

NETWORK OF POSTAL ESTABLISHMENTS
CTT - CORREIOS DE PORTUGAL, S.A.,
AS AT THE END OF FIRST HALF 2010

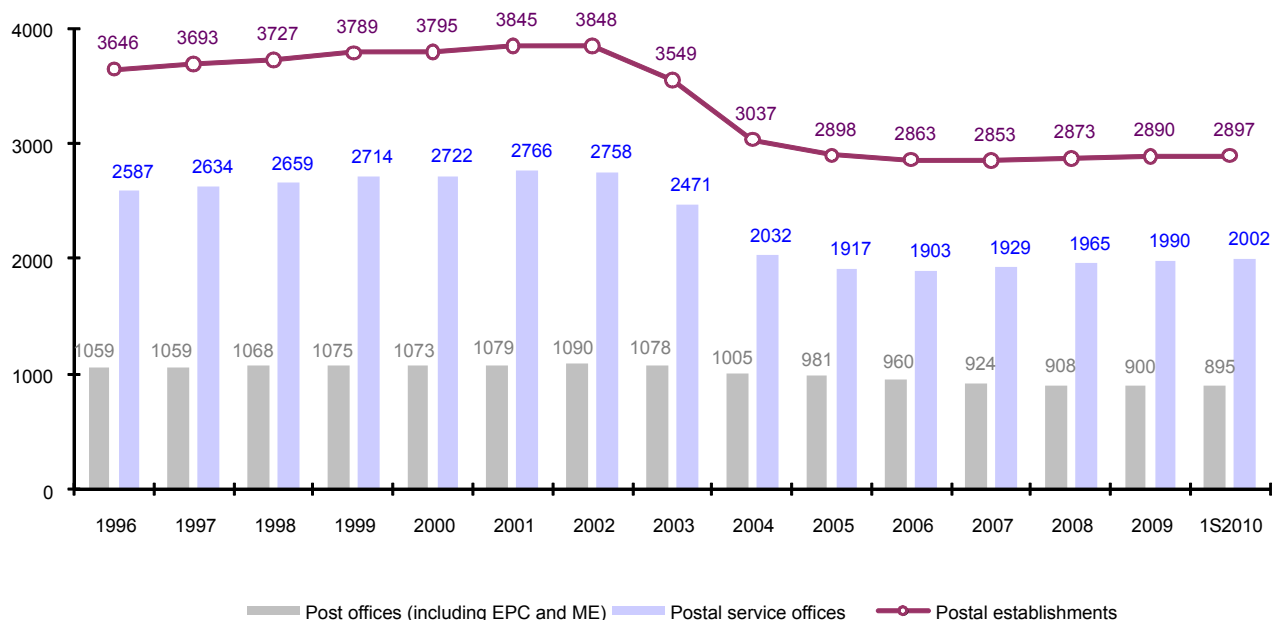
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The following information refers to the postal establishments of the universal postal service concessionaire (CTT - Correios de Portugal, S.A., hereinafter CTT) as well as to the postal establishments of private and other entities providing postal services which have been conceded to CTT.

1. EXECUTIVE SUMMARY

- At the end of the first half of 2010 there were 2897 postal establishments in operation (7 more than at the end of 2009); of these, 884 were permanent post offices (1 fewer than at the end of 2009), 11 were mobile post offices and 2002 were postal service offices¹ (12 more than at the end of 2009).
- In 9 of these permanent post offices (2 fewer than at the end of 2009) the customer service operations are contracted out in accordance with Base XXII, paragraph 1 of the Universal Postal Service Concession.
- In the first half of 2010, a slight increase was seen in the total number of postal establishments (see graph below), maintaining the upward trend observable since the second half of 2008.

Evolution in the number of postal establishments (PE)



Source: CTT Data.

Note: Values at the end of each period.

¹ Postal service offices are establishments operated by third parties, in accordance with a contract, with all such establishments providing the postal services included in the universal service (Source: CTT).

