



The long term view on the USO: what would an ideal future USO look like?

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Opinions expressed are personal and do not constitute an official position of the Commission.

Context

1. **Commission:** "[...] the postal market continues to evolve rapidly and ongoing close monitoring and further analysis of the overall postal market, and the effects of the regulatory framework, are needed." – *5th Application Report, 17.11.2015 COM(2015) 568 final*



Context

2. **European Parliament:** " Recalls that the Postal Services Directive provides Member States with the flexibility necessary to address local specificities and to ensure the long-term sustainability of universal service provision while meeting the needs of users and adapting to the changes in the technical, economic and social environment;[...]" – **Resolution 15.9.2016 2016/2010(INI)**



Context

3. **Council:** "With regard to the postal framework, delegations almost unanimously considered that the current EU framework will probably not be appropriate in a 5 to 10 years horizon. In this light, the Presidency invites the Commission to explore what can be done with regard to clarifying flexibility within the current scope of the Postal Directive and to consider the review process in a timely manner, given the evolution of postal markets and the changes in user needs." – *Non-Paper WP Postal Services, June 2016*



Context

4. **ERGP** "[...] it appears timely that work is commenced now on the **identification of this core set of services** to support any future evolution of the Directive and that such analysis is considered by the ERGP and the Commission." - ERGP PL(15) 14 - ERGP Report on the outcome of the public consultation on the evolution of the Universal Service Obligation;
5. **ERGP** (16) 36, Report on Universal Services in light of **changing postal end users' needs**: standardised user needs surveys/methodology recommended;



Context

6. *ERGP WP 2017/18: Sub-group USO.*
7. *Study: Main developments of the postal sector 2013-2016 (includes potential scenarios for the future provision of the universal service);*
8. *Study/pilot-project: Dynamic Development of Cross-border E-commerce through Efficient Parcel Delivery (2017/18).*



Long term view – is there an ideal future uso?

*The current legal framework: (~~largely~~) an answer to the situation
of the 1990s?*

1. GENERAL

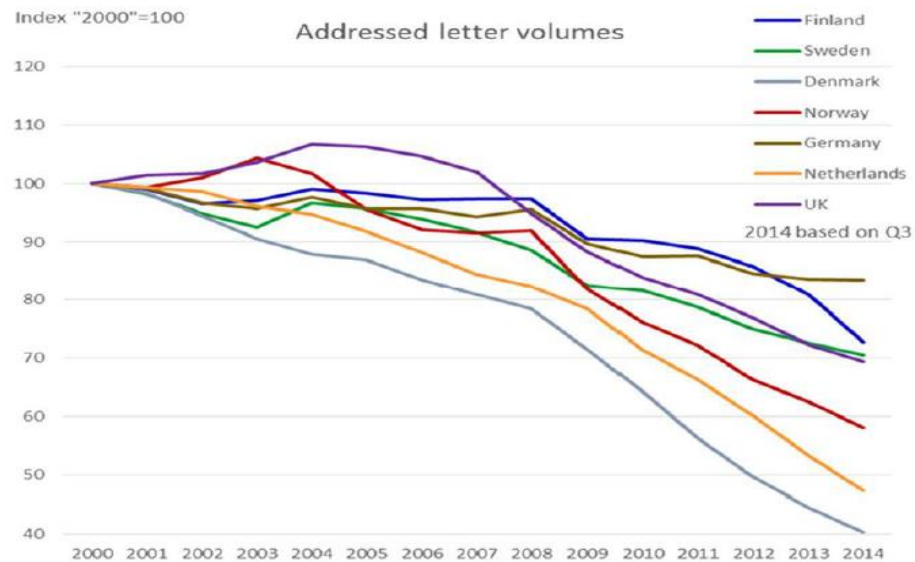
Postal services provide one way in which messages can be communicated and goods delivered. They therefore play a vital role in modern society, and will continue to do so. Good postal services are an engine for economic growth; poor postal services have a debilitating effect, both economically and socially.

However, the role played by postal services will change as society's requirements for communicating messages and having its goods delivered change. Demand for postal services will be affected by the competition from other communication media and delivery channels. It will also depend on society's view of the quality of service provided by postal services.

Long term view – is there an ideal future uso?

The current legal framework: (largely) an answer to the situation of the 1990s?

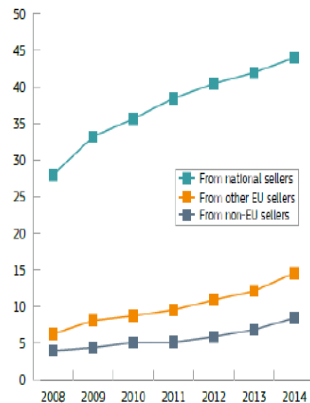
Fig 5 - Significant differences between Member States regarding the decline in letter volumes.



