

Charlie McCREEVY

European Commissioner for Internal Market and Services

The new Postal Directive

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Postcomm Forum – What next for the postal market

London, 2nd October 2008

Mr Stapleton, Ladies and Gentlemen,

Thank you for the invitation to speak here today.

Postal services in Europe have a long history. Postal services are a core part of today's communications sector. Nearly 500 million European citizens and consumers need a well-functioning postal service market. It's a market worth, European wide, €88 billion and over 5 million jobs. It is a true service of general economic interest, which is why postal reform was initiated in the first place.

Postal reform's key objective is a high quality, highly efficient, innovative and sustainable postal sector adapted to meet the needs of users in the 21st century. Market opening is not an end in itself. It is the means through which we pursue the objectives of reform.

Clearly, today's postal sector is very different from what it was only a decade ago. Traditional borders of the sector have become blurred. The postal sector is at the crossroads of communications, advertising and logistics. Electronic commerce has increased the need for reliable delivery, and new technology has increased communication and delivery options (for example, Hybrid Mail reduces the restrictions of the traditional postal supply chain). Postal operators are also increasingly active in other Member States and globally. Establishing a true internal postal market therefore has become increasingly important.

The postal Directive adopted in February of this year is the decisive step in the process of EU postal reform. It reflects a political consensus across Europe that it is open, competitive EU postal markets and not monopolies which will ensure a sustainable innovative postal sector including universal services.

This reflects the fact that postal services are dynamic and face a serious threat (but also opportunity) from new technology. A number of mature European markets, like the UK, have already seen market volumes decline in recent years. No reserved area can protect incumbent postal operators from this. The only option is to reform and to adapt, to turn the threat into an opportunity and to reinvent postal services, not only to maintain the current levels of service and quality, but to exceed them.

Monopolies do not have a monopoly on the social and emotional dimensions or values of the sector. I believe more in the values of a dynamic sector that will raise efficiency and innovation and provide sustainable jobs.

I know very well that decisions to restructure can be difficult and painful in the short term. But the mid and long term benefits are beyond dispute. Politically the easy option is always to postpone a difficult decision and to hope that the problem will disappear. In a way, applying this to the postal sector will indeed let the problem disappear as in the end there will be no postal sector and no postal jobs left to protect. If we want the post and postmen and women to thrive, difficult decisions are unavoidable and it does not get any easier by delaying them.

Developments in the UK, as one of the largest postal markets in Europe, and one of the first to fully open its market, have a significant influence on postal reform elsewhere in Europe, particularly in Member States who are yet to fully open their markets. Postal reform developments in other Member States are also important for UK postal stakeholders as new business opportunities are created.

It is clear that a lot of work had been done in the UK, by Postcomm, in establishing a framework for developing effective competition in an open market. New entrants have entered the market, and customers, particularly bulk mailers, have benefited from increased choice and improved services.

The UK like other countries who have fully opened their postal markets, have seen incumbents typically continue to enjoy well over 90% market share. This reflects the fact that Incumbents continue to enjoy the benefits of a number of barriers to entry established through their historical position. If we look at other sectors where market opening already happened years ago, we have to acknowledge that creating competition in sectors that were governed by monopolies for decades is not an easy task.

Sector specific regulation therefore has to play a major role, as does competition policy. Strong national postal regulatory authorities are crucial to ensure the universal service is safeguarded and the benefits of competition realised. National Regulatory Authorities have to monitor market developments, pinpoint problems and develop appropriate solutions. The 3rd Postal Directive reflects this by further strengthening the role of Regulators. Regulators play a key role in the rapidly changing postal environment, and for us, cooperation with and between Regulators is of key importance to achieving the goals of reform. It is important therefore that Regulators are endowed with all necessary resources, in terms of staffing, expertise and financial means to ensure the objectives of Post reform can be met.

A level playing field is certainly the pre-condition for a truly open and competitive market, allowing customers to gain from the benefits of real choice. And while everybody goes along with the idea of a level playing field, there seem to be very different interpretations of what a level playing field actually is.

Maintaining privileges such as preferential VAT treatment or other special privileges for the incumbent in the guise of the 'general interest' in a full open market are unacceptable. Furthermore introducing protectionism through the back door such as through preferential treatment for the incumbent, or imposing disproportionate obligations on new entrants in the guise of a level playing field are also unacceptable, and we will not hesitate to use all means at our disposal against Member States who attempt to do this.

Inaction is not an option. I continue to believe the objectives of postal reform can be realised. I have always believed that this business has a sustainable future. I have always seen postal reform as an opportunity and not as a risk.

We will keep busy helping Member States in the process of implementing the Postal Directive into national law and practice with a series of formal and informal actions, working with our colleagues in all EU capitals. Establishing and maintaining an effective Internal Postal Market requires all of us to continuously work together.

Thank you for your attention.