



Commission for
Communications Regulation

An Post's losses on international inbound mail in the universal postal service

Responses to ComReg Document No. 16/53

Information Notice

Reference: ComReg 16/93

Date: 21 October 2016

An Coimisiún um Rialáil Cumarsáide

Commission for Communications Regulation

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This Information Notice contains:

- ComReg correspondence (dated 26 July 2016) on Document No. 16/53 'An Post's losses on international inbound mail in the universal postal service' and associated report by Frontier Economics (extract published as ComReg Document No. 16/53a)
- Response by An Post (dated 5 August 2016) to ComReg correspondence (dated 26 July 2016) on Document No. 16/53 'An Post's losses on international inbound mail in the universal postal service' and associated report by Frontier Economics (extract published as ComReg Document No. 16/53a)
- Response by Tico Mail Works Ltd (dated 9 August 2016) to Document No. 16/53 'An Post's losses on international inbound mail in the universal postal service' and associated report by Frontier Economics (extract published as ComReg Document No. 16/53a)

1: ComReg correspondence (dated 26 July 2016) on Document No. 16/53 'An Post's losses on international inbound mail in the universal postal service' and associated report by Frontier Economics (extract published as ComReg Document No. 16/53a



26/07/2016

Mr Damian Quinn
Head of Regulatory Affairs
An Post
GPO
O'Connell Street
Dublin 1
D01 F5P2

Ref: An Post's agreements on terminal dues for intra-Community cross-border mail

Dear Damian

I refer to your letter dated 5 July 2016 in which you state:

“Interconnect Agreement timelines: ... These negotiations effectively concluded in early 2016 with the vast majority of REIMS signatories now signed up to the Interconnect agreement and many have started to implement the terms of the agreement in 2016. An Post has not signed this agreement.”

Please provide further information and clarification in relation to this statement, including but not limited to:

- Why An Post has not signed the Interconnect Agreement.
- As An Post has not signed this agreement, what terminal dues rates currently apply to An Post for intra-Community cross-border mail? Will this change? If so, when?
- What are the terms of the Interconnect Agreement? In particular, what are the terminal dues rates agreed by the “vast majority of REIMS signatories”?
- What other Member States have not signed up to the Interconnect Agreement?
- What is An Post's proposed next steps in relation to the Interconnect Agreement / agreements for intra-Community cross-border mail?
- Has the Department of Communications, Climate Action, and Environment been informed on the Interconnect Agreement / An Post's proposed next steps?

Please respond as the information becomes available and by 11th August at the latest.

Yours sincerely

Stephen Brogan,
Senior Manager, Market Framework

2: Response by An Post (dated 5 August 2016) to ComReg correspondence (dated 26 July 2016) on Document No. 16/53 'An Post's losses on international inbound mail in the universal postal service' and associated report by Frontier Economics (extract published as ComReg Document No. 16/53a)



An Post

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Stephen Brogan
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ComReg
Block DEF
Abbey Court
Irish Life Centre
Lower Abbey Street
Dublin 1
D01 W2H4

5 August 2016

Ref: An Post's agreements on terminal dues for intra-Community cross-border mail

Dear Stephen

I refer to your letter of 26 July 2016, please find below our response on each of the queries raised in your letter.

- *Why An Post has not signed the Interconnect Agreement.*

[REDACTED]
[REDACTED] The terms of the Interconnect Remuneration Agreement are [REDACTED]

- *As An Post has not signed this agreement, what terminal dues rates currently apply to An Post for intra-Community cross-border mail? Will this change? If so when?*

An Post is still a signatory to the REIMS agreement and is still exchanging mail with other REIMS members/countries under the terms of this agreement. However, [REDACTED] An Post will need to negotiate bi-lateral agreements with these countries. It is important to note that as most of these countries have signed up to the Interconnect Remuneration Agreement, it will be extremely difficult for An Post to negotiate terminal dues rates greater than those set out in the Interconnect Remuneration Agreement .

- *What are the terms of the Interconnect Agreement? In particular, what are the terminal dues rates agreed by the “vast majority of REIMS signatories”?*

The terms of the Interconnect Remuneration Agreement are included in the copy of the agreement sent to you on the 14th January 2016. For information, I have also attached a copy the 2016 provisional Interconnect rates for Letters products (Appendix 1). The parcels rates are included in the Interconnect Remuneration Agreement sent to you on the 14th January 2016.

Please note that this agreement and attached provisional rates are strictly confidential and should not be circulated without the prior consent of An Post.

- *What other members have not signed up to the Interconnect Agreement?*

Please find attached a copy of the current status for the Designated Operators (DOs) in each of the Member States (Appendix 2).

