



Media Release – 4th April 2003

ComReg Instructs An Post to Re-negotiate its Agreement with European Post Offices for the delivery of international mail in Ireland

Owing to substantial losses incurred by An Post in the delivery of international mail, the Regulator, ComReg, has today instructed An Post to re-negotiate its agreements with European Post Offices for the delivery of international mail in Ireland. If the losses of over €19m experienced last year were to continue, the future of An Post's ability to fulfil its Universal Service Obligation could be put in jeopardy.

The State owned postal group, An Post, is paid by overseas postal operators to deliver mail which was posted in their country of origin to Irish addressees. Over 80% of all such payments are determined under the terms of a multi-lateral agreement between European postal operators which is known as REIMS II. One of the core principles of Irish and European law in relation to such agreements is that *prices must be fixed in relation to the costs of processing and delivering incoming cross border mail*. As An Post is incurring heavy losses in this area, it is quite clear that it is costing An Post money to deliver international inbound mail which means An Post is subsidizing other European operators and their customers. This situation cannot be allowed to continue.

Further, the European Agreement, REIMS II is set up in a way that it appears that the heavier the letter for delivery - the bigger the discount that An Post is obliged to give the other European postal operators. This is the market sector where An Post is making significant losses. As there is an open postal market in the delivery of such letters other competitors will not be able to compete on equal terms.

According to the Chairperson of ComReg, **Etain Doyle**, An Post made €7m profit in 2001 on processing and delivering domestic mail that originated within Ireland whereas they are losing more than twice that on processing and delivering international inbound mail. "Each aspect of An Post's business must be able to pay for itself. There will be no cross subsidisation because we cannot expect the users of the domestic mail service to carry the excess costs associated with delivering incoming international mail. One of the main difficulties we have with this issue is that we are unable to work out exactly how the costs in international mail are applied because there is no transparency in the figures. This is why ComReg is requiring An Post to bring its International Postal Payments Agreements into compliance with its obligations no later than 7th July 2003.

The full Information Notice 03/40 can be viewed on www.comreg.ie ends