


Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2000/0139(COD) Procedure completed
Postal services: further opening to competition Amending Directive 97/67/EC	1995/0221(COD)
Subject 2.40.02 Public services, of general interest, universal service 3.30.09 Postal services, parcel delivery services	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	RETT Regional Policy, Transport and Tourism	PPE-DE FERBER Markus	11/07/2000
	Former committee responsible		
	RETT Regional Policy, Transport and Tourism	PPE-DE FERBER Markus	11/07/2000
	Former committee for opinion		
	BUDG Budgets	The committee decided not to give an opinion.	
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
	JURI Legal Affairs and Internal Market		13/09/2000
		PSE MARINHO Luís	
	ITRE Industry, External Trade, Research, Energy		13/09/2000
	PSE SAVARY Gilles		
EMPL Employment and Social Affairs		05/07/2000	
	PSE DE ROSSA Proinsias		
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2424	07/05/2002
	Transport, Telecommunications and Energy	2395	06/12/2001
	Transport, Telecommunications and Energy	2374	15/10/2001
	Transport, Telecommunications and Energy	2364	27/06/2001
	Telecommunications	2340	04/04/2001
	Telecommunications	2325	22/12/2000
	Telecommunications	2293	03/10/2000
European Commission	Commission DG	Commissioner	
	Financial Stability, Financial Services and Capital Markets Union		


Key events			

04/09/2000	Committee referral announced in Parliament, 1st reading		
03/10/2000	Debate in Council	2293	Summary
22/11/2000	Vote in committee, 1st reading		Summary
22/11/2000	Committee report tabled for plenary, 1st reading	A5-0361/2000	
13/12/2000	Debate in Parliament		
14/12/2000	Decision by Parliament, 1st reading	T5-0571/2000	Summary
22/12/2000	Debate in Council	2325	
04/04/2001	Debate in Council	2340	
27/06/2001	Debate in Council	2364	
13/12/2001	Committee referral announced in Parliament, 2nd reading		
21/02/2002	Vote in committee, 2nd reading		Summary
11/03/2002	Debate in Parliament		
13/03/2002	Decision by Parliament, 2nd reading	T5-0100/2002	Summary
07/05/2002	Act approved by Council, 2nd reading		
10/06/2002	Final act signed		
10/06/2002	End of procedure in Parliament		
05/07/2002	Final act published in Official Journal		

Technical information

Procedure reference	2000/0139(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 97/67/EC 1995/0221(COD)
Legal basis	EC Treaty (after Amsterdam) EC 055; EC Treaty (after Amsterdam) EC 095; EC Treaty (after Amsterdam) EC 047-p2
Stage reached in procedure	Procedure completed
Committee dossier	RETT/5/14238

Documentation gateway

Legislative proposal		COM(2000)0319 , OJ C 337 28.11.2000, p. 0220 E	30/05/2000	EC	Summary
Committee draft report		PE286.604	04/10/2000	EP	
Amendments tabled in committee		PE286.604/AM	14/11/2000	EP	
Committee opinion		PE286.133/DEF	16/11/2000	EP	