4. At the end of the first half of 2010, there was at least one post office located in each municipality.
5. Considering the entire network of postal establishments (that is including the network of post offices and postal service offices), at the end of the first half of 2010:
 - a) In 94.8 percent of Municipalities (292 Municipalities, as at the end of 2009) there were two or more postal establishments;
 - b) There was at least one postal establishment in 54.4 percent of Parishes, corresponding to a total of 2305 Parishes (2298 Parishes at the end of 2009)². It is further reported that: there was at least one postal establishment located in 31 percent of parishes with less than 1000 inhabitants (666 Parishes, three more than at the end of 2009). Meanwhile, there was at least one postal establishment located in 79 percent of parishes with more than 1000 inhabitants (1639 Parishes, four more than at the end of 2009).
6. According to CTT, as at the end of the first half of 2010, all post offices provided the full range of concession services while 45.5 percent of postal service offices did not offer parcel services (910 in absolute terms, compared to 904 at the end of 2009), although providing the remaining services of the concession.
7. Based on available data (source UPU) on the network of permanent postal establishments belonging to the providers of universal service in the Member States of the European Union (EU), with reference to 2008, it can be concluded that the situation in Portugal compares favourably with the average of the EU (excluding Portugal), both in terms of postal coverage (average area, in km², per fixed postal establishment) and in terms of postal density (average number of inhabitants per fixed postal establishment).
8. 30 percent of the postal establishment network consists of post offices managed by CTT. 70 percent of establishments are managed by third parties (2002 postal service offices and 9 contracted out post offices). This value is lower, according to UPU data from 2008, than that reported in Denmark (81 percent), Sweden (82 percent), Finland (85 percent), Cyprus (95 percent), Ireland (96 percent), and United Kingdom (97 percent).

² Taking into account the total of 4241 parishes reported in the 2001 Census.

2. FRAMEWORK

In accordance with paragraph 3 of Base XX of the Bases for the Universal Postal Service Concession (Concession)³, the following are incumbent upon CTT:

- a) the establishment and closure of postal establishments;
- b) the alteration of the working hours of postal establishments, taking into account service needs and levels of demand.

CTT is bound to notify ICP-ANACOM of decisions which it takes in respect of the above, and shall, in respect of the closure of postal establishments or the reduction of the working hours of postal establishments, provide grounds for such decisions, especially in terms of service needs, levels of demand and satisfaction of the communication needs of the population and of economic activities (paragraph 4 of Base XX, in the amendment enacted by Decree-Law No 112/2006 of 9 June).

3. EVOLUTION OF NETWORK OF POSTAL ESTABLISHMENTS

1. At the end of the first half of 2010, 2897 postal establishments were in operation (see **Graph 1**), comprising:
 - a) 884 permanent post offices (including 16 postal agencies⁴);
 - b) 11 mobile post office⁵;
 - c) 2002 postal service offices⁶.
2. Compared to the end of 2009, an increase of 7 postal establishments is reported, resulting from the reduction of 5 in the number of post offices and an increase of 12 in the number of postal service offices. This results, during the first half of 2010, from: a) the closure of 5 post offices (4 of these post offices were replaced by postal service offices and the closure of one mobile post office); b) the opening of 23 postal service offices (of which 4 were opened to replace the closed post offices referred to above); c) the closure of 11 postal service offices.
3. It is reported that in the first half of 2010, there was an increase in the total number of postal establishments (see **Graph 1**), continuing the upward trend observed since the second half of 2008. This increase reflects the increase in postal service offices, which more than offset

³ Approved by Decree-Law No 448/99 of 4 November (<http://www.anacom.pt/template20.jsp?categoryId=2011&contentId=185353>), with changes in Decree-Law No 116/2003 of 12 June (<http://www.anacom.pt/template20.jsp?categoryId=2011&contentId=107940>) and Decree-Law No 112/2006 of 9 June (http://www.anacom.pt/streaming/DLei112_2006%20.pdf?categoryId=148366&contentId=370158&field=ATTACHED_FILE).

