Anna Drab-Kurowska

Shaping competition policy in postal market : evaluation of using tools on the example of Poland and Denmark

Ekonomiczne Problemy Usług nr 122, 197-204

2016

Artykuł został opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

MUZEUM HISTORII POLSKI

Ekonomiczne Problemy Usług nr 122

ISSN: 1896-382X | www.wnus.edu.pl/pl/edu/
DOI: 10.18276/epu.2016.122-18 | strony: 199-206

ANNA DRAB-KUROWSKA
University of Szczecin[1]

SHAPING COMPETITION POLICY IN POSTAL MARKET – EVALUATION OF USING TOOLS ON THE EXAMPLE OF POLAND AND DENMARK

Summary

The article presents an analysis of the postal market on the example of Polish and Danish. In particular, we present an assessment of the development of competition in these markets. They pointed to factors such as the level of independence of the regulators of the postal market, the area of universal service and availability of the infrastructure by alternative operators.
Keywords: postal market, competition policy, tools of economic policy.

Introduction

For many years, the post market has been considered strategic for the economy of every state (Budziewicz-Guźlecka 2012). Tremendous technological changes forced the national operators to adjust their services to needs of the information society, use emerging business opportunities and pay more attention to a rapidly growing direct and indirect competition (e.g. electronic mail) (Kotylak 2009; Kubiak, Badzińska 2013). With the growing diversification of postal services, the value of the market increased attracting additional interest of the state as a potential source of budget revenue. Market liberalization had a major impact on the postal business in the European Union, and the process brought steadily growing competition from private operators. This necessitated harmonizing the national law with relevant EU regulations aimed at enhancing competitiveness on the market leading

[1] Faculty of Management and Economics of Services.

to improved flexibility and continuous innovation in the area of postal services (Chorób 2013). Goals of the article include:

- presenting the situation on the postal market in Denmark and Poland in the context of growing competition; and
- indicating selected tools of the economic policy, which influence the development of competition on the postal market.

In the view of the goals specified above, the article makes references to specific regulations as a basis for examining relevant issues. It is then followed by a description of postal markets. Additionally, the article presents selected economic policy tools that have direct influence on the postal market.

1. Growing competition on the postal market

Despite a complete opening of the EU market in 2013, the competition on the letter market has been steadily growing in the majority of EU member states, whereas operators providing a universal service maintained their majority stake in most countries. Out of 15 members states that completely opened their markets before 2011 (including Denmark), in 2013 eight had over 5 percent competition on the letter market (as regards number of letters). In the group of countries which opened that markets after 2011, until the mid-2013, competitors exceeded their 5% stake of the letter market in five of them. In countries which allowed competition on the letter market, operators providing 'door-to-door' service which developed their own distribution network deliver letters themselves. In countries where universal service operators use other businesses for the final delivery, competition regarding access to the market developed in Slovenia, Great Britain and Germany. In some EU member states, domestic competition authorities accused universal service providers of anti-competition behaviour and misuse of a dominating position. Such instances applied to illegal discounts given to business clients, narrow margin and major price reduction (Nagaj 2013). The above may entirely exclude competition. Entry to the market and development of competition can be hampered by certain regulatory practices, such as restrictions on permissions given to new businesses, much beyond the range defined in the Directive.

2. Postal services market in Denmark and Poland – comparative analysis

The analysis should start from defining regulatory issues. Table 1 presents key issues related to postal market regulation in Denmark and Poland.

Another comparison is made between the scope of universal services (table 2), which in Denmark is much wider for specific groups of services in comparison with Poland.

Table 1

Institutional Framework and National Competition Authority

Institutional Framework		
	Denmark	**Poland**
Ministry for postal policy	Ministry of Transport	Ministry of Administration and Digital Affairs of Poland.
National regulatory authority	Danish Transport Authority	Office of Electronic Communications
National Competition Authority		
	Denmark	**Poland**
National competition authority	Danish Competition and Consumer Authority	Office of Competition and Consumer Protection
Primary authority for competition rules	National competition authority (NCA)	National regulatory authority for postal affairs (NRA)
(NCA) NRA/NCA cooperation	Share data: Yes Regular consult: No Coord agmt: No	Share data: Yes Regular consult: No Coord agmt: No

Source: Main Developments in the Postal Sector (2010–2013) Country Reports, WIK Consult, Bad Hoonef 2013, p. 25–27, 94–97.

