



ERGP 2023 Direction and Priorities

31st Conference on Postal and Delivery Economics

24-26 May 2023

Radisson Hotel, Gdansk, Poland

Petros Galides
ERGP Chair 2023

Evolution of the Postal Sector

Postal Services have developed over time essentially to serve as a means of delivering written documents



5500 years ago

- Start of writing, Mesopotamia (clay tokens)



2400 BC – 1st Century

- First documented use of a postal system, Egypt
- Pharaohs used couriers to send decrees throughout the state territory
- **550BC** Persia-China-India-Rome **1st Century**



15-17th Century

- **1497** Franz von Taxis established a postal service for Emperor Maximilian I of the Holy Roman Empire
- **1516** England-Portugal-Poland-US-Norway **1647**
- **1653** Jean-Jacques Renouard de Villayer established a modern postal system in Paris



1837

- Adhesive postage stamp invented
- English schoolteacher Rowland Hill
- **1855** US initiates registered mail service
- **1858** London divided into postal districts, precursor of Postcode System



1874

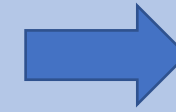
- UPU founded – Treaty of Bern
- **1885** US initiates special delivery service
- **1918** US First airmail stamps
- **1955** US certified mail
- **1959** UK Postcode scheme
- **1968** US priority (1st class) mail
- **1970** US express mail
- **2010**: ERGP Created

Current Scene

Rise of e-commerce



- Importance of delivery of goods rapidly increasing, both nationally and cross-border
- Online platforms and new business models weigh in



Diminishing traditional mail



- Importance of postal items as a means of written communication is diminishing:
 - E-substitution
 - Digitalization

Delivery of physical goods will predominate

Perhaps the most radical transformation in the history of postal services

Would, in a sense, mean the end of postal services, if postal operators not adapt

The regulatory framework needs to adapt



Current Scene - continued

European Union Policies and Legislation

- DMA and DSA
- EU Digital Agenda
- EC “A Europe Fit for the Digital Age” strategy
- The “EU Green Deal”
- NIS2

are an integral part of the current scene affecting the sector

ERGP 2023 Pursuits

Considering the medium- and long-term developments and challenges, and the **need for a review of the regulatory framework**, ERGP aims to:

- Ensure that the **work of the ERGP corresponds to the trends and needs of the postal sector and users**
- Continue providing proactive and forward-looking **support and ad-hoc advice to the European Commission**
- Further elaborate on the future **universal service needs**, based on the **MS current practices** in terms of universal service obligations and recent **studies on users' needs**
- Consider **new possible approaches regarding the universal service**, taking into account changing **user needs** and consequential changes in the **cost structure of letters and parcels**
- Ensure **availability of delivery services to all users**, a high **quality of service** and better **consumer protection and complaints handling**

ERGP 2023 Pursuits - continued

- Consider **new possible approaches to empower end-users**
- Examine good practices and collect knowledge on **environmental management and sustainability in the postal sector**, including the **possible role of NRAs**
- Further explore the **regulatory framework and the future role of regulators**
- Continue stressing the **importance and urgency of the revision of the Regulatory Framework** - we welcome Commission's announcement of a study on the future of the European postal sector, including possible future regulatory changes – due 2Q 2024
- Enhance engagement with **European Institutions and stakeholders**
- Strengthen ERGP's position as a **reference in terms of knowledge of the postal sector**
- Examine **ERGP future**, evolution, strategy and organisation

ERGP 2023-2025 Three Strategic Pillars

- Revisiting of the postal sector and its regulatory framework in the light of environmental sustainability and digitalization
- Promotion of a competitive single EU postal market in the context of rising e-commerce deliveries
- Empowerment of end-users and ensuring a user-oriented universal service

ERGP Work Programme 2023 Deliverables

- **Strategic Pillar I - Revisiting the postal sector and its regulatory framework in the light of environmental sustainability and digitalization**
 - Report on the powers of the NRAs
 - Report on the future needs of the USO
 - Report on the effects of modernisation/adaptations of the universal service
 - Report on practices for environmental sustainability in the postal sector
- **Strategic Pillar II - Promotion of a competitive single EU postal market in the context of rising e-commerce deliveries**
 - Report on exploring the sustainability of the USO
 - Report on core postal indicators
 - Report on the application and implementation of the Cross-Border Parcel Regulation
- **Strategic Pillar III - Empowering end-users and ensuring user-oriented Universal Service**
 - Report on Quality of Service, consumer protection and complaints handling

ERGP 2023 Workshops and Stakeholder Forum

- Workshops
 - The Future Postal Regulatory Framework
 - Consumer Awareness of Environmental Sustainability in the Postal Sector
- Stakeholder Forum

The Future of Letter Mail and how the balance vs Parcels is expected to develop

ERGP Future

- Look into the Future of ERGP: its Evolution, Future Strategy, Organisation, Institutional Role and Status

Future Regulation



Needs forward looking perspective

The future regulatory framework needs to adapt to a digital world and to correspond to the contemporary, developing needs of users and ensure fair competition and environmental sustainability



Fundamental principle when evaluating regulatory intervention:

- Whether a proper functioning of markets and competition will sufficiently provide the services required by users and protect competition, society, workers and the environment
- OR**
- Whether regulatory intervention is necessary to protect users, competition, society, workers and the environment given new players and business models

Two Dimensions in Future Regulation



Market and competition



The user

Future regulation – Market and Competition

Consider:



- Which regulatory provisions are needed for a proper functioning and development of markets and for ensuring a level playing field and protection of workers, given new players and business models
- 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 of US is relevant to, distinguishing between correspondence and goods

Universal Service

Minimum Set of the US



Defined:

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



Regulators should 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, then ...



... Act:

- Designate USP

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



Important aspects include

The upper limit on weight and Cross Border deliveries

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

Maintain 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-related (sender-oriented) to an e-commerce-related (receiver-oriented) service provision



The users, or groups of users, for which this minimum set of services is relevant, must be taken into account

Seriously consider evolving consumer needs and e-substitution



The minimum set of services in the US may no longer need to include certain mail items (e.g., bulk mail)

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



US Sustainability *threatened by declining letter volumes*



- **Cost Reduction**
- **Tariffs – eg, adapt affordability provision to allow for cost-oriented tariff increases**



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 line with

- changing consumer needs and
- commercially optimal service provision



For example, the frequency delivery obligation should be reviewed in response to consumer needs to avoid imposing an unnecessary cost burden on USPs

The Future Regulatory Framework needs to:

Adapt

- Adapt to the development of a competitive market, new players and business models, and new user needs



Continued Protecting

- Continue protecting users relying on post as a means of communication and for the delivery of goods, and protecting competition, society, workers and the environment



Adopt

- Adopt clear and more harmonized 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 - Recap

Work Programme 2023 Deliverables

Workshops and Stakeholder Forum

Revisit

**The Postal Sector and its Regulatory Framework
and**

The Future of ERGP

**Thank
you**