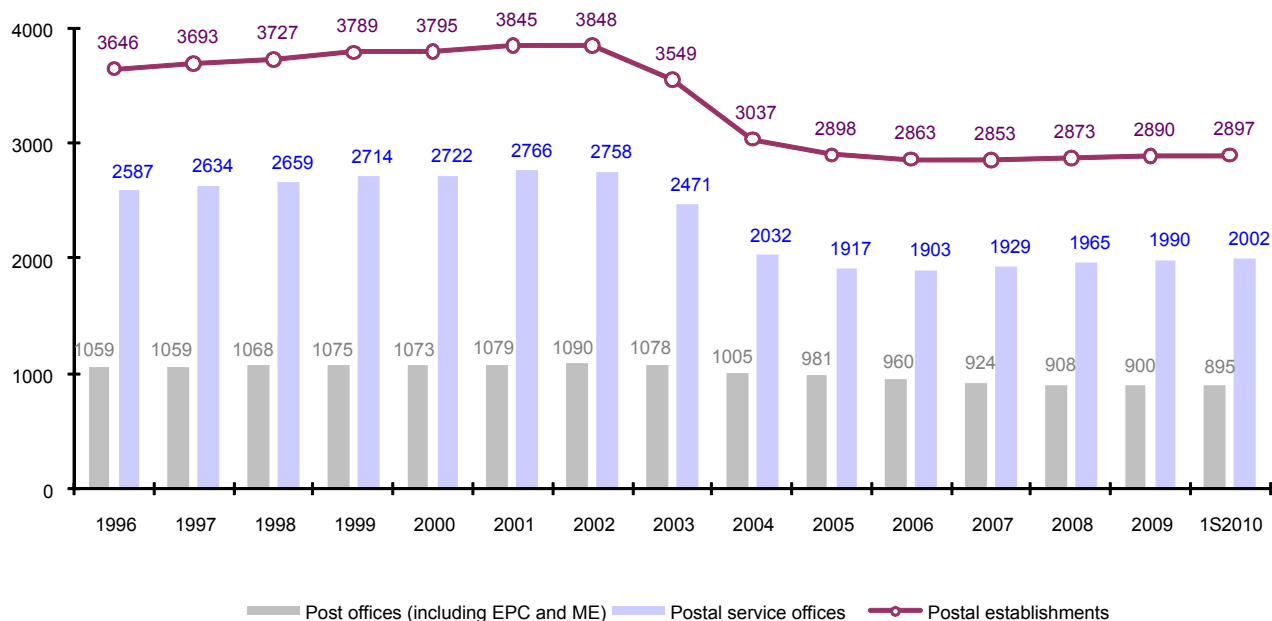
⁴ Postal agencies are postal establishments which are the same as post offices in physical terms and in terms of the level of postal services provided to users and customers, being different from post offices only in terms of the internal organisation of CTT, given that these are establishments which depend, in terms of hierarchical structure, on offices (Source: CTT).

⁵ Mobile post offices are postal establishments installed in automobile vehicles which follow previously defined routes and which stop in specific areas not served by permanent offices. The services provided are the same as those provided by fixed postal offices (Source: CTT).

⁶ Postal service offices are establishments operated by third parties, in accordance with a contract, with all such establishments providing the postal services included in the universal service (Source: CTT).

the reduction in the number of post offices, whose numbers have been declining since 2002.

Graph 1 – Evolution in number of postal establishments (PE)



Source: CTT Data.

