

DESIGNATION OF A USP IN THE EU.

DO WE NEED A ONE-PERSON SHOW?

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GOALS

- ✓ a comprehensive review of the regulatory framework governing the **USP designation under EU law**.
- ✓ presentation of different **regulatory approaches** towards USP designation in EU Member States.

The existence of the **designated USP** is a consequence of the universal service obligation (USO) introduced by the Postal Services Directive 97/67/EC on December 15, 1997 (PSD).



USO main problem



- ✓ The PSD, in **detail**, sets the elements of the USO.
- ✓ Tariffs for each part of the universal postal service must be **affordable**.
- ✓ The character of the provision of universal services usually causes the need for **external financing**.

Universal Service **Provider**

- ✓ the public or private postal service provider **providing** a universal postal service

(Article 2 point 13 PSD).

- ✓ PSD prohibit fulfilling USO through **state administration**.



What is designation?

The designation of the USP is a **legal process** wherein a Member State selects and formally obligates postal operator to provide universal postal services.

(Article 2, point 13 PSD)

The process of designation needs to fulfill the required criteria:

- ✓ transparency,
- ✓ non-discrimination and
- ✓ proportionality,

guaranteeing the continuity of the universal service provision by considering its important role in social and territorial cohesion.

(Article 4, point 2 PSD)



Designation

Designated USP must adhere to the specified conditions, including offering affordable universal postal services.

The designation of USP a legal monopoly or a legal commitment.

Public procurement (competitive tendering).

2021 report regarding the implementation of the PSD, the EU Commission encourages the Member States to use this method as a way to stimulate competition.

Analyzing this method, Jaag and Trinkner noted that "*tenders are **not a priori an ideal mechanism for procuring public services*" (2009, p. 331). Calzada et al. (2010) presented a similar negative opinion when they examined public procurement.**

Duration

The EU framework does **not** determine the duration for which a designation should be in effect.

PSD emphasizes that the Member States must ensure that the duration of the designation allows for a reasonable return on investments, meaning that it should be a **l e n g t h y** period.

3?

10?

15?

20?

Designation periods and changes of the USP

Country	USP	By law		Periods as a consequence of designation
France	La Poste	2011-2025		n.a.
Germany	Deutsche Post	Since 2008 no provider has been formally designated		
Greece	ELTA	2013-2028		n.a.
Czech Rep.	Česká pošta	2013-2017	2018-2022	2023-2024 (2 years)
Italy	Poste italiane	2011-2026		n.a.
Ireland	An Post	2011-2023		2023- specify by the NRA
Portugal	CTT	2000-2022		2022-2029 (8 years)
Poland	Poczta Polska	2013-2015		2016-2025 (10 years)
UK	Royal Mail	Since 2012		

Type of USP designation procedure

Country	Carried out by	Type of designation	Category
Czech Rep.	NRA	Open competition	Administrative decision
France	the State	Discretionary decision	Contract
Germany	NRA	Open competition	Administrative decision
Greece	Government	Open competition	Administrative decision
Ireland	NRA	Open competition (since 2023)	Administrative decision
Italy	Government	Open competition	Administrative decision
Poland	NRA	Open competition	Administrative decision
UK	NRA	Open competition	Administrative decision

Only Germany has chosen not to designate a USP among EU countries.

- Under the German Postal Law, the NRA can only intervene to designate a USP if there is a concern that the current provider **does not meet the necessary standards**.
- The first step in this process is to consider operators that are willing to provide universal postal service **without compensation**.

(§ 13 points 1 PostG)

The UKE selects a designated operator for a **10-year term**.

Selection of one postal operator from among the postal operators selected by way of open competition.

(Article 71 Postal Law Act)

To qualify for the open competition, a postal operator must possess i.e. **network of post offices** and (...).

The process of designating a postal operator involves a two-stage instrument.

- I. "**competition**", a specially appointed commission evaluates the postal operators that entered the competition.
- II. the UKE **designates** a postal operator (in the form of an administrative decision) among the participants selected in the competition.

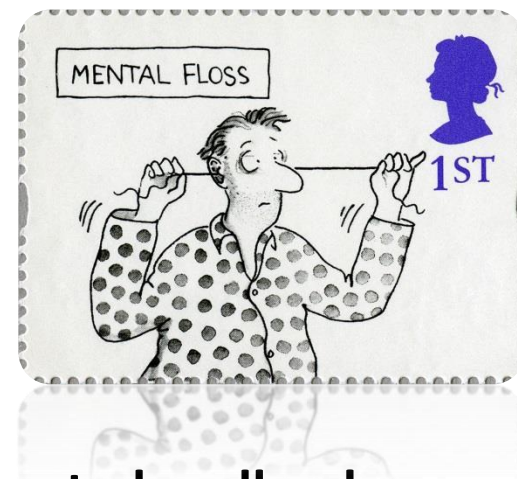


The designation of USP falls under the responsibility of the parliament through a legislative process in the form of a law act (bill).

Article L.2 of the CPCE determines that La Poste is in charge of the universal postal service for a period of 15 years, from 2011.

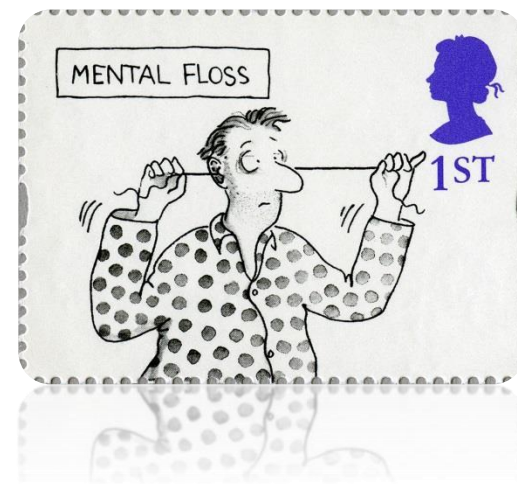
The French postal regulation does not determine the situation after 2025 when the designation of La Post will expire.

Conclusions



- ✓ **Some of the Universal Service Providers are designated endlessly.**
- ✓ **In the most of EU Member States, there is no need to conduct an open competition to designate USP.**
- ✓ **Only postal incumbents can and are willing to provide universal postal services.**
- ✓ **After 25 years of postal market liberalization, USO causes more problems than benefits for the USP, mainly by the letter mail decline.**

Conclusions



- ✓ The designation of the USP is **not mandatory** and is only a technical instrument to fulfil the USO.
- ✓ The EU postal regulation do not require a standardized designation procedure...



Thank you for your attention!

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