ERGP REPORT ON DEVELOPMENTS IN THE POSTAL SECTOR AND IMPLICATIONS FOR REGULATION

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The Report

- Is the PSD fit-for-purpose & futureproof?
- Which trends and developments affect the postal sector?
- What are the regulatory implications?
- What are the elements of a new regulatory framework?
- Conclusions and observations
- Public Consultation
Trends and developments

- Technology and digitisation
  - Changing (postal) users’ behaviour and leading to:
    - Steep decline in letter mail (e-substitution);
    - Growth in parcel delivery (e-commerce);
  - 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.

- Convergence of markets, products and services
  - Postal & transport, hybrid-mail, express

- Environmental aspects and effects

- Demographics
  - Aging population in EU;
  - Population in rural/remote areas

- Labour conditions
  - Use of temporary employees and subcontractors
Regulatory implications

• Reconsider concepts and definitions;
• Competences for NRAs on monitoring and data collection;
• Promoting competition:
  – In letter mail segment?
    • Access regulation?
    • On infrastructure/on services?
  – In parcels segment?
    • Sufficiently competitive?
    • Ensure a level playing field?
• Sustainability of a universal service:
  – Modifications in quality and scope?
  – Affordability;
  – Net cost calculation/compensation;
  – 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?
    • What is “postal”, “postal market”?
    • What market segments need regulation and how?
  – Clear concepts/ definitions
  – Designs of universal/basic services;
  – Ability to adapt/flexibility;

• Greenfield approach?
Conclusions and observations

• 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 is essential element;
• Need for a clear and consistent vocabulary;
• Role and function ERGP.

Public Consultation

• Main comments

Next step

• ERGP Opinion on the review of the regulatory framework for postal services.
Thank you for your attention.