to 100 grams. There are about 50 couriers working in the courier and express market. For the purposes of protecting the USO, there is a price floor for services outside of the scope of the USO.

According to the national strategy for postal services, a new postal law will be brought into force from the end of 2014, which will introduce a new national framework that will transpose the major part of Third Directive, and which is expected to bring about full market opening.

Competition in the letters market

End-to-end competition: there are no end-to-end competitors in the letters markets below 100 grams as this area is reserved.

Access competition: there are no access operators in Serbia. The strategy for postal services propose a deadline of Q2 2015 for adopting the ordinance for access regulation.

Regulatory information about access provisions

Serbian post (which is still a public enterprise) has been the USO provider for the last 4 years, operating under a specific licence of ten years' duration. Other operators who provide express services need to fulfil defined conditions for authorisation.

[116] Data taken from Eurostat, population on 1 January 2012 . Please note: provisional data.
[117] Data taken from Eurostat, inhabitants per km^2, 2011
[118] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[119] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country Summary - Slovakia

Demographic and postal statistics

Population:	5.40 million [120]
Population density:	110.1/km^2 [121]
Population distribution:	54.7% live in urban areas [122]
Volumes per capita:	55 [123]

Background to competition

Postal reserved area was reduced: from 1.1.2004 up to 350 g, from 1.5.2004 up to 100 g and from 1.1.2006 up to 50 g. Starting with January 1, 2012 the reserved area was abolished. In Slovakia there are 23 postal operators (including the USP), most of them focused on express services, especially parcels. In the letter market, the B2C segment is more developed.

Competition in the letters market

End-to-end competition: around 7% end-to-end competition. In terms of volumes of letters and small packets the incumbent operator which is simultaneously the USP delivers at a national level over 80 % of the total volume. Five other end-to-end competitors provide at an aggregated level around 7**%** of the total volume which means almost 3% of the total revenues in this market.

Access competition: There are no access operators in Slovakia.

Regulatory information

All the postal operators are subject to a general authorisation regime, except for the universal service provider who has to obtain an individual license for providing their services.

According to the national Postal law all the postal operators who provide interchangeable services could ask the universal service provider to allow their access to the postal network of the universal service provider or to its part, including all elements of their infrastructure. Up to now there have not been concluded any agreements for access to the public postal network.

[120] Data taken from Eurostat, population on 1 January 2012
[121] Data taken from Eurostat, inhabitants per km^2, 2011
[122] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[123] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country summary – Slovenia

Demographic and postal statistics	
Population:	2.06 million [124]
Population density:	101.9/km^2 [125]
Population distribution:	49.9% live in urban areas [126]
Volumes per capita:	Not available [127]

Background to competition

Full opening of the Slovenian postal market took place on 1 January 2011. The current incumbent operator and universal service provider is Pošta Slovenije. There is also 13 operators on the basis of notification and 6 operators on the basis of general authorization.

The implementation of competition began in 2002 with the creation of a Postal Department within the NRA. Total revenues on the market in year 2011 were approx. €183m with approx. 6000 employees. Slovenia has density of postal network above EU average with postal office for 3660 citizens and postal office in average on 36,6 km2.

Competition within the parcels market occurred before the full market opening in 2011. There is significant competition in this market. The NRA considers that growth of the market and any increase in competition is dependent on the development of e-commerce and the stability of the economy.

Competition in the letters market

End-to-end competition: Currently, there is no competition in the end-to-end letter market in Slovenia.

Access competition: around 7.6% access competition. There is significant access competition in Slovenia. The full market opening in 2011 led to competition emerging in this market. There are currently four access operators in Slovenia: Kro d.o.o., Maksmail d.o.o., Informatika d.d. and EPPS d.o.o., delivering around 7.6% of total letter volumes.

[124] Data taken from Eurostat, population on 1 January 2012
[125] Data taken from Eurostat, inhabitants per km^2, 2011
[126] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[127] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Regulatory information

There is mandatory access to the incumbent's postal network at the inward mail centre, and to delivery boxes under section 32 of the Postal Services Act.

All service providers in Slovenia operate under a general authorisation regime.

Country summary – Spain	
Demographic and postal statistics	
Population: Population density: Population distribution: Volumes per capita:	46.2 million [128] 92.0/km^2 [129] 77.4% live in urban areas [130] 97 [131]

Background to competition

Competition in letter post began in the 1960s with intra-city letter services and direct marketing. Competitors currently hold around 18% of the market by volume, and focus on more profitable segments, such as bulk mail, requiring delivery to larger cities. Competition has kept prices low but, along with substitution and volume decreases, at the expense of sector profitability, investment, and the ability to offer better quality. Although volumes are decreasing overall, alternative operators' market share is slightly increasing while the public operator's share is descending.

Competition in the letters market

End-to-end competition: possibly. Spain has no data enabling it to distinguish between access and end-to-end volumes. There are 363 licensed operators (2012) but only one principal competitor, Unipost, created in 2001 as a merger of several small operators and processing around 12% of letter mail volumes. The next four competitors treat around 2% of volume combined (noting that smaller competitors treat around another 4%). The combined revenues of the first five operators are about 6% of letter market revenues. Competitors generally target large companies, such as banks or public administrations, and SMEs.

Access competition: See note above, for end-to-end competition.

Regulatory information

Access is provided for by legislation and is used in practice.

[128] Data taken from Eurostat, population on 1 January 2012. Please note: provisional data.
[129] Data taken from Eurostat, inhabitants per km^2, 2011. Please note: includes Canary Islands, Ceuta and Melilla.
[130] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[131] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2010 – 2011 not available.

