02.
Postal Services

Postal Services

This chapter presents the state of postal services at the end of 2007, as well as their evolution during that year.

Main items of evolution in 2007

Two new licenses were granted in 2007 for the provision of non-reserved services but within the universal service's weight and price limits. 17 new authorizations were also granted for the provision of express mail services. Thus, at the end of the year, there were 63 licensed entitled to provide postal services.

50 entities were active, 5 more than a year before.

In spite of the already considerable amount of entities operating in this market – namely, besides CTT Group's companies, agents from major international express service groups – most of the authorized entities are made up of small size franchises, and therefore there is a high concentration level.

CTT Group continues to have a high share of postal traffic. By traffic destination, CTT Group's share reaches 99 per cent on national traffic, and 93 per cent on international traffic.

By type of service, the CTT Group is responsible for 99 per cent of traffic outside the express mail category, and 46 per cent of express mail traffic, close to the 2006 figure.

Network access points[75] continue to decrease, due to the policies followed by the CTT Group, thus reducing postal density and coverage.

On the other hand, the number of employees in the postal sector fell 1.8 per cent. CTT Group companies continue to reduce the number of employees while employment at the competition increased 1.3 per cent during the year under analysis. Overall, since 2003, postal sector employment fell about 6 percent.

Postal traffic increased 1.1 per cent. Liberalized traffic increased 4.9 per cent, while reserved traffic increased 3.1 per cent. After 3 liberalization stages, reserved traffic stands for 77 per cent of the overall amount.

We highlight the fact that express mail traffic increased 8.8 per cent, fostered by the larger operators' parcels distribution activity.

The prices of the integrated provisions in the universal service continued to record real price decreases and stood below the EU15 average in 2007.

During 2007, CTT fulfilled the established quality objectives, except for the target value of Correspondence not delivered within 15 working days.

However, consumers' main complaints regard issues such as customer support and "not trying home delivery". Delays in delivery are only the third reason for complaints.

The postal services' offer

The postal sector in Portugal includes all entities and activities in connection with the establishment, management and operation of postal services on the national territory, as well as international services with origin or destination on the national territory.

A first segmentation of the sector results from the definition of universal service.

In Portugal, the universal service is the "permanent offer of postal services with a specified quality, provided on all locations of the national territory, at affordable prices to all users, in order to satisfy the communication's needs of the population and of economic and social activities"[76].

The scope of the universal service includes a postal service of sending correspondence, books, catalogues, newspapers and other periodicals weighting up to 2 Kg, and postal parcels up to 20 kg, as well as a service of registered sendings and a service of declared values, in the national and international scope.

75 The network includes all operators.
76 Law no. 102/99 of 26 January 1999.

To ensure the economic and financial viability of the universal service provision, there is a set of services – reserved postal services – that are exclusively provided by the universal service operator[77].

All postal services not included in the definition of reserved postal services are operated in competition and may be provided by the entity that provides the universal service or by single or collective legal persons properly authorized for that purpose.

An individual licence system applies to the provision of postal services that are non-reserved but are included in the scope of the universal service. The provision of postal services that are non-reserved and not included in the scope of the universal service is subject to a legal authorization, which regime is characterized by being relatively less demanding regarding the terms of access to the activity and the obligations established.

Postal services

The following table sums up the reserved postal services, provided exclusively by CTT, and the non-reserved services, which can be provided by any entity entitled for that purpose.

Reserved and non-reserved postal services

Table 101.

Postal services	Name	Provider
Reserved services	• Postal service of sending correspondence, including addressed publicity, whether or not with express delivery, which price is two and a half times lower than the public tariff for sending a 1st class correspondence of the fastest standardized weight category, as long as it weights less than 50gr; nationally and internationally; • Postal service of sending registered correspondence and declared-value correspondence, including legal notices by mail and penal notices by mail service, within the same price and weight limits mentioned in the previous paragraph, nationally and internationally; • Issuance and sale of stamps and other postal values; • Issuance of money orders; • Placing of mail stands and mail boxes for the collection of postal sending in public areas	CTT (operation under Concession Contract)
Non-reserved services (national and inter-national)	**Operation under a license** • Postal service of sending correspondence, including addressed publicity, whether or not with express delivery, which price is two and a half times lower than the public tariff for sending a 1st class correspondence of the fastest standardized weight category, as long as it weights more than 50gr and less than 2kg, nationally and internationally; • Postal service of sending books, catalogues, newspapers and other periodicals, weighing up to 2kg; • Postal parcels service with up to 20kg; • Postal service of sending registered correspondence and declared-value correspondence, including the legal notice by mail and the penal notice by mail service not included within the aforementioned price and weight limits. **Operation under an authorization** • Express mail services (also usually known as courier). This service is characterized by the extra-fast reception/collection, handling, transportation and distribution of correspondence and parcels, being different from the corresponding basic services by fulfilling the following characteristics, among others: pre-defined delivery deadline; record of sendings; responsibility guarantee from the authorized provider; tracking of the sendings; • Operation of document exchange centres – places where the users may self-distribute by the mutual exchange of postal sendings, having their own mail boxes; in order to do so, the users must form a group of subscribers, further to subscribing that service; • Other services that fall in the definition of universal service and that are not included in the universal service's range, namely those which provision is made possible by technological evolution and that are different from traditional services.	CTT and other entities entitled to provide postal services (further to a license or authorization)..

Source:ICP-ANACOM.

77 Law no. 102/99 of 26 January 1999.

In should be noted that on 1 January 2006 a new postal sector's liberalization phase came into force. Under the terms of no. 3 of article 4 of Decree-Law no. 150/2001 of 7 May, with the corrections introduced by Decree-Law no 116/2003 of 12 June, the reserved area adopted the following weight and price limits: 50gr. and two and a half times the public tariff for sending a 1st class correspondence of the fastest standardized weight category, respectively.

In pursuing their activity, the entities providing postal services are based on a set of human and material resources which make up the postal network[78].

The postal service providers

In 2007 there were 63 entities entitled to provide postal services.

54 were entitled to provide express mail services and 10 were entitled to provide services outside the express mail category (CTTexpresso is entitled to provide both services simultaneously).

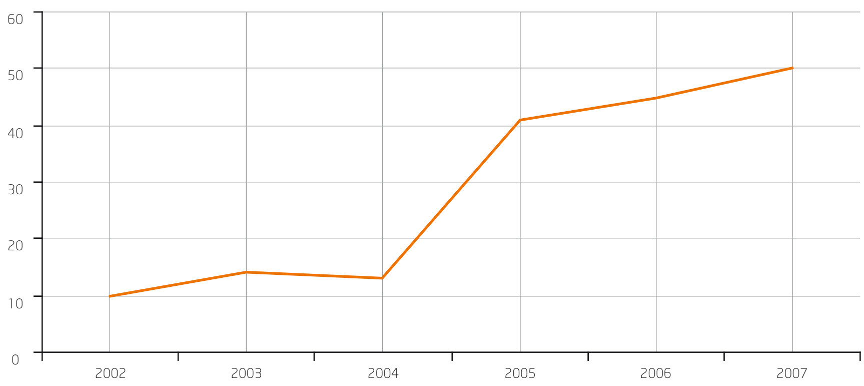
During this year two new entities were entitled to provide services outside the express mail category: Post21 and Vasp Premium. It should be mentioned that, of the 10 companies entitled to provide services outside the express mail category, CTTexpresso is not active in this segment, only offering express mail services.

