



Stakeholders' Workshop on the prospective study of the European postal sector

DG GROW, Unit C3 Investment conditions and public services

Brussels, 20 April 2023

Agenda

- 14:30 Welcome
- 14:35 Introduction by Merete Clausen, Director DG GROW C
- 15:00 Presentation and discussion on the prospective study
- Presentation of the methodology
 - Discussion on each step of the methodology
- 16:30 Conclusion
- 17:00 End of workshop

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Political context



*The Commission will undertake a **forward-looking prospective study** of the postal sector, building on the past reports and considering the latest developments. [...] This will provide a forward-looking assessment of the **societal challenges** and in particular of the **effects on employment in the sector** in case of a modernisation of the regulatory framework as well as further analysis of the **effects of the two crises** (COVID-19 pandemic and Russian invasion of Ukraine).*

Letter of Vice-President Maroš Šefčovič to the Council of the EU,
21 October 2022

Objectives of the prospective study



OBJECTIVE 1

Define possible scenarios for the postal sector over the next 10-20 years



OBJECTIVE 2

Identify consequences for the policy framework in each scenario



OBJECTIVE 3

Quantify social, economic and environmental consequences in each scenario

Methodological steps of the prospective study

Define postal scenarios

- Identify **relevant mega trends** affecting the postal sector: demographics, urbanisation, technology...
- Determine how they would **shape postal developments**
- Define a **small number** of scenarios

Identify consequences for the policy framework

- Assess the **consequences of each scenario** on delivering the objectives of the Postal Services Directive (PSD)
- Identify **potential useful changes** to the policy framework to deliver on the PSD objectives

Quantify the impact on key dimensions

- Map the postal sector **value chain** to define cost drivers
- Define **key variables to assess**, e.g.: employment, CO2 emissions...
- Assess the **impacts of changes** to the policy framework on key variables for each scenario

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Presentation and discussion on the prospective study

- For each methodological step (scenarios, policy framework, impacts)
 - **Description** of planned activities
 - **Survey and questions** to the audience
 - **Open floor** based on questions
- Around **30 minutes for each step**:
 - 10 minutes presentation
 - 20 minutes discussion
- **How to take part to the survey**: either scan the QR code or connect to sli.do website and enter the meeting code



Defining postal scenarios – key activities

Identify megatrends

- Identify relevant Megatrends for the postal sector, according to JRC methodology

Prioritize relevant megatrends

- Prioritise the relevant megatrends according to their impact and consequences on the postal sector

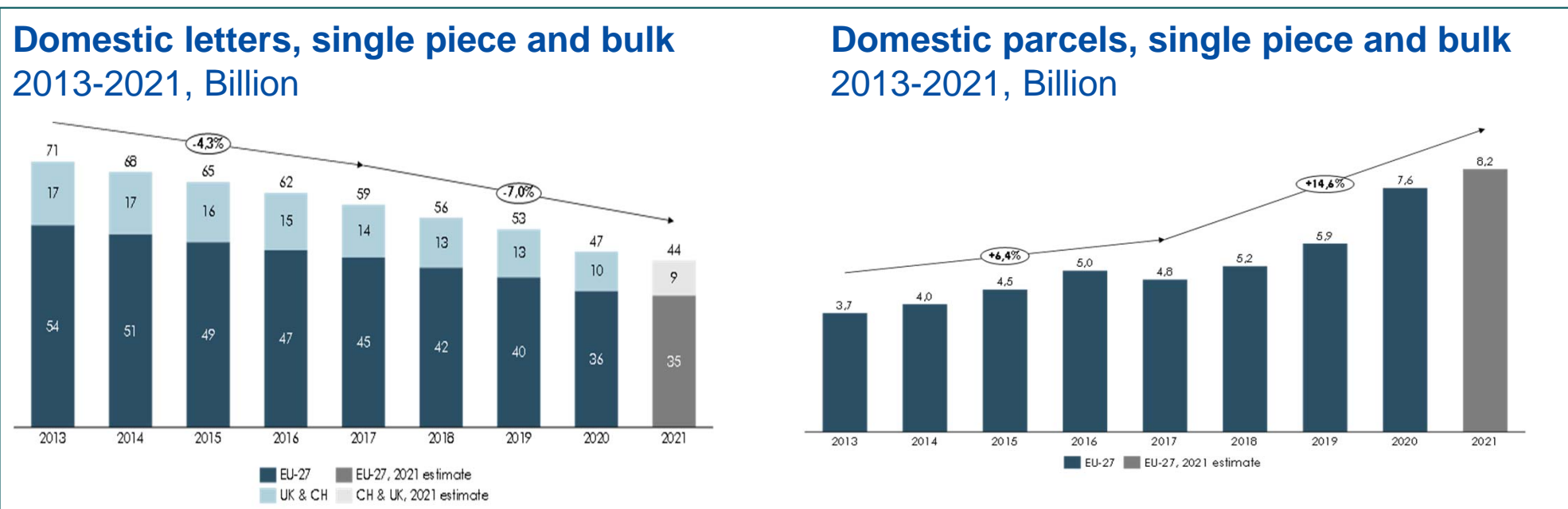
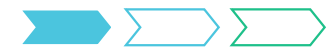
Define postal-specific elements

