



EU Commission is still the only effective postal regulator.

National regulators need to be more pro-active.

Brussels, 22 September

The Free Fair Post Initiative (FFPI) welcomes the study on the role of the postal regulators in the EU. The FFPI is advocating that national regulators should play a bigger role in the introduction of fair competition in the letter mail market.

However, the FFPI regrets that, despite efforts in some Member States, the powers and resources of national regulators are currently still limited. It is of the position that the regulators should play more of a pro-active role in cost allocation, price regulation and the application of competition law, an area where the European Commission seems to be the only one “holding the fort”.

Greater Cost Transparency

With regards to cost allocation, the study reveals that national postal regulators do not properly understand the costs of the various USO related services, and how they are allocated. This creates a real problem, especially in the context of the new Annex 1, which defines the way to calculate the net costs of the universal service. The FFPI believes that it harms the ability of the regulator to pro-actively avoid any cross-subsidisation and abuse of dominant position. More transparency, better methodology and better access to data is key in a liberalised postal market. It is essential to make public service cost truly public.

Enable regulators to intervene more effectively

The study, ordered by the Commission, highlights the difference in approach, amongst the postal regulators, to price regulation. Regulators differ in their approach to ex ante versus price cap methods. The FFPI considers that regulators should have the ability to intervene in price setting ex post if required. Having an ex ante or price cap approach is not sufficient as long as the incumbent still has a dominant position in the largest segments of the mail market. Regulators should also have regulatory powers in order to intervene in case of violation of the tariff conditions.

EU Commission sets the example

In addition, the FFPI is concerned by the lack of involvement of national regulators in the application of competition law. It seems that currently, the only active regulator which has the regulatory powers to intervene in this area is the European Commission.

The European executive has assumed its responsibilities and played a significant role, in the past years, by taking numerous important decisions on cases dealing with the abuse of dominant position or unfair State aid. Its decisions have been key in the implementation of the Third Postal Directive and the development of a fair postal market. It is therefore key that it continues to take decisions on current pending cases, such as the case related to the Belgian Post or Deutsche Post.

However, the FFPI regrets the lack of national action in this area. In the absence of the national regulators' ability to effectively intervene in price setting (ex post and ex ante), the FFPI considers that the role of the national competition authority should be strengthened in the market dominant / universal service area. There is no value in having a soft regulator in the market segment that is subject to market dominance and where regulatory intervention is most necessary.

Conclusion

Today, the FFPI is also issuing its comparison study on the implementation of the Postal Directive in France, Germany, the Netherlands and Belgium. In this study, it is noted that differences persist in the way Member States are implementing the Third Postal Directive, and that barriers to enter the market remain. The national regulators will also have an important role to play in implementing the Directive, and in developing free and fair competition across the EU. In addition to giving them more powers and competences, it will also be key that they develop better cooperation amongst them, sharing best practices and knowledge.

For the FFPI, the national regulators have a key role to play in the shaping of the future postal market. It is therefore essential that they get enough powers and resources to play a pro-active role in the development of competition in the letter mail sector, safeguarding a level playing field in the broader delivery sector.

The Free and Fair Post Initiative (FFPI) is a unique European initiative that brings together users and competitors of the public postal operators who strongly believe in the benefit of a liberalised and more competitive postal market. The FFPI key objectives are to secure full liberalisation of postal services and a fair playing field in the postal sector to prevent public postal monopolies to turn into private ones.

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