



ROYAL NORWEGIAN MINISTRY  
OF TRANSPORT AND COMMUNICATIONS

ERGP public consultation

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## ERGP public consultation - contribution from Norway

The Norwegian Ministry of Transport and Communications would hereby like to contribute to the public hearing on the ERGP report on *Developments in the postal sector and implications for regulation*.

The Norwegian postal market is characterised by a steep fall in letter volumes, 64 % since 1999 and expected another 59 % up to 2025, mostly because of e-substitution. Combined with high distribution costs due to complex geographical conditions and most of the country being sparsely populated, challenges the sustainability of the universal services. Surveys show that only 5 % of the letters cannot be digitalised. This process will further challenge the degree of fixed costs coverage in the postal network, especially when it comes to the "last mile distribution".

Even though the service level of universal services has been reduced several times in order to adjust the universal services to the actual demand and to cut fixed costs, net costs of universal service obligations will continue to rise. As a consequence it will be necessary to make use of every degree of flexibility the present postal directive allows for. In Norway the willingness to pay for unprofitable universal postal services diminishes as there is a downward shift in demand. The pressure to reduce the level of services will then continue.

The Ministry therefore recommends taking a greenfield approach to a new postal directive. Furthermore, we strongly recommend that a new regulatory framework ensure sufficient flexibility to adapt to the rapid changes in the postal sector. We recommend a flexible approach to universal services definition, mainly covering basic postal services which will not be provided on a commercial basis, either in the entire country or in parts of the country only. It should also be explored how vulnerable users are to be included in the scope of universal

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services. The Ministry also recommends taking a technology neutral approach when developing the new regulatory framework.

Finally, we are of the opinion that since the e-commerce market is growing, creating growth in the packet and parcel markets, different level of regulation for letters and parcels should also be explored.

Yours sincerely

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*This document is signed electronically and has therefore no handwritten signature*