

Comparisons of prices of the providers of the Universal
Postal Service in the European Union in 2011

INDEX

INDEX	I
List of figures	III
List of tables	IV
EXECUTIVE SUMMARY	V
1 INTRODUCTION.....	1
2 BACKGROUND	3
3 METHODOLOGY	7
3.1 <i>Exchange Rates and Purchasing Power Parity</i>	7
3.2 Application of VAT.....	8
3.3 <i>Other methodological issues</i>	10
4 NATIONAL AND INTERNATIONAL CORRESPONDENCE.....	11
4.1 <i>Priority national correspondence</i>	11
4.2 <i>Non-priority national correspondence</i>	17
4.3 <i>Priority cross-border intra-community correspondence</i>	21
4.4 <i>Non-priority cross-border intra-community correspondence</i>	28
5 NATIONAL PARCELS.....	34
6 NEWSPAPERS.....	41
6.1 <i>National newspaper deliveries up to 75g</i>	42

6.2	<i>Sending newspapers up to 100g on a national basis</i>	45
7	CONCLUSIONS	49
	REFERENCES	54
	ANNEX I: EXCHANGE RATES	58
	ANNEX II: PRICE OF EACH SERVICE IN LOCAL CURRENCY	59

List of figures

Figure 1: Weight of labour costs in total costs	7
Figure 2: Comparison of priority national mail prices	14
Figure 3: Comparison of prices of priority national mail with PPP	15
Figure 4: Comparison of non-priority national mail prices.....	18
Figure 5: Comparison of prices of non-priority national mail in PPP terms	20
Figure 6: Comparison of prices charged for priority cross-border intra-community mail	25
Figure 7: Comparison of priority intra-community mail prices, in PPP terms.....	26
Figure 8: Comparison of prices of non-priority cross-border intra-community mail	30
Figure 9: Comparison of prices of non-priority cross-border intra-community mail based on PPP .	31
Figure 10: Comparison of prices of the parcels service	36
Figure 11: Comparison of prices of the parcels service using PPP	38
Figure 12: Price per unit, in euro terms, for national delivery of newspapers of 75g each, in each Member State	43
Figure 13: Prices per unit in PPP terms for sending newspaper of 75g each on a national basis, in each Member State	44
Figure 14: Price in euros per unit for sending national newspapers of 100g each, in each Member State	46
Figure 15: Price per unit, in PPP terms, for national distribution of newspapers of 100g each, in each Member State	47
Figure 16: Variation in the price of mail between 2010 and 2011 in local currency.....	50
Figure 17: Comparison between prices, in euro terms, of postal services in Portugal with average prices of the EU	53

Figure 18: Comparison between prices, in PPP terms, of postal services in Portugal with the average prices of the EU	53
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List of tables

Table 1: UPS tariff regulation	3
Table 2: Application of VAT in EU Member States (2010)	9
Table 3: Statistical indicators, in euros, on pricing of priority national mail service	14
Table 4: Statistical indicators, in PPP terms, on pricing of priority national mail service	17
Table 5: Statistical indicators, in euros, on pricing of non-priority national mail service	19
Table 6: Statistical data, in PPP terms, on prices of the non-priority national service	21
Table 7: Statistical indicators, in euros, on pricing of the priority intra-community service	26
Table 8: Statistical indicators, in PPP terms, on pricing of the priority intra-community service	28
Table 9: Statistical indicators, in euros, on pricing of non-priority intra-community service	30
Table 10: Statistical indicators, in PPP, on pricing of non-priority intra-community service	32
Table 11: Statistical indicators, in euros, on pricing of parcels service	38
Table 12: Statistical indicators, in PPP terms, on pricing of parcels service	39
Table 13: Statistical indicators, in euros, on pricing of sending newspapers of 75g	43
Table 14: Statistical indicators, in PPP terms, on pricing of sending newspapers of 75g	45
Table 15: Statistical indicators, in euros terms, on pricing of sending newspapers of 100g	46
Table 16: Statistical indicators, in PPP terms, on pricing of sending newspapers of 100g	48
Table 17: Annual variation in prices of postal services in 2011	52

EXECUTIVE SUMMARY

The present study compares the prices charged to residential customers of the most commonly used postal services encompassed by the Universal Postal Service (UPS), as provided by the Universal Service Provider (USP) of each Member State of the European Union (EU) in 2011, and looks also at trends in pricing since 2008. The services covered are:

- Priority national mail up to 20g in standardized format;
- Non-priority national mail up to twenty grams in standardized format;
- Priority cross-border intra-community mail up to twenty grams in the EU in standardized format;
- Non-priority cross-border intra-community mail up to twenty grams in the EU in standardized format;
- National parcels up to two kilograms;

For the first time this year, the study includes pricing of the national distribution of newspapers and periodicals.

Comparisons are made based on current exchange rates and based on purchasing power parity (PPP).

Even while the overwhelming majority of mail is originated by companies 85% to 90% (Nader and Lintell, 2008), the goal of this study is to evaluate pricing, except in the case of sending newspapers, from the consumer's point of view. As such, the information on the prices charged in each country does not take account of any discounts, especially bulk discounts that mainly benefit businesses, and for the same reason, Value Added Tax (VAT) was not deducted when assessing services and countries where this is applicable. In the case of newspaper

distribution, as a service provided to companies, the results are presented with discounts included, when applicable, and excluding VAT¹.

Based on the analysis of information compiled in 2011, it is found that, for the set of services listed above, with the exception of newspapers, prices in local currency terms have remained unchanged in thirteen countries², while in six countries³ prices have increased over the previous year for all services provided. In Portugal, in 2011, CTT - Correios de Portugal, S.A. (hereinafter CTT) did not present a proposal to revise pricing⁴.

In 2011, Denmark stands out among the set of countries which have reported increased prices with the largest increase - 45% in the priority national service. According to Denmark's operator, the price increase was due to a decline in the number of letters and parcels and a consequent increase in unit costs. Two countries have seen increases in the prices of all types of correspondence analyzed, while maintaining the pricing of parcels - United Kingdom and the Netherlands.

In Latvia, only the prices of parcels increased, and very significantly (61%).

Four cases of price reductions were reported, three of which were due to the extension of the exemption of VAT. Such are the cases of Slovenia in the priority

¹ This methodology is in line with that followed by the OECD in respect of telecommunications, see "Methodology for constructing telecommunication price baskets", available at [http://www.oecd.org/officialdocuments/displaydocumentpdf?cote=dsti/iccp/cisp\(2009\)14/final&doclanguage=en](http://www.oecd.org/officialdocuments/displaydocumentpdf?cote=dsti/iccp/cisp(2009)14/final&doclanguage=en)

² Cyprus, Slovakia, Estonia, France, Ireland, Lithuania, Luxembourg, Malta, Poland, Portugal, Czech Republic, Romania and Sweden.

³ Austria, Belgium, Denmark, Spain, Greece and Hungary.

⁴ Rules governing determination of pricing: CTT is required to give written notice to ANACOM as to the prices it intends to charge for each of the services that comprise the Universal Service. Pricing must adhere to specific rules, including: 1) cost orientation, providing for a gradual adjustment of prices so that they remain affordable, 2) transparency, 3) non-discrimination between users, and 4) uniformity as regards application. It is incumbent upon ANACOM to approve the schedule of prices submitted by CTT and verify compliance with these rules.

national service and parcels, parcels in Finland and in the priority national service in Bulgaria. In the first two of these countries, reductions were smaller in absolute value than the value of VAT. The fact that there have been further exemptions from VAT is notable, taking into account the positions of the European Commission (EC) on this matter.

In 2011, there was an increase in the price of sending letters using the priority national service in eight⁵ countries, of which four⁶ had no non-priority national service. Denmark stands out with a price increase of 45%. In Slovenia and Bulgaria, a decline was reported of around 7% and 6% respectively. In Bulgaria, according to the regulator, the reduction was due to application of the principle of cost orientation of prices. In Slovenia, the reduction stems from the fact that this service was made exempt from VAT as from January 2011; however this reduction was smaller in absolute terms than the previously applied rate of VAT, resulting in a real increase in prices excluding VAT.

Meanwhile, non-priority national services were available in fourteen countries in 2011, of which four⁷ reported increased prices while the remaining ten⁸ saw prices remain in line with 2010. Note should be made, in this case, of the 20% increase in prices reported in Denmark.

In the priority international service, price increases were reported in eleven⁹ countries, seven¹⁰ of which had no non-priority international service.

⁵ Austria, Belgium, Denmark, Spain, Greece, Netherlands, Hungary, and United Kingdom.

⁶ Austria, Belgium, Spain and the Netherlands.

⁷ Denmark, Greece, Hungary and United Kingdom.

⁸ Bulgaria, Slovakia, Finland, France, Latvia, Lithuania, Sweden, Poland, Portugal and Romania.

⁹ Germany, Austria, Belgium, Denmark, Slovenia, Spain, Greece, Netherlands, Hungary, Italy, United Kingdom.

¹⁰ Germany, Austria, Belgium, Spain, Netherlands, Italy and United Kingdom.

The cases of Bulgaria and Finland stand out with regard to non-priority international services, with reductions in prices amounting to about 17% and 7% respectively. In Bulgaria, the reason behind the reduction is identical to that given for the change in national priority mail. In the case of Finland, this reduction was due to the fact that, since 2010, tariffs have reflected the operator's policy of moving towards identical pricing for national and intra-community correspondence, whereby pricing for the two services, national and international has been converging.

With regard to parcels, price reductions were reported in Slovenia (16.7%) and Finland (15.3%). The price reduction in Slovenia was due to the service's VAT exemption, as noted above, applicable from January 2011. In Finland the reduction observed is also due to exemption from VAT on sending parcels weighing less than 15 kg as from June 2011, although when the price without VAT is compared between 2010 and 2011, an increase of 3.3% is reported. Conversely, price increases for parcels were reported in eight¹¹ countries, with Latvia standing out with a price increase of 61%. According to the operator, the price increase in Latvia stemmed from the need to ensure the service's profitability - the price remaining unaltered since 2005.

In terms of newspapers, it was found that Portugal is well positioned in the ranking of countries, with the average of twenty countries analyzed presenting deviations above 34% compared to the price in Portugal, in euro and PPP terms.

¹¹ Germany, Austria, Belgium, Denmark, Spain, Greece, Hungary and Latvia

1 INTRODUCTION

The goal of this study is to present a comparison of prices of the most commonly used postal services within the UPS¹² in 2011, as provided by the USP, or in the case of Germany, the incumbent provider¹³, in each of the Member States of the EU. An examination is also made of the evolution of prices reported over the past three years.

The intention is to evaluate the prices of these services from the customer's point of view; as such the information on the prices charged in each Member State takes account of VAT where applicable but does not take account of any discounts, including bulk discounts, given that these target business use.

In addition to research conducted, particularly on the website of each operator, a survey was made of the regulators comprising the European Regulators Group for Postal Services (ERGP¹⁴), in order to obtain information on pricing, the factors leading to alterations in pricing compared to the last review, as well as on the application or otherwise of VAT.

As in previous studies performed by ICP-ANACOM, the services evaluated in this study are based on correspondence weighing up to twenty grams for national and intra-Community mail in the EU, in priority and non priority mode, and non-priority

¹² The Portuguese State ensures the existence and availability of the universal service, which corresponds to the permanent offer of postal services of a specific quality, provided throughout the national territory at prices which are accessible to all users; The aim of the universal service is to satisfy the communication needs of the population and of economic and social activities (art 5 of Law no. 102/99). The UPS encompasses a postal service for items of correspondence, books, catalogues, newspapers and other periodicals weighing up to 2 kilograms and parcels weighing up to 20 kilograms, as well as a service for registered items and a service for sending items of insured value. The UPS covers the postal service with national and international scope (art. 6 of Law 102/99).

¹³ In Germany, there is no designated operator.

¹⁴ Group established by EC decision of 10 August 2010 - its functions are to advise and assist the EC in consolidating the internal market for postal services and in the consistent application of the EU regulatory framework in all Member States. It consists of the independent regulators of the 27 EU member states and observers from the European Economic Area (EEA) and from EU candidate countries.

national parcels weighing up to two kilograms. These services were chosen taking into account their degree of representation in terms of volume and revenues in Portugal and in other Member States.

The comparison is complex and dependent, like any other, on the criteria used, since the services provided include a wide range of attributes¹⁵. The criteria adopted are in line with those commonly accepted in similar studies, in particular studies conducted or commissioned by the European Commission, referencing, wherever possible, notable cases, thereby ensuring that the present study provides a proper view of each operator's prices.

Additionally, this year, a comparison was made of prices charged for sending newspapers in each Member State. In this particular case, as a service provided to companies, the results are presented in euros/PPP, excluding VAT.

¹⁵ Specifically in terms of the limits of the price bands, classification as "non- priority " or "priority" and the respective transit time, national or international destinations covered, format, existence of guaranteed delivery or application of VAT.

2 BACKGROUND

Price regulation of services encompassed by the UPS concept is laid down in articles 12 and 13 of the Postal Directive 97/67/EC, as amended by Directive 2008/6/EC¹⁶. According to article 12 of the Directive, the tariffs for each of the services forming part of the provision of the universal service are to be geared to costs, transparent, non-discriminatory and affordable. As such, observing the principle of subsidiarity, the Directive allows each National Regulatory Authority (NRA) to define the form of price control to be employed.

Accordingly, a variety of procedures are found in the different Member States, *ex-ante* or *ex-post*, with or without use of price-caps. A brief summary is given below of the current situation in different EU countries in terms of regulation and the determination of UPS tariffs (see Table 1).

Table 1: UPS tariff regulation

Germany, Austria, Belgium, Denmark, Slovenia, Slovakia, Estonia, France, Hungary, Ireland, Malta, United Kingdom and Sweden	Regulation is <i>ex-ante</i> . In Austria and Belgium the price-cap system is legally permissible but unimplemented. In Denmark, in addition to <i>ex-ante</i> regulation the price-cap system has been implemented based on a basket of services.
Cyprus	Is particular in that besides <i>ex-ante</i> regulation, <i>ex-post</i> regulation is also applied.
Malta	In addition to <i>ex-ante</i> regulation the RPI- system is applied.
Italy	UPS tariffs are calculated according to the price-cap system, whereas the regulator may also apply regulation on an <i>ex-post</i> basis. There is no obligation for a uniform tariff (geographically).
Latvia	The UPS is regulated according to the price-cap system, notwithstanding that the regulator is able to apply regulation on an <i>ex-post</i> basis.
Portugal	Mixed system. The prices of the basket of reserved services are subject to <i>ex-ante</i> regulation and to compliance with a price-cap system, corresponding to the forecast inflation rate (State Budget), minus a factor of X, which in 2010 was 0.4%.

Source: ANACOM (2011a)

¹⁶ <http://www.anacom.pt/render.jsp?contentId=986233&languageId=1>

The Postal Directive, cited above, established an additional step in the process of gradual European postal market reform, with a view to the development of the postal services market, seeking full liberalization throughout the EU by 31 December 2012. However, liberalization of the sector does not mean that provision of the UPS is discontinued. The UPS will continue to be delivered in its entirety, including at least one delivery and collection on each weekday for every citizen of every EU country, except where circumstances or geographical conditions are deemed exceptional.

