

2005 World Post Day

11 October 2005

Minister of Parliamentary Affairs

Minister of Public Works, Transportation and Communications

Joint Deputy Secretary of State for Public Works and Communications

Dean of the University of Coimbra

Chairman of the Rádio e Televisão de Portugal (RTP)

Chairman of the Board of Directors of the Fundação Portuguesa das Comunicações

Chairman of the Board of Directors of CTT – Correios de Portugal

Chairmen of other companies from the sector,

Ladies and Gentlemen,

It is the National Communications Authority's great pleasure to join once again the celebrations of the World Post Day and of the creation of the Universal Postal Union, now 131 years old.

I start by saluting the Fundação Portuguesa das Comunicações, represented by the Chairman of its Board, which work in publicizing our sector's historical, scientific and technological assets should be highly praised.

In this scope, I mostly welcome the permanent exhibition on the 500 years of the history of communications, which postal circuit we are going to inaugurate today, thus completing this exhibition, which first path – that of telecommunications – was opened by the Minister of Public Works, Transportation and Communications last May, on the World telecommunications Day.

This is an exhibition of undeniable quality and recognized success, which completion was only possible due to the co-operation and engagement of several entities. It is therefore an honour, also as founder of the Fundação Portuguesa das Comunicações, to have the Chairman of RTP in this event, whom I thank for his support to this project.

The permanent exhibition's Catalogue, released today, is a prestige edition that collects and illustrates all of the exhibition's assets. Once again, the Fundação Portuguesa das Comunicações is to be congratulated for taking this job to its fullest possible result. I would therefore like to extend a public recognition to all those who contributed to the making of this exhibition.

Ladies and Gentlemen,

I find it appropriate at this occasion to highlight some of the strongest trends of the postal sector: postal traffic stabilization, reaching in 2004 its 2000 level; increase in express mail traffic, being noteworthy the mounting alternative operators' market share, currently slightly above 60 per cent. On the other hand, in the market of liberalized services other than express mail, group CTT has a share around 97 per cent. Finally, mention should be made to the operators' investment in new market areas, with an intensification of the operation of other activities in related markets

(mail orders, electronic commerce, logistics, hybrid mail and new services based on information and communication technologies).

Postal sector regulation's final purpose is to assure the satisfaction of the populations' and business activities' need for postal services. In rendering this purpose concrete, regulation should:

- a) Promote the gradual liberalization of the postal sector, stemming from the European Union's regulatory framework, assuring that postal operators have access to the market in equal and non discriminatory conditions, including the access to CTT's public postal network,

but also

- b) Guarantee the existence and availability of the universal postal service – the permanent provision of postal services with a specified quality in every point of the national territory, at affordable prices to all users.

As from 1 January 2006, the third stage of market liberalization will be implemented, with the opening to competition of correspondence weighting 50 grams or more, or costing at least two and a half times a 20 grams national priority mail letter (current price \geq €1,125) ¹.

Until the end of 2006, the European Commission must release a proposal confirming or not 1 January 2009 as the date for the full accomplishment of the postal services internal market. ANACOM will follow the studies developed by the Commission and will make its autonomous studies aiming at preparing the national position on this important phase.

¹ Currently, the provision of the following services is liberalized: correspondence weighting at least 100 grams and price at least three times the price of a 20 grams national priority mail letter (price \geq €1,135), as well as parcels and newspapers and periodical publications.

Resulting from market liberalization, a greater competitive pressure on the universal service provider is expected, with all possible benefits for consumers and companies: wider service offer, better quality, services that are more adjusted to the clients' needs, growing electronic replacement in the postal service – which, in turn, becomes an incentive for the development of market competition.

The regulator is responsible for assuring that consumers obtain the maximum well-being in terms of service quality, prices, diversity and universality. In the specific case of the postal sector, the regulatory practice in Portugal has essentially been based on the price-quality ratio, conditioning the evolution of consumer prices to the fulfilment of goals regarding quality of service. The depth and extent to which quality of service regulation is practiced in Portugal is very positive vis-à-vis other practices in the European Union, as highlighted in recent studies by the European Commission and also by the recent adoption of this kind of solutions by other European regulators.

In the scope of quality of service regulation, the regulator assures and monitors the quality of the universal postal service, namely through the following activities: quarterly analysis of the quality levels sent by CTT; auditing of the systems measuring the quality of service and the handling of claims; surveys of quality of service perception; analysis of claims and information from postal services users.

Regarding the first of these issues, I am pleased to make public today the favourable global evolution in the quality of service levels monitored by ANACOM. As an example, the percentage of normal mail distributed until the 3rd weekday was, in 2004, of 97 per cent, 1.4 percent above that of 2003; the percentage of normal parcels delivered until the 3rd weekday was of 92.6 per cent, 7.6 per cent above that of 2003. The monitoring done in 2005 confirms this trend, since the values from the 2nd quarter are above those in the same period of 2004.

ANACOM pays special attention to the quality of service evolution in the Autonomous Regions of the Azores and Madeira. In this scope, a specific quality of

service indicator for delay in priority mail routing in the Autonomous Regions² was introduced in 2004, with a positive evolution from 2004 to 2005 (the last data, concerning the 2nd quarter of 2005, show a better performance than both that of the 1st quarter of 2005 and of the 2nd quarter of 2004).

In the scope of the postal quality of service monitoring and inspecting, ANACOM also surveys quality of service perception. According to the preliminary results of the last study, conducted this year, most of the people surveyed (86.3%) considered the evolution of postal services in the last 12 years to be positive.

Naturally, ANACOM also has an active role in regulating universal service prices, aiming at assuring the compliance with the tariff principles of cost orientation of prices, non discrimination, transparency and uniformity. As I mentioned before, the average variation in the reserved services' prices depends on the fulfilment of the quality of service levels defined in the Quality Agreement. In the current Price Agreement, in force until the end of the year, the variation in reserved services' prices cannot be above CPI minus 0.5 percent each year.

Besides the guarantee of universal service provision, with adequate quality and affordable prices, user rights protection is also reinforced by postal operators' duty to publicize the services they provide and the conditions related thereto (e.g. prices and quality of service standards), as well as to adequately handle complaints. It should also be noted that ANACOM consults both the Consumer Institute and Consumer Associations regarding price and QoS Agreements.

Before I finish, I would like to mention the actions that ANACOM is currently undertaking and those that will occur in the future, in the scope of the postal sector:

a) The recent approval by ANACOM's Board of Directors of the draft regulation defining the rules to evaluate the communications of the closing universal postal

² QSI3 – Priority mail routing delay (D+2) – CAM. CAM includes the flows between the Mainland and the Autonomous Regions, between the Autonomous Regions and inside the same Autonomous Region.

service concessionaire or the decrease in working hours of postal establishments – published today on our website – clarifying the regulator’s modus operandi on this matter;

b) The release, until the end of this year, of a study on the postal sector and its development perspectives in Portugal, which, after analysis by ANACOM and consultation to the operators, will allow the regulator to prepare its course of action for the next stage of the liberalization process.

c) The revision of the Price and Quality Agreements that are in force until the end of the year, aiming at safeguarding, namely, the promotion of competition by means of cost oriented prices; the guarantee of an affordable, quality universal service provision; and the protection of consumers’ interests and the prevention of abuses from dominant players.

Thank you very much for your attention.