



Recent events in the European energy sector illustrate the difficulties in freeing up industries. Several concurring factors make comparisons between the energy and the postal sectors relevant: The market leaders' expansionist strategies; the preservation of

national monopolies that serve as war chests for the incumbents; widely diverging national approaches to liberalisation resulting in a fragmented Internal Market; the absence of a clear political leadership at EU level which fosters widespread uncertainty with regard to both the direction and the timing of the liberalisation process.

However, although the market changes that postal services are undergoing are enormous, it seems to me that the 80-bn euro postal sector is receiving less attention by EU leaders than the energy sector. I therefore hope that the Belgian EU Presidency will act to ensure that postal liberalisation is put high up on the agenda.

When the EU Ministers meet in October to discuss the proposal for a new directive, they are in a position to succeed where they have failed at three previous Council meetings: Agree on a final date for full liberalisation. I fully agree with Tony Blair who recently said that the coming months – with the EU summit in Barcelona in March next year as Judgement Day – “is make or break for economic reform in Europe – a real test of our collective leadership”. I therefore hope that Blairs' Government will support a final date for full liberalisation at the Council meeting in October.

As President of the FFPI, I will seek to ensure that the result of the October meeting is positive. Meanwhile, the FFPI will continue to put pressure on EU leaders by highlighting breaches of the EC Competition and Internal Market rules by Companies and Member States.

Philippe Bodson, President

Open letter on Postal Liberalisation

On 14 June the widely read EU weekly journal European Voice published a viewpoint by Philippe Bodson. The article received positive feedback from many parties and provoked a reply letter to the newspaper. In his viewpoint, “Time for EU leaders to deliver on their Lisbon postal pledge”, the FFPI President highlighted the urgency for EU policy-makers to maintain their promises to speed up the liberalisation of postal services. Furthermore, the FFPI President said: “What is needed now is enough political commitment and courage to adopt a directive that will allow the ugly duckling of community liberalisation to turn into the beautiful swan it has the potential to become”. Mr Bodson also illustrated a potential scenario “where the liberalisation is too slow, the transition of the postal sector will continue to accelerate due to market changes. Therefore it will not be, as intended, gradual and controlled, as the rules that regulate the market will be out of tune with reality. The EU needs to adopt a final date for full liberalisation in order to avoid a brutal transition”. In addition Bodson stressed that “In the absence of clear market measures, disputes will have to be fought in the courts, a choice most postal users cannot afford. The importance of good policing by the Commission is thus set to increase in the future. The institution's current caseload must be brought down to restore confidence in its ability to police the market efficiently”.

FFPI meets cabinet of Commissioner Bolkestein and other key stakeholders

The FFPI in the past months has had several meetings with key players among EU policy makers involved in postal services liberalisation. The FFPI has at these meetings addressed the urgent need to speed up the process of creating a true Internal Market for postal services and to set a final date for full liberalisation. Philippe Bodson and the FFPI Secretariat have been active in discussing these crucial issues with key players at EU level. In particular, the FFPI has met with members of the Cabinet of Commissioner for Internal Market, Frits Bolkestein, to discuss the state of play and the progress of the Postal Directive. Furthermore, the FFPI has had contacts with high-level officials from DG Internal Market including Paul Waterschoot, Director in charge of Postal Services. The FFPI has also met with the Belgian Presidency and specifically with the Belgian Minister for Communication and Postal Affairs, Rik Daems.

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A comment from the Belgian Industry Federation (FEB)

One of the FFPI members, FEB, has recently released the following statement: “The FEB continues to insist on the full opening of the postal markets in 2007, after the liberalisation of all international and direct mail in 2004. The FEB realises that an agreement on these dates will undoubtedly not be possible without postponing these deadlines of one or two years. However, such an agreement is essential. It will not jeopardise the universal service, already defined at European level. An agreement will rather have the twofold merit, similarly to what happened in the telecom sector, to make the national postal operators more dynamic in their restructuring process, and to clarify the rules of the European postal services market”.

