

ARCEP Annual Report (Extracts)

2011

EXTRACTS : Postal Services



EXTRACTED FROM ARCEP'S ANNUAL REPORT 2011 FOR THE POSTAL SECTOR

INTRODUCTION	3
PART I : ARCEP	4
CHAPTER I ARCEP responsibilities and activities	4
1. ARCEP's responsibilities	4
2. ARCEP's activities	4
Official notices to comply and penalties	4
3. Legal framework and its development	4
The postal communications sector	4
CHAPTER II ARCEP'S organisation	6
CHAPTER III Relationship with other public authorities and actors	8
Relationship with European and international bodies	8
> ERPG	8
CHAPTER IV Relationship with economic stakeholders	9
Postal operators	9
PART II : ARCEP's main areas of focus	10
CHAPTER I Actions on behalf of consumers	10
1. ARCEP's powers in consumer matters	10
In the postal sector	10
2. Review of the impact of ARCEP's 30 proposals	10
Proposals about postal communications	10
Results of implementation of ARCEP proposals	11
PART III : The proper functioning of regulated markets	
CHAPTER I The postal market	13
1. Overview of the postal markets in France in 2011	13
1.1. The market as a whole	13
1.2. The operators in a fully liberated market	14
1.3. The mail preparation market: the BASIC study	15
2. ARCEP's new powers in postal matters	16
2.1. Processing complaints	16
2.2. Evaluating the cost of the national planning and development mission	17
3. The universal postal service	17
3.1. Changes in the scope of the universal postal service	17
3.2. Tariffs in 2011 and extension of the price cap	19
3.3. Quality of service	21
4. Specific case studies	24
4.1. Sending small, low-value items	24
4.2. The registered letter	25
4.3. The Postal Consumers Committee	26
4.4. Information about the postal sector	27
5. The European Regulators Group for Postal Services (ERGP)	28
Glossary	29

INTRODUCTION (Extracts for postal services)

Postal services

2011 was the year that the postal services market was fully opened up to competition. However, the weakened economic situation in which the postal sector is developing explains why this market liberalisation did not translate into a significant increase in competition. Through its actions, ARCEP intends to contribute to modernising and improving the quality of the postal service by focusing on the universal service: shortening the delivery time for registered letters; examining the terms surrounding the introduction of new offers – notably the more economical “letter verte” – in the set of universal services; reducing the price of sending small items of little value. A Law of 9 February 2010 gave ARCEP two new responsibilities: to assess the cost of the regional development mandate assigned to La Poste, which we did for 2010, and to handle complaints from users that are not satisfactorily resolved by the procedures put into place by the market’s operators. In early 2012, ARCEP produced a first scorecard of its actions in this area: the opinions we received allowed us to identify concrete improvements to be implemented for tracking sent items and the terms governing the receipt of parcels. The variety and scale of the work undertaken and achieved over the course of 2011 demonstrate the capacity of ARCEP – and of its very high quality staff – to adapt to a sector in a constant state of development. ARCEP has thus structured itself to be able to satisfy the needs arising from the

responsibilities newly assigned to us by the revised European framework, without increasing our staff and while also reducing our operating budget. We have increased our interaction with local authorities to whom we lend our expertise. We have managed to employ less intrusive forms of regulation in a growing number of instances, as in the area of net neutrality, as well as forms of co-regulation when the situation allows.

These changing methods also reflect the very nature of regulation: knowing how to reinvent one’s courses of action without ever betraying one’s responsibilities. But, in this sector, as in the other regulated sectors, State mandates are never confined to just the job of regulator. The Government and Parliament are attached to a broad set of essential policies and actions: fiscal environment, supporting R&D, innovation and investment; role of public enterprises; developing training for new professions, etc.

Operating alongside and helping to back private initiative, it is this set of public policies which, in tandem with the regulator’s actions, steadily defines our country’s economic landscape, and so that of the electronic communications and postal sectors.

Jean-Ludovic Silicani
ARCEP Chairman

PART I : ARCEP (Extracts)

1. ARCEP responsibilities and activities

In 2005, the Law on postal regulation² expanded the Authority's powers. It thus became the Electronic communications and postal regulatory authority, or ARCEP (*Autorité de régulation des communications électroniques et des postes*), as it assumed the responsibility of overseeing the postal market's liberalisation and proper operation. Since 1 January 2011, the date on which the French postal market was fully opened up to competition, in accordance with the Law on postal regulation and postal activities³, the Authority has been responsible for:

- issuing authorisations to exercise a postal activity;
- issuing opinions, which are made public, on tariffs and universal service quality objectives;
- assessing the net cost for La Poste to fulfil its regional development mandate;
- and processing complaints received from users of the postal service which were unable to be resolved through the procedures put into place by authorised postal service providers.

2. ARCEP activities

Official notices to comply and penalties

- Three **penalty procedures** led to hearings with the ARCEP Executive Board, of which two resulted in the adoption in a penalty decision:
 - the Authority imposed a €1,000 fine on La Poste for failing to include a reasonably-priced offer for sending small items in the universal service;

3. Legal framework and its development

The postal communications sector

The first outstanding event in the postal market in 2011 was the implementation of the Law of 9 February 2010 on the public company La Poste and postal activities².

a) End of the reserved sector

Law No. 2010-123 of 9 February 2010 on "La Poste and postal activities," which transposes the third postal directive of 2008 into French law, plans for the end of the remaining La Poste monopoly – or the "reserved sector" – over mail items weighing less than 50 g, starting on 1 January 2011.

b) Changes to ARCEP's powers in the area of postal tariffs and the quality of universal postal services

The end of the monopoly also marks the end of prior authorisation procedures for postal tariffs, and particularly the price of stamps, which have been in effect since 1990. This change does not, however, mean that postal tariffs have been fully liberalised.

Starting on 1 January 2011, ARCEP maintains the ability to supervise tariffs for universal services that are deemed public services. This means that ARCEP can set a price cap, which provides a certain degree of clarity and gives La Poste the latitude to alter its rate schedule by increasing the price of some products more than others, albeit with a cap on the average price increase over three years.

ARCEP will keep abreast of La Poste planned tariffs, and could ask the company to revise them if it has clearly strayed from the principles governing universal service pricing, i.e. they must be geographically balanced, affordable for all users and cost-based.

1 - Law No. 2005-516 of 20 May 2005 on postal activity regulation, JO of 21 May 2005.

2 - Law No.2010-123 of 9 February 2010 on the public company La Poste and postal activities, JO of 10 February 2010

Lastly, the Law specifies that the quality of universal services must be measured and made public once the Minister has set the objectives for La Poste.

This provision will make it possible to track the progress that has been made in the information made available to consumers on the quality of the services, thanks to a “universal service scorecard” published by La Poste.

c) Complaints to be handled by ARCEP once postal operators' procedures have been exhausted

The Law also entrusts ARCEP with the responsibility of handling complaints which, in accordance with the terms of the new Article L5-7-1, “*were unable to be resolved by the procedures put in place by postal service providers*”. This gives ARCEP the power to act to encourage fair and efficient processing of consumer complaints.

All legal entities and natural persons who employ a postal service supplied by an authorised service provider, either as sender or recipient, are entitled to appeal to ARCEP. This can concern a complaint that has not been processed or one that has been handled either improperly or in an unsatisfactory fashion.

Before appealing to ARCEP, users must have exhausted all of the avenues made available by postal operators, including appealing to the La Poste complaints mediator.

d) National postal coverage

Lastly, the Law of 2010 also specifies that La Poste must continue to operate at least 17,000 points of

presence, and makes ARCEP responsible for assessing the net annual cost of fulfilling this mandate, in order to set the compensation to which La Poste is entitled as a result. An implementing decree dated 18 July 2011³ details the cost calculation method to be used.

The purpose is to determine the costs to La Poste of increasing the density of its network in order to fulfil its universal service mandate, and which it would not have incurred without this regional development obligation.

