

Gavin Knott  
Director - Regulatory Compliance  
Postcomm  
Hercules House  
6 Hercules Road  
London SE1 7DB  
23 October 2009

Dear Mr Knott

I am writing in response to your letter of 28 September, seeking views on proposals for Royal Mail's price control for the year from April 2010 (Tariff 2010).

Whilst The Envelope Manufacturers and Suppliers Association (EMSA) recognises the current difficulties that face Royal Mail, your statement of "Significant and largely unforeseen market conditions" apply to us all in today's world. EMSA does not believe that changes proposed are an appropriate response to these.

We are seeing large volume decline generally in the market place which has been accelerated this year with the economic situation. We are seeing mailers switching to alternative means of communication to meet customers' expectations of speed cost and reliability. Other pressures have included reduced spend on advertising and movement towards online billing by communication industry, and online banking reducing volumes. Our customers are ever more engaged in environmental supply of goods which obviously comes at a cost which our members are expected to carry.

Our members have had to respond to all of these challenges and make changes within their organisations and adapt to the changing market and we feel Royal Mail should be doing the same.

To meet these changes members have

- Sought new markets by diversifying product.
- Increased service to enhance a high level of confidence in service and supply
- Worked with other stakeholders in producing a more environmentally acceptable product that customers require.
- Improved efficiency of working in our plants and yes unfortunately this has resulted in some job losses.
- Reduced costs by investing in new methods of working.
- EMSA has worked closely with Royal Mail to improve efficiency of product so mail can be mechanically sorted.

Our member companies have had to work hard and invest significant sums of money to meet these challenges and find it difficult to accept that the public service organisation cannot adopt the same practices.

Around the world we are seeing the same picture of postal volume decline. With the current migration away from traditional posts to other means of communication, we are in our industry already seeing vast volume decreases. Giving Royal Mail the opportunity and flexibility to increase prices 2010-11 in light of the recent economic situation would only accelerate the mail volume decline.

Our members are doing all they can within their own businesses to improve efficiencies reduce costs and increase value. We feel that a state owned service should be doing the same. Therefore we are unable to support proposals for Tariff 2010

Yours sincerely

Keith Bartlett

Chairman  
Envelope Manufacturers and Suppliers Association (EMSA)