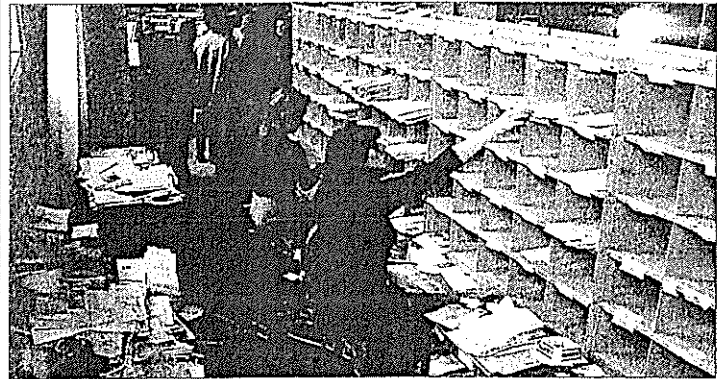


Opinion &



Overcoming fear: reducing monopolies will help achieve the Lisbon Agenda goals

Postal markets in need of urgent liberalisation

By Philippe Bodson

IT CAN confidently be said that a single market for goods has been attained in the EU, while a common market for services is still in the phase of conceptualisation – and is encountering major obstacles. This is especially true of the postal sector, where a new perspective is needed and reforms must be put in place urgently, lest it become known as the “hardest to liberalise”.

When the European Commission embarked on its journey to liberalise the postal market in Europe in 1992 with its “gradual and controlled” approach, it undoubtedly did not expect to have such a limited rate of competition more than ten years later. And while the Commission has a fundamental role to play in ensuring a faster process, the member states need to understand the benefits of an open and well functioning market.

The ongoing review of the EU's postal sector, with a number of studies being carried out on various important aspects for regulating postal services, provides a good starting point for the debate on liberalisation. The Free and Fair Post Initiative (FFPI), representing more than 7.1 million company users of postal services in Europe, as well as competitors of the national postal operators, is one of the stakeholders that will participate actively in the debate on the upcoming EU legislative proposals for further opening of the postal market.

Since its inception, the FFPI has always highlighted the negative effects of the lack of competition for the users of postal services, convinced that this translates into limited choice for consumers, unsatisfactory levels and quality of service, unjustified stamp prices, and the costs of the non-respect of competition rules by the monopolies.

The current approach, of the phasing-in of market openings by declining weight and price limits on the reserved area has not produced significant competition and, as suggested in a recent study, it is questionable whether a further transition period for market opening is necessary or wise. The FFPI wants the next proposal for a directive, which is to be submitted by the Commission next year, to support the concept of full opening by the end of 2009 at the latest. True political will is needed to overcome

the traditional social and employment concerns raised at national level as well as in the European Parliament – and the same will be needed to start following the examples of countries such as Sweden, the UK, the Netherlands, Germany and Denmark, where courageous initiatives and important reforms are taking place. Reluctant member states should overcome fear and national sensitivities and provide support for further reduction of the monopoly at European level. In so doing they will also contribute to the Lisbon Agenda goals.

In order to achieve positive results, more detailed rules are needed and vigilant independent regulators should be installed to ensure that they are correctly and fully implemented.

Currently, the regulatory framework of the EU and of most member states is too loosely knit, resulting in large grey areas or loopholes. This situation inevitably benefits the incumbents and deters potential operators from entering the market – especially since the incumbents have a substantial competitive edge, largely due to their nationwide distribution network.

One way to promote real competition would be a work-sharing downstream access system, whereby large public operators would open up their facilities for third parties, leveraging the efficiencies of the existing infrastructures. Allowing new entrants would avoid duplications and therefore would mean making best use of an efficient network to satisfy both the users' and consumers' needs and demands. A positive example of such a development is in Germany, where the Commission recently helped force access for third parties.

Effective action on the application of competition rules to avoid cross-subsidisation should remain high on the Commission's agenda. The Commission should continue to scrutinise the levels of monopolies currently in place and the monopoly pricing required to lower rates wherever possible. For this reason the FFPI has welcomed the recent initiative of Competition Commissioner Neelie Kroes, to undertake sector inquiries and wants to see the significant competitive distortions that exist in the postal sector addressed as a matter of urgency.

● Philippe Bodson is president of the Free and Fair Post Initiative (FFPI).

'The phasing-in of market openings by declining weight and price limits on the reserved area has not produced significant competition'