



WHAT DID POSTAL LIBERALISATION DELIVER?

# 10 YEARS OF POSTAL LIBERALISATION IN EUROPE



# ECONOMIC AND SOCIAL CONSEQUENCES

In 2008, the 3rd Postal Services Directive was adopted and implemented in the European Union, opening the way to the full liberalisation of the postal market.

At the time, the European Commission argued for postal liberalisation on the grounds of:

- **increased quality, greater efficiency and better customer-orientation**
- **lower prices**
- **stronger growth to create more and better jobs**

Directive 2008/6/EC defines a universal service obligation for postal services which must be guaranteed by all member states as well as minimum standards which include:

**Clearance and delivery to each address on at least 5 working days for domestic correspondence and incoming cross-border correspondence throughout the whole national territory at uniform and affordable prices**

This year the European Commission will provide an application report to the European Parliament and the European Council on the evolution of postal services in the last 10 years.

UNI Europa Post&Logistics has conducted its own study which focusses on the economic and social consequences of postal liberalisation from a trade union perspective. The full study is available under: [www. Uniglobalunion.org](http://www.Uniglobalunion.org)

This brochure summarizes the main findings of the study and refers to other reports commissioned by the European Commission.

Our task is to help decision makers at the European level by providing objective and complete information as a basis of future decisions. The question we need to ask is: What kind of postal service do we want in the future?

## **NOW 10 YEARS LATER, LIBERALISATION HAS BEEN SHOWN TO HAVE FAILED...**

Liberalisation seeks to introduce competition by abolishing monopolies and removing reserved areas.

But after 10 years of full postal liberalisation, the only conclusion we can draw is that there is no competition in the postal sector!

**Only 4.2% of the letter market in Europe is open to competition.**

## **WHY ISN'T THERE COMPETITION IN THE POSTAL SECTOR?**

The postal service is a network industry. To build and maintain a postal network with letter boxes, sorting and distribution centres, postal workers to transport and deliver mail and post offices is expensive and investments aren't profitable.

The letter market is shrinking. Globally, letter volumes declined by 32% over the last year. In Europe, the letter market has been declining by 4.2% each year. To invest and compete in a shrinking market makes no economic sense.

Competition in the postal sector is limited to profitable areas like unaddressed advertising and bulk mail. This is what we call "cherry picking". Competition steals the money generated by the profitable services provided by universal service providers which they need so as to finance services in less profitable areas!



## **BUT WHAT ABOUT THE AREAS WHERE THERE IS COMPETITION**

Traditionally the CEP business (Courier – Express – Parcel) has never been a monopoly. There has always been competition for parcels, and this sector represents a huge and fast-growing market. Due to the rise of e-commerce, the parcel market grew by 62% in the last 10 years globally, and in Europe it is growing by 13% each year. Postal companies have a market share of approximately 32% in Europe, whereas only 4 companies, DHL, FedEx, TNT and UPS, have a 40% share of the global market!

But this competition is based on price not quality. In a sector where labour accounts for 70% of total costs, competition is almost exclusively based on salaries. In came social dumping!

## **WHAT DID POSTAL LIBERALISATION DELIVER?**

In a shrinking letter market, companies must provide other services in order to survive. 88% of postal companies have developed logistics services, 73% provide financial services and all of them compete in the parcel market. Additionally, postal companies prepared for competition in order to become cheaper, more efficient and more flexible through:

- **Restructuration and rationalisation**
- **Outsourcing, franchising and new subsidiaries**
- **Investing in new technologies and innovation**
- **Downsizing the postal network**
- **Introduction of new forms of employment**



## **WHAT ABOUT THE EUROPEAN COMMISSION'S PROMISES?**

### **POSTAL LIBERALISATION WILL BRING INCREASED QUALITY, MORE EFFICIENCY AND BETTER USER-ORIENTATION**

The Study on "Main developments in the postal sector 2013-2016" carried out by Copenhagen Economics on behalf of the European Commission concludes: "postal operators in response to liberalisation implemented a number of cost-saving measures having implications on the quality of services in the postal sector."

### **FEWER SERVICES IN FEWER POST OFFICES!**

Many postal companies have tried to save costs by downsizing or outsourcing the postal network. Post offices have been transformed into access points at petrol stations or supermarkets with limited services. In Sweden and Germany 100% of the postal outlets are outsourced; in Belgium only 50% of post offices are owned by postal companies. Globally 35% of all post offices are now outsourced!

### **LONGER DELIVERY TIMES AND FEWER DELIVERY DAYS**

Already six countries have completely abolished the D+1 (next day delivery) service, and another 5 countries have introduced expensive priority letters with D+1 (next day) delivery while reducing the delivery time of standard letters to D+5. In 2016 only 14 universal service providers met the transit time targets for domestic priority letters. Several countries invoke exceptional circumstances which allows them to derogate from USO requirements.



## CUSTOMERS HAVE TO DO THE WORK THEMSELVES

The public has to spend more time and travel farther to access postal services because there are fewer letter boxes and parcel pick-up points. New apps and electronic services force people to use electronic stamps and to franchise and pre-sort their mail. Crowd-sourced delivery models (Uber model) require people to organise their own platform-based parcel deliveries, or even to deliver the parcels themselves.

## BRINGING PRICES DOWN

Postal services used to be a universal service of general economic interest with a clear obligation on the postal companies to provide all citizens with a public service. Now they have become a profit-oriented business which must satisfy shareholders and big customers. Only 21% of revenue is generated by private customers, and only 27% is generated by domestic letters under 20g. Therefore, services provided to the general public are constantly being reduced. Social and territorial cohesion is losing importance and affordability comes at the cost of lower quality.