Country summary – Sweden	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 9.48 million [132] 23.0/km^2 [133] 85.2% live in urban areas [134] 294 [135]
Background to competition The letter market was fully opened up to competition in 1993. The parcel market has been never been restricted.	
Competition in the letters market **End-to-end competition:** around 13% end-to-end competition. In Sweden there are approximately 30 postal operators who offer end-to-end competition. The main competitor, Bring Citymail AB, who is active mainly in the bulk mail segment, covers about 54% of the delivery points. Bring City Mail AB has a market share of slightly above 12% in volume and 6% when measured in turnover. The remaining competitors are basically acting locally and have a joint market share of 1% in turnover. -- **Access competition:** There is no regulated access regulation in Sweden. However, there is a kind of 'voluntarily access regime' in which the incumbent offers discounts to customers for work sharing measures, which to some extent is still used by competing operators.	
Regulatory information -	

[132] Data taken from Eurostat, population on 1 January 2012
[133] Data taken from Eurostat, inhabitants per km^2, 2011
[134] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[135] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.

Country summary – Switzerland	
Demographic and postal statistics	
Population: Population density: Population distribution: Volumes per capita:	7.95 million [136] 197.8/km^2 [137] 73.7% live in urban areas [138] 467 [139]

Background to competition

Postal legislation of 1997 granted to Swiss Post (USP) the exclusive right to route letter post items and parcels up to 2 kg (excluding express mail, international parcels and outbound cross-border letter post). In 2004, the parcel market was fully opened. Competition emerged quickly (around 17% of the market in 2004 by revenue) and is now around 20%. For letters, in 2006 and 2009, the weight limit of the monopoly (domestic and incoming items) was reduced to 100g and 50g respectively. Again for letters, competition struggles to emerge and the market share (domestic and outbound) of the USP is approximately 98.1 % by revenue (98.8 % for domestic letter post items, 92.1 % for outbound letter post items) – due to the remaining monopoly (on around 75 % of letter post volumes).

Competition in the letters market

End-to-end competition: very little end-to-end competition. The incumbent operator detains around 98.8% of the domestic letter post market by revenue, as noted above, 98.7% by volume. It holds around 98.1% of the domestic and outbound letter post market by revenue, 95.3% by volume. There are five "main" end-to-end competitors: the three largest, national operators, target bulk mail of large business clients (direct mail) and the two others target SMEs. The first competitor processes around 3% of letter mail volumes (as a percentage of the total – domestic and outbound – market) and the other four, less than 2% combined. Two of the operators started as parcel carriers.

Access competition: no access competition.

[136] Data taken from Eurostat, population on 1 January 2012
[137] Data taken from Eurostat, inhabitants per km^2, 2011
[138] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[139] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, universal service provider only, 2011.

Regulatory information

In terms of access to the network, regulation provides only for access to post office boxes, noting that the regime is new (1 October 2012) and at this date not used by an alternative operator.

Country summary – UK	
Demographic and postal statistics Population: Population density: Population distribution: Volumes per capita:	 63.46 million [140] 256.8/km^2 [141] 79.6% live in urban areas [142] Not available [143]
Background to competition The first access agreement was signed in 2004, between Royal Mail (incumbent) and UK Mail. Since 2005, access has seen significant growth. In 2006, the UK opened the market fully to competition. Despite this, we have seen limited growth in end-to-end competition to date; Royal Mail still delivers more than 99% of total letter volumes. In April 2012, TNT Post began trialling end-to-end deliveries in west London. It has since extended its delivery operations to central and south London. We understand that TNT Post has aspirations to expand its end-to-end delivery operations to other urban centres in the UK, and it recently announced that it is seeking €50-80m of investment for this expansion.	
Competition in the letters market **End-to-end competition:** There is no significant end-to-end competition in the UK. Despite the market being fully to competition in 2006, the UK has seen limited growth in end-to-end competition to date. In April 2012, TNT Post began trialling end-to-end deliveries in West London and by December 2012 it was delivering 345,000 items per week[144] - 0.13% of the total market by volume. Royal Mail delivers more than 99.5% of all mail volumes. -- **Access competition:** around 45% access competition. This significant market share was likely to be partly due to the price control put in place by Postcomm in 2006 which required Royal Mail to maintain a fixed minimum margin between its retail and wholesale prices. The increase in access volumes has levelled out this year potentially showing that access has reached maturity (although as the bulk mail market is declining, market shares continue to increase). However, the revenue that operators derived from access operations, after	

[140] Data taken from Eurostat, population on 1 January 2012. Please note: break in time series; provisional data.
[141] Data taken from Eurostat, inhabitants per km^2, 2010; data for 2011 not available from Eurostat.
[142] Data taken from UN Department of Economic and Social Affairs, Population Division, World Urbanisation Prospects, The 2011 Revision, Percentage Urban 2011
[143] Data taken from ERGP (12) 33 – ERGP report with data on indicators on the postal market, Figure 7, domestic letter items per capita, 2011.
[144] http://www.postnl.com/Images/20130225-postnl-2012-q4-press-release_tcm216-666131.pdf.

payment to Royal Mail, only represents around 2% of the total market revenue.
Regulatory information All postal service providers in the UK operate under a general authorisation regime. The regulatory framework, which was put in place in March 2012 for seven years, removed the significant majority of price controls although Royal Mail is subject to a safeguard cap for Second Class stamps. In addition, Royal Mail must provide access to other operators to its Inward Mail Centres for D+2 (Second Class) mail and it is subject to an ex ante margin squeeze (price control) in relation to these products.