

Newsletter

The Free and Fair Post Initiative Newsletter
N° 15 – 1st quarter 2007

Free & Fair Post

EDITORIAL



Philippe Bodson

No more barriers to market opening

The proposal for a Third Postal Directive that is being debated in the European Parliament and the Council is undoubtedly one of the most politically interesting dossiers EU decision-makers are currently busy with.

The initial discussions held in the past days in the Parliament on the finalisation of the process of liberalisation of the postal market demonstrate that scrapping the last part of the monopoly in 2009, as foreseen in the existing Postal Directive and as recommended by the Commission, remains a sensitive decision for some.

Therefore, the timeline foreseen by the EU institutions for the adoption of the Directive seems to be at risk. MEP Ferber, the draftsman on the Directive, has clearly stated that he would like to have his report adopted in June and, along the same lines, the German Presidency of the EU is hoping to reach political agreement on the proposal at the Telecom Council in June 2007. But some key elements of the Postal Directive appear, once again, as stumbling blocks in the decision-making process.

Unsurprisingly, the maintenance of the Universal Service in a fully liberalised market is questioned as well as the options provided by the Commission to the Member States for the choice of a financing method for the Universal Service.

For those of you who follow this space regularly, it comes as no news that I am convinced that a competitive open market and a guaranteed Universal Service are perfectly compatible.

Continued on page 4

VIEWPOINT

The Importance of Postal Services for the Printed Press

**By Angela Mills Wade,
Executive Director of the European Publishers Council (EPC)**

Despite the rumors that one sometimes hears about the slow death of paper-based information services, the printed press today can count more periodical and newspaper titles than ever before. The new desk-top publishing techniques have reduced publishers' costs and made production much simpler and more efficient than previously.

Specialised newspapers, and particularly, specialised periodicals roll off the presses literally in their millions. However, the physical outlets for selling them remain, more or less, constant – book shops, news-stands and kiosks, or space within retail outlets including supermarkets and petrol stations, and have not greatly increased either in number, nor in the size of their display areas.

Thus publishers face challenges of how to distribute and meet the demand of the thousands of niche-market titles that now exist. The main answer to this challenge is that the EPC's members depend upon the postal services to deliver many of their newspapers and periodicals sold on subscription. In some countries, the postal services carry an extremely important percentage of our printed publications.

We also depend on the postal services to deliver subscription renewals to consumers and businesses and to return these with payments. Online services may have taken over much of this type of activity, but the one thing it has not made a great difference to is renewals and payment for subscriptions to newspapers and magazines.

We therefore need an efficient, fast service to ensure that our magazines or newspapers arrive in time. Late news is stale news and not much interest to anyone!

It should not be of any surprise to readers to learn that the printed press has been in the forefront of establishing and using alternative postal carriers to ensure that our printed titles are guaranteed to get to our subscribers on the day of publication. Thus when I speak of postal services I mean the whole mail market place – identified in the Mail Manifesto (published by the Postal Users Group and cosigned by the FFPI late last year) as more than four times the size of the public postal operators. The Manifesto shows convincingly that the market is worth approximately 208 billion euros and employs 5 million people; whereas the Public postal Operators (PPOs) contribute some 45 billion euros and 1 million employees to that total.

We feel the postal market is the key to the debate on postal services in the EU and that concentrating, as some have done in the on-going discussion in the European Parliament or at national level, solely on the public postal operators is short-sighted. If that 20-25% share of the total postal services sector is allowed to dictate all policy and delay the liberalisation we deserve will be in serious difficulties and will thereby put our publications and our employees' jobs on the line. That is why the EPC is supporting the widest possible liberalisation of the postal market place and the work of the FFPI.

36% OF MEMBER STATES RAISED STAMP PRICES IN 2006

Postal users are alarmed about confirmed trend for increased tariffs

The sixth FFPI survey on stamp prices in the EU shows worrying results. More than a third of EU-25 countries have increased stamp prices for domestic letters in the course of 2006. Users of postal services are concerned that Postal Operators are often over charging for their basic service and are convinced that full liberalisation is the only way to stop this tendency.

