

CONSUMER POSTAL COUNCIL

INTERNATIONAL POSTAL UPDATE

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← ACROSS THE GLOBE, MONOPOLIES LOSE GROUND →

IN EUROPE, FORGING AHEAD WITH LIBERALIZATION

In mid-October, the European Commission proposed that the 25 EU members have until 2009 to open their letter-delivery markets to unrestricted competition. A majority of European Members of Parliament must approve the proposal before it can become law. Sweden, Finland and Great Britain already allow full competition. However, the proposal faces fierce opposition. France is leading the resistance, saying the plan would harm La Poste and substantially reduce service in small towns. If the plan succeeds, however, advocates say prices would fall and services improve.

England's independent postal-market regulator (Postcomm) announced that the nation's postal market is showing "great promise" just one year after Royal Mail's monopoly was ended. According to Postcomm's survey, around 20% of UK's firms have experienced lower mail prices, while 34% believe the quality of Royal Mail's service has improved.

Following a six-year modernization push, including the creation of a retail banking operation, Italy's Poste Italiane has reversed five decades of losses and is on track to report its fifth straight profitable year. Italy's finance minister recently hinted that the government might soon sell part of the company in an initial public offering.

Deutsche Post, the semi-private German postal service operator, is reportedly planning to close 200 post offices throughout the country. Germany's postal union fears that up to 32,000 jobs could be lost in this move. Meanwhile, in an effort to regain some market share lost under liberalization, Deutsche Post plans to merge its letter-delivery and parcel-delivery businesses in early 2007.

When the light mail market is deregulated in 2008, Deutsche Post has indicated that it will pursue an aggressive pricing policy if it loses a substantial amount of market share. Currently, a national regulator must approve postage charges each year. After deregulation, the company expects greater pricing flexibility.

CHINA POST DOT-COM?

In November, China's State Council announced plans to turn China Post into a standalone company. China Post, which is currently run directly by the government, will be transferred into a new state-owned business. Meanwhile, the State Postal Bureau will be changed into a purely regulatory operation. This will create separation between the business and regulatory sides of China's postal services. The post office's savings operations will also be incorporated into the new company, making it China's fifth-largest bank. Observers believe it is unlikely that foreign investors will be permitted to buy a stake in China Post.

PROGRESS ACROSS THE WORLD

In Bulgaria, the nation's first full-service private postal operator was licensed. Tip-Top Courier AD, which will operate under the brand name T-POST, has been awarded a 20-year universal postal service license and is slated to begin operating in March 2007. Despite the introduction of competition, the private carrier is still barred from distributing items weighing less than 50g. The light mail market will remain under the control of Bulgaria's state system. That monopoly is expected to be abolished by the end of 2008.

As part of its effort to achieve self-reliance, the Nigeria Postal Service has launched a new product known as Air Post Express. The product -- which is only available between the country's airport cities -- will ensure that mail arrives at its destination within six hours of postage. Nigeria's Postmaster General, Mallam Ibrahim Baba, hopes that the new product will allow the carrier to provide better service and expand its revenue base.