



EUROPEAN
REGULATORS GROUP
FOR POSTAL SERVICES

The future of USO – the approach of ERGP

30th Conference on Postal and Delivery Economics

25-27 May 2022

Grand Hotel, Rimini

Italy

Petros Galides, 2023 ERGP Chair
Deputy Communications Commissioner, OCECPR
27 May 2022

Past Events Leaving a Mark on the Postal Sector



- 5500 years ago**
- Start of writing in Mesopotamia (clay tokens)



- 2400 BC**
- First documented use of a postal system in Egypt
 - Pharaohs used couriers to send decrees throughout the state territory



- 1653**
- Birth of modern mail system
 - French Jean-Jacques Renouard de Villayer established a postal system in Paris



- 1837**
- Adhesive postage stamp invented
 - English schoolteacher Rowland Hill



- 1874**
- UPU founded – Treaty of Bern

Throughout history, postal services had always remained a means of **written communication**

Current Developments



Rise of e-commerce

- Importance of delivery of goods rapidly increasing, nationally and cross-border




Diminishing importance of traditional post

- Importance of postal items as a means of written communication is diminishing
 - E-substitution: personal correspondence, greeting cards, 
 - Bulk (~95%)
 - Environmental sustainability 



Delivery of physical goods will predominate

- End of postal services*? 
- Or the most radical transformation in the history of postal services?

*depending on definitions



Future USO Regulation



Need forward looking perspective



The regulatory framework needs to ensure that the US corresponds to the contemporary, developing needs of users

Fundamental principle when evaluating regulatory intervention



- Whether a proper functioning of markets and competition will sufficiently provide the services required by users, OR
- Whether it is necessary to maintain a universal service obligation, in its current, or in an adapted, form

Two Dimensions in Future Regulation



Market and competition



The user

Future regulation – Market and Competition

Consider:



- Which regulatory provisions are needed for proper functioning and development of markets
- The level and kind of competition that could be pursued



Assess at the outset:



- Whether there is still a need to regulate
- What the objectives of regulation should be, since regulatory intervention takes place only in case of actual or potential market failures

Future regulation – The User



Consider:



- Which postal services need to be covered by regulation

Assess at the outset:



- If there are grounds to distinguish between users (e.g. large businesses and private consumers)
- For which users (individuals, small companies, large senders) or groups, the minimum set is relevant to, distinguishing between correspondence and goods

Minimum Set of the US



Define

At European level - Provide Harmonized Rules
But
Flexibility to Member States and NRAs, according to the principle of subsidiarity, to address national specificities, circumstances and market development



Check

- If market forces do not guarantee availability of a minimum set of services to all users, e.g., citizens in remote or rural areas and vulnerable users



Act

- Designation of USP

Minimum Set of Services *to ensure social and territorial cohesion*



Important factors include

Upper limit on weight

Currently 80% of items <2kg → Set below 10 or 20kg

Ability of users to send and receive cross-border postal items

Quality of Service: delivery frequency and modalities should be adapted, given the shift from a communication (sender-oriented) to the e-commerce (receiver-oriented) related service provision



The users, or groups of users, for which this minimum set of services is relevant



Considering evolving consumer needs and e-substitution

The minimum set of services in the US may not need to include certain mail items (e.g., bulk mail)

Provisions on transparency of commercial offers and contracts and compensation of users in cases of non-compliance become more important



US Sustainability

threatened by decline in letter volumes



Cost Reduction



Some MS or NRAs allow for modifications in quality and scope or content of the US, like reducing the

- number of collection and delivery days,
- number of postal outlets,

thus bringing the US more in alignment with changing consumer needs and commercially optimal service provision



Frequency delivery obligation should be reviewed in response to consumer needs to avoid imposing unnecessary burden on USPs

The Regulatory Framework needs to:

Adapt

- Adapt to the development of a competitive market



Protect

- Continue protecting users relying on post as a means for communication and for the delivery of goods



Adopt

- Adopt clear rules on consumer protection



Recognise

Recognise that the shift from sender-oriented to receiver-oriented service provision calls for a continued and increased attention to safeguarding consumer needs and interests

ERGP Work



April 2022 published Position Paper on the EC's Evaluation Report on the Application of the PSD



Working on report on future USO needs, to be published after Plenary II (end of November 2022)



ERGP will follow matters related to the future of the USO particularly closely in the coming months, due to its relevance in the context of a potential PSD review

*Thank
you*