



EUROPEAN
REGULATORS GROUP
FOR POSTAL SERVICES

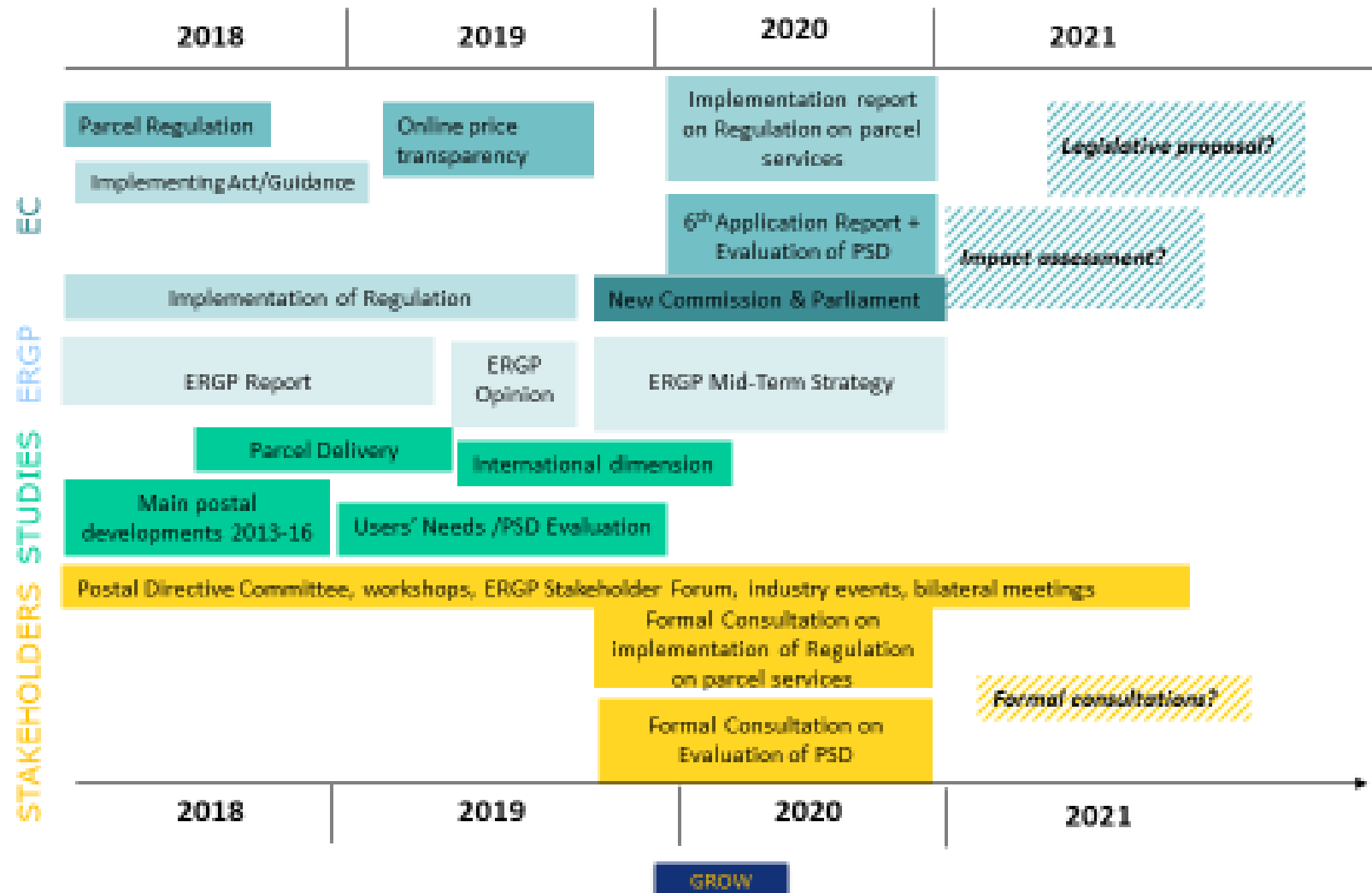
China – Europe Forum on Postal Regulation

Beijing, 9 October 2019

The review of the EU regulatory framework and
its developments in the future

João Cadete de Matos
ERGP Chair 2019

Overall timeline



What has the ERGP been doing?



