

EU postal liberalisation faces delay

Deputies vote to extend monopolies

Blow to wider competition plans

By Tobias Buck in Brussels

Full liberalisation of the European Union's market for postal services should be delayed by at least two years, according to a vote in the European parliament yesterday that would allow postal operators to retain their current monopolies until 2011.

The vote comes as a blow to Charlie McCreevy, the EU internal market commissioner, who proposed un-

tered competition in the €90bn (\$123bn, £61bn) a year market from 2009.

Though large parts of the market have already been opened to competition, the biggest and most lucrative segment – the delivery of mail weighing less than 50g – is still largely the exclusive domain of groups such as La Poste in France and Germany's Deutsche Post.

Yesterday's vote reflects the political sensitivity of Mr McCreevy's plans, which ran into tough opposition from trade unions and governments in France, Italy and elsewhere.

Critics argue that the original European Commission proposal would have threat-

ened the so-called universal service obligation – the guarantee that mail is delivered and collected even in remote thinly populated regions.

But some operators – including Deutsche Post and Dutch group TNT – support the plan to abolish postal monopolies. They hope to capture market share outside their home countries and benefit from the integration of the bloc's 27 national postal markets. Countries such as Britain and Sweden have already abolished their European partners to follow suit as quickly as possible.

The debate now shifts from the parliament to the

Opposition to a borderless market

Former postal monopolists such as France's La Poste and Germany's Deutsche Post still have the exclusive right to deliver mail weighing up to 50g.

They have retained this privilege so they can finance the provision of postal services in remote and thinly populated regions.

The European Commission has called for those remaining monopolies to be abolished by 2009 – but it looks increasingly unlikely that the plan will survive scrutiny by the

European parliament and EU governments.

The plan to open up the EU postal market is an important part of the drive to create a single borderless market for goods, services, capital and labour.

It is running into opposition from member states, keen to shield domestic companies from foreign rivals.

Cross-border takeover bids in the financial and energy sectors, in particular, have run up against protectionism.

EU members, which remain deeply divided on the issue.

Some Euro-MPs expressed hope that their compromise package would help bridge the divide between national capitals. Markus Ferber, the responsible for guiding the proposal through parliament, said: "I think this is a realistic line that will also find the support of the council [of national ministers]."

Under the parliament agreement, the EU's new member states in central and eastern Europe as well as countries whose territory boasts many islands – a reference to Greece – can delay full liberalisation by another two years beyond 2011.

But while yesterday's vote

in parliament moves the dispute closer to resolution, it raises questions over the Union's ability to push through economic reforms and tear down the last remaining barriers to trade

inside the bloc. Mr McCreevy has repeatedly called postal liberalisation a "hithus test" of the Union's ability to reform and he is likely to be disappointed by the rush to delay his plans.

The Free and Fair Post Initiative, a lobby group representing users of postal services, was disappointed at the vote: "We are convinced 2009 is the right time for ending postal monopolies across Europe," said Philippe Bodson, FPPI's president.