Based on the decree of 18 July 2011, ARCEP performed an annual assessment of the net cost of increasing the density of the La Poste network in September 2011, allowing it to calculate the compensation due to La Poste for 2011⁴.

e) The registered letter via e-mail

A decree on the ability to send a registered letter via e-mail was published on 2 February 2011⁵.

It details the properties of the registered letter sent by an electronic channel, as well as the obligations of the third-party operator responsible for routing it.

It also sets the terms concerning the identification of the sender and the recipient and, if applicable, the service provider in charge of delivering the printed version of the registered letter.

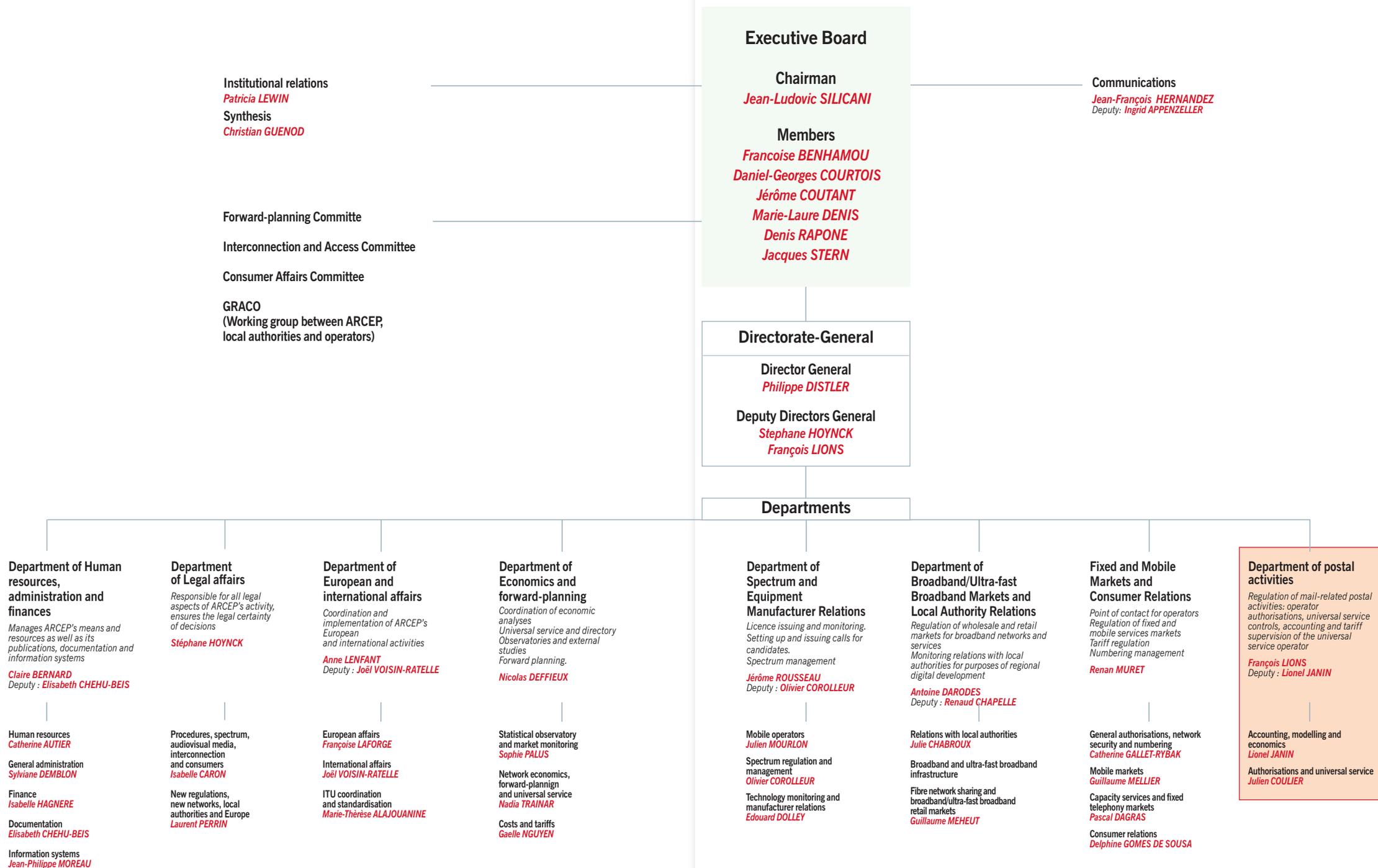
The decree further lists the mandatory references that must be found on the proof of submission and of delivery. .

3 - Decree No. 2011-849 of 18 July 2011 specifying the method for calculating the net cost of increasing the density of the La Poste network in pursuit of its regional development mandate, JO of 20 July 2011

4 - ARCEP Decision No. 2011-1081 22 September 2011 on calculating the net cost to La Poste of increasing the density of its network in pursuit of its regional development mandate in 2010

5 - Decree No. 2011-144 of 2 February 2011 on sending a registered letter by e-mail for the conclusion or execution of a contract, JO of 4 February 2011

ARCEP's organisation



III. Relationships with other public authorities and actors

Relationship with European and international bodies

> ERPG

The European Regulators Group for Postal Services (ERGP) was established by the European Commission decision of 10 August 2010 – taking as its model the European Regulators Group (ERG) which was the predecessor to BEREC. The group is composed of all postal sector NRAs from the 27 EU Member States. In the vast majority of countries, the postal regulator is also the electronic communications sector regulator. NRAs from European Economic Area (EEA) member countries, and EU candidate nations have the status of observers. The main responsibility of the ERGP is to examine regulators' best practices, to act as an advisor to the European Commission with a view to consolidating the internal market for postal services.

The inaugural meeting of the European Regulators Group for Postal Services was held in Brussels on 1 December 2010 – during which ARCEP Executive Board member, Joëlle Toledano, was elected chairperson of the ERGP for 2011. Göran Marby, Chairperson of Swedish regulator, PTS, took over from her in 2012.

2011 was therefore the first year of operation for the ERGP – which included creating working groups devoted to issues such as the cost of the universal postal service, regulatory accounting, consumer protection and market indicators.

At the plenary meeting in December 2011, reports on issues surrounding regulatory accounting were submitted to public consultation: first, on the allocation of shared costs and, second, on calculating the net cost of fulfilling universal service obligations and costing a benchmark scenario. ARCEP was represented by Executive Board member, Marie-Laure Denis.

Documents on quality of service, consumer satisfaction and postal market indicators (data collection methodology) were adopted, along with the initial findings of a questionnaire on the current status of the VAT regimes in place for postal services in Europe. The work programme for 2012 was also submitted for consultation⁶.

Adopted in January 2012, this work programme includes six main areas of focus, which follow through on the work begun in 2011:

- allocation of shared costs,
- calculating the net cost of universal service,
- procedures for handling complaints and consumer protection,
- quality of service and consumer satisfaction,
- postal market indicators
- new entrants, dispatchers and consolidators' access to the postal network and to postal infrastructure networks

Joëlle Toledano, ERGP Chairperson

“Cost allocation is part of our core competencies and missions. Regulatory texts stipulate that tariffs are to be “cost based”.

Because postal operators are by nature suppliers of multiple products, understanding costs is crucial.

Our aim is to work together to deepen our understanding of cost allocation rules using cost drivers deriving from economic principles.

Les cahiers de l'ARCEP, March 2011

⁶ - List of ERGP consultations: http://ec.europa.eu/internal_market/ergp/documentation/consultations_en.htm

IV. Relationships with economic stakeholders

Postal operators

Postal operators are subject to an ARCEP-controlled authorisation system. ARCEP has issued 38 authorisations since June 2006. There are two types of authorisations, related to :

- domestic delivery of items of correspondence (18 operators active today);
- outbound cross-border mail (10 operators active today).

La Poste holds an authorisation for both the domestic delivery of items of correspondence and outbound cross-border mail. As of 31 December 2011, the marketplace was therefore populated by 29 operators.

