

Position Paper on the Evaluation of the Postal Services Directive





ABOUT POSTEUROP

POSTEUROP is the association which represents European public postal operators. It is 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. Our Members represent **2 million employees** across Europe and deliver to **800 million customers daily** through over 175,000 counters.

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POSTEUROP'S RESPONSE TO EC PUBLIC CONSULTATION

Background and context

PostEurop is the trade association that represents postal operators from every EU and EEA Member State entrusted with the provision of the universal postal service. In many EU/EEA countries the universal service obligations (USO) have been adjusted over the last decade, e.g. changes in delivery frequency and time. These changes have in practice been deemed compatible with the existing Postal Services Directive (PSD). Going forward, the Directive must provide the flexibility needed to allow for further adjustments to ensure that universal services are economically sustainable and based on national circumstances and user needs.

Postal operators contribute to economic growth throughout the EU. They promote social inclusion by connecting different regions, consumers and producers, institutions and citizens. Postal operators are trusted across Europe and are an essential factor for the EU economy – from rural areas through to suburban and urban areas.

For more than a decade, letter mail volumes have been decreasing and parcel/small packets volumes have been growing fast, essentially due to digitalization and the development of e-commerce. The COVID-19 crisis confirms and amplifies both trends in what we believe to be an irreversible way.

These trends do not mean that the existing legal postal framework is no longer suitable. On the one hand, the crisis has shown the importance of the universal postal service which is at the heart of the current postal regulation and, on the other hand, the delivery sector has shown its capacity to face the continuous growth of e-commerce. The fact that the e-commerce sector is growing fast does not mean that there is a need for new sector-specific regulation. Moreover, the existence of market failures for delivery services has neither been identified nor proven in this competitive sector.

PostEurop cautions 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 based on the 20 years of legislative and regulatory experience at the European level, as well as of market developments.

National postal operators operate in a **fragile ecosystem** given the ongoing structural decline in letters. Policymakers should carefully balance competition encouragement with USO sustainability.



We support a regulatory framework that leaves space for subsidiarity

The Postal Directive achieved the full opening of the European postal markets in 2011 (in 2013 for some specific countries), organised around common structuring principles such as affordability, accessibility, universality, cost-orientation and supervision by independent national regulatory authorities.

Postal markets have significant local and national dimensions and have been evolving differently. Although all postal operators are faced with a continuous decrease in letter mail volume, the pace of decline varies from Member State to Member State. The Postal Directive allows Member States to adapt the legislative framework to their national specificities and to determine a universal service in accordance with their social needs. For this reason, national regulators may have different powers and scope of intervention. PostEurop members are therefore in favour of maintaining a high level of subsidiarity in postal regulations.

Member States should continue to be able to adjust their national regulatory framework, including universal service obligations, pursuant to the principle of subsidiarity. There is no “one-size fits all” universal service obligation and providers need the ability and flexibility to introduce innovative delivery solutions and provide services adapted to changing customer needs. However, this approach would allow each Member State to structure the obligations of its USP to fit domestic circumstances and ensure the postal services in its home market to remain financially sustainable.



Universal service is the heart of postal regulation

PostEurop believes the starting point for legislation on postal services should remain the universal service. As there is no need for further sector-specific regulation, postal legislation should not look beyond the universal service.

There is other legislation in place or in development to address issues that impact the postal sector. This includes, but is not limited to, issues such as employment, customs, taxation, consumer rights, data protection, platforms and competition rules.

The postal sector is already subject to the generally applicable European and national competition law regime and there is nothing to suggest that competition law enforcement tools are not sufficient. There is no justification for a sector-specific regulation for promoting further competition. Regulatory intervention would only be justified in situations of identifiable market failures.

Competition

Letters

The end-to-end letter sector is strongly disciplined by e-substitution, and increasingly so. In the presence of these strong competitive pressures, general competition law regime should be deemed sufficient. In these circumstances, ex-ante obligations are unnecessary to ensure the development of a competitive sector and would be detrimental to a sustainable and affordable USP.

Parcels

The parcel delivery sector is very competitive with strong pressure on prices and a constant drive for innovation. Parcel delivery, including cross-border, is provided through a variety of players and networks. Many players are competing in the sector, and in more and more countries, e-retailers or platforms are developing their own delivery solutions. Therefore, there is no justification for regulating the parcels sector beyond general competition rules.

Regulation, obligations and funding of the universal service

The universal postal service is intrinsic to social and economic inclusion. As digitalization has changed people's way of communication and new technologies have opened a wide range of possibilities to meet user needs and demands, the universal service should be defined under a principles-based approach.

The USO should continue to be linked to the following principles:

- The universal service should be based on **user needs and national circumstances**
- According to the principle of subsidiarity, Member States need to have **sufficient flexibility** to define universal service to fit with national circumstances and conditions, especially in terms of frequency of delivery. Market developments are not the same in every Member State and they don't necessarily require the same solutions.
- The USO **ensures accessibility for all users to the postal services**. Therefore, the USO should remain based on the principle that everyone in the EU is connected to postal services. The appropriate operational solutions to ensure connectivity and accessibility should be decided by each operator and/or Member State. The definition of the universal service at EU-level should not prevent the emergence of new and innovative solutions.
- The USO should respect the principle of **economic sustainability**, how the universal service is funded is important. Where USO revenues do not or cannot cover the cost of the service, public resources should refund the universal service provider.

Role of the regulator

As mentioned before, national regulators have different powers and scope of intervention, depending on the different local and national needs and specificities. Therefore, the European Regulators Group for Postal Services (ERGP) should remain an advisory body to the European Commission as laid down in Commission decision 2010/C 217/07.



Technical standards

We believe that the main source of postal standardisation shall remain the Universal Postal Union, which ensures basic postal services worldwide. EU standards should stay voluntary and be the outcome of a test and improve the process to promote efficiency and avoid being a barrier to entry. In some cases, Postal Standards have not been implemented because they do not result in a benefit for the final customer.

Environmental and social responsibility

PostEurop Members are committed to environmental sustainability – including delivering the UN Sustainable Development Goals on resource efficiency, procurement and waste management and air quality. Our aim¹ is to achieve a 20% carbon emissions reduction per letter mail and per parcel by 2025, from a 2013 baseline year. PostEurop has also established a CSR Circle which promotes the exchange of good practices among its members. Every year, it publishes a [CSR brochure](#) “*The Postal Sector, Leading the Way in Corporate Social Responsibility*” which has a dedicated part on environmental practices shared by PostEurop members. These practices illustrate in a very concrete way that postal operators take their responsibility seriously and are key players in the environmental transition.

Conclusion

PostEurop believes that the basis of any discussion on the scope of postal services regulation should remain the provision of the universal service at terms that respect diverging national needs and circumstances. Member States should continue to be able to adjust their national regulatory framework, including universal service obligations, under the current PSD pursuant to the principle of subsidiarity. PostEurop is not in favour of a new regulatory framework (“greenfield approach”). We also believe that regulation of horizontal topics like competition, labour and consumer rights is more efficient when it is done as a general set of rules instead of additional sectoral regulation.



¹ Please see: <https://www.ipc.be/sector-data/sustainability/efficiency> for the IPC Delivery Efficiency report

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