Table 2

The scope of universal services in Denmark and Poland

	Scope of Universal Service					
Service	**Ensured**		**Price regulated**		**Service standards**	
	DK	**PL**	**DK**	**PL**	**DK**	**PL**
Single piece letter post (FSC)	Yes	Yes	Yes	Yes	Yes	Yes
Bulk letters	Yes	No	-	No	-	No
Bulk advertisements	Yes	No	Yes	No	Yes	No
Newspapers, magazines, etc.	Yes	No	No	No	No	No
Non-priority correspondence	Yes	Yes	Yes	Yes	Yes	Yes
Single piece parcels	Yes	Yes	Yes	Yes	Yes	Yes
Bulk parcels	Yes	No	Yes	No	Yes	No
Delivery frequency for LP	6 days per week	5 days per week				
Delivery frequency for parcels	5 days per week	5 days per week	Delivery point: Parcels must be delivered without charge to addressee	Delivery point: Parcels must be delivered without charge to addressee		

Source: Main Developments in the Postal Sector (2010–2013) Country Reports, WIK Consult, Bad Hoonef 2013, p. 25–27, 94–97.

From the point of view of postal market development, the access to the market is particularly important. In Poland, operators may start operating based on an entry to a register run by the postal market regulator. This is considered a very liberal solution. However, in a number of EU members states, including Denmark, a prospective postal operator needs to meet more stringent requirements, namely obtain a licence or a permit (table 3). Operators delivering letters (up to 1 kg) are required to have individual licences in such countries as Finland, France, Sweden and Germany, whereas general permits are mandatory in Italy and Spain. In order to obtain a licence or a permit, an entity needs to pay a fee to a sinking fund or meet other obligations, e.g. maintain service quality or meet competition rules.

Table 3

Legal Treatment of Competitive Services

Legal Treatment of Competitive Services		
	DK	**PL**
Special tariffs are transparent and non-discriminatory?	Bulk letters: Required by law but not verified in practice Direct mail: Required by law but not verified in practice Bulk parcels: Required by law but not verified in practice	Bulk letters: Required by law but not verified in practice Direct mail: Not required by law or verified in practice Bulk parcels: Required by law but not verified in practice
Special tariffs are available to other postal operators?	Bulk letters: Required by law but not verified in practice Direct mail: Required by law but not verified in practice Bulk parcels: Required by law but not verified in practice	Bulk letters: Not required by law or verified in practice Direct mail: Not required by law or verified in practice Bulk parcels: Required by law but not verified in practice
Licence required within US area	General authorisation required for provision of some services with the universal service area	No authorisation required for provision of services with the universal service area
Use of potentially restrictive authorisation conditions	Univ. servs: No Quality conditions: No Competence: No	Univ. servs: No Quality conditions: Yes Competence: Yes
Access to postal infrastructure by competitors	Addr. database: Yes Post office boxes: Yes Delivery boxes: Yes	Addr. database: No Post office boxes: Yes Delivery boxes: Yes

Source: Main Developments in the Postal Sector (2010–2013) Country Reports, WIK Consult, Bad Hoonef 2013, p. 25–27, 94–97.

3. Selected economic policy tools on the postal service market

The growth of competition on the postal service market depends on several economic policy instruments (mentioned above) which either discourage or attract new postal operators. Below presented are two of the tools that have major impact on the market concerned. These include:

- designated operator, and
- regulations on access to the postal infrastructure.