Six new authorisations for the delivery of items of correspondence in France were issued in 2011, and no operator put an end to its activities.

In the international market, one independent private operator was issued an authorisation for outbound cross-border mail.

Alongside La Poste, the main domestic operator is Adrexo which has its roots in the delivery of unaddressed advertising and free newspapers, and which covers virtually all of Metropolitan France. The other operators are small and medium enterprises established in a town or region that offer various postal services, including the delivery of items of correspondence.

In the outbound cross-border mail market, the main operators aside from La Poste are subsidiaries of foreign postal companies (Germany, the Netherlands, Switzerland, the UK and Belgium), or the postal company itself, such as Austrian Post. Also present in the market are two private French operators, IMX-France and Optimail-Solutions.

ARCEP maintains regular contact with all postal service providers. The investigation of authorisation requests involves on-the-spot inspections, and operators' progress is also monitored, in particular through the Statistical Observatory on Postal Activities that ARCEP publishes annually.

PART II : ARCEP'S major areas of focus

I. Action on behalf of consumers

1. ARCEP's powers in consumer matters

> In the postal sector

• Ensure compliance with the universal service

In the postal sector, ARCEP ensures that the universal service provider (La Poste) and authorised operators comply with their obligations in terms of delivering the universal service and executing postal operations (Article L. 5-2 of the Post and Electronic Communications Code (CPCE)).

In particular, ARCEP is charged with monitoring changes to the range of universal services and with setting the multi-year tariff framework for universal service activities.

ARCEP attaches great importance to transparent universal postal service quality, ensuring the clarity, intelligibility and comparability over time of information about it. Providing consumers with clear information about the universal service's standard of quality facilitates their product choices. The provider is thus encouraged to deliver a service as advertised.

• Serve as final appeals body for user complaints

Since 1 January 2011 (cf. page 22), postal service users can submit to ARCEP complaints that could not be satisfactorily resolved within the framework of the procedures put in place by postal service providers.

ARCEP makes sure that authorised postal providers put appropriate complaint-handling procedures in place. ARCEP can also look into complaints which have not been properly dealt with under these procedures or complaints that were indeed processed but where the complainant found the outcome unsatisfactory.

Consequently, ARCEP's remit offers an avenue of appeal for users who have exhausted all options offered by provider procedures.

ARCEP published the complaint-submission procedure on its website to provide consumers with full information about the options offered by an appeal to ARCEP. This possibility and the criteria for applying to ARCEP are also set out in the documents of and letters of reply from authorised postal service providers and, in some cases, in their general terms and conditions of sale.

2. Review of the impact of ARCEP's 30 proposals

> Proposals about postal communications

Seven proposals concerning postal communications, focusing on four topics, were put forward.

Complaint-handling procedures

By law, authorised postal service providers must put in place internal procedures that allow their customers to lodge complaints.

Moreover, under its new powers in effect since 1 January 2011, ARCEP laid down procedures for introducing measures for handling user complaints lodged with postal providers but not resolved to the customer's satisfaction.

The universal service and obligations pertaining to postal operations

ARCEP recalled the legal obligation to provide users with affordable, accessible universal-service products of a specific quality that meet their requirements.

In addition, ARCEP sees to it that users have all the information they need about service characteristics, and that La Poste's general terms and conditions of sale comply with CPCE consumer-protection provisions.

The role of the postmark

ARCEP specified the markings that must feature on the postal items delivered by authorised postal providers, bearing in mind the importance of these markings for establishing time frames.

The principle of registered-letter equivalence

Authorised postal service providers, as well as certain companies like express couriers, provide services with similar characteristics to those of La Poste's

registered items. ARCEP recalls that these items carry the same probative weight, in particular in courts of law.

> Results of implementation of ARCEP proposals

In the course of 2012, ARCEP will review implementation of its proposals for improving the electronic communication and postal services provided to consumers.

PART III The proper functioning of regulated markets

The postal market

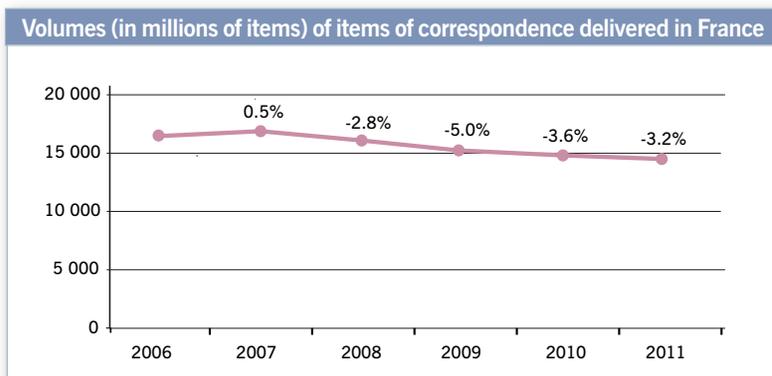
1. Overview of the postal markets in France in 2011

1.1. The market as a whole

a) Items of correspondence delivered in France

In 2011, the market for items of correspondence (i.e. letters weighing less than 2 kg, accounted for 7.5 billion euros in revenue, 1.3% less than in 2010. The corresponding volumes (14.3 billion items) were 3.2% down on the same period.

The addressed-advertising market (20% of the market in terms of value and 30% in terms of volume) contracted less sharply (0.5 in value and 1.9% in volume) than the correspondence-item market (1.5% in value and 3.9% in volume).



The decline in items observed in 2011 had slowed compared with 2009 and 2010. Over the past four years, the average annual decrease in volumes was around 3.6%.

Revenue (in millions of euros, excl. tax) for items of correspondence in France

	2006	2007	2008	2009	2010	2011	Change 2010-2011
Addressed advertising	1 647	1 657	1 646	1 491	1 482	1 475	- 0.5%
Items of correspondence, not including addressed advertising	6 788	6 924	6 666	6 346	6 123	6 030	- 1.5%
Total items of correspondence	8 435	8 581	8 312	7 837	7 605	7 505	- 1.3%
Amount in the reserved area	6 201	6 269	6 170	5 859	5 721	-	-

Source : ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

Volumes (in millions of items of correspondence) delivered in France

	2006	2007	2008	2009	2010	2011	Change 2010-2011
Addressed advertising	4 871	4 795	4 733	4 419	4 347	4 262	- 1.9%
Items of correspondence, not including addressed advertising	11 668	11 821	11 419	10 928	10 454	10 066	- 3.7%
Total items of correspondence	16 539	16 616	16 152	15 347	14 800	14 328	- 3.2%
Amount in the reserved area	13 804	13 789	13 470	12 780	12 243	-	-

Source : ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

b) Outward international mail

Outward international mail volumes continued to slide. In 2011, at 385 million letters, correspondence flows shrank nearly 7% compared with 2010, i.e. roughly 30 million fewer letters.

In contrast, related revenue held steady at 392 million euros.

Nearly 8 out of 10 outward international items went to the European Union.

Revenue (in millions of euros, excl. tax) and volumes (in millions of items) from outward international mail

	2006	2007	2008	2009	2010	2011	Change 2010-2011
Revenue	419	398	392	376	391	392	+ 0.1%
Volumes	475	462	468	436	413	385	- 6.9%

Source : ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

1.2. The operators in a fully liberated market

On 1 January 2011, the postal monopoly for items of correspondence weighing less than 50 grams was abolished, in accordance with the Law of 9 February 2010. Since then, the market has been completely liberalised and there is no longer a reserved area. Nevertheless, at 31 December 2011, no authorised service provider had seemed able to capture a significant share for itself. La Poste continues to hold a virtual monopoly on delivering items of correspondence throughout the national territory.

After Adrexo dropped its dedicated correspondence-item network in 2007 because market opening was postponed, two main reasons explain the absence of larger providers on the French market: the steady decline in the correspondence-item delivery market over the past few years, and the very substantial resources needed to set up a delivery network compared with the return from postal operations.