17 new authorizations were granted for express mail service providers during the last quarter of 2007. The entities are franchises from Nacex (15) and MRW (2). Only four of these companies started their activity in 2007. Thus, only 41 of the 54 entities entitled to provide express mail services are active.

Thus, at the end of 2007 there were 50 active postal services providers, 5 more than a year before.

Evolution of active postal services providers

Graph 126.



Unit: %.
Source: ICP ANACOM.

78 The postal network that is established, managed and operated by the universal service provider is called the public postal network. Entities licensed and authorized to provide non-reserved postal services may also establish, manage and operate their own postal network, as well as having access to the public postal network, according to the conditions agreed with the universal postal service concession holder. Licensed and authorized entities may also sign contracts with third parties that are not postal service providers, to provide the transportation and distribution of postal sendings.

The following tables show the postal service providers, their authorization title and its date of issuance. Some entities mentioned also operate in other markets, namely in the transportation of goods, and have activities that are complementary to the postal one.

Entitled providers of services not covered by the Express mail category

Table 102.

Entity	License no.	Issue date	Services provided
CTT Correios de Portugal, S.A. [1]	The universal postal service concessionary (CTT) can operate non-reserved services and services that are not included in the scope of the universal service, without any need for an additional authorization.		Sending of correspondence, including addressed advertising (direct mail), books, catalogues, newspapers and other periodicals. Postal parcels.
CTT expresso - Serviços Postais e Logística, S.A. [2]	ICP-01/2001-SP	01-10-2001	Sending of correspondence, including addressed advertising (direct mail), books, catalogues, newspapers and other periodicals. Postal parcels.
SDIM - Sociedade de Distribuição de Imprensa da Madeira, Lda.	ICP-ANACOM-01/2002-SP	13-12-2001	Distribution of books, catalogues, newspapers and other periodicals.
Notícias Direct - Distribuição ao Domicílio, Lda.	ICP-ANACOM-02/2002-SP	13-12-2001	Distribution of books, catalogues, newspapers and other periodicals.
MEEST Portugal - Unipessoal, Lda.	ICP-ANACOM-01/2005-SP	07-07-2005	Postal parcels.
TEX - Transporte de Parcels Expresso, Lda.	ICP-ANACOM-02/2005-SP	15-07-2005	Postal parcels.
IBEROMAIL - Correio Internacional, Lda.	ICP-ANACOM-01/2006-SP	18-05-2006	Postal parcels.
LORDTRANS - Transportes Urgentes, Lda.	ICP-ANACOM-02/2006-SP	28-12-2006	Distribution of postal sendings and parcels.
POST 21 - Empresa de Correio, S.A.	ICP-ANACOM-01/2007-SP	04-05-2007	Sending of correspondence, including addressed advertising (direct mail), books, catalogues, newspapers and other periodicals. Postal parcels.
VASP PREMIUM - Entrega Personalizada de Publicações, Lda.	ICP-ANACOM-02/2007	23-07-2007	Distribution of books, catalogues, newspapers and other periodicals.

Source: ICP-ANACOM.

1) The universal postal service concessionary (CTT) can operate non-reserved services and services that are not included in the scope of the universal service, without any need for an additional authorization.

2) On 1 September 2003 ICP-ANACOM authorized the transmission of the licence held by Postexpresso – Correio de Cidade, Lda to Postlog – Serviços Postais e Logística, S.A. which, from the 4th quarter of 2004 was named CTTexpresso – Serviços Postais e Logística, S.A.

Entitled Express mail service providers

Table 103.

Entity	License no.	Issue date	Services provided
CTT expresso - Serviços Postais e Logística, SA (1)	ICP-01/2001-SP	01 Oct. 2001	Express mail
DHL - Express Portugal, Lda	ICP-03/2001-SP	13 Dec. 2001	Express mail
Chronopost Portugal - Transporte Internacional, SA	ICP-04/2001-SP	13 Dec. 2001	Express mail
TNT Express Worldwide (Portugal), SA	ICP-05/2001-SP	13 Dec. 2001	Express mail
UPS of Portugal - Transportes Internacionais de Mercadorias, Lda	ICP-ANACOM-01/2002-SP	17 Oct. 2002	Express mail
Rangel Expresso, SA	ICP-ANACOM-02/2002-SP	19 Dec. 2002	Express mail
Federal Express Corporation - Sucursal em Portugal	ICP-ANACOM-01/2003-SP	10 Apr. 2003	Express mail
Ibercourier - Serviço de Transporte Urgente, Lda. (MRW) (2)	ICP-ANACOM-01/2005-SP	09 Feb. 2005	Express mail
Logista - Transportes, Lda.	ICP-ANACOM-02/2005-SP	09 May 2005	Express mail
Lisespo - Transportes, Lda. (4)	ICP-ANACOM-03/2005-SP	15 Jul. 2005	Express mail
Cavijo - Logística e Marketing, Lda.(3)	ICP-ANACOM-05/2005-SP	08 Sep. 2005	Express mail
Transworld Express - Express mail, Lda. (3)	ICP-ANACOM-06/2005-SP	08 Sep. 2005	Express mail
Nuno Miguel Alves, Unipessoal, Lda. (3)	ICP-ANACOM-07/2005-SP	08 Sep. 2005	Express mail
Globe Logistics - Empresa de Courier, Logística e Transportes (3)	ICP-ANACOM-08/2005-SP	08 Sep. 2005	Express mail
Fozpost - Entrega e Recolha de Parcels, Lda.(3)	ICP-ANACOM-09/2005-SP	08 Sep. 2005	Express mail
Mensageiro Azul - Serviços de Courier, Lda. (3)	ICP-ANACOM-10/2005-SP	08 Sep. 2005	Express mail
RANEXPRESS - Transportes Rodoviários, Lda. (3)	ICP-ANACOM-11/2005-SP	08 Sep. 2005	Express mail
Francisco & Silvina - Transportes de Documentos e Parcels, Lda. (3)	ICP-ANACOM-13/2005-SP	08 Sep. 2005	Express mail
MAILGLOBE - Transporte de Correio Urgente, Lda.(3)	ICP-ANACOM-14/2005-SP	08 Sep. 2005	Express mail
EXPRESSODÃO - Transporte de Mercadorias, Lda.(3)	ICP-ANACOM-16/2005-SP	08 Sep. 2005	Express mail
FOXIL - Gestão de Transportes, Lda. (3)	ICP-ANACOM-17/2005-SP	08 Sep. 2005	Express mail
Transportes António Garcia & César, Lda. (3)	ICP-ANACOM-18/2005-SP	08 Sep. 2005	Express mail
P.P.Expresso - Transportes de Mercadorias, Lda. (3)	ICP-ANACOM-19/2005-SP	08 Sep. 2005	Express mail
JáEstá - Tráfego e Serviços Logísticos, Lda. (3)	ICP-ANACOM-21/2005-SP	08 Sep. 2005	Express mail
Multitagus - Transportes e Serviços, Lda. (3)	ICP-ANACOM-22/2005-SP	27 Sep. 2005	Express mail
Iberenvios - Actividades Postais e Transportes, Unipessoal, Lda. (3)	ICP-ANACOM-23/2005-SP	27 Sep. 2005	Express mail
Princeps, Comércio por Grosso, Lda. (3)	ICP-ANACOM-24/2005-SP	04 Nov. 2005	Express mail
Portomail - Tranporte de Documentos e Parcels, Lda. (3)	ICP-ANACOM-25/2005-SP	04 Nov. 2005	Express mail
E.R. Parcels Rápidas, Lda. (3)	ICP-ANACOM -26/2005-SP	23 Nov. 2005	Express mail
FELCOURIER - Distribuição de Parcels Nacional e Internacional, Lda. (3)	ICP-ANACOM-02/2006-SP	02. Feb. 2006	Express mail
HMJ - Envio Rápido de Parcels, Lda. (3)	ICP-ANACOM-03/2006-SP	02. Feb. 2006	Express mail
Flash Transportes Unipessoal, Lda. (3)	ICP-ANACOM-04/2006-SP	02. Feb. 2006	Express mail
Transportes Ochôa, S.A.	ICP-ANACOM-05/2006-SP	02. Feb. 2006	Express mail
LHSTUR - Transportes Urgentes, Estafetagem, Lda.(3)	ICP-ANACOM-06/2006-SP	07. Feb. 2006	Express mail
Consigo Pelo Mundo - Transporte e Entrega de Documentos, Unipessoal, Lda. (3)	ICP-ANACOM-07/2006-SP	07. Feb. 2006	Express mail

