Background

Postal services: open to competition by 2011, but subject to safeguards

Plans to open up postal services to competition across the EU by 2011 or, for some Member States, 2013 will be put to a final plenary vote on 31 January, in Brussels. MEPs are likely to endorse 31 December 2010 as the main deadline for eliminating any remaining postal service monopolies. There will be two extra years for Member States which joined the EU after 1 January 2004 and for Greece and Luxembourg.

The House is likely to adopt the Council's common position which itself already incorporates all of Parliament's main amendments from the first reading with regard to the opening up of the postal market. The Transport Committee is recommending that MEPs stick to this compromise. If they follow that advice, a debate which began with a first set of proposals in 1991 will finally be concluded.

Full market opening should mean that national operators will no longer have a monopoly on mail weighing up to 50 grams, know as the "reserved area". The two-year postponement was a compromise, backed by rapporteur Markus Ferber (EPP-ED, DE), to get the proposal through. Some MEPs had argued that in parts of the EU more time was needed to create a stable regulatory framework for ensuring that post continues to be delivered EU-wide at an affordable cost ("universal service") and to enable postal operators to adapt to new market conditions.

Although, at first reading, the Transport Committee agreed in principle with the Commission on the need to open up the postal services market, it nonetheless stressed that liberalisation must remain subject to strict conditions, including safeguards for universal service and rules on working conditions and collective bargaining.

Committee MEPs did not accept the Commission's contention at the time that the two-year or even four-year postponement could jeopardise the benefits of reforms already undertaken. Neither do they share its view that setting a deadline of 31 December 2010 could ultimately endanger both the sector's future and universal service, or that delaying the process might compromise new investment and remove incentives for traditional operators to adapt to changing market conditions and user needs.

This final vote on the postal services directive will entail substantial changes for a major industry. According to Commission figures, postal services in the EU handle an estimated 135 billion items per year, with an estimated turnover of € 88 billion - equivalent to about 1% of EU GDP. Around 5.2 million people are employed in postal services in the EU.

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Universal service, collective bargaining, and protecting open markets from foreign monopoly takeovers

Letters should go on being both delivered and collected at least once a day, five days a week, for every EU citizen, not just in Athens or Brussels, but also in Malta or the Shetlands. And a uniform tariff between rural and urban areas must continue to be applied.

Parliament is also concerned about funding for this "universal service". It says that if market players prove unable to provide such services profitably, Member States may set up compensation funds, financed by service providers and/or user fees, to cover universal service costs. Alternatively, universal service providers could be compensated by the state. To ensure affordability, Member States may themselves decide what financing mechanisms are used.

It was also stipulated that any Member State which concludes that meeting a universal service obligation would entail a net cost will have to draw up national plans for meeting this cost and notify them to the Commission.

Collective bargaining and other conditions

Members stressed that the directive must not affect terms and conditions of employment. This includes maximum work periods and minimum paid annual holidays, minimum rates of pay as well as health, safety and hygiene at work and minimum rates of pay as well as relations between social partners, including the right to negotiate and conclude collective agreements and the right to strike. They say that, if appropriate, Member States may even provide for working conditions in their authorisation procedures.

Member States could also impose conditions on the supply of postal services for non-economic reasons, such as ensuring the confidentiality of correspondence, network security when transporting dangerous goods and complying with employment conditions and social security schemes laid down by law and/or by collective agreement negotiated between national partners.

No authorisation for "reserved area" monopolies to operate in liberalised markets abroad

To prevent any distortion of competition until markets are opened up to competition, the committee said that postal service providers from countries with a reserved area must not meanwhile be granted an authorisation to operate in countries such as Sweden, Finland, and the UK, where postal service markets have been fully opened. This means that liberalising Member States may refuse authorisation to operators which are granted a reserved area in another Member State (reciprocity clause).

Opening markets

The EU postal services directives (97/67/EC of 1997, as amended by Directive 2002/39/EC of 2002), have established a regulatory framework for universal service, and progressively reduced the monopoly "reserved area" - which originally meant all items weighing under 350 grams - first to all those under 100 g. (from 2002), and then all those under 50 g. (from 1 January 2006).

Markets already open

Five Member States have already fully liberalised their postal service markets, including items under 50g. They are:

- **Sweden** (1993), whose incumbent operator ***Posten AB*** is in charge of universal service,
- **Finland** (1994), whose "Posti" services are provided by ***Itella Corporation,***
- the **UK** (from 1 January 2006), whose state-owned operator is the ***Royal Mail,***
- **Germany** (from 1 January 2008), where ***Deutsche Post*** is a listed company, in which the German state is no longer the majority shareholder and
- the **Netherlands** (from 1 January 2008), where three postal service firms - ***Sandd, Selekt Mail*** and ***TNT Post*** - share the market).

