Country sheet: Greece

1.1 Summary

Mail market characteristics

The Greek mail market is characterised by:

(i) Difficult terrain for part of the country;

(ii) Low mail volumes per capita;

(iii) A VAT-exemption for the NPO;

(iv) Little regulatory interference.

Regulatory developments

- In 2003, Law 3185 was introduced in order to harmonise Greek postal regulations with Directive 2002/39/EC. The reserved area in Greece includes addressed postal items below 50 grams and up to two and a half times the tariff in the first weight.

- In Greece, ELTA has been designated as the sole Universal Service Provider (USP). ELTA is under the obligation to meet the quality standards and the delivery times which are described in the relevant Ministerial Decision (MD).

- A licence is needed for the provision of universal services. There are no significant barriers to obtain a license.

Market developments

- Total turnover of the Greek postal market in 2006 amounted to € 671 million, compared to € 631 million in 2005 (including parcel mail and express). As of 31 December 2006, the Greek NPO's market share in the total mail market amounted to 93% in terms of volumes, and 60.3% in terms of turnover.

- Competition in the (licensed) universal service area – and hence the addressed mail market - is still very limited. The five individual licensees have obtained a market share of 0.9% and 0.4% in terms of volumes and turnover, respectively.

- The market for express courier services is a competitive market with both increasing revenues and volumes. In 2006, this market reached a turnover of € 263 million, corresponding with 45 million items. Of the total mail market, this equals a share of 6.1% in terms of volumes, and 39.3% in terms of turnover.

- As of 31 December 2006, the number of postal operators with a general authorisation increased to 341. The number of registered postal operators almost doubled during the period 2000-2006. However, there is still a high degree of concentration, since over 76% of the market in terms of volume is occupied by the five biggest sector companies. The total revenue of the same enterprises represents 69% of total market turnover. However, both of these figures seem to be decreasing.

- There is a VAT exemption for ELTA on the provision of universal services. No other barriers to entry are known.

Other issues

- The number of jobs in the Greek postal sector increased 5.8% between 2004 and 2006. Moreover, there appears to be a gradual shift from part-time to full-time employment.

Discussion points

- Although ECORYS observes that courier services face substantial competition, it also notes that ELTA still enjoys a dominant position, because of current license, VAT and access regimes.

- Currently, the legal and geographic environment in the Greek postal market enable ELTA to provide postal services with medium to low productivity without reaching the prescribed quality of service standards and still enjoy an overall market share of 93%.

Summary information on market developments:

Postal market segment / aspect	Competition (market shares)	Main competitors / remarks
Express Parcel (main players) Unaddressed Cross-border mail Addressed mail (market share CPOs)*	Market share of USP overall: 93.0% in volume; 60.3% in turnover	Market shares of general authorisation licensees: 6.1% (volume), 39.3% (turnover); *Addressed mail:* Market shares of individual licensees: 0.9% (volume), 0.4% (turnover)
Population density (inhabitants/km^2)	84.29	
Total addressed mail market (items)	655.2 million	Excluding express and parcels
Addressed mail volume per capita	58.9	
Status of NPO	Incorporated	90% state-owned, 10% by Hellenic Postal Savings Bank
Main divisions of NPO	Letter mail, Retail network, Financial products	

Note: * The market share of CPOs refers to the combined market share of CPOs in domestic addressed mail delivery, excluding newspaper delivery. All figures refer to 2006.

Summary information on the implementation of the Postal Directive:

Aspect	Implementation and remarks
Universal service and its financing	The USO includes the handling of: • Simple postal items of A and B Priority (letters, bills, magazines etc), both domestic and international, weighing up to 2 kilos; • Parcels (domestic and international), weighing up to 20 kilos; • Registered letters (domestic and international); • Letters of a declared value in case of destruction, loss etc. In Greece, Hellenic Post (ELTA) has been designated as Universal Service Provider (USP).
Reserved area	Addressed postal items below 50 grams and up to two and a half times the tariff in the first weight category are included in the reserved area and includes direct mail and cross-border mail.
Licensing and network access	A licence is needed for the provision of postal services within the universal service (excluding the reserved area). For the provision of services outside the universal service, a general authorisation is sufficient. Under both regimes, licensees need to meet certain conditions, including confidentiality of mail, accepting a Charter of Obligations towards Consumers (COC) and there is a licence fee. There is no mandatory access to the network of ELTA.
Tariff principles and transparency of accounts	The Ministry of Telecommunications (MTC) is authorised to issue a regulation on the pricing rules of universal services. There is also regulation that describes the methodology for calculating costs.
Quality of services	The USP has performed just below quality of service standards in the past few years. Moreover, operators in the liberalised segment would also not meet these standards.
The national regulatory authority	The NRA in Greece is EETT. EETT has several competences in order to promote the development of the postal sector, the availability of the USO, and to check postal operators' compliance with several legal obligations. 15 staff members are involved with postal issues within the NRA.

1.2 General information

Greece is a medium-sized-country with a low population density comparing to the population density of other countries of the EU (84 inhabitants/km^2 compared to the European average of 113 inhabitants/km^2). It also has a high degree of urbanisation. Approximately 47% of the inhabitants live in the five largest cities.

General country information is given in Table 0.1.

Table 0.1 General country information (2007)

Greece	2008
Population (in million)	11.1*
Size of the country (1,000 km^2)	132.0*
Population density (inhabitants/km^2)	84.3*
Degree of urbanisation	59.0**
Number (and percentage) of inhabitants 5 largest cities	1.5 million (14%)***

Sources: * UPU (2006), ** UN (2005), *** World Gazetteer (2008 estimation).

1.3 Regulatory developments

1.3.1 Postal law and regulation

Table 0.2 summarises Greece's main postal law and regulations. In the context of controlled and gradual liberalisation of the postal market, the Ministry of Transportation and Communications (MTC) introduced Law 3185 in 2003. This law replaced Law 2668/1998 in order to have postal regulation in harmonisation with Directive 2002/39/EC.

