
THE POSTAL USO IN SWITZERLAND RECENT CHALLENGES AND THE FUTURE

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3 May 2019

DIE POST **LAPOSTE** **LAPOSTA** 

Postcard

«the best post in the world»

monopoly revenues



**«It's time to review the whole post structure.» NZZ
(8.3.2019)**

Avenir Suisse fordert Abbau
der postalischen Grundversorgung

Studie von Avenir Suisse
Zeit für grundlegende Reformen bei der Post

finden könnte, skizziert nun Avenir Suisse in einer Studie – und sie verordnet dem Staatsbetrieb eine

Kommentar
**Post-Debatte
dringend nötig**
Ulrich Hurni, bis letzte Woche

**«The main problem of the post is that the owner does not say clearly what he demands from it.»
(Bilanz, März 2019)**

Ein Schrumpfen der Post wird
unausweichlich

Der Lack ist ab beim gelben Riesen -

«A debate on the post is more necessary than ever.» AZ (3.4.2019)

KOMMENTAR

**Warum der Bund ab sofort keine
Dividende von der Post mehr erhalten
sollte**

**Avenir Suisse will
Post einschränken**

Bern – Die Grundversorgung der postalischen Leistungen soll in der Schweiz auf das in einer digitalisierten Welt nötige Niveau

**«The Swiss universal postal service is a luxury solution, although fewer and fewer letters are sent.
BZ (21.3.2019)**



Federal Council

Bundeshaus

CH-3003 Bern

THE REGULATORY ENVIRONMENT OF SWISS POST

2 Universal Service Obligations

1. Postal services
2. Payment transaction services

(Postal Act; last reform: 2012)

Schweizerische Post AG

Post CH AG



PostFinance AG



PostAuto AG



General Provisions

- Antitrust and competition law
- Data security
- E-laws

Financial Market Regulation

Public Transport Law

Financing

- Letter monopoly up to 50g
(not compatible with EU Postal Directive)
- No subsidies