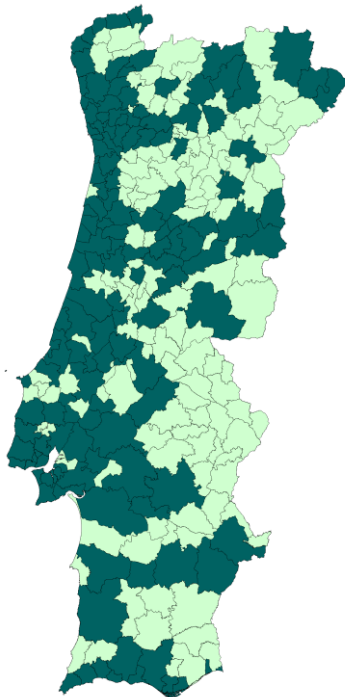
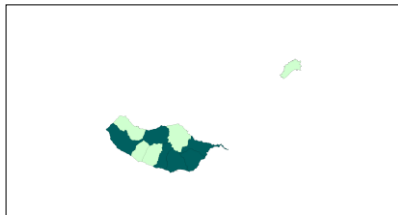
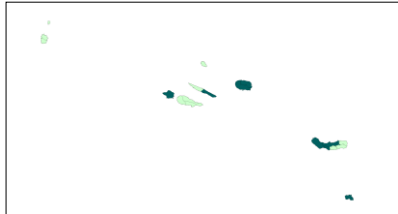
Note: Values at the end of each period.

4. At the end of the first half of 1020, it can be seen that in 9 of these permanent post offices CTT has contracted out the customer service operations, under the terms of Base XXII, paragraph 1 of the Concession, representing a decline of 2 contracted out permanent post offices compared to the end of 2009. These post offices are generally designated as partnership shops⁷.
5. With respect to post offices, at the end of the first half of 2010:
 - a) there was at least one post office located in each municipality (see **Graph 2**);
 - b) there were two or more post offices located in 158 Municipalities (51 percent of all Municipalities), which is 3 fewer Municipalities than at the end of 2009.

⁷ Partnership shops are postal establishments with contracts made between CTT and another entity for the contracting out of the customer service operations in post offices. The postal services which make up the universal service are provided in the name of and behalf of CTT (Source: CTT).

Graph 2 – Post offices per Municipality as at the end of first half 2010

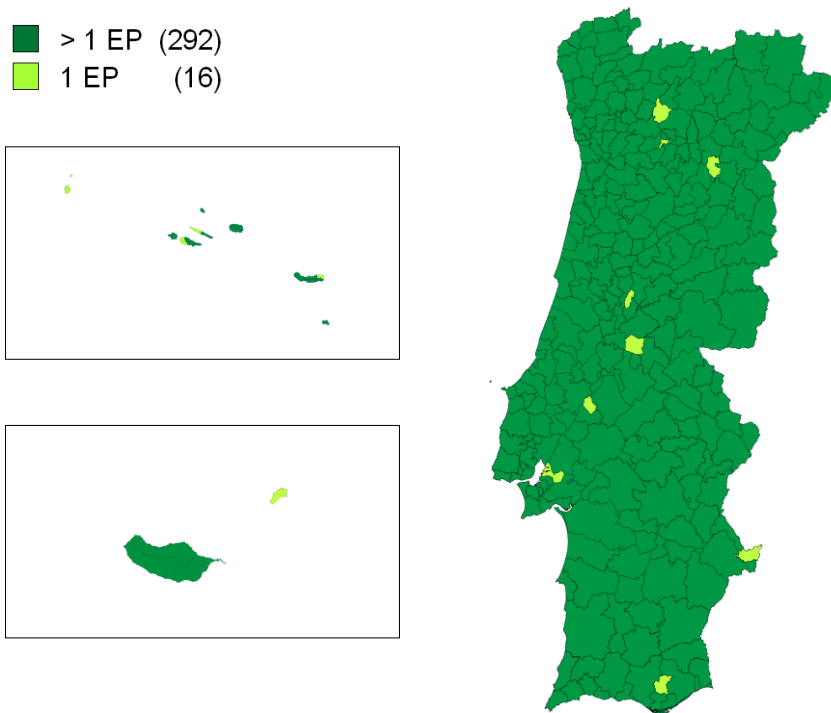
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Source: CTT data.