With the liberalization of the sector, questions have arisen as to the application of VAT on postal services. The Sixth Council Directive 77/388/EEC¹⁷ of 17.05.1977, amended on various occasions¹⁸, makes provision for the exemption of the supply of public postal services from VAT, whereas different Member States have interpreted this provision in different ways (ANACOM; 2011b).

In this context, the EC concluded that exemption from VAT would distort competition between postal service providers, whereby, in 2003, it called on the European Parliament and the Council to amend the Sixth VAT Directive so that VAT would be applied to all providers of postal services. However, the Parliament and the Council did not proceed with the EC's request (ANACOM; 2011b).

In April 2009, the European Court of Justice, in a case involving Royal Mail and TNT Post, concluded that exemption from VAT under the Sixth Directive should not be applied to all services provided by a public postal operator but only to those services made available in their capacity as USP (ANACOM; 2011b).

WIK-Consult (2010) concluded that, in the majority of Member States, the current application of VAT to postal services would distort competition. This may occur

¹⁷ Sixth Council Directive (77/388/EEC) of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment, OJ L 145 of 13.6.1977, p. 1, last amended by Directive 2006/98/EC, OJ L 363, 20.12.2006.

¹⁸ Summary of amendments available at http://europa.eu/legislation_summaries/other/l31006_en.htm

where providers of the UPS are able to exempt some of their services from VAT, while their competitors cannot. As such, these situations of unfair competition create economic distortions.

Also according to WIK-Consult (2010), exempt and non-exempt operators may not be able to compete effectively in all markets, constituting a barrier to the creation of the internal market for postal services. Moreover, problems arise from the fact that the scope of exemption is not always clear and that different Member States have arrived at different interpretations regarding the application of VAT. For example, in some Member States it is debatable whether the VAT exemption applies only to services included in the obligations of the UPS or also to other services which the USP provides to the public.

The cited study also recommends that the current system of exemptions be reformed in line with the goal of opening up the market. It also suggests that the scope of any obligation of the USP should be reduced, so that the scope of the VAT exemption is minimized (for example, applied only to the letters), or otherwise that VAT be applied to all postal services. This would eliminate economic distortions.

According to Joseph Valente (2009), the exemption enjoyed by USP's from having to charge VAT on services which they provide constitutes an important competitive advantage, while competitors are required to charge the legally applicable rate of VAT in relation to their services. VAT charged by competitors may be deducted by clients where taxable persons. However, private clients, public institutions and companies which are not eligible to deduct VAT which they have paid, will have a preference for the USP, solely due to the advantage they enjoy in this regard. Since it does not charge VAT, the USP also cannot deduct VAT which it has been charged by suppliers, leading to an increase in operating costs. However, the advantage of VAT exemption becomes an effective one, since operating costs in the postal sector largely consist of personnel costs, which are not subject to VAT.

This differentiation between operators may therefore mean that there is a no effective level playing field for new entrants competing with the incumbent operator.

In the Public Consultation¹⁹ on Postal Services, which the EC conducted in 2006, a large number of respondents indicated that the uneven application of VAT on postal services created significant distortion to the pace, extent, location and form of future competition in the postal sector. Aware that the issue of VAT falls under the remit of the European Council, respondents reiterated their expectations with regard to a solution to the problem being found at Community level.

Given the current context of the liberalization process, it is important to understand the extent to which exemption from VAT, from which CTT continues to benefit on services included within the UPS, may or may not be compatible with conditions of healthy competition in the market. In any case, it is noted that if the USP were to charge VAT on these services it could, also, recoup the value of VAT on expenses, for example, equipment, vehicles and fuel, thereby reducing its operating costs (ANACOM; 2011b).

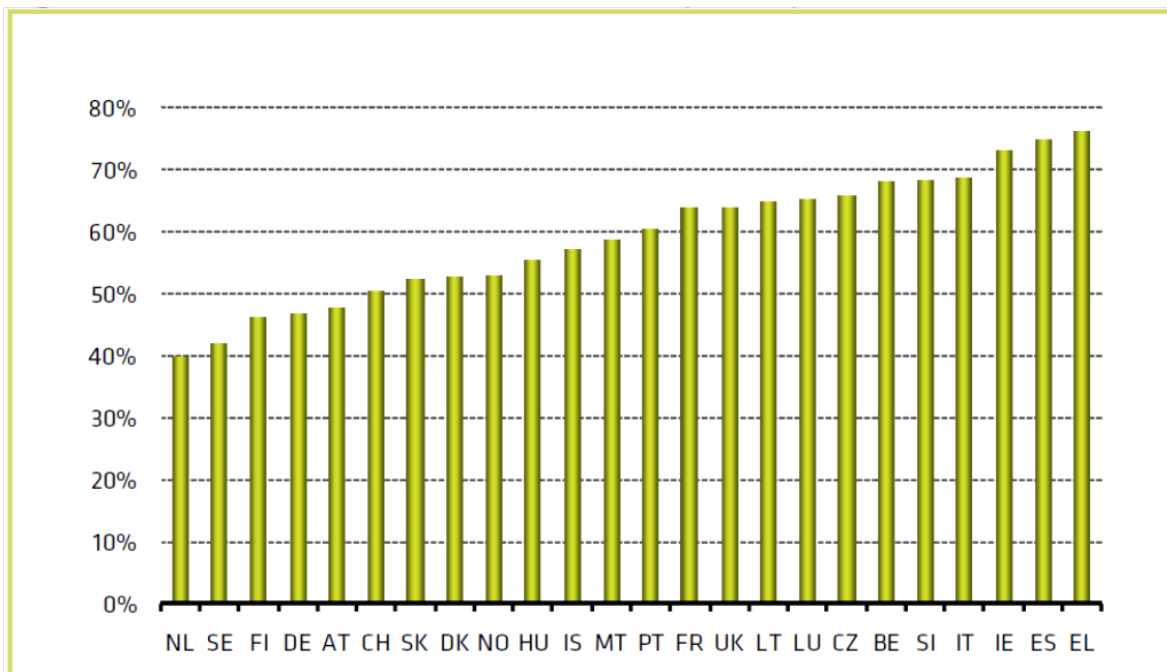
¹⁹ http://ec.europa.eu/internal_market/post/doc/consultation/sum2/part2sum_pt.pdf

3 METHODOLOGY

3.1 Exchange Rates and Purchasing Power Parity

According to Copenhagen Economics (2010), the average weight of a European USP's labour costs compared to total costs is about 60 percent. This weight varies from about 40 percent in Sweden and the Netherlands to more than 70 percent in Ireland, Spain and Greece (see Figure 1).

Figure 1: Weight of labour costs in total costs



Note: BG, CY, EE, LI, LV, PL, RO: No data available
Source: Copenhagen Economics (2010)

The use of Purchasing Power Parity (PPP) when comparing Prices in the Postal Sector at a European level is the preferred option because: the sector is seen as relatively labour-intensive; a part of the productive input and intermediate consumption, used by postal sector companies, is acquired in the domestic market; and because the companies have a very specific cost structure. Given these facts, this study, in line with previous editions, uses PPP as well as

exchange rates to make a comparison of prices²⁰. In this study, the value of PPP was calculated using the indices²¹ provided by Eurostat for the different countries and using Portugal as a base.

As a structural indicator, at the level of final expenditure, PPP gives an indication of the differences in pricing at a general level among the countries concerned. However, results based on the PPP should be analyzed with some caution, particularly when looking at trends over time and the individual "hierarchy" of countries. Indeed, over time, changes of a different nature are evident, namely, economic cycles which may be reflected in a given year in the EU reference value or particularly in Member States (which can distort analysis of a country on its own or its evolution), values (the result of price changes) which impair temporal and geographic comparisons of results expressed in PPP.

In examining the evolution and comparison of prices in euro terms, the exchange rate used was the average rate of the year being reported, obtained for each Member State from the website of Bank of Portugal. For the current year, the average exchange rate of September 2011 was considered, obtained from the same source (Annex I).

3.2 Application of VAT

As referenced in Chapter 2, provision for the exemption of public postal services from VAT is made in the Sixth VAT Directive, whereas its application by each Member State in the postal sector can be divided into four different systems:

- VAT on all products;
- Exemption from VAT in the reserved area;

²⁰ Prices expressed with PPP were calculated based on prices in euros. Where necessary, local currency prices were converted into euros, using the average exchange rate reported in September.

²¹ http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=TSIER010

- Exemption from VAT on the UPS (note is made of the differences in UPS scope among EU countries);
- Exemption from VAT on all postal services.

Three countries - Slovenia, Finland and Sweden - currently apply VAT on all postal services, including all services of the UPS. Bulgaria and Romania exempt the reserved area from VAT. Eighteen countries exempt the UPS, while four countries exempt all services offered by the USP (see Table 2).

Table 2: Application of VAT in EU Member States (2010)

VAT on postal services	Number of Countries	Countries
VAT on all products	3	Slovenia*, Finland and Sweden
Exemption from VAT in the reserved area	2	Bulgaria and Romania
Exemption from VAT in the UPS	18	Germany, Austria, Belgium, Cyprus, Denmark, Slovakia, Spain, Estonia, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Portugal and Czech Republic
Exemption from VAT on all products offered by USP	4	Luxembourg, Malta, Poland and the United Kingdom

* Since March 2011, VAT has not applied to the non-priority international service, but it is applied to the priority service based on the difference in price.

Source: ICP-ANACOM, based on Copenhagen Economics (2010) - Country files

Since the comparisons are made from a consumer perspective, VAT was included²² whenever applicable²³. As such, prices of postal services which are not exempt from this tax are, from the outset, around one fifth higher²⁴, putting these countries in a lower position when compared to others. In Finland, parcels weighing less than 15 kg became exempt from VAT in 2011.

²² VAT: Slovenia (22%), Spain (18%), Finland (22%), Italy (20%), Latvia (21%), Malta (18%), Sweden (25%).

²³ This criterion was also followed in the WIK-Consult study of 2006 and by Eurostat, for example in its publication 25/2008. Meanwhile the Free and Fair Post Initiative (FFPI), in its study "Stamp Price Survey" opted to take a business perspective, excluding VAT in countries where it applied.

²⁴ The exclusion of VAT does not significantly alter the relative position of Portugal compared to other EU countries.

3.3 Other methodological issues

The information used in this study, as regards the pricing of postal services, was obtained using data available on the website of each USP or of the incumbent, as was the case in Germany. The prices of services analyzed in the studies of 2008, 2009, 2010 and in this study in 2011, (see Annex II) were compiled during October, so that all comparisons presented in the analysis of prices refer to this month.

Additionally, a survey was conducted of each regulator belonging to ERGP to obtain information on postage prices, information on the reasons which led to alterations in pricing since the last review, as well as details on the application or exemption of VAT.

Information on prices is, in general, given in a way that is easy for consumers to consult and, with some exceptions, is also available in English. Since the perspective taken reflects the view of the private consumer, account was not taken of any discounts that are normally enjoyed by companies, except in the case of sending newspapers.

Prices trends are assessed in nominal terms, without taking into account the rate of inflation in each of the Member States concerned.

Averages of prices were calculated including Portugal, unless otherwise indicated.

4 NATIONAL AND INTERNATIONAL CORRESPONDENCE

The comparison of prices of the various USP for sending priority and non-priority national and international correspondence up to 20 grams was based on the prices charged from the perspective of private customers.

The weight limit of the first category²⁵ of these priority and non priority services is twenty grams in most countries. In ten²⁶ of the twenty-seven countries, the first category has a higher limit, which may be a factor contributing to a higher price of the service in these countries.

4.1 *Priority national correspondence*

The criterion used for selecting the relevant service was the cost incurred by a private user when sending, through the provision of the USP, a letter in standardized format of up to twenty grams, from and to the majority of the country's national territory, with delivery taking place on the day following collection.

In Portugal the service corresponding to priority national mail is "Correio Azul"²⁷, with one characteristic being that it has a transit time of D+1 on the mainland, where D is the day of acceptance. In the case of correspondence with destination or origin in the Autonomous Regions, the transit time for "Correio Azul" is D+2 while the price is the same.

In the case of Spain, the "*Cartas Ordinárias*" service was chosen; this service guarantees a transit time of D+1 within a determined region, and delivery in three working days in the rest of the national territory. The service in Spain for which a transit time of D+1 is guaranteed for the entire national territory is the "*Cartas*

²⁵ In all cases where there is a priority and non-priority service, the category has the same limits.

²⁶ In Belgium, Denmark, Slovakia, Estonia, Finland, Ireland, Malta and the Czech Republic and Poland, the limit of the first category is 50 g and is 100g in the United Kingdom.

²⁷ Correio Azul is defined by CTT as a fast mail service for correspondence weighing up to 2 kg, given priority at all stages of its transit, from dispatch to delivery.

Urgentes" service with a price of 2.60 euros, well above any other provision of any other country. The approach adopted in this study is consistent with the approaches adopted in other studies²⁸.

Based on the compiled information, it can be seen that, in 2011, seventeen²⁹ countries, including Portugal, reported prices which remained unchanged in local currency terms compared to the previous year. In eight countries³⁰ there was a reported increase in prices. Denmark stands out, with an increase of 45%. In two countries, Slovenia and Bulgaria, there was a decline in prices of about 7% and 6% respectively.

According to the Danish operator, Post Danmark, the price increase in Denmark stems from a historical decline in letter and parcel volumes, and a consequent drop in the operating profits which significantly outpaced reductions in costs.

The price reductions in Slovenia result from exemption from VAT as from January 2011. Accordingly, the price of the services charged to end-users decreased by 7%. However, comparing the price without VAT, there was an increase of 12%.

In Bulgaria, according to the country's regulator, the reduction of 15% in the price of the priority national service was in line with the principle of cost orientation of prices, whereby a change in cost levels was reflected in a change in pricing.

Compared to 2008, sixteen³¹ countries reported an increase in prices in local currency terms, with Romania reporting the largest variation - 60%. Another nine³²

²⁸ "Main Developments in the Postal Sector (2004--2008) ", WIK-Consult, September 2008, and "Postal Services in Europe 2006", Eurostat, 2008.

²⁹ Germany, Cyprus, Slovakia, Estonia, Finland, France, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Czech Republic, Romania and Sweden.

³⁰ Austria (13%), Belgium (3%), Denmark (45%), Spain (3%), Greece (3%), The Netherlands (5%), Hungary (10%) and United Kingdom (12%).

³¹ Austria (13%), Belgium (31%), Denmark (46%), Slovakia (14%), Slovenia (17%), Spain (13%), Finland (7%), France (6%), Greece (15%), The Netherlands (5%), Hungary (15%), Latvia (29%), Luxembourg (20%), United Kingdom (28%), Romania (60%), Sweden (9%).

³² Germany, Cyprus, Estonia, Ireland, Italy, Lithuania, Malta, Portugal and the Czech Republic.

countries saw no change in prices³³ and two, Bulgaria and Poland, reported a reduction³⁴ in prices. In the case of Poland, this reduction is amplified when the comparison is made in euro terms due to an exchange rate variation of about 20% occurring between 2008 and 2011 (see Figure 2).

Based on a price comparison using current exchange rates (see Figure 2), it is seen that the average price of national priority mail in the EU has increased by 3.7% (1.85 cents) over 2010, with a current value of 0.52 euros. Of all EU countries, thirteen³⁵ have prices in euro terms below the average, including Portugal with a price of 0.47 euros.