Committee report tabled for plenary, 1st reading/single reading		A5-0361/2000 OJ C 232 17.08.2001, p. 0008	22/11/2000	EP	
Committee opinion	EMPL	PE286.260/DEF	23/11/2000	EP	
Economic and Social Committee: opinion, report		CES1447/2000 OJ C 116 20.04.2001, p. 0099	29/11/2000	ESC	
Committee opinion	JURI	PE294.901/DEF	29/11/2000	EP	
Committee of the Regions: opinion		CDR0309/2000 OJ C 144 16.05.2001, p. 0020	13/12/2000	CofR	
Text adopted by Parliament, 1st reading/single reading		T5-0571/2000 OJ C 232 17.08.2001, p. 0202-0287	14/12/2000	EP	Summary
Modified legislative proposal		COM(2001)0109 OJ C 180 26.06.2001, p. 0291 E	21/03/2001	EC	Summary
Council position		14091/1/2001 OJ C 110 07.05.2002, p. 0037 E	06/12/2001	CSL	Summary
Commission communication on Council's position		SEC(2001)1961	10/12/2001	EC	Summary
Committee draft report		PE301.863	15/01/2002	EP	
Amendments tabled in committee		PE301.863/AM	13/02/2002	EP	
Committee recommendation tabled for plenary, 2nd reading		A5-0058/2002	21/02/2002	EP	
Text adopted by Parliament, 2nd reading		T5-0100/2002 OJ C 047 27.02.2003, p. 0087-0217 E	13/03/2002	EP	Summary
Commission opinion on Parliament's position at 2nd reading		COM(2002)0217	29/04/2002	EC	Summary
Follow-up document		COM(2005)0102	23/03/2005	EC	Summary
Document attached to the procedure		SEC(2006)1293	18/10/2006	EC	
Follow-up document		COM(2006)0595	18/10/2006	EC	Summary
Follow-up document		COM(2008)0884	22/12/2008	EC	Summary
Follow-up document		SEC(2008)3076	22/12/2008	EC	Summary

Additional information

European Commission

[EUR-Lex](#)

Final act

[Directive 2002/39](#)
[OJ L 176 05.07.2002, p. 0021](#) Summary

Postal services: further opening to competition

PURPOSE : to present a proposal for a European Parliament and Council Directive amending Directive 97/67/EC with regard to the further opening to competition of Community postal services. **CONTENT :** the Postal Directive 97/667/EC, adopted by the Council, Parliament and Commission on 15 December 1997 established in Article 7 a timetable for the further gradual and controlled opening to competition of postal services particularly with a view to the opening up of cross-border and direct mail as well as on a further review of the price and weight limits, to take effect from 1 January 2003. The main objective of the Commission's proposal is to move towards the completion of the internal market

for postal services while ensuring the maintenance of universal service in line with the Directive and the Lisbon Summit conclusions. This will allow the benefits of greater competition to improve the service levels, in terms of both quality and prices available to posting customers and to strengthen the European economy as a result. This can be best done by agreeing a substantial step on 1 January 2003 while also providing a timetable for decisions on further market opening. The Commission believes that the step in 2003 should be clearly achievable for Member States and that it should focus in particular on markets where opening has already occurred and on the fastest growing segments where the impact of competition on universal service providers can be offset by market growth. The step should also be significant enough to create actual competition. The Commission similarly believes that in line with the requirement from the Lisbon Summit the decision on further market-opening in 2003 should be followed by an additional step towards the completion of the internal market, to be proposed before the end of December 2004 following a review earlier that year. Against the background and objectives described above, the Commission believes it is essential to establish through this proposal a roadmap for continuing the process of modernisation of the postal sector launched by the Postal Directive. Such an approach is in line with the objectives of an open and competitive internal market, supported by the Lisbon Summit conclusions. It is also a necessary and proportionate response to the needs both of users and of the broader European economy. Furthermore, this proposal amends the Postal Directive to set a clear course and timetable towards the further opening of the Community postal sector, but in an orderly manner that will allow sufficient time for the market as a whole, and the universal service providers in particular, to complete the modernisation process and adapt to the conditions of greater competition in a stable and predictable regulatory environment. Therefore, this proposal provides for the continuation of the process of gradual and controlled opening of the internal market for postal services to take place in two further stages. The next stage, to be given effect by 1 January 2003, consists of a general reduction in the current weight and price limits for certain services which may continue to be reserved with a corresponding elimination of all weight and price limits for outgoing cross-border mail and express mail. A subsequent stage of market-opening will take effect by 1 January 2007. It will provide for a further reduction of remaining exclusive rights granted to universal service providers in accordance with Article 7 of the Directive, subject only to the need to maintain universal service. The scope of the further step should be decided by the European Parliament and the Council no later than 31 December 2005 based on a proposal from the Commission to be tabled by 31 December 2004, following a review of the sector.?