Long term view – is there an ideal future uso?

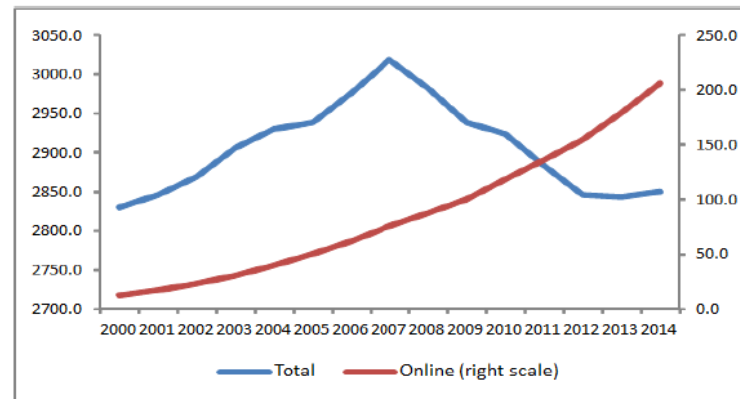
*A (totally) different communications and retail environment –
how much the demand side has changed?*

Figure A. 3: Domestic and cross-border online shopping, EU-28, 2008-2014 (%)



Source: Eurostat²⁰

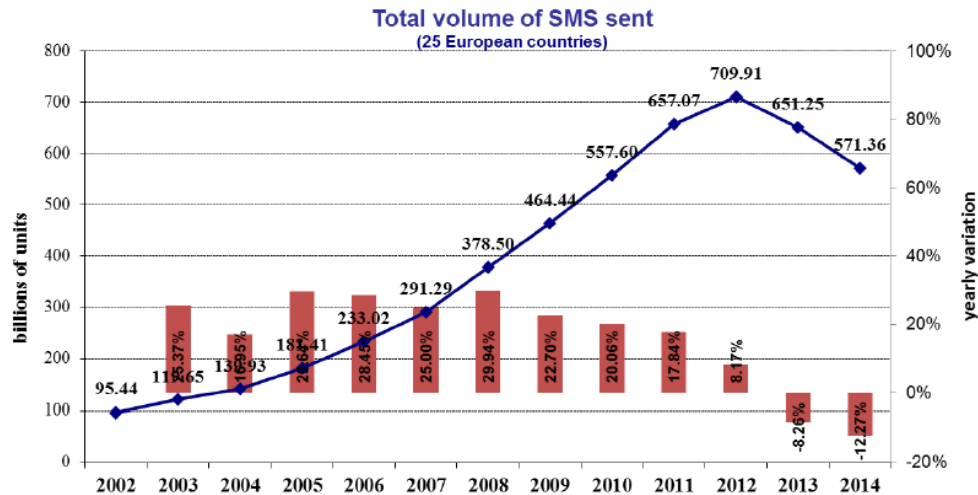
Figure A. 2: Estimated evolution of the total and online retail sales in goods, 2000-2014 (in billion EUR)



Source: Duch-Brown and Martens¹⁶

Long term view – is there an ideal future uso?

A (totally) different communications and retail environment – how much the demand side has changed?



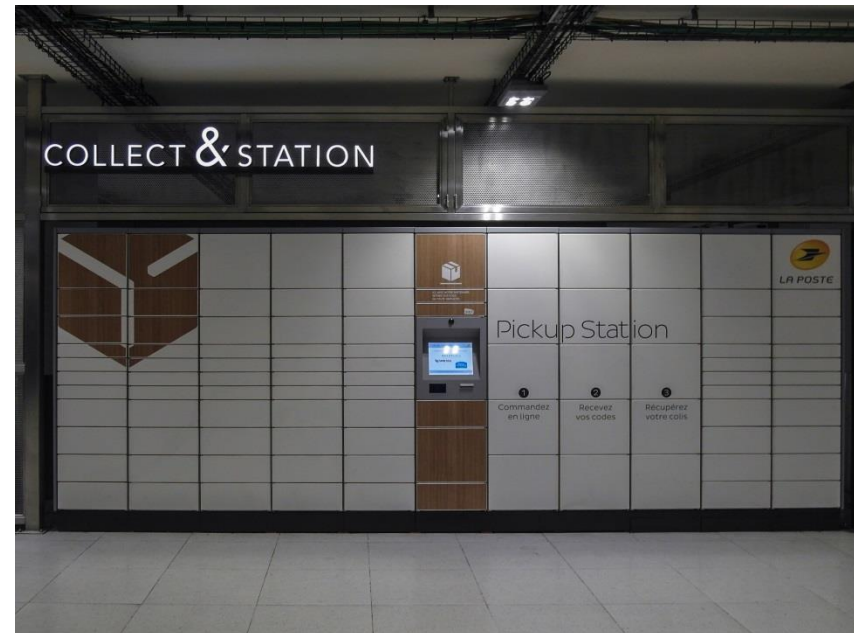
BoR (15) 211 [BEREC, Termination Rates at European Level]

Long term view – is there an ideal future uso?