Entitled Express mail service providers(cont.)

Table 103.

Entity	License no.	Issue date	Services provided
António Carlos Santos - Entregas Rápidas, Unipessoal, Lda. (3)	ICP-ANACOM-08/2006-SP	09. Mar. 2006	Express mail
ASL Courier, Lda. (3)	ICP-ANACOM-09/2006-SP	08 Jun. 2006	Express mail
ABASTFROTA - Transportes, Lda. (5)	ICP-ANACOM-01/2007-SP	12.Oct.2007	Express mail
TRANSALCAINÇA - Transportes, Lda (5)	ICP-ANACOM-02/2007-SP	12.Oct.2007	Express mail
António Moreira Unipessoal, Lda. (5)	ICP-ANACOM-03/2007-SP	12.Oct.2007	Express mail
SERVEXCELSO - Actividades postais e transportes, Lda. (5)	ICP-ANACOM-04/2007-SP	12.Oct.2007	Express mail
PARMILHAR TRILHOS - Transportes, Unipessoal, Lda. (5)	ICP-ANACOM-05/2007-SP	12.Oct.2007	Express mail
OBIK EXPRESS - Serviço de transportes, Unipessoal, Lda. (5)	ICP-ANACOM-06/2007-SP	12.Oct.2007	Express mail
J. FARINHA - Transportes urgentes, Unipessoal Lda. (5)	ICP-ANACOM-07/2007-SP	12.Oct.2007	Express mail
OVERSPEED - Transportes de Express mail, Lda. (5)	ICP-ANACOM-08/2007-SP	12.Oct.2007	Express mail
MEIA CURVA - Transporte de Express mail, Lda.(5)	ICP-ANACOM-09/2007-SP	12.Oct.2007	Express mail
URBEXPRESS - Transportes expresso, Lda. (5)	ICP-ANACOM-10/2007-SP	12.Oct.2007	Express mail
MASTERPOST, Unipessoal, Lda. (5)	ICP-ANACOM-11/2007-SP	12.Oct.2007	Express mail
VASTA SELECÇÃO - Comércio e serviços, Lda. (5)	ICP-ANACOM-12/2007-SP	12.Oct.2007	Express mail
MENDES & PEREIRA SOUSA, Lda. (5)	ICP-ANACOM-13/2007-SP	23.Nov.2007	Express mail
JOAQUIM LUIZ MARTHA, Lda. (5)	ICP-ANACOM-14/2007-SP	23.Nov.2007	Express mail
ATLANTILÉGUA - Serviços postais, Lda. (5)	ICP-ANACOM-15/2007-SP	23.Nov.2007	Express mail
STARTJOB - Recolhas e Entregas, Unipessoal, Lda. (3)	ICP-ANACOM-16/2007-SP	27.Dec.2007	Express mail
JOSÉ MANUEL ARAÚJO SILVA - Serviço de Transporte Urgente, Unipessoal, Lda. (3)	ICP-ANACOM-17/2007-SP	27.Dec.2007	Express mail

Source: ICP-ANACOM.
(1) On 1 September 2003 ICP-ANACOM authorized the transmission of the licence held by Postexpresso – Correio de Cidade, Lda to Postlog – Serviços Postais e Logística, S.A. which, from the 4th quarter of 2004 was named CTTexpresso – Serviços Postais e Logística, S.A.
(2) Company IBERCOURIER owns the MRW brand.
(3) Company providing postal services under the MRW brand on a franchising regime.
(4) Company providing postal services under the SEUR brand on a franchising regime.
(5) Company providing postal services under the NACEX brand on a franchising regime.
(6) Company Logista own the Nacex brand.

Evolution of the offer's structure

In spite of the already considerable amount of entities operating in this market – namely, besides CTT Group's companies, agents from major international express service groups – most of the authorized entities is made up of small size franchises, and therefore there is a high concentration level.

Analyzing traffic shares by traffic destination segment, CTT Group's share kept practically unchanged, standing at about 99 per cent in the case of national traffic. With international traffic, CTT Group's share fell to 93 per cent. Regarding the year before, there was a 3 per cent reduction in CTT Group's international traffic share.

Postal traffic shares per distination

Table 104.

	2003		2004		2005		2006		2007	
	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other
National	98,9	1,1	98,9	1,1	99,0	1,0	98,9	1,1	98,9	1,1
International	97,9	2,1	97,8	2,2	96,8	3,2	96,4	3,6	93,5	6,5
Incoming intern.	96,8	3,2	95,8	4,2	91,8	8,2	94,1	5,9	93,3	6,7

Unit: %.
Source: ICP-ANACOM.
1) Includes CTT and CTTexpresso.
Note: 2006 figures were corrected following the data update sent by some operators.

Considering the type of service, CTT Group's share continues to be quite high in the segment of services not covered by the express mail category (99.4 per cent). Regarding express mail, new operators together reach a 54 per cent share, similar to that registered in 2006.

Postal traffic shares per type of service

Table 105.

