

LEADERS & LETTERS

Reform of Japan Post should not be allowed to give it an unfair competitive advantage

From Mr Philippe Bodson.

Sir, Your editorial "Privatising post" (September 8) correctly identifies the need to reform Japan Post to avoid using the private savings for "politically motivated white elephant construction projects". You hit the nail on the head when you state that a phased transition, allowing the post office to offer commercial products while being privatised, is a recipe for unfair competition. If prime minister Junichiro Koizumi's reform is supported and goes through, Japan Post will remain a state-owned entity, although with a corporate structure. In the absence of full liberalisation of the postal sector, this

government-protected corporation will enjoy the benefit of a legal monopoly to likely fund unfairly its commercial activities. This move would provide the grounds for competitive distortion.

We - still - have similar examples of unfair competition in the European postal sector, where some national postal operators continue to finance their international expansion with profits resulting from the legal basic mail monopoly.

The case of Deutsche Post is striking, with more than €20bn spent on takeovers, participations and investments in commercial activities outside the public service - such as the recently announced participation in

the Danish Post - while having benefited from unlawful state aid and a highly profitable legal monopoly for basic mail services.

This kind of monopoly behaviour goes against the grain of fair competition in the postal sector, as has been confirmed by the European Commission in a string of competition decisions involving postal operators. This is why, in my opinion, Japan Post should not be allowed to benefit from a similar unfair advantage.

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