



National USO changes and their future impact

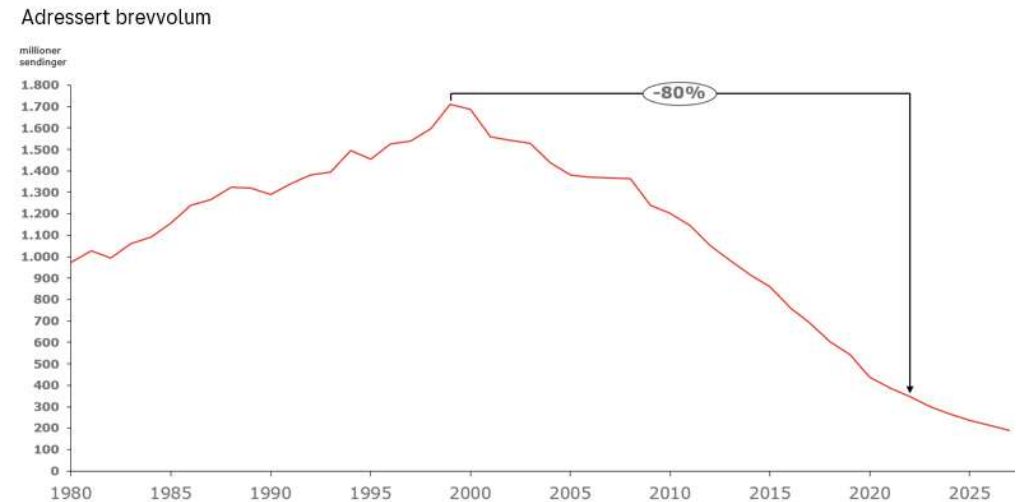
Reflections from the Norwegian market

Cullen International's briefing on the modernisation of postal universal service
Brussels, 25th of September 2024 – Øystein Hoel, Senior Adviser, Posten Bring AS

The Norwegian government has appointed an expert committee to advise on future postal policies, including the USO

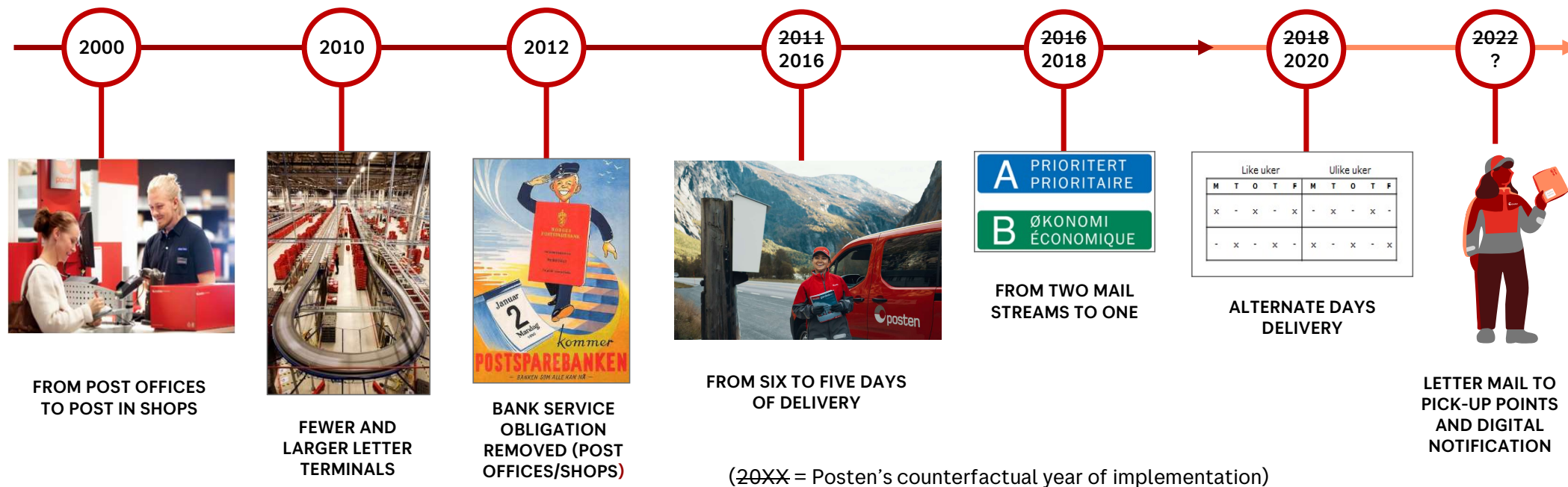
- Chaired by the Director of the Norwegian Directorate for Civil Protection (DSB), also the former Director of Nkom (our NRA)
- Report to be finalised and delivered within one year (approx. January 2025)
- Briefly about the mandate:
 - Provide recommendations on postal policy going forward
 - The report shall assess e.g.:
 - the need for postal services today and in the future
 - the benefit of physical postal distribution networks to other sectors of society
 - the scope of the USO, including compensating measures for vulnerable users, incl. place of delivery

Letter mail volume decline



- Backdrop for the work:
 - 85% decrease in letter mail volume since year 2000 (50% last 5 years) due to digitalisation
 - Sharp increase in USO net cost compensation after 2020

