



Media Release- 17 December 2002

International Postal Price Changes on the Way

ComReg to Direct An Post to Renegotiate Agreements with Other Countries

ComReg have today sanctioned changes to the prices of international mail which will see the cost of sending priority mail to Britain and the rest of Europe will rise by 30% and 16% respectively but will see an average 14.3% fall in the cost of sending mail to Australia, the USA and other countries. ComReg will also consult on a direction to An Post to renegotiate its postal agreements with other countries as they are currently not geared to cost. This has resulted in Irish postal customers subsidising postal customers abroad.

The price of a stamp for a letter in a standard POP envelope to Britain will increase from 41c to 50c, while a similar letter to other European countries will now be 57c, up from 44c (up to 25g) or 83c for a 26g to 50g letter which remains unchanged. The cost of sending a letter less than 25g to the USA, Australia and other countries remains unchanged while a 26g to 50g letter drops by 8c to 83c. However, Irish postal users will have the option of using An Post's economy service which means that they will still be able to send international mail at the old prices.

The Benchmarking exercise in relation to international pricing comparisons with other countries was extended as a result of this consultation to Germany and the Netherlands. However, An Post prices were still found to be generally lower than its European counterparts. Despite the new price changes An Post will still have a shortfall to make up to cover the cost of sending international mail. This gap must be filled by cost reductions rather than further price increases in the future.

Many Respondents to the Public Consultation about the proposed price increases shared ComReg's concern about the inequity of the REIMS II agreement as it operates for Ireland. This multilateral agreement governs how much An Post receives for delivering mail on behalf of other European operators. The Agreement, which is currently being reviewed, tends to favour countries with high prices and large volumes such as Germany. ComReg is anxious that An Post will seek a better deal for Ireland while maintaining current levels of service. A consultation on whether to issue a Direction requiring An Post to renegotiate this agreement will be initiated shortly.

ComReg to Investigate An Post Parcel Post

ComReg has also announced that it intends to undertake an investigation into prices charged by SDS for Parcel Post. Unlike ordinary letters An Post does not have to seek the

prior approval to increase the price of parcels, and between April 2000 and April 2002 An Post increased the tariff for its “universal” parcel services by between 12% and 28% (Priority) and between -12% and 38% (Economy).

The aim of the proposed investigation is to establish whether there is compliance with the Tariff Principles set out in legislation and if necessary to agree with An Post a programme to remedy any deficiencies. Interested parties are invited to make submissions regarding specific issues they would like to bring to the attention of ComReg in connection with the proposed investigation.

Details of the price changes and the investigation into Parcel Post are available on www.comreg.ie

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