- *What is An Post’s proposed next steps in relation to the Interconnect Agreement/ agreements for intra-Community cross-border mail?*

An Post will continue to seek improved rates within the Interconnect Remuneration Agreement, [REDACTED]

There are 4 possible options open to An Post:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

When An Post has exhausted all possibilities, it will inform ComReg of the outcome.

- *Has the department of Communications, Climate Action, and Environment been informed on the Interconnect Agreement/An Post's next Steps?*

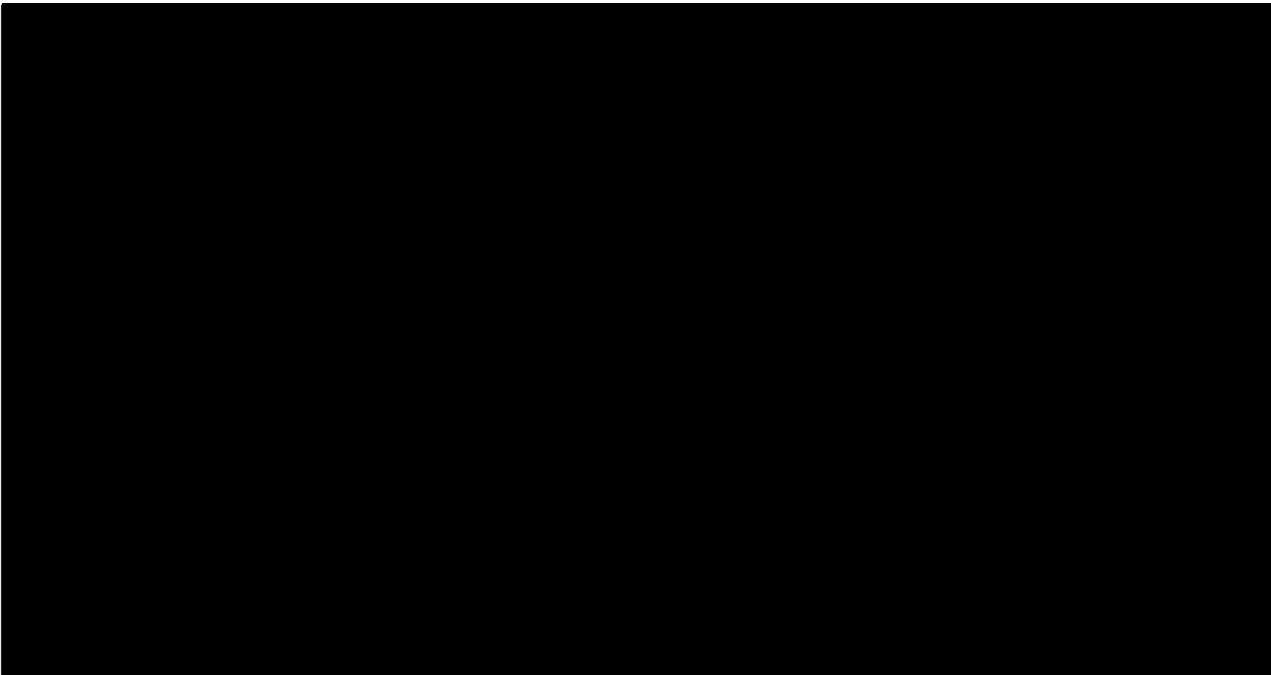
The Department of Communication, Climate Action and Environment has been briefed on the Interconnect Agreement and are aware of the negotiations on this issue.