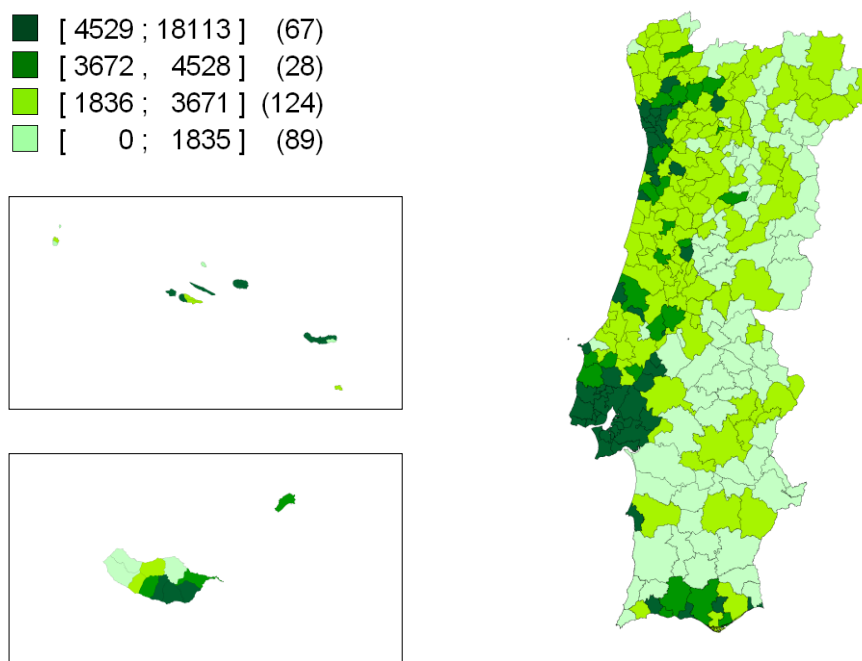
- 6. Considering the entire network of postal establishments (that is including the network of post offices and postal service offices) as at the end of the first half of 2010:
 - a) 94.8 percent of Municipalities (292 Municipalities) had two or more postal establishments, as reported at the end of 2009 (see **Graph 3**).

Graph 3 – Postal establishments by Municipality as at the end of first half 2010



- b) On average, each postal establishment serves an average of 3672 inhabitants. In general terms the density index was higher in coastal regions, in line with the population density of the territory (see **Graph 4**);

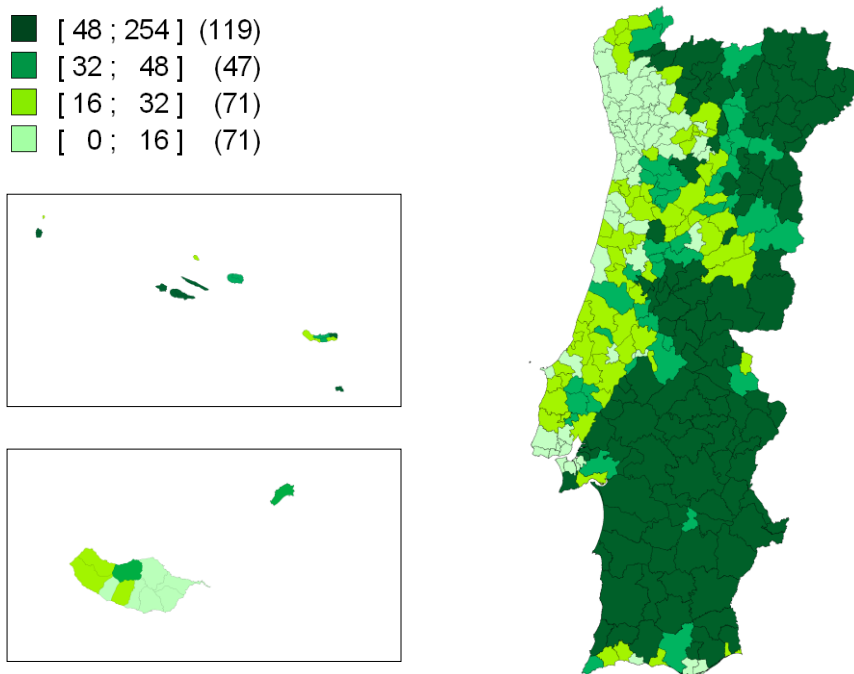
Graph 4 – Density of postal establishments, by Municipality as at the end of first half 2010 (population per postal establishment)



Source: CTT data.