1 - Law No. 2010-123 of 9 February 2010 on the state-owned company La Poste and postal activities.

a) Domestic mail operators

To date, with the exception of Adrexo which is authorised to operate throughout Metropolitan France, the other authorised postal service providers are locally based small- and medium-sized businesses. These 17 companies, ranging from individually owned businesses to limited companies, operate in areas ranging from a single town/city to one or two *départements*. In most cases, their postal delivery operations represent a minor part of their services.

Even if the competition were to develop in future to the point of capturing significant market share, the Law provides for a contribution – in the form of a compensation fund – to financing the additional cost generated by universal postal service obligations. Only authorised operators delivering a certain volume of mail would be affected by this contribution.

b) Cross-border mail operators

The international postal market was fully opened up to competition from 1 January 2003. There is real competition between La Poste and subsidiaries of foreign postal services for letter items for abroad. In France, there are also two independent private operators, IMX France and OptiMail Solutions, operating in this particular segment.

However, at around 4%, this market represents only a fraction of addressed items.

1.3. The mail preparation market: the BASIC study

In July 2011, ARCEP published a study by the consultancy firm of BASIC on mail-preparation operations as a follow up to an earlier study published in 2008. This study allows better assessment of developments in this market which is closely linked to that for physical mail volumes, at a time when technological changes (data processing, dematerialisation) are tending to alter the skills required and the investments needed to operate in the mail-preparation business.

Rolled out in France from the 1970s, the mail-preparation sector focuses on preparing and stuffing letters, sorting them in accordance with La Poste sorting plans and handing them over to the postal network. Mailing houses have gradually added other functions (address-database management, printing, handling of returned items, etc.). In 2009, mail preparation in the narrow sense generated 730 million euros in turnover, and almost 1.1 billion euros when related activities are included.

Dematerialisation is a key factor in assessing changes in this business. The study shows that senders adopt prudent strategies aimed at defining the ideal mix of electronic and physical communication rather than activating fast, radical substitution of letters sent through the post. The privileged role of conventional mail in campaigns to develop customer loyalty is still undisputed. These considerations suggest that dematerialisation in the transactional mail field might be only gradual. In the direct marketing field, while Internet communication continues to grow, the pace of this expansion has nevertheless slowed.

Mail preparation operations are built round three major activities, depending on the nature of the items processed. The study describes the situation for each and examines possible development scenarios.

- **The preparation of transactional mail** (bills, account statements, administrative items) has changed in response to new technologies, in particular digital printing, which now permits logical sorting of letters generated from computerised customer databases. It has not been overly affected by falling transactional mail volumes because more customers are turning to mail preparation. In future, however, this segment should nevertheless be affected by dematerialisation policies which have not yet been intensively introduced by big mailers like banks and insurance companies. What is more, the introduction of automated solutions for processing single-piece mail should be a source of growth.
- **Direct marketing mail business** (advertising items) is dependent on marketing's economic environment and on advertising-resource allocation choices. Over

the period covered by the report, mailshots (using the medium of physical mail) remained a fairly constant percentage of direct mailing expenditure as a whole. The most probably development scenario is that of considerable regrouping of the market around two major categories of players: those able to offer their customers services with high added value, and a sizeable number of small mail-preparation companies which will continue operating, either because of their local presence or as sub-contractors.

- Lastly, when it comes to **press-item preparation**, falling delivery volumes, higher postal tariffs and the concentration of publishers' service-procurement policies are likely to increase the pressures on players over the next few years, and this could lead to further amalgamation.

2. ARCEP's new powers in postal matters

2.1. Processing complaints

a) The new provision introduced in 2011

Under the Law of 9 February 2010, postal service users can, as of 1 January 2011, submit to ARCEP complaints which could not be satisfied with the procedures put in place by postal service providers.

ARCEP received 75 letters of complaint in 2011, of which only six were admissible. 74 concerned La Poste, which can be explained by the fact that this operator currently processes the majority of flows.

Of the six admissible submissions, two were amicably settled between the users and La Poste, and two were the subject of Opinions delivered by ARCEP in 2011.

b) The first example: parcels delivered against signature

On 6 July 2011, ARCEP received a complaint about La Poste's parcels service. In this case, ARCEP observed² that the procedures followed by La Poste for delivering parcels against signature needed to be considerably improved.

First, in a FAQ section of its website, La Poste seems to prohibit customers from making reservations on receipt of the item. ARCEP found that a prohibition of this kind had no textual basis.

Furthermore, ARCEP pointed out contradictions between the texts of the terms of sale and the information available on La Poste's website about the possibility for customers to collect their parcel at a post office, so as to be able to open it in the presence of a La Poste staff member.

Last, ARCEP noted that La Poste had not complied with its internal rules of procedure for delivering parcels against signature to the effect that the signature had to be obtained on an identifiable document.

Besides eliminating any contradiction in the information provided to the public, ARCEP also thought it essential for La Poste to improve its procedures for delivering parcels against signature, particularly as regards the conditions under which the person accepting the item can express any reservations at the time of delivery. More specifically, there should be a space on the delivery bill to allow the consumer to make any such reservations.

Acting on ARCEP's Opinion, La Poste provided for the possibility of users making reservations about the general condition of a parcel on delivery. It undertook to provide a space on the delivery bill for indicating any damage (option of two possible levels), when the addressee's signature is obtained.

² - Opinion No. 2011-1015 of 20 October 2011 on a complaint about the parcels service.

2.2. Evaluating the cost of the national planning and development mission

Through its network of contact points, La Poste contributes to the planning and development of the national territory, in addition to its universal service obligations. The Law of 9 February 2010 charges ARCEP with evaluating the net cost of this mission, and ARCEP carried out this evaluation for the first time in 2011³, arriving at a cost of 269 million euros for 2010.

a) ARCEP's calculation of the net cost

The cost of this national planning and development mission is calculated in accordance with the method specified in the Decree of 18 July 2011. In this method, the revenue and costs of the existing network are compared with the corresponding amounts for the (hypothetical) network which La Poste would operate if its only obligation were guaranteeing access to the universal service. The net cost corresponds to the cost avoided, less any revenue lost by reducing the size of the network.

The total cost of the existing network stands at 2,901 million euros. Without its national planning and

development mission, La Poste would have operated a network with 7,329 contact points. The cost of this hypothetical network corresponds to the actual cost of a reduced network, namely 2,440 million euros, plus the costs resulting from demand in relation to the contact points eliminated, which were assessed at 192 million euros. Thus, the total cost of the hypothetical network is 2,632 million euros.

This produced an avoided cost of 269 million euros. Considering that La Poste's entire revenue was preserved and that revenue loss under the hypothetical scenario was therefore zero, ARCEP deemed this to be the net cost.

The Law also provides that ARCEP should submit a report to the French Government and Parliament about the net cost, after consulting the Higher Public Service Commission on the Post and Electronic Communications (CSSPPCE). Transmitted on 22 December 2011, this report addresses the comparative economics of the various types of contact point. La Poste's network comprises just over 6.600 contact points operated on a partnership basis, either with municipal authorities (local-council run postal agencies), or with retailers (sub post offices in shops). These solutions enable La Poste to perform its territorial presence mission by pooling use of the necessary resources.

		2006	2007	2008	2009*	2010
Net cost (million euros)	La Poste evaluation	399	382	351	314	287
	ARCEP evaluation				288	269
Reduction		144	137	136	133	156

Source: ARCEP, *Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.*

* ARCEP carried out an evaluation for 2009 for guideline purposes.

b) Compensation received by La Poste

Since 1990, La Poste has been compensated for this net cost by means of local tax reductions (property tax on developed and undeveloped property, territorial economic contribution), the amount of which will henceforth be based on ARCEP's evaluation. This amount came to 156 million euros in 2010 and 168 million euros in 2011⁴.

3. The universal postal service

3.1. Changes in the scope of the universal postal service

The scope of the universal postal service is defined by the Post and Electronic Communications Code. La Poste keeps an updated catalogue in which its universal-service obligations are translated into its

3 - Decision No. 2011-1081 of 22 September 2011 on the evaluation for 2010 of the net cost of the additional network coverage enabling La Poste to perform its national planning and development mission.