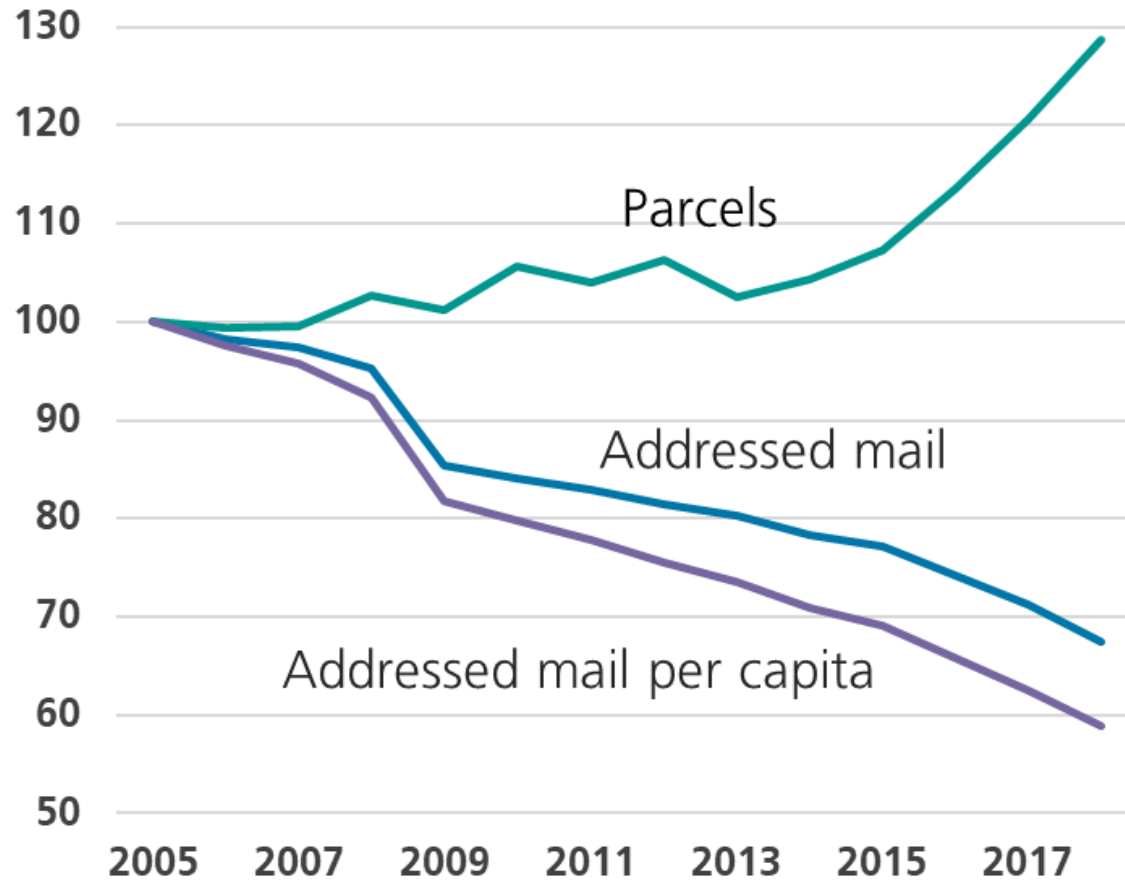
100% state-owned

Strategic goals of fed. gov't (4ys)

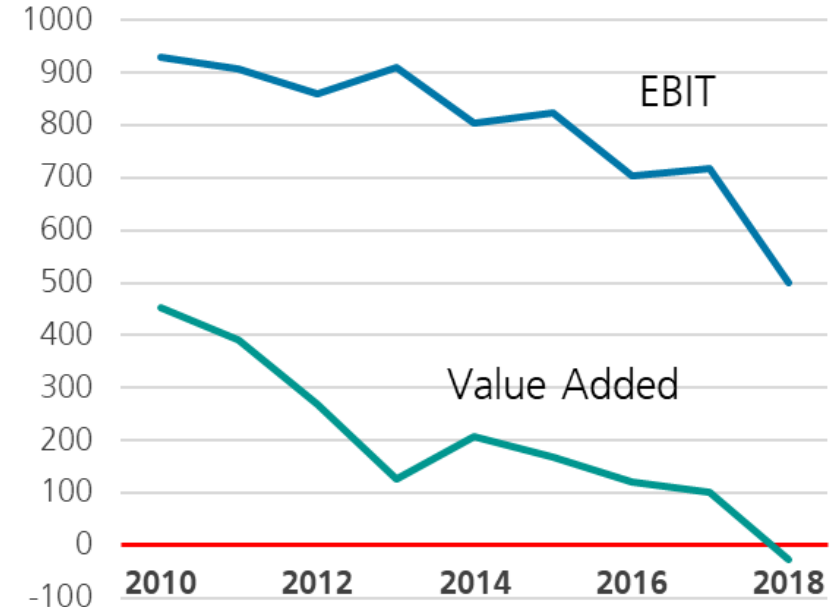
- Increase firm value
- Regional presence
- Employment conditions
- Corporate social responsibility, sustainability

SWISS POST: KEY INDICATORS

Key business indicators of Swiss Post
index, 2005=100



Swiss Post's Financials
in CHF mio.