In 2011, out of the twenty-seven countries providing this service to its citizens, Portugal had the twelfth lowest price, having risen two places compared to 2010³⁶. The difference between the highest and lowest price in the EU is 0.88 euros³⁷, with the lowest price found in Malta (0.19 euros) and the highest in Denmark (1.07 euros).

³³ In Portugal, there was a price increase from 0.45 euros to 0.47 euros occurring in August 2008, and therefore not captured in the evolution.

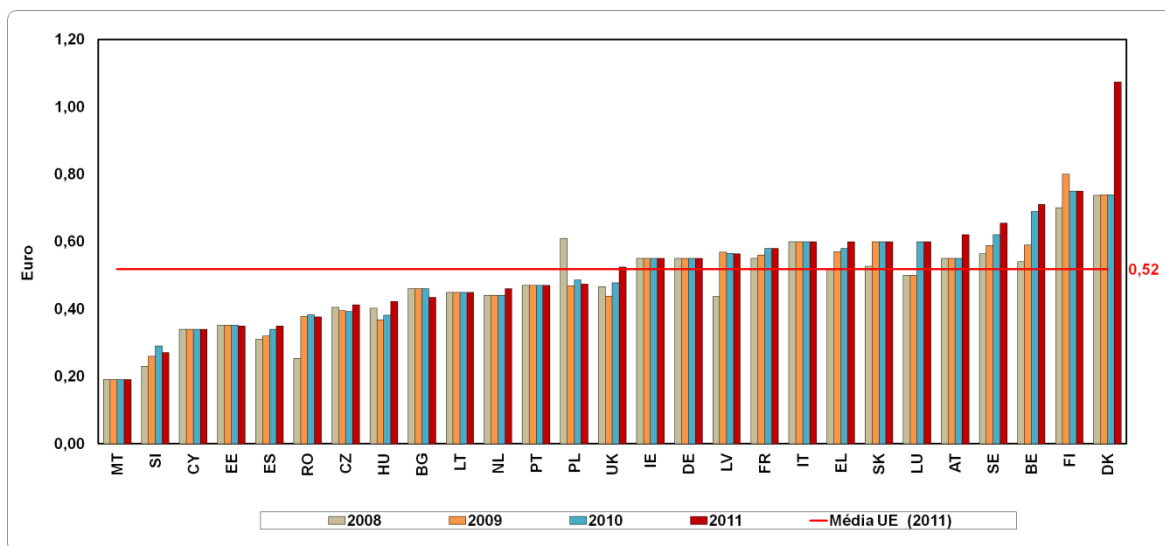
³⁴ Bulgaria (6%) and Poland (7%).

³⁵ Bulgaria, Cyprus, Slovenia, Spain, Estonia, the Netherlands, Hungary, Lithuania, Malta, Portugal, Poland, the Czech Republic and Romania.

³⁶ In 2009 and 2008 Portugal was in the fourteenth position.

³⁷ In 2010, 2009 and 2008 the difference between the highest and the lowest price was reported at 0.56, 0.61 and 0.55 euros respectively.

Figure 2: Comparison of priority national mail prices



Source: ICP-ANACOM

Table 3 shows the evolution in the average prices charged for priority national mail from 2008 to 2011, among Member States in euros. In euro terms, the EU's annual average has been increasing by about 3% per year since 2008, rising 10% between 2008 and 2011 and 4% between 2010 and 2011. The price of priority national mail in Portugal has remained unchanged in euro terms since 2008, remaining below the EU average, whereby the deviation between the price in Portugal and the EU average has been increasing, and was reported at approximately 10% in 2011.

Table 3: Statistical indicators, in euros, on pricing of priority national mail service

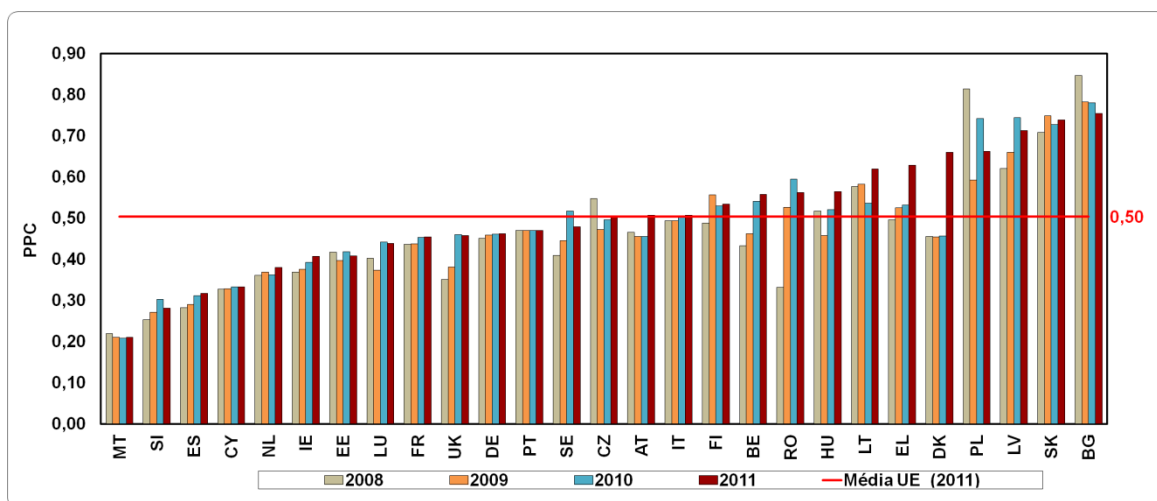
	2008	2009	2010	2011
EU Average	0.470 €	0.485 €	0.499 €	0.518 €
Annual change	-	3%	3%	4%
Deviation from EU average ex. PT	-0.1%	-3.2%	-6.0%	-10%
Coefficient of variation	28%	28%	27%	33%

Source: ICP-ANACOM

It is also evident that the coefficient of variation³⁸ in 2011 (33%) increased compared to 2010 (27%) and compared to 2008 (28%), that is, deviations from the average widened.

The comparison of prices using PPP, Figure 3, shows that, out of the twenty-seven countries that provide this service to its citizens, Portugal has the twelfth lowest value, when in 2010 it was ranked fourteenth. Since 2008, Portugal's position has improved³⁹ compared to other EU countries, and has improved five places compared to 2008. Malta remains the country ranked first in ascending order, with Bulgaria last.

Figure 3: Comparison of prices of priority national mail with PPP



Source: ICP-ANACOM

The average EU price, in PPP terms, increased by 2% in 2011 compared to the previous year. Of all EU countries, fourteen⁴⁰ have prices below the EU average.

³⁸ A standard deviation may be considered small or large depending on the magnitude of the variable. One way of expressing the variability of the data removing the influence of the magnitude of the variable is through the coefficient of variation (CV), defined by the ratio between the average and standard deviation: the lower the CV, the more homogeneous the data set. A CV is considered low (indicating a reasonably homogeneous dataset) when less than or equal to 25%.

³⁹ In 2008 and 2009 Portugal was in seventeenth position.

⁴⁰ Malta, Slovenia, Spain, Cyprus, the Netherlands, Ireland, Estonia, Luxembourg, France, the United Kingdom, Germany, Portugal, Sweden and Czech Republic.

The difference between the highest and lowest value in the EU is 0.54 euros⁴¹ - a narrower range of values than that obtained when using exchange rates.

Of these fourteen countries with prices in PPP terms below the EU average, eight⁴² also have prices below the EU average in euro terms.

In seventeen countries⁴³ a price increase was reported in PPP terms, ranging from a minimum of 0.2% in Germany, up to 45% in Denmark. Nine countries⁴⁴ reduced values in PPP terms, with the greatest reduction occurring in Poland (11%). Since 2008, it can be seen that prices in PPP terms have increased annually in twenty-one countries⁴⁵ of the EU and decreased in five countries⁴⁶.

In terms of prices using PPP (Table 4), the EU average in 2011 increased by 8% compared to 2008 and by 2% compared to 2010. The price in Portugal is below the EU average (7%), with the deviation increasing compared to the previous years.

⁴¹ In 2008, 2009 and 2010 it was reported at 0.63, 0.57 and 0.66 respectively.

⁴² Cyprus, Slovenia, Spain, Estonia, the Netherlands, Malta, Portugal and the Czech Republic.

⁴³ Germany (0.2%), Cyprus (0.2%), France (0.3%), Italy (0.8%), Finland (0.9%), the Czech Republic (1.1%), Malta (1.2%), Slovakia (1.5%), Spain (1.7%), Belgium (3.0%), Ireland (3.7%), the Netherlands (4.9%), Hungary (8.5%), Austria (11.4%), Lithuania (15.5%), Greece (18.1%) and Denmark (44.7%).

⁴⁴ Bulgaria (3.3%), Slovenia (7.0%), Estonia (2.3%), Latvia (4.2%), Luxembourg (0.8%), Poland (10.7%), United Kingdom (0.5%), Romania (5.3%) and Sweden (7.5%),

⁴⁵ Germany (3%), Austria (9%), Belgium (29%), Cyprus (2%), Denmark (45%), Slovakia (4%), Slovenia (11%), Spain (12%), Finland (10%), France (4%), Greece (27%), The Netherlands (5%), Hungary (9%), Ireland (10%), Italy (3%), Latvia (15%), Lithuania (7%), Luxembourg (9%), the United Kingdom (31%), Romania (70%) and Sweden (17%).

⁴⁶ Bulgaria (11%), Estonia (2%), Malta (4%), Poland (19%) and the Czech Republic (8%).

Table 4: Statistical indicators, in PPP terms, on pricing of priority national mail service

	2008	2009	2010	2011
EU Average	0.465	0.466	0.495	0.504
Annual change	-	0%	6%	2%
Deviation from EU average ex. PT	-1.3%	0.9%	-5.3%	-7.0%
Coefficient of variation	33%	28%	30%	27%

Source: ICP-ANACOM

The coefficient of variation in 2011 (27%) fell compared to 2010 (30%), and also compared to 2008 (33%). This suggests that in the period 2008 to 2011 the deviations from the mean narrowed.

4.2 Non-priority national correspondence

The criterion used to determine non-priority national correspondence was the price charged to a consumer for sending, in non-priority mode through the provision of UPS, a letter in a standardized format weighing up to twenty grams in most parts of the national territory in each of the EU countries. In the EU, only fourteen of the twenty-seven countries provide this service.

In Portugal, the national service on the mainland and autonomous regions, comprised by provision of the universal service for non-priority national correspondence is the "*Correio Normal*" service up to twenty grams, provided by CTT, with a transit time of three working days following acceptance for delivery to the mainland and the Autonomous Regions. Of the twenty-seven Member States only fourteen offer this service.

Based on the information compiled, it is seen that compared to 2010, in 2011, there was an increase in prices in local currency terms reported in four countries⁴⁷ between 4% and 20%, reported in Greece and Denmark respectively. When

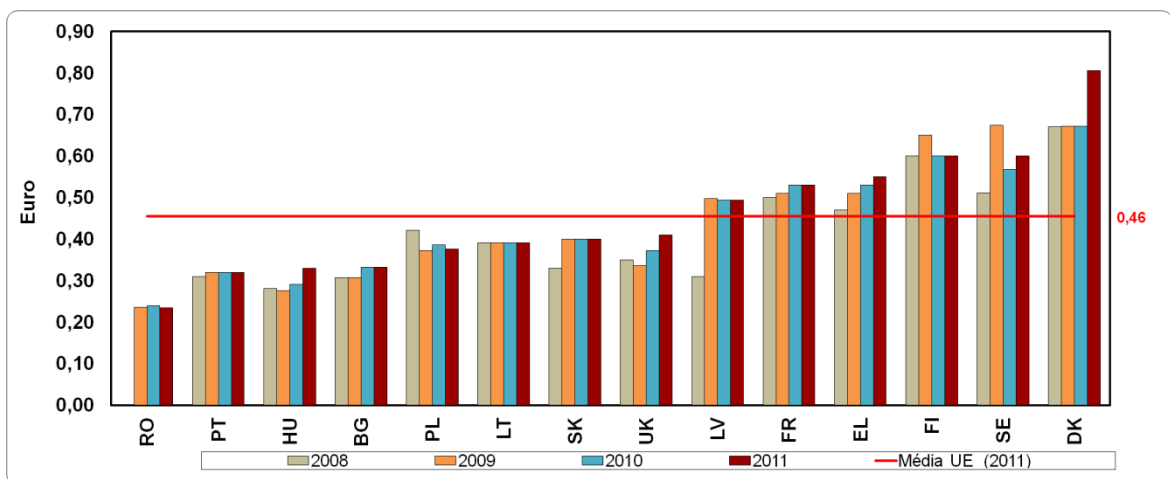
⁴⁷ Greece (4%), Hungary (13%), United Kingdom (13%) and Denmark (20%).

analyzing the evolution of prices⁴⁸ since 2008 in local currency, it seen that prices increased in eleven countries⁴⁹.

Figure 4 gives a comparison based on current exchange rates. In 2011, the difference between the highest and lowest price in the EU was 0.57 euros⁵⁰. The maximum price charged is about three times the minimum price charged.

In 2011, eight of the fourteen EU countries in question⁵¹, Including Portugal, reported prices below the EU average (Figure 4). Portugal has the second lowest price, with an improvement reported in its position over 2010.

Figure 4: Comparison of non-priority national mail prices



Source: ICP-ANACOM

Table 5 summarizes the evolution of the average prices of the national non-priority service in the EU, in euro terms, between 2008 and 2011. In 2011 there was an increase in the average EU price of 4% in relation to 2010, and an increase of 9% compared to 2008.

⁴⁸ In Portugal, a price increase from 0.30 euros to 0.31 euros occurred in August 2008, and is therefore not covered by this analysis.

⁴⁹ Portugal (3.2%), France (6.0%), Poland (6.9%), Bulgaria (8.3%), Sweden (10.0%), Greece (17.0%), Denmark (20.0%), Slovakia (21.4%), Hungary (28.6%), United Kingdom (33.3%) and Latvia (59.1%).

⁵⁰ In 2008, 2009 and 2010, the same difference was reported at 0.42, 0.44 and 0.43 euros respectively.

⁵¹ Romania, Hungary, Bulgaria, United Kingdom, Portugal, Poland, Lithuania and Slovakia.

Table 5: Statistical indicators, in euros, on pricing of non-priority national mail service

	2008	2009	2010	2011
EU Average	0.417 €	0.439 €	0.438 €	0.455 €
Annual change	-	5%	0%	4%
Deviation from EU average ex. PT	-28.3%	-29.6%	-28.4%	-31.3%
Coefficient of variation	33%	34%	29%	33%

Source: ICP-ANACOM

It is also reported that the 2011 coefficient of variation (33%) increased compared to 2010 (29%), returning to the value of 2008; this shows increased deviations from the mean compared to 2010.

The comparison of prices using PPP, Figure 5, makes it possible to gauge the affordability of non-priority national mail in the fourteen EU countries where this service is available. Seven countries⁵² have prices which are below the EU average, including Portugal.