Table 0.2 Postal law and regulation

Postal law and regulation	Date of introduction	Remarks
Postal Law 2668	1998	USO and regulations
Determination of the requirements for the submission, acceptance, modification, renewal and revocation of Statement for the provision of postal services under General Authorisation (Ministerial Decision - Official Gazette 437/B/1999)	1999	Licence and authorization procedures
Determination of the quality specifications and terms of provision of the Universal Postal Service (Ministerial Decision -Official Gazette 1588/B/2000)	2000	Quality of service targets and monitoring
Determination of cases in which a lump – sum compensation is imposed for deficient provision of postal services (Ministerial Decision - Official Gazette 683/B/2000)	2000	Application of fines
Postal Law 3185	2003	USO and regulations
Regulations of General Authorisations for the provision of postal services (EETT Decision - Official Gazette 1682/B/2003)	2003	Licensing
Regulations of Individual Licences for the provision of postal services (EETT Decision - Official Gazette 1906/B/2003)	2003	Licensing
Establishment of recognition distinctive mark for the postal enterprises entered in the EETT relevant Register (EETT Decision)	2003	Registration
Regulations on objective costing procedures for the Universal Service Provider (EETT Decision - Official Gazette 1993/B/2003)	2003	Cost accounting

Postal law and regulation	Date of introduction	Remarks
Regulations on EETT auditing procedures concerning postal services and determination of the type and procedure of investigations or other auditing acts to which EETT proceeds in order to ascertain violations of the Postal Law 2668/1998 (Ministerial Decision - Official Gazette 970/B/2004)	2004	Auditing
Regulations on EETT auditing procedures concerning the examination of postal services users complaints and settlement of disputes arising between the Public Sector and postal enterprises, between postal enterprises, as well as, between postal enterprises and postal services users (Ministerial Decision - Official Gazette 1083/B/2004)	2004	Auditing procedures
Regulations concerning the audit and the auditing procedure to ensure the exclusive rights of Universal Service Provider (Ministerial Decision - Official Gazette 1186/B/2004)	2004	Auditing procedures
Modification of Ministerial Decision N. 79293 of 11 December 2000 (as above under 3) concerning the determination of the quality specifications and terms of provision of the Universal Postal Service (Ministerial Decision - Official Gazette 107/B/2005)	2005	Quality of Service targets and monitoring

Source: EETT 2008 and EETT website information.

1.3.2 Universal Service Obligation

The USO in Greece includes the handling of:

- simple postal items of A and B Priority (letters, bills, magazines etc) Domestic and International, weighing up to 2 kilos;
- parcels, both domestic and international, weighing up to 20 kilos;
- registered letters, both domestic and international;
- letters of a declared value in case of destruction, loss, etc.

In Greece, Hellenic Post (ELTA) has been designated the Universal Service Provider (USP) and sole provider of reserved postal services.

Network requirements

The universal service provider is obliged to collect and deliver five days a week. Further, there must be at least one access point in every settlement and, in urban areas, at least one access point for every 1,000 inhabitants. Exceptions are possible under the USO for delivery at home or premises of natural or legal persons and for the frequency of delivery.

Provisions for blind

There are also special provisions for blind and partially sighted persons as well as provisions regarding access of citizens to the universal service. These correspond with general UPU agreements.

Financing of the USO
EETT, according to the authorisation of Law 3185/2003, issued a regulation on the cost calculation of the USO. This regulation describes in detail the methodology for calculating this cost and defines the efficient cost. Moreover, the regulation establishes an assessment method and specifies the cost on which the pricing of universal services will be based.

The legislation gives the possibility of creating a compensation fund, but such a fund has not been established so far.

1.3.3 Reserved area

The reserved area consists of all addressed postal items below 50 g and up to two and a half times the tariff in the first weight category and includes cross-border mail (both incoming and outgoing) and also direct mail, printed matter and hybrid mail.

Table 0.3 Liberalisation of postal services and the reserved area (2008)

Postal product	Within reserved area (Yes, no, partially or unclear)	Remarks
Bulk mail and consolidation	Yes	Threshold 50g/ pricing
B2B non-bulk mail	Yes	Threshold 50g/ pricing
Individual item mail	Yes	Threshold 50g/ pricing
Cross-border mail	Yes	Threshold 50g/ pricing
Unaddressed mail	No	
Parcel mail	No	
Express mail	No	

Source: Postal Act 2003 and EETT website information 2008.

Greece has the possibility to postpone full liberalisation until 31 December 2012. We do not have any indication of the time path the Greek government wants to follow.

1.3.4 NRA

The National Telecommunications and Post Commission (EETT) is the national regulatory authority for the postal sector in Greece. EETT is an independent administrative authority which regulates, supervises and monitors the electronic communications and postal services market in Greece.

Role of NRA
One of the principal functions of EETT is to promote the development of the postal sector and in particular the availability of a universal postal service within, to and from Greece at an affordable price benefitting all users.

In delivering its objectives, EETT's focus is to:

- maintain the availability of an affordable high quality universal postal service to all users in Greece;
- secure improvements in quality of service by setting targets for delivery of mail. The quality of service performance is monitored against targets set in accordance with European standards;
- review domestic and international price applications made by ELTA within the reserved universal service area and monitor tariff principles in the non-reserved area on an *ex-post* basis;
- ensure that accounting procedures are transparent and that cross-subsidisation only prevails to the extent necessary to maintain the universal service obligation;
- provide guidelines to all providers of postal services to facilitate posting formal complaints and to create a redress code;
- promote the development of the Greek postal sector.

To meet its objectives, EETT has nearly a full range of powers. An overview of the regulatory powers of EETT is given in Table 0.4.

Table 0.4 Regulatory powers NRA

Powers	Yes/No/Unclear	Remarks
Require data from USP	Yes	Annual Reporting not required
Require accounting system	Yes	Separation of accounting for universal services is based on authorisation of Law 3185/2003
Require new data studies	Yes	Market Survey questionnaires by EETT. (Art. 13 in postal act)
Cancel unlawful rates	Yes	
Levy Fines	Yes	Started from 2003 based on Art. 14 of postal act
Seek judicial order	Yes	Dispute Resolution Committee since 2003
Set new rates for USP	Yes	Monitoring compliance
Require downstream access	No	
Require data from non-USPs	Yes	

Source: EETT 2008.