- c) On average, one postal establishment can be found per 31.8 km². In general terms, the regions of the interior and Sul do Tejo, as well as on some of the islands of the Autonomous Region of the Azores, are reported as having a higher postal coverage rate (km² per postal establishment) - See **Graph 5**;
- d) 54.4 percent of Parishes are reported as having at least one postal establishment, corresponding to 2305 Parishes (2298 at the end of 2009), taking into account a total of 4,241 Parishes (2001 Census). It is also reported that 31 percent Parishes which have less than 1000 inhabitants have at least one postal establishment (666 parishes, three more than at the end of 2009). Moreover, 79 percent Parishes with 1000 inhabitants or more have at least one postal establishment (1639 Parishes, four more than at the end of 2009).

Graph 5 – Coverage of postal establishments, by Municipality, at the end of first half of 2010 (km² per postal establishment)



Source: CTT data.

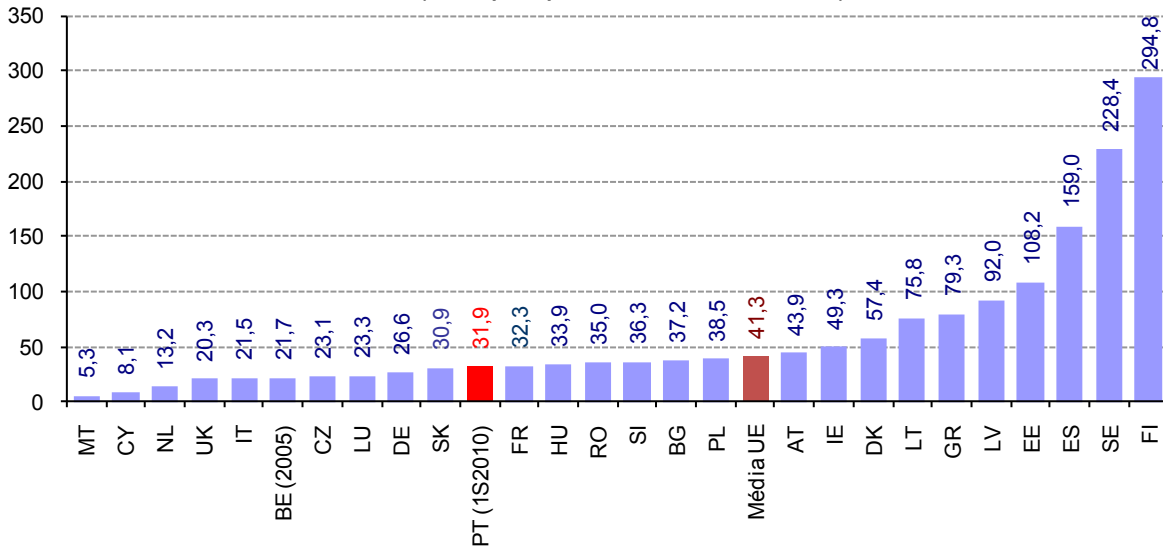
7. According to CTT, at the end of the first half of 2010, all post offices were providing the full range of concession services and 45.5 percent of postal service offices, i.e. 910 in absolute terms (904 at the end of year 2009) were not providing the postal parcels service, while providing the remaining services of the concession.

