



Regulating Postal Liberalisation The Spanish Case

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Summary

- 1. Pre-liberalisation Status:**
 - 1.1 Statutory Framework
 - 1.2 Postal Market Situation.

- 2. The New Postal Act (Law 43/2010): Regulatory Changes.**

- 3. CNSP Role As Sectorial Regulatory Authority.**

- 4. Future Challenges**

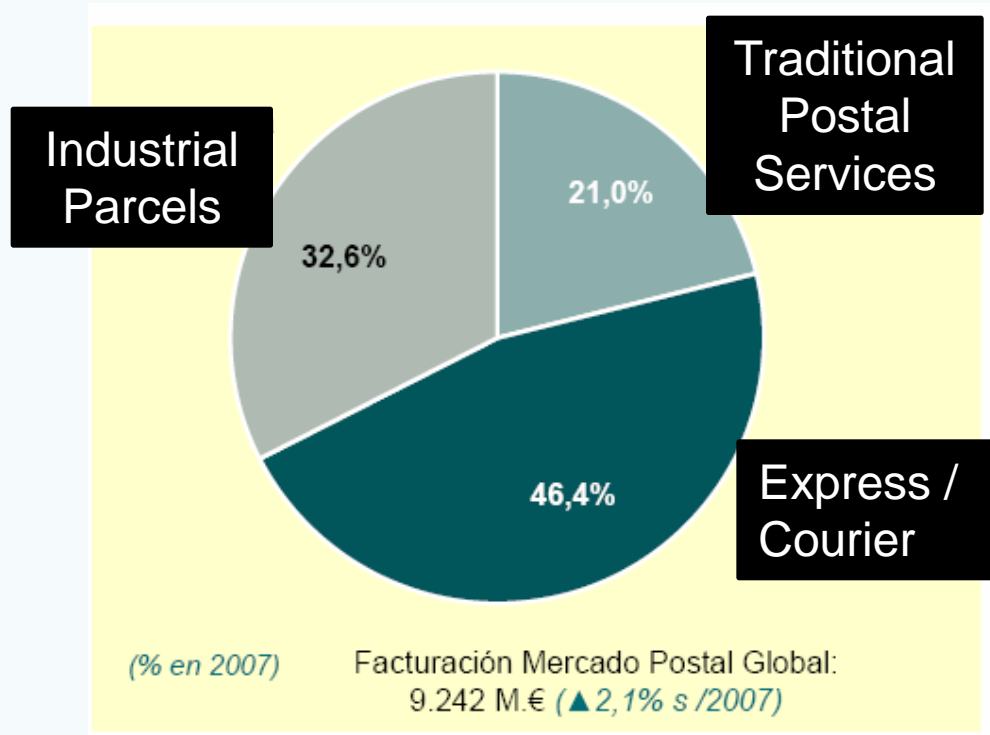
1. Pre-liberalisation Status

- **Partially liberalised market, with reserved area for the Universal Service Provider (USP)**
- **One appointed USP**
- **The Infrastructures and Transports Ministry (Ministerio de Fomento) was the regulation authority; determined the net cost of UPS and controlled its quality**

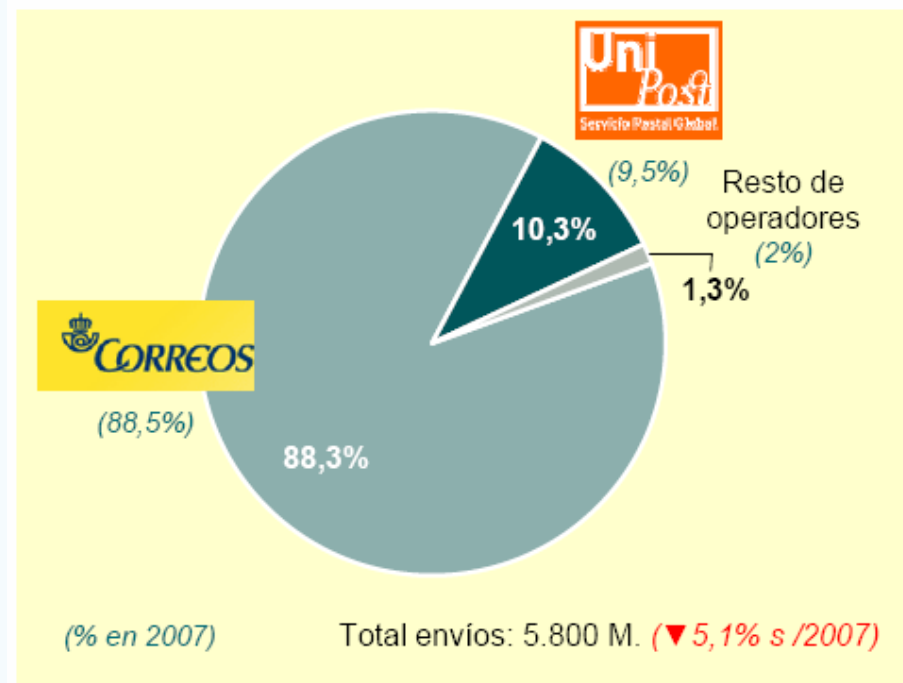
- **The financing of the UPS was carried out through the reserved area and public funding.**
- **Individual authorization was required to operate in the UPS area and a mere declaration to operate in the rest of the market (since December 2009).**
- **Network access was allowed to competitors in the UPS area at any access point.**

