The future postal regulatory framework in Germany
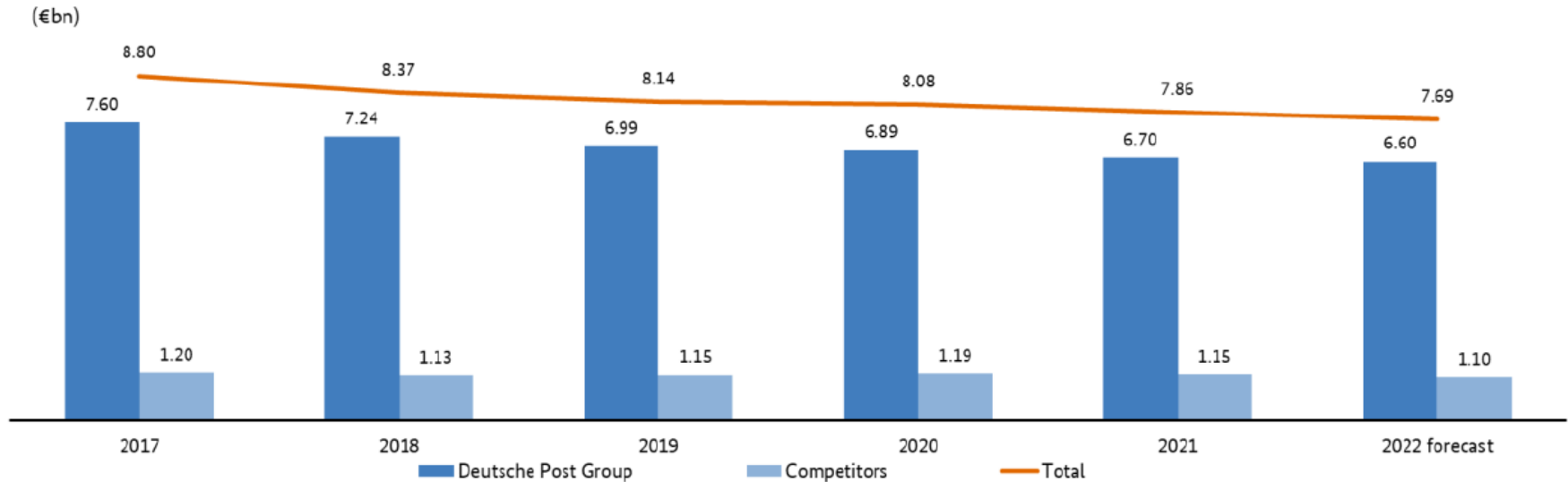
20th Königswinter Postal Seminar

Where we are

- Coalition Treaty as of December 2021

    "We want to amend the Postal Act and further develop socio-ecological standards and strengthen fair competition."

- June 2022 virtual dialogue with more than 50 stakeholders

- Key principles for a revision of Postal Act published on 26 January 2023
  https://www.bmwk.de/Redaktion/DE/Artikel/Service/Gesetzesvorhaben/novelle-des-postgesetzes.html

- Further stakeholder dialogue with 70 participants on 29 March 2023

- Currently: Writing the draft bill

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Letters market

BNetzA Market Monitoring: Letters Market Report

Market data and competitive conditions in the postal sector as at January 2023

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Revenues in the licensed letters sector by provider category

(€bn)

Year	Deutsche Post Group	Competitors	Total
2017	7.60	1.20	8.80
2018	7.24	1.13	8.37
2019	6.99	1.15	8.14
2020	6.89	1.19	8.08
2021	6.70	1.15	7.86
2022 forecast	6.60	1.10	7.69

