

# Postal Companies: Recent Past, Future Developments and Competition Policy

Pierre Régibeau

Analysis Group and Warsaw School of Economics

For

13<sup>th</sup> Toulouse Postal Conference

# Outline

- “Recent” evolution
  - Liberalisation: Different models
  - The current picture
- Future Evolution?
  - Markets, assets and skills
  - The EU’s “five scenarios”
- Competition policy concerns...and opportunities
  - State aid issues
  - Dominance?
  - Mergers
  - Platform/eco-system issues

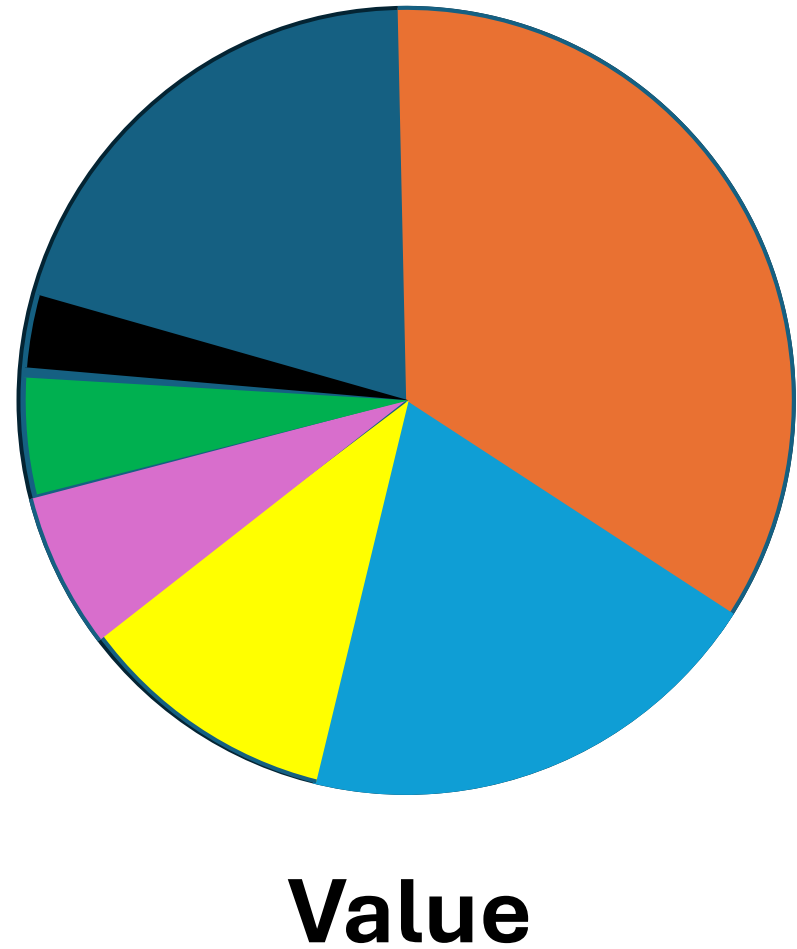
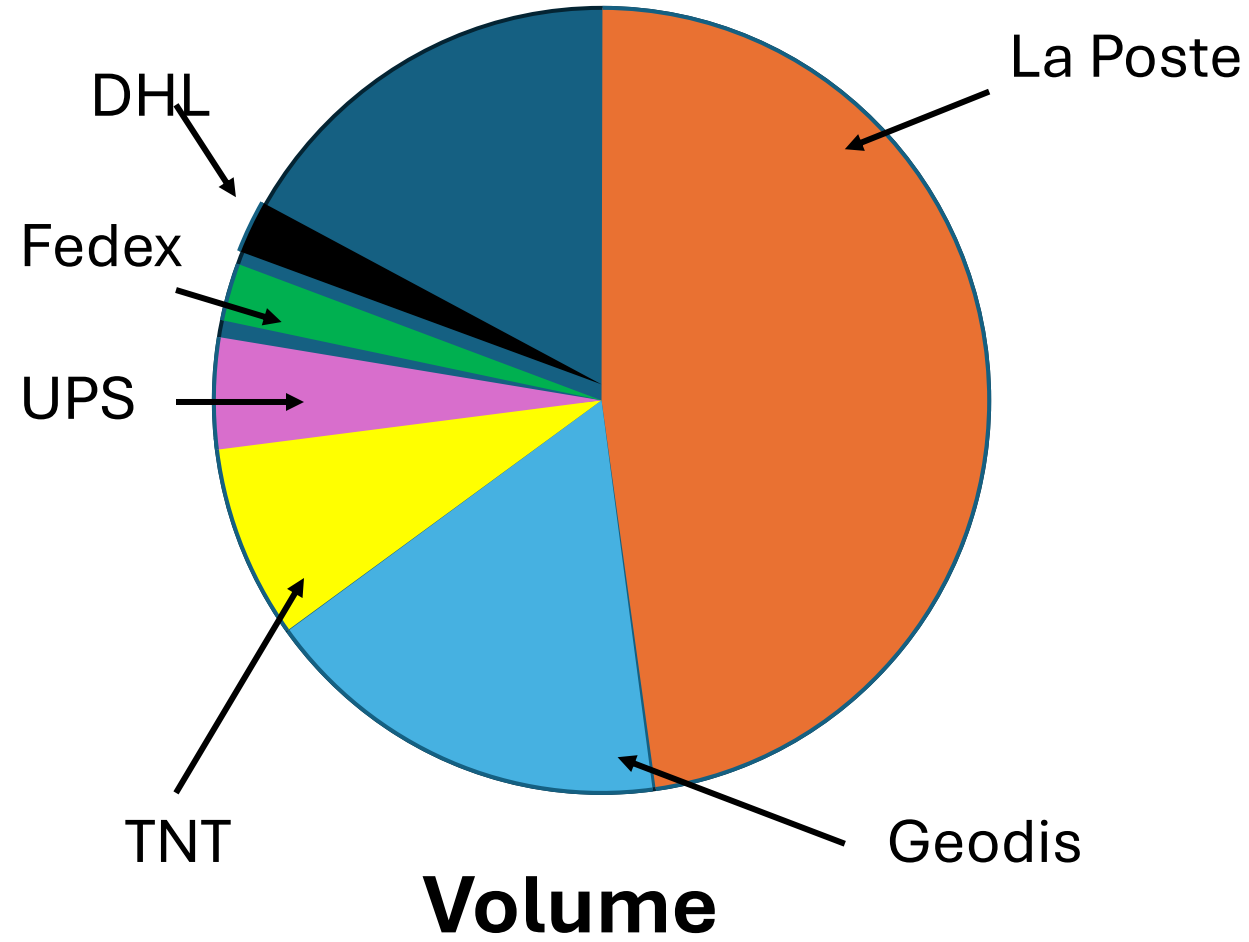
# Liberalization:

