

## The Evolution of the Postal Market

In Greece, as in the majority of member states of the European Union (EU) the model of progressive and controlled postal market liberalization is applied, according to the Directive 1997/67/EC. The reason the specific model is applied is that postal services have been characterized by the EU as services of general financial interest, and thus the unhindered provision of the Universal Service (US) needs to be ensured, meaning the provision of postal services to all clients of a country, at affordable prices and with specific quality specifications.

Since 1-1-2006, the third liberalization stage has been put into force in Greece, decreasing the limits of weight for the mail objects, to 50 grams and price to 2.5 times the fee of a 1<sup>st</sup> Priority Domestic Mail letter weighing 20 grams, under which a reserved area is retained, for the Hellenic Posts (ELTA), as Universal Service Provider (USP).

The European Commission within the frame of preparing and drafting the new Postal Directive that is expected to come into force from 1-1-2009, has undertaken three initiatives:

- > Study on the main developments in the postal sector in member states.
- > Study on the impact on universal service of the full accomplishment of the postal internal market.
- > Submission of a new Postal Directive proposal, until the end of 2006, to the European Parliament and the Council.

EETT has actively participated in the two aforementioned studies, the results of which have been presented by the European Commission on July 3<sup>rd</sup>, 2006. In brief, the studies pertain to the following:

### A. Study on the impact on universal service of the full accomplishment of the postal internal market in 2009

The above study was initiated in October 2005 and within the framework of the same, the Contractor used questionnaires, interviews with the involved parties [USPs, National Regulatory Authorities (NRA), New Entrant Companies, Users, Labour Unions] and simulation models for a number of scenarios.

The main objects of the study are:

1. Necessity and homogeneity of the US.
2. Threats and opportunities for the existing US model.
3. Needs for invigorating US.

The general conclusions and the suggestions of the study, may be recapitulated as follows:

1. In the majority of the countries Full Market Opening (FMO) may be achieved without US provision being greatly affected, assuming that effective measures will be adopted (flanking).
2. A decisive role in the achievement of US is played by the restructuring of the USPs in order to benefit from FMO and reduce any eventual risks.
3. In countries where FMO greatly affects the provision of the US, specific measures may be adopted in order to reduce or even eliminate all risks.
4. Neither complexity, nor eventual benefits from FMO must be depreciated.
5. Direct allowances and special compensation accounts should not constitute recommended solutions for the majority of the member states.
6. The role of NRAs in ensuring FMO is of decisive importance.

### B. Study on the main developments in the European postal sector for the period 2004-2006.

1. The competition is getting more intense in the letter mail services.
2. Only in one of the member states with fully liberalized market, a continuous decrease in the market share of USP has been observed.
3. In Germany as well as in the United Kingdom the mandatory provision of access (following a request) to the Public Postal Network, has been established. The development of competition in these two countries has affected the prices of the USP.
4. The strict monitoring of the competition seems to be necessary throughout the transition period.
5. Parcels and Express services are subject to intense competition.

It is important to note also that in the United Kingdom, since 1-1-2006 the status of full postal sector liberalization applies, while the same will apply from 1-1-2008 in Germany as well as in the Netherlands.