- Define the postal-specific elements that shape a postal scenario, i.e. demand – volumes of different products, supply – type of services offered, competition...

Build postal scenarios

- Describe a limited number of scenarios (up to 5) by assessing the impact of the selected megatrends on the postal-specific elements

Defining postal scenarios – some (unsurprising) examples of trends



Source: Main developments in the postal sector (2017-2021). Volume 1, Main report



Defining postal scenarios – Survey

What megatrends are most relevant to the postal sector in next 10-20 years?



Hyperconnectivity –
universalizing broadband
access and speed,
connected sensors



Growing consumption –
increasing e-commerce



New governing systems –
governments go digital



Changing nature of work
– different skills are needed



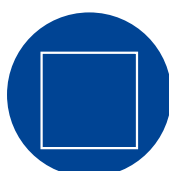
Continuing urbanization –
concentrated demand,
congestion, inequalities



Increasing demographic imbalances – uneven
growth, ageing population

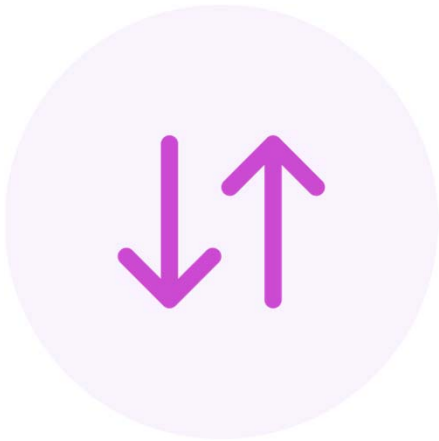


**Climate change and
environmental degradation**
– ecological awareness
and responsibility



Other – please specify

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Which mega trends do you think are most relevant to the postal sector?

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Which mega trends do you think are most relevant to the postal sector?

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Defining postal scenarios – Questions for discussion



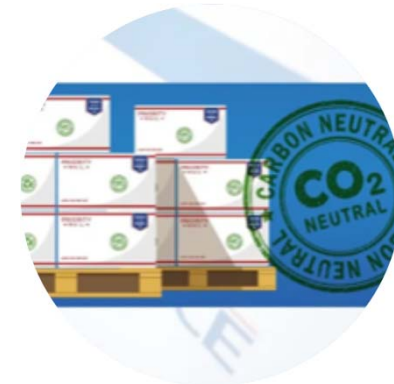
What are the factors driving the development of postal services?



What elements of the postal sector should we describe in the scenarios?



How impactful have the Black Swans (Covid, Ukraine war) been for the postal sector? What could affect the postal sector in the future?



How will the Digital and Green Transitions impact the postal sector?