Postal services: further opening to competition

The Council held a preliminary exchange of views which produced some diverging positions amongst Member States. The discussions mainly covered the principal provisions aimed to ensure the gradual, controlled opening of the postal sector as proposed by the Commission : the introduction of new definitions, especially of special services, the limits of 50g and 2,5 times the basic tariff in the case of weight and price limits for reserved services in 2003, and a new phase proposed for 2007 to be defined at a later date. The Council instructed the Permanent Representatives Committee to make progress on this subject quickly, so that it can be discussed in depth and political agreement reached at the meeting in December.?

Postal services: further opening to competition

The committee adopted the report by Markus FERBER (EPP-ED, D) amending the proposal under the codecision procedure (1st reading). Essentially, the committee felt that the further opening to competition of Community postal services should be gradual and controlled. Universal services, the permanent provision of a postal service throughout the EU at affordable prices for all users, even in remote areas, should be particularly protected. The committee rejected the proposal for a general reduction to 50 grams in the weight limit reserved to universal service providers such as the Royal Mail or Deutsche Post and demanded that the limit be 150 grams. A ceiling of 150 grams was felt to constitute the most appropriate next step towards opening up the market in 2003. The Commission had also proposed that decisions on the further opening of the market should be taken no later than 31 December 2005 and should take effect from 1 January 2007. This was a step too far for the committee, which refused to indicate any date at all. It said the Commission should come forward with further proposals following a review of the sector which should focus on the need to ensure the provision of universal service in an appropriate manner in a competitive market environment. This review should be presented not later than 31 December 2003. The committee also wanted Member States to implement the amended directive no later than 31 December 2004 and not 31 December 2002 as the Commission was proposing. The deadline should be extended "in order to rule out hasty and poor preparation and the resulting negative impact". The committee also adopted amendments rejecting a total abolition of the price limit for outgoing cross-border mail and all express mail as well as the Commission's definition of special services.?

Postal services: further opening to competition

In relation to the text drafted by Mr Markus FERBER (EPP/ED, D), the majority of MEPs were unimpressed by Commissioner Frits BOLKESTEIN's argument that a large number of Parliament's amendments went "against the grain" of the Commission's proposal and would hinder the modernisation needed to benefit customers and employees of postal services. The European Parliament is of the opinion that the opening up of the postal market should be much more gradual and controlled than the Commission was proposing. Parliament rejected the proposal for a general reduction to 50 in weight limit reserved to universal service providers and demanded that the limit be 150 grams or four times the basic tariff. A reduction to 50 grams or two and a half times the basic tariff, combined with total liberalisation of outgoing cross-border mail and express mail, was too drastic a measure, according to the European Parliament. Moreover, the House demanded absolute guarantees that universal services (the permanent provision of a postal service throughout the EU at affordable prices for all users, even in remote areas) be preserved. The Commission's wish for outgoing cross-border mail, new mail and express mail to be opened up to competition was also rejected, as was its definition of special services. The House also opposed allowing the current Directive 97/67 to lapse at the end of 2006, voting instead for an expiry date of the end of 2008. Lastly, Parliament called for a high level of employment and a high degree of social protection to be included among the goals of the postal services industry. ?

Postal services: further opening to competition

The Commission's amended proposal accepts 10 of the 47 amendments adopted by the European Parliament at First Reading. The

Commission accepts those amendments which: - give weight to the social tasks of the Community - namely a high level of employment and social protection; - bring out the benefits of increased competitiveness; - stress that each Member State sets its detailed universal service standards and quality; - reinforce the role of national regulatory authorities; - extend the complaints procedure requirements; - improve the drafting or the positioning of existing amendments. The Commission has not accepted 36 of the 47 amendments proposed by the European Parliament which concern in particular: the advantages of competition and extent of reservable area, timetable for further step, universal service, social and employment issues, special services, access, information exchange, racial and ethnic discrimination, consultation, the Compensation Fund and the Regulator's tasks.?