4 - Decree No. 2011-2069 of 30 December 2011 created Article 344 quinquies of the General Tax Code setting tax reduction rates for 2011 of 85% for corporate financial tax contributions, and 79% of the added value used in application of Article 1586 ter for corporate value-added tax

product range. This catalogue underwent several modifications in 2011: La Poste created new products and discontinued or withdrew others, both for single-piece items⁵ and bulk items⁶.

a) Single-piece items and the “green letter”

La Poste transmits its proposals for substantive changes in connection with single-piece items to the Minister for Posts and to ARCEP. The latter has one month to give its opinion and transmit it to the Minister for Posts who can then oppose the change⁷.

Thus, on 7 March 2011, La Poste sent ARCEP its project for creating a new single-letter product to be marketed as the “green letter”. This service is characterised by a guideline transmission time of two days, placing it between the priority letter (one day) and the economy letter (more than two days).

La Poste stated the aim of transmitting 95% of green letters in two days and expects a substantial shift from priority letters to this new product. In the long term, the less restrictive schedules should enable it to make significant cost savings. ARCEP took note of this new product⁸, seeing it as enhancing the universal service range by offering consumers a choice. ARCEP’s Opinion nevertheless recalled that the provision of a priority letter service with next-day delivery is a mandatory universal postal service component⁹, stating that ARCEP will ensure the quality of the priority letter service and proper information of consumers.

Marketing of the green letter started on 1 October 2011. Noting a risk of reduced consumer access to the priority letter following the introduction of this

product, ARCEP launched a public inquiry¹⁰ on conditions for marketing single-piece items. This inquiry has now been concluded¹¹, and ARCEP has begun discussions with La Poste on remedying the anomalies identified.

Changes were also made to the catalogue, with the discontinuation from 1 July 2011, of the economy international service (letters and small packets), where volumes were marginal¹².

b) Bulk items

The only changes made to the universal service catalogue for bulk items concerned advance notification of ARCEP and the Minister.

On 1 October 2011, La Poste removed the “Destinee Intégral” bulk-item service for advertising from the universal service catalogue. This product is still available but no longer enjoys the VAT exemption for universal service products. This change does not affect customers who recover VAT but could result in a sizeable price increase (+19.6%) for those that do not (in particular, banks and insurance companies).

Concomitantly, La Poste therefore created “Destinee Pluriel Simply”, a new advertising-item product that comes under the universal service, with features similar to those of the withdrawn service and intended more specifically for clients that do not recover VAT. La Poste also included a new advertising-items service for bodies recognised as being of public interest in the universal service catalogue.

5 - Individual items.

6 - Simultaneous posting of more than 100 items of the same kind or belonging to the same category.

7 - Article R.1-1-10 of the Post and Electronic Communications Code.

8 - Opinion No. 2011-0416 of 7 April 2011.

9 - Article R.1 of the Post and Electronic Communications Code.

10 - Decision No. 2011-1246 of 20 October 2011.

11 - Decision No. 2012-0156 of 2 February 2012.

12 - Opinion No. 2011-0418 of 7 April 2011.

In its opinion on tariffs for the new bulk-item services¹³, ARCEP pointed out the inconsistency of these changes to the catalogue of universal services, seeing them as being mainly motivated by the resultant tax benefits for La Poste. This action allows La Poste to recover more VAT on its intermediate purchasing and payroll tax. Reducing the scope of the universal service to optimise taxes seems reprehensible, particularly on the part of a public corporation that is wholly owned, directly or indirectly, by the State.

3.2. Tariffs in 2011 and extension of the price cap

a) Tariff movements in 2011

2011 saw an average increase of 2.2% in universal service tariffs that is very close to inflation, (2.1%). In contrast to previous years, bulk-item tariffs also went up.

Annual change in average universal service tariffs (*)						
	2009	2010	2011	Average 2010-2011	Tariff increases in 2011	
Single-piece items with stamp	1.7 %	2.0 %	3.3 %	2.3 %	1 july	3.2%
Single-piece items without stamp	1.7 %	1.6 %	2.0 %	1.7 %	1 july	1.4%
International mail	1.0 %	0.3 %	1.7 %	1.0 %	1 july	3.2%
Advertising mail	0.8 %	0.1 %	1.7 %	0.9 %	1 july	3.4%
Parcels	3.4 %	1.4 %	2.3 %	2.4 %	1 march	2.3%
Other (press, services, international...)	2.6 %	1.9 %	2.1 %	2.2 %	1 july	0.5%
Overall basket	1.5 %	1.1 %	2.2 %	1.6 %	-	-

Source : ARCEP, *Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.*

(*) Tariff changes weighted by year n-1 volumes. The tariff framework is based on year n-2 volumes, and this may result in differences from the data above.

Domestic single-piece mail

At 1 July 2011, La Poste raised its tariffs for stamped single-piece items sent by private customers by 3.2%, increasing the price of a priority letter (red stamp) from 0.58 euros to 0.60 euros for the first weight step [0 to 20 grams]. At 1.4%, the increase for machine-franked, as opposed to stamped, items sent by businesses was more modest, thus continuing the gradual uncoupling of rates for items with and without stamps which began in 2010.

Bulk-item services

At 1 July 2011, La Poste increased its tariffs for transactional mail services (items of a mandatory nature, such as bills, bank statements, etc.) by 3.2%

and advertising mail services by 3.4%, in contrast with the moderate changes made in 2009 and 2010.

ARCEP issued an Opinion supporting these tariff changes¹⁴ given the context of plummeting transactional mail volumes and a comparatively small margin for advertising mail.

At 1 October 2011, the removal from the universal service catalogue of the “Destinee Intégral” bulk-item service for advertising prompted customers of this product who cannot recover VAT and are not recognised as of public interest to transfer to the new “Destinee Pluriel Simply” services. This transfer was accompanied by a 3% tariff hike on top of the 1 July 2011 increase.

¹³ - Opinion No. 2011-0847 of 26 July 2011.

¹⁴ - Opinion No. 2011-0572 of 31 March 2011 concerning universal service bulk items, presented in La Poste's tariff dossier dated 20 April 2011

Parcel services

At 1 March 2011, La Poste increased domestic and international Colissimo tariffs by 2.6% and 1.9% respectively. La Poste did not raise tariffs for overseas items which cover items sent from Metropolitan France to the overseas *départements* (DOM), and from the latter to the overseas territories. In so doing, it complied with ARCEP's comments, in its Opinion of 10 February 2011, emphasising that the high profit margin obviously conflicted with universal service tariff principles and pointing out that the tariff increases envisaged for overseas territories were inappropriate¹⁵.

International items

On 1 July 2011, La Poste introduced limited increases for products used by private individuals. Only the tariff for the first weight step [0 to 20 grams] of priority international letters went up (0.77 euro for such items sent within the European Union). However, the discontinuation of the economy range (letters and small packets) shifted consumer demand towards the more costly priority product. This means a tariff increase of around 40%, but the volumes concerned are marginal, which explains the low average tariff increase (+1.3%) for international letters. ARCEP commented that it would be careful to ensure that tariffs for single-piece international products, for which there was now only one service level, continued to be affordable in future.

Tariffs for products used by businesses remained stable in 2011, partly in response to ARCEP's 2010 investigation of the justification for tariff increases, bearing in mind the margins generated by this segment.

b) The tariff framework

The tariff framework situation in 2011

The period originally adopted for implementing the second tariff framework system¹⁶ was from 1 January 2009 to 31 December 2011.

This system provides for a tariff increase which is limited on average to inflation plus 0.3% for all universal service products (overall basket), and just to inflation for the remaining basket of single-piece items used by businesses (sub-basket). The balance sheet for what was to be the final year of the system is drawn up as follows:

- for the overall basket, taking account of the balance from previous years, the increase authorised for 2011 was 2.9%; thus, the actual increase of 2.2% complies with the multi-year tariff framework [2009–2011];
- for the sub-basket, the authorised increase was 1.8% compared with an actual increase of 2.1%, thus overstepping the price cap for the period [2009–2011] by 0.3%.