Capacity

Within the NRA, fifteen people (headcount) are involved with postal affairs.

Complaints and redress procedures

In the context of managing complaints, wherever possible EETT assists in the immediate resolution of problems. In addition, EETT is active in the Dispute Resolution Committee of undertakings and the compensation of the damaged user.

1.3.5 Licenses

An individual licence is required for the provision of services within the universal service. The responsibility for the provision of Individual Licences has been assigned by Law 3185/2003 to EETT. By the end of 2007, there were 374 companies operating under General Authorization and 5 operating under Individual Licenses (at the end of 2006 respectively 341 and 5).

A general authorisation is required for the provision of services that are not part of the USO, mostly courier services. The definitions are set by the law concerning General Authorisations for the provision of postal services (Official Gazette 1682/B/2003).There are three categories of authorisation, based on the number of sorting centres the undertaking has and the range of the geographical area it covers. These categories are:

- *Local General Authorisation*: the undertaking has up to one sorting centre and states one or more geographical areas (counties) where it provides its services;
- *Regional General Authorisation*: the undertaking has more than one sorting centre and states one or more geographical areas (municipalities/counties) that its network provides services;
- *National General Authorisation*: these postal service operators are defined as companies that operate commercial conveyance of letters and other addressed consignments. Together with their network they operate at least one access point to each county within the country (i.e. in Greece every operator should have at least 51 access points).

All postal operators are required to file a notification of their operations with EETT. All undertakings with a Local, Regional or National Authorisation can collaborate with other licensed undertakings for the coverage of areas that they are not in a position to cover them.

According to the EETT database, the number of registered postal operators doubled during the period 2000-2007. In 2000 and 2007 there were 176 and 379 registered postal operators respectively.

An overview of the entry regulation is provided in Table 0.5.

Table 0.5 Entry regulations

Instrument	Services allowed under the license	Conditions for obtaining the licence	Number of licences approved (2006)	Number of licences approved (2007)
Designated USP	Universal postal services, including services in the reserved area.	Main requirement is the provision of the universal service. Additional requirements are: - Information on company; - Agreement with COC; - Agreement with registration; - Approval Express delivery	1	1

Instrument	Services allowed under the license	Conditions for obtaining the licence	Number of licences approved (2006)	Number of licences approved (2007)
		Agreements (EVD).		
Individual licences	Universal postal services, except services in the reserved area	Requirements mainly concerning: - Information on company; - Agreement with COC; - Agreement with registration; - Approval Express delivery Agreements (EVD).	5	5
Authorisations • National • Regional • Local	Services outside the scope of USO.	Requirements mainly concerning: - Information on company; - Agreement with COC; - Agreement with registration; - Approval Express delivery Agreements (EVD).	341 General 297 local 40 regional 4 national	374 General 320 local 50 regional 4 national
			347	380

Source: EETT 2008.

Analysis of requirements

Postal operators, both natural and legal persons, are obliged to conform with the Declaration for the Provision of Postal Services. Requirements of the declaration mainly concern:

- Provision of company information;
- Agreement with Charter of Obligations towards Users (Consumers) (COC);
- Agreement with registration in Special Postal Items Track and Trace System (SPITTS);
- Agreements with Express Delivery Agreements (EVD). The Express Delivery Voucher that is attached to the postal item should at least contain the following information:
    a. the name or distinctive title of the undertaking holding a General Authorisation;
    b. the identification mark as specified in EETT's decision 188/7/18-10-2000 as presently in force;
    c. the particulars of the postal item, which are essential for its monitoring and locating by the undertaking's SPITTS.

The COC describes in detail the obligations of undertakings towards consumers for the provided services. Each undertaking has the obligation to uphold what is provided in the COC and is committed to its provisions following the COC publication. Consumers have the option to look for COCs in the undertakings premises or websites. The EETT has determined the minimum elements that must be included in the COC. These are:

- general information on the undertaking (legal form, goal etc);
- detailed description of postal services, other products and further facilitations that are provided by the undertakings, i.e. the delivery and collection times of the postal item, the areas serviced by the undertaking, the types and the weights of items it can handle;

- services quality standards;
- price list of services and products;
- description of the resolution method for any disputes between undertakings and consumers;
- method of establishment and operating procedure of internal Dispute Resolution Committee;
- compensations and exclusive deadlines for the claiming of compensations;
- procedure to submit complaints;
- consumer service;
- responsibility areas of the undertaking;
- reference of undelivered postal items handling terms.

Operators need to pay an annual fee for provision of postal services for which the registration is needed in the Postal Undertakings Register kept by EETT (General Authorisation and Individual License). The fee is a fixed percentage of the operator's annual gross revenues.

Degree of uncertainty
EETT has to register the undertaking applying for General Authorisation into the Postal Undertakings Register within 15 days from the date of submission of the Declaration for the Provision of Postal Services (provided this is complete and properly filled).

In case of doubt as to the inclusion of postal services requested under the General Authorisation regime, EETT issues a decision within six weeks from receipt of the relevant Declaration for the Provision of Postal Services. The decision has to lay down provisional conditions for the provision of services and must permit the provision of services requested or provisionally reject the Declaration for the Provision of Postal Services, informing the applicant of the reasons for such rejection. Within one month from the issuing of such decision, EETT by means of a new decision has to lay down the final conditions for the provision of services or finally reject the Declaration for the Provision of Postal Services, justifying its decision.

1.3.6 Access

Greece has no mandatory third party access. Access to operator networks is available on negotiated basis. ELTA has to provide access to its network on a non-discriminatory basis. However, the transparency of the pricing mechanisms is not yet regulated. To date, there has not been a need for regulation or other form of intervention. EETT anticipated such terms and conditions in the forthcoming approval of the USP cost model (ELTA).

The current Public Postal Network (PPN) is being used on a contractual basis by "Tachimetafores ELTA" which is a subsidiary of Hellenic Post ELTA and operates under a General Authorisation License.

Other types of access for specific network segments (e.g. PO boxes or the address database) are not regulated, see Table 0.6.