Identifying consequences for policy framework – Key activities



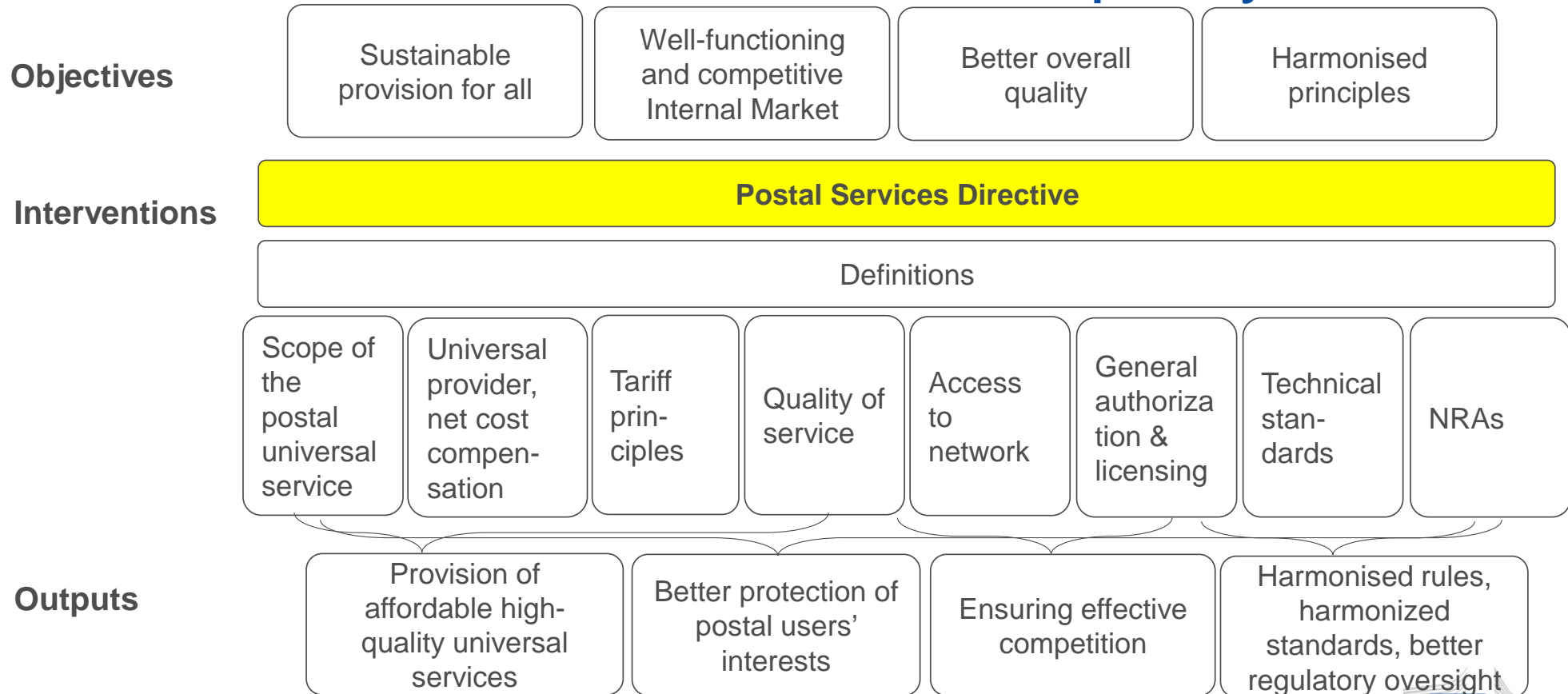
Assess the consequences of each scenario on regulatory framework

- Define key objectives for the EU regulatory framework (level playing field, social inclusion, sustainability of postal sector...)
- Describe in detail each of the selected scenarios, in particular its likely consequences on regulatory objectives (market failures to be addressed)

Identify possible changes to EU postal framework

- Identify possible changes to EU regulatory framework
- Define most appropriate policy change for each scenario – changes/additions to the Postal Services Directive (and Regulation) to best serve the EU objectives

Identifying consequences for policy framework – Current areas of policy intervention



Identifying consequences for policy framework – Survey



To what market failures will the postal sector be confronted in the future?

- **Fragmentation** of the internal market across Member States
- **Uneven level playing** field between operators (incumbent; newcomers)
- **Lack of competition**, e.g. quasi-monopoly for letters and/or parcels delivery
- **Poor quality of services** for vulnerable users / in certain areas
- **Limited innovation**, lack of new products and business models
- Others ?

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To what market failures will the postal sector be confronted in the future?

i.e. fragmentation, uneven playing field, lack of competition, poor quality of services, limited innovation, vulnerable users at risk, ...

