



Modernising the USO in the EU

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The "concept" of universal service:

UK, 1837

The Uniform Penny Post:

- reform of the Royal Mail
- eradicate the abuse and corruption of the existing service
- postal service became a government monopoly
- setting a **charge of one penny** for carriage and delivery between any two places in UK/Ireland **irrespective of distance.**

POST OFFICE REGULATIONS.

ON AND AFTER THE 10th JANUARY, a Letter not exceeding HALF AN OUNCE IN WEIGHT, may be sent from any part of the United Kingdom, to any other part, for ONE PENNY, if paid when posted, or for TWO PENCE if paid when delivered.

THE SCALE OF RATES,

If paid when posted, is as follows, for all Letters, whether sent by the General or by any Local Post,

Not exceeding $\frac{1}{2}$ Ounce	One Penny.
Exceeding $\frac{1}{2}$ Ounce, but not exceeding 1 Ounce	Twopence.
Ditto 1 Ounce	2 Ounces Fourpence.
Ditto 2 Ounces	3 Ounces Sixpence.

and so on; an additional Two-pence for every additional Ounce. With but few exceptions, the WEIGHT is limited to Sixteen Ounces.

If not paid when posted, double the above Rates are charged on Inland Letters.

COLONIAL LETTERS.

If sent by Packet Twelve Times, if by Private Ship Eight Times, the above Rates.

FOREIGN LETTERS.

The Packet Rates which vary, will be seen at the Post Office. The Ship Rates are the same as the Ship Rates for Colonial Letters.

As regards Foreign and Colonial Letters, there is no limitation as to weight. All sent outwards, with a few exceptions, which may be learnt at the Post Office, must be paid when posted as heretofore.

Letters intended to go by Private Ship must be marked "Ship Letter."

Some arrangements of minor importance, which are omitted in this Notice, may be seen in that placarded at the Post Office.

No Articles should be transmitted by Post which are liable to injury by being stamped, or by being crushed in the Bags.

It is particularly requested that all Letters may be fully and legibly addressed, and posted as early as convenient.

January 7th, 1840.

By Authority: --J. Hartnell, London.

The "term" universal service:

US, 1907

Theodore N. Vail, president of
AT&T and head of the Bell
System

Slogan:

**"One Policy, One System,
Universal Service"**



One Policy One System Universal Service

THAT the American public requires a telephone service that is universal is becoming plainer every day.

Now, while people are learning that the Bell service has a broad national scope and the flexibility to meet the ever varying needs of telephone users, they know little of how these results have been brought about. The keynote is found in the motto—"One policy, one system, universal service."

Behind this motto may be found the American Telephone and Telegraph Company—the so-called "parent" Bell Company.

A unified policy is obtained because the American Telephone and Telegraph Company has for one of its functions that of a holding company, which federates the associated companies and makes available for all what is accomplished by each.

As an important stockholder in the associated Bell companies, it assists them in financing their extensions, and it helps insure a sound and uniform financial policy.

A unified system is obtained because the American Telephone and Telegraph Company has for one of its functions the ownership and maintenance of the telephones used by the 4,000,000 subscribers of the associated companies.

In the development of the art, it originates, tests, improves and protects new appliances and secures economies in the purchase of supplies.

It provides a clearing-house of standardization and thus insures economy in the construction of equipment, lines and conduits, as well as in operating methods and legal work—in fact, in all the functions of the associated companies which are held in common.

Universal, comprehensive service is obtained because the American Telephone and Telegraph Company has among its other functions the construction and operation of long distance lines, which connect the systems of the associated companies into a unified and harmonious whole.

It establishes a single, instead of a divided, responsibility in inter-state connections, and a uniform system of operating and accounting; and secures a degree of efficiency in both local and long distance service that no association of independent neighboring companies could obtain.

Hence it can be seen that the American Telephone and Telegraph Company is the active agency for securing *one policy, one system, and universal service*—the three factors which have made the telephone service of the United States superior to that of any other country.



Why is the universal service important?

Postal services are essential to society. They allow the free flow of information between groups and individuals, taking into account the interests of **vulnerable people** including the disabled, chronically sick, pensioners, those on low incomes and those living in rural areas.

Universal Service in Directive 2008/6/EC

- *The **permanent** provision of a postal service of specified **quality** at all points in their **territory** at **affordable** prices for all users*
- *Frequency and geographical coverage (with exceptions and derogations)*
- *Minimum "**facilities**" (postal items, postal packages, registered/insured items)*
- *Also cross-border*

Universal Service in Directive 2008/6/EC

- Scope (Art 3)
- Designation (Art 4)
- Requirements (essential requirements, non-discrimination, adaptation to user needs) (Art 5)
- Transparency to users – prices, quality (Art 6)
- Financing (Art 7 and Annex I)

Implementation Report

Wide variations among Member States:

- Scope and frequency of USO
- Number of items per capita (letter/parcel)
- Extent and speed of e-substitution (and underlying factors such as broadband penetration, e-literacy, etc)

Implementation Report

Commonalities among Member States:

- Pressure due to e-substitution
- Little competition within USO area
- Financing predominantly through state aid
- Distortion due to VAT exemption

Policy options

A) Levers to reduce the cost of the USO

- Frequency
- Geographical coverage (collection/delivery)
- Quality (speed)
- "Minimum facilities" covered (cost reduction?)
- Affordability (price elasticities?)

Policy options

B. Centralised versus decentralised?

Pros of centralised approach

- **Single market** dimension (e.g. distortions in x-border competition)
- Reduced "**regulatory capture**" at the national level
- **Coherent quality** for cross-border business

Policy options

B. Centralised versus decentralised?

Pros of decentralised approach

- Flexibility
 - better adaptation to national circumstances (including user needs)
 - greater ease to adapt framework whenever needed

Policy options

B. Centralised versus decentralised?

Mitigation of downsides of decentralised approach

- Harmonisation of some USO dimensions at EU level (e.g. "facilities" covered), while allowing MS to define the rest (e.g. frequency, geography)
- Setting of principles and criteria at EU level
- Procedural safeguards (e.g. notification)

THE WAY FORWARD

- No proposal for revision of PSD in 2015/6
- Close monitoring
- Further research, e.g. on:
 - Potential cost savings of different scenarios
 - Evolving user needs
 - Substituability of communication services
- Improve "universal" parcel services?
- Review?