Table 0.6 Network access

Upstream/downstream	Form of access	Regulated? (Yes, No, Unclear)
Upstream	Access to street letter boxes	No
	Access to outward sorting centres	No
Downstream	Access to inward sorting centres	No
	Access to delivery offices	No
	Access to PO boxes	No

Source: EETT 2008.

1.3.7 Price regulation

The Ministry of Telecommunications (MTC) is authorised to issue a regulation on the pricing rules of universal services.[1] A draft regulation exists and its issuance is expected in the forthcoming period. Prices have to be cost based, uniform for the whole country and affordable. The regulation refers to the way of the determination of the price rather than the price itself.

Currently the costs of the universal service are examined and assessed in order to be able to specify the efficient cost on which the pricing of universal service will be based.[2]

1.3.8 Quality of service

Regulation

The Ministerial Decision, 79293/2000 (followed by the Ministrial Decision 28977/811/21-06-2006) defines the quality specifications and terms, under which the USO must be provided to citizens. The specifications concern the specific handling time and the reliability (in terms of handling time) for the delivery of first priority domestic and international mail.

Ministerial Decision 79293/2000 (followed by the Ministrial Decision 28977/811/21-06-2006) defines, *inter alia*, transit times posting first priority domestic mail (D+1 and D+3) and first priority international mail (D+3 and D+5).
Of the domestic mail in 2007, 86% needs to be delivered the next day (D+1), while 98% has to be delivered within 3 days (D+3). The domestic transit times have changed over the past years. An overview of the standards for domestic transit times over the past years is given in the table below.

1 Law 3185/2003.
2 ECORYS questionnaire – NRA.

Table 0.7 Transit time regulations

Standard	2001	2002	2003	2004	2005	2006	2007
D+1	70 %	77 %	82 %	85 %	85 %	85 %	86 %
D+3	87 %	90 %	93 %	95 %	99 %	98 %	98 %

Source: Quality specifications of universal postal service, January 2006.

For international mail, there are two standards, depending on whether or not a direct flight to the country of destination is available. For countries with a direct flight available, 85% of the mail needs to be delivered in 3 days (D+3), while 99% has to be delivered in 5 days (D+5). For countries without a direct flight available, these percentages are 80% (D+3) and 95% (D+5).

For an overview, see Table 0.8.

Table 0.8 Quality of service USP

Standard	Threshold 2007	Performance USP	Remarks
Transit time domestic mail	D + 1 = 86 % D + 3 = 98 %	D + 1 = 80,0 % D + 3 = 97,4 %	Below standards Below standards
Transit time for cross-border priority mail Indicated for incoming cross- border mail	Zone A (direct flights EU) D + 3 = 85 % D + 5 = 99 % Zone B (no direct flights) D + 3 = 80 % D + 5 = 95 %	D + 1 = 80,9 % (inbound)* D + 1 = 74,7 % (outbound)*	Not specified how many within D + 3

Source: EETT 2007 in Market Survey 2006 (* Annual Report ELTA 2006).

Notes: During 2006, ELTA accomplished a substantial improvement of the provided postal services. More specifically, in regards to the Priority Domestic Mail and based on the measurement of an independent company (GREX system), the “Speed Index of Mail D+1” presented an increase of 7.6 units compared to 2005, that is from 72.4% it rose to 80%, while the “Reliability Index D+3” improved by 1.3 units on an annual basis, reaching 97.4% from 96.1%.

Monitoring

The EETT monitors whether the ELTA meets the standards for transit time of domestic mail. EETT assigns the measurements of performance to an independent body. This independent body monitors transit times on the basis of a system designed by EETT, which guarantees 95% reliability.[3]

CEN standards.

The monitoring of trans-it times in line with the EN 13850.

Performance

In the second half of 2006, 80.0% of domestic postal items are delivered within D+1, while 97.4% of the items are delivered within D+3. The first semester showed lower

[3] Provided initially by the MD 79293/2000 and followed by the MD 28977/811/21-06-2006.

percentages that the second semester. This means that the standards for domestic transit times are not met.

The following table summarises ELTA's domestic transit time performances per semester.

Table 0.9 Transit time performances

TIMES	2003 1st Semester	2003 2nd Semester	2004 1st Semester	2004 2nd Semester	2005 1st Semester	2005 2nd Semester	2006 1st Semester	2006 2nd Semester
D+1	58,79 %	66,95 %	66,06 %	65,58 %	69,10 %	72,40 %	75,40 %	80,00 %
D+3	94,87 %	96,78 %	95,60 %	93,38 %	94,50 %	96,10 %	97,30 %	97,40 %

Source: EETT website.

For cross-border mail, only D+3 and D+5 performance figures (2007) are available. As for the incoming cross-border postal items (mail from intra EU), 86.1% is handled in D+3 and 97.7% in D+5. For outgoing cross-border items (mail to intra EU), 88.8% of items is delivered by D+3 (working days) and 97.4% of items is delivered by D+5 (working days).[4]

1.4 The mail market

1.4.1 Mail market overall

Total turnover of the Greek postal market in 2006 amounted to € 671m, including the €2.7m turnover by CPOs with an individual licence. The volume of mail items in 2006 was 739m, including 6.8m mail items carried by CPOs with an individual licence. In 2005, turnover totalled to € 631m with a mail volume of 689m items, but these figures are excluding CPOs with an individual licence. Market segment revenues and volumes are provided in Table 0.10 (revenues) and Table 0.11 (volumes).

Parcels up to 20 kilos constitute 17.2% of total postal volume. The other 83.8% can be segmented along weight categories, with 51.2% of the non-parcel postal items falling within the weight category of up to 500 grams and the other 31.6% of the non-parcel postal items falling within the weight category of 500 to 2000 grams. This classification does not vary considerably when comparing it to 2005.

Total revenue of the domestic and international courier services market was € 263 million in 2006, representing an 8.2% increase compared to 2005. Of this revenue, 68% (€ 178 million) is domestic. Courier postal items volume rose to 45 million presenting a 15.1% increase compared to the 39.2 million items in 2005.