What used to be standard post is now first class or premium mail, the prices for which are higher. In Europe, between 2013 and 2016 prices for standard letters went up by 36%. This only affects prices for postal items accessible to the public.

Special rates for business clients are not transparent and trade unions are unable to obtain them, but studies undertaken by the European Commission claim they have gone down. At the same time, 50% of EU states need to subsidise universal services with taxpayers' money.

## FOSTER GROWTH AND CREATE MORE AND BETTER JOBS

Since 2004, postal companies have shed around 500.000 jobs or 32% in Europe.

Oxford Economics estimates that private operators have created about 150,000 jobs since 2008. **This means we have lost more than 300.000 jobs!**

**The jobs that are left have changed, and alternative forms of employment have been introduced in a sector that used to employ civil servants and full-time employees.**

More than 20% of postal workers are part-time. Between 2013 and 2016, the use of subcontractors increased by 36% and the number of self-employed workers by 33%. At peak-times like Christmas, temporary agency workers cover the extra work. **This means the headcount figures provided by the European Commission do not give us a realistic picture of the employment situation in the postal sector!**



## POSTAL JOBS HAVE CHANGED

In order to be competitive in the growing parcel sector, postal companies use low labour-cost models, employment cuts, freeze wages, reduced pay and create new job categories. In Belgium more than 10% of the postal workforce are agency workers. Amongst the competition we have a situation in which drivers are paid approximately €0.40 for each successfully delivered parcel.



**Postal workers are facing a loss of positive job identification.** By breaking down the individual activities performed by postal workers, a deskilling process has been set in motion. Whereas postal workers used to carry out a variety of tasks, we now have sorting agents, letter carriers, sales staff. This not only undermines workers' self-image but it also has an impact on the perception of postal workers by the public.

Postal companies measure working time and performance targets in seconds. A postman on a scooter is expected to need 5 seconds to put his helmet on. **Every letter delivery is now measured in seconds, and there is no time to talk to people, an important social function.**

Route planning programmes calculate and measure every delivery route. **Customers expect predictable time-specific delivery whatever the weather conditions and however bad the traffic.**

Walking delivery routes in cities are getting longer and to save time postal workers have road-side refill stations so that they can swap an empty bag for a new full one.

Outsourced postal points offer less services and sales staff are not adequately trained. **There are fewer staff working in post offices but they are still expected to provide financial and other new services.** As a result, they are under increasing pressure to sell financial products. Customers in turn, complain about long queues and the quality of postal services.

Fewer staff having to handle increased parcel volumes and deliver diversified services spells an increase in workload, longer working hours and longer delivery routes for those that still have a job. This increases stress and pressure.



POSTMEN/WOMEN DELIVER 64 BILLION POSTAL ITEMS PER YEAR IN EUROPE! In 2012, La Poste in France recorded 19 cases of suicide or attempted suicide. The report from the investigation commission came to the conclusion that **work pressure, a lack of dialogue and changes in work organisation** were the main reasons.

The deterioration in employment and working conditions has caused an **increase in the number of mistakes made and the risk of accidents**. It is therefore no wonder that complaints for USO products received in Europe went up by 23% and in general by 88% from 2013 to 2016.

Not all developments can be blamed on liberalisation, but liberalisation does make it harder to adapt and attenuate some of the consequences. Also, the decline in letter volumes, high restructuring and modernisation costs and privatisation have contributed to the situation we face today.

### WHAT KIND OF POSTAL SECTOR DO WE WANT IN THE FUTURE?

In many countries, postal companies are still the second biggest national employer. Worldwide they employ around 5.32 million postal workers and run 677.347 post offices.

This is a unique physical network which contacts each address in the world at least 5 times a week, ensures social and territorial cohesion and enables all citizens to communicate with one another.

**In principle, there are two options on the table at the moment:**

- we can either destroy the postal service and its network
- or we can find new uses for the postal network to benefit the general public

Recommendations made in the recent studies carried out under the aegis of the European Commission make it clear that the European institutions are keen on the first option.

Liberalisation has not worked for the postal sector! But instead of reconsidering other options for the postal sector, the European Commission just wants to dole out more of the same medicine.

The solution it proposes is to open up more parts of the postal network to competition, reduce the obligations of postal services and destroy the original idea of a universal service in all our countries and regions, by leaving the decision on minimum services to national governments.

**This means we will have no postal companies in the future!**

UNI Europa Post&Logistics strongly believes in our postal network. Therefore, we demand:

The European Commission provide incentives to **strengthen postal networks** and help promote innovative products.

The regulatory framework for postal services must guarantee the sustainable financing of the USO in a shrinking market **without focussing on profitability**.

We also demand that **no additional measures be taken to further liberalise and deregulate the postal market!**

Current definitions of the USO in terms of **high-quality, affordable services at uniform prices in the whole territory, access points density, delivery time standards (d+1) and last mile delivery must be upheld and/or maintained.**

## SUPPORT THE UNI EUROPA POST&LOGISTICS CAMPAIGN!



All activities, materials and background documents of our campaign can be found under:

**[www.uniglobalunion.org](http://www.uniglobalunion.org)**

Go to our web page and stay informed!

WE NEED YOUR SUPPORT TO SAFEGUARD OUR POSTAL SERVICES AND  
SHAPE THE FUTURE  
SO THAT WE CAN PUT PEOPLE BEFORE PROFIT!

