



EUROPEAN  
REGULATORS GROUP  
FOR POSTAL SERVICES

# **ERGP MEDIUM-TERM STRATEGY 2023-2025**

14 November 2022

TABLE OF CONTENTS.

**1 ABOUT ERGP. .... 3**

**2 BACKGROUND. .... 4**

**3 CHALLENGES AND OPPORTUNITIES IN THE EUROPEAN POSTAL SECTOR... 5**

**4 ERGP STRATEGIC PILLARS 2023-2025. .... 6**

**4.1 ERGP Strategy Focus..... 6**

**4.2 Strategic Pillar I – Revisiting the postal sector and its regulatory framework in light of environmental sustainability and digitalization..... 7**

**4.3 Strategic Pillar II – Promotion of a competitive single EU postal market in the context of rising e-commerce deliveries..... 9**

**4.4 Strategic Pillar III – Empowerment of end-users and ensuring a user oriented universal service. 13**

## 1 ABOUT ERGP.

The European Regulators Group for Postal Services (ERGP) is an advisory group to the European Commission (EC) which was established by the EC Decision 2010/C217/07 of 10 August 2010 (hereinafter only “the Decision”).

The aim of the group’s aim is to facilitate the cooperation, consultation, and coordination between the independent National Regulatory Authorities (NRAs) of the EU Member States (MS). Further between the authorities and the Commission to help consolidate the internal market for postal services and ensure the consistent application of the postal/parcel legislation established in the Directive 97/67/EC in all MS<sup>1</sup>.

In addition to the NRAs from the MS, the ERGP is also composed of the NRAs from European Economic Area countries (EEA), the European Free Trade Association (EFTA) Surveillance Authority and the EU candidate countries, which participate as observers to the group.

The ERGP’s tasks are to serve as a body for reflection, discussion, and advice to the Commission in the establishment of the internal market for postal services. In this regard, as outlined in Article 2 of the Commission Decision from the 10<sup>th</sup> of August 2010<sup>2</sup>, the ERGPs main functions are to advise and assist the Commission, openly and transparently:

- i. on the development of the internal market for postal services.
- ii. on the application in all MS of the regulatory framework for postal services.
- iii. on any matter related to postal services within its competence.

---

<sup>1</sup> [The European Regulators Group for Postal Services](#)

<sup>2</sup> [Commission Decision of the 10th of August 2010 establishing the European Regulators Group for Postal Services \(OJ C-2017 11.08.2010, pp. 7-9\)](#)

## 2 BACKGROUND.

A Medium-Term Strategy (MTS) is approved by the ERGP every third year in order to identify the developments of the sector in the medium run and to establish the ERGP priorities in the application of the regulatory framework for postal services in all MS. In this inception, ERGP has done significant work within its competencies through the two previous MTS covering the periods of 2017-2019 and 2020-2022. In general, MTSs are drafted taking into account the NRAs' main views and considering the comments they received from stakeholders during the public consultation.

Following the previous MTSs, MTS 2023 –2025 contains the broad strategic lines of ERGP work in the next three years to come.

The last ERGP MTS was defined in 2019 for the period 2020-2022 and reflected the need for a more proactive and forward-looking policy approach and to actively engage with all stakeholders and international organisations. In this regard, the MTS 2023-2025 to a large extent confirms the focus determined for the previous term (2020-2022) with special attention on the regulatory framework. The main values, goals and aims remain relevant.<sup>3</sup>

In drafting the MTS 2023-2025, the ERGP seeks to identify the core areas to focus work between 2023 and 2025. These areas include the developments of the postal sector and the change in users' needs due to electronic substitution and e-commerce<sup>4</sup> as well as the global pandemic and the Russian aggression against Ukraine speeding up certain transformations further.

The MTS constitutes a basis for the annual Work Programme (WP) of the ERGP in the coming years. It is essential to ensure that the activities of the group respond to the postal sector, enhancing the transparency and predictability of the ERGP's work while maintaining adaptability to the fast-changing conditions of today's world, while also reflecting the policy and regulatory principles applicable to the postal sector.

---

<sup>3</sup> [Medium-Term Strategy 2020-2022](#)

<sup>4</sup> WIK, Postal markets of the future: The role of alternative mail services in growing online trade, p. 18-20

### 3 CHALLENGES AND OPPORTUNITIES IN THE EUROPEAN POSTAL SECTOR.

The progressive digital transition and sustainable economy (as also covered by the strategies The European Green Deal<sup>5</sup> and A Europe Fit for the Digital Age<sup>6</sup>) have been identified by ERGP and in various studies as the two core challenges in the postal sector and therefore they are relevant to the MTS 2023-2025.