MARKET SEGMENTATION			PRODUCTS/SERVICES	
Traditional Postal Services	UPS	Reserved Area	Intercity Letters <50 gr	Monopoly
			International Letters <50 gr	
			Registered and Insured added services included	
			Postal Money Orders	
	Non UPS	Non Reserved	Intra City Letters	Liberalized
			Intercity Letters >50 gr	
			International Letters >50 gr	
			Parcels <10 kg	
			Direct Mail	
			Periodicals	
Catalogues				
Books				
Parcels >10 kg to 20kg				
Rest Of Market	Express- Courier	Courier /Express	Liberalized	
		Urgent Letters		
		Low Weight parcels		
		Products /Services with added value		
	Industrial Parcels	High Weight Parcels		
		Products /Services with added value		

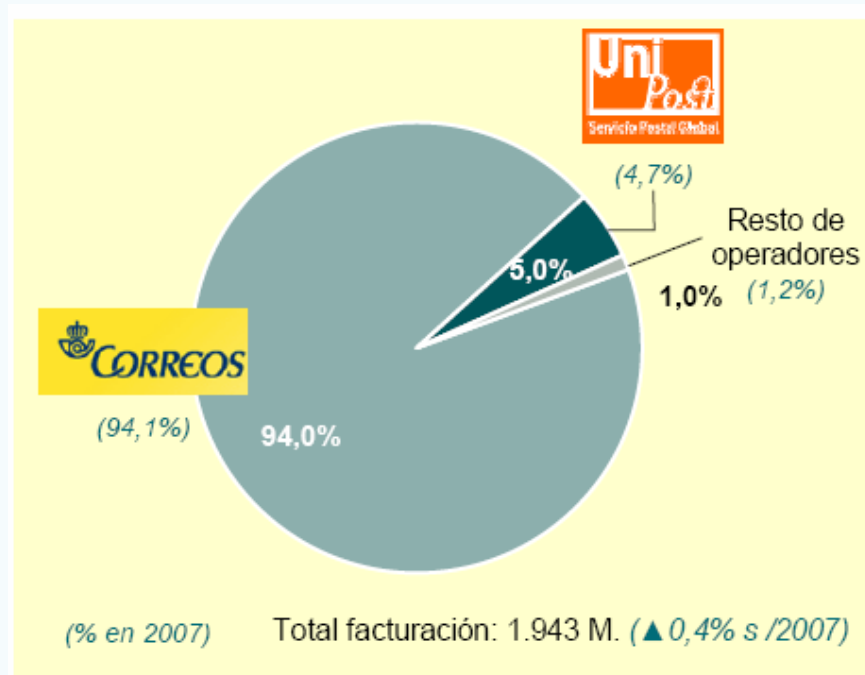
Postal Market Revenues(2008)