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What kind of market failures can be expected for the postal sector in the future? i.e. fragmentation, uneven playing field, lack of competition, poor quality of services limited innovation 177



Legal/regulatory barriers

None of the above Rural areas Poor quality Postal subsidies
 #2531022 USO vs socio. eco value

No market entry USO sustainability USO financing Quality of service

Posts dominance Limited innovation Vulnerable Users Quality of employment

Over regulation Lack of competition Out of scope

Too much regulation USO too regulated

Uneven playing field

poor quality of services

Under regulation Security fragmentation disappear of letters,
 Zero letters Unsustainable USO Uneven level playing fiel
 subsidies Fundina Monopoly

Identifying consequences for policy framework – Questions for discussion



To what market failures will the postal sector be confronted in the future?



Which services would need legal protection and/or public financing?



What are the main policy types of intervention that could be actioned in the future?



How to ensure the necessary flexibility for different needs across Member States?



Quantifying the impacts – Key activities

Define indicators

- Define the key social, economic, environmental impacts indicators to be assessed (i.e. social inclusion, vulnerable citizens served, territory surface coverage, net-cost, jobs at the USP, jobs in the broader sector, productivity, revenues, profitability)

Gather data

- Design a questionnaire to gather employment and key cost information from operators
- Collect cost and employment information from operators (via the regulators), as well as prognoses on potential changes

Map value-chain

- Assess what impact each segment of the value-chain has on overall cost and employment, mapping out the key activities and tasks in each phase of the value chain, for letters and parcels separately.

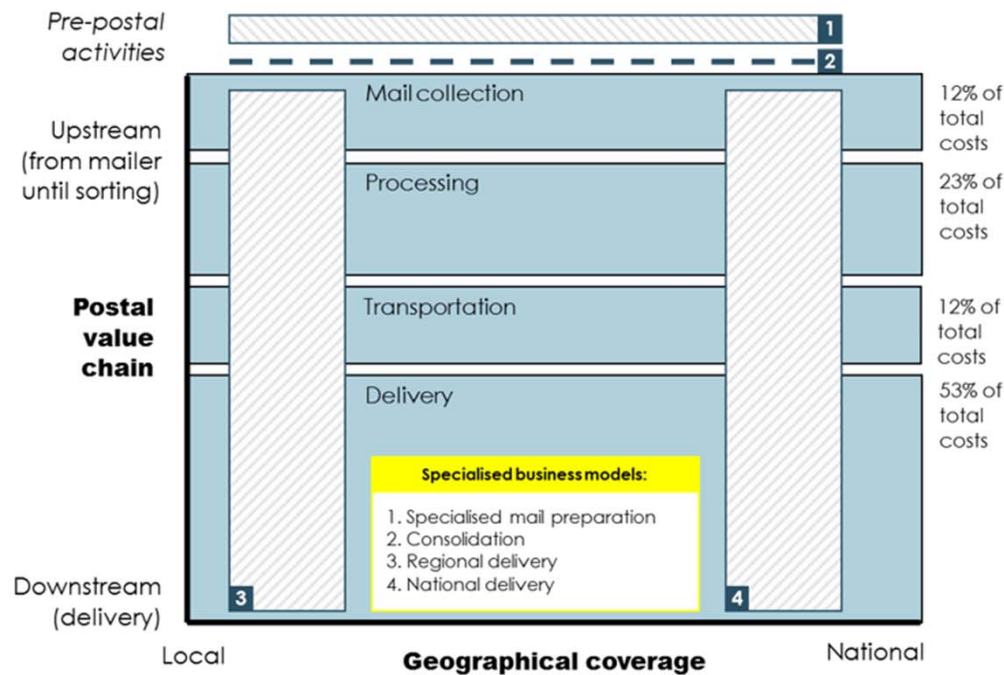
Assess impacts

- Assess the impact of each scenario and the subsequent legislative changes on the key postal social, economic and environmental indicators defined and measure against a baseline where no legislative changes take place

Validate

- Organise a half-day stakeholder workshop to present and discuss preliminary results before finalising the study

Quantifying the impacts – Modelising the value chain



Note: Illustrative.

Source: Copenhagen Economics, Cost estimates (Europe-wide focus) based on Main developments in the postal sector 2010-2013.

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Which variables should be assessed for their effects?

i.e. net cost of universal service, postal tariffs, competition, level playing field, inclusion of vulnerable users, territorial coverage, fragmentation of the single market, employment levels, employment conditions...

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Quantifying the impacts – Questions for discussion



Which **variables** should be assessed for their effects?



What are the **main cost-drivers** in postal chain operations affected by legislation?



What level of **details of information** on employees, costs and productivity can be requested from operators?