Federal Ministry
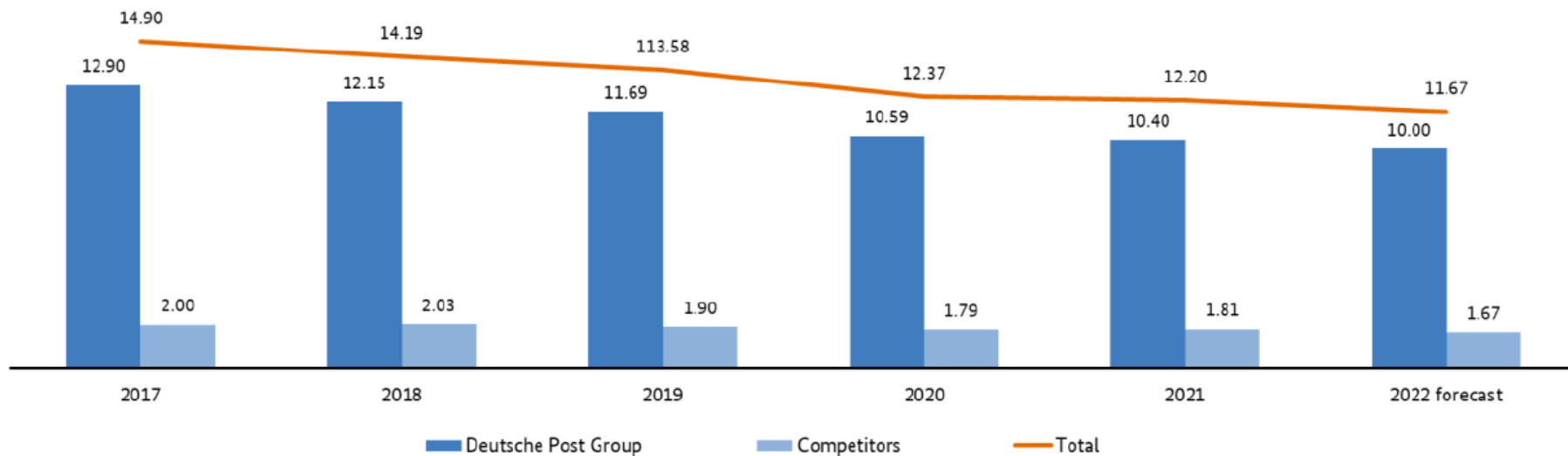for Economic Affairs
and Climate Action

Licensed letters sector revenue shares by provider category

in %

year	2017	2018	2019	2020	2021	2022 forecast
Deutsche Post Group	86.4	86.5	85.9	85.3	85.3	85.8
Competitors	13.6	13.5	14.1	14.7	14.7	14.2

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Letter volumes in the licensed letters sector by provider category

(bn items)

Year	Deutsche Post Group	Competitors	Total
2017	12.90	2.00	14.90
2018	12.15	2.03	14.19
2019	11.69	1.90	113.58
2020	10.59	1.79	12.37
2021	10.40	1.81	12.20
2022 forecast	10.00	1.67	11.67

Deutsche Post Group Competitors Total

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Licensed letters sector volume shares by provider category

in %

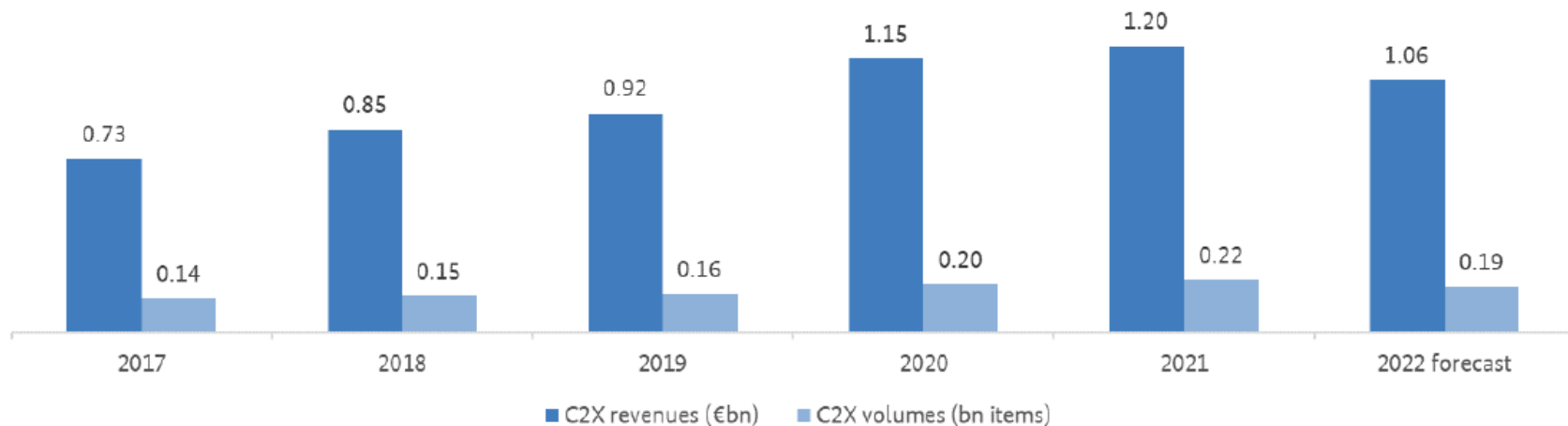| year	2017	2018	2019	2020	2021	2022 forecast
Deutsche Post Group	86.6	85.9	86.0	85.5	85.2	85.7
Competitors	13.4	14.1	14.0	14.5	14.8	14.3

