

Mr Jörg Reinbothe
DG Internal Market
European Commission
1049 Brussels
CC: Manuel Iglesias, Hughues de la Motte

Brussels, 6 April 2005

Re: Report on the application of the Postal Directive

Dear Mr Reinbothe,

I have read with interest the Report on the application of the Postal Directive published by the Commission on 23 March¹, which the FFPI has welcomed. The FFPI appreciates the efforts of the Commission in identifying the effects of the Directive as well as in highlighting and analysing the remaining barriers the postal sector is facing in the EU.

I was particularly encouraged by the Commission's expressed commitment to identify effective means for removing hurdles to competition in the postal sector and by the main evidence from the report that the reform of the postal sector has already brought "significant improvements notably as regards quality of services, improved business efficiency, and the separation of regulators from operators", while securing the provision of the universal service.

However, the Report also acknowledges that work still needs to be done for competition to function properly. The Commission has found that a number of elements, such as "limited initial market opening combined with sometimes limited regulatory capacity or certainty, advantages enjoyed by incumbents, and regulatory asymmetries" hamper new players in entering the market. The FFPI considers that it is key to identify the most adequate rules to be applied for the development of EU legislation on further opening of the postal sector and for the attainment of a real Internal Market for postal services. For this reason, we would be delighted to contribute to the elaboration of the on-going WIK Study on "The evolution of the Regulatory Model for European Postal Services" with our views.

Furthermore, the FFPI is also concerned about the existing problems pointed out in the Report, such as regulatory asymmetry and the continued protection for incumbents, and is particularly alarmed by the consequences that the maintenance of the monopoly has

¹ Report from the Commission to the Council and the European Parliament on the application of the Postal Directive (Directive 97/67/EC as amended by Directive 2002/39/EC) - COM(2005) 102 final

in some member States, including the risk of cross-subsidisation from reserved to commercial services and breaches of competition law by dominant operators.

Although transposition of the EU legislative framework has made considerable progress, the incorrect or incomplete implementation of the Directive in a number of countries is worrying postal users in Europe. Undoubtedly, these remaining deficiencies constitute obstacles to the completion of the Internal Market.

Of greatest importance is that truly independent Regulators are set up in all member States and that they become more effective in exercising their powers particularly as regards transparency of accounts and applying tariff principles.

Tariff control and transparency of accounts are identified as areas where greater attention from Member States and the Commission is required. As excessive pricing is an issue of special concern for the users of postal services, I would like to see the NRA's becoming more active in eliminating excessive pricing by enforcing the "geared to cost" concept and in ensuring separation of accounts for the incumbents. Regulators and other stakeholders should benefit from full transparency and insight in the exact cost structure of the universal service obligation. European consumers are in fact reported as being dissatisfied with postal services prices. Further scrutiny in this area is needed for the future.

The FFPI fully shares the view of the Report that further steps are needed to promote competition in the European postal sector and that the timeline for full liberalisation set in the Directive should be maintained. While the FFPI wishes to see 2009 as the latest date for full market opening at EU level, it encourages member States to take individual initiatives to go beyond the minimum requirements of the Directive and liberalise their postal markets in advance, as confirmed in the UK and as planned in the Netherlands and Germany. Whereas the latter two countries have indicated that full liberalisation is possible in 2007 - legally required in Germany - the FFPI would welcome that this timetable is respected and that this trend is pursued in other Member States. It is also important to note that Norway, although not a member of the EU and a country with great geographic and territorial challenges, has recently indicated that it can and will ensure the provision of Universal Service without a monopoly.

In conclusion, the Report provides facts and data that are essential for an informed and open debate on the perspectives for postal services in Europe. The FFPI will be taking active part in the debate and would like to see that all interested stakeholders will contribute to a balanced and constructive discussion on the future of postal services in Europe.

Yours sincerely,



Philippe Bodson
President FFPI