Postal services: further opening to competition

The common position was adopted with a qualified majority with the Netherlands delegation voting against the Finnish delegation abstaining. The Council has made a number of adjustments to the proposed timetable for liberalisation in order to ensure a more gradual and controlled market opening process, taking into account the need to maintain the universal services and the specificity of Member States. The adjustments made by the Council move a long way towards the Parliament's position (e.g. higher weight and price limits for the reservable area in 2003, delaying the 50g weight step from 2003 to 2006 and the further subsequent step from 2007 to 2009). The Council adopted the European Parliament's view that outgoing cross-border mail may continue to be reserved to the extent necessary to ensure provision of the universal service. The common position provides for a decisive step towards the full accomplishment of the internal market for postal services in 2009, ensuring both the right of initiative of the Commission, and the full co-decision powers of the European Parliament and Council. Given the over-riding importance of the sub-50g category, in terms of percentage volume of the market, the Council considered that any decision to liberalise within this market segment must be taken by way of a further co-decision procedure. The Council adopted the European Parliament's view on special services by removing any definition for these services from the text.?

Postal services: further opening to competition

The common position adopted by the Council retains the essence of the amended proposal of the Commission. It sets a clear path towards the accomplishment of the the internal market for postal services, through a gradual and controlled liberalisation of these services, combined with the continued provision of a high quality of universal service. The proposed opening is similar to the one proposed by the Commission although it involves a longer time schedule. The provisions of the common position regarding a decisive step towards the full accomplishment of the internal market for postal services, ensure both the right of initiative of the Commission, and the full co-decision powers of the European Parliament and Council. The Commission therefore agrees with the changes introduced by the Council and considers that they will contribute to improving the quality and the content of the legislative text. Furthermore, the common position takes full account of the amendments adopted by the Parliament in its first reading and accepted by the Commission.?

Postal services: further opening to competition

The committee adopted the report by Markus Ferber (EPP-ED, D) approving the Council's common position under the codecision procedure (2nd reading), subject to just three amendments. It called for a return to the initial definition (in Directive 97/67/EC) of "items of domestic correspondence" on the grounds that the reference to "standard mail services" was no longer necessary, given that special services had been deleted from the initial Commission proposal by both Council and Parliament. It also wanted the Commission to report to Parliament and Council every two years on the application of the directive, providing information about developments in the sector and quality of service.?

Postal services: further opening to competition

In adopting Mr Markus FERBER's (EPP-ED, D) recommendation, approving the common position, a majority in the Parliament agreed to the further opening up of the Community postal services to competition. However, the Parliament believes that in order to keep the Parliament and the Council informed on the development of the internal market for postal services, the Commission should regularly submit reports to those institutions on the application of this Directive. It is suggested that every two years, on the first occasion no later than 31 December 2004, the Commission shall submit this report, including the appropriate information about developments in the sector, particularly concerning economic, social, employment and technological aspects, as well as about quality of service.?

Postal services: further opening to competition

The European Commission accepts all three of the amendments proposed by Parliament following the second reading of the proposed Directive. They refer inter alia to: - requiring the Commission to submit two-yearly reports to the Council and Parliament updating them on developments relating to the Directive; and - avoiding reference to non-defined terms such as "standard mail".?

Postal services: further opening to competition

PURPOSE : to continue to open up the Community postal services to competition. COMMUNITY MEASURE : Directive 2002/39/EC of the European Parliament and of the Council amending Directive 97/67/EC with regard to the further opening to competition of Community postal services. CONTENT : the Council adopted the present modification after having approved the amendments adopted by the European Parliament at second reading. The delegation from the Netherlands voting against it. This Directive will push forward the gradual and controlled implementation of the Internal Market for postal services, therefore combining more competition with maintaining a universal service