	2003		2004		2005		2006		2007	
	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other	CTT 1)	Other
Express services	52,2	47,8	47,5	52,5	43,1	56,9	45,8	54,2	46,2	53,8
Serv. outside express cat.	99,4	0,6	99,4	0,6	99,6	0,4	99,5	0,5	99,4	0,6

Unit: %.
Source: ICP-ANACOM.
1) Includes CTT and CTTexpresso.
Note: 2006 figures were corrected following the data update sent by some operators.

The postal services usages profile

The main users of postal services are non-residential entities. The main traffic flows are originated by these entities and destined to individuals and companies. Estimates indicate that the flows originated by individual consumers stand for less than 10 per cent of the postal traffic.

We following present the postal services' user and residential usage profile.

According to the available data[79], regular mail and priority (blue) mail are the most used postal services. On the other hand, there was a considerable increase in the number of interviewees that say they use pre-paid (green) mail[80].

79 Cf. ICP-ANACOM, Survey on the Use of Postal Services, November 2006. The Universe was made up of individuals over 15 years old, residing in Portugal (Mainland and Autonomous Regions). The sample size was determined in order to assure a +/-3.5% error margin for the main results (for a 95% confidence level). The sample was stratified by NUTS II based on the last General Population Census: 2001 Census. 1000 (CATI) telephone interviews were made. The fieldwork took place between 2 and 15 November 2006 and was carried out by Metris GFK. 1000
80 The service pattern was approved by Regulation no. 1048/2004 of 16 August. Vide http://www.anacom.pt/streaming/port1048_04.pdf?categoryId=42989&contentId=224902&field=ATTACHED_FILE.

The price level of express services should justify this type of mail's low consumption levels.

Postal services are more intensely used by individuals on a working age, with highlight to the 25-30 year old age group.

Percentage of individuals that use postal service, by age group

Table 106.

Age group	Standard mail	Priority mail	Express mail	Pre-paid mail	Parcels
15-24	46,7	52,7	1,8	10,2	12,0
25-30	50,0	61,5	8,3	20,8	19,8
31-49	41,6	53,8	5,5	13,5	15,6
50-64	46,8	45,4	5,0	6,4	17,9
65-over	39,8	26,9	2,2	3,2	7,0
Total	**43,8**	**47,2**	**4,4**	**10,1**	**14,3**

Unit: %.
Source: ICP-ANACOM, Survey on the use of postal services 2006.

The use of postal services is greater among customers with higher education levels.

Percentage of individuals that use postal services, by education level

Table 107.

Education level	Standard mail	Priority mail	Express mail	Pre-paid mail	Parcels
Up to primary	42,0	38,5	2,8	5,6	7,7
6th or 9th grade	50,0	52,6	5,3	10,5	15,8
12th grade	53,4	58,9	5,5	17,8	19,2
Above 12th grade	60,3	58,7	3,2	14,3	14,3
Total	**43,8**	**47,2**	**4,4**	**10,1**	**14,3**

Unit: %.
Source: ICP-ANACOM, Survey on the use of postal services 2006.

The higher income groups are those that use mail more intensely.

Percentage of individuals that use postal services, by social status

Table 108.

Status social	Standard mail	Priority mail	Express mail	Pre-paid mail	Parcels
High (A)	53,2	66,0	6,4	21,3	17,0
Medium high (B)	46,8	69,8	10,1	18,7	20,1
Medium (C)	49,4	58,5	5,1	17,6	20,5
Medium low (D)	41,9	38,2	3,2	6,7	10,8
Low (E)	37,8	35,7	1,4	1,4	9,8
Total	**43,8**	**47,2**	**4,4**	**10,1**	**14,3**

Unit: %.
Source: ICP-ANACOM, Survey on the use of postal services 2006.

Lastly, it should be noted that Internet usage does not seem to hinder the consumption of postal services, or to influence the use of parcels services.

Sendings in the last 12 months, per Internet use

Table 109.

	Does not use e-mail	Uses e-mail	Average
Standard mail	9,2	15,9	14,3
Priority mail	6,9	9,5	8,8
Express mail	3,3	1,9	2,1
Pre-paid mail	9,2	7,9	8,1
Parcels	4,0	5,0	4,7

Unit: %.
Source: ICP-ANACOM, Survey on the use of postal services 2006.

The evolution of postal services in 2007

Below is a set of elements on the evolution of postal services in 2007: penetration, use of postal services, employment, network infrastructures, prices, quality of services, and consumers' complaints.

Service penetration

Postal coverage is about 21 access points per km2. Since 2003 this indicator has shown a slight downward trend. The decrease in the universal service operator's access points has not been compensated by the increase of access points from the liberalized area operators.

Postal coverage

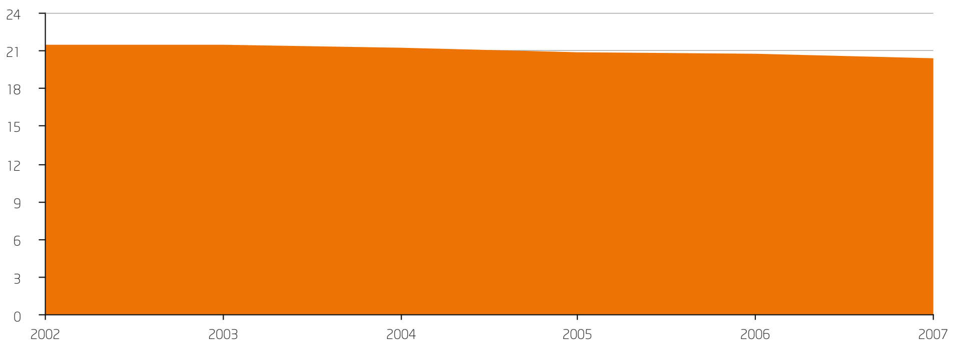
Table 110.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
No. of access points per 100km²	20,8	20,5	-0,3	-0,3	-1

Unit: No. of access points per km2, %.
Source: ICP-ANACOM, INE.
Note 1: Portugal's full area is 92.090km2 (Source: INE).
Note 2: 2006 figures were corrected following the data update sent by some operators.

Postal coverage

Graph 127.



Unit: No. of access points per 100km².
Source: ICP ANACOM.

On the other side, postal density also registers a downward trend, with the number of inhabitants per access point growing since 2002. This evolution is explained by the already mentioned reduction in the number of access points and by the population growth registered during the period under analysis.

Postal density

Table 111.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
No. of inhabitants access point of access	554	563	9	9	34

Unit: No. of inhabitants per access point,%.
Source: ICP-ANACOM, INE.
Note 1: Population on 31 December 2006: 10,599,095 inhabitants (Source: INE).
Note 2: 2006 figures were corrected following the data update sent by some operators

The penetration rate of postal services measured in terms of postal capitation – postal traffic per inhabitant – grew 1 per cent in 2007. The traffic evolution that determined this result will be presented in the following section.