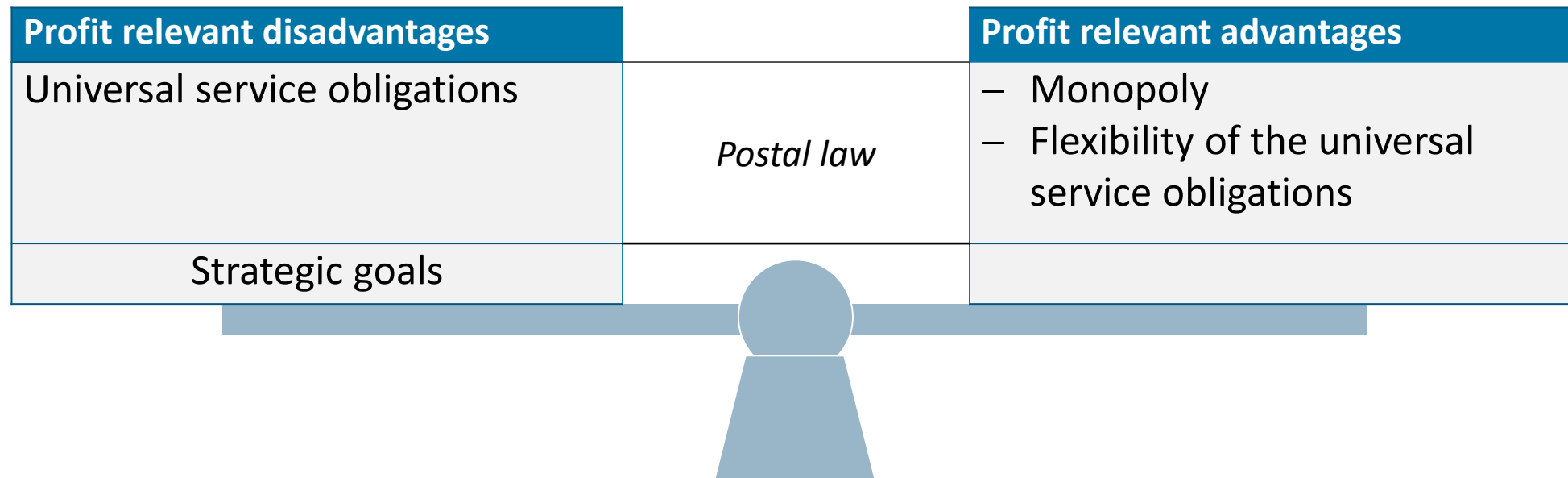


Swiss Post
selected indicators

Addressed mail items per capita, 2018 (2002)	222 (408)
Market share parcels (2017)	84%
Market share addressed mail (domestic) (2017)	98%
Market share monopoly	ca.75%

«THE SYSTEM SWISS POST»

A BALANCED CONCEPT



Strategic targets also include generation of business value (positive value added)

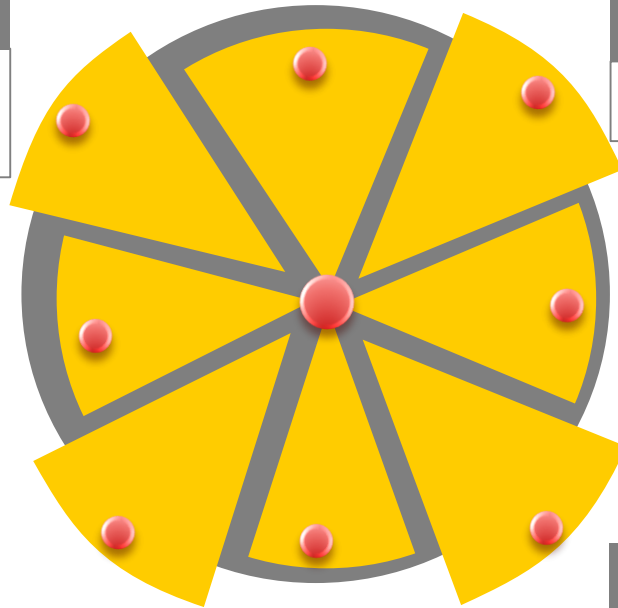
POLITICAL CONFLICTS WITH PARTICULAR STAKEHOLDERS

DEMANDS FOR A STRICTER USO DESPITE OVERFULFILLMENT

Denser network than required

Provision: 150 outlets, 500 agencies
Reality: 1'000 outlets, 1'000 agencies

Municipalities: don't close our local post office!