Following the development of the postal sector and the changes in the users' needs, the MTS for the 2023 and 2025 period must be guided by the following exogenous factors that impact the postal sector:

- the changes stemming from the digitalization on the postal sector;
- the important effect of the online platforms and new business models;
- the EU Green Deal targets towards climate neutrality in the postal sector
- and the possible future effects derived from the COVID-19 pandemic and the Russian aggression against Ukraine.

As outlined in the ERGP Opinion<sup>7</sup>, refocusing the objectives of the regulatory framework is essential in order to be able to react in the most appropriate and timely manner to the challenges of a rapidly evolving postal sector. The MTS 2023-2025 is based on a necessary regulatory framework review bringing the main aims of ERGP forward, as well as the need to explore the adaptation in the future regulatory framework as a follow-up of the Report from the European Commission to the European Parliament and the Council on the application of the Postal Services Directives (Directive 97/67/EC as amended by Directive 2002/39/EC and 2008/6/EC).

Based on the strategic pillars developed in this MTS<sup>8</sup>, ERGP will continue to improve stakeholder involvement in the work of the ERGP, which is of great importance for the quality of ERGP work. In the same vein ERGP will engage with international organizations

---

<sup>5</sup> [Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal.](#)

<sup>6</sup> [A Europe fit for the digital age](#)

<sup>7</sup> [ERGP Opinion on the review of the regulatory framework](#)

<sup>8</sup> In coherence with the ERGP Internal Report on the Postal Stakeholders Ecosystem and the [ERGP WP 2022](#)

such as UPU, regional associations of postal regulators and introducing cooperation with European academic institutions where possible.

In addition, ERGP should broaden its vision beyond the letter-post items and USO parcels, reaching out to the distribution of e-commerce goods. In this perspective ERGP is aware that a large majority of the e-commerce items are still delivered into a mailbox or receptacle adequate for postal items (e.g., parcel lockers, smart mailboxes etc.) and the bigger e-commerce are delivered at the users' door or points of contact such as postal shops, parcel lockers or post offices.

## 4 ERGP STRATEGIC PILLARS 2023-2025.

### 4.1 ERGP Strategy Focus.

Stemming from the challenges outlined above, the MTS 2023-2025 identified three main pillars that, as in the previous years, need to be developed further:

- Strategic Pillar I – Revisiting the postal sector and its regulatory framework in the light of environmental sustainability and digitalization.
- Strategic Pillar II – Promotion of a competitive single EU postal market in the context of rising e-commerce deliveries.
- Strategic Pillar III – Empowerment of end-users and ensuring a user-oriented universal service.

While continuing the activities under Strategic Pillars I, II and III, the ERGP will focus on providing proactive and forward-looking support as well as ad-hoc advice to the European Commission in line with the ERGP duties as set out in the Commission Decision. Refocusing the objectives of the future regulatory framework, as outlined in the ERGP Opinion and the ERGP Position Paper on the EC evaluation report<sup>9</sup>, is essential for all actors to be able to react in the most appropriate and efficient way to the challenges of a rapidly evolving postal sector with a greenfield approach.

In addition, the ERGP will pursue the three strategic pillars mentioned above, with the main

---

<sup>9</sup> [ERGP Position Paper on the EC evaluation report](#)

objective of carrying out its tasks as effectively as possible.

#### **4.2 Strategic Pillar I – Revisiting the postal sector and its regulatory framework in light of environmental sustainability and digitalization.**

Strategic Pillar I focuses on the further development of the postal sector and its regulatory framework, not least in the light of the European Commission's recent initiatives on the "Green Deal" and "A Europe Fit for the Digital Age" and the ongoing digitalization. *Environmental sustainability* is added explicitly to the title as the most recent development, however ERGP understands sustainability in the broad sense of the UN definition stating that "Sustainable development requires an integrated approach that takes into consideration environmental concerns along with economic development"<sup>10</sup>.

