

COMMUNICATION FROM SWITZERLAND

GATS 2000: Postal and Courier Services

The attached communication has been received from the delegation of Switzerland with the request that it be circulated to Members of the Council for Trade in Services.

I. INTRODUCTION

1. Switzerland submits this proposal on postal and courier services for consideration by WTO Members. It is intended to stimulate discussion towards a more comprehensive coverage of postal services under the GATS.

II. CLASSIFICATION

1. Existing classification

2. In the GATS Services Sectoral Classification List (MTN.GNS/W/120), postal and courier services are listed as sub-sectors of communication services. The classification list of postal and courier services includes the following sub-sectors:

Postal and courier services

Postal services

Postal services related to letters

Postal services related to parcels

Post office counter services

Other postal services (exclusion: services related to postal giro and postal savings accounts are classified in class 8111 (services of monetary intermediaries);

Courier services

Multi-modal courier services (exclusions: courier services for mail by air is classified in subclass 73210 (Mail transportation by air)

Other courier services (other courier services for goods, not elsewhere classified, e.g. trucking or transfer services without storage, for freight.).

3. The difference between postal and courier services according to the classification in the W/120 list is that postal services are supplied by a state monopoly, whilst courier services are supplied by private companies. Courier services are often also supplied by the postal monopolies but not reserved exclusively to them. Courier services are normally supplied by private companies competing with each other and with state postal service providers.

4. Postal and courier services rely on physical means of delivery, particularly air and road transport services. However, transport services are identified as sectors of their own in the W/120 list. Moreover, the W/120 list excludes transport of mail by air from its definition of courier services. The relation of postal and courier services to transport services is therefore not entirely clear.

2. Proposal for a new classification

5. The distinction between postal services and courier services seems to be somewhat obsolete, in light of recent structural developments in the postal services sector. It might be anticipated that the range of services removed from "reserved" status may grow, though probably incrementally, in most countries, allowing existing courier service suppliers to branch out into other postal services and perhaps enabling new breeds of private postal service suppliers to evolve. We would support the idea of defining a new classification that reflects better the economic development of these markets. This proposal follows an informal paper proposal of the European Communities in the Committee on Specific Commitments (Job No. 4146 dated 14 July 1999).

Services relating to the handling¹ of postal items², whether for domestic or foreign destinations:

- ?? Handling of addressed direct mail on any kind of physical medium;
- ?? Handling of addressed hybrid mail services (defined as messages or documents transmitted electronically and then printed out on a physical medium for delivery by post);
- ?? Handling of addressed parcels and packages;
- ?? Handling of addressed press products;
- ?? Express delivery services;
- ?? Document exchange;
- ?? Registered mail;
- ?? Insured services;
- ?? Handling of non-addressed items;
- ?? Other services.

6. One aspect of the classification of postal services that remains to be properly solved is the relation between postal and transport services. In this respect, we support that bringing air transport services more comprehensively within the GATS framework will also be crucial to the liberalisation of postal services. Connecting businesses and customers around the world, moving letters, parcels etc. and making logistics possible for corporate clients touches upon a lot of sectors in the classification list. A cluster of connected activities could facilitate the negotiations and make the value of the given commitments more transparent. Any cluster to be developed would need to be flexible in order to fit the needs of each Member as well as to fit new economic market structures and new ways of doing business in the field of postal services and parcel delivery.

III. IMPORTANCE AND DEVELOPMENT OF THE SECTOR

1. A growing sector

7. The world's average annual development of letter-post volume by region from 1995 to 1999 increased for domestic services by 2.3% and for international services by 0.4%. Business to business and business to household are the most important market segments for domestic and international services. Business and household have nowadays a lot of new means of communication, such as fax, telephone, e-mail and hybrid mail. According to the UPU, physical mail accounted for nearly 20% of the world communication market in 1995. Fax and telephone covered 75% of this market and elec-

¹ The term "handling" should be taken to include clearance, sorting, transport and delivery.

² "Postal item" refers to items handled by any type of commercial operator, whether public or private.

tronic mail just over 5%, while hybrid mail was insignificant. Postal administrations consider that the estimated share of telephone and fax in 2005 will hardly have changed. On the other hand, the share of electronic mail should double. Although the share of hybrid mail should not exceed 1% of the world communication market in 2005, this represents even so more than 6% of the physical mail market (Source: Universal Postal Union).