Postal capitation

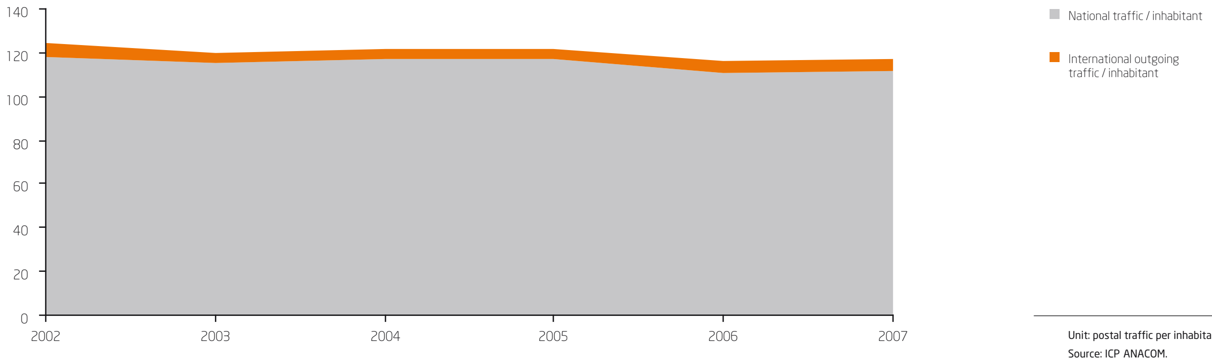
Table 112.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Capitation	116	117	1,1	-0,7	-2,9
National traffic	111	112	1,5	-0,6	-2,3
International outgoing traffic	5	5	-8,0	-4,4	-16,3
International incoming traffic	4	4	1,7	-2,2	-8,4

Unit: postal traffic per inhabitant, %.
Source: ICP-ANACOM, INE.
Note 1: Population on 31 December 2006: 10,599,095 inhabitants (Source: INE).
Note 2: 2006 figures were corrected following the data update sent by some operators.

Evolution of postal capitation by traffic destination

Graph 128.



Unit: postal traffic per inhabitant.
Source: ICP ANACOM.

Service's usage level

The following section assesses the evolution of overall traffic, liberalized traffic and traffic by destination.

Evolution of overall traffic

Postal traffic increased 1.1 per cent in 2007, although in cumulative terms and considering the evolution of the last 5 years, postal traffic has fell 1.8, which resulted in an average annual reduction of 0.4 per cent.

Postal traffic

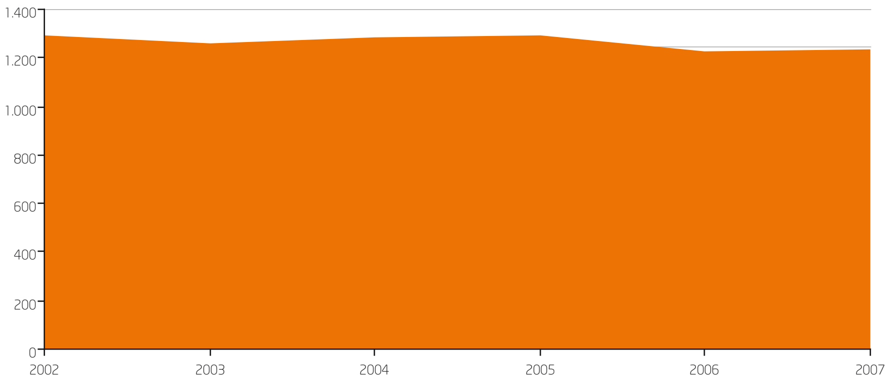
Table 113.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Postal traffic	1.224.973	1.238.802	1,1	-0,4	-1,8

Unit: Thousands of objects.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

Evolution of postal traffic

Graph 129.



Unit: thousands of objects.
Source: ICP ANACOM.

Traffic composition: reserved area/liberalized

2007 recorded an increase concerning reserved mail traffic (+3.1 per cent), and a reduction regarding liberalized mail traffic (-5 per cent). Thus, reserved mail reached 76.8 per cent, 1.5 per cent more than a year before.

However, in cumulative terms and considering the evolution of the last 5 years, there was a 10.4 per cent reduction in reserved traffic, and a 44.3 percent increase in liberalized traffic.

Postal traffic: Reserved area/Liberalized area

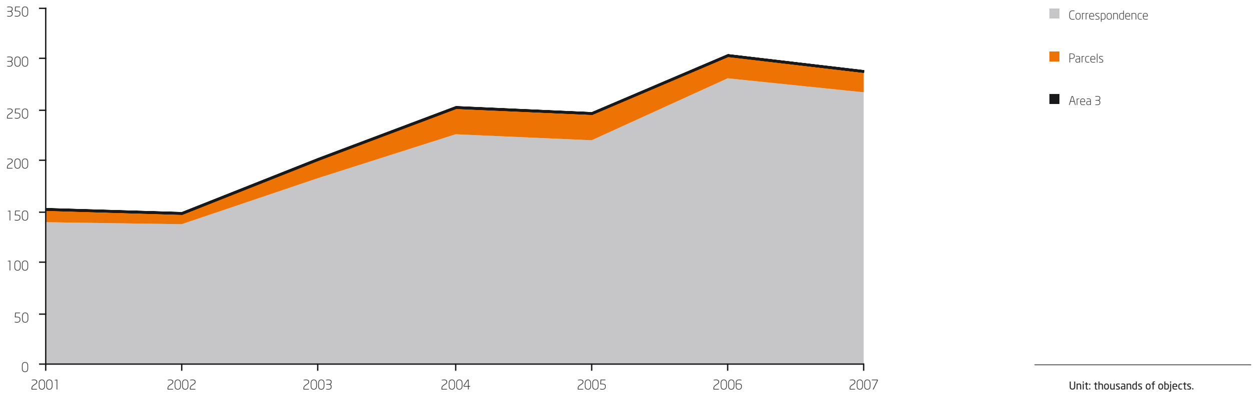
Table 114.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Reserved area	922.308	950.996	3,1	-2,7	-10,4
Liberalized areas	302.665	287.806	-4,9	9,5	43,9

Unit: Thousands of objects, %.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

Evolution of reserved and liberalized postal traffic

Graph 130.



Unit: thousands of objects.
Source : ICP ANACOM.

It should be mentioned, however, that the considerable changes occurred in the traffic's composition (reserved area/liberalized area) are mainly explained by the successive postal sector's liberalization phases that occurred in 2003, 2004 and 2006. These changes to the regulatory framework resulted on the re-categorization of traffic previously considered to be reserved. On the contrary, the variations occurred in 2007 only reflect the behaviour of these markets' players.

Liberalized area traffic by type of object: correspondence and parcels

Liberalized traffic is mostly made up of correspondence (93 per cent). The variation occurred in 2007 will be analyzed in the following sections.

Postal traffic in the liberalized area

Table 115.