- While the EU Postal Services Act of 1997 required the eventual liberalization of commercially viable services, it did not prescribe the model adopted for the former state monopolies.
- From full privatization to full state control, EU countries have taken advantage of this degree of freedom.

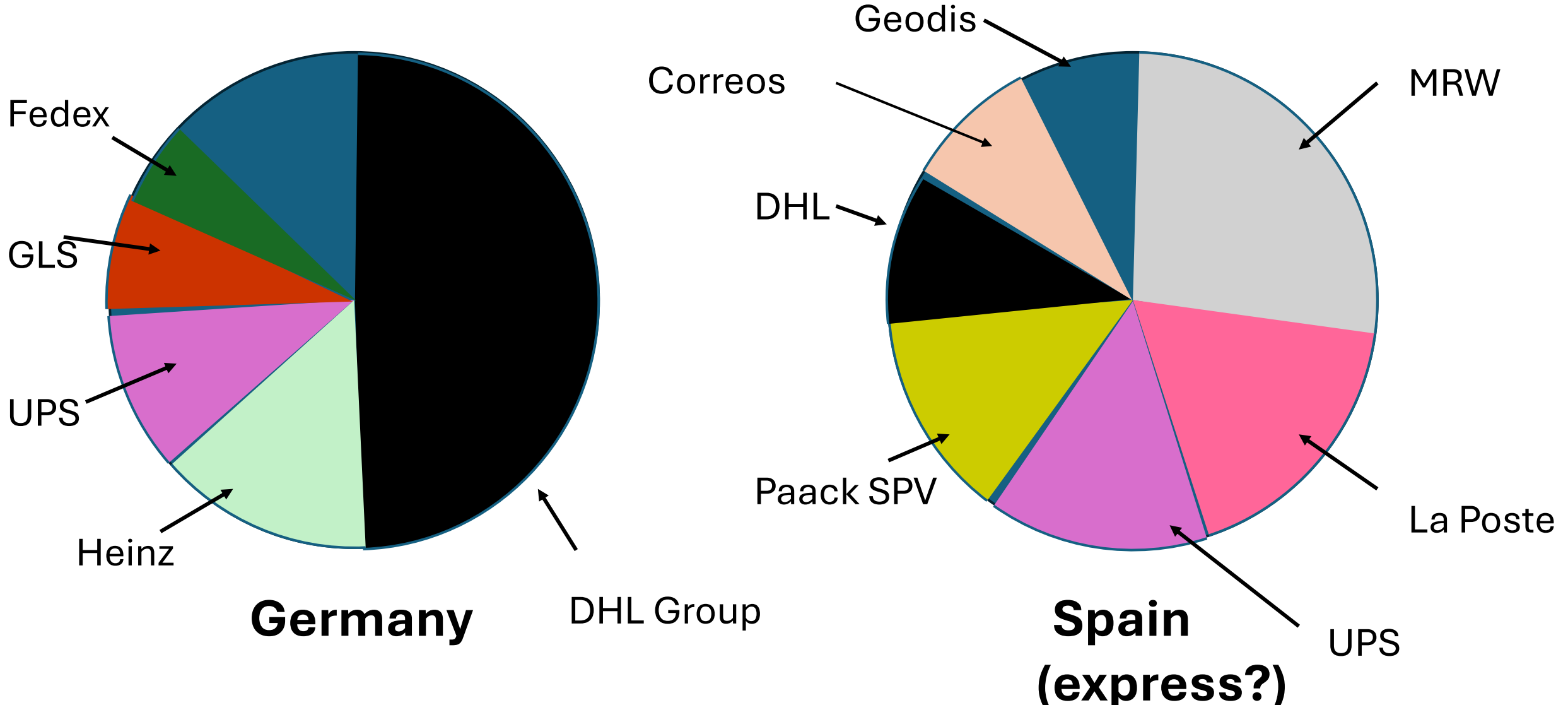
# Ownership and Control

Country	State-Owned	State-Controlled (share)	Private Control Main SH	Private Control Second SH	Private Control Third SH
<b>Belgium</b>	(X)	51.04% (next 0.65%)			
<b>Denmark</b>	X (60% Swe, 40% Den)				
<b>France</b>	X	100% (66% + 34%)			
<b>Germany</b>		Likely 17.73%	Blackrock 5.6%	Capital Res.Mgt (5%)	
<b>Italy</b>		64.26%			
<b>Netherlands</b>			Esa Equity (NL)29. 9%	Hold (Hun) 3.1%	Saba Capital (US) 3%
<b>Spain</b>	X	100% (SEPI)			