8. Although forecasts about total volumes point upwards in all regions of the world, it is important to note that this increase does not apply uniformly to all segments of the market. The product they are staking their hopes on most is advertising which seems to have a fairly substantial development potential in all classes of country.

2. New positioning of products and postal administrations

9. In an increasingly diversified communication market, postal administrations appear to be unanimous in their willingness to be able to provide quality services that fit the actual demand. Administrations, which do not adapt to the market, will see their customers go over to the competition or to other means of communication.

10. The UPU foresees for the future a corporatised state enterprise which benefits from a monopoly in the letter-post market and increasingly commercial in outlook, but whose powers, in pricing, for example, are still limited. Though the trend seems to be towards more and more independent state enterprises and away from administrations under the sole authority of a Ministry, only a minority will be modelled on fully private companies, listed on the stock exchange, operating according to the principles of private law and pursuing purely commercial strategies.

11. In the present context of market liberalisation and increasing trade, the monopolies enjoyed by the vast majority of postal administrations could gradually be eroded. National monopolies are restructured. They adapt their businesses and try to ensure that effective structures are in place before administrations are subjected to market forces. Postal administrations are increasingly turning to other markets. They can be seen diversifying and offering services, which are, at first glance, only indirectly related to the Post. They are going from a policy of isolated markets to one of market integration, encompassing the delivery, communications, transport and even financial sectors.

3. Trade barriers

12. Among the types of measures that can hamper the free flow of trade in courier services are customs regulations, lack of independence of the regulator, the scope of the privileges of the postal monopolies, licensing requirements, postal taxes, and concession fees. The benefits of GATS commitments can also be limited in so far as they may not adequately address operational issues such as customs clearance self-handling, or, at times, the ability of the foreign supplier to conduct its own pick-up and delivery. Such measures can delay service, add to the cost of service, or limit business opportunities. For example, some countries require foreign couriers to use locally contracted service suppliers for pick-up, delivery, and customs clearance procedures.

IV. EXISTING COMMITMENTS

13. In their present schedules six Members take commitments in postal services, whereas only two Members take obligations to open their markets fully to foreign suppliers. 33 Members take commitments in courier services. 42% of these 33 have full market access commitments in mode 1 and 39% have also commitments in mode 3.

14. The pattern of existing commitments reflects the existing regulatory stance in the postal sector: in most Members, the postal services sector is characterised by a predominant public service con-

cern of Governments, expressed in the existence of fairly far reaching state monopolies providing exclusively the basic postal services on the whole territory of the Member.

15. The economic and legislative reality of many Members today is more liberal than the existing commitments suggest. The tendency towards more open postal markets shows some degree of similarities across countries and consists, a.o. in gradually decreasing mass limits for services reserved to the postal administration. Historically, Members have reserved services for national handling of letters/parcels up to a defined weight. The course of liberalisation in the postal services sector seems to take place in the first steps by lowering the upper weight limit for reserved services. Thereby, state monopolies are given time to adjust to the increased competition. While bearing in mind that Members should be free to determine any public service obligation as well as to chose the regulatory method to ensure such public service, the trend towards de-monopolisation should be taken as a basis for a new series of commitments to be negotiated under the GATS.

16. Beyond the issue of the scope of reserved and non-reserved services, that affect mainly the potential scope for specific commitments, a series of regulatory issues arise, in particular in relation to the coexistence of a liberalised market segment and of a reserved services segment. We believe that, along with a growing level of market access and national treatment commitments covering non-reserved services, there will be a growing need to ensure, through appropriate regulatory disciplines, that the conditions of operation on the liberalised market segment are undistorted. Issues such as fair and equitable procedures, transparent licensing criteria, independence of the regulator etc. could be discussed in this context.

V. PROPOSAL

Switzerland proposes that Members:

- (i) Discuss and agree on a new classification scheme that reflects economic reality.
 - (ii) Take full market access and national treatment commitments in mode 1, 2 and 3 for non-reserved services.
 - (iii) Consider the elaboration of regulatory disciplines in order to ensure undistorted conditions of competition in the liberalised fields of activities.
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