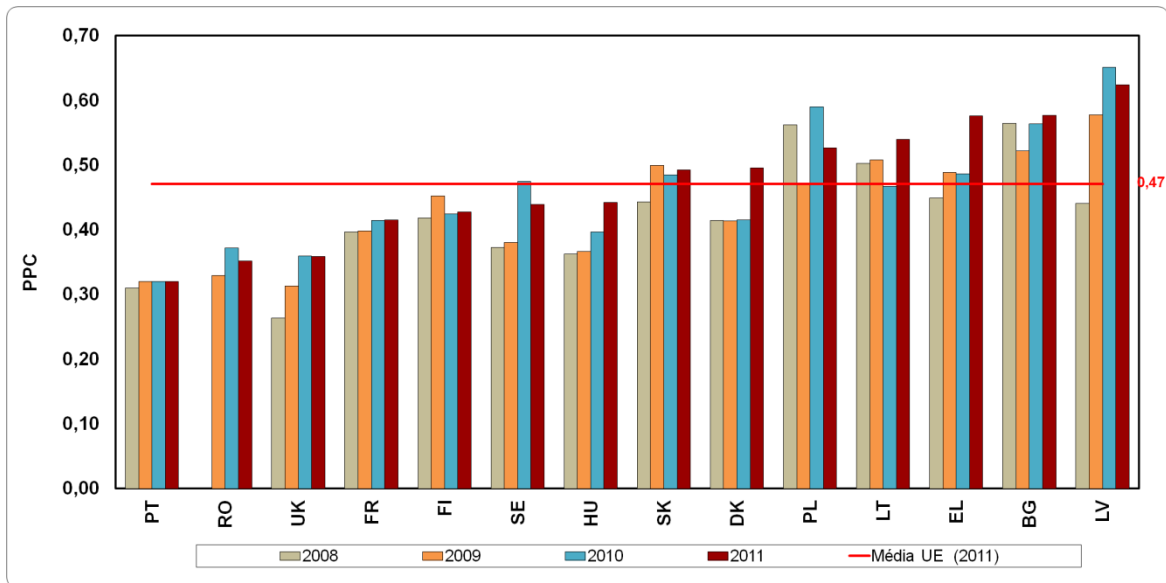
The difference between the highest and the lowest value charged was 0.30 in 2011, lower than in 2009 when this difference was reported at 0.33 - a narrower range of values than the range obtained when using exchange rates.

Of the seven countries which have prices below the EU average in PPP terms, four⁵³, including Portugal, also have prices below the EU average in euro terms.

⁵² Sweden, France, United Kingdom, Romania, Hungary, Finland and Portugal.

⁵³ United Kingdom, Hungary, Portugal and Romania.

Figure 5: Comparison of prices of non-priority national mail in PPP terms



Source: ICP-ANACOM

In 2011, there were price increases in PPP terms in eight countries⁵⁴, ranging from a minimum of 0.3% in France, up to 19% in Denmark. Five countries⁵⁵ reduced prices in PPP terms.

Between 2008 and 2011, there was a reduction in prices in PPP terms in Poland (6%), while in the remaining countries⁵⁶ prices increased. This decline in Poland is due to the appreciation of the Polish *Zloty* during the period being reported, totalling about 19.6%.

In PPP terms (Table 6), the average EU price increased by 3% compared to 2010 and by 10.9% compared to 2008. Pricing of the non-priority national mail service in Portugal remained significantly below the EU average in PPP terms (with a deviation of more than 30%) during the years being reported.

⁵⁴ France (0.3%), Finland (0.9%), Slovakia (1.5%), Bulgaria (2.4%), Hungary (11.5%), Lithuania (15.5%), Greece (18.5%) and Denmark (19.4%).

⁵⁵ Sweden (7%), Poland (11%), Latvia (4%), Romania (5%) and United Kingdom (0.2%).

⁵⁶ Bulgaria (2%), Finland (2%), Portugal (3%), France (5%), Slovakia (11%), Sweden (18%), Denmark (20%), Hungary (2%), Greece (28%), United Kingdom (36%), Latvia (42%) and Lithuania (7%).

Table 6: Statistical data, in PPP terms, on prices of the non-priority national service

	2008	2009	2010	2011
EU Average	0.424	0.431	0.458	0.470
Annual change	-	1.7%	6.3%	2.6%
Deviation from EU average ex. PT	-28%	-28%	-32%	-34%
Coefficient of variation	22%	19%	20%	20%

Source: ICP-ANACOM

The coefficient of variation in 2011 (20%) remained in line with 2010 and declined compared to 2008 (22%). This suggests that in the period 2008 to 2011, deviations from the mean narrowed.

4.3 Priority cross-border intra-community correspondence

Under the Postal Directive, the quality standards for priority cross-border intra-community mail are to be defined according to transit time, measured between the point of access to the network and point of delivery at the destination, with respect to the fastest standardised category, whereby not less than 85% of items are to be delivered (D+3) and not less than 97% of items delivered (D+5)⁵⁷.

As such, the criterion used in comparing prices in priority cross-border intra-community correspondence was the price charged to the private consumer for sending a letter in a standardized format weighing up to twenty grams in priority mode to any EU country, with a transit time⁵⁸ not exceeding three days.

⁵⁷ The date of deposit, D, is the date on which the item to be sent is deposited, when occurring prior to the last collection indicated for the point of access in question. When deposit takes place after this last collection, the date of deposit, D, is counted as the following day of collection. In Portugal these standards are laid down in the *Convénio de Qualidade* (Quality Convention) governing the UPS and correspond to Quality of Service Indicators (QSI) 7 - Transit time for Intra-community cross-border mail (D+3) and QSI8 - Transit time for Intra-community cross-border mail (D+5).

⁵⁸ Transit time up to X day(s): delivery to the recipient up to X working day(s) following deposit of the item in a mail reception point.

In compiling the data, it was considered that the service's categorization by the operator as "*priority*" or "*first class*" indicated fulfilment of the requirements of the Postal Directive in terms of transit time.

In Portugal, according to information made available to the public in terms of priority intra-community items, there is "*Correio Azul Internacional*" with a price of 1.85 euros and with a transit time of up to three days and "*Correio Normal Internacional*" with a price of 0.68 euros⁵⁹ and a transit time of up to five working days. According to this information "*Correio Azul Internacional*" is to be used in the comparison, resulting in the highest price in the EU.

According to information from CTT, provision of "*Correio Normal Internacional*" employs priority routing⁶⁰, with the transit time assessed in terms of the Quality of Service Indices of the *Convénio de Qualidade* (Quality Convention) of the UPS, and involves use of a "*Priority*" or "*Avião/Priority*" sticker, so that it is in line with the quality standards established for cross-border intra-community mail.

It is therefore fitting to use the "*Correio Normal Internacional*" service in the study; moreover, this service has also been selected as representative under the criteria of the study of ITA Consulting & WIK-Consult (2009) and of Eurostat (2011). This was also the criterion used in previous studies performed by ICP-ANACOM.

Based on the information compiled, it can be seen that in sixteen countries⁶¹, including Portugal, prices remained unchanged compared to 2010, in local currency terms. There were price increases in eleven countries⁶², ranging from 1.6% in Spain to 29.4% in Denmark. Between 2008 and 2010, and in local

⁵⁹ Except Spain, for which the price corresponding to this mode is 0.57 euros.

⁶⁰ CTT has three levels of service when it comes to international delivery: 1) "*Correio Azul Internacional*", 2) "*Correio Normal Internacional*" and 3) "*Correio Económico Internacional*". All levels except "*Correio Económico Internacional*" comprise the priority category.

⁶¹ Bulgaria, Cyprus, Slovakia, Finland, France, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Czech Republic, Romania and Sweden.

⁶² Germany (7.1%), Austria (3.0%), Denmark (29.4%), Slovenia (5.0%), Spain (1.6%), Estonia (0.8%), Greece (4.2%), Netherlands (2.6%), Italy (15.4%) and United Kingdom (13.3%).

currency terms, there were price increases in eleven countries⁶³ whereas in sixteen⁶⁴ there was no change.

The case of Italy should be highlighted as having the only service among those analysed in which a price increase was reported.

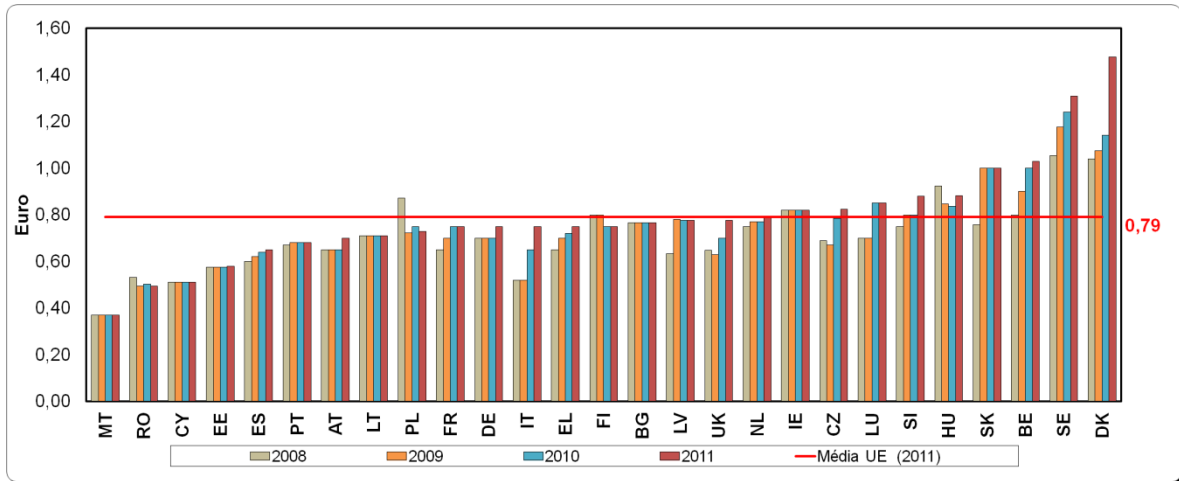
In Denmark, the reason explaining the increase is the same as that given for the increases affecting other services, i.e., the historical decline in the volume of letters and parcels. As a result, operating profits declined at a much faster rate than could be offset by cost reductions. As such, in addition to implementing price increases, Post Danmark has launched a wide-ranging rationalization programme to bring costs into line with revenues.

⁶³ Estonia (0.8%), Spain (1.6%), Netherlands (2.6%), Belgium (3.0%), Greece (4.2%), Slovenia (5.0%), Germany (7.1%), Austria (7.7%), United Kingdom (13.3%), Italy (15.4%) and Denmark (29.4%).

⁶⁴ Bulgaria, Cyprus, Slovakia, Finland, France, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Czech Republic, Romania and Sweden.

Figure 6, presents a comparison of prices charged for priority intra-community mail, spanning 2008 to 2011 and based on current exchange rates. Among the set of twenty-seven countries providing this service to its citizens, the price in Portugal in 2011 is the sixth lowest price in a direct comparison. In 2010, the price in Portugal was the eighth lowest. Since 2008, Portugal's position has improved compared to other countries.

Figure 6: Comparison of prices charged for priority cross-border intra-community mail



Source: ICP-ANACOM

Based on the comparison in terms of current exchange rates, it is seen that the average price of priority intra-community mail increased 3% over 2010. Of all EU countries, eighteen⁶⁵ charge prices below the EU average, including Portugal. The highest price is charged in Denmark, about four times higher than the lowest price, available in Malta.

Table 7 summarizes the evolution of prices in the EU, in euro terms, charged for the priority intra-community service between 2008 and 2011. In 2011 there was an increase in the average EU price of 3% compared to 2010⁶⁶, in euro terms. Compared to 2008 there was an increase in the EU average prices of 12%. The price of the priority intra-community mail service in Portugal, in euro terms, remains below the EU average (14.7% in 2011).

⁶⁵ Malta, Romania, Cyprus, Estonia, Spain, Portugal, Austria, Lithuania, Poland, France, Germany, Italy, Greece, Finland, Bulgaria, Latvia, United Kingdom and Netherlands.

⁶⁶ Average of 0.71 euros in 2008, 0.74 euros in 2009, 0.78 euros in 2010 and 0.79 euros in 2011.

Table 7: Statistical indicators, in euros, on pricing of the priority intra-community service

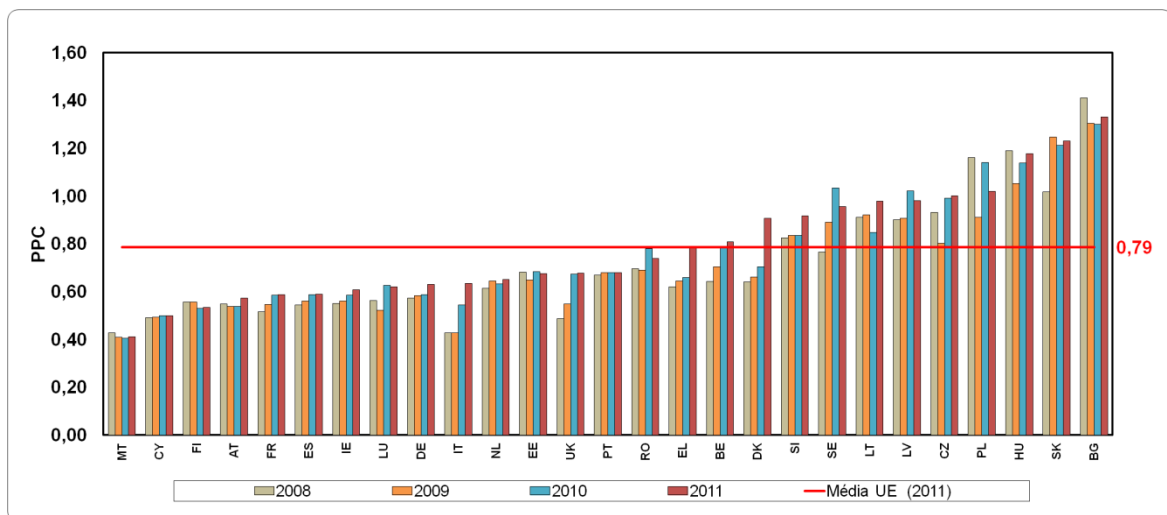
	2008	2009	2010	2011
EU Average	0.709 €	0.741 €	0.766 €	0.791 €
Annual change	-	4%	4%	3%
Deviation from EU average ex. PT	-5%	-7%	-12%	-15%
Coefficient of variation	22%	29%	25%	28%

Source: ICP-ANACOM

It is also reported that the coefficient of variation in 2011 (28%) increased compared to 2010 (25%), showing that, on average, the deviations from the average widened. The same applies with regard to 2008 when the variation coefficient was reported at 22%

Figure 7, presents an evolutionary comparison of prices charged for priority intra-community mail between 2008 to 2011, in PPP terms. Portugal was ranked fourteenth, in line with 2010.

Figure 7: Comparison of priority intra-community mail prices, in PPP terms



Source: ICP-ANACOM

Of all EU countries, sixteen⁶⁷ charge prices below the EU average, including Portugal. In 2011 the highest price in PPP terms, found in Bulgaria, is about three times higher than the lowest, found in Malta - a value identical to that observed when using exchange rates.

In twenty countries⁶⁸ price increases were reported in PPP terms, ranging from 0.2% in Cyprus, up to 28.7% in Denmark. Six countries⁶⁹ saw a reduction in values in PPP terms in 2011 compared to 2010.

Since 2008, there has been an annual increase in prices in PPP terms reported in twenty-one countries⁷⁰ of the EU, with annual decreases in six⁷¹ countries.

