

## POSTAL SERVICES:

# COMMISSION FINES DEUTSCHE POST FOR ABUSE OF MARKETPLACE

*The European Commission fined on Deutsche Post on July 25 for delaying mail from other Member States, but was only able to set it at a token Euro 1,000 because of a legal technicality. However, the Commission said that Deutsche Post could expect far heavier penalties in the future if it continued its current behaviour and the company should immediately put a stop to the anti-competitive practice. The Commission said the German postal company had abused its position in the marketplace to intercept and delay international mail. The original complaint was brought to the Commission by the United Kingdom's Post Office, now known as Consignia, in 1998.*

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*«Today's decision by the Commission emphasises the importance of swift and efficient postal services within the European Union,»* said Competition Commissioner **Mario Monti**. *«We make it very clear that dominant postal operators such as Deutsche Post may not impede the free flow of mail between Member States. Companies that have been awarded wide-ranging monopoly rights have a special responsibility not to abuse their dominant market positions by behaving anti-competitively. By only imposing a symbolic fine, we recognise the fact that the behaviour of Deutsche Post had in the past been condoned by German courts. However, the symbolic fine should also be regarded as a clear signal that now that the legal situation has been clarified - future abuses of a similar nature will result in severe penalties.»*

The dispute between the Consignia and Deutsche Post arises from a disagreement about whether a sender of business mail who uses an address in Germany to deal with the replies should be defined as international or a domestic user. Deutsche Post was alleged to have intercepted mail and refused to deliver

the replies to addresses in Germany unless the same charge as a German-based company was paid.

The Commission's investigation found that the mailings in dispute were sent from the UK by businesses that were based in Sweden or the Netherlands. It said that the mail should be treated as normal international post despite it having a reply address in Germany and that therefore Deutsche Post had abused its dominant position in the market as laid down in Article 82 of the EU Treaty.

The reason for the low fine was because the German courts had previously backed Deutsche Post, and that at the time of the original complaints there was no clear cut EU case law.

The Commission's move was welcomed by business grouping **The Free and Fair Post Initiative (FFPI)** which represents 7.1 million companies that use postal services. *«The FFPI congratulates the Commission for the speed and efficiency with which it conducted the proceedings and adopted a decision on this important case. We welcome Mr Monti's statement that this decision represents a clear signal that future abuses will result in severe penalties,»* said **Philippe Bodson**, president of FFPI.

However, the business grouping believes that the problem of postal companies abusing their power over the market and calls for more regulation of the system. *«The current situation of vagueness is no longer sustainable. The FFPI fully backs the Commission's efforts in ensuring that rules governing competition are truly respected and in promoting the achievement of an open and dynamic internal market in the postal sector,»* said Mr Bodson.