



FFPI Contribution to the ERGP 2016 Work Programme

- I. The Free and Fair Post Initiative (FFPI) welcomes the opportunity to provide its contribution to the European Postal Regulators Group (ERGP)'s Work Programme for 2016.
- II. In particular, the FFPI welcomes the fact that, during next year, it aims to continue and to develop the actions that have been undertaken in 2015 in the field of implementation and evolution of the USO (Universal Service Obligation).
- III. At the end of 2014, the FFPI contributed to the public consultation on the ERGP Report on the implementation of the Universal Service in the postal sector in view of the market developments, with the position that the USO as currently defined, is facing a multitude of pressures that require a solution to ensure the industry meets the needs of its customers.
- IV. On that occasion, amongst others, the FFPI called for:
 - **A definition at Community level of a universal postal service**, conceived as a right of access to postal services for users, encompassing a minimum range of services of specified quality which must be provided in all Member States at affordable prices for the benefit of all users, irrespective of their geographical location;
 - A **common maximum limit** to the extent of the **postal reserved areas** which each Member State may grant to its provider(s) of the universal service, in order to ensure the economic and financial viability of the provision of the universal service (US);
 - The development of a process of gradual and controlled market **opening to competition** while giving the Member States means to ensure that the provision of universal service is guaranteed on a lasting basis.
- V. Although Member States are allowed a certain flexibility to denominate one or more services as part of the universal postal service under Article 3 of European Directive 97/67/EC - which defines a minimum set of services to be included in the US scope - it has to be highlighted that almost all European States have included in the universal service a number of services **much larger** than the minimum set provided for by the European Postal Directive.
- VI. This has resulted in a number of **competitive advantage for the Universal Service Providers** (USPs), such as **VAT exemption**, and in the creation of market barriers to the detriment of competition in the postal market.
- VII. With this respect, the FFPI would like to stress once again that it is imperative that services like those provided under special agreements/negotiations and/or discounts (such as bulk mail) are not included in the USO and not included in the VAT exemption.
- VIII. In addition, the VAT exemption represents a **clear advantage for USPs** in the case of **public procurement procedures**, where they are able to offer services without VAT.



- IX. Another concern is the **burden of financing the USO**. In order to rightly determine the USO compensation, there is a need for more **market transparency** especially with regards to the **activity carried out by USPs with business customers** and more generally to identify any attempt of **cross-subsidization**.
- X. According to the Work Programme, this year the ERGP plans to focus on the analysis of the postal end-users' needs and to identify a potential common core set of user needs, and, at the same time, to assess to what extent other means of communication are fulfilling (part of) these needs as well.
- XI. The FFPI believes that reviewing the USO in light of the recent market developments and, primarily, of the consumers' needs is of essential importance to ensure the creation of a competitive landscape and to allow the postal industry to continue its transformation journey in a sustainable way. For more details on its position, the FFPI refers to its contribution to the consultation submitted in 2014, previously mentioned.
- XII. The FFPI believes that looking at how the USO is today is the first, important step to be taken before moving to a broader evaluation of the signs of the changes in the postal sector and to the assessment of **whether the current regulatory framework set out by the Third Postal Directive is still fit for the purpose**.
- XIII. Finally, the FFPI would like to take this opportunity to call on the ERGP to **increase transparency in its work** and to have its meetings in 2016 open to stakeholders, like the FFPI members, in order to allow them to contribute to the above-mentioned project.
- XIV. In 2015, a joint ad-hoc working group on cross-border parcels between the Body of European Regulators for Electronic Communications (BEREC) and the ERGP was set up with the aim of analysing whether regulatory insights from the electronic communications sector can be transferred to the cross-border parcels sector. While doing this, the working group met more than once to discuss several aspects associated with the postal sector in the light of the recent Communication on the Digital Single Market (DSM) strategy but **none of the meetings was open to other stakeholders**.

About FFPI

The **Free and Fair Post Initiative (FFPI)** is a voluntary, independent, not-for-profit, European initiative, which has the aim to foster competition in the European postal market and in the parcel business sector, to support the e-commerce growth, to remove all constraints and barriers, and to call for a proper law enforcement, at both national and European level, for the establishment of a level playing field for all postal operators. Our Members include **Cycleon, Hermes, Inpost, Janton, Nexive, PostCon, The Mail Competition Forum, UPS**.