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Parcels market

BNetzA Market Monitoring: Parcels Market Report

Market data and competitive conditions in the postal sector as at January 2023

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Parcels market B2X revenues and volumes 2017-2022 (forecast)

B2X revenues (€bn): 2017: 6.81, 2018: 7.75, 2019: 8.42, 2020: 11.23, 2021: 14.06, 2022 forecast: 14.59

B2X volumes (bn items): 2017: 2.08, 2018: 2.35, 2019: 2.52, 2020: 3.08, 2021: 3.81, 2022 forecast: 3.78

■ B2X revenues (€bn) ■ B2X volumes (bn items)

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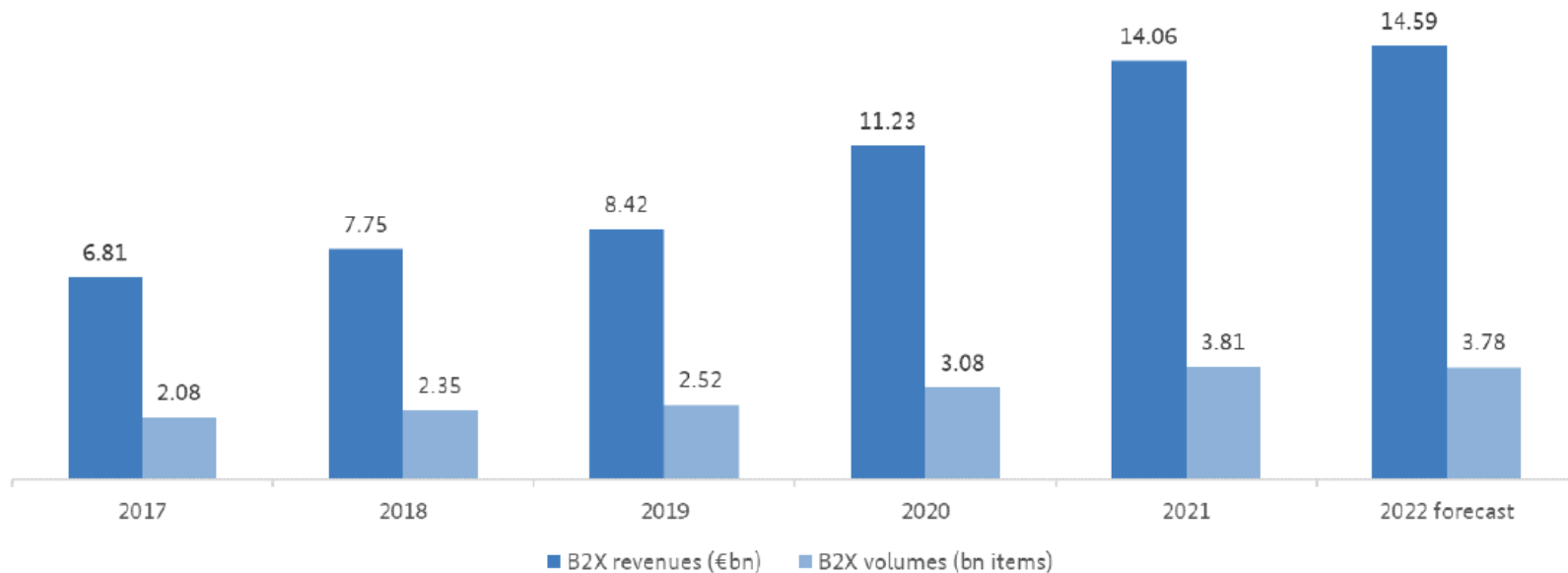
Parcels market C2X revenues and volumes 2017-2022 (forecast)