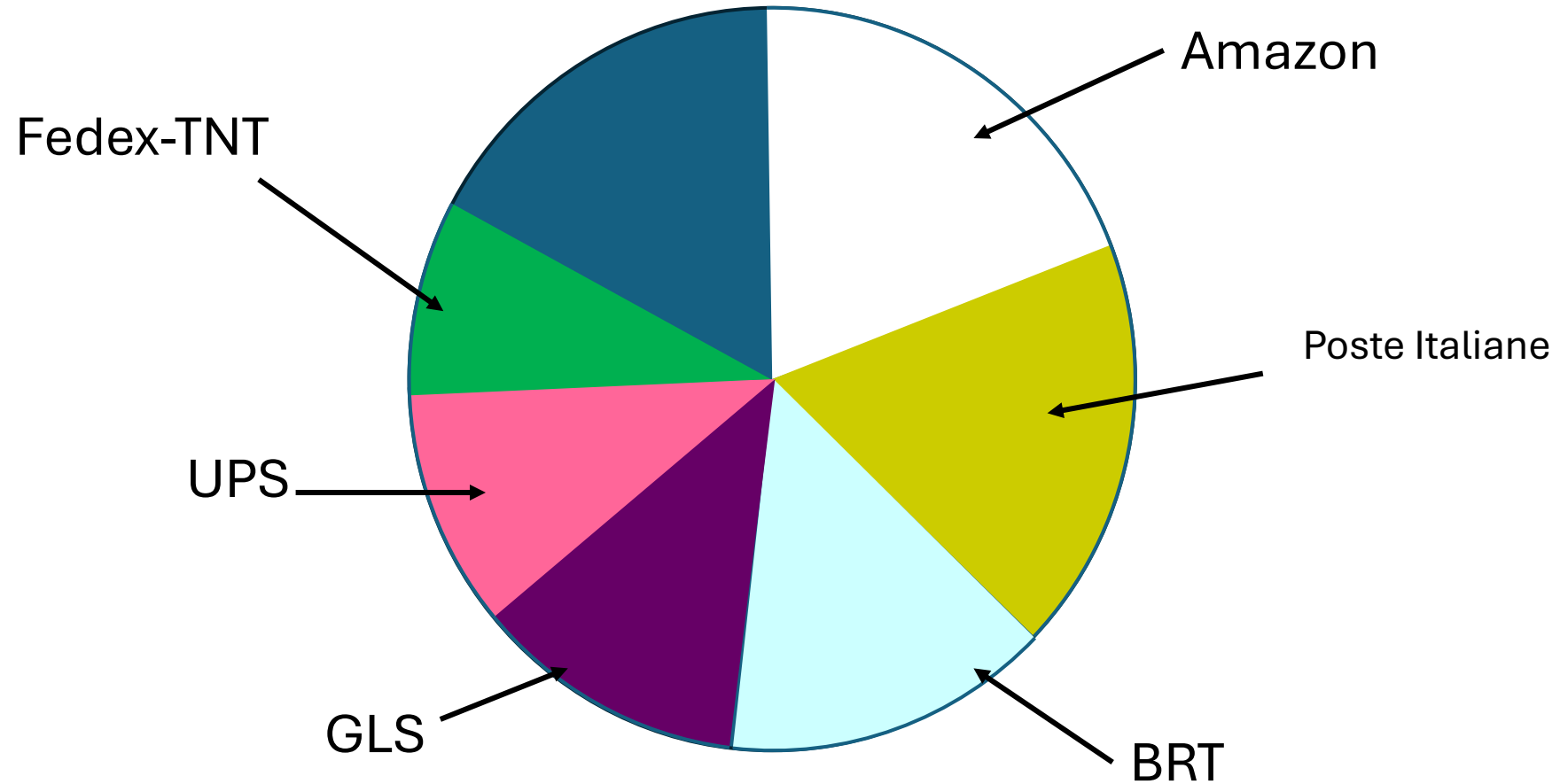
# Parcel Delivery: Market Shares, France



