



OPINION

By the European Confederation of Independent Trade Unions on
the

**Proposal for a Directive of the European Parliament and of
the Council**

amending Directive 97/67/EC

**concerning the full accomplishment of the internal market of
Community postal services**

COM(2006)594 final

Co-rapporteurs: Raymond Hencks and Volker Geyer

EN

Brussels, 29 March, 2007

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Proposal for a Directive of the European Parliament and of the Council

**amending Directive 97/67/EC concerning
the full accomplishment of the internal market of Community postal services**

COM (2006)594 final



The European Confederation of Independent Trade Unions,

- given** the proposal for a directive of the European Parliament and of the Council amending directive 97/67/EC concerning the full accomplishment of the internal market of Community postal services (COM(2006)594);
- whereas** there is agreement in the European Union that postal services are of considerable socio-economic importance for economic, social and territorial cohesion, as well as the implementation of the Lisbon Strategy;
- whereas** postal services make a direct contribution to social cohesion and ensuring the fundamental rights of the individual, linking people and regions up and keeping them together, to the competitiveness of European economy and finally also to sustainable development;

adopted the following opinion on 29 March, 2007:

CESI

- 1) **notes** that, with its proposal for a directive of the European Parliament and of the Council amending directive 97/67/EC concerning the full accomplishment of the internal market of Community postal services, [COM(2006) 594 final - 2006/0196 (COD)], the Commission wishes to commence the final stage towards fully opening up the postal market to competition on 1 January, 2009.
- 2) **stresses** that a sustainable universal postal service that guarantees all citizens, regardless of their place of residence, financial situation or otherwise, access to high-quality and reliable postal services at affordable prices is a significant element of the European Social Model and the Lisbon Strategy, which aims to make Europe more competitive. A high-quality universal service demonstrates a need, both on the part of citizens and economic actors; these main customers for the postal service rely on every letter and parcel being delivered on a day-to-day basis as quickly as possible to every recipient, irrespective of the criterion and place of residence.
- 3) With to the proposal for a directive currently being debated, all users in all EU Member States are to be guaranteed the shared universal service level to the same extent as they enjoy now, although from 1 January, 2009, Member States will no longer be awarded any more exclusive or special rights (reserved area) for



arranging and providing universal postal services. For CESI, **the biggest problem when it comes to organising this final stage involves** determining the measures which need to be taken in order to maintain an efficient and competitive postal sector with regard to economic competitiveness, the needs of citizens (regardless of their place of residence, their financial situation or otherwise) employment and sustainable development, which continues to offer a high-performing universal service at affordable prices to individuals and companies in Europe.

According to the Commission, Member States will no longer necessarily have to commit themselves to a supplier or suppliers of the universal service, but rather be able to leave the provision of said service to free market forces.

- 4) **Is convinced, in the light of examples of failed attempts**, that a complete range of products and services cannot be guaranteed by free market forces alone when the monopoly is abandoned.

The fact that the Commission itself entertains doubt over the ‘omnipotence’ of market forces is demonstrated in the fact that the Commission is arranging the following other funding possibilities should it transpire that external funding is needed to provide universal services:

- Funding via public invitations to tender;
- Public compensation through direct state aid;
- An equalization fund financed by contributions from service providers and/or users.

- 5) **notes** that reforms, technological developments as well as making greater use of machines in the postal sector have led to considerable improvements, a greater sense of efficiency and a better appreciation of customer needs, and that the latter are, according to ‘Eurobarometer’ surveys, generally satisfied with the quality of postal services today.

- 6) **is vehemently opposed to the Commission’s proposal to cover possible remaining costs** by introducing a fee for service users (in other words raising the rates) for the network of universal services, all the more so given the fact that the current universal service as such does not entail any specific costs for the user.

The same also applies to the funding of universal services through public subsidies, which in principle amounts to public funds once again being paid for by users/taxpayers.



A "play or pay" system, in which each provider is obliged to offer a universal service, which s/he can acquit him/herself of through helping finance the universal service, as well as the creation of an equalization fund, which were implemented on a trial basis in two Member States, have until now always failed pitifully.

These Commission proposals for alternative funding were not examined according to their practicability and effect on the user. Were they carried into execution under these conditions, the Member States would be running the risk of finding themselves in an irreversible situation in which the market is fully liberalised and the universal service no longer guaranteed.

As a result, CESI remains convinced that the elements on which the Commission's proposal are based can neither guarantee the funding of universal services in all Member States, in particular those with difficult geographical and demographic conditions, nor can ceasing funding through a reserved area, which has proved to be efficient and anti-discriminatory in many Member States, be justified.

- 7) **For CESI, experiences over the last few years have demonstrated** that new postal service providers can only win shares in the market because they offer the lowest postage rates. This is always at the expense of employees, whose salaries do not include social benefits. This has a negative impact on social insurance providers and purchasing power and thus is also damaging for the national economies of the EU Member States. This is why CESI is calling for all postal service providers on the market to be obliged to grant their employees a minimum salary and additional social benefits.

- 8) **criticizes the fact** that the studies the Commission drew on for its proposals concerning the full liberalisation of the market did not take into account the effects on social and territorial cohesion or employment, and thus demands an impact assessment for social and territorial cohesion in each country and a thorough examination of the various realistic possibilities when it comes to funding the universal service.
Before a new phase of liberalisation is ushered in, rules and a clear and secure framework need to be established. If need be, the reserved area should only be removed once this framework, which must contain in particular clearly defined and genuinely effective and sustainable measures concerning the funding of the universal service which have been checked for every Member State, has been set up.

- 9) People expect a high level of quality when it comes to the provision of their postal services. **In CESI's view, this justified demand can only be fulfilled via high-quality jobs.** This means that postal service providers must train and retrain their



employees well and render the postal services with their own staff. This would exclude outsourcing work to third-party providers. Moreover, CESI calls for all postal service providers in Europe to make available a minimum number of training places. Only through such an initiative can lasting high quality be guaranteed on the postal market.

These conditions must be fulfilled before the only manner of funding which has as yet proved effective, i.e. an appropriate reserved area, can be abolished.

10) In the light of the uncertainties and risks connected to a full liberalisation of the postal market, CESI cannot comprehend the haste towards the cut-off date on 1.1.2009, and all the more so when one considers that postal operators in those Member States that only joined the EU in 2004 would not have enough time to adapt to the new situation.

CESI therefore demands that the current directive be extended for the time being.

Brussels, 29 March, 2007

Valerio Salvatore
President

Helmut Müllers
General Secretary