ARCEP nevertheless accepted this exceeding of the price cap because of the uncoupling observed between tariffs for products with stamps and those without, one of the reasons behind the sub-basket, and because La Poste undertook not to increase its tariffs for this sub-basket in 2012¹⁷. This undertaking resulted in tariff-framework compliance for this sub-basket assessed over the extended period (2009 – 2012), the extension of the second tariff-framework system finally adopted by ARCEP (see below).

¹⁵ - Opinion No. 2011-0161 of 20 February 2011 concerning La Poste's tariff dossier dated 21 January 2011 on universal service parcel products.

¹⁶ - Decision No. 2008-1286 of 18 November 2008 on the characteristics of the multi-year tariff framework for universal postal services

¹⁷ - Opinion No. 2011-0415 of 5 April 2011 on tariffs for domestic single-piece items coming under the universal postal service, presented in La Poste's tariff dossier of 7 March 2011.

One-year extension of the tariff framework system

As the period set for the tariff framework was due to expire, ARCEP and La Poste did some preparatory work on introducing a new framework for 2012 to 2014, reconsidering La Poste's environment, and in particular its forecast expenditure and traffic. However, it transpired that projections up to the year 2015 did not indicate satisfactory financial equilibrium for the universal service. Moreover, changes to the scope of products coming under the universal service, in particular the creation of the green letter, designated to make up a substantial proportion of single-piece items, and the withdrawal of certain advertising mail services, are likely to impact on La Poste's economic situation.

In this context, the most appropriate solution seemed to be to extend the current system by one year, and to make the necessary adjustments. This one-year extension will be used for further work and will make it possible to obtain a more detailed picture of where La Poste is headed in economic terms¹⁸.

ARCEP nevertheless supplemented the 2012 system, considering it necessary and appropriate for green-letter product tariffs to be subject to a specific tariff framework identical to that governing the overall basket, namely a tariff increase limited to inflation, plus 0.3%, i.e. 2.0% for 2012.

3.3. Quality of service

a) Quality of service testing and publication of information

In accordance with the Law of 20 May 2005 and the texts adopted for its application, ARCEP monitors La Poste's compliance with the quality of service objectives laid down by the Minister for Posts ARCEP also sets great store by transparency in respect of universal postal service quality, in particular by ensuring that La Poste publishes information about it.

Every year since 2006, La Poste has published – at ARCEP's request – a universal postal service indicator table¹⁹, the content of which is regularly discussed with consumer associations. The list of indicators has expanded with each passing year and now covers a substantial proportion of user information requirements.

ARCEP has also commissioned various studies on the reliability of La Poste's quality of service testing:

- audit of priority-letter transmission time testing (2006);
- study on parcel-service quality testing and complaint numbers (2008);
- study on the analysis of La Poste's service quality for registered items and on registered-letter quality (2010).

These studies helped identify the necessary improvements which were then made by La Poste. This also explains the sweeping changes La Poste made to its operational procedures for registered letters in 2011 (see below).

After disappointing results for 2010, 2011 brought a marked improvement in La Poste's quality of service. The poor quality observed in 2010 was partly due to particularly unfavourable circumstances for La Poste, especially in terms of weather.

b) Quality of service in 2011

Mail transmission times

Priority-letter transmission times improved steadily and regularly between 2005 and 2009, up 6 percent. After deteriorating in 2010, better priority-letter transmission times were recorded again in 2011.

Improvement in the percentage of letters delivered in D+2 resumed after a disappointing 2010.

¹⁸ - Decision No. 2011-1451 of 20 December 2011.

¹⁹ - Available at: <http://www.laposte.fr/legroupe/content/download/15102/122717/file/r%C3%A9sultats2011-DREN.pdf>

Mail transmission times								
	2005	2006	2007	2008	2009	2010	2011	Change 2010-2011
Priority letters								
% delivered in D+1	79.1%	81.2%	82.5%	83.9%	84.7%	83.4%	87.3%	+ 3.9 pts
% delivered in D+2	95.4%	96.2%	96.3%	96.8%	96.8%	96.0%	97.5%	+ 1.5 pt
Cross-border mail inward								
% delivered in D+3	95.0%	95.9%	95.5%	97.0%	95.7%	92.7%	96.0%	+ 3.3 pts
% delivered in D+5	99.1%	99.3%	99.1%	99.5%	99.3%	98.7%	99.3%	- 0.6 pt
Cross-border mail outward								
% delivered in D+3	93.0%	94.0%	94.8%	95.4%	94.4%	90.4%	93.6%	+ 3.2 pts
% delivered in D+5	98.5%	98.7%	98.8%	99.0%	98.7%	99.6%	98.4%	- 1.2 pt

Source: ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

Transmission times for registered letters

There was a substantial improvement in the quality of registered letters in 2011 also, after deterioration in two successive years. The information available indicates that consumers must be able to reasonably expect delivery of their registered items in D+2.

The percentage of items delivered in D+7, the product's reliability benchmark, also improved to 99.8% in 2011. Today, only one registered letter in 500 reaches its destination more than a week after posting.

Registered-letter transmission times and reliability					
	2008	2009	2010	2011	Change 2010-2011
Transmission times					
% delivered in D+2	90.9%	88.7%	85.8%	92.5%	+ 6.7 pts
Reliability					
% delivered in D+7	99.6%	99.7%	99.6%	99.8%	+ 0.2 pt

Source: ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

Transmission times for Colissimo guichet

The parcels tested are “Colissimo guichet”, i.e. individual parcels with a contractual transmission time of D+2, posted by private customers and small businesses at La Poste contact points. If it fails to meet its transmission-time target, La Poste undertakes to give senders a voucher for posting their

next parcel free. This system therefore gives it a powerful incentive to provide good quality of service. Like the other products, quality improved here too in 2011. To be on the safe side, consumers should, however, allow an extra day (D+3) to ensure their parcel arrives on time.

Colissimo transmission times and reliability								
	2005	2006	2007	2008	2009	2010	2011	Change 2010-2011
Transmission times								
% delivered in D+2	83.8%	84.1%	85.8%	85.0%	87.7%	84.8%	88.7%	+ 3.9 pts
% delivered in D+3	92.2%	95.5%	95.9%	96.3%	96.6%	95.2%	97.0%	+ 1.8 pt
Reliability								
% delivered in D+7				99.8%	99.9%	99.8%	99.8%	-

Source: ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

Number of post boxes and latest posting times

An accurate grasp of latest posting times for post boxes and how they change is essential for correct evaluation of quality of service statistics. The following table shows that latest posting times have remained stable in recent years.

Improvements in La Poste's quality of service are therefore rooted in more effective operation of its industrial base.

Number of post boxes and their distribution in terms of latest posting times						
	2007	2008	2009	2010	2011	Change 2010-2011
Number of post boxes	147 343	149 793	149 208	148 366	144 610	- 3 756
- including those emptied at or before 1 pm	120 837 82.0%	119 788 80.0%	119 913 80.4%	119 950 80.8%	117 669 81.4%	- 2 281
- including those emptied at or before 4 pm	143 635 97.5%	142 267 95.0%	141 795 95.0%	141 152 95.1%	137 757 95.3%	- 3 395

Source: ARCEP, Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.

ARCEP plans to refine its evaluation of changes to latest posting times on the basis of the volumes processed rather than the number of post boxes (boxes in urban areas collect much more mail than those in rural areas). It also plans to introduce a tool for measuring the accessibility of post boxes with afternoon and Saturday collections.

Complaints

The number of complaints handled by La Poste has risen steadily since 2007. La Poste says this is because of the introduction of new channels for lodging complaint like the 3631 hotline or La Poste's website.

