



Office of the Director of
**Telecommunications
Regulation**

MEDIA RELEASE

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An Post Applies to Regulator for Price Increase for international letters

An Post has applied to the Regulator to change the postage prices of some international mail services to eliminate substantial losses on its international business (€14m losses on €123m inbound and outbound services) and to bring its pricing more in line with costs. The proposals include increases in particular on the ordinary letter to Britain (not Northern Ireland) and reductions on other services, in particular bulky packets.

The Regulator, **Etain Doyle** has invited comments from the industry and members of the public to inform the making of final decision which is due in early December 2002.

The price of a stamp (priority class) for an ordinary POP letter up to 50g to Britain is proposed to go up to 50c from the current 41c, and to Europe from 44c to 57c (up to 25g) or unchanged at 83c (25g to 50g). The price for the same type of letter to America and other countries outside Europe will be unchanged at 57c (up to 25g) or reduced from 95c to 83c (25g to 50g). The price of a bulky packet (500g-1kg) will be slightly reduced for European destinations - €8.20 down to €8.00, and very sharply reduced for the Rest of the World - €15.00 down to €10.00.

The increases on the ordinary stamp to Britain and Europe can be avoided by using An Post's economy service.

An Post's international business is made up of the outbound reserved (monopoly area) in which An Post makes losses of €5.6m, which are offset by very substantial profits in the outbound non-reserved, competitive area of €10.8m. It makes nearly €20m losses on its inbound international mail. Overall the loss is €14.2m. A brief statement of costs and revenues of An Post is available on its website (<http://www.anpost.ie/about/RegulatoryAccounts.html>)

An Post have argued that costs have and continue to increase significantly in particular payroll costs, delivery and handling charges particularly for destinations within Europe and the impact of September 11th which has resulted in a large increase in air conveyance charges. The proposals made by An Post involve increases in

charges in the reserved area and reductions in the non-reserved area, together with some further movement to format pricing, initiated last Spring. The consultation paper includes a comparison of pricing in a number of other European states (UK, Belgium and Denmark) which show that the proposals would not be out of line with charges elsewhere.

Comments from members of the public are invited before 26th November 2002. Details of An Post's application can be obtained on www.odtr.ie document number 02/94.

ENDs

Issued By

Deirdre Healy

Public Affairs Manager, ODTR

Ph: 01 804 9639

Mobile: 087 2995609

healyd@odtr.ie

Note to the Editor

An Post's must obtain the prior approval of the regulator to increase postal prices for services in the reserved area (up to x). She may examine prices in the non-reserved area to ensure that they are geared to cost. Key issues identified to date in respect of costs are the need to move from pricing based on weight to pricing based on format of envelopes, to take account of the relative costs of automation in processing, and to rebalance pricing in the reserved and non-reserved areas to reflect the differences in costs.

International post constitutes a very tiny part of household expenditure and the impact on the CPI would be negligible.

Some examples of key current prices and proposals for change where applicable – full details in the consultation paper

Cont'd...

- 1 Larger Christmas card/ Birthday card (up to C5 size) weighing 25-50g

	Current price	Proposal price
Britain	€0.41	€0.50
Europe	€0.83	€0.83
ROW	€0.95	€0.83

- 2 Gift Packet weighing 500g-1kg

	Current price	Proposal price
Britain	€4.80	€4.80
Europe	€8.20	€8.00
ROW	€15.00	€10.00

- 3 Light Weight Envelope (weighing <25g)

	Current price	Proposal price
Britain	€0.41	€0.50
Europe	€0.44	€0.57
ROW	€0.57	€0.57

- 4 Company Report (weighing <250g)

	Current price	Proposal price
Britain	€1.10	€1.75
Europe	€2.03	€2.00
ROW	€4.00	€3.00