4 ECORYS questionnaire – NRA.

Table 0.10 Size of the mail market in turnover (million Euros)

Postal product	2005	2006
Bulk mail and consolidation	254.4	270.7
B2B non-bulk mail	--	--
Individual item mail	48.1	46.7
Cross-border mail	67.0	68.4
Unaddressed mail	0.9	2.7
Parcel mail	17.2	16.6
Express mail	243.0	263.5
Total	630.6	668.6

Source: EETT 2007 in Market Survey 2006.

Note: The turnover of CPOs with an individual licence (2.7m in 2006) should be added to these figures.

Table 0.11 Size of the mail market in physical terms (million items)

Postal product	2005	2006
Bulk mail and consolidation	459.3	480.0
B2B non-bulk mail	--	--
Individual item mail	91.0	87.2
Cross-border mail	86.4	88.0
Unaddressed mail	10.3	29.4
Parcel mail	2.4	2.2
Express mail	39.2	45.0
Total	688.6 million items	731.8 million items

Source: EETT 2007 in Market Survey 2006.

Note: The mail volumes carried by CPOs with an individual licence (6.8m in 2006) should be added to these figures.

The annual turnover of postal undertakings in Greece corresponds to 0.27% of Gross National Product for 2006. Letter items per capita have increased from 54 in 2004 to 57 in 2005 and 59 in 2006.[5]

Mail market developments per market segment

According to courier market representatives, an increase in the demand for all mail segments for the period 2007-2010 was expected. These expectations for market growth were:

- mail correspondence +4.8%;
- parcels +7.4%;
- addressed direct mail +3.8%;
- unaddressed direct mail +3.8%;
- preparation of postal items +1.8%;
- document exchange +6.7%.

Moreover, the development of trade transactions within the Balkans will help to promote the international courier services providers as well as the local operators, who do not have

[5] Source 2005: Eurostat, Inquiry on Postal Services 2006; source 2006: EETT Market Survey on Postal Services 2006.

a local network. This will enable these operators to realise the transport of cross-border postal items in cooperation with the international providers. Consequently, the cooperation of Greek providers with the neighbouring countries can constitute an important factor regarding the growth of courier services market. In conclusion, the suitable regulatory framework and economic environment, as well as the appropriate conditions of healthy competitive environment can create further prospects of courier market's growth. This is shown by the 15.1% increase of postal items per resident in 2006. The future of the sector will be determined by the capability of postal undertakings to function in an efficient way and particularly to deal with the increasing tendency of reducing their cost and prices.

The biggest sector enterprises argue, however, that the significant increase of transportation expenses forms an important issue. This problem, in combination with the continuous "pressure" for the reduction of the provided services' prices has considerably damaged the courier service providers. Another important issue is the operation of unlicensed family-size postal operators in this sector.

1.4.2 B vs C

Table 0.12 and Table 0.13 summarise the available data on postal streams in the addressed mail market.

Table 0.12 Postal streams in the market for addressed mail in turnover (million Euros)

Postal stream	2006
B2B	B2X: 85 %
B2C	
C2B	C2X: 15 %
C2C	

Source: AR ELTA 2006, ELTA 2008.

Table 0.13 Postal streams in the market for addressed mail in physical terms (million items)

Postal stream	2006
B2B	n.a.
B2C	480,0
C2B	n.a.
C2C	n.a.

Source: AR ELTA 2006, ELTA 2008.

Note: n.a. is not available.

1.4.3 Market opening

The Courier and other services market is fully liberalised and represents approximately one third of the total postal market revenues in 2006.

According to the NRA is circa 62% of the total mail market (in turnover) open to competition, which represents € 415 million (out of circa € 670 million).

1.4.4 Cross-border mail

In 2006, the turnover of cross-border postal items was € 68.4m, equalling a volume of 88.0m items. Incoming cross-border mail accounted for € 25.5m (55.5m items), while outgoing cross-border mail provided a turnover of € 42.9m (32.4m items).

Regarding the origin and destination of cross-border postal items, Greece is an important region in the European Union with shares of 63% for inbound and 65% for outbound cross-border mail. The rest of the classification for the regions of origin and destination is dispersed. As far as the incoming postal items is concerned, Asia is in the second place (16%) followed by the USA and Canada (12%). However, in relation to the outgoing postal items, the rest of Europe (European countries except EU) comes second (12%), followed by Asia (10%) and the USA and Canada (9%).

1.4.5 Impact of innovation

Currently, there is no precise estimation regarding electronic substitution. The NRA indicates, however, that the threat from substitution products and other services seems small for the courier services market in the immediate future. In the long run, however, the market will be influenced from the use of e-mail, e-signature and electronic document interchange (EDI).

New services
New services in postal sector have been introduced by ELTA in recent years, including Business Expert Post, Regulatory Premium, Smart Post, Hybrid Mail and services relating to electronic signature and trade, e.g. Electronic Billing Presentment and Payment (EBPP).

1.5 Market structure and competition

1.5.1 National postal operator/Universal Service Provider

In 1828 Hellenic Post was founded. Following the decree of the first Governor of the New Greek State the company had the status of a public service. Until 1949 the Postal Service cooperated and cohabitated with Telegraphy and Telephony, but in that year the telecommunication services were separated. In 1970 the Postal Service was converted to a Legal Person of Private Law, under the name “Hellenic Post” (ELTA), while in 1996 it started operating as a “Société Anonyme” (ELTA S.A.).

ELTA is 90% owned by the Government of Greece and 10% owned by Hellenic Postal Savings Bank[6]. Accordingly, a 10% of Hellenic Postal Savings Bank is owned by ELTA.

In 1998, ELTA began a massive and ambitious project of modernisation and reorganisation. Its aim was to improve the quality of the provided services, to increase productivity and to optimise the human capital utilisation. In 1999, ELTA reported a profit for the first time and laid a solid base for substantial development. Recently, in 2006, the implementation of an investment program surmounting €200 million for a 5-year period (2004-2008) reached its climax. The basic investment segments are modernisation of postal infrastructures[7], expansion and completion of the existing information infrastructures as well as incorporation of new information technologies[8] and training and development of human resources. ELTAl's Investment Program for 2006 amounts to € 127,310,355, of which € 76,861,824 is from the 3rd Community Support Framework (CSF), co-financing and "Business Plan Society of Information".