Less houses excluded from USO delivery than required

Allowed: 60'000
Reality: < 1'500

Mountain regions: no exceptions!

Denser network than required II

96.1% (90%) in 20 min. (postal)
97.5% (90%) in 30 min. (financial)

Cantons: our canton needs more post offices!

New provisions 2019: see next slide

Delivery until early afternoon

Provision: n.a.
Reality: until early afternoon

Publishers: deliver until noon!

Political demands (addressed through parliament, public or other shareholders)

POLITICAL CONFLICTS WITH PARTICULAR STAKEHOLDERS

EXAMPLE POSTAL NETWORK

Assessability II

96.1% (90%) in 20 min. (postal)

97.5% (90%) in 30 min. (financial)

Swiss Post overfulfilled provisions, yet...

Amendment to postal ordinance came into force in 2019

(proposed by working group composed of political and economic stakeholders/interest groups incl. Swiss Post)

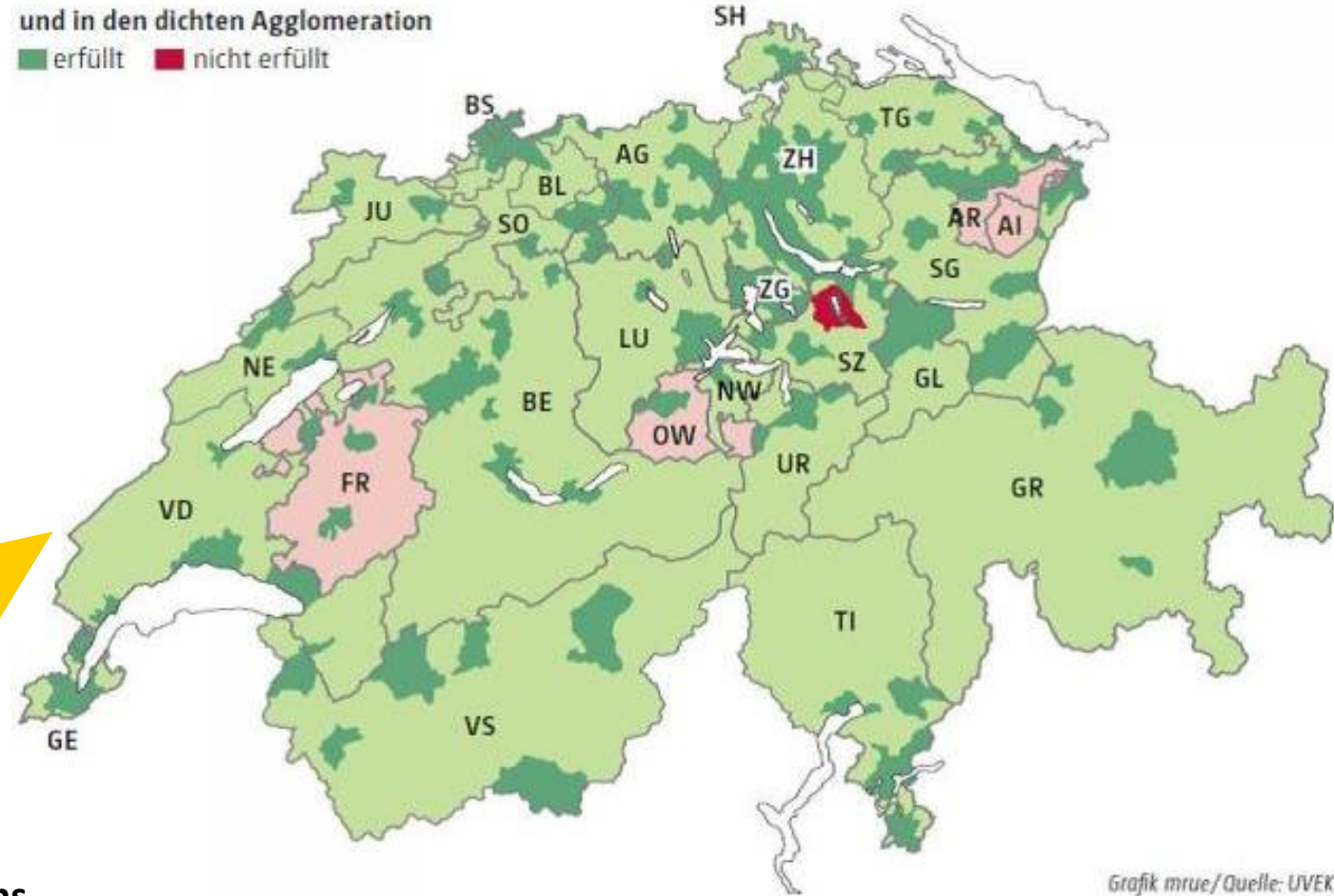
- Assessability now measured on cantonal instead of national level
- New restrictions for urban areas