Review of the regulatory framework for postal services

- Report on developments in the postal sector and implications for regulation (**March 2019**)
- Opinion on the review of the regulatory framework for postal services (**June 2019**)
- ERGP Stakeholders Forum, 18.09.2019
- Stakeholders Meetings
- Public consultations

ERGP REPORT

on market developments

TRENDS AND DEVELOPMENTS

- Technology and digitisation
 - Changing users' behavior leads to steep decline in letter mail (e-substitution) and growth in parcel delivery (e-commerce)

Total Postal Volumes: annual average change (2013 to 2017)

	Annual average change
1. Total Postal Volumes	-4.1%
1.1 Total Letters Volumes	-4.7%
1.2 Total Parcel Volumes	18.8%

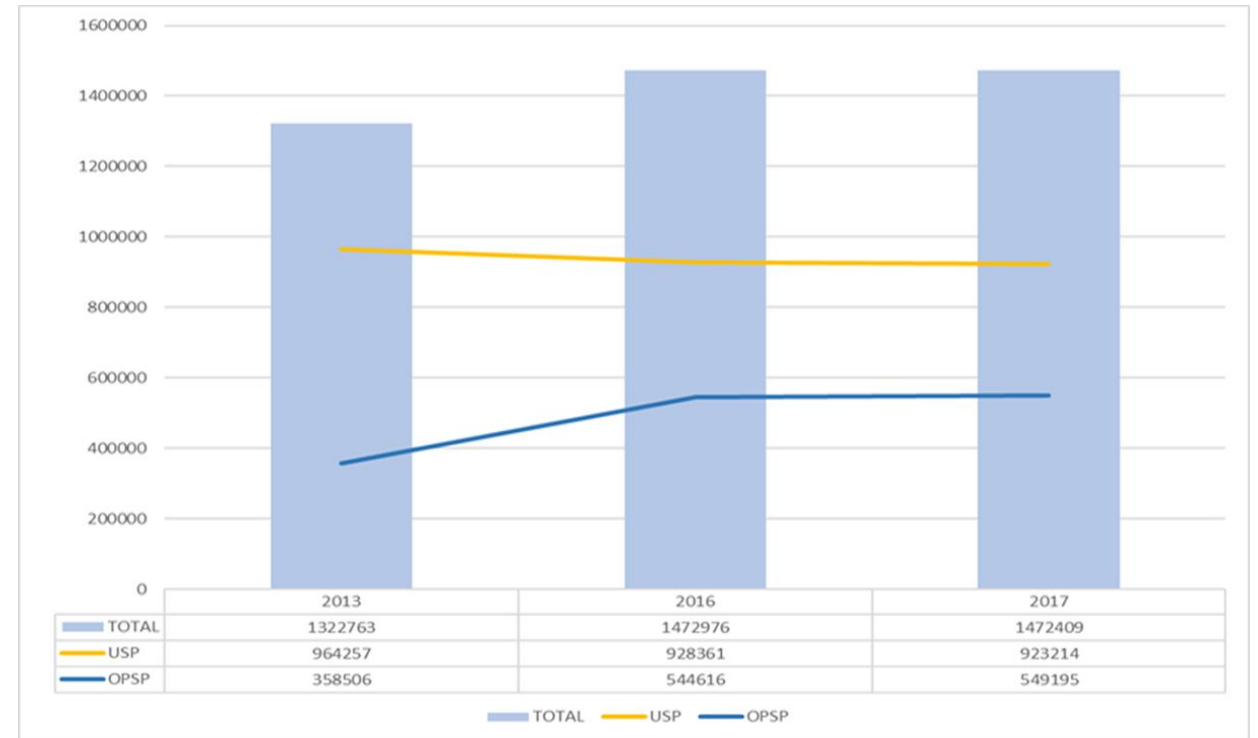
Source: ERGP data

- Changing business practice: Re-dimensioning of networks; Diversification of activities; New business models, innovative services; Vertical integration (on-line platforms in delivery)
- Market becoming more receiver oriented.

TRENDS AND DEVELOPMENTS

- Convergence of markets, products and services (Postal & transport, hybrid-mail, express)
- Environmental aspects and effects
- Demographics (Aging Population; Population in rural/remote areas)
- Labour conditions (Use of temporary employees; Subcontractors)

Total employment by USP and Other Providers: 2013-2017



REGULATORY IMPLICATIONS

- Reconsider concepts and definitions
- Competences of NRAs on monitoring and data collection
- Promoting competition:
 - In letter mail segment?
 - In parcels segment?
- Sustainability of universal service
 - Quality and scope
 - Affordability
 - Vulnerable users and targeted solutions