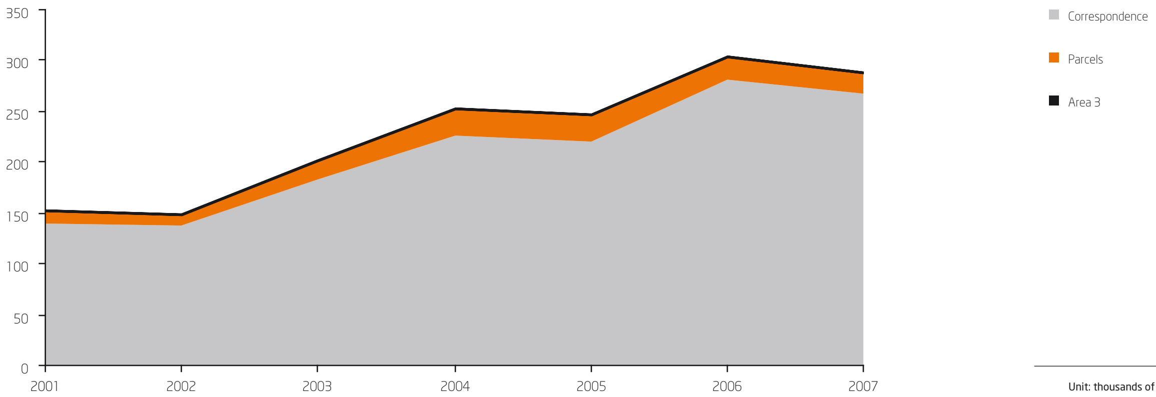
	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Liberalized area	302.665	287.806	-4,9	9,5	43,9
Correspondence	281.962	268.075	-4,9	10,0	46,2
Parcels	20.703	19.731	-4,7	4,4	18,8

Unit: Thousands of objects, %..
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

As previously mentioned, the cumulative variations occurred are mainly explained by the artificial traffic increase that resulted from successive stages of the liberalization process.

Evolution of liberalized traffic

Graph 131.



Unit: thousands of objects.
Source : ICP ANACOM.

Evolution of traffic by destination

Analyzing the behaviour of postal traffic by destination, while national traffic grew 1.5 per cent, international traffic suffered a reduction of around 8 per cent. This reduction was mainly influenced by the evolution of traffic in the reserved areas (CTT).

Postal traffic by traffic destination

Table 116.

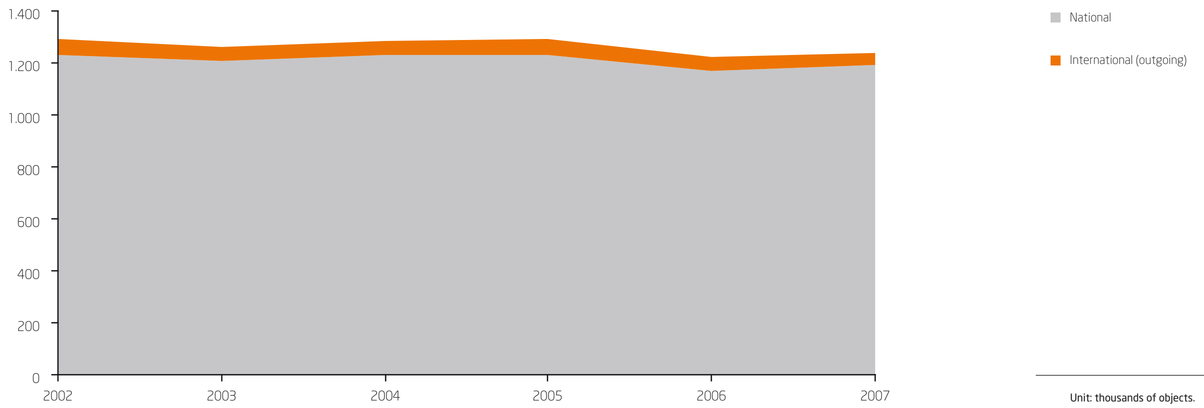
	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Postal traffic	1.224.973	1.238.802	1,1	-0,4	-1,8
National	1.172.285	1.190.317	1,5	-0,3	-1,1
International	52.688	48.486	-8,0	-4,1	-15,4
International incoming	44.051	44.811	1,7	-1,9	-7,3

Unit: Thousands of objects, %.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

International traffic also recorded the greatest decrease during the 2003-2007 period. This type of traffic decreased 15 per cent versus a 1.1 per cent decrease in national traffic. National traffic stands for about 96 per cent of postal traffic.

Evolution of traffic by destination

Graph 132.



Unit: thousands of objects.
Source : ICP ANACOM.

Evolution of traffic by type of service

Regarding traffic evolution by type of service, the growth registered in the express mail services segment (8.8 per cent in 2007) stands Oct. This evolution is almost totally explained by the increase in national parcels by the sector's bigger providers.

In spite of the evolution registered, postal traffic outside the express mail category continues to represent the largest amount of liberalized traffic (98.6 por cent). However, since 2003, postal traffic outside the express mail category suffered an overall 2.1 per cent reduction..

Postal traffic by type of service

Table 117.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
Postal traffic	1.224.973	1.238.802	1,1%	-0,4%	-1,8%
Express	16.296	17.735	8,8%	7,1%	31,4%
Outside the express mail category	1.208.678	1.221.068	1,0%	-0,5%	-2,1%

Unit: Thousands of objects.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

Employment in postal services

Employment in postal services has shown a slightly downward trend. In 2007, the number of employees of the postal sector fell 1.8 per cent. CTT Group's companies continue to reduce its workforce while employment by the competition increased 1.3 per cent during that year.

Since 2003, employment in the postal sector fell 6 per cent.

Employment in postal services

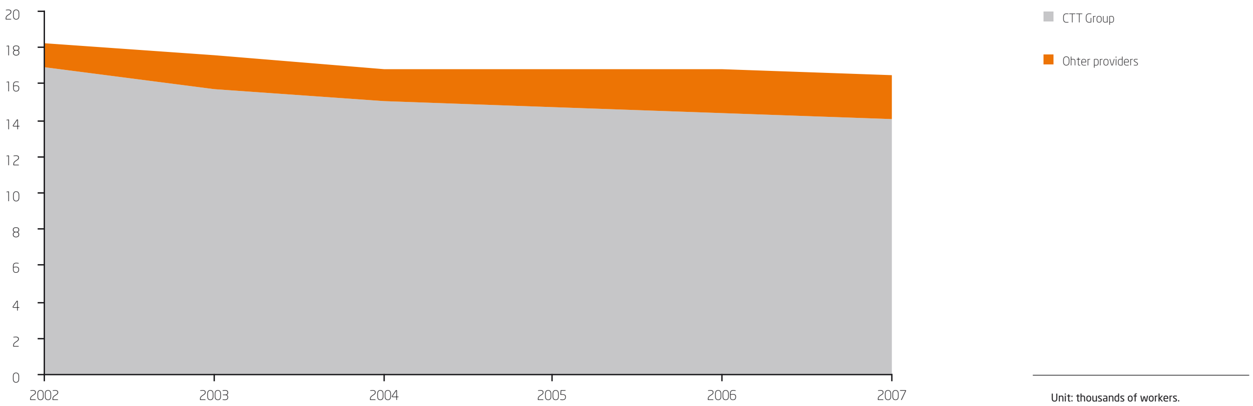
Table 118.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
No. of employees	16.826	16.528	-,1,8	-1,5	-5,7
CTT Group	14.355	14.026	-2,3	-2,8	-10,7
Other providers	2.471	2.502	1,3	8,1	36,5

Unit: 1 employee. %.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

Evolution of employment in postal services

Graph 133.