4. INTERNATIONAL COMPARISON

1. Based on available data (source UPU⁸) on the network of postal establishments belonging to the providers of universal service in Member States (MS) of the European Union (EU), with reference to 2008, it can be concluded that Portugal compares favourably with the EU average (excluding Portugal) both in terms of coverage (see **Graph 6**) and in terms of density index (see **Graph 7**).
2. According to the same data, a reduction is reported in the EU in the total number of permanent postal establishments between 2007 and 2008, with the postal coverage index rising from 40.3 in 2007 to 41.3 in 2008.

⁸ Universal Postal Union: www.upu.int.

Graph 6 – Coverage of permanent postal establishments in EU Member States in 2008* (km² per postal establishment)



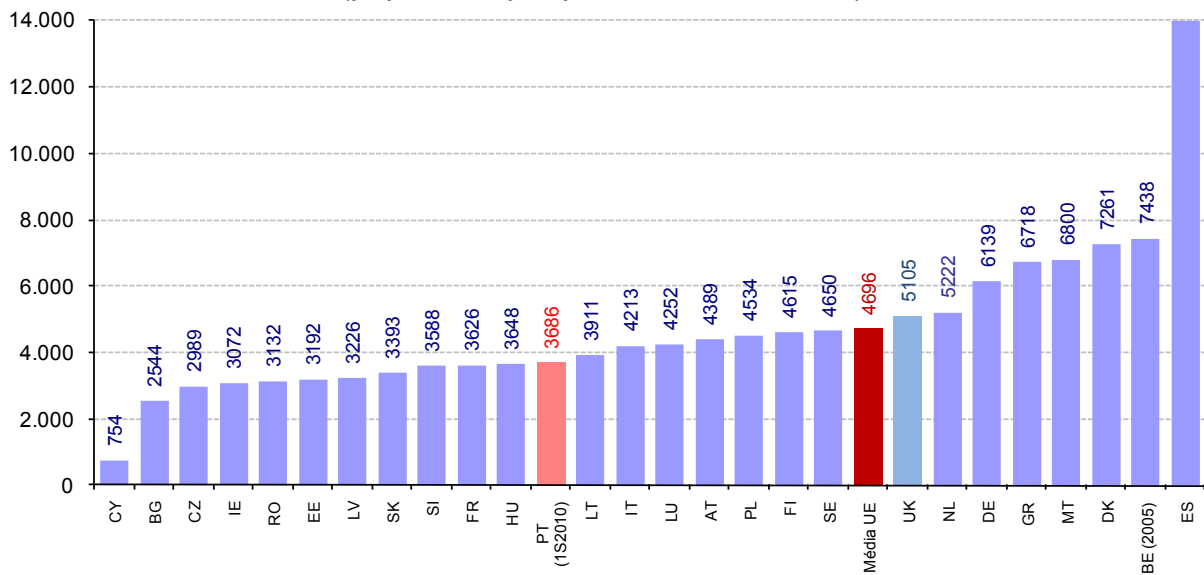
Source: UPU (2008), except for data from Belgium, which refers to 2005.

*Portugal (1H2010): Number of permanent postal establishments - CTT; Area of Portugal – INE (Statistics Portugal) (92,090.1 km²).

Notes: Consideration is not made, for example, of mobile post offices and postmen who also provide the services offered in permanent postal establishments.

EU Average: Excluding Portugal.

Graph 7 – Density of postal establishments in the Member States of the EU in 2008* (population per postal establishment)



Source: UPU (2008), except for data from Belgium, which refers to 2005.

