

## 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









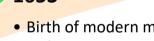


• UPU founded -Treaty of Bern





- Birth of modern mail system
- established a postal system in Paris



- French Jean-Jacques Renouard de Villayer
- Adhesive postage stamp invented
- English schoolteacher **Rowland Hill**

1837





• 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

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 State 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 esubstitution

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

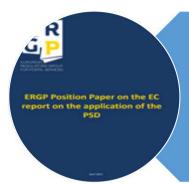


#### Recognise

Recognise that
the shift from
sender-oriented
to receiveroriented 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)

The control of purchased of the control of the cont

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

