



# Regulation of the postal market

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# CONTENT

- ✓ Strengthening of administrative capacity
- ✓ Liberalization of postal market and promotion of competition
- ✓ Development of Postal sector. Issues, directions, trends
- ✓ International activities

# Process of establishing NRA



- **Law on Telecommunications**  
(9 June 1998) - sets forth NRA tasks, rights & functions
- **Beginning of NRA activity** (1 May, 2001)
- **Postal Regulation Section established** (April 2002)

## Objectives:

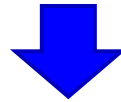
- Creation of the appropriate legislative, regulatory and institutional framework
- Settlement of general postal service provision regime (General authorizations, Individual licensing procedure)
- General postal market monitoring (Data collection and review procedures)
- Establishment of user protection regulation

# Strengthening of RRT administrative capacity



- **PHARE project LI0003.03.01** (April 2002- October 2003)

**TRANSFORM program**/short-term consultations in the **postal area**



- Training of employees
- Consultation on Draft secondary legislation

# Strengthening of RRT administrative capacity



- **TAIEX** – Study Visit on Postal sector Policies and Regulations; 5-9 September, 2005
- **TAIEX** – Study Visit on liberalization on the postal market; 6-8 November, 2006
  - Main topics:
    - Cost allocation, Regulatory Accounts, Price control
    - Quality of service Monitoring (EN 13850)
    - Postal market liberalization

# Transposition of Directives into Lithuanian national law

**Directives - 97/67/EC; 2002/39/EC;  
2008/06/EC;**



**Postal Law of the Republic  
of Lithuania**



**Secondary legislation**



**Government  
Resolutions**



**Orders of Minister of  
Transport and  
Communications**



**Orders of the  
Director of  
Communications  
Regulatory Authority**

# Liberalization of Postal market Promotion of Competition

## Postal market was liberalized in 2013

65 - Postal services providers (2016):

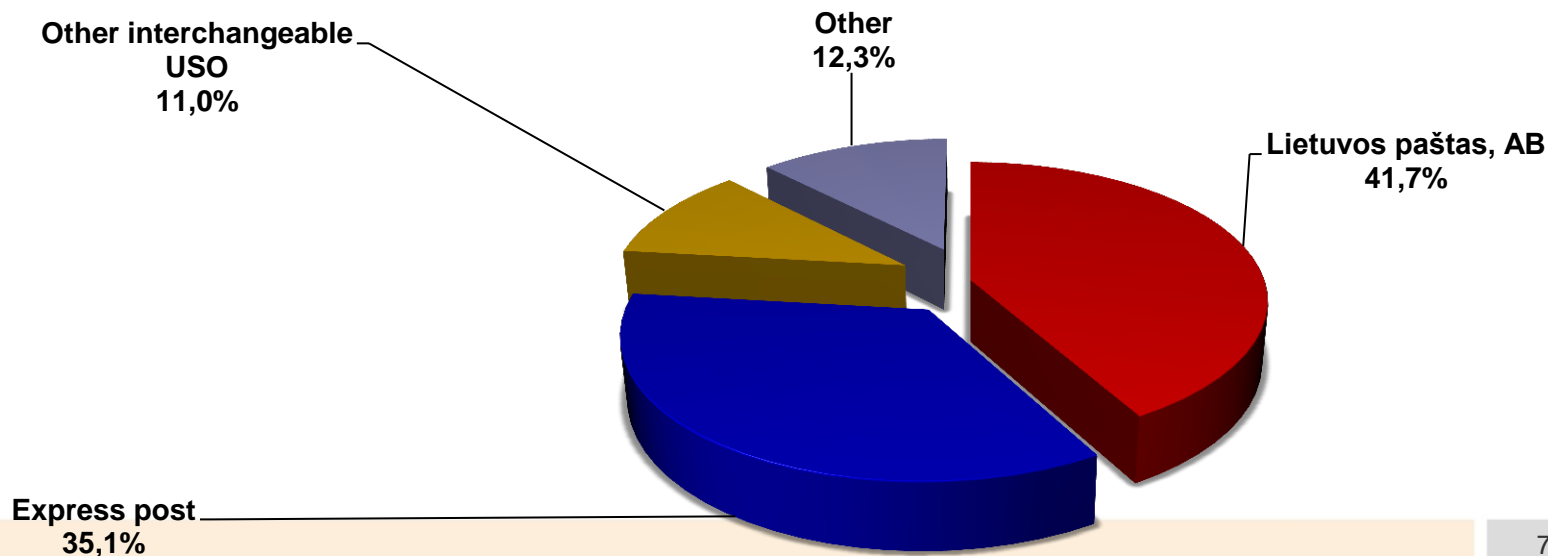
1-USP

5- Express post

32 - Interchangeable with USO

27 - Other (e-commerce)