Main Operators' Market Shares Traditional Postal Market 2008 – Number Of Items

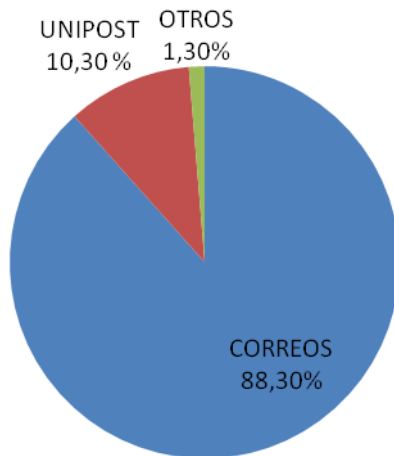


Main Operators' Market Shares Traditional Postal Market 2008 – Revenues

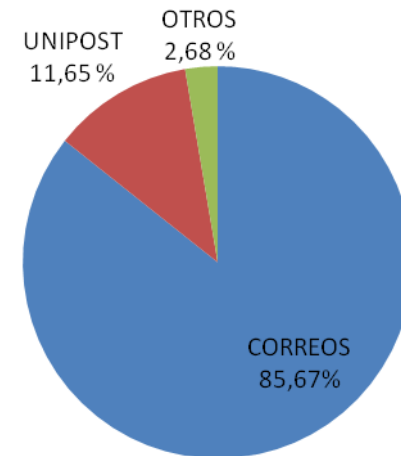


Traditional Postal Market Market Shares Evolution 2008-2010

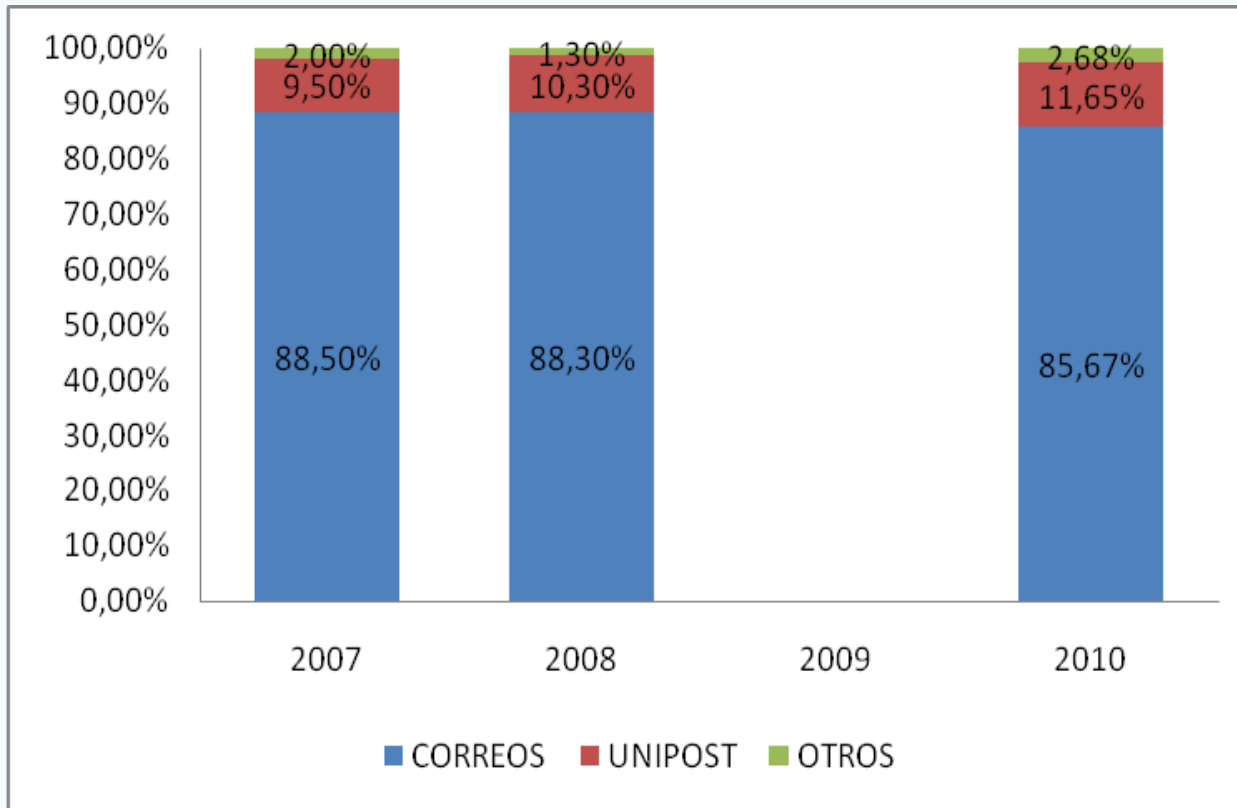
Market Share 2008 – Number Of Items



Market Share 2010 – Number Of Items



Market Shares 2007-2010



2. The New Postal Act (Law 43/2010): Regulatory Changes

Objetives:

- 1. Ensuring rights of users and operators and their workers.**
- 2. Ensure the provision of universal postal service.**
- 3. Ensuring the quality, effectiveness and efficiency of the postal market.**

Universal Postal Service (UPS)

- **A set of services:**
 - > Quality stated by Law
 - > Provided permanently in Spain
 - > At affordable prices for all users

- **Products And Services Included:**
 - > Letters and postcards up to 2 Kg
 - > Postal packages up to 20 kilograms
 - > Services for registered items and insured items

- **USP shall be provided according to the “*Plan for Provision of Universal Postal Service*”, approved by the Government, previously assessed by CNSP.**

Financing of Universal Postal Service:

A compensation fund is established. It will be funded by:

- Contributions of postal services providers (taxes).
- Public funds (according to the “*Plan for Provision of Universal Postal Service*”).
- Others.