The designated operator was introduced to mitigate negative social consequences of market liberalisation. In Denmark, Post Danmark is the designated operator. The company is a part of PostNord AB, in which 60% of the stake is owned by the Swedish Government, whereas 40% by Denmark. In Poland, such a role is played by Poczta Polska S.A., a State Treasury Company. Despite complete liberalisation of the postal market, the designated operator guarantees that all citizens have access to high quality and affordable services provided in virtually any location in the country on the same conditions. This is possible also because Poczta Polska S.A. prepared already in 2009 a strategy for the next years, containing initiatives and actions in order to maintain the company's financial stability under full competition conditions (Czaplewski 2011, p. 40).

The full opening of the postal market benefits the entire economy of the EU, and improves the quality and reduces prices. However, possibilities of generating profit may lead to restricting the access to postal services for specific groups, in particular people living in the mountains, as well as rural and sparsely populated areas. It is also important to examine obligations of the designated operator, which include creating a sufficient network of post offices and post office boxes, also in area of low population. In the latter, postal services are particularly important in ensuring communication between people, participation in economic life and labour market, which translates into social and territorial cohesion in a country. Another important obligation of the designated operator is to ensure frequency of postal services, e.g. delivery at least once a day for five days a week. Yet another factor which prevents exclusion is affordable price and single tariff all over the country, regardless geographic location of a client and cost for the post. At the same time, a general principle is that prices of universal postal services should correspond with the cost incurred by the designated operator and do not distort the competition. To meet those requirements, the postal market is supervised by the postal market regulator.[2]

Another economic policy tool, having a major impact on the postal service market, is the access to the infrastructure. Thus, appropriate regulations ensuring

---

[2] Designated operator in the European Union. Solutions applied in provision of public postal services in 27 EU member states.

access to the infrastructure stimulate competition. According to the Third Postal Directive, designated operators in all EU members states are required to provide access for other operators to selected parts of their own postal infrastructure, e.g. system of post codes, data base of addresses for redirecting postings, post office boxes, and delivery boxes. As regards other elements of the infrastructure, according to article 11 of the Third Postal Directive, member states should adopt harmonisation measures necessary to ensure transparent and non-discriminatory access to the postal network for all users and postal operators.

The report on the 'Main Developments in the Postal Sector (2010–2013)', developed by WIK Consult, a German research institute, and commissioned by the European Commission, provides a detailed analysis of the postal operators' infrastructure in particular countries (table 4).

Table 4

Access provided to postal infrastructure in EU member states

Access to postal infrastructure in EU		
High (7 states)	**Average (10 states)**	**Low (11 states)**
Czech Rep., **Denmark**, France, Lithuania, Luxembourg, Germany, Slovenia	Austria, Cyprus, Estonia, Greece, Malta, **Poland**, Portugal, Hungary, Great Britain, Italy	Belgium, Bulgaria, Croatia, Finland, Spain, Netherlands, Ireland, Latvia, Romania, Slovakia, Sweden

Source: WIK Main Developments in the Postal Sector 2010–2013.

None of European countries decided to ensure full access to all part of the designated operator's network. Selected countries (Belgium, Estonia, Germany, Latvia, Lithuania, Malta, Portugal, Slovenia, Great Britain and Hungary) provide access to the final stage of the service, namely the delivery, also known as the downstream access, which requires the designated operator to deliver mail provided by other universal service operators or included in universal services.

Regulations concerning the access to the postal infrastructure can be divided into three main types (Polish Postal Institute 2015):

- Provision of access to the postal network (according to domestic law) and parts of its infrastructure. Such a solution has been applied for instance in Denmark.
- Opening of postal infrastructure catalogue (by indicating sample calculation), applied in such countries as Belgium and Estonia.
- Providing access to listed elements of postal infrastructure, applied in Poland.

Point 34 of the preamble to the Third Postal Directive refers to the obligation of ensuring interoperability of postal networks in case there are several operators providing a universal service and having their regional postal networks. So far, Denmark and Poland decided to have only one designated operator. The final scope of the access to the postal infrastructure in particular EU states may vary significantly depending on the organization of an individual postal market, see table below.

