

The European postal debate

The European Union's approach has been to open up postal markets gradually to competition. On 18 October 2006, the European Commission (EC) published its proposals for the next Postal Directive. The current Directive expires on 31 December 2008 and new arrangements must be in place by this time. Negotiations on the draft Directive are now being conducted under the Slovenian presidency of the EU.

The draft Directive suggests that – as long as the universal postal service is safeguarded - member states should have the flexibility to finance it through a number of approaches, including state aids, cross-subsidies or other means. It proposes no change to the definition of the universal postal service in relation to collection and delivery every working day and no change to the uniform pricing of single piece mail, but it would allow bulk mail to be geographically priced.

Postcomm supports the EC approach to securing the universal postal service through the development of effective competition and a level playing field. Our experience shows that full market opening is the best way to support and strengthen the universal service, improve quality of service, and encourage innovation in response to customer needs.

On 1 January 2006, Postcomm decided – after lengthy and thorough consultation with postal stakeholders – to open the UK market to full competition. One important reason to do this was to provide an incentive for Royal Mail to improve its quality of service and customer focus. This approach seems to have worked. Royal Mail's quality of service record has improved steadily since limited competition (in the bulk mail sector) was introduced in 2003, and continues to do so now that the market is fully open.



As the regulator for one of the countries where postal competition has been introduced, Postcomm is active in explaining how market opening has worked in the UK. We have regular contact with the European Commission and the Committee of European Regulators (CERP), as well as a full programme of meetings with European ministries, postal operators and mail customers to learn about postal developments in other countries. Postcomm chairs a project team of European national postal regulators to share best practice.

Useful links

- **www.psc.gov.uk** - Postcomm's website, for further information on all aspects of the mail market, including more information on market opening and the licensing framework
- **www.europa.eu.int** - website for the European Commission (Internal Market – postal services unit)
- **www.cept-cerp.org** - website for the European Committee for Postal Regulation, whose members include postal regulators and ministries with responsibility for post

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Postcomm is the independent regulator for postal services in the UK. This is one of a series of fact sheets designed to provide background information on key issues in the postal services sector. Contact us at 6 Hercules Road, London, SE1 7DB. **Tel** 020 7593 2100, **Email** info@psc.gov.uk

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