Table 8 summarizes the evolution of prices, in PPP terms, of the priority intra-community service between 2008 and 2011 and with an increase in the average reported since 2008 (about 1% and 9% compared to 2010 and 2008 respectively). In Portugal, the price of this service remains below the EU average (14% in 2011), with an increasing deviation which reflects increasing affordability compared to other countries.

⁶⁷ Malta, Cyprus, Finland, Austria, France, Spain, Ireland, Luxembourg, Germany, Italy, Netherlands, Estonia, United Kingdom, Portugal, Romania and Greece.

⁶⁸ Cyprus (0.2%), France (0.3%), Spain (0.4%), United Kingdom (0.5%), Finland (0.9%), Czech Republic (1.1%), Hungary (3.4%), Malta (1.2%), Slovakia (1.5%), Bulgaria (2.4%), Netherlands (2.9%), Belgium (3.1%), Ireland (3.7%), Slovenia (4.6%), Austria (6.4%), Germany (7.3%), Lithuania (15.5%), Italy (16.4%), Greece (19.0%) and Denmark (28.7%).

⁶⁹ Sweden (7.5%), Poland (10.7%), Latvia (4.2%), Romania (5.3%), Estonia (1.1%) and Luxembourg (0.8%).

⁷⁰ Germany (9.8%), Austria (4.1%), Belgium (25%), Cyprus (1.6%), Denmark (41%), Slovakia (20%), Slovenia (11%), Spain (7.8%), France (14%), Greece (26%), Netherlands (5.9%), Ireland (10%), Italy (48%), Latvia (8.8%), Lithuania (7.2%), Luxembourg (10%), Portugal (1.4%), United Kingdom (38%), Czech Republic (7.6%), Romania (6.0%) and Sweden (24%).

⁷¹ Bulgaria (5.7%), Estonia (0.9%), Finland (4.1%), Lithuania (2.7%), Malta (3.9%) and Poland (9.0%).

Table 8: Statistical indicators, in PPP terms, on pricing of the priority intra-community service

	2008	2009	2010	2011
EU Average	0.718	0.714	0.776	0.786
Annual change	-	-1%	9%	1%
Deviation from EU average ex. PT	-7.6%	-5.1%	-13%	-14%
Coefficient of variation	35%	32%	35%	30%

Source: ICP-ANACOM

The coefficient of variation in 2011 (30%) fell compared to 2010 (35%), and also fell compared to 2008 (35%). This indicates that in the period 2008 to 2011, on average, the deviations from the mean narrowed. This result is the opposite to that reported in the comparison using exchange rates, which may mean that differences in affordability for customers of this service in the different the Member States are narrowing, despite a growing disparity of prices in euro terms.

4.4 Non-priority cross-border intra-community correspondence

The criterion used in comparing prices of non-priority cross-border intra-community correspondence was the price charged to the consumer⁷² for sending a letter in a standardized format weighing up to twenty grams in economic mode to any EU country, excluding outlying areas of the EU. Only thirteen of the twenty-seven EU countries have this service. In 2010, provision of this service was discontinued in Sweden and Italy.

The economic service provided by Estonia's USP was not considered in this study, since it has a geographical distribution which is limited to certain countries - Iceland, Lithuania, Lithuania, Norway, Sweden, Finland and Denmark.

⁷² There is no uniform designation for this service and it is designated as "economic mail" or "2nd class" depending on the country in question.

The "*Correio Económico Internacional*" (International economic mail) service⁷³ offered by CTT, with a delivery time of 10 working days for Europe and with a price of 0.67 euros for Europe⁷⁴ was used for the purposes of this study.

Based on the information obtained, it can be seen that, in 2011, prices remained unchanged in nine countries⁷⁵, including Portugal, in local currency terms. Among this set of countries is Cyprus, which, since 2008, has had the lowest price in the EU for this service - priced at 0.34 euros in 2011. In four countries⁷⁶ there were price increases, ranging from 4.5% in Greece to 12.5% in Denmark.

In local currency terms, price variations between 2008 and 2010 were positive in six countries⁷⁷ ⁷⁸ and five countries⁷⁹ saw prices remain unchanged. In two countries there was a decrease in prices - Bulgaria and Finland where prices fell by about 17% and 7%, respectively. In Bulgaria, the price reduction was due to the fact that prices are cost-oriented, whereby a change in costs led to a change in prices. The reduction in Finland was due to the fact that, since 2010, it has been the policy of the operator to move towards identical national and intra-community pricing, with the only difference resulting from the service's classification as priority or non-priority; as a result, the difference in tariffs has been seen to narrow.

In ascending order, Figure 8 and Figure 9 give comparisons using the current exchange rate and using PPP. The highest price, charged by the USP of Denmark, is about four times the lowest price, charged in Cyprus. Out of the thirteen countries which provide this service to its citizens, the price in Portugal is

73

http://www.ctt.pt/fectt/wcmservlet/ctt/particulares/correio/envios_internacionais/correio_normal/correio_economico.html

⁷⁴ With the exception of Spain for which the price is 0.55 euros.

⁷⁵ Bulgaria, Cyprus, Slovakia, Slovenia, Hungary, Latvia, Lithuania, Poland, Portugal and Romania.

⁷⁶ Denmark (12.5%), Finland (8.3%), Greece (4.5%) and Hungary (4.8%).

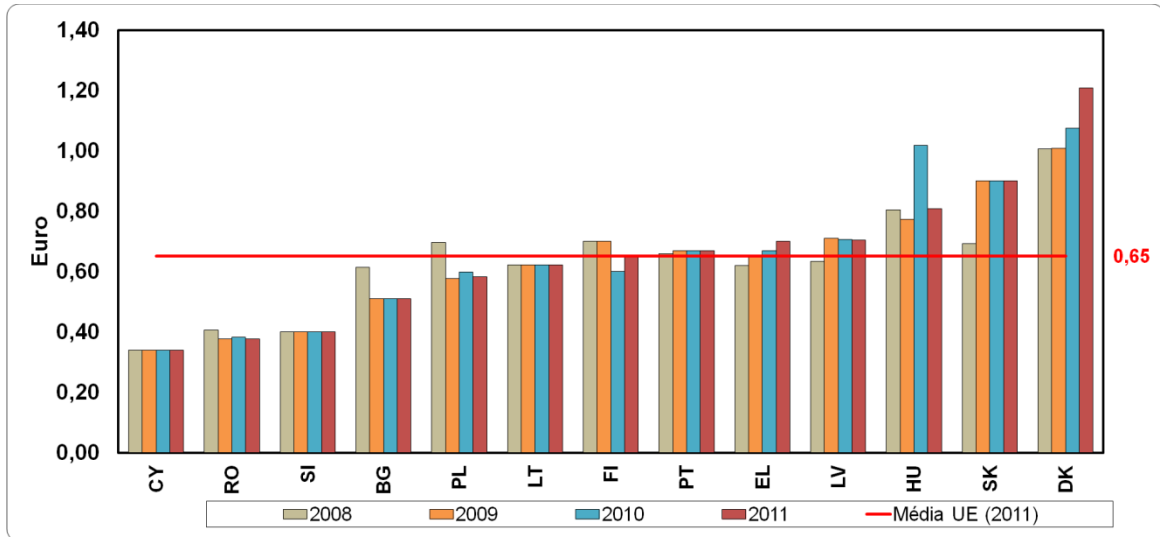
⁷⁷ Portugal (2%), Denmark (20%), Latvia (11%), Greece (13%), Slovakia (30%) and Hungary (40%).

⁷⁸ In Portugal, a price increase from 0.60 euros to 0.66 euros occurred in August 2008, and is therefore not covered by this analysis (see **Other methodological issues**).

⁷⁹ Bulgaria, Slovenia, Lithuania, Poland and Romania.

the eighth lowest, as in previous years. Of the thirteen EU countries that provide this service, seven⁸⁰ have prices below the EU average.

Figure 8: Comparison of prices of non-priority cross-border intra-community mail



Source: ICP-ANACOM

Table 9 summarizes the evolution of price charged for the non-priority intra-community service between 2008 and 2011, in the EU, in euro terms. It can be seen that the average price of non-priority intra-community mail decreased 0.2% compared to 2010 and increased 3% compared to 2008. In 2011, prices in Portugal were 3% above the EU average, moving closer into line with the average.

Table 9: Statistical indicators, in euros, on pricing of non-priority intra-community service

	2008	2009	2010	2011
EU Average	0.630 €	0.634 €	0.653 €	0.652 €
Annual variation	-	1%	3%	-0.2%
Deviation from EU average ex. PT	11%	11%	11%	3%
Coefficient of variation	28%	31%	35%	36%

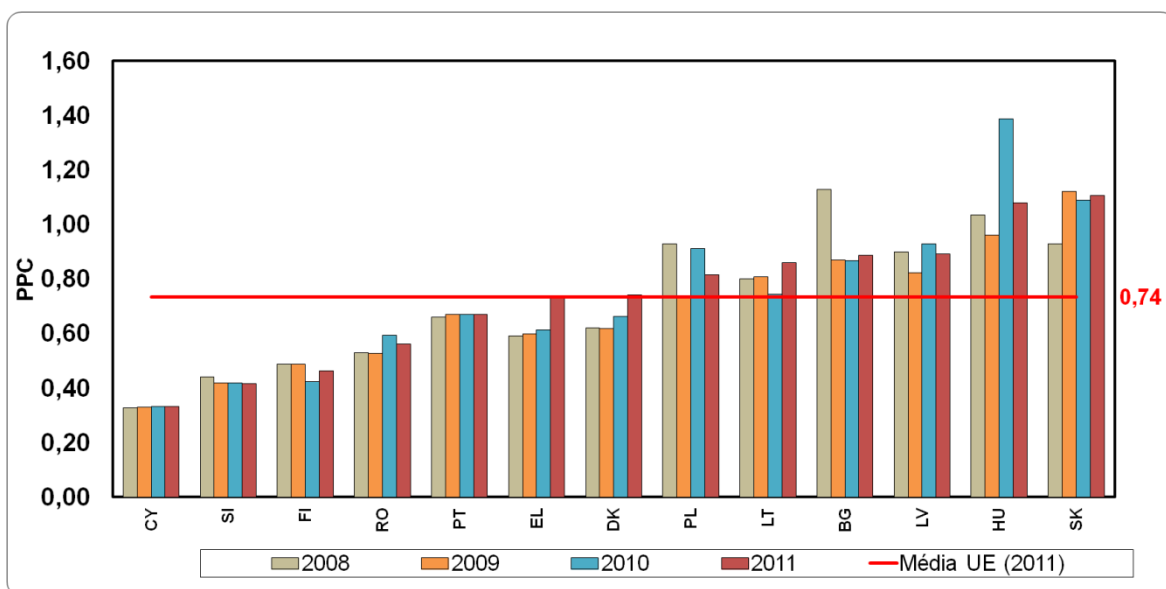
Source: ICP-ANACOM

⁸⁰ Cyprus, Romania, Slovenia, Bulgaria, Poland, Lithuania and Finland.

It is also seen that the coefficient of variation in 2011 (36%) increased slightly from 2010 (35%), extending the trend of widening deviation from the average recorded since 2008 - in 2008, the coefficient of variation was 28%.

When the comparison is made with PPP (Figure 9) among the thirteen countries that provide this service to its citizens, the prices in Portugal are the fifth lowest, compared to seventh in 2010.

Figure 9: Comparison of prices of non-priority cross-border intra-community mail based on PPP



Source: ICP-ANACOM

Of the thirteen countries that provide this service, six⁸¹ report prices which are below the EU average, including Portugal. The highest price in PPP terms, reported in Slovakia, is about three times higher than the lowest price, found in Cyprus.

From the set of countries with prices in PPP terms which are below the EU average, four⁸² also have prices below the EU average in euro terms. Prices in

⁸¹ Cyprus, Slovenia, Finland, Romania, Portugal and Greece.

⁸² Cyprus, Slovenia, Finland and Romania.

Portugal and Greece, which are above average in euro terms, are below average in PPP terms. Meanwhile, three countries⁸³ where prices were below the average in euro terms, have prices which are above average in PPP terms.

In seven countries⁸⁴ price increases were reported in PPP terms in 2011 compared to 2010, ranging from 0.2% in Cyprus, up to 19.3% in Greece. Five countries⁸⁵ reported a reduction in values in PPP terms, with the largest variation reported in Hungary (22.1%).

The three countries with the largest positive variation in PPP terms since 2008 are Hungary with a total price increase of 33%, followed by Greece (24%) and Denmark (20%). Inversely, the countries with the largest negative variation are Bulgaria (21%), Finland (12%) and Poland (12%).

Table 10 summarizes the evolution of the non-priority intra-community service in the EU between 2008 and 2011, in PPP terms. The EU average fell by 1% and 2% compared to 2010 and 2008 respectively. In 2011, the price in Portugal in PPP terms was 10% below the EU average.

Table 10: Statistical indicators, in PPP, on pricing of non-priority intra-community service

	2008	2009	2010	2011
EU Average	0.722	0.690	0.742	0.736
Annual variation	-	-4%	8%	-1%
Deviation from EU average ex. PT	-10%	-10%	-10%	-10%
Coefficient of variation	35%	33%	40%	33%

Source: ICP-ANACOM

⁸³ Bulgaria, Lithuania and Poland.

⁸⁴ Bulgaria (2%), Cyprus (0.2%), Denmark (12%), Slovakia (2%), Finland (1%), Greece (19%) and Lithuania (16%).

⁸⁵ Slovakia (0.2%), Hungary (1%), Latvia (4%), Romania (5%) and Poland (11%).

It was also found that the coefficient of variation in 2011 (33%) declined compared to 2010 (40%) and compared to 2008 (35%). This suggests that deviations from the average narrowed in the period from 2008 to 2011. This result is the opposite to that reported when the comparison is made using exchange rates, which may mean that differences in affordability for customers of this service in the different the Member States are narrowing, despite a growing disparity of prices in euro terms.

5 NATIONAL PARCELS

When it comes to the parcels service, the comparison of prices is more complex, since there is a greater variety of ways in which this service is offered by the different USP. As such, the price for provision of the parcel service may be dependent on a number of factors such as: greater differentiation in geographical terms within the national territory; transit time; the ability of the consumer to track their status using the Internet; delivery at home or at the nearest post office; existence of registration or insurance. Additionally, in terms of weight levels, there is much greater variance compared to the postal services analyzed above; while the limit of the first category in the EU tends to be two kilograms, in some countries the limit of the first category is one, three, five or even twenty kilograms⁸⁶.

Two countries, Portugal and Spain, have different rates, according to geographical location on the mainland territory. In both cases, the tariff considered was that applying to delivery to the farthest point in the mainland territory.

The criterion used, in the analysis of price comparisons for sending national parcels, was the provision of the USP, in each country, for a consumer to send a parcel of two kilograms to any point in the mainland territory with delivery made at the post office in the recipient's distribution area.

Accordingly, in Portugal's case, the product selected was CTT's "*Envios Não Urgentes - Encomenda Normal Superfície Nacional*"⁸⁷ (National surface mail - non-urgent parcels), by surface mail, weighing up to 2 kg, without home delivery

⁸⁶ In Poland, Bulgaria and Malta the limit of the first category is set at 1 kg and the second at 2 kg, 3 kg and 3 kg respectively. In Sweden, Denmark, Holland, Lithuania, Hungary and Italy the first category has a limit of 3, 5, 10, 10, 20 and 20 kg respectively.