The compensation fund will be administered by CNSP

Users Rights:

- **Guaranteed permanent provision of a postal service, of specified quality, in all national territory, at affordable prices.**
- **Right to be Informed : postal operators must inform regarding the particular features of the service offered , prices, quality standards level, compensations and procedures for dealing with complaints (transparent, simple and inexpensive).**
- **Right to complaint and appeal.**
- **Right to reimbursement or compensation.**
- **Setting a new system of penalties**

The Postal Market is set as an open and balanced market, open to competition and with full respect of users rights

- **Full competition . There are not special rights for USP or other operators.**
- **The Postal Market is regulated and monitored , by an independent National Regulatory Authority, the *Comisión Nacional del Sector Postal (CNSP)*.**
- **Access to the market through a “*general authorisation*” for services not included in the scope of the UPS and “*individual licence*” for those included.**
- **Access to the USP network of all private operators through a standard contract and prices assessed by CNSP.**

Network access open to private operators:

- **Droppings are introduced on massive intake centers for final distribution.**
- **Access tariffs shall be transparent and non-discriminatory and will cover the incurred costs, taking into account avoided costs.**
- **Tariffs may not cause economic losses for the USP neither increase the funding requirements of Universal Postal Service.**
- **The Universal Service Provider will negotiate access with other operators on a standard contract, previously approved by the CNSP.**

3. CNSP Role As Sectorial Regulatory Authority

- **The CNSP was created in 2007 but did not start the actual exercise of his functions until October 2010.**
- **Its main objectives are to assure:**
 - 1. The proper provision of Universal Postal Service.**
 - 2. Fair competition in the sector in adequate conditions of quality, effectiveness and efficiency.**
 - 3. Full respect of users and postal operators and their employees rights.**

Duties related to market competition:

- **Grant individual licenses and receive declarations (Operators Registry)**
- **State binding Instructions for companies operating in the postal sector, aimed to keep and promote a plural offer in the postal market and to protect users rights.**
- **Network Access:**
 - > **Approve the Network Access Standard Contract.**
 - > **Solve disputes between operators by setting access conditions if operators disagree on setting it**
 - > **Develop criteria to set access tariffs**

Duties related to Universal Postal Service (I):

- **Assess the “*Plan for Provision of Universal Postal Service*” and the contract between USP and the State prior to the approval by the Government.**
- **Monitoring USP compliance with quality UPS objectives.**
- **Derogate home delivery general rules for specific cases.**
- **Approve or deny the request for suspension of service due to force majeure.**
- **Review service prices**

Duties related to Universal Postal Service (II):

- **Related to UPS cost and funding :**
 - > **Determine the UPS net cost and unfair financial burden.**
 - > **Management of the Compensation Fund and assess about its adequacy.**
 - > **Inform the accounting criteria for the supplier of UPS.**
 - > **Verify the correct application of accounting separation rules (between USO and non USO products and services).**

Duties related to users protection (I):

- **Solve disputes between users and operators of postal services (in the absence of agreement).**
- **Ensuring that all postal operators have put in place transparent, simple and free procedures for the resolution of claims.**
- **Ensuring that postal operators have put in place procedures to compensate users in case of destruction or loss of items or breach of conditions of service delivery.**

Duties related to users protection (II):

- **Ensuring the right of users to be informed about:**
 - **Deposit Conditions**
 - Prices
 - Quality Levels
 - Compensations and deadlines to be compensated
 - Applicable Technical Standards
 - Complaint and appeal procedures

- **Ensuring the protection of users with special needs.**

4. Future Challenges

General

- **Secondary legislation have to be developed by Government**
- ***“Plan for Provision of Universal Postal Service”*, has to be approved by Government**
- **Contract between USP and State has to be subscribed**

Specific

- **Providing financial sustainability to UPS system.**
- **Active contribution in developing competition in the market.**
- **Introducing efficiency as criteria to monitor the UPS performance.**