and is expected to lead to improved postal services and lower prices. The new Postal Services Directive requires Member States to open up substantial additional sections of the market to competition from 2003 and 2006 and defines further steps to be taken towards the completion of the Internal Market for postal services. More specifically, under the new Directive, Member States will have to open up to competition the following market segments: - from 2003: - delivery of letters weighting more than 100gr (or costing more than three times the price of a standard letter); - all outgoing cross-border mail (but Member States which need the revenue from this market segment to enable them to continue to provide their universal service could reserve it) - from 2006: - delivery of letters weighing more than 50gr (or costing more than two and a half times the price of a standard letter). The new Postal Services Directive requires the Commission to complete, in the course of 2006, a study assessing, for each Member State, the impact on universal service of full accomplishment of the Internal Market for postal services in 2009. On the basis of the results of that study, the Commission would make a proposal to the European Parliament and Council confirming, if appropriate, full accomplishment of the internal market for postal services in 2009 or determine any other step. To the extent necessary to ensure the maintenance of universal service, Member States may continue to reserve services to universal service provider(s). Those services shall be limited to the clearance, sorting, transport and delivery of items of domestic correspondence and incoming cross-border correspondence, whether by accelerated delivery or not, within both of the following weight and price limits. The weight limit shall be 100 grams from 1 January 2003 and 50 grams from 1 January 2006. These weight limits shall not apply as from 1 January 2003 if the price is equal to, or more than, three times the public tariff for an item of correspondence in the first weight step of the fastest category, and, as from 1 January 2006, if the price is equal to, or more than, two and a half times this tariff. In the case of the free postal service for blind and partially sighted persons, exceptions to the weight and price restrictions may be permitted. To the extent necessary to ensure the provision of universal service, direct mail may continue to be reserved within the same weight and price limits. To the extent necessary to ensure the provision of universal service, for example when certain sectors of postal activity have already been liberalised or because of the specific characteristics particular to the postal services in a Member State, outgoing cross-border mail may continue to be reserved within the same weight and price limits. The Commission shall finalise a prospective study which will assess, for each Member State, the impact on universal service of the full accomplishment of the postal internal market in 2009. Based on the study's conclusions, the Commission shall submit by 31 December 2006 a report to the European Parliament and the Council accompanied by a proposal confirming, if appropriate, the date of 2009 for the full accomplishment of the postal internal market or determining any other step in the light of the study's conclusions every two years, on the first occasion no later than 31 December 2004, the Commission shall submit a report to the European Parliament and the Council on the application of this Directive, including the appropriate information about developments in the sector, particularly concerning economic, social, employment and technological aspects, as well as about quality of service. The report shall be accompanied where appropriate by proposals to the European Parliament and the Council. ENTRY INTO FORCE : 05/07/2002. IMPLEMENTATION : 31/12/2002.?

Postal services: further opening to competition

This Report is a follow-up to the first Commission Report on the Application of Postal Directive 97/67 which was submitted at the end of 2002. The Report presents the summary of the main conclusions drawn from the analysis provided in the Commission Staff Working Paper (SEC(2005) 388) which assesses in details the overall transposition of the Postal Directive in Member States, the application of key elements of the Directive as well as general market trends (including economic, technical, social, employment and quality of services aspects). In addition, it provides an outline of the perspective and recommendations for future policy development.

The Report confirms that, in sum, the reform of the postal sector in the EU is well on track. Though not yet completed, it has already resulted in a number of significant improvements notably as regards quality of services, improved business efficiency, and the separation of regulators from operators. The role of postal services remains vital in delivering the benefits of the Internal Market to citizens, consumers and business.

This reinforces the need to consider how to move towards more effective and better regulation and an Internal Market for postal services in order to ensure better services for all consumers, including commercial customers and end consumers (greater choice, access, innovation, quality, price options.).

The postal market is at a crucial stage in its development. The Report discusses the further steps needed to promote actual competition in the market, while addressing the end-consumer concerns. It also makes a series of recommendations.

Facilitate the conditions for further modernisation: The postal market is evolving quickly. The clear challenge for regulators and operators is to seize the opportunities. Postal organisations are becoming increasingly flexible in the provision of tailored services to clients. Some of the public postal operators have taken advantage of the gradual opening of the market provided by the Directive to reorganise and modernise. Those who did not seize the opportunities of the last few years and commit themselves to reforms are now coming under market pressure to do so. Further regulatory initiatives may be needed to secure the benefits of a postal internal market for all customers.