## Market shares 2015 relating to total revenue

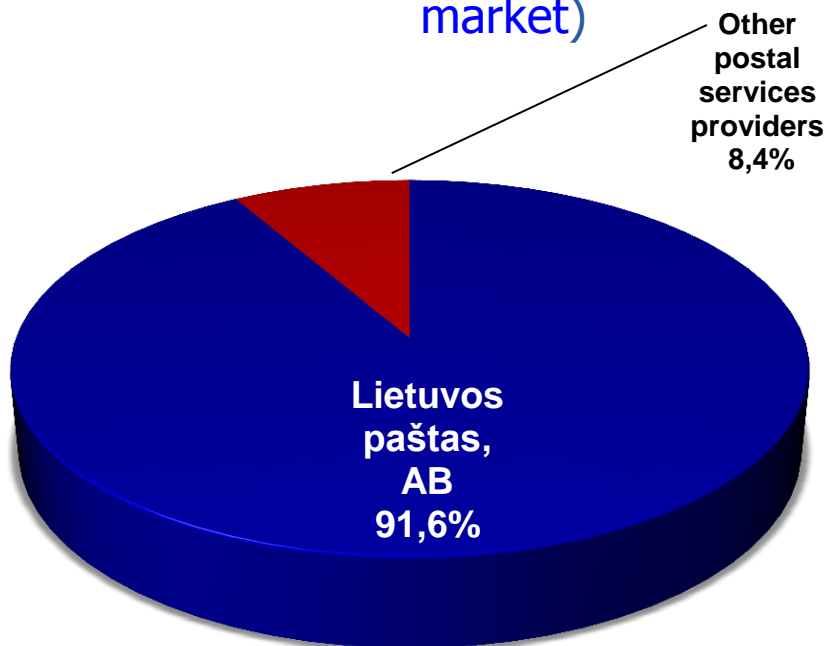


# Liberalization of Postal market Promotion of Competition



As of 1 January 2013 the exclusive rights of Lithuanian Post were lifted and the market fully opened

Market shares 2015 relating to total revenue (postal correspondence market)



Index of market concentration HHI

Index	2013 %	2014 %	2015 %
CR <sub>4</sub> , %	75	74,9	75,3
CR <sub>8</sub> , %	88,7	90	90,7
HHI	2262,6	2189,0	2242,2





## Goals of Postal regulation:

- To ensure equal-opportunity, workable and sustainable **competition**, in rural as well as urban areas, in postal market
- To safeguard the interests **of customers**
- To ensure provision throughout the national territory of basic postal services (**universal postal service**) at affordable prices

# Development of the Postal sector Issues, directions, trends

RRT



➤ Evolution of the Regulatory Model for Postal services → Telecoms sector regulation **as a role model for postal regulation**



- NET COST calculation
- WACC/ Cost of capital calculation
- Access to elements of postal infrastructure /or services

Special control of anti- competitive practices plays a key role

# Development of the Postal sector

## Issues, directions, trends

RRT



- The NRA must identify the operators, products and markets characterized by market dominance (NRAs may be effective in preventing Overregulation in effectively competitive areas)
- Monitor development of the market developments with regard to new innovative services
- Ex ante regulations of dominant position

The Future of Postal Universal Service: To Whom, By Whom, For What, and How Much? These are critical questions that deserve future-focused answers

# Development of the Postal sector

## Issues, directions, trends



### E-commerce:

- ✓ Consumers are often faced with different national rules and do not know before which institution or court they should bring their action
- ✓ There is no definition for 'e-commerce' parcel. Lithuanian Postal law only defines Postal parcel: According to the Article 3 (Definitios) paragraph 13 of Postal Law- Postal parcel shall mean a postal item of up to 50 kg containing an article (articles) or merchandise with or without commercial value
- ✓ In terms of e- commerce in general, the Regulations apply a "country of origin" principle. Taking into account the Regulator would be responsible for the "delivery"(last mile) part for the inbound cross - border parcels and collection and delivery (in some cases) for the outbound parcels

In general the Regulator will only have jurisdiction within the confines of his national territory

# RRT international activities



## ➤ **Universal Postal Union - UPU**

- In 2008 UPU Geneva Congress Lithuania was elected as the member of CA. The representatives of Ministry, RRT and Lithuanian Post participate in WG of CA;

## • **UPU Project and Expert Mission to Swaziland-**

Development of a roadmap concerning a national postal strategy (2011/2012);

## ➤ **European Committee for Postal Regulation – CERP**

- **Active participation in working groups:**

“Regulatory Issues”

“Implementation of CEN Standards”

“Cost accounting and price Control”

## ➤ **Activities of regulators of Baltic countries**

**BALTREG** (Estonia, Latvia, Lithuania)



## ➤ The European Regulators Group for postal services (ERGP)

- **In 2013 RRT director was elected as Chair of the European Regulators Group for postal services (ERGP) during the 2015**
- **Co-chairmanship 2014/2016**
- Representatives of RRT participate in WG activities
- Representatives of RRT contributed in **DRAFTING**:
  - WG NET COST OF USO
  - WG VAT AS A BENEFIT/BURDEN
- **Chairing** THE ERGP TASK FORCE ON ARTICLE 12 (2015)
- **Chairing** ERGP TASK FORCE ON THE EC 5th APPLICATION REPORT (2014)
- **Co-chairing with BNetzA** the WG "End-to-End Competition and Access Regulation" (2016)



**Thank you for your attention**

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