In the same year the new developmental course of the company begins through specific initiatives for the promotion of advertising mail and for strengthening the strategic alliance with "Tahidromiko Tamieftirio" (Postal Savings Bank, an independent financial entity). These initiatives have been implemented by means of mutual capital stock and a new commercial agreement for offering banking products through ELTA's network. With a view to coping with the startling changes, ELTA has designed an organisational structure aimed at optimising internal operations, preserving and strengthening its decentralised character and the adopting a customer-oriented culture. The corporate structure is divided into market-oriented and operational units with separate courier and express mail operations.[9]

Organisational status

The corporate structure is divided into market oriented business units and centralised support departments, such as Legal Services, Inspection, Strategy Development, Corporate Promotion and HRM.

The market orientated business units are:

- Letter mail;
- Retail network;
- Financial products.

The letter mail business unit is responsible for the provision of postal services belonging to the universal sector[10], and offers services of a commercial nature[11].

ELTA's retail network business unit is currently considered the largest sales network in the Greek territory, including more than 1,700 contact points, with a total serving

6 http://ttbank.gr/.
7 This includes creation of an automated sorting centres network and completion of the postal shops renovation through the implementation of the new corporate identity.
8 Including expansion of the central information system, expansion of the Postal Shops automation and incorporation of new information technologies.
9 Website.
10 E.g. domestic and international mail, printed matter, advertising mail and postal parcels.
11 E.g. forwarding unaddressed items, Infopost, Presspost, as well as other added value postal services.

capacity of 60 million customers per year. The contact points comprise of Postal Shops (Central Postal Shops and Postal Shops), Large Customers Service Centres (LCSC), as well as Postal Agencies (A', B', C' class). The retail network unit is responsible for the main volume of rural delivery, serving more than 900 rural routes on a daily basis. In this way, the total network of the Hellenic Post serves millions of residents in the metropolitan cities, both in urban and semi-urban areas, as well as in about 12,000 villages and settlements covering the totality of the continental and insular Greece.

The retail network business unit handles 37 different postal products, 17 financial products/services, 12 philatelic products, telephony and mobile telephony products and internet, as well as various other products and services from third parties.

The main activity of the retail network business unit for fiscal year 2006 are summarised as follows:
- utilisation and optimization of the postal network;
- reorganisation and modernisation of postal shops (the new corporate identity has been implemented in the majority of central postal shops);
- expansion of automated shops (currently, the 49 automated shops generate more than 50% of the total turnover);
- establishment of new large customers service centres;
- decreasing waiting time;
- developing retail products sales;
- expansion of the philatelic products market.

The financial products business unit is responsible for the provision of various financial services and products. The main financial products are: postal cheques, pensions and benefits payment, collections-payments (through GIRO system), international money transfer and exchange. The most important competitive advantages of this unit are the introduction and operation of integrated information systems, the development of the GIRO system, as well as the strategic cooperation with Tahidromiko Tamieftirio (T.T.), which has been instrumental in expanding the financial products and services offered through the Postal Sales Network.

Network
Information on the number of post offices, postal agencies and letter boxes of ELTA can be found in Table 0.14.

Table 0.14 Postal network of the national postal operator

ELTA	2007
Number of post offices	880
Number of postal agencies	698
Number of street letter boxes	10,622

ELTA's delivery network consists of 19 sorting centres, 87 delivery units, 4,652 delivery staff, 630 company-owned vehicles and 2,355 company-owned motorcycles.

Revenues

Table 1.15 summarises the division of ELTA's turnover per market segment.

Table 0.15 Division of turnover of the national postal operator per market segment

Postal product	2006 (in million Euro)	%
Bulk mail and consolidation	270.7	66.8%
B2B non-bulk mail	--	--
Individual item mail	46.7	11.5%
Cross-border mail	68.4	16.9%
Unaddressed mail	2.7	0.7%
Parcel mail	16.6	4.1%
Express mail	--	--
	405.1	100%

Source: Annual Report ELTA 2006.

More detailed data is derived from ELTA's 2006 Annual Report, see the table below.

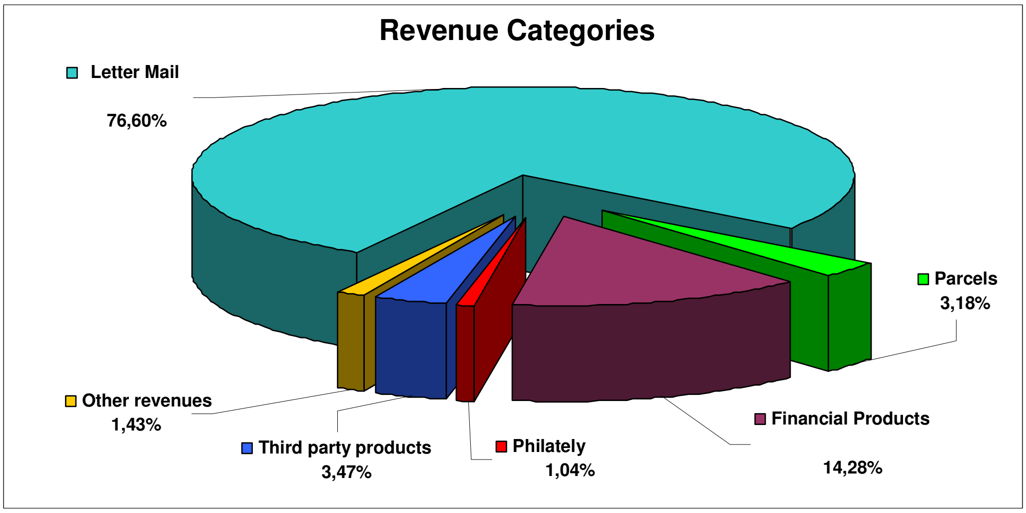
Table 0.16 Division of turnover and postal items of USP