# Parcel Delivery: Market Shares, Germany and Spain



# Parcel Delivey Market Shares: Italy



# Parcel Delivery: Main Players

## **BELGIUM**

- NA

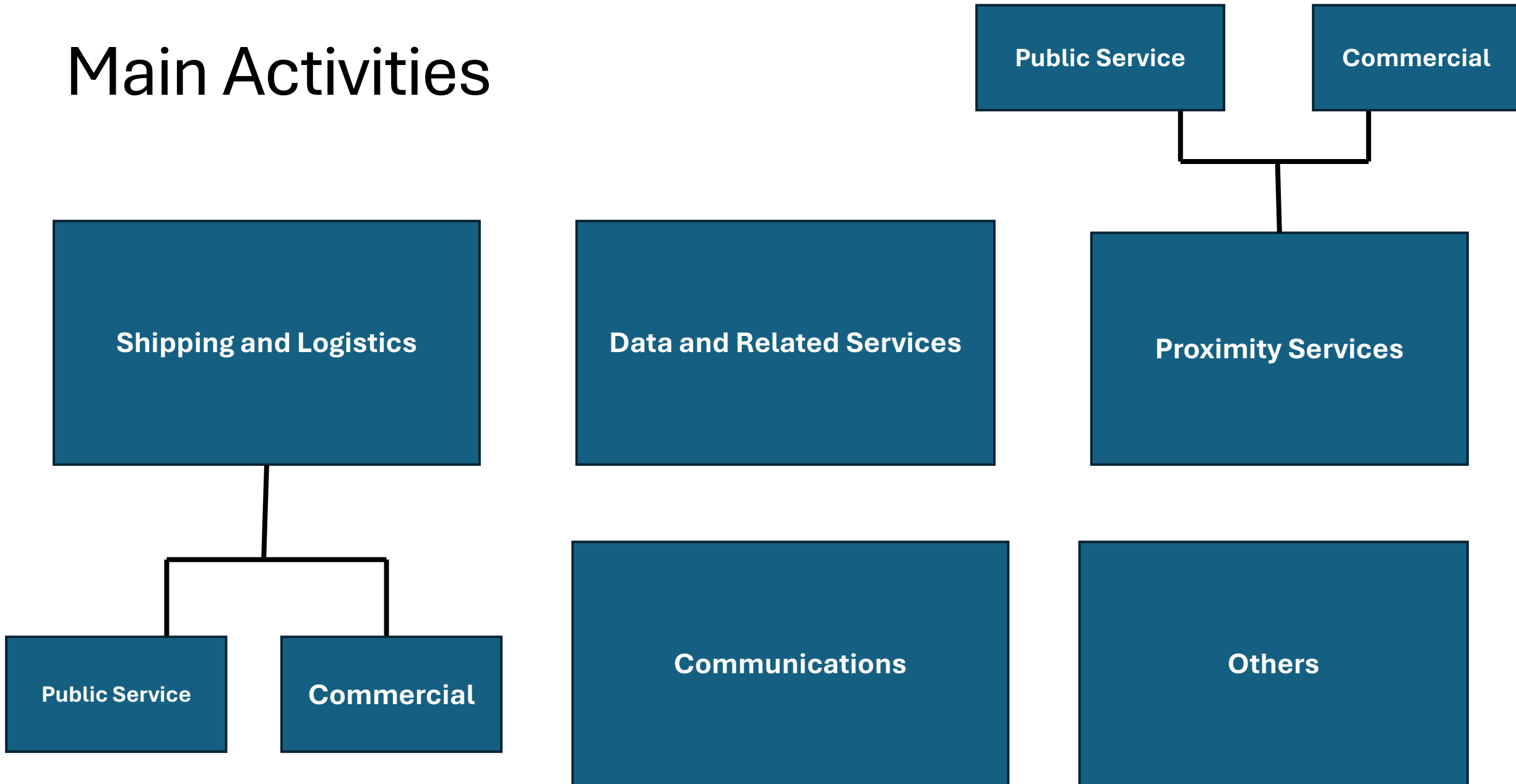
## **NETHERLANDS**

- PostNL
- Otto GmbH
- UPS
- DHL
- Geodis
- Fedex
- BPost

# Financials

	Revenue (date)	Net Inc (date)	Employ. (date)	Revenue (date)	Net Inc. (date)	Employ. (date)
FRA	24.7 (2018)	0.8 (2018)		34.6 (2024)	1.4 (2024)	249 (2024)
GER	55 (2013)	2 (2013)	43.5 (2013)	84.1 (2024)	3.3 (2024)	59.2 (2024)
ITA	11.0 (2019)		129.2 (2019)	12.6 (2024)		119.1 (2024)
SPA	2.4 (2019)	0.015 (2019)	53 (2019)	2.34 (2024)	-0.1 (2024)	50.2 (2024)
NL	3.45 (2021)	0.22 (2021)		3.24 (2024)	-0.02 (2024)	32.4 (2024)
BEL	1.13 (2018)	0.26 (2018)		4.33 (2024)	-0.22 (2024)	36.8 (2024)

