



## Postal Services: Full Market Opening by 2009

Postal Services in the European Union (EU) are covered by the 1997 Postal Directive (97/67/EC). This Directive created a regulatory framework which guarantees citizens a universal service, while gradually limiting the scope of the reserved area, i.e. the monopoly in mail under a particular weight limit. We are currently in the third phase of liberalisation with a reduction of weight limits in post items to 50 grams and a price 2.5 times the fee of a 20 gram Priority A domestic letter. The reserved area is maintained within these limits. The purpose of the Directive is to ensure the best possible service through a gradual opening of the market, with a final target set for full opening of the market in 2009.

The Directive required the Commission to submit periodic reports on its implementation and to confirm, before the end of 2006, whether the 2009 date remains appropriate.

With in that context, the European Commission has proposed to the Council and the European Parliament the issue of a Directive aiming at full liberalisation of the postal market until 2009, according to the press release issued by the Commission on 18-10-2006. According to the said press release, following extensive research, the Commission believes that this is the best way to maintain universal service while further improving quality and choice for EU consumers and businesses. Full market opening will mean that the reserved areas will be removed and users of postal services can expect the services available to them to develop and further improve. Universal service providers will be motivated to become more reliable and efficient and to further increase their customer focus in the light of potential competition from new market entrants. Full market opening will also directly foster the creation of new jobs in new postal companies, and, indirectly, in the industries dependent on the postal sector. Member states will be allowed a flexible choice of means to finance universal service provision

or the possibility to share out the universal service obligation between operators.

The proposed new Directive is the final step in a long reform process that has already seen large areas of EU postal markets opened to competition, with very positive results.

In brief, the key points of amendments in the Directive 97/67/EC, as applicable, according to the proposal of the European Commission, are the following:

1. The date for full opening of the postal market has been set for 1-1-2009.
2. The quality requirements of the Universal Service (US) for collection and distribution at least 5 days a week are maintained.
3. The obligation to ensure affordability of postal services is maintained in the proposal, as is the possibility for Member States to impose a uniform tariff for single piece tariff items such as consumer mail
4. The member states may select the pattern of appointing one or more Universal Service Provider(s).
5. The reserved area is removed.
6. Member states may select, where necessary, the funding method for the Universal Service.



7. There is provision made as to the possibility of setting the conditions for access to the infrastructure of the Public Postal Network (Databases, collection boxes) and particular services (re-direction & return to sender service).
8. There is provision made as to the possibility of omitting the obligations for accounting separation of the Universal Service Provider provided that there is competition and that the Universal Service Provider has not raised any claims for damages as to the provision of the Universal Service.
9. Provision is made as to the upgrading of the role of National Regulatory Authorities and a provision is also added as to the obligation of providers to provide information to the National Regulatory Authorities (NRAs).