Markets that could be open by 31 December 2010 (deadline advocated by the EP Transport Committee)

By 1 January 2009 (deadline initially proposed by the Commission):

- **Bulgaria** (***Bulgarian Posts PLC*** is 100% state owned)
- **Romania** (***Poşta Română*** is state owned)

How open are postal service markets in each EU Member State today?

Opening up postal service markets to competition does not necessarily entail privatising incumbent operators. For example, the UK's Royal Mail operates in a fully liberalised market, but is 100% state owned. By contrast, the Dutch operator TNT, although until recently a monopoly supplier of some services, is privately owned.

Member State	Liberalisation status	Ownership of postal service suppliers
Austria	Reserved area under 50 g.	***Österreichische Post AG*** is 51% owned by Österreichische Industrieholding AG (ÖIAG), which itself is 100% state owned.
Belgium	Reserved area under 50 g.	***La Poste/De Post*** is100% state owned.
Bulgaria		***Bulgarian Posts PLC*** is a 100% state-owned joint-stock company whose 5-strong board is appointed by the Ministry of Transport and Communications.
Cyprus	Reserved area under 50 g.	***Kyprus Post*** is a Communications ministry department
Czech Republic	Reserved area under 50 g. Possible full market opening envisaged in 2009.	***Czech Post*** is state owned.
Denmark	Reserved area under 50 g. Gradual liberalisation since 1995.	***Post Danmark A/S*** is 75% state owned
Estonia	Reserved area under 50 g.	***Eesti Post*** is 100% state owned.
Finland	Fully liberalised	***Itella Corporation*** provides "Posti" services
France	Reserved area under 50 g.	***La Poste*** is 100% state owned
Germany	Liberalisation completed as of 1 January 2008.	***Deutsche Post*** is a listed company, in which the German state is no longer the majority shareholder.
Greece	Reserved area under 50 g.	***Hellenic Post ELTA*** is 100% state owned
Hungary	Reserved area under 50 g.	***Magyar Posta*** is 100% state owned
Ireland	Reserved area under 50 g.	***An Post*** is state-owned limited liability company. One ordinary share is held by the Minister for Finance and the remainder of the issued share capital is held by the Minister for Communications, Marine and Natural Resources.
Italy	Reserved area under 50 g.	***Poste italiane SpA*** is a state-owned limited company.
Latvia	Reserved area under 50 g.	***Latvijas Pasts*** is a joint stock company with the state as sole shareholder.
Lithuania	Reserved area under 50 g.	***Lietuvos paštas PLC*** is state-owned.
Luxembourg	Reserved area under 50 g.	***P&T Luxembourg*** is 100% state owned.
Malta	Reserved area under 100 g.	***Maltapost*** has been privatised.
Netherlands	Liberalisation completed as of 1 January 2008.	Private companies ***Sandd, Selekt Mail*** and ***TNT Post*** share the market.
Poland	Reserved area under 50 g.	***Poczta Polska*** is 100% state owned.
Portugal	Reserved area under 50 g.	***CTT - Correios de Portugal*** is 100% state owned
Romania	Reserved area under 50 g.	***Poşta Română*** is state owned.
Slovakia	Reserved area under 200g.	**Posta Slovenska** is 100% state owned.
Slovenia	Reserved area under 50 g.	***Posta Slovenija*** is a corporation entirely funded by the state.

Spain	Reserved area under 50 g.	***Correos*** is 100% state-owned.
Sweden	Fully liberalised	***Posten AB*** is a 100% state-owned limited liability company.
United Kingdom	Fully liberalised	***Royal Mail*** is 100% state owned.

Committee vote

On 17 December 2007, the Transport Committee voted with 37 in favour, 2 against and 6 abstentions in favour of rapporteur Ferber's recommendations. Although some MEPs had tabled amendments to reject or to amend the compromise, a majority in the Committee agreed with Mr Ferber that increased competition could result in better services. Members wanted consumers to benefit from open markets but at the same time were keen on avoiding job cuts and less service. Mr Ferber: "The market for parcels is already liberalised and the results are impressive. Almost overnight a new market has been created, offering improved services for consumers and a wider choice of products. The same could be true for regular letters. Under the new rules, we will still be able to send a letter to the most remote parts of the EU, and be sure that is gets delivered!".

Former rapporteur Brian Simpson (PES, UK): "Postal services are a highly personal and highly political issue. That is why they are different to other sectors, like telecoms and energy. Post is about people; it is about frontline public service. So let us look at the key issue: how do we guarantee a universal service that treats all citizens equally, irrespective of where they live? That is why we support the guarantee of access points in rural and peripheral areas. After a lot of hard work, I think we have reached a good agreement".

What happens next?

After the vote at second reading, the legislative procedure is likely to be complete, and Member States will begin implementing the directive via their national laws.