Unit: thousands of workers.
Source : ICP ANACOM.

The postal network

The evolution of the material resources of the global postal network held by the universal service provider and by the entities entitled for the provision of postal services operated in competition is shown on the following table.

Material resources of the postal network

Table 119.

	2006	2007	2006/2007 Var. (%.)	2003/2007 average annual Var. (%.)	2003/2007 Var. (%.)
No. of access points	19.132	18.849	-1,5	-1,2	-4,8
CTT Group	19.032	18.733	-1,6	-1,3	-5,2
Other providers	100	116	16,0	30,5	190,0
No. of distribution centres	469	476	1,5	0,9	3,7
CTT Group	381	384	0,8	-2,3	-8,8
Other providers	88	92	4,5	24,7	142,1
Vehicle fleet	5.549	5.703	2,8	0,4	1,7
CTT Group	4.261	4.296	0,8	-0,9	-3,5
Other providers	1.288	1.407	9,2	5,1	21,8

Unit: %.
Source: ICP-ANACOM.
Note: 2006 figures were corrected following the data update sent by some operators.

In 2007, only the amount of access points registered a decrease, of 1.5 per cent. Distribution centres and the vehicle fleet grew 1.5 and 2.8 per cent, respectively.

The evolution shown above confirms the trends started in 2003.

It should be noted that while CTT has been reducing its network's physical resources, the remaining operators, globally, have been investing in the development of their networks.

Price level of the universal service

The rules for the setting of prices of the postal services that make up the universal service[81] are subject to an Agreement (Universal Postal Service Prices Agreement) established between the regulator (ICP-ANACOM) and the universal service provider (CTT).

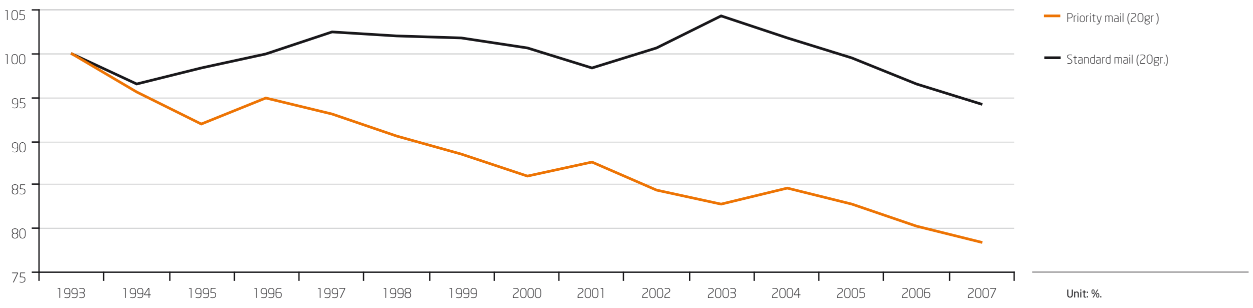
On 21 April 2006 CTT and ICP-ANACOM signed the Universal Postal Service Prices Agreement[82], valid from 01/01/2006 to 31/12/2006. From what is stated in the Prices agreement, we should point out the fact that the weighted average variation of the prices of the reserved postal services cannot be above CPI-0.3 %, in nominal terms. No Prices agreement was signed for 2007, therefore maintaining the rule previously defined for 2006[83].

In 2007, the price of the standard mails' basic tariff (tariff for a 20gr national letter) decreased, in real terms, 2.5 per cent regarding 2006. Regarding 2003[84] there is a real reduction of 9.7 per cent. In real terms, the national priority (blue) mail's basic tariff decreased 2.4 per cent regarding 2006 and 5.4 per cent since 2003

81 The Prices agreement defines the rules for the formation of the universal service's prices, which comprises a service of sending correspondence, books, catalogues, newspaper and other periodicals weighting up to 2kg, and of parcels up to 20kg, as well as a service of registered sendings and a money order service, both for the national and international services (nos. 1 and 2 of article 6 of the Basic Law).
82 http://www.anacom.pt/template12.jsp?categoryId=190245.
83 It should be noted that a new price convention has already been signed to be in force as of 1 January 2008 and valid for 3 years..
84 Year when the first Prices agreement, signed between ICP-ANACOM, CTT and the former Directorate-General for Commerce and Competition, came into force.

Real evolution of the basic tariff (1993=100): standard and priority mail, national

Graph 134.



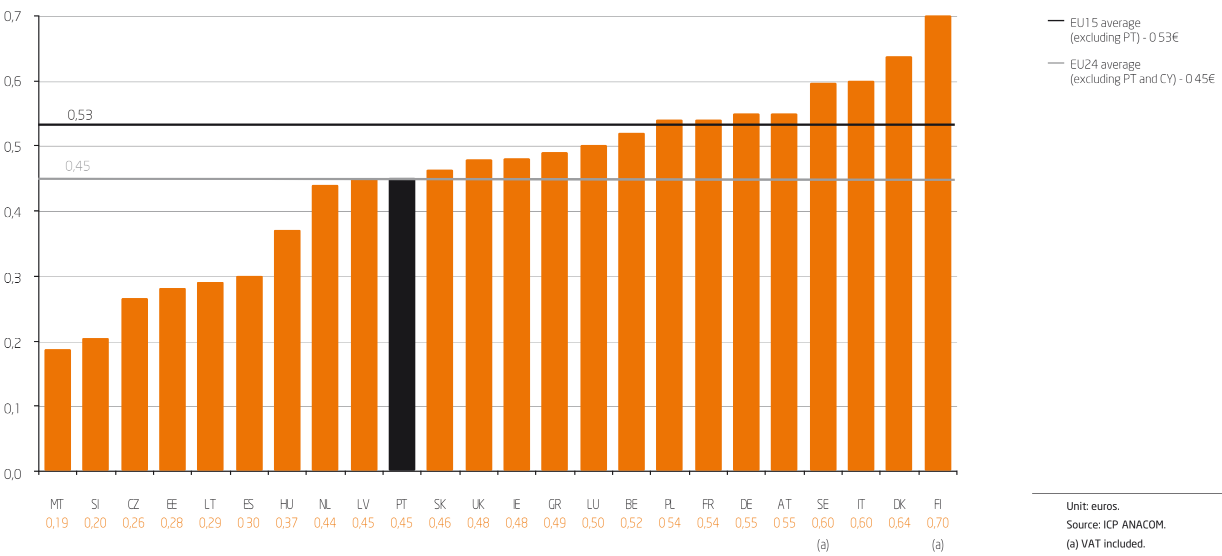
Unit: %.
Source: ICP ANACOM.