	2017	2018	2019	2020	2021	2022 forecast
C2X revenues (€bn)	0.73	0.85	0.92	1.15	1.20	1.06
C2X volumes (bn items)	0.14	0.15	0.16	0.20	0.22	0.19

■ C2X revenues (€bn)   ■ C2X volumes (bn items)

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Parcel service providers' volume-based shares of the market in 2021 (domestic and international)

5% to 15% range each

> 40%

other competitors
(combined total of <2%)

Key principles for a revision of the Postal Act

Basic assumptions

- Postal services are part and parcel of people's daily lives
- The expectations placed by users in the different types of postal services have changed since 1997 (entry into force of current Postal Act):
  - Letters: reliability
  - Parcels: speed and predictability
- Digital solutions have been shaping the postal sector:
  - Apps to track and redirect deliveries in real time
  - Store parcel labels and postage on your mobile device
  - receive parcels 24/7 at automated pick-up points

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Policy goals

- Contribute to the social, ecological and digital transformation of the postal sector by providing incentives for
  - a more sustainable delivery of letters and parcels
  - digital solutions
- Competition provides the right framework for the successful transformation of the postal markets
- A level playing field and effective competition in the interest of
  - postal users
  - employees in the postal sector (distortions of competition often result in a deterioration of working conditions)

Five political priorities

(1) Ensuring a permanent supply of postal services in urban and rural areas

(2) Effective protection of consumers' interests

(3) Easy access to the market, transparent monitoring of markets and effective market surveillance

(4) Fair competition on letters market and parcels market

(5) Resilient postal networks

Ensuring a permanent supply of postal services in urban and rural areas

- Strengthen BNetzA's powers to ensure compliance with universal service requirements

- Take digital and automated solutions adequately into account in USP

- USP requirements more flexible to meet the needs of users and promote sustainability

- Adapt the national USP catalogue to users' current needs

- Current routing times are not very meaningful and should be adapted

- Effective tracking mechanism: more transparent for users and help monitor compliance with routing time requirements

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Effective protection of consumers' interests

- 'digital atlas': better visibility and accessibility for users

- Transparency for end users by requiring certain basic information to be provided when offering services in post offices or online

- Minimum requirements for service providers' complaints procedures: complaints by senders and recipients

- Regular reports on the carbon footprint of their postal services and sustainability programmes

- More sustainable delivery alternatives: e.g. cooperative solutions for 'last mile' delivery

Easy access to the market, transparent monitoring of markets and effective market surveillance

- Market access to be governed by a harmonised digital procedure that applies to all postal service providers

- Harmonised monitoring and sanctioning powers for BNetzA

- Decent working conditions: ~400 000 jobs (~220 000 DP/DHL; ~180 000 competitors)

- Additional market surveillance capacity for BNetzA (activity reports, market data, national and international price comparisons)

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Fair competition on letters market and parcels market (1)

- Market regulation to be readjusted: specific need for regulation based on a market definition and analysis procedure

- Three criteria test: where is sector-specific regulation necessary, where is competition law sufficient

- More rights for BNetzA to obtain information extended to neighbouring markets: substitution effects or the impact of upstream and downstream competition

- Requirement to notify planned changes in fees in advance (for ex-post regulation)

Fair competition on letters market and parcels market (2)

- Fee regulation to focus more strongly on network investment – particularly investment in sustainable postal logistics – and a sustainable universal service

- Consistency requirement: the way costs are passed on different fees must be reasonable. Illicit cross-subsidisation should be effectively eliminated

- Network access also for merchandise shipments (e-commerce "letters")

- Regulatory scope: Company dominating a neighbouring market and extending its market power to a postal market in a way that distorts competition on the postal market

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Resilient postal networks

- Revision of the Act on Ensuring Postal Service Provision in order to prepare the postal network for future crises

- Ensuring resilience is a permanent task: regular dialogue between BNetzA and postal service providers to discuss action to be taken in the event of a crisis

- BNetzA to serve as the central point of contact for ensuring the resilience of the postal network:

  - preparing measures

  - in the event of a crisis

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Thanks for listening. Any questions?