

B. Postal Services Sector

1. Introduction

In the postal services sector, the goal of EETT, in line with its responsibilities as specified in Law 2668/1998, is to ensure the operation of fair competition and the provision of Universal Service (US), as well as to upgrade the quality of the services provided to the benefit of the consumers. Thus, during 2002 EETT instituted procedures for supervision of the postal market, which aimed at ensuring smooth operation of the market. EETT also conducted studies to investigate the degree of compliance of postal services providers with their obligations, and to assess the measures required for further development of the market and for strengthening competition, always with a view to ensure provision of better service to postal services users.

2. Legislative Framework

Law 2668/1998 incorporated Directive 1997/67/EC of the European Parliament and of the Council on common rules for the development of the internal market of Community postal services and the improvement of quality of service into Greek law. In application of this Law, the following Regulatory Acts were issued:

- ▶ Ministerial Decision 57810/1999⁸⁵, specifying conditions and necessary supporting documents for obtaining a General Authorisation for Provision of Postal Services, and other related matters.
- ▶ Ministerial Decision 53828⁸⁶, amending Ministerial

Decision 57810/1999.

- ▶ Ministerial Decision 25961⁸⁷, specifying conditions and necessary supporting documents for obtaining an Individual Licence for Provision of Postal Services, and other related matters.
- ▶ Ministerial Decision 29030⁸⁸, specifying the cases in which payment of compensation for inadequate provision of postal services is imposed.
- ▶ Ministerial Decision 79293⁸⁹, determining quality specifications of and terms for provision of US.

Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 1997/67/EC with regard to the further opening to competition of Community postal services, was issued in 2002 and focused on ensuring US provision and improving quality of service. This new Directive amended primarily article 7 of the existing Directive 1997/67/EC, specifying lower weight limits for the services reserved to Universal Service Providers (USPs). Harmonisation of Greek law with the above Directive is yet to take place.

3. Market Liberalisation

In common with other European countries, the model followed in Greece is the controlled gradual liberalisation model. In addition to the benefits offered by competition and free entrepreneurship, this particular model ensures a smooth transition for citizens from a market with monopolistic features to a fully liberalised one. More specifically,

⁸⁵ FEK Issue 437/B/23-04-1999.

⁸⁶ FEK Issue 1580/B/28-12-2000.

⁸⁷ FEK Issue 671/B/30-05-2000.

⁸⁸ FEK Issue 683/B/02-06-2000.

⁸⁹ FEK Issue 1588/B/29-12-2000.

provision of US - i.e. of a basic level of services, at a specified quality and affordable price - to all citizens is ensured, independently of the additional benefits that result from free competition.

Gradual and controlled liberalisation reshapes the image of the market, which is undergoing constant evolution, while differentiating user requirements. Thus, a legislative framework capable of meeting modern needs is required. The Ministry of Transportation and Communications, capitalising on the experience gained in the course of the four years of application of Law 2668/1998, is currently working on a new law that will incorporate existing experience and will be adapted to the new conditions both in the market and in the EU.

Directive 2002/39/EC⁹⁰, which amended the existing Directive 1997/67/EC, aims at further developing and opening the postal market to competition towards full liberalisation in 2009, with interim milestone stages set for 2003 and 2006. The key point in the new Directive is the restriction of the services reserved to the USP to clearance, sorting, transport and delivery of domestic mail and incoming cross-border mail.

According to the new Directive, the weight and price limits of the services that may be continued to be reserved to the USP as above are as follows:

- 100 grams from 1 January 2003 for items whose price is less than three times the public tariff for a letter in the first weight step of the First Priority⁹¹ category, compared to 350 grams and five times this tariff as in force under Directive 1997/67/EC.

- 50 grams from 1 January 2006 for items whose price is less than two and a half times the public tariff for a letter in the first weight step of the First Priority category and weigh less than 50 grams.

To ensure the provision of US, member states may continue to exclusively assign to the USP direct mail and outgoing cross-border mail within the same weight and price limits.

3.1. Postal Undertakings

In terms of operating status, the undertakings, which at the end of 2002 were providing postal services in the Greek market, can be grouped into the following categories:

- ELTA, who primarily provides US.
- 262 undertakings holding General Authorisation for Provision of Postal Services.
- 1 undertaking holding an Individual Licence for Provision of Postal Services.
- 1,042 undertakings, other than ELTA post offices, operating as ELTA agencies and forming part of the ELTA Network.
- 392 undertakings which did not hold a General Authorisation or Individual Licence, but formed part of the Network of other licensed private-sector undertakings (other than the offices operated by such licensed undertakings) and operated under their orders and on their behalf.
- Fewer than 40 undertakings for which there was evidence that they were operating without observance of the requirements of the law, and for which EETT control proceedings are under way.

⁹⁰ Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 1997/67/EC with regard to the further opening to competition of Community postal services.

⁹¹ First Priority Domestic items are those delivered as a rule on the first working day following the day on which they are submitted for delivery within the country.

3.2. The Market for Universal Service

In general terms, the Greek market for US is expected to follow broadly the same growth path, as was the case with the other, proportionately larger, European Union (EU) markets. In addition, it is estimated that in the course of the next years the volume of US postal items will continue to rise at an annual increase rate that will exceed the increase rate in the volume of the EU market for US. This is attributed to the fact that the postal markets in most EU countries are already very developed compared to Greece, on the one hand, and to the lower penetration rates of electronic mail and electronic commerce in Greece, on the other.

