



Press Release

The FFPI welcomes German call for postal market opening.

Brussels 20 December 2005. The Free and Fair Post Initiative (FFPI) welcomed the two reports presented by the German Federal Network's Agency and the Monopoly Commission which both conclude that the licence granted to Deutsche Post AG should be scrapped as it stifles competition and leads to higher stamp prices for users.

On 15 December 2005, the German Federal network agency (Bundesnetzagentur) and the German Monopoly Commission (Monopolkommission) presented their latest reports regarding developments in postal services. The two reports, combined, provide a catalogue of arguments why Deutsche Post AG's license that gives it a quasi-monopoly for mail in Germany should not be extended beyond 2007

Examples:

- The overall objective in the German Postal Law to provide equal chances for competitors on the German market is not achieved because of the exclusive licence of the Deutsche Post AG. Deutsche Post AG still has a 93,1 % market share.
- The exclusive licence provides room for cross subsidies from Deutsche Post World Net postal activities to its other activities which distorts competition.
- Deutsche Post AG has failed to introduce transparent accounting as required by law. Such transparent accounting would help to prevent cross-subsidisation that distorts competition.
- The German system with price caps has allowed Deutsche Post AG's own capital to increase seven times since 1997, something that was not intended. This increase in the company's own capital has created the financial muscle for Deutsche Post World Net's global expansion.

Although not surprised by the findings of the German authorities, the FFPI welcomes these reports and calls upon the EU institutions and decision-makers in the Member States to follow the example of the German authorities in promoting liberalisation and to support a decision of 2009 as the final date for liberalisation in the EU.

The FFPI President, Mr. Philippe Bodson, commented: *"These Reports come from the EU's largest Member State and, again, confirm that there is potential and opportunity for market opening and to make users benefit from competition but that the current monopoly in Germany is blocking the creation of competition and real choice for users. The report also supports that monopolies should only be allowed to the extent necessary to guarantee the universal obligation and hence abolished when they have outlived this objective"*

The FFPI believes that it is important that the EC Commission takes account of these reports in the preparatory work for a new proposal for an EU Directive on Postal Services in the EU.