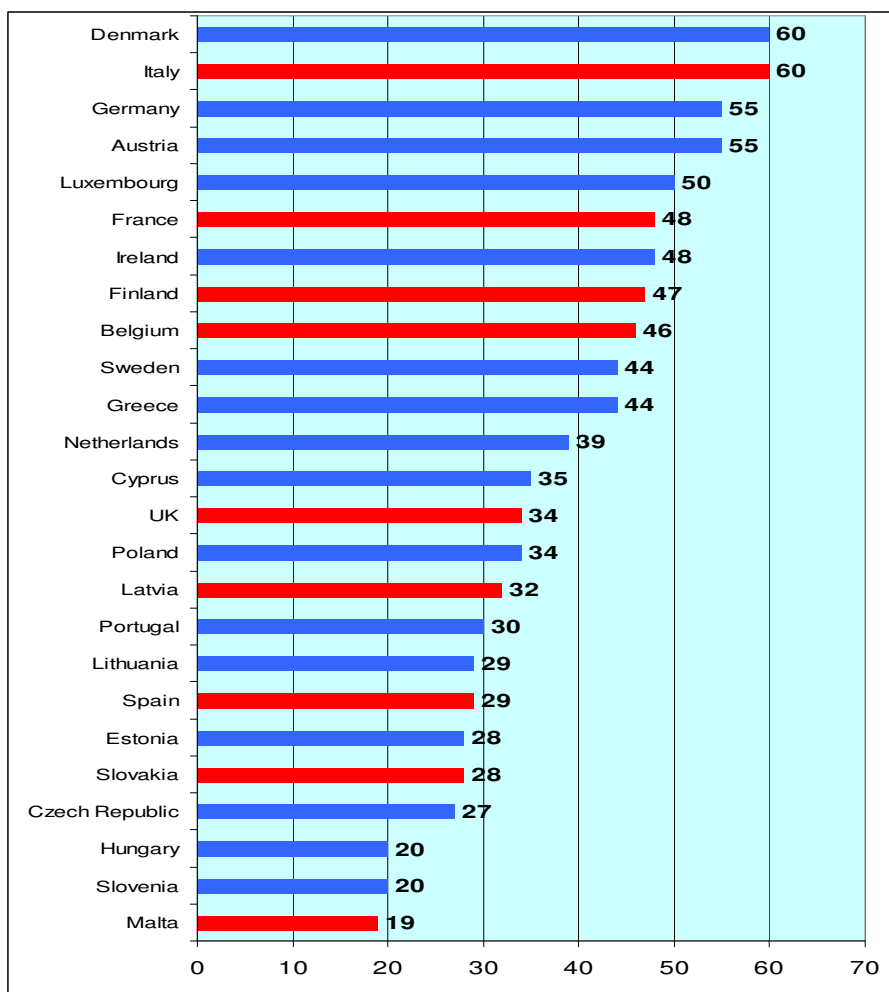
The annual comparative survey points out that prices of stamps for domestic letters have increased in 9 EU Member States during the year. This shows a worsening of the situation compared to 2005, when prices had increased at a lower.

An element of great concern to the FFPI is the recent and progressive introduction of a fast service and the consequent abolition of the basic (second class) mail service. This in fact allows Postal Operators, by offering only first class mail, to increase their prices while delivering the same service and quality that should be guaranteed by the universal service and the existing quality of service standards. This is the case of Italy, where its first class service has replaced the basic mail stamp, generating a price raise of 0,15 euro.

Article 12 of the proposal for a third Postal Directive outlines that "prices must be cost-oriented and stimulate efficiency gains". This provision is of extreme importance for safeguarding postal users and preventing abuses. For this reason, the FFPI considers that it is fundamental that national Regulators ensure the maintenance of the universal service and adequate tariff setting.

"In line with the target date set out in the current Directive, the new Commission proposal confirms the final step in this long reform process, and recommends the removal of the remaining reserved area in all Member States by 2009. Full market opening is the only way to bring choice, quality and fair prices for consumers. Therefore, it is fundamental that Member States in the next months work in a constructive manner to adopt this important economic and social reform, vital for the development of the postal sector and European economy", commented FFPI President Philippe Bodson ■

EU-25 Stamp Price Chart - Prices in Euro Cents



EU DEBATE ADVANCES ON THIRD POSTAL DIRECTIVE

Key dates for the debate on the Third Directive

The first reading of the proposed Third Postal Directive, published by the European Commission in October, is currently under way.

The Rapporteur in the European Parliament (EP), MEP Markus Ferber (EPP, Germany), has issued his draft report on the proposed Directive, and so have done the draftsmen of the so-called Opinion Committees. Debates in all EP Committees that have a say on the Directive are now holding exchange of views sessions and their members will soon have to table amendments on the initial positions.

Undoubtedly, diverging views and opinions on the way forward for postal services emerged across Committees.

At the meeting of the Transport Committee on 27 March, MEPs expressed their views on the report issued by Mr Ferber and commented mostly on issues concerning the definition of the universal service and its financing.

