Consumer Postal Council

# International Postal Update

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## *UK MONOPOLY ENDS*
## *British Open Doors to Competition*

**Great Britain will open its postal market to full competition on Jan 1.** It does so three years ahead of the European Union goal of full postal liberalization by 2009. At least 14 firms are now licensed to deliver mail in Great Britain, among them TNT and Deutsche Post, the privatized former mail monopolies of the Netherlands and Germany, respectively. Competition is primarily affecting business-to-business and business-to-consumer mail. Despite the opening, UK postal regulator Postcomm is predicting that Royal Mail will still control 90% of the market in 2010.

**As deregulation goes ahead, the possibility of privatization remains controversial.** The Royal Mail is a government-owned company, with 50,000 shares held by the company itself and 50,000 by the government. Royal Mail wants to allocate 20% of its shares to employees. The Communication Workers Union is campaigning against such a plan, saying that it amounts to privatization. Union bosses note that Tony Blair's ruling Labour Party promised in its election manifesto to keep the post office in the public sector.

**Royal Mail has been pressing the government for a cash injection.** It says it needs funds to buy new, automated equipment and to make up a pensions deficit that currently stands at 4.25 billion pounds (7.31 billion USD).

**The price of a Royal Mail first-class stamp will rise 2 pence to 32 pence** (0.55 USD) in April, under new plans approved by Postcomm. The UK postal regulator says that the scheme, which will allow the price of a first-class stamp to rise as high as 36 pence by 2010, will help plug Royal Mail's pension deficit.

## *EUROPE*
## *Deutsche Post Grows; France Expands Public Sector*

**In Deutsche Post's biggest acquisition ever,** it bought UK-based logistics company Exel for 6.5 billion USD (3.8 billion pounds) in December. The buy makes the privatized German postal service the world's biggest warehouse-and-inventory manager. Deutsche Post has been aggressively expanding internationally ahead of 2007, when it is slated to lose its German letter monopoly.

**The license giving Deutsche Post a quasi-monopoly over mail should not be extended beyond 2007**, according to two reports presented by the German Federal Network Agency and the Germany Monopoly Commission. The reports say the monopoly limits competition and results in higher stamp prices. Currently, Deutsche Post retains a 93% market share. The reports also note that DP can use its monopoly to subsidize nonpostal operations. Despite a legal requirement that would help prevent such cross-subsidization, DP has not implemented transparent accounting.

**France's La Poste will launch a new banking subsidiary, La Banque Postale**, in January. The expansion into banking services beyond checking and savings accounts was approved by a French central bank committee on Nov. 30. It is designed to compensate La Poste for the slated loss of its monopoly under EU rules. A group of French commercial banks has lodged a complaint with the European Commission, saying that with La Poste's 17,000 branches at its disposal, and permission to offer consumer loans, La Banque Postale will distort competition. In contrast to fellow EU members Holland and Germany, the French government plans to keep La Poste in the public sector.

**The Free and Fair Post Initiative released its fifth annual European stamp price survey.** Denmark has the most expensive postage in the European Union, with a 0.58 euro (0.69 USD) stamp for standard mail. France, Poland, Spain, the Czech Republic and Slovakia all raised rates in 2005.