Respect the timetable set in the Directive: It is essential to maintain (in parallel) the pace of regulatory reform and respect the timetable set in the Directive for accomplishing the Internal Market for postal services. Developments to date provide no evidence supporting the need for a change of the deadlines set out in the Postal Directive.

Monitor carefully regulatory developments: On critical issues, such as market opening, universal service (quality of services, prices, accessibility from the perspective of the various stakeholders categories) the Commission will carefully monitor developments, and where appropriate take the necessary steps to ensure that Member States meet the requirements set out in the Postal Directive.

Intensify cooperation on regulatory issues: In order to tackle the more complex technical issues (such as licensing, access, regulatory accounting, or market data), the Commission intends to assist NRAs by working on bilateral co-operation between the services of the Commission and the NRA, and technical cooperation at the European level within the framework of the Postal Directive Committee.

Promote an in depth debate on the future postal policy: In light of the rapid evolution of the global communication market, and in the view of the 2006 deadline, it is necessary to open as soon as possible the debate on the future of postal policies to a wide audience, including all stakeholders (public and private operators, customers, consumer associations, social partners, NRAs, Ministries, experts, academics, and industry) at national level as well as at EU level.

In addition to analysing the merits of retaining or removing the reserved area, the debate will need to address key issues such as how to best promote the postal sector, how to ensure the financing of the universal service, and what kind of postal universal service is needed in the future. It will also be necessary to assess the situation in the Member States where the reserved services have been removed, including from an end-consumer perspective. With this in mind, the Commission is launching two studies, on the development of competition and the evolution of the regulatory model for European postal services.

Postal services: further opening to competition

As is the case with the 2005 Application Report, this Report provides a comprehensive assessment of the overall transposition of the Postal Directive in the Member States. The Report also assesses the application of key elements and trends related to the postal services sector such as: economic, technical, social, employment and quality of services trends. The Report summarises and pulls together the main elements and findings of the Commission Staff Working Paper SEC(2006)1293.

The Report finds that in 2004 EU postal services earned around EUR 90 billion - equivalent to 0.9% of the Community's GDP. As such it plays a significant role in the EU economy. Postal services are labour intensive and account for a large proportion of the EU's overall employment. In 2004 postal services employed around 1.71 million people with a further 5 million jobs related to postal activities.

At the same time however, postal services are changing. The sector deals with three key EU economic activities namely communications, advertising and transportation/logistics. The Report warns that sector boundaries are beginning to blur and competition must be taken into account when assessing the future of the postal services sector.

Main conclusions

1) Confirmation of the Postal Directive's timetable: All the intermediate policy results of the Postal Directive have been achieved to date.

- Firstly, the monopolies have been progressively reduced, either by gradually implementing the market opening enshrined in the Postal Directive, or by opening up important segments (such as direct mail) or by fully opening up the postal market as was the case in the UK, for example.
- Secondly, competition has grown. In the most advanced Member States the market share of incumbents has been reduced to around 90%. Competition has not, however, grown as much as was originally hoped.
- Thirdly, universal service providers have restructured and successfully adapted to regulatory and market developments. This development is underpinned by the positive trend towards overall revenue and profitability.
- Fourthly, the quality of service has improved considerably with consumer satisfaction ratings high.

Developments to date provide no evidence supporting the need for changing the 2009 deadline as set out in the Postal Directive.

2) Main focus: High level of universal service and consumer needs:

- The present Postal Directive is based on the principle of minimum harmonisation. This has allowed the Member States to adapt universal services to the specific need of their own country.
- On the other hand the need to fully assure universal service rights for consumers and small businesses is generally uncontested. Individual consumers (including SMEs) and citizens have the right to enjoy the same quality of service ? if not better ? following the full opening up of the postal market. Their needs must act as a benchmark. This requires that their rights should be strengthened ? such as extending the appeal procedures to all operators.
- Greater attention should be given to enhancing co-operation between the National Regulatory Authorities. Such a move could include, for example, information exchange and benchmarking exercises.