ELTA Annual Report 2006	2005	2006	Difference (%)	2005	2006	Difference (%)
Revenue Category	Objects			Revenues		
Domestic Mail	560,742,397	596,288,964	6.43	313196,619	332,942,388	6.30
International Mail Outbound	46,358,884	46,086,920	-0.59	49,173,853	49,838,310	1.35
Int/al Mail Inbound	40,019,746	41,867,327	4.62	18,196,708	18,647,872	2.48
Total Letter Mail	647,121,027	684,243,211	5.74	380,567,180	401,428,570	5.48
Parcels	2,354,889	2,169,303	7.88	17,236,026	16,664,528	-3.32
Courier Services	-	-	-	1,500,000	1,776,466	18.43
Total Postal Revenues	649,475,916	686,412,514	5.69	399,303,206	419,869,564	5.15
Financial Services	47,795,327	47,551,716	-0.51	72,348,559	74,817,255	3.41
Philately	-	-	-	6,969,445	5,460,574	-21.65
Rest of Sales	-	-	-	17,417,907	23,899,302	37.21
Total	697,271,243	733,964,230	5.26	496,039,117	524,046,695	5.65

Source: Annual Report ELTA 2006.

In the figure below, ELTA's turnover is split by (postal) products.

Figure 1.1 Division of turnover of USP along (postal) product



Source: Annual report ELTA 2006.

Note: With app. 77 % income generated by letter mail it is assumed that the main part comes from the reserved mail category letters up to 50 gr.

The turnover of ELTA can also be split per business unit, see the table below.

Table 0.17 Division of ELTA revenues per business unit (in € million)

Activity	2005	2006
Letter Mail	399.3	419.9
Retail Network	24.4	29.4
- Philately	7.0	5.5
- Other sales	17.4	23.9
Financial Products	72.3	74.8
Total	520.4	553.5

Source: Annual report ELTA 2006.

Note: The total for 2006 differs from the total in the previous table due to the inclusion of non-postal revenues.

Degree of vertical and horizontal integration

ELTA does not have any alliances with other postal operators.[12]

1.5.2 Competitor postal operators

There are five licensed postal operators and 341 postal operators working under general authorisation.

[12] ECORYS questionnaire – ELTA.

The operators which are working under general authorisation are mostly courier and express mail operators, sometimes combining with other sector activities. The majority of postal operators reside in the regions where the largest part of production takes place, i.e. Attica and Central Macedonia. More specifically, 44% of courier enterprises are located in Attica and handle 64% of the total volume of domestic and cross-border items, the percentages for Central Macedonia are 16% and 13%, respectively.

1.5.3 Competition

An overview of market share per operator group for the entire mail market is given in the table below.

Table 0.18 Overview market opening (as of 31 December 2006)

Postal Operator	Volume mail (million items)	% - Volume Market Share	Turnover Mail (million Euros)	% - Turnover Market Share
USP (ELTA)	686.8	93.0	405.1	60.3
341 – General Authorisation Operators	45.0	6.1	263.5	39.3
5 – Individual Licenses	6.8	0.9	2.7	0.4
Total	738.6	100	671.3	100

Source: EETT 2008.

Development of actual competition in different sub segments

The courier operators market is characterised by intense competition. Although there is a high degree of concentration of market shares, over 76% of the market in terms of volume is occupied by the five biggest sector companies (compared to 80% in 2005). Total revenues of the same enterprises, on the other hand, represent 69% of total market turnover (compared to 71% in 2005). The bargaining power of the market suppliers is low, as opposed to that of the market customers and particularly of the corporate enterprises, which have high bargaining power and can achieve service price discounts. Finally, the threat from substitution products and other services seems small for the courier services market in the immediate future. In the long run, however, the market will be influenced from the use of e-mail, e-signature and electronic document interchange (EDI).

Market share of the three main competitors

In the courier market, the leading operator handles over 29% of total postal items. At the 2006 year end its revenues exceeded 23% of total market turnover. During 2006, the five biggest enterprises handled 76.6% of total postal items compared to 80.2% in 2005 and realised 69% of total revenue compared to 71.3% in 2005.

1.5.4 Competition issues

An important barrier to entry in the courier market is the licence condition applying to the development of a wide postal network in order to support services provided. For more details, see section 1.3.5.

VAT

The Greek law provides a VAT exemption for universal services provided by the universal service provider. Non-universal services are subject to 19% VAT.[13]

1.5.5 Results of competition

As mentioned before, the number of registered postal operators almost doubled during the period between 2000 and 2007. By the end of 2007, the number of licensed enterprises totalled 379, compared to 341 as of 31 December 2006.

1.6 Customer needs

The most important factors determining postal service demand are the customer service, the reliability of the enterprise and the product price. Customer income does not significantly affect the demand.

1.7 Price performance

According to the majority of market representatives, the prices of postal services are expected to change. During 2006, the largest price reduction was observed in the transportation of documents, while the biggest price increase took place in the transportation of parcels. Factors that mainly influence postal services' prices are the delivery time, the item's weight and destination. The delivery time is considered to be the most important factor by market's representatives.

1.7.1 Tariffs

An overview of the main tariffs of ELTA is given in Table 0.19.

Table 0.19 Public tariffs (in Euro)

Postal product	2005	2006	2007 (valid as of 23/10/06)
Letter post 1st class			0.52
Letter post 2nd class			0.47
Letter post cross-border			0.65

13 Law No 2859/2000 "Regulation of Value Added Tax Code" (Government Gazette 248/A/2000) and Greek VAT Code (L.2859/2000), Article 18, §1.

Parcels			3.00
Parcels cross-border			23.00
Registered item			2.27
Insured item			2.42 +0.30% of the insured amount
Bulk mail*, 20g			0.41
Bulk mail, 100g			0.83
Bulk mail, 300g			1.45
Total			

Source: ELTA 2008.

Note: *Bulk addressed unsorted.

Table 0.20 Public tariffs (in PPP)

Postal product	2005	2006	2007
Letter post 1st class			0.63
Letter post 2nd class			0.57
Letter post cross-border			0.78
Parcels			3.61
Parcels cross-border			27.71
Registered item			2.73
Insured item			2.92 +0.30% of the insured amount
Bulk mail, 20g			0.49
Bulk mail, 100g			1.00
Bulk mail, 300g			1.75
Total			

Source: conversion rate based on Eurostat data.

