Press Release

Substantial changes in the European postal sector since 1997

The European postal sector has undergone substantial changes since the first EU Postal Directive was adopted more than ten years ago. After three postal directives gradually reformed and liberalised the postal sector, the market will be fully opened in most Member States as of January 2011, with some exceptions until 2013. ITA Consulting and WIK-Consult have conducted an in-depth study on the market's evolution since 1997 for the European Commission which was recently published and presented at a workshop in Brussels.

Hamburg, October 22nd, 2009 – The European Commission commissioned the study "Evolution of the European Postal Market since 1997" from ITA Consulting and WIK-Consult in order to examine the evolution of the European postal market since the start of EU Postal Reform in 1997. The results of the study were published and presented to stakeholders at a workshop in Brussels on September 22nd, 2009.

The report covers both the letter post and the parcel and express market segments. The aim of the report is to assess key market trends in view of EU Postal Reform and of the gradual opening of the postal market during the period of 1997-2009. It describes the postal reform process and evaluates the impact on access, affordability, prices, consumer satisfaction and complaints, quality of service, and competition. In addition, it highlights likely trends in the near future and offers various recommendations with regard to key issues.

The study highlights that the gradual EU postal market reform combined with the partial or even full privatisation of the national postal operators have promoted modernisation and thus improved the efficiency of postal operations and the reliability of postal service provision. National postal operators have become more competitive and profitable companies. Competition has emerged to a certain extent in liberalised markets but the incumbent postal operators still have market shares of more than 95% in most countries. Several factors still limit the development of competition, however, such as the unequal application of VAT rules on incumbent and competing postal operators in many Member States, unnecessarily rigid licence requirements for competing postal operators in several countries and, generally, anticompetitive behaviour of some incumbent postal operators.

The study shows low growth for letter post volumes between 1997 and 2007 with an average annual growth rate of 0.4%. Correspondence and transactional mail have been increasingly subject to competition from electronic communications, while direct marketing volumes have grown more strongly over the last decade.

In the parcel and express market, the study singles out strong growth, competition and consolidation. The EU-27 parcel and express market volume is estimated to have grown solidly with an average annual growth rate of 6.1%, outpacing GDP which had a growth rate of 3.5% over the same period.

Overall, the study finds that EU Postal Reform has substantially supported the process to achieve reliable and good-quality postal services, financially viable postal operations and customer-oriented postal service providers through accompanying measures with regard to the universal postal service, postal users' rights, and by establishing a timetable for full market opening of the letter post market.

However, the study points out that a continued safeguarding of basic postal services will be necessary in the coming years and the sector should continue being subject to close regulatory control in order to ensure postal services for individuals and small business customers. In addition, regulation will be necessary to protect competition, prevent any abuse of a dominant market positions, and provide transparent market information.

The full report "The Evolution of the European Postal market since 1997" conducted by ITA Consulting and WIK-Consult is available for download free of charge from CEP-Research **and the website of the** European Commission (Directorate General Internal Market)**.**

About ITA Consulting

ITA Consulting GmbH is a consulting and solutions development company with primary expertise in the European market for Courier, Express and Postal services (CEP market). The medium-sized company with currently 30 employees is active in Hamburg since 1995. ITA Consulting operates a specific portal, CEP-Research, which is the first Europe-based internet portal specialised in the worldwide CEP market providing customers with daily industry news and market research as well as customer-based information products and research. These are tailor-made and individualised solutions – research, monitoring, and analysis of selected markets, segments or competitors, as well as the collection and evaluation of data about the Courier, Express and Postal market.

To obtain more information about our products & services please visit our websites at www.ita-consulting.com and www.cep-research.com.

ITA Consulting GmbH
Christoph-Probst-Weg 3-4
D-20251 Hamburg
www.ita-consulting.com

Tel.: +49(40) 38 08 79 0
Fax: +49(40) 38 08 79 77
E-Mail: marketing@ita-consulting.com

About WIK-Consult

WIK is a leading European institute for research in communication and infrastructure industries. It specialises in regulatory economics and policy issues in the postal sector, electronic communications, electricity and gas, water, sewerage, and transportation. WIK has advised the European Commission, regulatory authorities in Europe and abroad, postal operators, and industry associations on postal policy and regulation. WIK-Consult is a subsidiary fully owned by WIK. WIK and WIK-Consult have a combined staff of 50.

WIK-Consult GmbH
Rhöndorfer Straße 68
D-53604 Bad Honnef
www.wik-consult.com

Tel.: +49 (0) 2224 9225 0
Fax: +49 (0) 2224 9225 63
E-Mail: info@wik-consult.com