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Bodson calls for liberalisation at Belgian Parliament

The FFPI President was invited to intervene on June 13 at a hearing on universal services organised at the Belgian Chamber of Representatives by the parliamentary Committee on Infrastructure, Communications and Public Enterprises. Bodson's speech, which called for the full opening of the postal market to competition, was followed by contributions by Commissioner Bolkestein and Minister Daems and gave rise to questions and debate. In his contribution, Bodson touched on topics including the USO; the current situation of the Swedish market; the political EU agreement reached in Lisbon on accelerated liberalisation of key sectors of the economy; the evolution of the postal services industry in terms of modernisation, competing media and mergers and acquisitions in the postal sector. In addition, Philippe Bodson highlighted that liberalisation is the best means to guarantee high quality and non-discriminatory postal services at reasonable prices. These open statements by Mr Bodson were reported by several articles in the Belgian and the EU media (please check the FFPI website <http://www.freefairpost.com/others/press.htm> to read the articles).

FFPI events participation

FFPI President Philippe Bodson gave a speech at the conference on "Postal Services Liberalisation in the EU – threat or opportunity?" that took place in Brussels on June 19. At the conference, Mr. Bodson focused on the role of the FFPI and on the dramatic phase of modernisation under way in the postal sector as well as on the challenges and opportunities brought by this. Among participants in the seminar were leading Commission officials such as Paul Waterschoot, Thomas Leavey, Director General of the UPU, Derek Hodgson, Secretary General of the Communication Workers' Union, leaders of organisations including Tim Walsh, Chairman of Posteurop EU Contact Committee, MEPs, journalists, etc.

The FFPI was invited to intervene on June 20 in a conference at the Ecole Nationale d'Administration – ENA - in Paris, on liberalisation of public services ("Liberalisation et services publics, entre mythes et réalités"). The seminar, despite its focus on the French postal services sector, allowed enough space for debating the EU regulatory framework and its future developments. Different audiences were represented at the conference, including politicians, trade unions, business organisations, the academic world, consumers' associations etc. Other speakers to the conference included Commissioner Michel Barnier, Martin Vial, President of the French Post, Bernard Damiens, Director of Regulation and International Affairs of the Belgian Post, Walter Maschke, Director General of Deutsche Post.

Speaking platforms

The FFPI has been invited to participate at the following event:

- **17 October 2001** – PostComm workshop on liberalisation in London. - PostComm, the UK Postal Regulator, invited Philippe Bodson to participate in its seminar organised as a follow-up to its consultation paper on postal market opening.

The FFPI's steps towards a fair postal marketplace

In its first year of work, the FFPI has proactively promoted a stricter and more coherent application of the EC competition rules in the postal sector. For this reason, the FFPI closely watches how EU competition rules are respected by postal operators and Member States. The FFPI has confirmed its support of the Commission's policing of the market by issuing press releases, for instance when the Commission adopted decisions on abuse of dominant position by Deutsche Post AG and on the incorrect implementation of 1997 Postal Directive by Belgium.

(Please check <http://www.freefairpost.com/others/news.htm> to read the full text of the press releases).

The FFPI's comments on these Commission decisions were reported by some European media. The twice-weekly publication European Report and the bulletin Agence Europe published respectively on 30 and 27 July articles reporting the FFPI's comments. Hereafter are some highlights from these articles: "FFPI (Free and Fair Post Initiative), association representing providers of postal services and their users, welcomed the European Commission's decision to sentence Deutsche Post to a fine, even though symbolic, for having abused its dominant position. FFPI considers that this type of conduct seriously affects competition, as well as clients, and underpins the urgency of drawing up an effective normative framework to regulate the sector. As long as no regulatory system is in place, the postal services market will be victim of distortions to competition." Agence Europe – 27 July 2001.

"The FFPI congratulates the Commission for the speed and efficiency with which it conducted the proceedings and adopted a decision on this important case. We welcome Mr Monti's statement that this decision represent a clear signal that future abuses will result in severe penalties, said Philippe Bodson, president of FFPI. However, the business grouping believes that the problem of postal companies abusing their power over the market and calls for more regulation of the system. The current situation of vagueness is no longer sustainable. The FFPI fully backs the Commission's efforts in ensuring that rules governing competition are truly respected and in promoting the achievement of an open and dynamic internal market in the postal sector, said Mr Bodson". European Report – 30 July 2001. The European Report also published an article on September 1 including a quote from FFPI President Bodson regarding the pre-Court warning sent by the Commission to the Belgian Authorities. "A step in the right direction. The Commission has to police the market in a scrupulous and rigorous way" said Bodson following the Commission decision to pursue its proceedings against Belgium.

(Please check <http://www.freefairpost.com/others/press.htm> for the full text of the articles)

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