⁸⁷ The parcels are routed to the post office nearest the recipient, who is advised to collect it.

and without insurance between different areas, corresponding to the T2 tariff⁸⁸ of the National USP⁸⁹, which has a price of 4.05 euros.

Based on the information obtained, in 2011, an increase was reported in the price of this service in local currency in eight countries⁹⁰, compared to 2010, ranging between 3% and 61%, in Greece and in Latvia respectively. In two countries there was a reduction in the price - Slovenia (16.7%) and Finland (15.3%). When analyzing the evolution of prices since 2008, it can be seen that, in local currency, seventeen countries⁹¹ increased prices, five⁹² decreased prices and the remaining five countries⁹³ saw prices remain unchanged.

In Latvia, according to information from the provider, the price increase in parcels resulted from the need to ensure the service's profitability. The price had not changed since 2005.⁹⁴

The price reduction in Slovenia is due to the fact that in January 2011, an amendment to the Value Added Tax Law meant that the 20% rate of VAT on these services ceased to apply.

In Finland, the observed reduction was due to the fact that the price for sending parcels, with a weight below 15 kg, was made exempt from VAT, in accordance with the tariff in force since June 2011. However, comparing prices in Finland in

⁸⁸ The tariff depends on the distance according to three categories T1, T2 and CAM (Mainland, Madeira and the Azores). The T1 and T2 categories vary according to post code of origin and destination.

⁸⁹ In Spain's case the "*Península y Baleares Interurbano*" service was used to ensure coverage of the mainland territory.

⁹⁰ Germany (5.1%), Austria (3.1%), Belgium (3.5%), Denmark (6.6%), Spain (7.9%), Greece (2.5%), Hungary (6.0%) and Latvia (61%).

⁹¹ Sweden (3.4%), Portugal (3.8%), United Kingdom (5%), Germany (5.1%), Austria (5.3%), France (7.2%), Netherlands (8.8%), Poland (10%), Czech Republic (13%), Denmark (14%), Spain (19%), Belgium (24%), Hungary (26%), Luxembourg (27%), Slovakia (36%), Latvia (64%) and Bulgaria (73%).

⁹² Romania (25%) Slovenia (16%), Finland (15%), Greece (6%), Lithuania (5%).

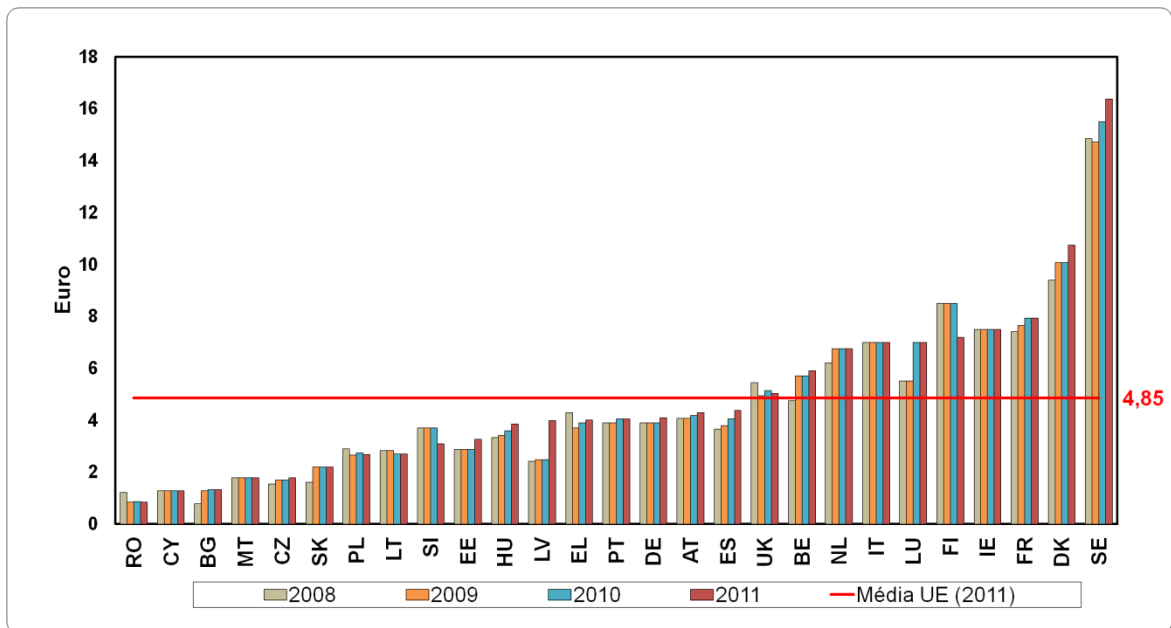
⁹³ Cyprus, Estonia, Ireland, Italy and Malta.

⁹⁴ http://www.pasts.lv/lv/aktualitates/jaunumi/jaunie_tarifi/iekszemes_pasta_pakas/index.html

2010 and 2011 without VAT, there was an increase of 3.3% (with the price rising from 6.97 euros in 2010 to 7.20 euros in 2011).

In ascending order, Figure 10 presents a comparison of prices charged in the EU for national parcels based on current exchange rates.

Figure 10: Comparison of prices of the parcels service



Source: ICP-ANACOM

The highest price, charged in Sweden, is about nineteen times higher than the lowest price, charged in Romania. Even excluding Sweden, the second highest price, in Denmark, is about eight times higher than the lowest price. The average price in the EU, in euro terms, for sending parcels increased 2% over 2010.

Table 11 gives a summary of the evolution of prices of the national parcels postal service between 2008 and 2011 in the EU in euro terms. Since 2008 there has been an increase in the average price in euro terms, with the average showing an increase of 7% and 2% compared to 2008 and 2010 respectively.

Table 11: Statistical indicators, in euros, on pricing of parcels service

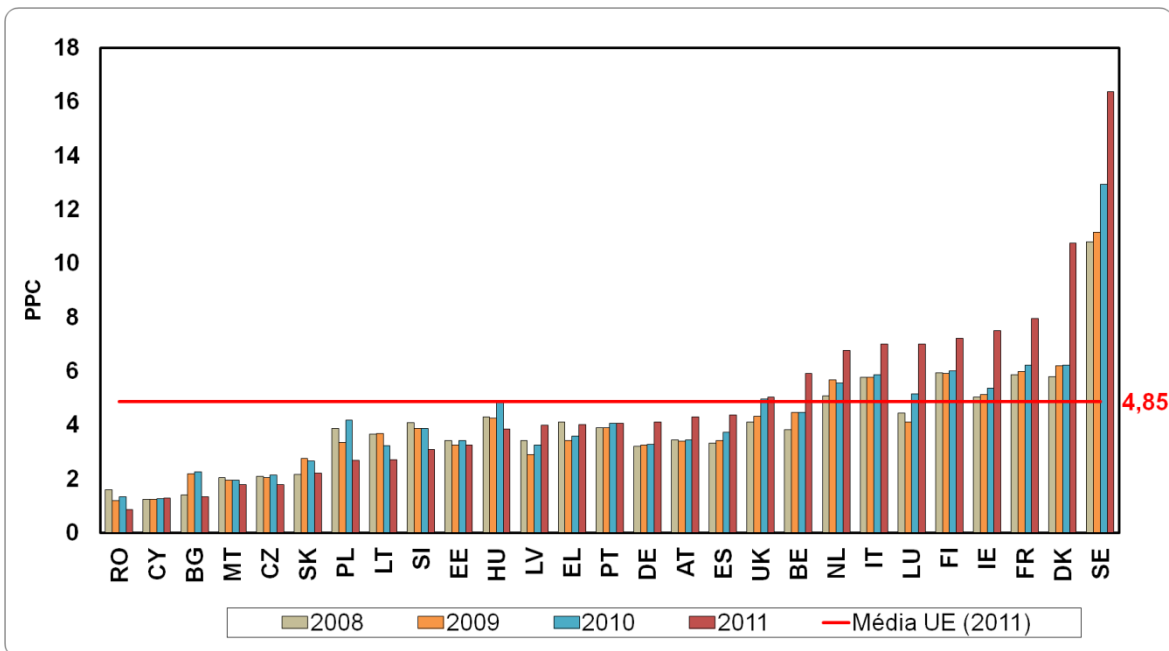
	2008	2009	2010	2011
EU Average	4.54 €	4.62 €	4.76 €	4.85 €
Annual variation	-	2%	3%	2%
Deviation from EU average ex. PT	-15%	-16%	-15%	-17%
Coefficient of variation	68%	68%	69%	69%

Source: ICP-ANACOM

In 2011, the coefficient of variation (69%) remained in line with 2010, showing that, compared to 2010, deviations from the average did not change. Compared to 2008 (68%) there was a slight increase.

Making a comparison of prices using PPP, Figure 11, in ascending order, shows that in 2011 Portugal ranked fourteenth compared to a 2010 position of fifteenth.

Figure 11: Comparison of prices of the parcels service using PPP



Source: ICP-ANACOM

Of all EU countries, seventeen⁹⁵ have prices in PPP terms below the EU average, including Portugal. The highest price, which occurs in Sweden, is about nineteen times higher than the lowest price, found in Romania.

Of these seventeen countries which have prices in PPP terms below the EU average, all except for Spain are also below the EU average in euro terms. As such, ten countries⁹⁶ remain above the EU average, both in euro and PPP terms.

In sixteen countries⁹⁷ there was an increase in price in terms of PPP, ranging from a minimum of 2% in United Kingdom up to 73% in Denmark. In ten⁹⁸ countries, there was a reduction in the price in PPP terms, with the largest variation occurring in Bulgaria (41.0%) and the smallest decrease occurred in Estonia (4.7%).

Table 12 summarises the evolution of prices in the EU of the national parcels postal service between 2008 and 2011, in PPP terms. Since 2008, there has been an increase in the EU average. In PPP terms, the average prices increased compared to 2008 and 2010 by 21% and 14% respectively.

Table 12: Statistical indicators, in PPP terms, on pricing of parcels service

	2008	2009	2010	2011
EU Average	4.00	4.02	4.27	4.85
Annual variation	-	1%	6%	14%
Deviation from EU average ex. PT	-6%	-3%	-5%	-6%
Coefficient of variation	48%	50%	53%	69%

Source: ICP-ANACOM

⁹⁵ Romania, Cyprus, Bulgaria, Malta, Czech Republic, Slovakia, Poland, Lithuania, Slovenia, Estonia, Hungary, Latvia, Greece, Portugal, Germany, Austria and Spain.

⁹⁶ United Kingdom, Belgium, Holland, Luxembourg, Italy, Ireland, France, Finland, Denmark and Sweden.

⁹⁷ United Kingdom (2%), Cyprus (2%), Greece (12%), Spain (18%), Italy (19%), Austria (21%), Holland (22%), Latvia (22%), Germany (25%), Sweden (27%), France (28%), Belgium (32%), Luxembourg (36%), Ireland (40%), Finland (42%), Denmark (73%).

⁹⁸ Bulgaria (41%), Romania (37%), Poland (36%), Hungary (21%), Slovenia (20%), Slovakia (17%), Czech Republic (17%), Lithuania (16%), Estonia (16%) and Malta (9%).

It was also found that the coefficient of variation in 2011 (69%) continued to increase - rising compared to 2010 (53%) and compared to 2008 (48%). This suggests that, in PPP terms, deviations from the average widened over the period from 2008 to 2011.

6 NEWSPAPERS

Making the comparison of prices for the newspapers distribution service was a complex exercise, since this service is not part of the UPS in all countries, making compilation of information about prices more difficult. Based on information from the study (WIK-Consult; 2010), in six⁹⁹ EU countries, sending newspapers is not included in the UPS, while in a further three countries¹⁰⁰, the responses of the USP and the NRA to the questionnaire of the respective study did not coincide.

In addition, in some Member States, newspaper distribution is subsidised, as is the case of Portugal, with the aim of encouraging reading and access to information¹⁰¹, or with discounted prices for rural areas (such as Estonia). Furthermore, the application of VAT in the EU is not uniform as for the other services considered in this study.

The results presented cover twenty-one countries¹⁰² belonging to the EU. In Poland the postal operator works as a retailer, that is, customers may enter into a contract with the USP to receive a newspaper at home, with the prices of each newspaper or magazine listed on the operator's website. In the remaining countries, either there was no response to the survey or the information on the price of sending newspapers does not appear on the postal operator's website.

In addition to national delivery, a comparison of cross-border deliveries in the EU was also intended. However, due to lack of information, it was not possible to perform these comparisons.

⁹⁹ Bulgaria, Slovakia, Estonia, United Kingdom, Czech Republic and Sweden.

¹⁰⁰ In Slovenia, the NRA stated that newspapers belong to the UPS, but the USP stated otherwise. In Ireland and Spain, the USP stated that the service is part of the UPS, but the NRA stated otherwise.

¹⁰¹ Decree-Law no. 98/2007 of 2 April, which repealed Decree-Law no. 6/2005 of 6 January, adopted a new scheme to encourage reading and access to information, targeting potential consumers of general information periodicals with regional scope. This incentive consists of partial financial grants, paid by the State, towards the cost incurred by postal operators for sending periodic publications to their subscribers residing in the national territory or abroad, on a retainer basis.

¹⁰² Estonia, Malta, Belgium, Slovenia, Austria, Czech Republic, Portugal, Cyprus, France, Germany, Italy, United Kingdom, Slovakia, Romania, Sweden, Spain, Luxembourg, Bulgaria, Ireland, Hungary and Greece.

6.1 National newspaper deliveries up to 75g

The criterion used for selection of services was the cost incurred by a publisher in sending out one thousand copies of a newspaper weighing up to seventy-five grams with delivery at the customer's home no later than three days following dispatch. Additionally, the cost was determined for sending one thousand units, in order to determine whether quantity discounts are available between quantities of one thousand and ten thousand units.