Table 5

Access to postal infrastructure in Denmark and Poland

Access to:	Post codes	Post office boxes	Delivery boxes	Address database	Changes in address database	Return services
Denmark	+	+	+	+	+	+
Poland	+	+	+			

Source: WIK Main Developments in the Postal Sector 2010–2013.

Access to postal infrastructure in Denmark is wider than in Poland. This creates better opportunities for alternative operators interested in operating on the Danish postal market.

Conclusions

Each member state regulates its postal market as prescribed by Postal Directives. The analysis of European solutions (including those in Denmark and Poland) indicates that previous public operators become designated operators due to their multiple-year experience. Therefore, there was no concern that the designated operator would fail to provide universal services of relevant standard.

Literature

1. Budziewicz-Guźlecka, A. (2012). Management of Changes in Enterprises as a Form of Adaptation to E-Economy. *Zeszyty Naukowe Uniwersytetu Szczecińskiego. Scientific Journal. Service Management*, *8*, 199–207.
2. Chorób, R. (2013). *Instytucjonalne determinanty rozwoju innowacyjnych powiązań integracyjnych. Zeszyty Naukowe Uniwersytetu Szczecińskiego. Ekonomiczne Problemy Usług,* (104 Europejska przestrzeń komunikacji elektronicznej. T. 1), 169–177.
3. Czaplewski, M. (2011). *Behaviors of the Polish Post before the full postal market liberalization*, in: materiały konferencji IPoCC „International Postal and e-Communication Conference", Institut Jana Pernera o.p.s., Pardubice 2012.

4. Kotylak, S. (2009). Kontrola społeczna administracji w kontekście rozwoju społeczeństwa informacyjnego. *Zeszyty Naukowe Uniwersytetu Szczecińskiego, Ekonomiczne Problemy Usług* (Social control administration in the context of the development of the information socjety. *Scientific Papers of the University of Szczecin, Economic Problems Services*), nr 35, cz. 2: *Rynki przesyłu i przetwarzania informacji – stan obecny i perspektywy rozwoju* (*Markets transmission and processing of information – current state and development prospects*), 121–135.
5. Kubiak, K.; Badzińska, E. (2013). Zastosowanie technologii informatycznych w kontekście rozwoju wiedzy w organizacji. *Zeszyty Naukowe Uniwersytetu Szczecińskiego, Ekonomiczne Problemy Usług nr 104*: *Europejska przestrzeń komunikacji elektronicznej*, t. 1 (The use of information technology in the context of the development of knowledge in the organization. *Scientific Papers of the University of Szczecin, Economic Problems of the Services*, No. 104: *European area of electronic communication*, Vol. 1), 341–348.
6. *Main Developments in the Postal Sector (2010–2013) Country Reports*, WIK Consult, Bad Hoonef 2013.
7. *Między obowiązkiem a korzyścią biznesową – udostępnianie infrastruktury pocztowej (sieci pocztowej) przez operatora wyznaczonego. Przegląd rozwiązań europejskich* (*Between obligation and business profit – providing access to postal infrastructure [postal network] by designated operators. European solutions*), Polish Postal Institute, October 2015, 21.
8. Nagaj, R. (2013). An Economic Regulation Method and the Development of End-User Electricity Prices. *Actual Problems of Economics*, No. 1 (Vol. 2), p. 90–99.

KSZTAŁTOWANIE POLITYKI KONKURENCJI W OBSZARZE RYNKU POCZTOWEGO – OCENA WYKORZYSTANIA NARZĘDZI NA PRZYKŁADZIE POLSKI I DANII

Streszczenie

W artykule zaprezentowano analizę rynku pocztowego na przykładzie Polski i Danii. W szczególności przedstawiono ocenę rozwoju konkurencji na tych rynkach. Wskazano na takie czynniki jak: poziom niezależności regulatorów rynku pocztowego, obszar usług powszechnych oraz poziom dostępności do infrastruktury przez operatorów alternatywnych.
Słowa kluczowe: rynek pocztowy, polityka konkurencji, narzędzia polityki gospodarczej.

Tłumaczenie Anna Drab-Kurowska