The question of the perspective - What users want/need

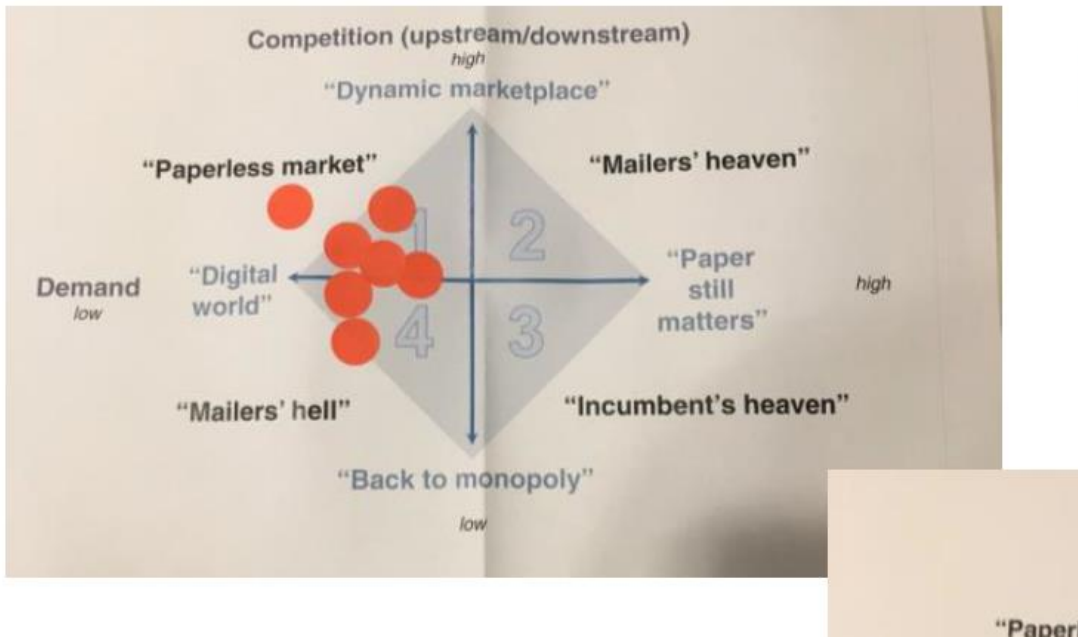
Table 9: Summary of other means of communication fulfilling users' needs

Users' needs	Alternatives
Delivery of Items of correspondence Traditionally sent as priority letter mail	Internet E-mail Social messaging SMS Non priority letter mail
Delivery of non-priority letter mail	Internet E-mail Secure digital mail solutions
Delivery of on-line purchases	Parcel post services On line delivery



Long term view – is there an ideal future use?

The question of the perspective: What users want/need



Long term view – is there an ideal future uso?

The question of the perspective: What users want/need

- 1. Technologically neutral or not?*
- 2. If it is not broken – why/when should we fix it?*

Long term view – is there an ideal future use?

If it is not broken – why/when should we fix it?

5. POLICY FUNDAMENTALS

It is agreed by everyone that the absolute policy fundamental is the need to ensure the continuation of the universal service, and thus to ensure that the postal administrations' public service mission is carried out in good economic and financial conditions. The main concrete meaning of this universal service requirement is that there should continue to be a postal service available throughout the Community, both for national services within a Member State and for cross-border services linking two Member States. This universal service must be provided at an affordable price, have good quality of service and be accessible to everyone. Then, provided that the universal service is secured, there should be as much freedom of choice as possible, as far as it respected, in accordance with the principle of subsidiarity, the pursuit of the public service mission.

Long term view – is there an ideal future uso?

If it is not broken – why/when should we fix it?

The Community's postal sector is subject to many forces. Technological change in other sectors has promoted indirect competition with postal services. Within the sector, there has been a succession of competition cases. Most importantly, customer needs are evolving, probably more rapidly than in the past. Action therefore seems imperative. If it is not taken, events will significantly alter the landscape, and it will become less and less easy for the Community to play its full part in helping to shape a sector which is so important to its commercial and social life.

Long term view – is there an ideal future uso?

How should we fix it?

subsidiarity;

convergence;

quality;

frequency;

Collection/access points

...



Long term view – is there an ideal future uso?



Who?

*Universal service providers which
suffer/which benefit
alternative operators
citizens*

*Frequent users of postal services
Infrequent users of postal services*

Taxpayers

*Business customers (e-commerce,
mailers)*

Employees