Erreichbarkeit in den Kantonen

erfüllt nicht erfüllt

und in den dichten Agglomeration

erfüllt nicht erfüllt

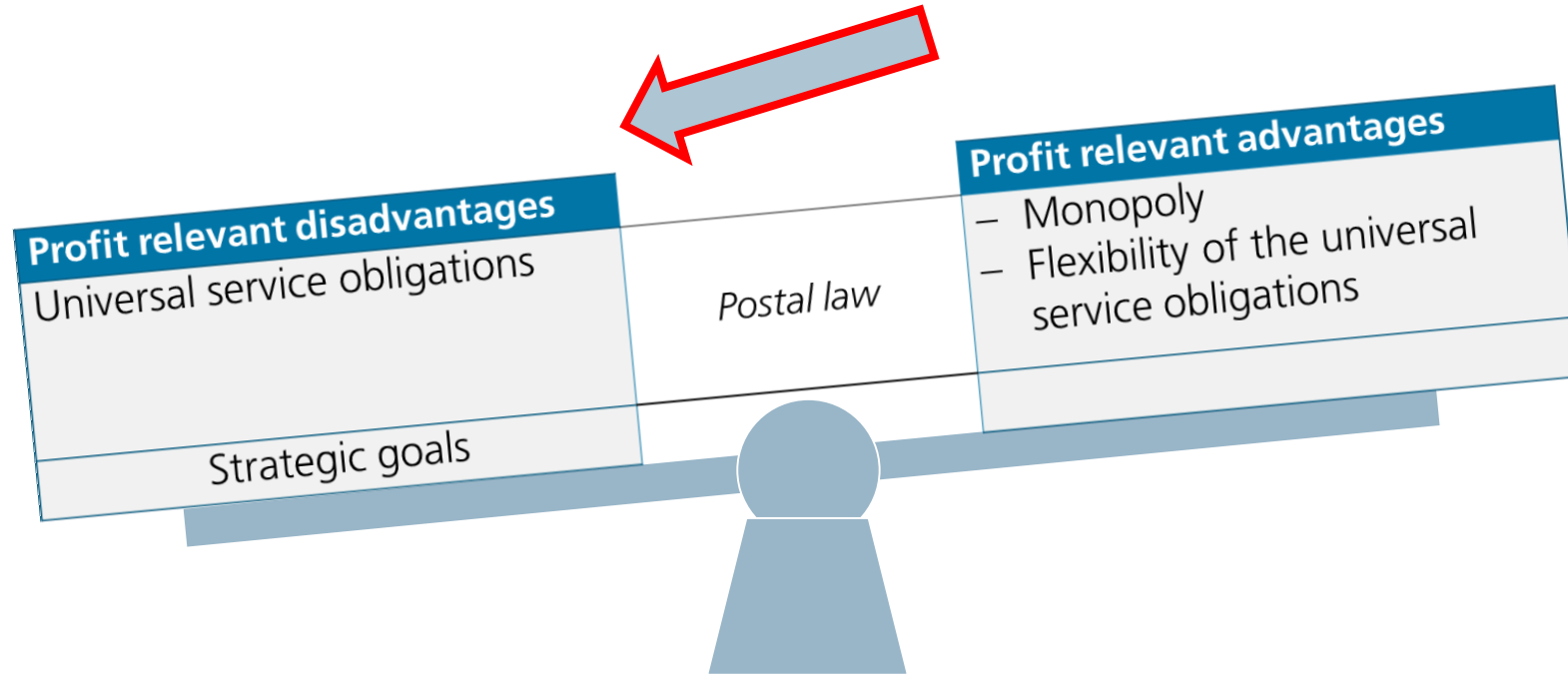


Grafik mrue/Quelle: UVEK

- **Swiss post needs to open new post offices in 4 cantons**
- **Regulatory limit pushed upwards (will be binding in near future)**

THE «SYSTEM SWISS POST»

AN UNBALANCED REALITY



- Political and public demands for stricter USO
- No letter price increase since 2004
- Conflicts between strategic goals have become unavoidable

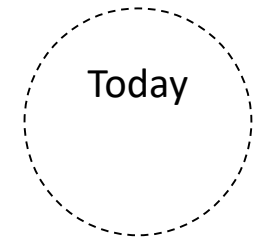
A fix is needed.

Parcels will not help!

TRADE-OFFS BETWEEN USO SCOPE AND USO FINANCING

THE SITUATION IN 2019

Financing mechanism	-> USO scope ->				
	minor USO	USO 2019	very strict USO
Monopoly	possible	possible	possible	only with value added < 0	impossible
Sharing mechanism (parcel market)	possible	possible	uncertain	impossible	impossible
Direct subsidies	possible	possible	possible	possible	possible



TRADE-OFFS BETWEEN USO SCOPE AND USO FINANCING

A LOOK INTO THE FUTURE: ~2030

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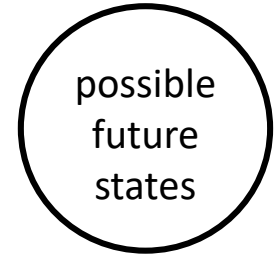
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possible future states

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– **Either scope or financing needs adjustment**

– **Political decision necessary**

– Scope: discussion on political economics of postal USO? Internet?

CONCLUSION

- The «System Swiss Post» has run into an unbalanced situation
- Needed: brave political decision on USO scope **and** financing
- Scenarios of regulatory failure:
 - Scenario 1: **USO scope is gradually reduced** (following financial pressure as in EU)
 - High collateral damage
 - Scenario 2: **USO unchanged, Swiss Post's finances not sustainable**
 - Loose competitiveness, eventual decrease of USO quality

THE END.