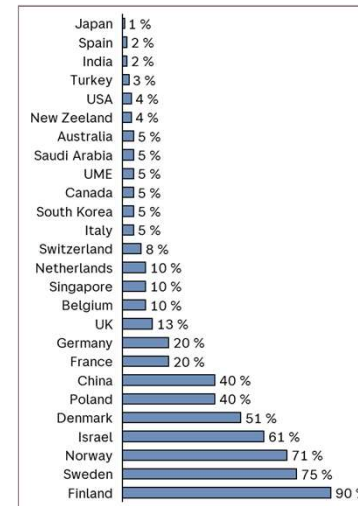
Our journey – 20 years of adapting the USO to changing market conditions



Adaption of services to the users' needs and preferences

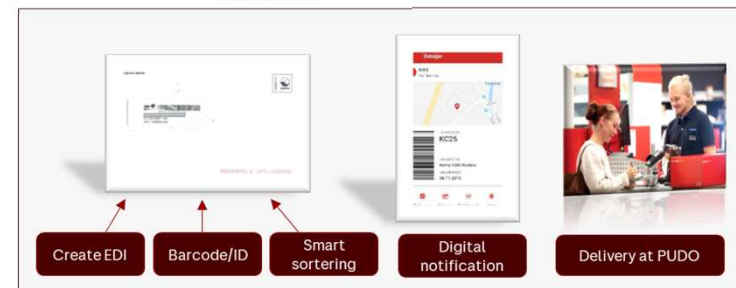
The transformations have been achieved in close cooperation with the unions, see the report «Main developments in the postal sector (2017-2021)», page 260-262, about «Impact of USO changes on employment in Norway»

How should USPs handle a situation where mail and parcels are at a 1:1 relation and there is 10-20 letters per capita per year? Mailbox, pickup point (PUDO) or a combination?
 Our response is pick-up point as standard, and targeted services if financed by Government



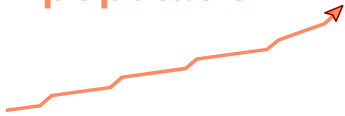
Out of home delivery for B2C parcels (2019/2020)

Kilde: Doodle, Posten



There are some major societal challenges ahead for most countries - the mail network could be a vital enabler for solving parts of these if redesigned and targeted better

Aging population



How can we help people manage their lives in their own homes for as long as possible?

Non-/less-digital citizens

How can we reach and interact with non-digital inhabitants?



Rural services are costly - which synergies can be derived?

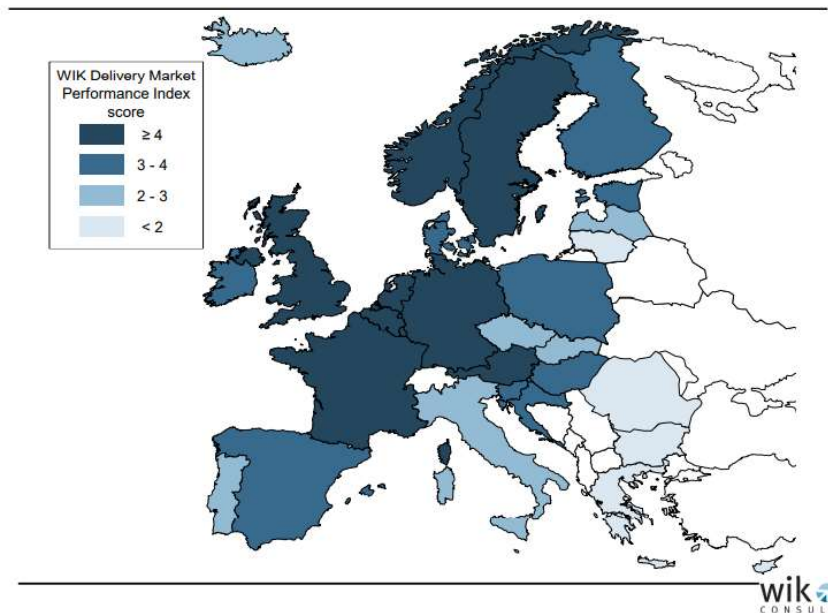
The last mile network – how can USPs create value by more targeted societal services to vulnerable citizens?

- Personal delivery of mail (to the doorstep) for elderly people
- Communication channel;
 - efficient way of reaching those who are hard to reach
 - two-way information?
 - recruiting for volunteer work (on behalf of the municipality)
- Micro relationships are important
 - safety, loneliness, inclusion in society



E-commerce and parcel delivery – no need for tighter nor wider sector-specific regulation

Figure 100 WIK Delivery Performance Index: Total index score by country



Sources: WIK report 2019 – Development of cross-border e-commerce (page 291)

Findings in the WIK report (February 2019):

- “Overall, parcel delivery markets in the EU are developing well” (page XIII)
- “The landscape for parcel delivery services is competitive” (page XVIII).
- “Given the progress made towards higher quality parcel delivery, further EU and Member State level action on prices, transparency and quality of service would not be appropriate at this stage.” (page 297).

Findings in the WIK report on User Needs (2021):

- “For the parcels market, we expect continuing competition that will lead to even greater variety of carriers and tariff schemes.” (page XXII).
- “... the parcel markets in most European countries are generally competitive ...” (page 42).

EC report on the application of the PSD (November 2021):

- “In contrast to the letter mail segment, the parcel delivery segment is highly competitive” (page 10)

Posten Bring’s view (in line with PostEurop):

- No need to widen the scope of existing postal regulation or to impose new sector-specific regulation in a competitive market
- Horizontal legislation such as competition law and on consumer rights already apply to the postal sector, as well as to transport/logistics activities.



Thank you for your attention