



2009, Delivering Postal Liberalisation on Time

Opening statement

"Liberalisation for the benefit of postal users and industry"

2009 Delivering Postal Liberalisation on Time

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Dear Commissioner McCreevy,

Ladies and Gentlemen.

"Without visions to strive for, to long for, without visions to want to realise, there is no reason to devote great efforts". These are the words of the famous psychoanalyst, Erich Fromm. No, I do not think we Europeans need psychoanalysis. But yes, I do think Europe is in a difficult situation. Perhaps we lack a clear vision for Europe's future? European integration began with a vision: Reconciliation and peaceful co-existence, peace with freedom and prosperity.

What would a vision for Europe look like today?

I am convinced that one aspect would have to be: To collectively secure and enhance prosperity in times of globalisation. This may sound self-evident. And the objectives of our Lisbon Strategy are the right ones: to make the EU the world's most competitive and dynamic economic area, to encourage growth and employment. But visions can only be inspiring in the long term if they are implemented successfully. Visions without implementation strategies and clear timetables tend to become hallucinations. Currently, Europe is not leading, but rather trailing in the slipstream of globalisation. Some people therefore believe that Europe needs more protectionism. What they are hoping for is a protective barrier against global change. Key words often heard in this context are: Protecting national markets, provision of services for the general public, national "champions", the Services Directive.

Ladies and Gentlemen, European politics must have the courage to be frank with its citizens and to tell them: Protection is not a solution! Protection is a defensive strategy. And a treacherous one, as well. Europe needs to address these issues insistently: More competition. Market liberalisation. Flexibility. Innovation. More scope for entrepreneurs. This is what politics must promote! And then, politics must act. In real terms. In detail. With measurable success.

A crucial building block is the continued development of the European Single Market. Former Commission President Jacques Delors was instrumental in advancing this issue. "A failure of the Single Market project would have resulted in a loss for the entire EU in the amount of approximately 300 billion Euro". This is what his Commission Report entitled *The Cost of Non-Europe* concluded in 1988.



In the mean time, some great success stories have occurred. For example, with respect to telecommunications. The markets of this state-organised sector have been liberalised. This has led to an enormous increase in the speed of innovation. Entirely new technologies and markets have emerged. And fees have decreased significantly. A result that especially pleases consumers.

Competition by market liberalisation is the most effective form of consumer protection, and this applies to both quality and costs. But in other service markets, liberalisation has progressed only half as far, at best.

Postal policy is a case in point. Unfortunately. Liberal and competitive postal markets represent an important element of a successful Lisbon Strategy.

Therefore, Industry has very high expectations with respect to the upcoming third Postal Services Directive.

Let me tell you why: Because the current discussion about a complete liberalisation of Europe's letter markets has an impact not only on the postal companies and their potential competitors.

No, Ladies and Gentlemen, the liberalisation of Europe's postal markets has an impact on the entire industry! All users of postal services benefit from new, innovative services and reductions in postage. Of course, the consumer does too. But above all, the entire economy. As Industry, we therefore have very clear demands concerning the European Community's postal policy.

Firstly. We need a clear timetable for a complete liberalisation of the European letter markets. A timetable that specifies a date in the near term for abolishing protected monopolies. A timetable that is binding on all Member States. In our view, the target year should be 2009. Any reform that does not meet this minimum target does not deserve that label.

Secondly. Fair competition throughout Europe also requires that all companies are subject to equal tax treatment.

Thirdly. If a Member State demands a certain level of service, and if the market does not provide adequate solutions, the State Member must also bear the associated costs. In accordance with the principle: "You want it – you pay for it." And the European legislator should explicitly include this requirement in the directive.

Industry's fourth and final demand: The European legislator should only stipulate a minimum level of requirements for universal service, and leave any additional requirements up to the Member States.

I would like to discuss this last point in somewhat greater detail. Of course, a minimal standard for postal services in particular with respect to private customers and small business owners will also be guaranteed in future. But I believe that strict compliance with the principle of subsidiarity is crucial: Because requirements for universal service vary significantly among Member States, and regulations at a European level cannot adequately accommodate this level of diversity. Also, requirements change over time. For instance, electronic media are changing the way we communicate. And this means that the requirements for universal service provided by the classic postal services are also changing.



And last but not least: If specifications are too strict, they will impede new market developments. An example: Positive output effects as a result of complete liberalisation can be expected especially in price-sensitive areas such as direct mail. These segments do not require today's frequencies and times of delivery. Therefore, the legislator must take care not to impede the emergence of new opportunities by establishing an inflexible universal service regime. Otherwise, these competitive determinants will not have the desired effect.

Ladies and Gentlemen, there are a number of regulations in the postal services sector that currently still impede effective competition. And which in turn lead to additional requirements for regulation.

I cannot discuss all of these issues today. But there is one peculiar issue that I would like to mention: The so called uniform tariff. To put it frankly: I do not see any reason why regional differences in costs of mail delivery should be equalised by cross-subsidisation, which inhibits competition. Quite the opposite: differences in cost should also lead to differences in price! If we were to be courageous and allow more competition regarding regional price differentiation, we could probably sidestep many of the issues that arise in the context of universal service!

Ladies and Gentlemen, the liberalisation of the European postal markets is at a critical crossroads. If we achieve complete market liberalisation in all Member States in the near term, we will experience positive effects: for the postal markets themselves as well as for the entire economy. To a degree, postal policy is thus also a question of economic policy. Also, market liberalisation sends out the signal that we are serious about completing the European Single Market and achieving the Lisbon objectives. But if liberalisation is not sufficiently far-reaching, or if it should fail, I fear we will have missed economic opportunities.

And suffered a loss of confidence in the sincerity of European politics. And we might also begin to back-pedal with respect to other liberalisation projects.

In the words of Perikles, one of the founders of the Athens democracy in ancient Greece: "The secret of freedom is courage". In this sense, I wish all of us the courage to implement the vision that we believe is the right one, and this means: Release the postal markets into a competitive environment as soon as possible.

For the benefit of all users of postal services. By doing so, we will not submit to hallucinations. On the contrary. I'm convinced that when we do so, we will really strengthen Europe's competitiveness.