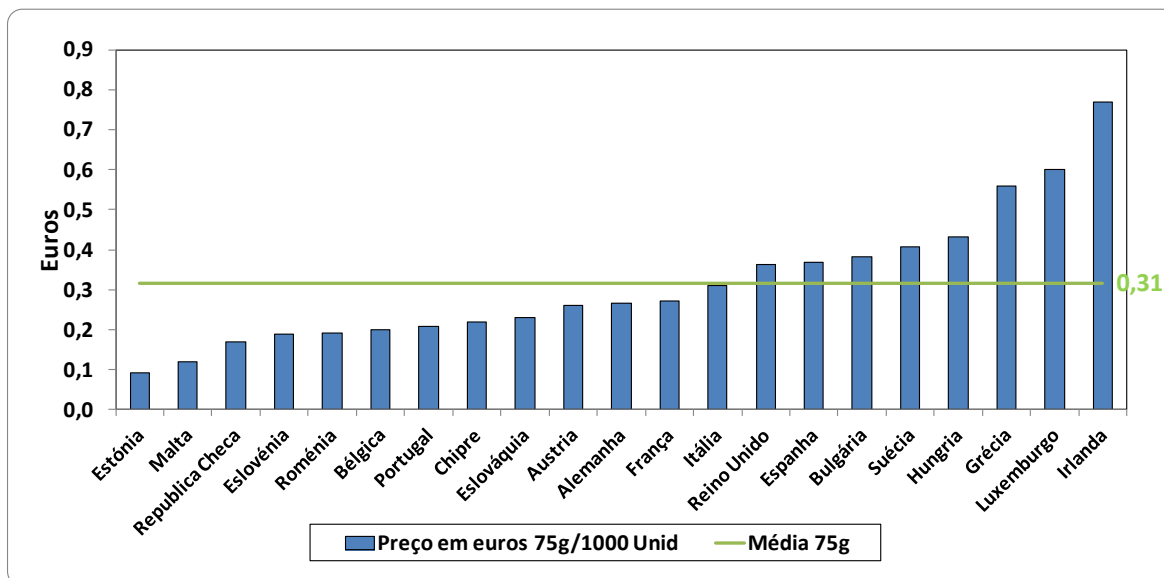
Based on the comparison of prices, it can be seen that the unit prices for sending 1,000 or 10,000 units are identical, except in the United Kingdom and Ireland where there are quantity discounts of 0.9% and 13% available respectively, although the positions of these countries compared to other countries, remains unaltered, regardless of whether the discounts are considered. Therefore, given the similarities in the unit price for both quantities, it was decided, also for the sake of simplicity, only to present a comparison of prices, based on current exchange rate and PPP, for lots of one thousand units (see Figure 12).

For sending lots of one thousand units, out of the twenty-one countries, thirteen¹⁰³ have prices per unit, in euro terms, which are below average, including Portugal with a price of 0.21 euros per unit¹⁰⁴. In 2011, among all the countries for which it was possible to obtain information, Portugal has the seventh lowest price. The highest price is about eight times the lowest price in the EU, with the lowest price found in Estonia (0.09 euros) and the highest in Ireland (0.77 euros).

¹⁰³ Estonia, Malta, Czech Republic, Slovenia, Romania, Belgium, Portugal, Cyprus, Slovakia, Austria, Germany, France and Italy.

¹⁰⁴ The price per unit without rounding is 0.2085 euros.

Figure 12: Price per unit, in euro terms, for national delivery of newspapers of 75g each, in each Member State



Source: ICP-ANACOM

Table 13 summarizes the results obtained for the set of countries analyzed. The high value of the coefficient of variation (54%) should be noted, indicative of heterogeneity in prices among countries. Portugal has a price which is about 35% lower than the average.

Table 13: Statistical indicators, in euros, on pricing of sending newspapers of 75g

Lots of 1000 Units.	
Average	0.31 €
Coefficient of variation	54%
Average deviation excl. PT	-35%

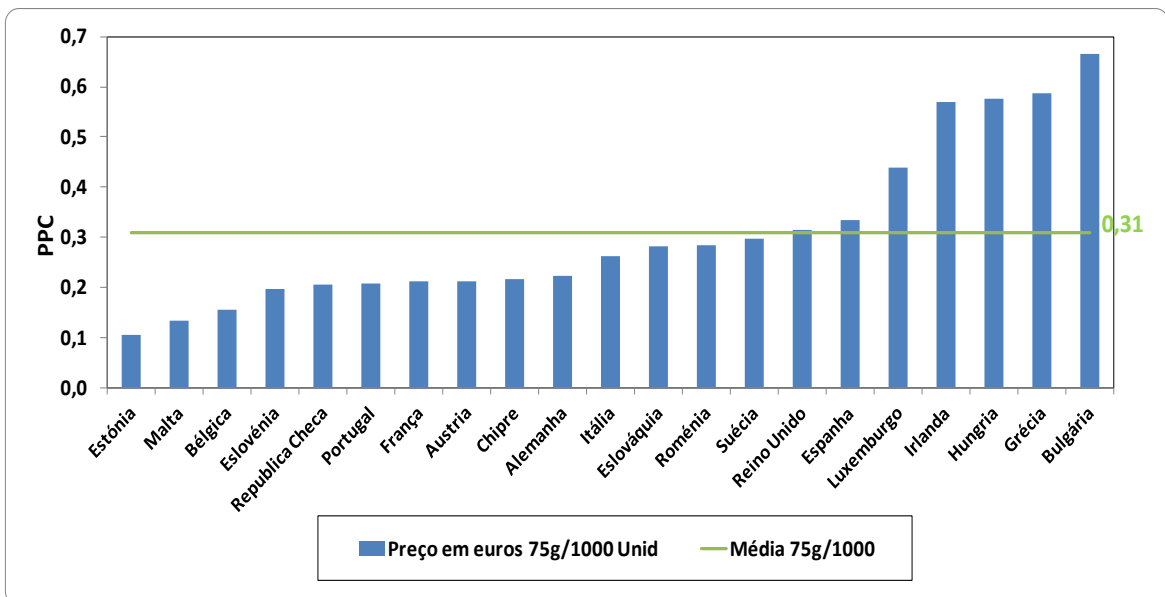
Source: ICP-ANACOM

Based on the comparison of prices using PPP (see Figure 13), it can be seen, as would be expected, that the results obtained for the price per unit in PPP are similar to the results of the comparison made in euro terms. As such, fourteen

countries¹⁰⁵ have prices per unit which, in PPP terms, are below the average of the countries considered. In 2011, out of all the countries where it was possible to obtain this information, Portugal had the sixth lowest price, below average, at 0.21 euros per unit in PPP terms.

The highest price is six times higher than the lowest price in the EU, with the lowest price found in Estonia (0.11 euro) and the highest in Bulgaria (0.67 euros).

Figure 13: Prices per unit in PPP terms for sending newspaper of 75g each on a national basis, in each Member State



Source: ICP-ANACOM

Table 14 summarizes the results obtained for the set of countries analyzed. The high value of the coefficient of variation (52.6%) should be noted, as indicative of the heterogeneity of prices among countries. Portugal has a price which is around 34% lower than the average of the countries examined.

¹⁰⁵ Estonia, Malta, Belgium, Slovenia, Czech Republic, Portugal, France, Austria, Cyprus, Germany, Italy, Slovakia, Romania and Sweden.

Table 14: Statistical indicators, in PPP terms, on pricing of sending newspapers of 75g

Lots of 1000 Units.	
Average	0.31 €
Coefficient of variation	52.6%
Average deviation excl. PT	-34%

Source: ICP-ANACOM

6.2 Sending newspapers up to 100g on a national basis

The criterion used for selection of services was the cost incurred by a publisher in sending out one thousand copies of newspapers up to 100 grams, to be delivered to the customer's home no later than three days following dispatch.

Based on the comparison of prices for this service in the countries considered using exchange rates (see Figure 14), it can be seen that the unit price results obtained are identical, except in cases of Ireland and the United Kingdom, where quantity discounts of 0.9% and 15% are applied respectively, with their positions, compared to other countries, unaffected regardless of whether the discounts are considered. As in the comparison of 75g newspaper distribution prices, and for the same reasons, the price comparisons based on current exchange rate and PPP are presented for lots of one thousand units only.

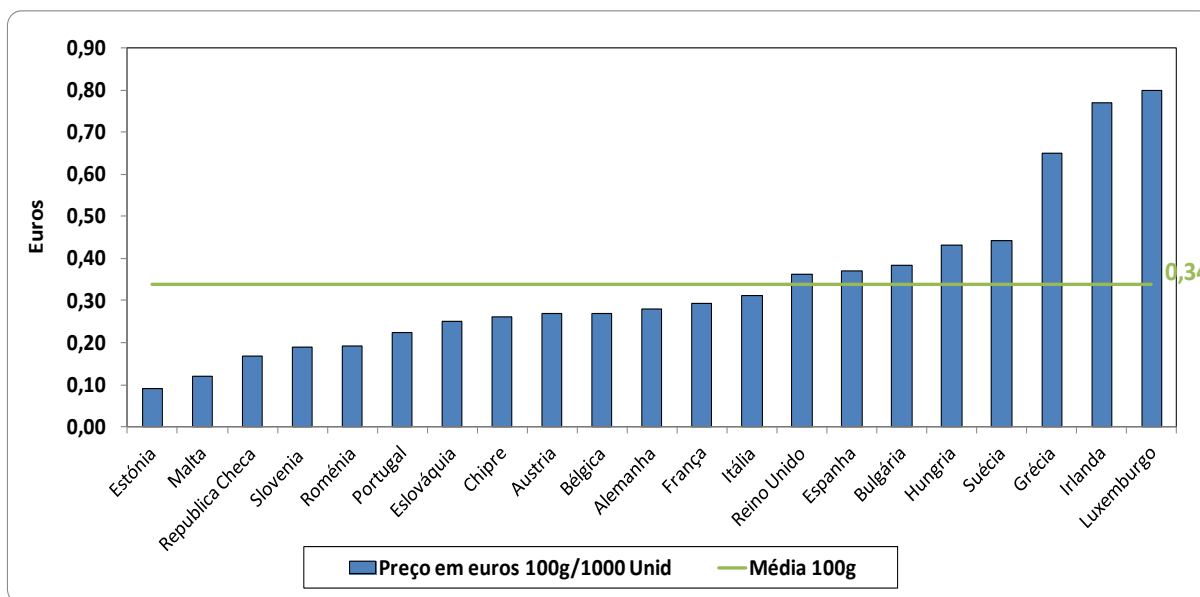
For sending lots of one thousand units, of all the countries surveyed, fourteen¹⁰⁶ have prices per unit, in euro terms, which are below average, including Portugal with a price of 0.22 euros per unit¹⁰⁷. Portugal had the lowest price among the countries for which it was possible to obtain information.

¹⁰⁶ Estonia, Malta, Czech Republic, Slovenia, Romania, Portugal, Slovakia, Cyprus, Austria, Belgium, Germany, France and Italy.

¹⁰⁷ Without rounding, the unit price is 0.224 euro.

The highest price is about nine times higher than the lowest price in the EU - the lowest price is available in Estonia (0.09 euros) and the highest in Luxembourg (0.80 euros).

Figure 14: Price in euros per unit for sending national newspapers of 100g each, in each Member State



Source: ICP-ANACOM

Table 15 summarizes the results obtained for the set of countries analyzed. A high indicative coefficient of variation (57%) is also reported in this case, reflecting the heterogeneity of prices between the various countries considered. The price in Portugal is about 36% below the average.

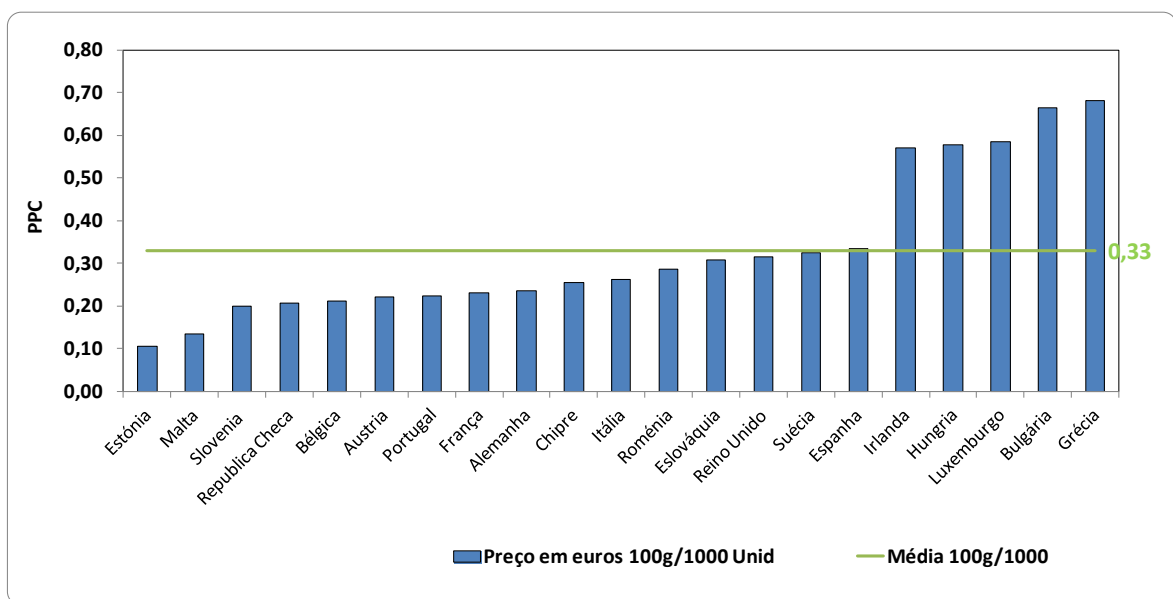
Table 15: Statistical indicators, in euros terms, on pricing of sending newspapers of 100g

Lots of 1000 Units.	
Average	0.34 €
Coefficient of variation	57%
Average deviation excl. PT	-36%

Source: ICP-ANACOM

Based on the comparison of prices of this service using PPP (see Figure 15), it can be seen that fifteen countries¹⁰⁸ have prices per unit, in PPP terms, which are below the average. Portugal remains below the average, with a PPP price of 0.22 per unit, so that the price in Portugal is the seventh lowest among the set of countries for which it was possible to obtain information.

Figure 15: Price per unit, in PPP terms, for national distribution of newspapers of 100g each, in each Member State.



Source: ICP-ANACOM

The highest price is about six times the lowest price, with the lowest price found in Estonia (0.11) and the highest in Greece (0.68). The price in Portugal is about 34% below the average of all countries (see Table 16).

¹⁰⁸ Estonia, Malta, Slovenia, Czech Republic, Belgium, Austria, Portugal, France, Germany, Cyprus, Italy, Romania, Slovakia, United Kingdom and Sweden.

Table 16: Statistical indicators, in PPP terms, on pricing of sending newspapers of 100g

Lots of 1000 Units.	
Average	0.33 €
Coefficient of variation	53%
Average deviation excl. PT	-34%

Source: ICP-ANACOM

7 CONCLUSIONS

Based on the analysis of information on pricing, it is seen that for the set of services considered in this study, except for the newspapers, prices in thirteen¹⁰⁹ out of the twenty-seven countries remained unaltered in comparison to 2010 and prices in six¹¹⁰ increased for all services offered¹¹¹ (see Figure 16). In Bulgaria, Finland and Slovenia there were decreases in some of the available services. The USP in the Netherlands and the United Kingdom increased all prices, except parcels, which was the only service to see price increases in Latvia, and significantly so. In Slovenia and Italy increases were limited to the priority international service, while prices of other services remained unchanged (Italy) or saw a reduction (Slovenia).

Pricing of the priority national service increased in eight countries¹¹² in 2010, in local currency terms, and fell in two: Slovenia and Bulgaria, falling by 7% and 6% respectively. Of the countries where prices increased, the case of Denmark stands out with an increase of 45%. This increase was associated with a drop in the number of letters and parcels, resulting in a decline in operating profit that could not be sufficiently offset through cost reductions, causing the operator to launch a wide-ranging rationalization programme in order to balance costs and revenues, and also to implement increases in prices. In Bulgaria, the price reduction was due to the fact that prices are cost-oriented, whereby a change in costs led to a change in prices. Prices in Slovenia were modified in January 2011 due to amendment of the Value Added Tax Law, whereby the 20% VAT rate ceased to apply to these services¹¹³.

¹⁰⁹ Cyprus, Slovakia, Estonia, France, Ireland, Lithuania, Luxembourg, Malta, Poland, Portugal, Czech Republic, Romania and Sweden.