Thus better accessibility to La Poste's complaints service is allegedly behind this increase, an explanation which ARCEP is in the process of verifying.

Moreover, La Poste maintains a 99% response rate within 21 days for the complaints sent to it.

Complaint processing statistics								
	2005	2006	2007	2008	2009	2010	2011	Change 2010-2011
Number of complaints letters								
Number	533 123	591 252	417 237	446 751	627 812	862 538	926 872	+ 64 334
Number as a percentage of total flow	0.003%	0.003%	0.002%	0.002%	0.003%	0.004%	0.005%	-
Complaint processing time								
Response within 21 days	87.0%	90.0%	97.0%	97.7%	95.3%	99.0%	99.2%	+ 0.2 pt
Response within 30 days	93.0%	94.0%	98.7%	99.0%	98.0%	99.4%	99.6%	+ 0.2 pt
Indemnification								
Complaints giving rise to indemnification	7.6%	7.7%	9.0%	10.4%	14.6%	13.7%	12.9%	- 0.8 pt

Source: ARCEP, *Observatoire postal - Enquêtes annuelles jusqu'en 2010, enquête avancée pour 2011, estimation provisoire.*

c.) La Poste's quality of service objectives

In accordance with Article R. 1-1-8 of the Post and Electronic Communications Code, on 22 December 2011, ARCEP issued an Opinion²⁰ on a draft ministerial order concerning universal service quality objectives for 2011 and 2012

- Regarding quality testing of registered letters, ARCEP considered that delivery-time measurement should henceforth be based on a full count of items.
- In connection with the scope of the objectives, ARCEP recalled that the objectives must enable users to correctly gauge the quality of service they can expect. Target levels should therefore be stable around 95% for sustainable setting of universal service characteristics.
- On the subject of the objectives, ARCEP opined in particular that a clear distinction should be made

between the characteristics of the green letter, which was introduced in 2011, and those of the priority letter so consumers can make an informed choice. Thus the D+2 object for the green letter should be set quickly at 95% to emphasise that this product is delivered two days after posting.

Moreover, priority-letter quality should be better than it is at present and ultimately attain 95%. This improvement could then result in an increased price differential between it and the green letter.

4. Specific case studies

4.1. Sending small, low-value items

ARCEP paid great attention to the conditions for sending small, low-value items at affordable tariffs. Though conditions for *Mini Max* service use and its accessibility improved in 2011, ARCEP had to impose a financial penalty on La Poste.

²⁰ - Opinion No. 2011-1509 of 22 December 2011 on a draft ministerial order concerning La Poste's quality of service obligations for 2011 and 2012, under the head of the universal service La Poste is obliged to provide in application of Article L. 2 of the Post and Electronic Communications Code.

a) Conditions for *Mini Max* service use and its accessibility to the public

The *Mini Max* product, designed for sending low-value items at a tariff close to that for letters, was launched at the end of 2008, at ARCEP's request. However, in 2010, it transpired that conditions for its use were overly restrictive. In particular, in addition to putting prepayment labels on these items, users had to affix stickers which could only be bought singly at post offices, making it necessary to go there to send every single *Mini Max* item

Marketing procedures for the *Mini Max* product were further diversified in 2011, and it is now available:

- from post-office dispensers; and
- over the Internet

At the same time, use of the sticker was discontinued and the prepayment and identification label combined. Furthermore, consumers wishing to use conventional postage stamps to frank their items can now write "*Mini Max*" on the envelope.

b) These changes provide better access to this product

A joint study conducted by ARCEP and the National Consumer Institute (INC) in 2010 revealed that information about this product was inadequate, thereby restricting its accessibility. In particular, the information provided by La Poste was limited and counter staff could not give consumers appropriate advice because, more often than not, they themselves knew little about it.

To remedy this situation, La Poste took various measures to improve user information by means of posters and coaching of counter staff. A study conducted by a firm of independent consultants thus revealed an improvement in information visibility and a much better knowledge of the *Mini Max* product

among counter staff, thus meeting the goals of appropriate information for consumers about sending low-value items.

c) Product expected for sending small items

ARCEP nevertheless felt that the size conditions for the *Mini Max* service were overly restrictive, as items must not be thicker than two centimetres or heavier than one kilogram.

However, both Community and French legislation stipulate that the universal postal service must comprise a separate affordable parcel product for postal items weighing up to two kilograms. As a result, ARCEP was obliged to note that the universal service assigned by law to La Poste did not include an affordable product, i.e. one priced close to the letter tariff, for sending postal items, other than letters, weighing less than two kilograms and thicker than two centimetres, even though such products are available in many European countries.

Consequently, after instructing La Poste to offer an affordable product for sending low-value items over two centimetres thick and weighing more than one kilogram under conditions similar to those for letters, and in application of Article L. 5-320 of the Post and Electronic Communications Code, ARCEP imposed a one million euro penalty on La Poste for neglecting its universal service obligation, in a decision dated 20 December 2011²¹.

4.2. The registered letter

The registered letter is a product to which consumers attach special importance. Within the framework of ARCEP's Postal Consumers Committee, representatives of consumer associations have on several occasions emphasised the importance of having a quality registered letter service, especially as regards reliability.

²¹ - Decision No. 2011-1453 of 20 December 2011 imposing a penalty on the La Poste company, in application of Article L. 5-3 of the Post and Electronic Communications Code.

Transmission times for registered letters need to be accurately measured and percentage losses evaluated. Care should be taken to ensure this product offers the reliability guarantees consumers expect.

A study commissioned by ARCEP from the consultants Ernst & Young in 2010 revealed that the quality measurement system used by La Poste for registered items should be altered because it did not allow losses to be measured and could not guarantee full representativity for transmission-time calculation.

In 2011, La Poste did extensive work on ensuring registered-item transmission times and losses were measured with satisfactory reliability. A new measurement system was developed on the basis of the European Standard EN 14137 system and its use made mandatory by ministerial order.

The measure introduced is based on an exhaustive scanning of registered letters that makes it possible to:

- record each item on the date on which it was posted;
- record each item on the date on which it was delivered;
- compare these records to measure the transmission times and count items which were posted but not delivered.

The work started in 2011 consisted of systematising item scanning at the network entry point, an approach which had not previously been developed (La Poste already had a system for bar-code scanning registered items on delivery) and designing an information system for linking network entry and exit data which can then be used to evaluate transmission times and estimate percentage losses (items scanned on network entry

that do not exit). With this system, exhaustive measurements can be made in 2012.

In parallel with this work, ARCEP asked La Poste to clarify information about whether or not registered letters are priority items.

While Community and national regulations do not specify whether or not registered letters are priority items, in the light of the present universal service catalogue and of La Poste's terms and conditions of business, ARCEP considers that registered letters count as priority items.

However, the information published in the indicator table shows that transmission times for registered letters are considerably longer than those for priority letters where D+1 is the standard.

4.3. The Postal Consumers Committee

In 2008, ARCEP set up a Postal Consumers Committee to promote dialogue and cooperation with consumer associations on matters coming within ARCEP's purview. This Committee meets twice a year, and eight meetings have been held since 2008 to debate issues of importance for postal regulation and for consumers.

These discussions have enabled ARCEP to effectively gear its actions to user interests. ARCEP takes maximum account of the views and concerns expressed by the consumer associations in regulating the universal service provider, La Poste, as well as other authorised postal service providers.

Special issue of "Les cahiers de l'ARCEP" on the postal sector (April 2011)

Sommaire



Dossier

QUEL AVENIR POUR LE SECTEUR POSTAL ?