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The Community framework for EU postal services is set out in Directive 97/67/EC as amended by Directive 2002/39/EC (hereafter referred as ?the Postal Directive?). Article 23 of the Postal Directive requires the Commission to report on the application of the Postal Directive to the European Parliament and Council ?every two years?. It also requires that this report should include ?appropriate information? on market developments including technical, social, employment and quality of service aspects.

Regular market monitoring and reporting is an important element for the full accomplishment of a postal Internal Market in order to identify any shortcomings and problems in due time and to be able to take appropriate (legal) actions when necessary and implement corrective measures. Market monitoring has also been essential to be able to proceed with the EU Postal Reform in a transparent manner and to establish if it has generated the desired effects and benefits.

The Commission provided its first Application Report in November 2002, a second in March 2005 and a third in October 2006. As in the case of previous Application Reports, this Report provides a comprehensive assessment of the overall transposition of the Postal Directive in Member States, including the application of key elements of the Postal Directive and regulatory developments. The Report describes the main developments since the last Application Report adopted in October 2006 and covers the reporting period 2006-2008.

It should also be recalled that in February 2008 the Council and the European Parliament adopted Directive 2008/6/EC further amending the Postal Directive (hereafter referred to as "the Third Postal Directive"). The Third Postal Directive sets a deadline for the full market opening by 31st December 2010 for the majority of Member States and by 31st December 2012 for the remaining Member States. This Directive thus provides the legal basis for the accomplishment of the internal market for postal services.

During the reporting period, gradual market opening of the postal sector continued and Germany fully liberalized its postal market. Competition also continued to evolve. However, the development of competition with its benefits for businesses and consumers, although emerging, remains slower than expected. This, on the one hand, is due to the fact that a large part of the postal market is still reserved for the incumbent postal operators. The adoption of the Third Postal Directive must be seen as being the decisive step in this respect as it provides for the abolishment of the last legal monopolies and represents a unique opportunity for the postal sector and for the whole economy. Emerging competition, as already identified in Member States that fully opened their market, leads to higher quality and more customer oriented postal services.

Apart from the reserved area, other (legal and strategic) market entry barriers still persist. If the vision of an internal market with sustainable

and efficient postal services is to become a reality, these market barriers have to be dealt with efficiently and removed. This is the joint responsibility of the Commission and the Member States as well as all stakeholders. It is essential that a system of efficient regulation is put in place in all Member States and that national postal legislation does not provide a burden for the emergence of competition and its positive impact on customers' needs.

In this context, it should be recalled that in 2003 the Commission submitted to the Council a proposal removing the VAT postal exemption and providing for taxation of all postal service providers. The Council has however not yet been able to agree on this proposal and it has not been discussed since 2004. The adoption of this proposal is now even more pressing since the Third Postal Directive sets a definitive date for the full liberalisation of the national postal markets. It might be of interest to add that a referral for a preliminary ruling regarding the scope of the VAT exemption for postal services is currently pending before the ECJ.

It has also been established that National Regulatory Authorities (NRAs) play an essential role in realising the goal of accomplishing the Internal Market and in a multi-operator environment. The main challenges ahead for the NRAs will be, among others, to arrange interoperability in a multi-operator market, take action against strategic barriers to entry and ensure that tariffs are more geared to costs. In order to allow NRAs to successfully fulfil their tasks, the expertise and staffing of the NRAs should be increased in most of the Member States.

The focus of the postal sector in the coming years is very clear. It cannot exclusively lie on the transposition process for the Third Postal Directive. Market monitoring and the critically evaluating of the application of the current Postal Directive are of key importance. Member States, especially their NRAs, have to devote their full attention to an efficient transposition of the Third Postal Directive, while at the same time ensuring efficient regulation under the currently applicable Postal Directive. This phase ahead is ? as it concerns the transition from several legal regimes to only one ? of crucial importance.