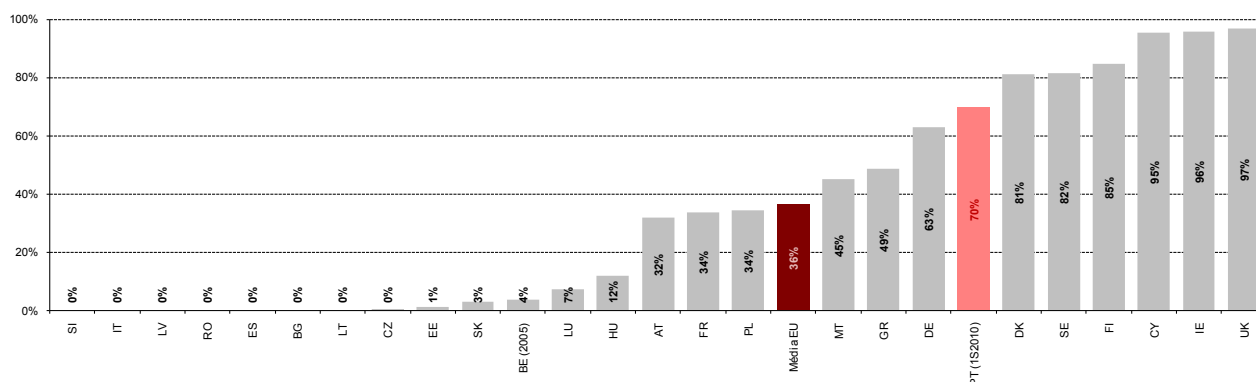
Portugal (1H2010): Number of permanent postal establishments - CTT; Inhabitants in 2007 - INE (Statistics Portugal) (10,637,713 inhabitants).

Notes: Consideration is not made, for example, of mobile post offices and postmen who also provide the services offered in permanent postal establishments.

EU Average: Excluding Portugal.

3. The differences between EU Member States may result from the specific geographic characteristics of each country and are also partly due to the fact that in some countries postmen provide mail services which are similar to those provided in postal establishments.
4. 30 percent of the postal establishment network consists of post offices managed by CTT. 70 percent are managed by third parties (2002 postal service offices and 9 contracted out post offices). This value is lower, according to UPU data from 2008, than that reported in Denmark (81 percent), Sweden (82 percent), Finland (85 percent), Cyprus (95 percent), Ireland (96 percent), and United Kingdom (97 percent) - See **Graph 8**.

Graph 8 – The relative importance of permanent postal establishments operated by third parties (2008*)



Source: UPU (2008), except for data from Belgium, which refers to 2005.

Notes: * Data for Portugal: CTT.

UPU definition of postal establishments managed by third parties: Postal establishments managed by persons other than the universal service provider (USP), based on a contract made between the parties.

The UPU does not provide data for the Netherlands. According to data published in the study by WIK-Consult *Main Developments in the European Postal Sector*⁹, July 2004 (page 46/58 and 47/58 of *Appendix C - Sector Development*), 86 percent of postal establishments in Holland were managed by third parties in 2003.

EU Average: Excluding Portugal.

⁹ http://ec.europa.eu/internal_market/post/doc/studies/2004-wik-final-appendices_en.pdf.

5. NOTIFICATIONS MADE TO ICP-ANACOM PURSUANT TO PARAGRAPH 4 OF BASE XX OF THE CONCESSION

1. During the first half of 2010, ICP-ANACOM received 12 notifications from CTT pursuant to paragraph 4 of Base XX of the Concession, in the amendment enacted by Decree- Law No 112/2006 of 9 July, categorised as follows:
 - a) 3 notifications in respect of the closure of post offices and their replacement by postal service offices;
 - b) 2 notification in respect of the closure of a post office;
 - c) 6 notifications in respect of reductions in post office working hours;
 - d) 1 notification in respect of increases in post office working hours.

6. GLOSSARY

Germany	DE
Austria	AT
Belgium	BE
Bulgaria	BG
Cyprus	CY
Denmark	DK
Slovakia	SK
Slovenia	SI
Spain	ES
Estonia	EE
Finland	FI
France	FR
Greece	GR
The Netherlands	NL
Hungary	HU
Ireland	IE
Italy	IT
Latvia	LV
Lithuania	LT
Luxembourg	LU
Malta	MT
Poland	PL
Portugal	PT
United Kingdom	UK
Czech Republic	CZ
Romania	RO
Sweden	SV
Post office	PO
Postal service offices	PSO
Postal Establishment	PE
Partnership shop	PS
Exterior Postal Counter	EPC