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Regulatory news

Trump report urges higher USPS parcel rates and USO reform but no privatisation.

The heavily loss-making US Postal Service should re-define its Universal Service Obligation, charge higher rates for package delivery and cut costs to reverse its “unsustainable financial path” but should not be privatised, a long-awaited US government report has concluded.

The special Task Force report on the US postal system was released yesterday by the U.S. Department of the Treasury with a series of recommendations to overhaul the United States Postal Service’s (USPS) business model in order to return it to sustainability without shifting additional costs to taxpayers.

Treasury Secretary Steven Mnuchin, who chaired the task force, declared: “The USPS is on an unsustainable financial path which poses significant financial risk to American taxpayers. President Trump tasked us with conducting a thorough evaluation of the USPS, and today’s report contains achievable recommendations that fulfil the President’s goal of placing the USPS on a path to sustainability, while protecting taxpayers from undue financial burdens and providing them with necessary mail services.”

The Task Force’s recommendations, according to a Treasury statement, include:

* Improving governance by strengthening the Board of Governors and developing enforcement mechanisms to ensure financial commitments and reforms are met;

* Clearly defining the Universal Service Obligation by specifying what are “essential postal services,” or types of mail and packages for which a strong social or macroeconomic rationale exists for government protection;

* Developing a new pricing model that removes price caps and charges market-based prices for both mail and package items that are not deemed “essential postal services”;

* Modernizing the USPS’s cost standards and cost allocation methodology; and pursuing cost-cutting strategies that will enable it to meet the changing realities of its business model;

* Reforming USPS employee compensation and restructuring retiree health benefit liabilities

Moreover, the report did not recommend any moves towards European-style postal privatisation. The White House proposed this summer that privatisation could be considered once the postal operator’s finances had been reformed. But influential labour unions mounted strong campaigns against such a move.

05-12-2108
US Treasury, CEP-Research
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German regulator delays decision on Deutsche Post mail increases.

The German postal regulator, the Bundesnetzagentur (Federal Network Agency), is delaying a decision that could lead to higher postal prices next year due to Deutsche Post’s ongoing restructuring of its mail business.

According to German media reports earlier this year, Deutsche Post wants to increase the price of a standard letter from €0.70 to €0.80 from January 2019.

But the Bundesnetzagentur announced on Wednesday that the current postage rates for standard letter products would remain valid for the time being, and beyond the planned expiry date of December 31, 2018, until it could take a decision on new charges, which was now likely in the first half of 2019.

The agency said it needed more information from Deutsche Post about the restructuring of the mail business before it could take a proper decision about any price increases.

Jochen Homann, Bundesnetzagentur president, explained: "We have to take this step because Deutsche Post AG has not provided sufficient proof of its changed costs and savings as a result of the upheaval. Our decision for the coming years can only be relied on if we are able to assess the cost situation and revenue development."

02-11-2018
Bundesnetzagentur, CEP-Research
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Case-law of the EU Court of Justice

Case C-545/17

Request for a preliminary ruling from the Sąd Najwyższy (Poland) lodged on 18 September 2017 — Mariusz Pawlak v Prezes Kasy Rolniczego Ubezpieczenia Społecznego.

QUESTION REFERRED (...)must the first sentence of Article 7(1) of Directive 97/67/EC,(...), be interpreted, with the result that the posting of a procedural document at a national post office of an operator which provides a universal service but is not the designated operator must be regarded as equivalent to lodgement of that document with the court, on the basis of rules corresponding to those arising from the judgment delivered by the Court of Justice of the European Union (...)?

Opinion on this case-law has been published on 27 November 2018

CERP Data Base (see more)
CERP activity

CERP-Pan African Postal Union meeting

The PAPU Secretary-General, Mr Younouss Djibrine, and the CERP Chairman, Mr Germán Vázquez, held a meeting in Madrid on November 27. They made some decisions to develop the recently signed Memorandum of Understanding between both UPU restricted unions.

The meeting took place during the EUROMED plenary assembly held in Madrid. EUROMED is the restricted union of the Mediterranean postal operators.

Mr Djibrine and Mr Vazquez stressed the importance to hold regular web-meetings before each CA session in order to exchange ideas and points of views on the most important regulatory and governance UPU topics.

At the end of next January, the first CERP-PAPU web-meeting will take place in order to establish the basis of this new regular channel of communication stressing the importance of the mutual understanding.

Mr Djibrine also expressed his will to formalise the cooperation on regulatory topics with CERP apart from UPU matters.

28.11.2018
CERP News (see more)

CERP Working Group Policy meeting in Madrid (Spain) on 14-15 November 2018.

The third WG Policy meeting held in 2018 took place in Madrid on 14-15 November. It was quite interesting meeting in which several decisions were made.

All the participants agreed to foster the new “Group on the future reform of EU postal legislation at Ministries level”. In this regard a new group will be created on the CERP Website.

The participants also agreed to work on a CERP working paper that express the main concerns about the new EU postal regulation. A communication and perhaps a survey will be launched in order to prepare the discussion of this topic during the next meeting.

It was also discussed by the participants the difficulty to attend to all the CERP meetings for budgetarial reasons. Eight physical meetings were held in 2018. It was proposed that WG UPU and WG Policy, as far as it was possible, hold joint meetings during 2019.

20.11.2018
CERP News (see more)
International Organizations

ERGP (18) 42 Report on allocation of delivery costs.

This report provides information on the experience of individual NRAs in the measurement and allocation of the delivery costs and some of the various projects undertaken by the NRAs and the USPs in order to determine an accurate estimation of those costs.

The analysis started from the assumption that delivery is typically the most costly part of a universal service postal network and investigated the actual NRA experience starting from the proportion of the costs of delivery in the total costs. The average proportion is more than 40% and the individual cases range from 20% to 73%.

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PostEurop joins 66 European Associations in a joint industry letter on ePrivacy Regulation. Businesses has expressed concerns about the proposal for an ePrivacy Regulation and cautions Member States against rushing the negotiation with the European Parliament, which would have profound repercussions for the European economy.

Ahead of the Transport, Telecommunications and Energy Council meeting of 4 December, businesses from across all sectors of the European economy would like to reiterate their concern about the proposal for an ePrivacy Regulation. Despite ongoing negotiations in the Council, the text remains far from addressing the many substantive issues that have been raised since the proposal was first put forward. We therefore urge Member States to signal clearly that negotiations with the European Parliament should not be rushed on the basis of a flawed text, which would have profound repercussions for the European economy.

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The Newsletter has been worked by the CERP Secretariat and approved by the Steering Group. All CERP member countries are requested to send news or suggestions on topics to be published to the following address cerp.secretariat@fomento.es.