



# *Index of Postal Freedom*

## France – La Poste



### *Overview*

**La Poste** -- the French government-owned postal service -- is the third-largest national post in the world, with 2008 revenues of over €20.8 billion. It's also the fifth-largest mail and package delivery firm in the world. Components of La Poste include traditional mail delivery, express and parcel delivery, and a financial division, which provides basic banking services.

Despite this menu of diverse offerings, mail still accounts for over half of La Poste's revenues. Financial services are becoming increasingly lucrative, as nearly a quarter of La Poste revenue is derived from this relatively new offering.

With over 300,000 workers, La Poste is the second-largest employer in France. Although state-owned, its operations have been commercialized -- so it competes against private companies -- and it holds stakes in some foreign postal operators.

### *Liberalization*

Liberalization of the French postal market has come in stages. The market for mail weighing more than 100 grams was completely liberalized in 2003. The market for mail above 50 grams was opened in 2006.

France has been among those most loudly calling for postponement of the EU's deadline for total liberalization of postal markets. The deadline for liberalization was recently pushed back two years to 2011. Union workers have vociferously opposed the liberalization movement. La Poste management claims that the company will be ready to compete in a liberalized marketplace in 2011.



Labor groups have consistently opposed the liberalization of the mail market. In response to La Poste's drift toward competition and privatization, postal unions staged a nationwide strike on September 23, 2008. The demonstration involved 27 percent of La Poste workers, according to company management.

### *Privatization*

La Poste maintains a monopoly on letter mail below 50 grams, and so it faces no competition within the letter mail market. Foreign and domestic package firms do compete with La Poste for parcel and express revenues.

Because of its presence in package markets, as well as its robust financial services business, La Poste does face competition in non-postal sectors. La Poste claims that 71 percent of its revenue in 2007 came from markets open to competition.

### *Competition*

La Poste maintains a monopoly on letter mail below 50 grams, and so it faces no competition within the letter mail market. Foreign and domestic package firms compete with La Poste for parcel and express revenues. So far, at least 19 such firms have been licensed by ARCEP, the French postal regulatory authority.

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### *Regulation*

Since the revision of France's postal laws in 2005, La Poste has been under the regulatory authority of ARCEP, or the Autorité de Régulation des Communications Electroniques et des Postes, an independent administrative authority.

The Autorité's executive board is composed of 7 members. Three are nominated by the President of the Republic, two by the President of the Senate, and two by the President of the National Assembly. Their terms are six years in length and



are not renewable.

ARCEP's regulatory authority is wide-ranging. Not only does ARCEP regulate the postal market, it is also the overseer of the French telecommunications market. ARCEP ensures that the universal service function is carried out, that the liberalization agenda of the EU is adhered to, and that the postal market generally functions.

ARCEP is also responsible for licensing firms to compete with La Poste's in liberalized business areas, primarily mail weighing over 50 grams.

### *Universal Service*

La Poste is the designated universal service provider in France, and ARCEP supervises this obligation. A unique component of La Poste's universal service obligation is the requirement that no more than 10% of a given municipality's (or département's) population may be more than five kilometers away from a post office.

In France, the universal service comprises letters up to two kilograms, parcels up to 20 kilograms, and newspapers up to two kilograms. It also includes recorded mail and valuable consignments.

In addition, regional post offices can draw upon a geographic equalization fund. Through this fund, tax revenue from more profitable urban post offices is used to subsidize the extra expense of maintaining the universal service obligation in less profitable rural areas.

In preparation for the full liberalization of the French mail market, La Poste is seeking new ways to finance universal service. One option, preferred by the French government, would be to charge La Poste's competitors a fee for access to the French market. The fees would be placed into a fund to subsidize universal service. Another option, favored by the EU, would be to charge La Poste's competitors for access to La Poste's network. This option is similar to a policy already in place in the United Kingdom.

### *Non-Postal Services*



Like many postal operators in Europe, La Poste has launched an integrated Postal Bank, offering a multitude of financial services. In 2005, the laws governing La Poste's bank were revised to allow it to perform, not just retail banking, but more complex transactions, such as issuing home mortgages. La Poste held €270.5 billion in deposits in more than 40 million accounts at the end of 2008. It's the fourth-largest retail bank in France in terms of demand deposits and savings.

La Poste is also involved in a number of government-related operations, such as distributing social benefits (e.g. welfare).

In November 2007, the French government authorized La Poste to distribute consumer credit. La Poste expects to offer such products by late 2009 or early 2010.

La Poste's financial services business accounts for nearly a quarter of annual revenue.

## *Useful links*

[ARCEP](#)

[La Poste Website](#)

[La Poste 2007 Annual Report](#)

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