■ Editorial

de Jean-Ludovic Silicani

■ Etat des lieux

- Services postaux et société de l'information
- Courrier, colis et express : une crise en trompe l'œil, **J. Anson** (UPU)
- Il est temps d'agir...
M. Sanders (Morgan Stanley)
- Deutsche Post DHL, **T. Klopp**
- Les besoins des consommateurs postaux
- Le marché des objets postaux en France

■ Libéralisation

- Le groupe des régulateurs postaux européens, **J. Toledano**
- Les objectifs du marché intérieur postal, **M. Barnier**

■ Stratégie des opérateurs

- Réinventer La Poste dans un marché libéralisé, **J.-P. Bailly**
- « La concurrence n'existe que dans la loi », **F. Pons** (Adrexo)
- « L'immobilisme n'est pas une fatalité ! », **D. Cayet** (IMX)

■ Service universel postal

- La redéfinition du périmètre du service universel, **P. Kleindorfer** (INSEAD) et **L. Benzoni** et **O. Salsesse** (TERA)
- Concilier rentabilité et service universel ? **H. Cremer** (IDEI)
- Service universel et emploi, **N. Anderson** (UniPost)
- Le dispositif du *price cap*
- Les avantages liés au service universel, **A. Dieke** (WIK)
- Les modèles de concurrence
- La régulation de la qualité de service

■ Le parcours d'une lettre

- La Poste : « Oui, le courrier a un avenir », **N. Routier**
- Reportage : la collecte
- Etude : les entreprises et leur courrier
- Témoignage : la MGEN
- Routage, **D. Barbier** (SELCED)
- Les défis de l'automatisation, **P. Patry**
- Reportage : le Hub Courrier de La Poste à Roissy
- Reportage : les plates-formes de courrier de La Poste

- Reportage : la tournée du facteur
- Que contient notre boîte aux lettres ?

■ Les missions de La Poste non régulées par l'ARCEP Présence postale et aménagement du territoire

- L'évaluation du coût net par l'ARCEP
- Paroles d'élus : **F. Brottes**, **J. Pélassard** et **P. Hérisson**
- Transport et distribution de la presse
- Distribution de presse et portage, **V. de Bernardi** (SPQR)
- « Rattraper le retard français », **O. Bonsart** (Ouest France)

■ Le parcours du colis

- « Il va falloir inventer la box aux colis », **J.-A. Granjon** (Vente-privee.com)
- Reportage : la plateforme colis express de DHL
- Le colis : « de réelles opportunités », **F. Maille** (DHL express)
- « Nous avons inventé le relais du XXI^e siècle », **D. Payre** (Kiala)
- Témoignage d'un consommateur

■ Les relais de croissance Les services financiers

- PostFinance en Suisse, **J. Bucher**
- Les postes et l'inclusion financière **M.-O. Pillley** (UPU)
- Japan Post, **B. Monfort**
- L'électronique
- PosteMobile, MVNO postal, **M. Sarmi**
- La lettre recommandée électronique

■ International

- Les régulateurs et le marché : Suède, Portugal, Royaume-Uni, Pays-Bas, Bulgarie, Allemagne, Etats-Unis et Belgique
- Finlande : les services postaux à l'ère numérique, **S. Lindén**

■ Consommateurs

- Les propositions de l'ARCEP
- Le point sur Mini Max
- Les réclamations

■ Histoire et sociologie

- La Poste, telle un lieu de mémoire républicain, par **S. Richez**
- La Poste : une longue et lente mutation, **Y. Cousquer**
- « Mon aïeul était facteur... »
- Facteur d'aujourd'hui, **J.-D. Séval**

In particular, ARCEP's services present the quality of service results published by La Poste, at ARCEP's request, in the universal service indicator table. Discussions also centre on expedient changes to indicator-table information about the quality of universal service products. On several occasions, the consumer associations have, for instance, recalled the importance they attach to quality of service and transmission times. For them, it is crucial for the statistics in the universal service indicator table, but also those published otherwise by La Poste, to permit easy comparison with previous periods. New indicators are adopted when La Poste can implement a reliable measure at reasonable cost.

The Postal Consumers Committee also provided a privileged discussion platform for the introduction of the complaint-handling procedure as part of ARCEP's new powers.

The procedure introduced by ARCEP was revised to take account of the proposals made, particularly about deadlines for submitting complaints to ARCEP which were considered too restrictive in the first version. At the latest Committee meeting, the consumer associations stated the importance they attach to La Poste follow-up on ARCEP's opinions on postal complaints.

4.4. Information about the postal sector

Early in 2011, when the sector was totally opened up to competition, ARCEP dedicated an issue of its quarterly newsletter, "Les cahiers de l'ARCEP", to the future of a postal sector in search of a new economic model. Because – faced with the decline of the letter, once at the

core of their business – postal services are having to reinvent themselves: how can they remain competitive while satisfying customers throughout their national territory and providing a good-quality universal service? How should they react to the growing substitution of electronic mail for hard-copy mail? How can they conduct a development policy based on quality of employment? How can they find good ways of promoting growth?

5. The European Regulators Group for Postal Services (ERGP)

Created in 2010 by a European Commission decision, the European Regulators Group for Postal Services (ERGP²²) took up its work in 2011 under the chairmanship of Joëlle Toledano, an ARCEP Executive Board member.

The ERGP groups the national regulatory authorities of the 27 Member States, plus several observers (European Commission, countries applying to join the Union, etc.). It acts as an advisory group of experts, as well as facilitating consultation, coordination and cooperation between the independent national regulatory authorities in the Member States and between the latter and the Commission.

The ERGP's work is organised around five topics:

- in the field of accounting, a group of experts chaired by ARCEP is studying the rules for allocating common costs, a key issue for postal corporations, both as universal service providers and on competitive markets;
- a second group is studying the cost of the universal service obligations for the incumbent operator which could give rise to compensation; it is also

examining the impact of the different VAT systems used by operators;

- a third group compiles information about the postal-market situation in the various Member States and reprocesses them to make them comparable; work on quality of service, end-user satisfaction and market indicators;
- a fourth group is examining the issue of postal network access for new entrants, mailing houses and consolidators;
- lastly, a fifth group is studying tariffs for cross-border items, at the request of the European Commission, which wishes to understand whether the prices noted are justified.

This work resulted in the adoption and publication at the end of 2011, of two reports: the first on quality of service and end-user satisfaction, the second on market indicators. Two further reports, on common cost allocation and on calculation of the universal service's net cost and evaluation of a reference scenario, were submitted for public consultation at the end of 2011 and, after stakeholder comments had been taken into account, adopted in April 2012²³.

After this year under the chairmanship of France, Göran Marby, Director General of the Swedish regulator PTS, took over as ERGP Chair in 2012. ARCEP, as its former Chair, acts as one of the Vice-Chairs in the person of Marie-Laure Denis who succeeded Joëlle Toledano on ARCEP's Executive Board; the other Vice-Chair is Luc Hindryckx, Chairman of the Board of the Belgian regulator IBPT, in preparation for 2013 when he will become ERGP Chairman. The Group will continue its work in 2012 on the basis of the work programme adopted following a public consultation.

²² - Commission Decision of 10 August 2010 establishing the European Regulators Group for Postal Services (2010/C 217/07)

²³ - http://ec.europa.eu/internal_market/ergp/.

Glossary

Single piece mail: mail items sent by individuals, businesses and high volume issuers, which are not subject to any special preparation. They are deposited in the collection boxes on the public thoroughfare or adjacent to sorting centres, or in La Poste points of contact.

Bulk mail: mail items produced in mass quantities by computer – at least 400 items per mailing – such as invoices, bank statements, addressed advertising and periodicals.

CPCE (Code des Postes et des Communications Electroniques): French postal and electronic communications code.

Items of correspondence: postal items addressed to households and businesses. Includes both domestic items and items sent from abroad.

Registered item: a service that guarantees flat rate compensation for the loss, theft or damage of the postal item and which, when so requested by the sender, provides proof of deposit of the postal item and/or its delivery to the recipient.

Insured item: a service that consists of insuring a postal item for the value declared by the sender against loss, theft or damage.



Autorité de régulation
des communications électroniques et des postes

7, square Max Hymans - 75730 Paris Cedex 15
Tél. : 01 40 47 70 00 - Fax. : 01 40 47 71 98

Dépôt légal : juin 2012
ISSN 1956-9572