ELEMENTS FOR A NEW FRAMEWORK

- Fit for purpose & Future proof:
 - Prospective analysis of the nature/implications of trends and developments
 - Determine objectives of regulation (Effective competition; users' interests; inclusivity)
 - Clear concepts/ definitions (What is “postal”, “postal market”?)
 - Design of universal/basic services
 - Ability to adapt/flexibility

ERGP OPINION



- Fundamental changes in markets and society
- PSD needs upgrade or overhaul
- Market-oriented greenfield approach vs rule-based approach
- Competition remains valid objective
- Universal service needs new solutions
- Flexibility
- Need for a clear and consistent vocabulary
- Role and function ERGP

ERGP Opinion

on the review of the regulatory framework for postal services



CONTENT OF THE ERGP OPINION



- ERGP proposes a fundamental greenfield approach in revising/ reforming the postal regulatory framework:
 - Current directive is outdated: no longer fit-for-purpose nor future proof;
 - Fundamental changes in society and market warrant thorough reconsideration of objectives, concepts and principles of new regulatory framework;
- Two perspectives in considering regulation:
 - perspective of the market and competition;
 - perspective of the user of postal services.

MARKET PERSPECTIVE (1)

- New regulatory framework governing the postal sector:
 - reorientation from universal service provision to a proper functioning of markets and competition;
 - based on the principle: regulatory intervention takes place in situations of identifiable, actual or potential market failures;
- Market entry regimes should ensure promotion of competition;
- NRAs sufficiently equipped to promote competition, monitor the market and impose regulatory obligations;
- SMP is an appropriate instrument.

MARKET PERSPECTIVE (2)

- Delivery of postal items as means of communication will become less relevant than delivery of goods; there could be reasons to distinguish between the two segments of the market;
- Proper definitions of “postal market”, “postal service” and “postal operator” are needed; assessment of the distinction between letters and parcels;
- Any postal provision should be linked to processing physical items for delivery at a specified address or location;
- To what extent digital elements (e.g. hybrid mail, digital mailboxes) need to be included in the scope of the postal framework?

USERS PERSPECTIVE (1)

- Reorientation from a sender-oriented to a receiver-oriented postal market;
- Safeguarding users' interests, protecting users' rights require continued attention;
- Assess whether existing general provisions on users' protection are sufficient or whether specific or additional provisions are needed for the postal sector or for different categories of postal users;
- New regulatory framework must allow for sufficient flexibility
- Assess if the concept and content of US are still adequate or need adaptation

USERS PERSPECTIVE (2)

- Principles of economic and social inclusion, regional cohesion and consumer protection are valid: ensure that a minimum set of postal services, at a certain level of quality and at acceptable prices, are available to all users
- Allow for possibility of targeted measures: same result at lower costs;
- Simplify the existing methodology for US net cost calculation and ensure that it and its outcomes do not introduce competitive distortions.

General aspects of regulation (1)

- New framework should provide MS & NRAs with sufficient flexibility:
 - to address national specificities;
 - within general framework of common rules and principles;
 - competences to promote competition set at the EU level (not optionally);
- Balance between level of harmonization for consistent implementation and room to manoeuvre for MS and NRAs;

General aspects of regulation (2)



- Independent role, function and competences of NRAs should be ensured through minimum harmonization;
- Role, position, competences and the institution of ERGP need due consideration

Recommendations

1. Use a greenfield approach in establishing a new regulatory framework
2. Reorient the focus of the regulatory framework from the US provision to a proper functioning of the postal market
3. Set a clear scope of the postal sector
4. Bring comparable services together in the same regulatory framework
5. Strengthen and ensure minimum harmonization of NRAS's powers to intervene in the market in order to promote competition and address market failures;

Recommendations

6. Guarantee that a minimum set of postal services is available to all European citizens, taking into account the national circumstances
7. Ensure the consistency of the nrw regulatory framework with other regulatory frameworks
8. Strengthen and harmonize NRAs' powers and instruments
9. Strengthen the institutional framework for ensuring cooperation between NRAs
10. NRAs tasks and the role and function of ERGP as an independent advisory body to the European institutions could be recognized by the new regulatory framework.

What will ERGP do in the future?



- Report on definitions in the postal sector (June **2020**)
- Advice to the European Commission on the postal regulatory framework (if and when requested)
- Evaluation of the cross border parcel regulation
- Monitoring the postal market
- 3rd ERGP Stakeholders Forum, September 2020
- Stakeholders Meetings
- Public consultations

*Thank
you*