# Main Activities



# Main Activities

	FR	GER	ITA	SPA	NL	BEL	DEN
USO Letters	X	X	X	X	(x)	X	
Parcels Domestic	X	X	X	X	X	X	x
Parcels Other EU	X	X		x	x		
Basic bank Insurance, mobile	X		X	X		X+	
Other proximity	(X)		X				
Contract Logistics ecommerce	X	X	X	?	x	x	x
Digital and data (handling, privacy, security,...)	X	X	X	x	x		X
Communications	X	X	?	x	x	X	x

# Other Activities

<b>FRANCE</b>	Social proximity services?
<b>GERMANY</b>	Owens 5 airlines, electric vans, education
<b>ITALY</b>	Broadband, full mobile, Energy
<b>SPAIN</b>	Full telecom (excess capacity)
<b>NETHERLANDS</b>	
<b>BELGIUM</b>	
<b>POST NORD</b>	Mobile telephony (VoIP, Wifi,...)

# The “5 Scenarios”

- Scenario 1, “New Normal”: letters down, parcels and digital up.
- Scenario 2, Policy-Crisis: climate, energy, disturbed international distribution.
- Scenario 3, Platforms redefine Post: the coming of the tech giants
- Scenario 4, Post carbon discipline: greener but slower delivery?
- Scenario 5: Social Value Post: local service hubs focusing on social inclusion and public values

# The “5 Scenarios”: Comments

- Scenario 4 seems to be a special case of scenario 2.
- These scenarios are not mutually exclusive
- Ignores the growth of Postal companies into their own platforms, with some overlap with big tech but also a different pattern of activities → expand Scenario 3.
- Ignores the internationalisation dimension.

# Competition Policy

# State Aid: Potential Issues

- The validation of universal service support for letter delivery is now routine.
- The validation of support for other proximity services (basic finance, basic mobile, social services) is not. Moreover, those services might have close commercially available substitutes making the “competition distortion” step trickier.
- If some assets from the public service activities generate data or expertise that are used in commercial facility, the value of this usage might be deducted from the allowable support. {Scenario 3+]}

# State Aid: Opportunities?

- Self-sufficiency arguments are unlikely to carry much weight in the main fields of activity of European postal companies.
- But there might be opportunity within the framework of Important Projects of Common European Interest (IPCEI).
- Important elements of an IPCEI strategy:
  - Input into national strategies
  - Pre-identification of and coordination with other potentially interested European companies to help design the scope of the project and help convince policy makers of its benefits and feasibility. This culminates in a call of interest.
  - In the Consortium formation phase: emphasis on complementarities and spill overs.

# IPCEI: Some Examples?

- Development of civilian delivery drone technology.
- Greening of delivery fleets.
- Development of AI in logistics.

# Dominance

- Currently an issue only for some postal companies in their home market
- Proximity network as potential essential facility
- Currently activities do not fall within the “core platform services) identified by the DMA
- Describing oneself as the “largest multi-service platform in Italy” is not a good idea.

# Traditional Merger Issues

- For many former state operators, further mergers in their national parcel market. Possible exceptions: Correos and Poste Italiane.
- By contrast, there is still plenty of room for cross-border acquisitions in the parcel delivery market.
- Acquisitions in other fields of activity are not yet limited by the strength of current market positions....but some transactions might still be scrutinised:
  - Proposed acquisition of Telecom Italia by Poste Italiane.
  - Acquisitions increasing the Postal Company's "proximity" presence.

# Eco-Systems Issues [Scenario 3+]

- Might arise over access to proximity network and some types of data.
- On the other hand:
  - The “Postal” eco-systems are still nascent, so strategies should aim at increasing participation, not at excluding, exploiting or self-preferencing. Profit incentives and competition policy might be (temporarily) aligned.
  - Some (increasing?) overlap with large established platforms (including GAFAMs such as Amazon and – to a lesser extent – Google):
    - Can justify some acquisitions as reinforcing competition to these platforms, especially entry into some of their markets.
    - Use competition policy (including the DMA) to guard against potential anti-competitive behaviour by these platforms.