1.8 Employment aspects

1.8.1 Employment

During 2006, the licensed postal undertakings (including the Hellenic Post - ELTA) together with the members of their network, employed about 21,000 employees, see Table 0.21.

Table 0.21 Employment in the sector, in employees and [FTE]

Operator	2006
ELTA total	11,237
- civil servant	90%
- flexible	10%
Competitors	10,737
Total	appr. 22,000

Source: Annual Report ELTA 2006; Summary market developments Greece 2006, EETT 2008.

Taking into consideration the 5.8% job increase from 2004 to 2006, the contribution of the postal sector to total employment in Greece is significant.

The staff members of ELTA are categorised as working in the mail service. There is no logistic unit in ELTA and express is fully operated by the subsidiary company of ELTA "Tachimetafores ELTA". A gradual shift from part-time to full-time personnel within ELTA can be observed.
The courier service providers employed over 10,700 workers, 81% full-time and 19% part-time.

The following table provides some detailed data on the employment developments experienced in the courier market.

Table 0.22 Development of total employment in the courier market (2006)

	2000	2001	2002	2003	2004	2005	2006
Full time	3,877	4,805	5,528	5,917	7,717	8,225	8,688
Part-time	373	490	490	1,377	2,435	2,361	2,049
Total	4,250	5,295	6,018	7,294	10,152	10,586	10,737

Source: NRA 2008.

1.8.2 Employment conditions

Of the total cost of ELTA, 75.4% consists of employee costs, see Table 0.23.

The analysis of the various courier services cost categories, appoints the personnel salaries as the most important one (33%), followed by the operational expenses (23%), the transportation expenses (22%) and other expenses (13%). The latter mainly concerns the commissions of courier services providers paying other collaborative courier operators.

According to the research, the majority of courier operators face difficulties in hiring and keeping personnel, especially couriers and motorbike-owning drivers.

Table 0.23 Wages as proportion of total costs (in %)

Operator	2005	2006
USP		75.4%
Competitors *		33%

Source: ELTA 2008.

Note: * Average figure.

Quality level of jobs

As far as is known to ECORYS, there has been no employee satisfaction survey among postal employees in Greece.

Training and investment in training

Generally, employment in the sector does not require many special skills. This explains on the one hand the high percentage of part-time employees and, on the other hand, the overwhelming majority (92.5%) of the personnel that has received either secondary (83%) or compulsory education (9%).

A training program for ELTA employees is implemented by ELTA's affiliate company, which started in 1998 under the name KEK-ELTA.[14] In order to be in a position to stand up to the challenges generated by new technologies ELTA invests regularly in its personnel training and has succeeded in offering services of a higher standard. In parallel, ELTA is aiming to adopt an appropriate work culture, which will lead to increases in the company's efficiency and the development of personnel. The programs implemented amounted to 50,000 man hours, putting a particular stress on preparing the employees to draw upon the new investments and the technological transformation of the organization.

Role of social partners, trade union, sector based collective agreements

The development in wage levels is aligned with the labour contract which is agreed and signed along with "General Greek Confederation of Workers". In recent years, several critical issues concerning ELTA's human resources were regulated, the most important of which was the signature of the Collective Work Contract 2006 – 2007. This was followed by common agreements and the development of personnel group insurance programs.

1.8.3 Productivity

Eurostat data indicates a decrease in the number of letter post items distributed per employee. In 2004, each employee delivered on average approximately 58,000 letter post items, this figure dropped to approximately 55,000 in 2005.[15]

Using volume and employee figures of ELTA, a productivity of more than 65,000 is measured in 2005. In 2006 this figure increased to more than 71,000, see Table 0.24.

Table 0.24 Productivity (in items/FTE)

Operator	2005	2006
ELTA	65,223	71,585
Competitors	[not available]	[not available]
Sector average	55,000	[not available]

Source: ELTA 2008; Eurostat for sector average.

[14] In the Board of KEK-ELTA , Panhellenic Federation of Postal Associations ("Π.Ο.Σ.Τ.") is also represented.

[15] Source: Eurostat, Inquiry on Postal Services 2006.

1.9 Technological developments and environment

1.9.1 External

E-commerce has important margins of development, since the number of internet users is limited. Moreover, e-commerce does not constitute widespread practice in the country, due to the lack of confidence for the transactions via internet.

No information is available on the share of letter mail in the communications market.

1.9.2 Internal

Within the framework of its particular needs, ELTA has developed an integrated geographical information system (GIS). This system has significantly contributed to the achievement of both qualitative and quantitative goals, such as: (a) improved delivery and provision of postal services, and (b) the creation of the most comprehensive and updated address data base in Greece.

Moreover, ELTA's letter mail business unit activities include a new commercial policy, adapted to customers needs, improving service quality, increasing productivity and economies of scale, full utilisation of track & trace, introduction of new value added products and integrated solutions for major customers, and playing an active part on new markets. In 2006, the letter mail unit prepared systems and infrastructures for the promotion of advertising mail.

Only a small percentage of courier services providers uses advanced technologies, such as scanners and automatic sorting systems. This seems fairly logical since the majority of the operators are small size enterprises and the investment for the acquisition of those technologies is feasible only for enterprises handling an important volume of postal items.

1.9.3 Environment

ELTA considers environmental issues a top priority among the social problems of its citizens.[16]

As well as the implementation of Post Europe's Green House Gas Reduction Program, Hellenic Post- ELTA S.A. will launch several activities for all employees to be directly involved. This will develop the environmental consciousness and promote the idea of the environment protection, not only to Hellenic Post's employees, but also to the wider public, through ELTA S.A.'s post offices throughout Greece.

Finally, in the framework of its contribution to making all citizens more sensitive on environmental issues, Hellenic Post- ELTA S.A. continues to support major events (scientific congresses, special meetings and events). This attracts specialized public

[16] ECORYS questionnaire – ELTA.

members and provides an opportunity to exchange and share environment protection ideas and experiences at international level.

1.10 Sources

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