On the basis of the commitments by the Community legislator and its obligations, the Commission will actively participate in these processes by providing Member States with the opportunity to establish best regulatory practices and at the same time continue with active and transparent market monitoring in order to safeguard the objectives of the EU postal reform.

Postal services: further opening to competition

The European Commission adopted its 4th report on the application of the Postal Directive (Directive 97/67/EC as amended by Directive 2002/39/EC). The report covers the period 2006?2008 and provides a comprehensive assessment of the overall transposition of the Postal Directive in Member States, including regulatory developments and appropriate information on market developments (in particular on technical, social, employment and quality of service aspects).

A number of decisive developments took place in the short timeframe this Report is covering:

- Germany ? by far the biggest single (national) postal market in the EU ? fully liberalised its postal market on 1 January 2008;
- an evaluation of the full market opening in the UK, which took place on 1 January 2006, seems now possible;
- the effects of the reduction of the threshold for the reserved area to 50 grams by 1 January 2006 throughout the EU ? which is the last intermediate step before the full market opening ? can now be assessed;
- lastly, the Third Postal Directive (2008/6/EC), adopted in February 2008, sets a deadline for the full market opening by 31 December 2010 for the majority of Member States and by 31 December 2012 for the remaining Member States.

The report?s main observations are as follows:

Market opening: during the reporting period, gradual market opening of the postal sector continued and Germany fully liberalized its postal market. Competition also continued to evolve. However, the development of competition with its benefits for businesses and consumers, although emerging, remains slower than expected. This, on the one hand, is due to the fact that a large part of the postal market is still reserved for the incumbent postal operators. The adoption of the Third Postal Directive must be seen as being the decisive step in this respect as it provides for the abolishment of the last legal monopolies and represents a unique opportunity for the postal sector and for the whole economy. Emerging competition, as already identified in Member States that fully opened their market, leads to higher quality and more customer oriented postal services.

Removing the final barriers: apart from the reserved area, other (legal and strategic) market entry barriers still persist. If the vision of an internal market with sustainable and efficient postal services is to become a reality, these market barriers have to be dealt with efficiently and removed. This is the joint responsibility of the Commission and the Member States as well as all stakeholders. In this context, the Commission recalls that in 2003 it submitted to the Council a proposal removing the VAT postal exemption and providing for taxation of all postal service providers. The Council has however not yet been able to agree on this proposal and it has not been discussed since 2004. The adoption of this proposal is now even more pressing since the Third Postal Directive sets a definitive date for the full liberalisation of the national postal markets.

Definition of the Universal Service Obligation and its future financing could also lead to uncertainties for postal operators, especially if implementing national legislation does not provide a clear legal basis (e.g. in relation to the scope of the Universal Service Obligation). Moreover, authorisation and licensing procedures and related conditions are not always conducive to the development of competition. Lastly, the level of transparency of Universal Service Providers' cost data and accounting is still extremely varied and therefore very inconsistent across Member States.

Role of National Regulatory Authorities (NRAs): it has also been established that National Regulatory Authorities (NRAs) play an essential role in realising the goal of accomplishing the Internal Market and in a multi-operator environment. The main challenges ahead for the NRAs will be, among others, to arrange interoperability in a multi-operator market, take action against strategic barriers to entry and ensure that tariffs are more geared to costs. In order to allow NRAs to successfully fulfil their tasks, the expertise and staffing of the NRAs should be increased in most of the Member States.

In conclusion, the Commission considers that the focus of the postal sector in the coming years cannot exclusively lie on the transposition process for the Third Postal Directive. Market monitoring and the critically evaluating of the application of the current Postal Directive are of key importance. Member States, especially their NRAs, have to devote their full attention to an efficient transposition of the Third Postal Directive, while at the same time ensuring efficient regulation under the currently applicable Postal Directive. This phase ahead is ? as it concerns the transition from several legal regimes to only one ? of crucial importance.

The Commission will actively participate in these processes by providing Member States with the opportunity to establish best regulatory practices and, at the same time, continue with active and transparent market monitoring in order to safeguard the objectives of the EU postal reform.