PostEurop’s contribution to ERGP’s public consultation on the developments in the postal sector and their implications for regulation

Brussels, 24 January 2019,

1. Introduction

PostEurop welcomes ERGP’s public consultation on its report regarding developments in the postal sector and their implications for regulation. PostEurop’s members agree that developments in social and economic circumstances have had, and will continue to have, a significant impact on the postal sector. Nonetheless, we believe that the starting point for legislation on postal services should remain the universal service. Underlying this is the importance of defining the universal service to fit national circumstances.

PostEurop would therefore like to take this opportunity to share its opinion on the various topics tackled in this report.

2. Trends and developments in the postal sector

PostEurop shares several of the ERGP’s observations on the evolution of the postal sector. It is clear that societal and economic changes have impacted the postal sector (whether that’s through digitalisation and technological changes, demographic changes, challenges to reduce our ecological footprint or changes to employment models). The European Commission’s report on the developments in the postal sector (2013-2016) provides a more comprehensive view of these changes.

Postal operators recognise these fundamental changes and are proactively investing; developing alternative services; innovating with new features; promoting efficient delivery of postal items continuing to provide a high level and sustainable employment in many markets; reducing our ecological footprint; and designing solutions that fit today’s and tomorrow’s consumer needs.

The report correctly points to the fundamental changes and developments in the postal industry however it does not provide a proper analysis. It is therefore with some concern that PostEurop takes note of ERGP’s preliminary conclusions.

3. Regulatory implications and elements for a new regulatory framework

PostEurop would caution against a new regulatory framework (“greenfield approach”). While we agree the regulatory framework should be fit for purpose and future proof, it should be reviewed on the basis of the 20 or so years of legislative and regulatory experience at the European level, as well as of market developments.
In line with the principle that public intervention in markets should only take place in situations of identifiable market failures, and since no market failure has been determined or demonstrated, there is **neither need nor justification for any extension at the European level of regulatory competencies or measures especially in the parcel segment**. This is confirmed by Regulation (EU) 2018/644 on cross-border parcel delivery services as it has been limited to more transparency and regulatory oversight.

**PostEurop believes that the starting point for legislation on postal services should remain the universal service.** PostEurop members want to stress that national postal operators operate in a fragile ecosystem with the ongoing structural decline in letters and competition in parcels. Policy makers should then carefully balance competition encouragement with USO sustainability.

According to the ERGP, **the future regulatory framework must be flexible enough to tackle particular national circumstances** and should also **allow innovative solutions** for the provision of postal services. PostEurop agrees that national markets are diverse and users don’t have the same needs from member state to member state. We also believe that that innovative delivery solutions are essential to ensuring relevant and sustainable postal services in the future. This means there is no “one-size fits all”-USO.

**The universal service should be based on user needs and national market developments.** Following the principle of subsidiarity, Member States should have sufficient flexibility to define universal service to fit with national circumstances and conditions. PostEurop believes postal users across Europe have the right to access postal services. At the European level, the USO should be based on the principle that everyone in the EU is connected to the postal services.

The USO should also **respect a principle of economic sustainability** and raise the question of the funding of the universal service. In the first instance revenues should fund the costs of the USO. Where revenues do not or cannot cover the cost of the USO, there should be a mechanism in place to reimburse the universal service provider from public resources.

### 4. Conclusions

PostEurop welcomes ERGP's acknowledgement of the need for flexibility and subsidiarity to ensure a relevant and sustainable Universal Postal Service for the future. Before drawing wider regulatory conclusions from the fundamental changes and developments, however, a **proper definition and understanding of markets** is key and needed as a starting point. It is particularly in this regard that the ERGP report lacks a sufficient analysis. PostEurop believes it is for the European Commission to come forward with possible policy proposals based on analysis of the market (as it is doing through several studies throughout the course of 2019). PostEurop looks forward to working with stakeholders on this to ensure the provision of a sustainable universal service for everyone across Europe.
For further information and action please contact:

**Mr Denis Joram**
Chair of the PostEurop Postal Services Directive Working Group
E: denis.joram@laposte.fr

**Ms Elena Fernandez-Rodriguez**
Chair of the European Union Affairs Committee at PostEurop
E: elena.fernandez@correos.com

Association of European Public Postal Operators AISBL
Association des Opérateurs Postaux Publics Européens AISBL

PostEurop is the association which represents the interest of 52 European public postal operators. Committed to supporting and developing a sustainable and competitive European postal communication market accessible to all customers and ensuring a modern and affordable universal service, PostEurop promotes cooperation and innovation bringing added value to the European postal industry. Its members represent 2.1 million employees across Europe and serve to 800 million customers daily through over 175,000 counters. PostEurop is also an officially recognised Restricted Union of the Universal Postal Union (UPU).