¹¹⁰ Austria, Belgium, Denmark, Spain, Greece and Hungary.

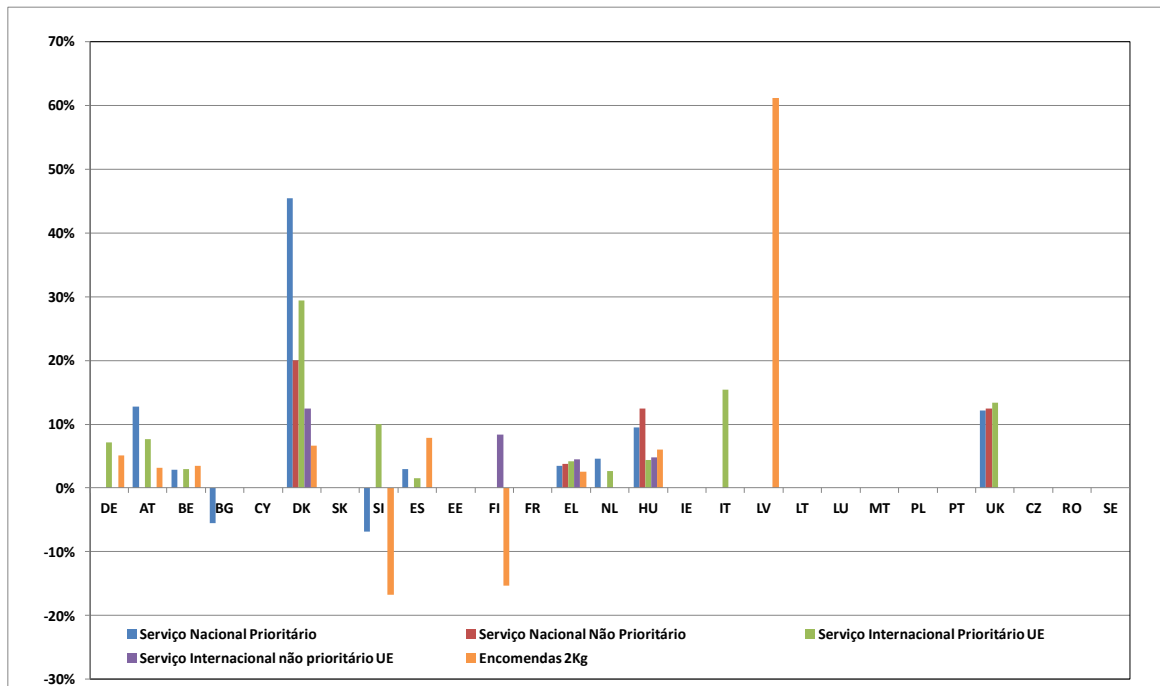
¹¹¹ Austria, Belgium and Spain do not have national and international non-priority services.

¹¹² Netherlands, United Kingdom, Denmark, Austria, Hungary, Spain, Greece and Belgium

¹¹³ Considering the prices of the various postal services in Slovenia, it is found that prices fell in January 2011 by an average of 16.7 percent.

Pricing of the non-priority national service increased in four¹¹⁴ countries in 2011, while prices in the other ten countries¹¹⁵ remained unchanged compared to 2010. The case of Denmark again stands out with a reported 20% increase.

Figure 16: Variation in the price of mail between 2010 and 2011 in local currency



Source: ICP-ANACOM

Pricing of the priority international service increased in eleven countries¹¹⁶ in 2011, while prices elsewhere remained unchanged over the previous year. In the non-priority international service, prices in four countries¹¹⁷ increased and prices in the remaining nine were unaltered. In this service, note is made of the cases of Bulgaria and Finland which reported reductions of about 17% and 7% respectively compared to 2010 prices. In Bulgaria, the reason for the reduction is the same as that given for the change in priority national mail. The reduction in Finland was due

¹¹⁴ United Kingdom, Denmark, Hungary and Greece.

¹¹⁵ Sweden, Romania, Portugal, Poland, Lithuania, France, Slovakia, Bulgaria, Latvia and Finland.

¹¹⁶ Slovenia, Italy, Germany, Netherlands, United Kingdom, Denmark, Austria, Hungary, Spain, Greece and Belgium.

¹¹⁷ Finland, Denmark, Hungary and Greece.

to the fact that, since 2010, it has been the policy of the operator to move towards identical national and intra-community pricing, with the only difference resulting from the service's classification as priority or non-priority; as a result the difference in tariffs has been seen to narrow.

In parcels, there were price reductions in two countries – Slovenia (16.7%) and Finland (15.3%), and an increase in eight countries¹¹⁸, with the case of Latvia standing out with a significant increase (61%) in price. According to the operator, the increase in Latvia stems from the need to ensure the service's profitability – the price had not changed since 2005. The price reduction in Slovenia results from an amendment made to the Value Added Tax Law in January 2011, whereby the 20% rate of VAT ceased to apply to these services. In Finland, the observed reduction results from an amendment in June 2011 on the implementation of VAT, whereby parcels weighing less than 15 kg were made exempt. However, comparing 2010 and 2011 prices, excluding VAT, an increase of 3.3% is reported in the price of parcels (6.97 euros in 2010 rising to 7.20 euros in 2011).

In the EU, and according to Table 17, the average (with Portugal) of the prices of postal services analyzed increased in 2011, compared to 2010, in euro and PPP terms, with the exception of non-priority intra-community mail which fell by 0.2% and 1% in euro and PPP terms, respectively. The increases varied, in euro terms, from a minimum of 2% for parcels up to 4% in the case of national mail. When analyzed in PPP terms, this assumes values between 1.2% for priority intra-community mail and 13.7% for parcels.

¹¹⁸ Latvia, Germany, Denmark, Austria, Hungary, Spain, Greece and Belgium.

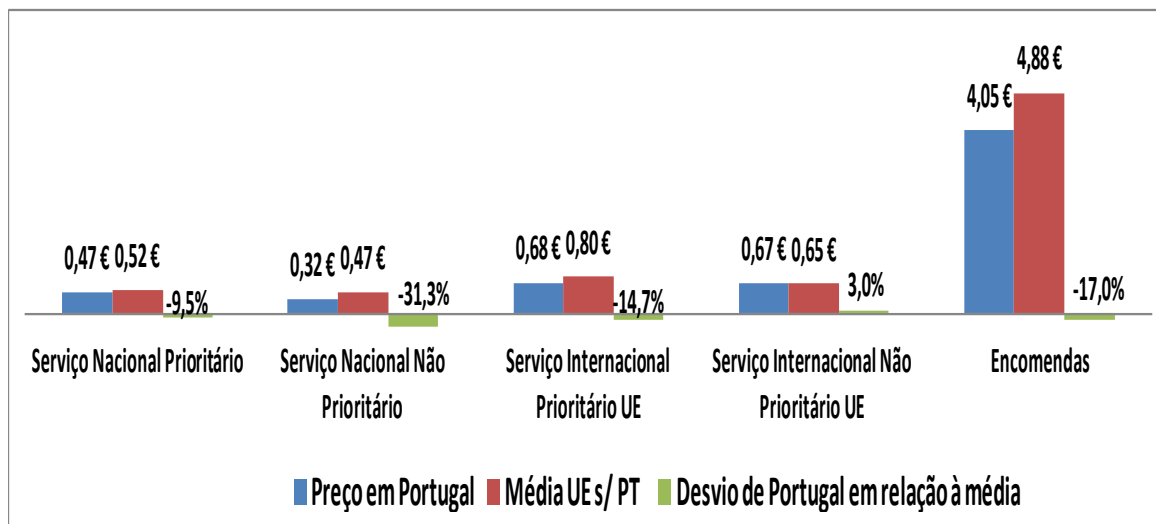
Table 17: Annual variation in prices of postal services in 2011

Postal Services	Euro	PPP
National Priority Mail	4%	2%
Non-priority national mail	4%	2.6%
Priority intra-community mail	3%	1%
Non-priority intra-community mail	-0,2%	-1%
National Parcels	2%	14%

Source: ICP-ANACOM

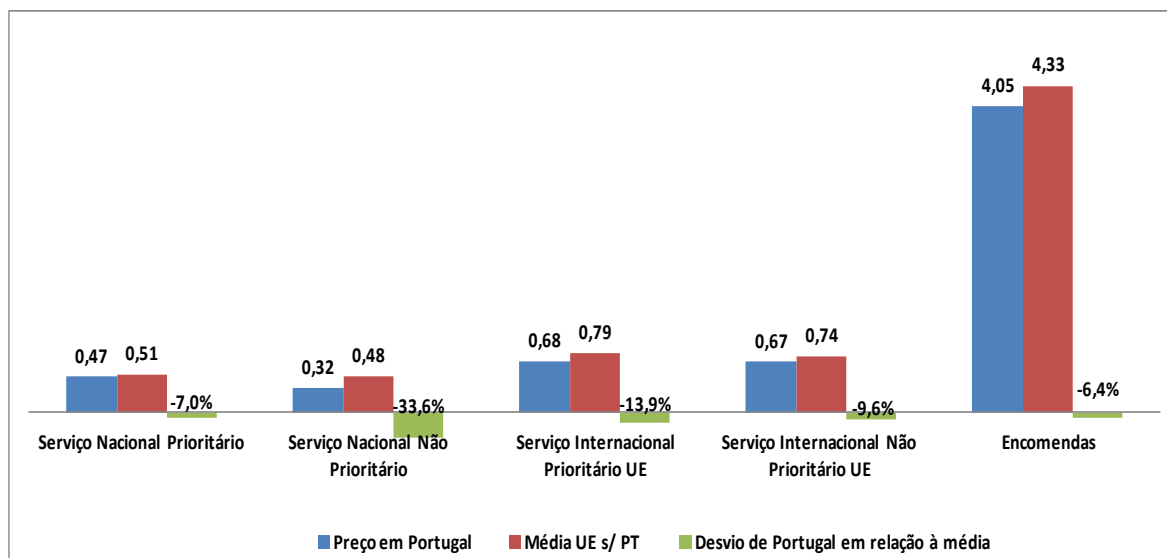
Figure 17 and Figure 18 summarize the results obtained with regard to the comparison between prices in Portugal and the average for the remaining EU countries in euro and PPP terms. It can be seen that, except for the price of the non-priority intra-community service, all other prices charged in Portugal are below average in euro terms, and all prices in Portugal are below average when the comparison is made using PPP. Therefore, for a national citizen of Portugal, the relative expense of using any of these services is less than the average incurred by a European citizen. Meanwhile, it is noted that CTT did not present any proposed price revision for implementation in Portugal in 2011.

Figure 17: Comparison between prices, in euro terms, of postal services in Portugal with average prices of the EU



Source: ICP-ANACOM

Figure 18: Comparison between prices, in PPP terms, of postal services in Portugal with the average prices of the EU



Source: ICP-ANACOM

When it comes to newspapers, it was found that Portugal is well positioned when the countries are ranked, with deviations in excess of 34% from the average of the twenty countries analyzed, when comparisons are made both in euro terms and PPP terms with the price in Portugal.

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ANNEX I: EXCHANGE RATES

CURRENCY		Euro
BULGARIAN LEV	BGN	1.9558
CZECH KORUNA	CZK	24.273
DANISH KRONE	DKK	7.4498
POUND STERLING	GBP	0.87668
HUNGARIAN FORINT	HUF	272.37
LATVIAN LATS	LVL	0.7093
LITHUANIAN LITAS	LTL	3.4528
POLISH ZLOTY	PLN	4.1195
NEW ROMANIAN LEI	RON	4.2505
SWEDISH KRONE	SEK	9.1655

Source: Bank of Portugal, September 2011

ANNEX II: PRICE OF EACH SERVICE IN LOCAL CURRENCY

Code	COUNTRY	CURRENCY	Priority national Service	Non-priority national Service	Priority EU International Service	Non-priority EU International Service	Parcels
DE	Germany	EUR	0.55	N	0.75	N	4.10
AT	Austria	EUR	0.62	N	0.70	N	4.30
BE	Belgium	EUR	0.71	N	1.03	N	5.90
BG	Bulgaria	BGN	0.85	0.65	1.50	1.00	2.60
CY	Cyprus	EUR	0.34	N	0.51	0.34	1.28
DK	Denmark	DKK	8.00	6.00	11.00	9.00	80.00
SK	Slovakia	EUR	0.60	0.40	1.00	0.90	2.20
SI	Slovenia	EUR	0.27	N	0.88	0.40	3.09
ES	Spain	EUR	0.35	N	0.65	N	4.37
EE	Estonia	EUR	0.35	N	0.58	N	3.26
FI	Finland	EUR	0.75	0.60	0.75	0.65	7.20
FR	France	EUR	0.58	0.53	0.75	N	7.94
EL	Greece	EUR	0.60	0.55	0.75	0.70	4.00
NL	Netherlands	EUR	0.46	N	0.79	N	6.75
HU	Hungary	HUF	115.00	90.00	240.00	220.00	1.050.00
IE	Ireland	EUR	0.55	N	0.82	N	7.50
IT	Italy	EUR	0.60	N	0.75	N	7.00
LV	Latvia	LVL	0.40	0.35	0.55	0.50	2.82
LT	Lithuania	LTL	1.55	1.35	2.45	2.15	9.30
LU	Luxemburg	EUR	0.60	N	0.85	N	7.00
MT	Malta	EUR	0.19	N	0.37	N	1.77
PL	Poland	PLN	1.95	1.55	3.00	2.40	11.00
PT	Portugal	EUR	0.47	0.32	0.68	0.67	4.05
UK	United Kingdom	GBP	0.46	0.36	0.68	N	4.41
CZ	Czech Rep.	CZK	10.00	N	20.00	N	43.00
RO	Romania	RON	1.60	1.00	2.10	1.60	3.60
SE	Sweden	SEK	6.00	5.50	12.00	N	150.00

Note: N – Service not available in country.

Source: 1. Website of each postal operator; 2. Information obtained through survey of ERGP regulators

Sending Newspapers				
Code	COUNTRY	CURRENCY	Price in local currency (75g/1000 Units)	Price in local currency (100g/1000 Units)
DE	Germany	EUR	266.1	278.9
AT	Austria	EUR	259.7	269.3
BE	Belgium	EUR	200.0	270.0
BG	Bulgaria	BGN	750.0	750.0
CY	Cyprus	EUR	220.0	260.0
SK	Slovakia	EUR	230.0	250.0
SI	Slovenia	EUR	190.0	190.0
ES	Spain	EUR	369.6	369.6
EE	Estonia	EUR	91.2	91.2
FR	France	EUR	271.0	294.1
EL	Greece	EUR	560.0	650.0
HU	Hungary	HUF	115000.0	115000.0
IE	Ireland	EUR	770.0	770.0
IT	Italy	EUR	310.9	310.9
LU	Luxemburg	EUR	600.0	800.0
MT	Malta	EUR	120.0	120.0
PT	Portugal	EUR	208.5	224.0
UK	United Kingdom	GBP	321.0	321.0
CZ	Czech Rep.	CZK	4100.0	4100.0
RO	Romania	RON	800.0	800.0
SE	Sweden	SEK	3700.0	4030.0

Source: 1. Website of each postal operator;
2. Information obtained through survey of ERGP regulators