Yours sincerely

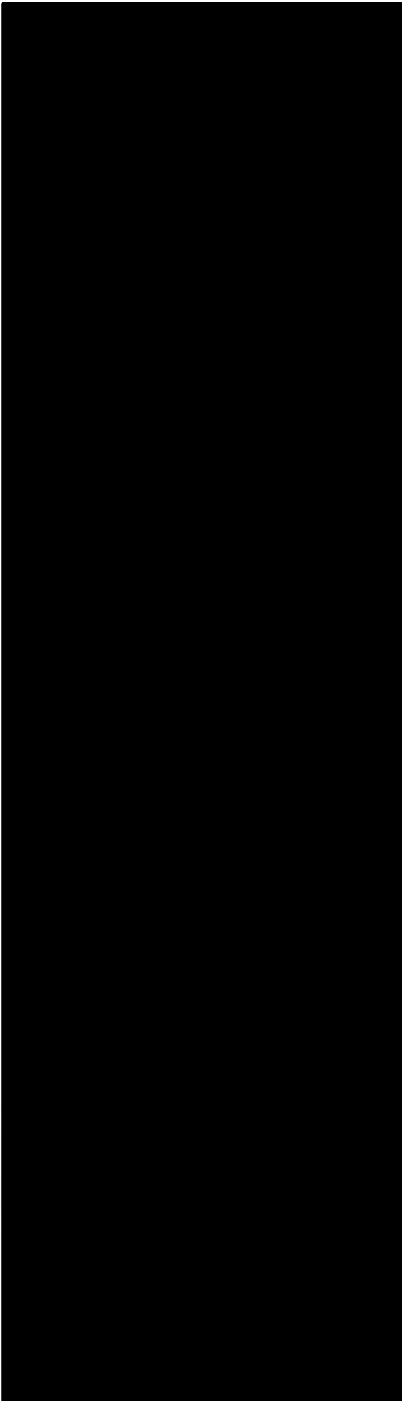


Damian Quinn
Head of Regulatory Affairs

Appendix 1 - 2016 Provisional Interconnect Rates (€)



Appendix 2 - Status of each DO in relation to the Interconnect Remuneration Agreement



**3: Response by Tico Mail Works Ltd
(dated 9 August 2016) to Document
No. 16/53 'An Post's losses on
international inbound mail in the
universal postal service' and
associated report by Frontier
Economics (extract published as
ComReg Document No. 16/53a)**

From: Alex Pigot [<mailto:alex.pigot@ticomailworks.ie>]

Sent: 09 August 2016 16:17

To: postal <postal.team@comreg.ie>

Subject: RE: ComReg Information Notice 16/53 entitled "An Post's losses on international inbound mail in the universal service".

To Whom It May Concern,

On behalf of Tico Mail Works Ltd, I am replying to ComReg Information Notice 16/53 entitled "An Post's losses on international inbound mail in the universal service".

I greatly welcome ComReg's initiative on this important issue, which has been a cause of concern for many years past and, in view of the contents of the Frontier Economics report (doc 16/53a), continues to be worrying. I wish ComReg and the Department of Communications, Energy and Natural Resources and the USP (An Post) every success in redressing the situation where the USP is forced to bear significant annual losses on inbound international mail.

These losses impact on Irish competitiveness generally, damage An Post's ability to trade successfully, and are a cause of particular concern for those businesses, like this one, which depend heavily on An Post letter mail services. Accordingly, it is entirely appropriate, that there be more hands-on State involvement at European and International negotiations to ensure a fair deal for Ireland on terminal dues, both at European and global levels.

There are two multi-lateral tariff agreements which cause these losses, the REIMS agreement between EU member state USPs and the UPU terminal dues agreement. (The latter is the agreement affecting all inbound cross border mail which does not originate in the REIMS signatory states.)

The EU tariff principles require that tariffs terms and conditions be non-discriminatory. Therefore the REIMS agreement which enforces losses on An Post should be abandoned and new bi-lateral or multi-lateral agreements reached between An Post and all other EU member states USPs. It is to be hoped that the proposed new "Interconnect" will be a success in this regard.

As for mail which emanates from all other countries not party to the REIMS agreement, this mail is subject to the UPU terminal dues agreement. But UPU terminal dues which are loss making need only be borne for mail which originates from (and is not diverted through) less developed nations (UN DCs and LDCs). Mail which originates from industrialised nations need never be loss making.

Therefore, in any multi-lateral or bilateral agreement between An Post and EU or industrialised nation foreign postal operators, the tariffs, terms and conditions applied to An Post's foreign customers, for inbound cross border mail, should be no less onerous than those which must be accepted by Irish customers of An Post for similar profiles of mail.

I note that in regard to the UK operator [(Royal Mail)], ComReg merely proposes that the USP “.....share the outcome of the bilateral negotiations.....”. The implications for Irish interests on the success, or otherwise, of these UK negotiations is even more critical than those at European and global level because, as the Information Notice points out, it “... accounts for most of Ireland’s international inbound mail”. In such circumstances, might it not be more prudent to have a greater State involvement in these UK negotiations? Perhaps ComReg would consider this point and seek a way to have more inclusive representation for the Irish State and Regulator in the negotiations with the UK operator. This would help the USP ensure that the tariff principles are applied to inbound cross border mail in the same way as they are applied to domestic mail volumes.

Yours sincerely,

Alex Pigot

PS May I suggest that, since the UPU Congress is in October this year, and as this is the forum where terminal dues are re-negotiated, and noting that other countries send senior government officials to negotiate alongside its USP at this forum, the State consider giving its assistance to An Post at this forum. This would help to ensure that the tariffs terms and conditions of the multi-lateral terminal dues agreement with other industrialised nations are no less onerous than the terms and conditions faced by domestic customers of An Post.

PPS Please can you confirm receipt of this email. I look forward to your reply. Thank you.

Alex Pigot

Chairman & Managing Director, Tico Mail Works