

ERGP **Stakeholders Workshop**



on

The Implementation of the Universal Service in the postal sector in view of the market developments

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benefit/burden”*



Purpose

- The purpose of this workshop and public consultation is to collect inputs provided by stakeholders on the issues identified in the ERGP Discussion Paper on the Universal Service implementation
- All inputs will be included in the final ERGP Report and made public
- The final ERGP Report will be adopted by the end of 2015

Background of the document under public consultation



- The document under public consultation took stock of the current situation of the USO, accounting for the recent market and regulatory developments, namely:
 - the volume trend and decline of the traditional letter mail service in recent years:
 - 1992: +6% annually (average EU 12)
 - 2008-2012: 4% to 40% decline in EU volume
 - the regulatory developments of USO in EU and worldwide (Australia, Canada, New Zealand, USA)



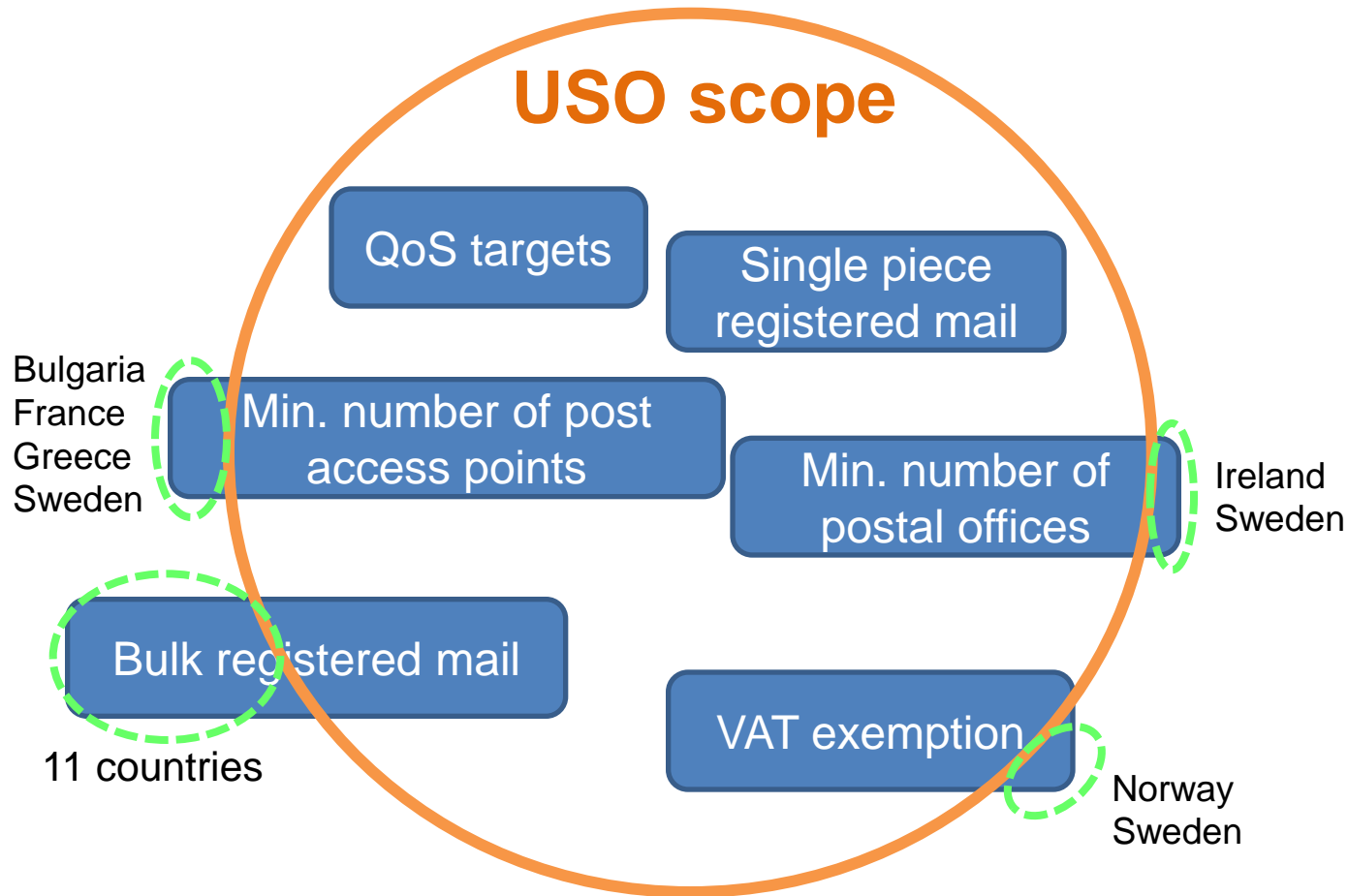
Issues identified

- More specifically, the DP identified and investigated the following five main categories of issues:
 1. Current situation of USO;
 2. Changing of the USO scope over the last 10 years;
 3. USO and market players;
 4. Net cost and unfair burden over the last 10 years;
 5. USP designation and financing mechanisms.

Findings on current situation of USO



24 responding countries



Findings on changing of the USO scope over the last 10 years



- Recent changes in the USO:
 - In many EU MS some modifications to the USO were already made, mainly related to liberalization and changes in the consumers' needs or preferences
- Prospective changes in the USO:
 - Bulgaria, Malta, Norway and The Netherlands have plans to further review the USO scope
 - The pressure for changing the USO scope comes mainly from the USPs

Findings on USO and market players



- USO framework protects consumers and is meant to avoid social exclusion
 - In some countries services provided outside the USO scope are considered able to avoid social exclusion
- Some services included in the USO scope have been provided at a loss over the last 10 years (e.g. single piece domestic letters and parcels)

USP designation and financing mechanism and compensation



- Direct appointment for USP designation (at an average of 9 years) – Germany is an exception
- In no countries operators have claimed for a “pay or play” mechanism
- Different ways of USO financing/mix of (i.e. by public funding/state budget, by the USP itself, by competitors, by financial contributions of consumers)
- Application for compensation in 3 countries (Italy, Norway and Bulgaria)



The questions under consultation

- Based on the gathered information and the outcomes described, ERGP addressed some key questions to the stakeholders, focused on:

US definition

- What could the common European minimum scope look like?
- What essential elements should be guaranteed?
- What essential elements need to be regulated?
- How essential is it to have a uniform base level taking the need for country specific solutions into consideration?
- Which user categories should be targeted by the USO? Individuals, individuals in rural areas, disabled in rural areas, small offices and/or home offices? Is it possible to identify changes in this respect in a forward looking perspective?

USP designation

- Is it necessary to designate an USP for the provision of USO?
- In the perspective of a changing postal market, what could be a reasonable designation period and a relevant designation process?

US financing mechanism

- Does the current scope of the USO lead to excessive costs?
- Would changes in the scope of USO affect the possibility to finance US for instance by a compensation fund (and if so in what way and with what consequences)?

Competition

- Could tariff regulation (e.g., affordable prices and VAT exemption) introduce a competitive distortion on postal markets?
- Could there be a reason for protecting competitors through the USO?



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Thank you for your attention

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