Based on a thorough analysis of the developments and their implications for the postal sector ERGP will provide input to the Commission and co-legislators to deal with these issues in the postal sector for the upcoming discussions regarding a revision of the postal framework. As stated in several documents and opinions, ERGP considers such a revision imperative to make the postal framework future proof. Moreover, ERGP has called for a "greenfield" approach reorientation of the framework towards a market-based approach and a user-oriented universal service, building on the valuable contributions of Strategic Pillars II and III, ERGP will, under Pillar I:

- Proactively provide input to the Commission on the further development of the current regulatory framework of the Postal Services Directive (PSD) and follow up on the ERGP Opinion on the need for a substantial revision of the PSD taking into account the ongoing digitalization, platformisation and changing market boundaries as well as structures and new players;
- Consider new possible approaches in the area of the universal service taking into account changing user needs and resulting changes in the cost structure of letters

---

<sup>10</sup> <https://www.un.org/en/academic-impact/sustainability#:~:text=In%201987%2C%20the%20United%20Nations,development%20needs%2C%20but%20with%20the; see also https://eur-lex.europa.eu/EN/legal-content/glossary/sustainable-development.html>

and parcels;

- Study the development of the digitalization in the sector, in particular digital platforms and e-commerce related delivery taking into account adjacent sectors when and where needed;
- Identify best practices and knowledge on environmental management and sustainability related to the postal sector, including the possible roles of NRAs.

The EC's Report on the application of the existing regulatory framework in 2021<sup>11</sup> has not come to a clear indication in which way the Commission intends to continue the review process of the PSD. The ERGP will continue to cooperate with the Commission, the European Parliament and the Council, namely providing input on relevant issues. Further the ERGP will strive to address requests, e.g., on the need to adjust definitions to deal with new technological and commercial developments<sup>12</sup>. Building on its extensive analysis in recent years, ERGP can provide the necessary expertise and make suggestions for approaches to deal with the challenges stemming from the changing postal sector to ensure the postal framework is fit for purpose. Therefore, to ensure that the ERGP's input is duly considered, the ERGP believes it is important to make explicit legal reference in the future EU Postal framework for the Commission to also formally request ERGP's input.

Regarding the universal service, the remit of postal services is changing continuously due to the change in users' needs. Also, the COVID 19 crisis has seen a surge in the role of postal services in parcel delivery, namely in the field of e-commerce, while the role of postal services as a means of communication or information exchange is progressively declining due to electronic substitution. Therefore, the ERGP believes this requires a modernization of the current rules.

The current PSD has been instrumental in ensuring an affordable universal service in the EU. However, some MS have had to limit the characteristics and scope of their universal service obligations in recent years, mainly due to the changing needs of users and operators of postal services and their rising costs. Based on the foreseen 2022 ERGP report on user

---

<sup>11</sup> [Report on the application of the Postal Services Directive.](#)

<sup>12</sup> [ERGP Report on postal definitions](#)



needs, an inventory of possible new ways to align the scope of the USO with the users' needs of today may be needed, to save costs for its financial sustainability in an efficient way.

With the booming e-commerce, consumer demand for sustainable products and services, including climate-friendly shipping, is also increasing which in turn is leading to new business models in the postal sector. However, the increasing demand also entails higher CO2 emissions unless e.g., the delivery is switched to a more environmental and sustainable operation.

Meanwhile, many postal service providers are gradually converting their fleets to alternative vehicles, using renewable energy and have integrated sustainability into their business management and procurement processes. New business ideas complement traditional delivery and can lead to synergies in postal networks (e.g., delivery boxes open to all providers). The ERGP therefore believes it to be important to consider environmental management and sustainability in the postal sector, in the next cycle.

As mentioned above ERGP understands sustainability in the broad sense of the UN definition encompassing also the economic development. In this regard it should be noted that given the recent disruptions stemming from the pandemic as well as the Russian invasion of the Ukraine, it is important that regulation is aware of the bigger volatility of economic activity. This needs to be taken properly into account when designing regulatory measures so that they are also fit for purpose in a more volatile environment. However, this *dynamic regulation* still needs to be predictable for all actors.

#### **4.3 Strategic Pillar II – Promotion of a competitive single EU postal market in the context of rising e-commerce deliveries.**

ERGP is convinced that this strategic pillar remains relevant as the part of the postal market where competition should be fostered as the core prerequisite for investment and innovation, including more environmentally sustainable and digitalized solutions, is continuously growing.

The ERGP will continue reflecting on specificities of the letter mail segment as part of the postal sector in regard to the single EU postal market. The recently published EC Report on

the application of the Postal Services Directive states that *“The Postal Service Directive has been only marginally effective in contributing to the achievement of an internal market and stimulating effective competition in the letter mail segment. A full market opening has taken place as required by the Postal Services Directive but there is very little competition in the letter mail segment in all Member States and full market opening has not led to the appearance of European wide providers of letter mail services”*.

