



EUROPEAN  
REGULATORS GROUP  
FOR POSTAL SERVICES

## **The future of USO - the approach of ERGP**

### **8th Annual Copenhagen Economics Postal & Delivery Conference**

Petros Galides, 2023 ERGP Chair  
Deputy Communications Commissioner, OCECPR  
11 May 2022

# Evolution of the Sector

## History

- 9.500 years ago: Start of writing – Mesopotamia (clay tokens)
- 2400 BC: First documented use of a postal system – Egypt (Pharaohs used couriers to send decrees throughout the state territory)
- 1653: Birth of modern mail systems – French Jean-Jacques Renouard de Villayer established a postal system in Paris
- 1837: Adhesive postage stamp invented – English school teacher Rowland Hill
- 1874: UPU founded – Treaty of Bern

→ Post always remained a means of written communication.

## Current Developments

- Importance of delivery of goods rapidly increasing, nationally and cross-border – rise of e-commerce
  - Importance of postal items / services as a means of written communication diminishing – e-substitution: personal correspondence, greeting cards, bulk (~95%) – environmental sustainability
- Delivery of physical goods will predominate.
- End of postal services\*?

Most radical transformation in the history of postal services?

\* depending on definitions

# Approach for future USO Regulation

- Forward-looking perspective:

The regulatory framework needs to ensure that the US corresponds to the contemporary-needs of users.

Fundamental principle when evaluating regulatory intervention:

- whether a proper functioning of markets and competition will sufficiently provide the services required by users,  
or
- whether it is necessary to maintain a universal service obligation in its current or in an adapted form.

- **Future regulation approached from two perspectives:**
  - Market and competition
  - The user
- ✓ **Market and competition**
  - Consider:
    - which regulatory provisions are needed for proper functioning and development of markets,
    - 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.

## ✓ **The user**

- Consider which postal services need to be covered by regulation.
- If there are grounds to distinguish between users (e.g. large businesses and private consumers).

Necessary to evaluate for which users (individuals, small companies, large senders), or groups, the minimum set is relevant, distinguishing between correspondence and goods.

# Minimum set of the US

- Defined at European level, providing harmonised rules.
- If market forces do not guarantee availability of the minimum set of services to all users (e.g. citizens in remote or rural areas and vulnerable users):
  - USP designated.
  - Member States and NRAs flexibility, according to the principle of subsidiarity, to address national specificities, circumstances and market development.

## **Minimum set of services**

*to ensure social and territorial cohesion*

What should be taken into account:

- Upper limit on weight  
Currently: 80% of items <2kg → Set below 20kg
- Ability of users to send and receive cross-border postal items
- Quality of service
- Shift from communication (sender-oriented) to e-commerce (receiver-oriented)



## **Minimum set of services**

*to ensure social and territorial cohesion*

- Groups / users for which minimum set of services is relevant
  - Adapted delivery frequency and modalities
- Other provisions like:
  - transparency of commercial offers and contracts
  - compensations for users in cases of non-compliance

Considering evolving consumers' needs and e-substitution:

→ US minimum set of services may not need to include certain mail items (e.g. bulk mail).

# US Sustainability

Threatened by decline in letter volumes.

- Cost reduction
- Some MS allow for modifications in quality, scope or content of the US, e.g.,
  - number of collection and delivery days
  - number of postal outletsin alignment with changing consumers' needs and commercially optimal service provision.

→ Frequency delivery obligation should be reviewed in response to consumer needs to avoid unnecessary burden to USPs.

# Conclusions:

## **The Regulatory Framework** needs to:

- ❖ Adapt to the development of a competitive market.
- ❖ Continue protecting users relying on post as a means for communication and for the delivery of goods.
- ❖ Consider need for clear rules on consumer protection.
- ❖ Shift from sender-oriented to receiver-oriented service provision calls for a continued and increased attention to safeguarding consumer needs and interests.

# ERGP Work

- ✓ Recently published Position Paper on the EC's Evaluation Report.
- ✓ Working on report on future USO needs, to be published by Plenary II (end of November 2022).

ERGP will follow matters related to the future of the USO particularly closely in the coming months due to its relevance in the context of a potential PSD review.

*Thank  
you*