Another bone of contention is the final date for eliminating the remaining monopoly area. Despite the reports carried out by the Commission, which confirm that the date foreseen for full market opening, 2009, is achievable by all Member States, some MEPs have requested that further studies are undertaken in order to better assess the impact of liberalisation and clarify the funding systems adopted in each country to cover the universal postal service.

This demand, which in the opinion of the FFPI is not justified and would only help delaying the last phase of a gradual and controlled process, was rejected by a representative of the Commission that attended the meeting and that stated that Mr Ferber's report is going "in the right direction".

The same topics seem to keep Member States' representatives busy within the Council Working Group, which is meeting twice a month under the EU German Presidency to go through and discuss the Directive and where national positions are starting to become clearer.

Therefore, it appears that despite of the commitment of both MEP Ferber and the German Presidency to deal with the Directive within a short timeline and reach an agreement in June, the adoption of the text is likely to take longer than foreseen and will probably be delayed till the autumn.

The FFPI, together with other pro-liberalisation stakeholders, is prompting MEPs to support 2009 as the final date for liberalisation as postal users are convinced that the time is ripe and that granting extra time will do nothing but postpone the completion of the Internal Market for postal services and prolong legal uncertainty and the consequences of limited competition.

Below are indicated the main provisional key dates in the institutional debate on the proposed Directive ■

EUROPEAN PARLIAMENT

- Transport Committee (lead committee)
Deadline for amendments: Week 10 April
Vote in Committee: 7 May

- Opinion Committees: Internal Market and Consumer Protection (IMCO); Economic and Monetary Affairs (ECON); Industry, Research and Energy Committee (ITRE); Employment and Social Affairs Committee (EMPL); Regional Development Committee (REGI)
Debates: April
Adoption of Opinion Reports: by 6 May

COUNCIL OF MINISTERS

The calendar of the next working group meetings agreed so far is the following:

- 11 April
- 23 April
- 8 May

A political agreement could be reached by the Telecom Council on 8-9 June.

JOINT APPEAL FOR LIBERALISATION

If you want to join the FFPI and other stakeholders in calling on the EU institutions to **maintain 2009 as the final date for liberalisation**, please visit www.freefairpost.com and respond on the **FFPI BLOG!**

The case of countries where liberalisation has already taken place, such as Sweden and the UK, is a clear testimony of this fact.

As regards the funding of the Universal Service, some parties have expressed concern about the Directive's provisions in this area, arguing that the current text jeopardises the continuity of the provision of the service and ask for further analysis to evaluate how to best finance the Universal Service.

The Commission proposal, based on the specific sector studies undertaken in the past months, offers a wide range of options to Member States to choose the system that best fits their postal sector's needs and peculiarities. In my opinion, by offering to Member States a menu of different tools to finance the universal service provision in a competitive context, the Directive would guarantee greater flexibility on how it can be achieved. Therefore, I have the feeling that calling for more research and additional solutions is just a disguised delaying strategy by those that oppose liberalisation and refuse to accept bringing to an end a gradual and controlled process that has allowed enough time for preparation and adaptation.

It is time for all stakeholders involved to realise that the Internal Market is not an outdated concept, instead it has brought real advantages to all: cheaper goods and services of better quality, more jobs and access to the entire European market. Achievements of market opening in sectors like telecoms, should make those who are trying to protect their monopolistic markets think twice and acknowledge the benefits that users and businesses would reap from eliminating the reserved postal area.

As concluded by Heads of State and Government at the Spring European Council of 8-9 March in Brussels, "further liberalisation of the postal markets, while ensuring the financing of an efficient universal service", will be an important step to achieve the objective of "unlocking the full potential of the European services sector" and completing the Internal Market. I sincerely hope that this commitment will be reflected in the upcoming discussions among national representatives on the proposal and that those Member States, such as Germany and the Netherlands, which are about to anticipate the EU deadline by opening their markets on 1 January next year, will act as the driving forces of this process.

Full market opening in 2009 is a realistic goal. Postponing a long awaited decision would be a failure for such an important sector of the European economy and, more importantly, for consumers. I am confident that stakeholders will adopt a positive approach towards the future and will work constructively together to ensure that the ambitions of the Commission and of many stakeholders are realised. ■

Philippe Bodson

-
- **22-23 May 2007:** World Mail & Express Europe Conference and Exhibition, London, UK
 - **30 May – 2 June 2007:** Conference on Postal and Delivery Economics, Semmering, Austria