These prices stand favourably when compared with EU's average in 2007[85]:

- The price of the 20g national priority mail (Blue Mail in Portugal) is 15.1 per cent below the UE151 average and equal to the EU24[86] average (excluding Cyprus);
- The price of sending a 20g non priority national mail (standard mail in Portugal) letter is 28.6 per cent below the average of the EU countries that provide an equivalent service[86].

Basic tariff of domestic priority mail - 2007

Graph 135.

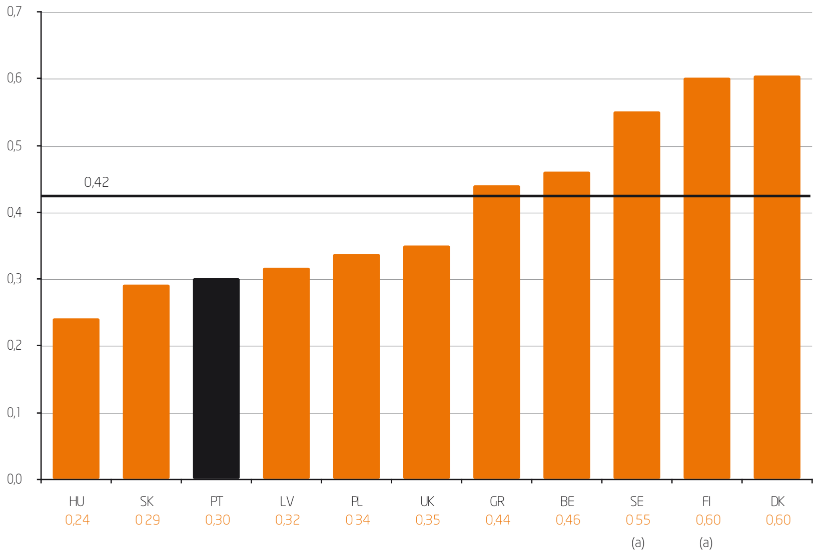


Unit: euros.
Source: ICP ANACOM.
(a) VAT included.

85 According to the collection of prices made by ICP-ANACOM, directly from the universal postal service operators' Internet sites, on 13/02/2007.
86 Average excluding Portugal.

Basic tariff of domestic non priority mail – 2007

Graph 136.



Average (excluding PT) - 0.42€

Unit: euros.
Source: ICP ANACOM.
(a) VAT included.

The quality of the universal service

When the Prices agreement was signed (21 April 2006), the Universal Service Quality Convention[87] was also established, to be in force from 1 January 2006 to 31 December 2006[88]. It sets the parameters and minimum quality of service levels associated with the provision of the universal postal service, which CTT is obliged to comply with.

The Quality Convention defines the quality of service indicators (QSI) for i) delays in delivery of standard mail, priority mail, newspapers and periodicals, intercommunity mail and parcels, ii) loss of standard and priority mail, and for ii) waiting time at postal establishments. For each of QSI there is a minimum and a target level of quality of service defined. The target level is the one that CTT is expected to achieve, each year, however, the minimum level corresponds to the minimum quality that CTT must ensure.

No Quality Convention was signed for 2007, therefore maintaining the rule previously defined for 2006.

The Quality Convention also sets an Overall Quality of Service Indicator (OQSI)[89], which is reckoned depending on the quality of service levels reached by CTT for the previously mentioned QSI.

In 2007, the indicators' values reached the minimum levels as well as all the targets set, except for the target value for correspondence not delivered within 15 working days.

87 http://www.anacom.pt/template12.jsp?categoryId=190302.
88 It should be noted that a new price convention has already been signed to be in force as of 1 January 2008 and valid for 3 years.
89 The OQSI is reckoned the following way: Firstly, each QSI defined in the Quality Agreement is given a classification in accordance with the following methodology: i) Given the value set for each QSI, the target value is given the value 100 ii) Non-fulfilment of the minimum value = 0; iii) Proportional value from 0 to 100 for values situated in the interval between the target and the minimum; iv) For values above the target, the classification will also be above 100, in proportion to the positive variation regarding the target. Secondly, Sum of the classifications given to each QSI, weighted by their corresponding relative importance. Thirdly, Should de OQSI be: i) 100 or above 100, there is no application of the subtraction associated to the OQSI; ii) below 90, one fully applies the maximum deduction foreseen, of 1%; iii) between 90 and 100, one applies the subtraction proportionally. The subtraction corresponds to deducting up to 1% to the price variation of the reserved services allowed for the year following the year of the non-fulfilment.

QSI defined in the 2006 Quality Convention

Table 120.

Quality of service indicators (2006 Convention)		IR (%)	Mín.	Target
IQS 1	Transit time for Non-Priority Mail(D+3)	45,0	95,5	96,3
IQS 2	Transit time for Priority Mail - Mainland (D+1)	15,0	93,5	94,5
IQS 3	Transit time for Priority Mail - CAM (D+2)	4,0	84,0	87,0
IQS 4	Non-priority mail not delivered within 15 working days (per one thousand letters)	5,0	2,3	1,4
IQS 5	Priority mail not delivered within 10 working days (per one thousand letters)	3,0	2,5	1,5
IQS 6	Transit time for Newspapers and Periodicals (D+3)	11,0	95,5	96,3
IQS 7	Transit time for Intra-community Cross-border Mail (D+3)	3,5	85,0	88,0
IQS 8	Transit time for Intra-community Cross-border Mail (D+5)	3,5	95,0	97,0
IQS 9	Transit time for Non-priority Parcels (D+3)	5,0	90,5	92,0
IQS 10	Waiting time at Post Establishments (% of events < 10min)	5,0	75,0	85,0

Source: Universal Postal Service Quality Convention of 21/04/2006.w

Complaints

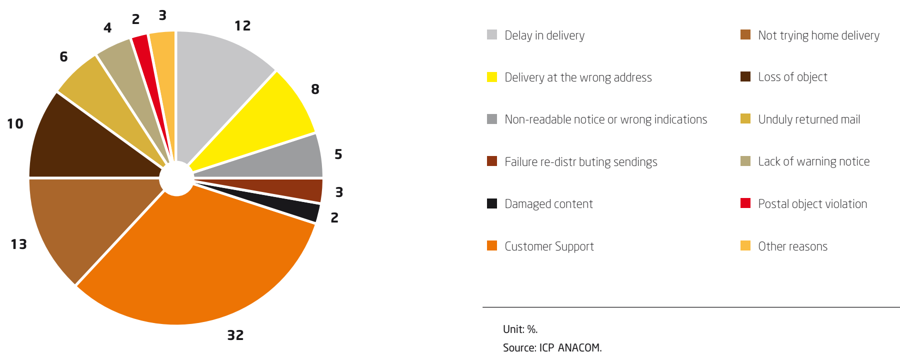
Regarding complaints, during 2007 ICP-ANACOM received 6,106 complaints and information requests concerning postal services and their operators.

According to the following graph, 33 per cent of those requests relate to matters regarding customer attendance.

Issues concerning not trying to deliver the mail at home now come in second on the list of reasons for complaint, having surpassed mail delivery delays.

Complaints regarding postal services - 2007

Graph 137.



Unit: %.
Source: ICP ANACOM.