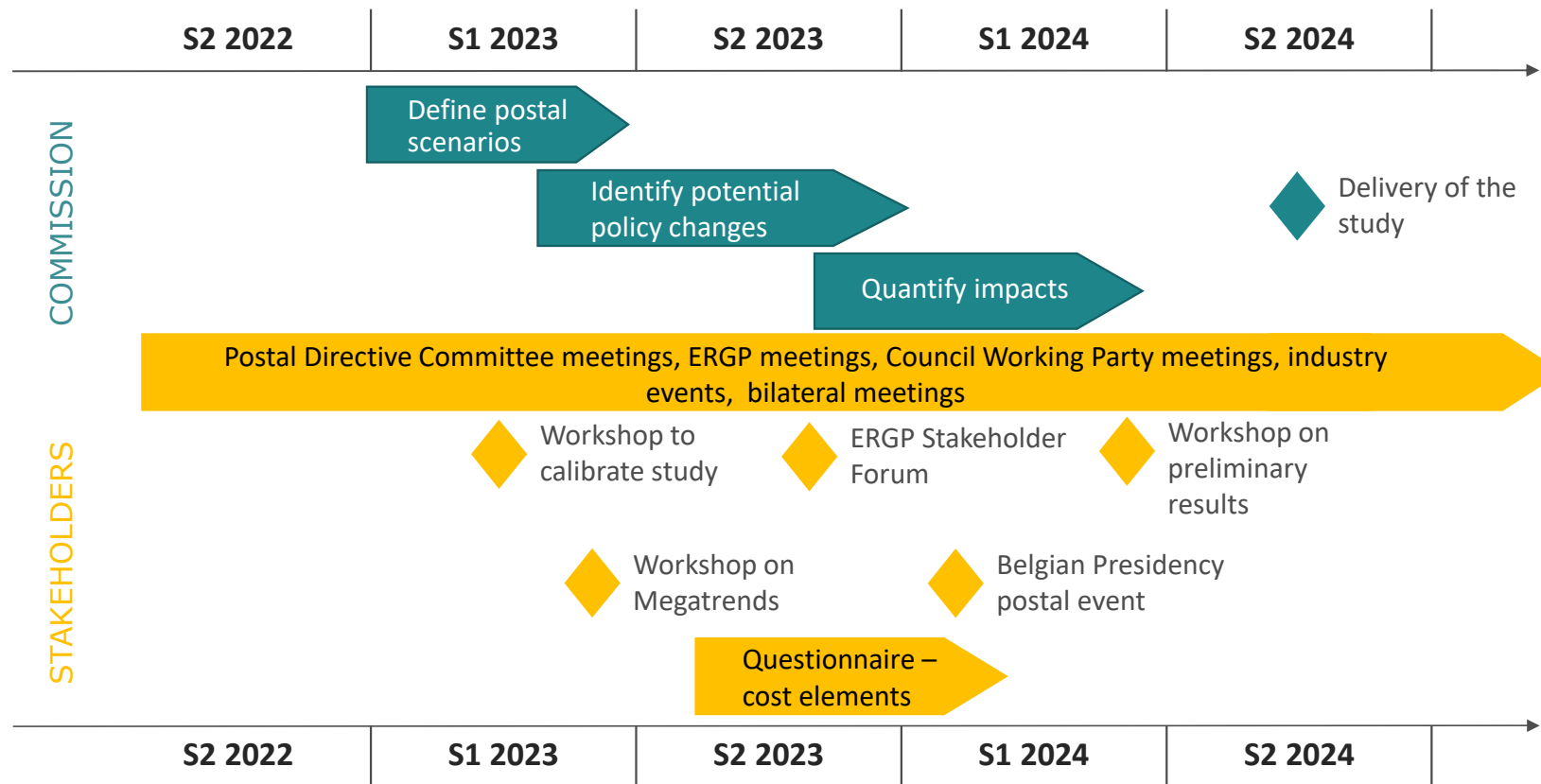


Should postal operators **be clustered around similar criteria** to assess the value chain, and how?

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Timeline and next steps



How you can contribute in the next steps

- Provide us with your comments on the methodology
- Participate to events that will be organised
- Reply to upcoming questionnaires
- Send us your written contributions
- And in any case, get in touch with the team: GROW-C3@ec.europa.eu

Thank you