

**COMMUNICATION FROM THE EUROPEAN COMMUNITIES  
AND THEIR MEMBER STATES<sup>1,2</sup>**

GATS 2000 : Postal/courier services

The attached communication has been received from the delegation of the European Communities and their Member States with the request that it be circulated to Members of the Council for Trade in Services.

This sectoral proposal is additional to those submitted by the European Communities and their Member States on 22 December 2000 (S/CSS/W/33 to 41). Like them, it should be read in conjunction with the communication from the European Communities and their Member States, S/CSS/W/32 of 22 December 2000.

**I. INTRODUCTION**

1. The European Communities and their Member States believe that citizens and businesses world-wide need efficient, reliable and good quality postal/courier services at affordable prices.
2. The postal/courier sector, which offers a key communications infrastructure with high economic and social importance, needs to develop in harmony with the major changes taking place in these markets. Overall in the EC, postal services are estimated to handle 135 billion items per year, generating a turnover of about EUR 80 billion or about 1.4 % of GDP. About two-thirds of this turnover is generated by mail services, including the reservable area. The remainder is generated by parcels and express services, which are already in the competitive area. Postal/courier services are estimated to employ directly approximately 1.7 million people of whom 1.3 million are employed by the universal service postal operators overall in the EC.
3. At the end of the Uruguay round, only a few WTO Members (about 40) undertook commitments in the postal/courier sector. When looking at these commitments, it seems that Members wanted to ensure their existing monopoly situation. Since then, a lot of progress has been made towards the continuing liberalisation of the postal/courier sector.
4. The European market is to a large extent open to competition on a transparent and non-discriminatory basis for foreign service suppliers of postal/courier services. The EC seeks market

<sup>1</sup> Hereinafter "The EC".

<sup>2</sup> The EC reserve their right to modify this proposal at any time. This proposal does not prejudice EC's position on other services sectors, nor any possible future offer on this or other sectors. This proposal has to be read together with the general approach of the EC to the services negotiations.

opening and national treatment, compatible with the universal service obligation, from all WTO partners on a maximum level in all subsectors, as set out in the EC Communication on classification of postal/courier services of July 1999 at the WTO (Job. No. 4146), as a medium/long term goal. Full commitments are sought on short term for the following areas: express delivery services, handling of addressed parcels and packages, handling of addressed press products, handling of non-addressed items and document exchange, while gradual market opening and national treatment is sought for the rest of the areas, which are handling of addressed written communications and handling of items as registered or insured mail.

5. International postal services between public Posts are being provided on the basis of co-operation and agreements between postal operators in the framework of the Universal Postal Union (UPU), which is a specialized institution of the United Nations. The common rules applicable to the international postal service and the provisions concerning letter-post and parcel-post services are given in the Universal Postal Convention and its Regulations. The Convention and its Regulations are binding on all UPU Member States. These agreements should be transmitted, as far as it is necessary, into GATS schedules of commitments in order to ensure coherence between the two agreements and to provide a dispute settlement mechanism to the sector. Therefore, it is crucial that all WTO Members reflect their UPU obligations under their GATS schedules.

## II. SCOPE OF THIS PROPOSAL<sup>3</sup>

6. The current CPC classification on postal and courier services, which is used for the purposes of the GATS, has been established on the underlying assumption that postal services are carried out exclusively by national postal administrations and courier services are performed by private companies. In reality some types of postal services are increasingly being offered by private operators (where such services are open to competition) while public postal operators also provide courier/express delivery services. Therefore the current CPC no longer reflects market reality very well any more and even introduces an artificial separation of the market.

7. It is for this purpose that the EC, in its Communication on classification of postal/courier services at the WTO (Job. No. 4146), has suggested a classification of postal/courier services, which on the one hand would better reflect the current characteristics of the services concerned and on the other hand would be able to accommodate different national approaches and levels of development in the sector. The EC would like to continue, in parallel with the GATS 2000 negotiations, discussions on the classification of postal/courier services with WTO Members in the Committee on Specific Commitments.

8. The EC proposal on classification of postal/courier services includes the following sub-sectors:

9. Services relating to the handling<sup>4</sup> of postal items<sup>5</sup>, whether for domestic or foreign destinations:

(i) Handling of addressed written communications on any kind of physical medium<sup>6</sup>, including:

- Hybrid mail services

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<sup>3</sup> The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

<sup>4</sup> The term "handling" should be taken to include clearance, sorting, transport and delivery.

<sup>5</sup> "Postal item" refers to items handled by any type of commercial operator, whether public or private.

<sup>6</sup> E.g. letter, postcards.

- Direct mail
- (ii) Handling of addressed parcels and packages<sup>7</sup>
- (iii) Handling of addressed press products<sup>8</sup>
- (iv) Handling of items referred to in (i) to (iii) above as registered or insured mail.
- (v) Express delivery services<sup>9</sup> for items referred to in 1 to 3 above.
- (vi) Handling of non-addressed items.
- (vii) Document exchange.
- (viii) Other services not elsewhere specified.

### III. PROPOSAL

10. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in the postal/courier services sector.

#### - Schedules of commitments

- Modes 1, 2 and 3: Modes 1, 2 and 3 are very important to all subsectors of the postal/courier sector, Mode 3 being of particular importance for express delivery services. As a medium/long term goal, the EC seeks market access and national treatment, compatible with the universal service obligation, from all WTO partners on a maximum level in all subsectors mentioned under the scope of this proposal. Full commitments are sought in the short term for the following areas: courier/express delivery services, handling of addressed parcels and packages, handling of addressed press products, handling of non-addressed items and document exchange, while gradual market opening and national treatment is sought for the rest of the areas, which are handling of addressed written communications and handling of items as registered or insured mail. The EC seeks in-depth information on limitations concerning market access due to existing monopolies, licensing requirements, national treatment limitations or requirements for foreign service suppliers.
- Mode 4 : The EC schedule includes, *inter alia*, temporary movement of intra-corporate transferees as well as contractual service suppliers (i.e. the service is supplied, on the basis of a contract, by an employee of a company not established in the Member's territory). The EC propose that, on this basis, further discussions are held on how to improve and facilitate the temporary movement of natural persons for the provision of specific services.

#### - Other items which need to be addressed during the negotiations<sup>10</sup>

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<sup>7</sup> Books, catalogues are included hereunder.

<sup>8</sup> Journals, newspapers, periodicals.

<sup>9</sup> Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit, confirmation of receipt.

- The fact that there is an existing forum dealing with international postal services between public Posts, i.e. the UPU, makes it necessary to clarify the relationship between the UPU Convention and its Regulations and the GATS including, in particular, the question of terminal dues. Experience in the telecommunications sector could be a useful reference in this context. This could mean agreeing upon a Reference Paper in the postal/courier sector, which would describe the scope of the universal service and reserved and non-reserved areas. In addition, a Gentlemen's Agreement might be needed to ensure a transitional period, during which the current rules of the UPU, as far as necessary, would be translated into GATS schedules of commitments. This would aim at ensuring coherence between the UPU Convention and its Regulations and the GATS.
  
  - The EC proposal aims at engaging WTO Members in negotiations to reduce unnecessary trade distortive barriers without affecting the quality of service and the protection of consumers. Especially express delivery services face various types of trade barriers. These may be the result of regulatory provisions or other measures, which make the provision of the service difficult. Examples of such are: weight and value limitations for express clearance and overly burdensome bureaucratic practices (documentation requirements, customs procedures) etc.
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<sup>10</sup> Non-exhaustive list of items.