

Speech by Commissioner Alex Chisholm at presentation by WIK Consult, 5 November 2009

On behalf of ComReg I would like to welcome you all to this 'Postal Briefing' about the report prepared for the European Commission by WiK Consult on the subject 'The Role of Regulators in a More Competitive Postal Market'.

As most of you will appreciate the road to a competitive postal market in Europe began almost 17 years ago with the publication of the European Commission's Green Paper on postal services, about the same time as the Swedish Government decided to open its postal markets to competition. In 1997 the European Council and Parliament adopted the FIRST Postal Directive (97/67/EC) which required member states to open to competition their markets for postal items weighing more than 350g, or costing more than five times the price of a standard letter. In 2002 the SECOND Postal Directive (2002/39/EC) reduced this weight limit to 100g from 2003, and 50g from 2006, with corresponding reductions in the price limits. Outbound International Mail was also opened to competition from 2003. Now the THIRD Postal Directive initiated by Charlie McCreevy as European Commissioner for the Internal Market requires that "*Member States shall not grant or maintain in force exclusive or special rights for the establishment and provision of postal services*" after the end of next year, opening the door for more competitive postal markets throughout the EC. So we have come a long way, and reached a critical juncture.

Competition has been proven to bring benefits in terms of more choice, higher quality and better value for the customer. The postal market is not exceptional in this regard. Just to mention a couple of examples from other countries:-

- Four years ago a Parliamentary Committee in Sweden reviewed the economic benefits of its liberalisation of the postal market in 1993. It concluded that the reform must be considered largely successful, although the number of companies added to the market was limited. Their report said the positive effects were chiefly an adaptation of products and services to customers' demands, as well as more cost-oriented prices. Requirements of the universal postal service had been fulfilled during the period;

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contrary to the doom-mongers, liberalisation had not meant poorer service or quality in regard to nation-wide overnight delivery.

- Closer to home the Hooper Report into the future of Royal Mail commissioned by the UK Government found that “Competition has brought clear benefits and is encouraging Royal Mail to offer a more efficient service which consumers want.” The report found that in the UK the benefits of liberalisation had so far accrued especially to larger customers; the next phase of market development would need to extend these benefits to smaller businesses and residential customers.

A key feature of the European Postal Directives is the obligation on member states to ensure that everyone (businesses and private consumers) wherever they live in the state has access to a guaranteed range of letter and parcel services at affordable prices. This is very important for a country such as Ireland where more than 40% of the population live outside urban areas. Postal services play an important role in integrating businesses and consumers based in such areas into the national and indeed global economy, providing access to goods and services that otherwise would only be available to the urban population. According to the Third Postal Directive, national regulatory authorities (NRAs) such as ComReg have the particular task of *“establishing monitoring and regulatory procedures to ensure the provision of the universal service”*.

To assist NRAs in this task the European Commission recently published a report on *‘The Role of Regulators in a More Competitive Postal Market’* which WiK Consult, a well known and respected German consultancy, had prepared on its behalf.

We are very grateful to both Alex Dieke, Head of Postal Services & Logistics with WiK Consult, and James I Campbell Jnr, an International expert on postal matters and co-author of the Report, for taking their time out of their busy schedules to come to Dublin today to explain the thinking behind their recommendations. There will be ample time for questions and discussion after their presentation.