Based on the EC Report and the cited passage, ERGP will further analyse the main factors that help fostering competition on national as well as EU-wide postal markets, including relevant regulatory measures that could be taken by the regulators. In particular, the EC also states in the report cited above that *“the absence of harmonised rules allowing national regulatory authorities to set terms for access to the network (providing for the possibility to introduce ex-ante competition), as well as the absence of procedural access rules (e.g., dispute resolution powers of national regulatory authorities) may also have contributed to the low uptake of competition in the letter mail segment”*. Building on this statement, ERGP will need to further examine the situation in the letter mail segment. ERGP will analyse in which parts the competition has potential to develop, namely considering the use of letter mail by eCommerce delivery services. Where there is a potential for competition, ERGP will look at instruments such as access obligations to foster and incentivise competition. In other parts of the letter mail segment, there could be a continued need to rely on universal service obligations where competition may not be likely to develop in the term of the MTS and the market shows a long-term downward trend.

ERGP will continue paying special attention in the area of market monitoring and benchmarking, where accurate and comparable information on the postal market and its developments is essential for NRAs to carry out their regulatory tasks effectively and to promote competition.

The ERGP will discuss the role and relevance of traditional regulatory measures as well as of new innovative approaches to promote competition and investment including introducing adjustments to the current regulatory framework in line with the ERGP Opinion.

The NRAs will also focus on sharing best practices and knowledge in accommodating their regulatory measures and approaches following the reform of the postal regulatory framework as well as upcoming EU legislation in other sectors to the extent it influences the

postal sector as e.g. Digital Services Act<sup>13</sup>, the Digital Markets Act<sup>14</sup>, Data Act<sup>15</sup> and the NIS2<sup>16</sup> Directive.

ERGP will consider as key elements in the period 2023-2025 the relevant factors which have the potential of strengthening competition if embedded in a consistent up-to-date postal regulatory framework such as new technologies, enabling e.g., more efficient, and environmentally sustainable solutions, the increasing role of online platforms and new business models.

The developments in e-commerce, online platforms and new business models have a direct impact on the regulation, transparency as well as competition in the single EU postal market. Therefore, the above-mentioned trends have a major impact on the transformation of the postal services market. On the one hand, they might reduce the future scope of the universal service obligation, and, on the other hand, they bring improvement in the quality, availability, and affordability of parcel delivery.

These factors also create new challenges for the regulation and enforcement of the existing regulatory framework and the need to develop it further to deal with these new developments appropriately. Hence, the ERGP should continue analysing market developments, their underlying trends, and impacts. The NRAs will proceed in building a common knowledge base through data gathering, benchmarking, and sharing of regulatory experience and planned regulatory innovations such as a sandbox. Furthermore, ERGP will analyse the introduction of new provisions and new forms of regulation using a regulatory impact assessment (RIA) approach. From these insights the ERGP will be able to draw conclusions regarding necessary adjustments of the regulatory framework and its subsequent implementation by national regulators while preserving the security and confidentiality in the context of new technologies within the margins that its competence

---

<sup>13</sup> [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a Single Market For Digital Services \(Digital Services Act\) and amending Directive 2000/31/EC](#)

<sup>14</sup> [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on contestable and fair markets in the digital sector \(Digital Markets Act\)](#)

<sup>15</sup> [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European data governance \(Data Governance Act\)](#)

<sup>16</sup> [Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on measures for a high common level of cybersecurity across the Union, repealing Directive \(EU\) 2016/1148](#)

structure allows.

One of the main factors that have an impact on competition in the postal market is the innovative potential of new technologies. These may, for example, play a decisive role in deploying more environment-friendly processes and equipment. The ERGP will strive to identify the impact of such new technologies on the sector.

The European Commission has presented several legislative packages in pursuing the goals of the digital transition. All the above-mentioned EU regulations concerning the digital economy will significantly impact the postal market regarding the delivery of e-commerce items. These impacts will be reflected in ERGP deliverables.

On the other hand, influencing factors on the demand side will be considered, such as continuing growth of e-commerce, change of lifestyle after the COVID-19 pandemic, increasing digital literacy of the end-users, or initiated end-users' perception of the importance of sustainability in all aspects of their life.

Recent studies and surveys<sup>17</sup> have confirmed that customers now expect access to a wide choice of parcel delivery services, competitive offers - both in terms of quality and prices and transparency regarding domestic and cross-border tariffs for parcel delivery services. They also increasingly consider the qualitative aspect, such as flexible points of delivery, short delivery times or tracking options as important features of parcel delivery. In a number of countries, parcel lockers, offering flexibility to end-users, are well established on the market. ERGP will pay attention to successful pro-competitive models, such as carrier-agnostic parcel lockers, which could also decrease the number of parcel lockers if the rebound effects are prevented.