Given that the use of electronic mail refers mainly to communications between businesses and that, on a global level, 30% of the market for US refers to business-to-business (B2B) transactions; it is likely that in the medium-to-long term this parameter will restrict the growth of the market for US.

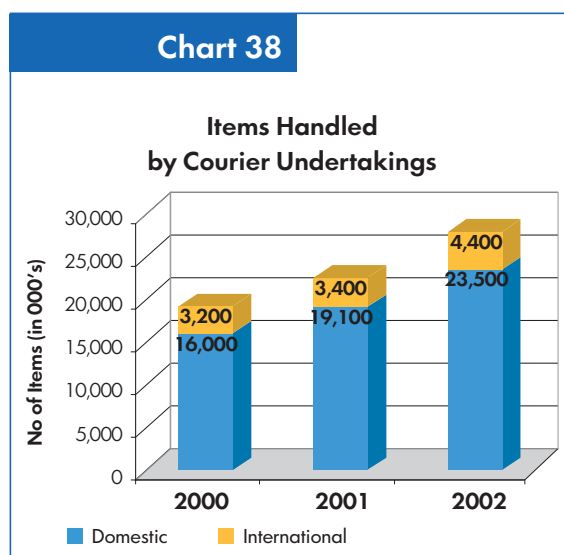
Similarly, the fact that ELTA, as the single USP in Greece, pursuant to Law 2668/1998, is already well established and offers extensive geographical coverage is also considered to be an inhibiting factor. Thus, the “barriers to entry” for the Greek market for US are high for new entrants.

3.3. The Market for Courier Services

The market for courier services in Greece is growing at a fast rate, both in terms of absolute figures (number of undertakings, volume of postal items handled, transportation equipment, area of storage spaces) and in terms of quality and reliability of the services provided (delivery times for postal items, organisation of undertakings and establishment of networks).

The number of undertakings enrolled in the Postal Undertakings Registry maintained by EETT during the period 1999-2002 grew by around 90%. Of these, according to EETT data, a significant number of licensed undertakings are handling a very small volume of postal items, something that gives rise to concerns regarding the viability of these undertakings in the future. More specifically, 85% of the undertakings handled, on average, 18% of the volume of postal items during 2002.

The main volume (over 70%) of the items handled, both within the country and abroad, is handled by fewer than ten undertakings. More specifically, during 2002 4% of the undertakings handled 75% of the volume of postal items. Five undertakings alone handled more than 1,000,000 postal items.



During the period 1999-2002, the leading undertakings in terms of the volume of postal items handled increased their presence in the market, and at the same time enlisted a significant number of - primarily small - undertakings, which operated under their orders and on their behalf. During 2002, the indicators regarding the speed of handling

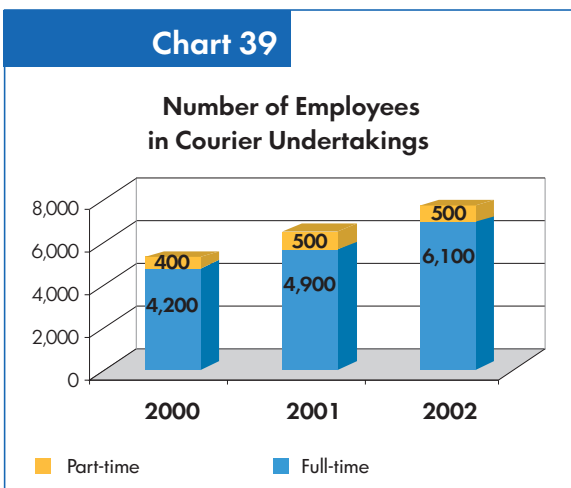
postal items within the country changed marginally compared to 2001 (see Table 16).

Table 16

Speed of Delivery for Domestic Postal Items by Courier Undertakings 2000 - 2002
(over the total items handled during the year)

	2000	2001	2002
Same-day	8%	7%	8%
In 1 day	81%	86%	83%
In 2 days	5%	5%	6%
In 3+ days	6%	2%	3%

It is interesting to note here that there was a significant increase in the number of the persons employed in courier undertakings (see Chart 39). From the above, it is obvious that the intensification of competition, the ever-increasing requirements of consumers for reliable and high-quality services, and the need for undertakings to invest in modern infrastructures, will progressively restrict the scope for independent activities by small undertakings and will force them to get integrated into larger undertakings.



4. Universal Service

Access by all citizens, regardless of their location within the Greek territory, to a basic level of services at affordable prices, is achieved through the concept of the US. The above conditions are ensured through the development of the necessary postal infrastructure, which is a top priority for every country.

In accordance with Law 2668/1998, provision of US in Greece has been assigned to ELTA, which is under obligation to provide US of a given quality and at a specified price to all citizens, as well as access to the ELTA network, regardless of geographic location, or of access costs for ELTA or of the use of the service by the citizens. Under this operating regime, ELTA implements the State's social policy by differentiating the criteria used in the performance of its activities from the pure business-driven ones as imposed by the full liberalisation status.

According to Law 2668/1998, the right of users to US is guaranteed through the following:

- Specification of the density of access and collection points based on users' needs.
- Performance of one collection and one home delivery for every user of postal services, at least five days per week.
- Provision of similar services under comparable conditions to all users.
- Provision of services without discrimination, especially on grounds of political belief, religion or ideology.
- Uninterrupted provision of services, with the exception of force majeure circumstances.
- Provision of services capable of meeting users' technical and financial capabilities, living conditions and needs.