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**LETTERS TO THE EDITOR: Postal monopolies must play fair**

By Philippe Bodson

Sir, Lex, in its note on TPG, the Dutch postal incumbent (August 5), correctly refers to TPG's "strong domestic mail business" as a steady source of profits, 70 per cent of earnings before interest, tax and goodwill amortisation, to be exact. The note also compares TPG's results with Deutsche Post's performance.

Both companies have built respectable mail, express and logistics conglomerates that operate on a global scale, and both still benefit from a monopoly situation in the domestic letter mail market.

A recent study by Nera (National Economic Research Associate) indicated that Deutsche Post achieved a 54 per cent profit margin on its monopoly services in 2002 ([www.nera.com](http://www.nera.com)). These unnecessary high profits in the reserved area made by the German public service provider result in excessive stamp prices paid by users. Similar conclusions regarding TPG were recently reached by OPTA, the Dutch postal regulator, which also recommended a cut in tariffs because of the high financial returns TPG is receiving from the reserved area.

As long as postal monopolists do not apply a fair and clear pricing system to their monopoly services, companies' results should be questioned and tested to prevent market distortions. Postal users are often paying prices that would not survive in a post-monopoly market.

The Free and Fair Post Initiative calls on the competent authorities, at national and European Union level, to look seriously into the NERA and OPTA scrutiny and suggests that measures, such as a financial analysis of monopoly results and results related to non-reserved activities, are taken to address these issues in the interest of users and fair competition.

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