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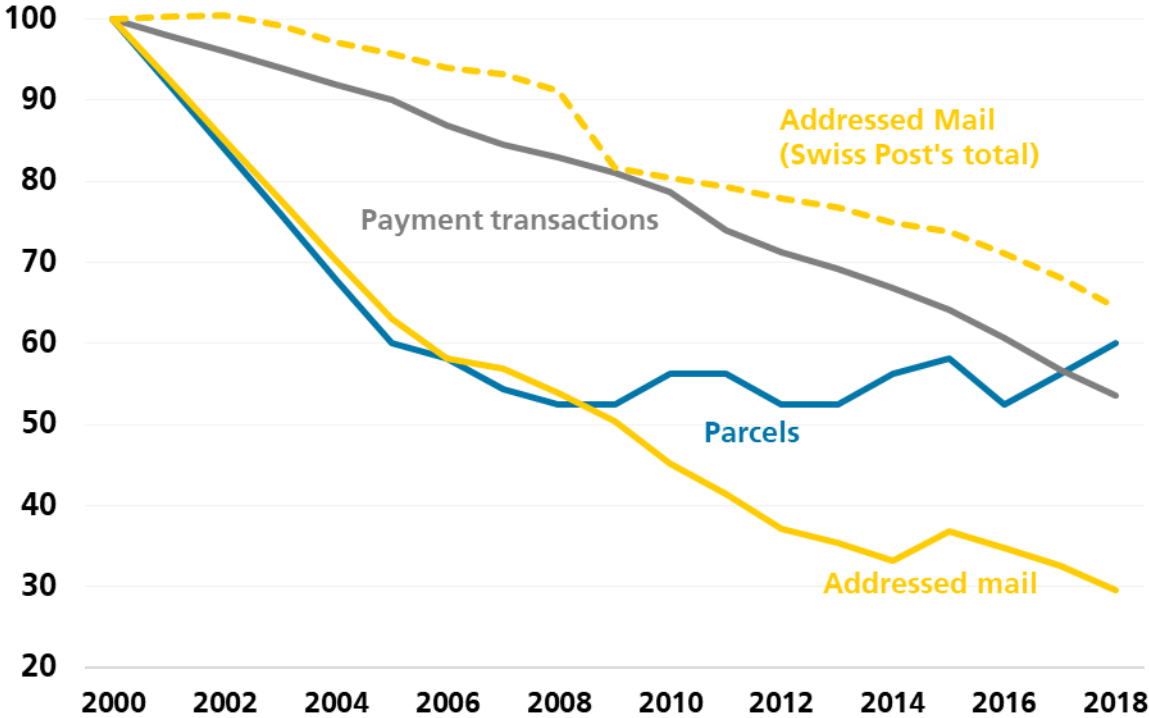
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DIE POST ***LAPOSTE*** ***LAPOSTA*** 

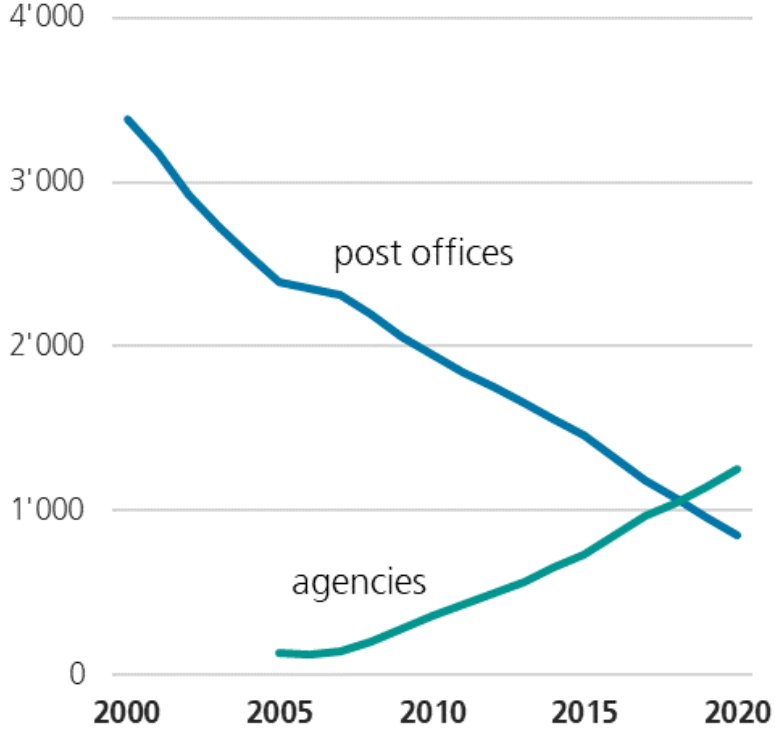
POLITICAL CONFLICTS WITH PARTICULAR STAKEHOLDERS

EXAMPLE POSTAL NETWORK

Volume decline in the post office network (2000 = 100)



Swiss post's postal network no. of outlets



THE REGULATORY ENVIRONMENT OF SWISS POST