Additionally, the ERGP should in the future consider broadening the market it monitors, (e.g., encompassing all products and goods to be delivered at home or business premises as postal parcels) through the determination of best market monitoring practices, including analysis of issues related to similar delivery conditions in wider markets (e.g. delivery of medicines/medical supplies, food distribution).

---

<sup>17</sup>[Report on the application and implementation of Regulation on cross-border parcel delivery services](#)

The COVID-19 pandemic has accelerated the use of e-commerce and digital platforms, which has quickly been reflected in a rapid change of users' behaviour in the postal sector. The ERGP perceives that this trend will further continue and the range of various goods to be delivered will get even broader. The ERGP members intend to build a deeper knowledge of these broader postal delivery markets, often depending on e-commerce providers or online platforms. As the online platforms are an important player in the increasing volume of activity of the parcel delivery service providers, powers to monitor would be needed in the future in order to know how the market is changing, e.g., whether online platforms obtain a strong bargaining power becoming indispensable customers for the parcel delivery service providers.

Relying on the progress in digital literacy of the whole society in the Union, in line with the goals set up in the digital strategies, the ERGP will further monitor the consumers' behaviour trends and their influence on competition. Regulators will also aim to identify any potential need for new regulatory tools.

#### **4.4 Strategic Pillar III – Empowerment of end-users and ensuring a user oriented universal service.**

The Strategic Pillar III focuses on empowering the end-users ensuring their ability to make an informed choice and benefit from changing business models while being protected in a volatile economic environment. The Universal service is also one of the strategic issues to be examined in this pillar.

ERGP will in particular

- continue to assess the changing conditions in the postal market in the e-commerce era considering digitalization and sustainability issues and their impact on users, as well as safeguarding users' rights;
- promote choice, availability of information, high quality of service, transparent, simple and cost-effective procedures and innovation for end-users;
- assess the relevance of the universal service obligation, considering the changing user needs (behaviour and demand), the numerous technological evolutions, the decline of letter post and the rapid growth of e-commerce.
- monitor changes in the behaviour and needs of users stemming from a digitalized

postal sector and ensuring the empowerment of users.

- Improving user protection due to the gradual transition from traditional “sender oriented” to “receiver oriented” postal market.

The universal service obligations should be under continuous reform, without limiting its essential social/economic role. The universal service sustainability should be considered undertaking revised roles needed by society combined with its relevant compensation mechanism targeting to provide an efficient user oriented universal service.

Empowering both individual and business end-users is one of the most important regulatory objectives. It is essential to guarantee the inclusion of all the users in the expanding digital economy and the communications needs of the users, with a particular emphasis on the protection of the more vulnerable ones. The postal services are of high importance to users, as it was reconfirmed during the covid-19 pandemic crisis. The ERGP will look closely at the availability of these services to all users, with a specific focus on the small and medium enterprises (SME), which have an essential economic role.

The focus on the gradual transition from traditional “sender oriented” to a “receiver oriented” postal market will be continued by ERGP, taking into account the new and practical delivery solutions to the increase of e-commerce and their impact on the users’ needs and preferences as well as safeguarding user’s rights.

Issues such as delivery quality, mode of delivery, inter-operator agreements and standardization, social cohesion, digitalization, and promotion of the green deal, as well as consumer choice and protection in the light of the changing development of the postal market, need to be discussed and conceptionally built into regulatory measures to foster innovation in the sector and to improve the quality of new products (hybrid letters/hybrid mails).

In line with its assessment regarding the impact the technological developments have on the provision of postal services and on end-users needs, the ERGP will continue to analyse and provide proposals for necessary adjustments in terms of regulation to ensure that consumers are being adequately empowered.

Given the continuous market developments and their impact on possible regulatory decisions, fully understanding the market dynamics is critical and the consistent monitoring

of the evolution of the market is of utmost importance for NRAs and ERGP. ERGP will continue monitoring the postal market with a focus on the differentiated needs of the end-users and considering that the boundaries of the market are changing. In this context, ERGP will continue the discussions with the Commission and stakeholders for the most effective way to provide information on the quality-of-service (QoS) levels, prices, complaints procedures and the development of the market in terms of market concentration, employment, volumes, and revenues. In particular, some NRAs have noticed that there is a need for more transparency on QoS for the parcel market (e.g. indicators for transit time).

The Universal Service sustainability is critical for the provision of essential services to all consumers and should be seen in the light of the integration of both new and differentiated services and their economic viability while also looking at cost effective provision. ERGP will also address issues such as choice (transparency of offers, limitations in delivery, complaints, compensation, and return parcel procedures) and the need to foster innovation in the sector and promote the digital economy in the light of harmonization. ERGP will also look into transparency measures, not only of prices but also of all delivery options.