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INTRODUCTION

The Postal Act entering into force on 1st of July 2006¹ stipulates the requirements to the postal services provided and performing of state surveillance of the fulfillment of the requirements established. In the Postal Act an important place has been reserved for regulation of the obligation of providing of the universal postal service ensuring providing of a postal service of reliable quality and with unified and reasonable price for separate deliveries accessible to everybody on the territory of the Republic of Estonia.

According to the European Union directives² a regulator legally and economically independent of the providers of the postal service shall perform surveillance of the fulfillment of the regulations established in the postal communication regulation. In accordance with § 43 of the Postal Act the Communications Board will perform surveillance of the postal area.

According to § 47 of the Postal Act every year in the second quarter the Communications Board submits to the Ministry of Economic Affairs and Communications a written report on the developments and problems in the postal services area and activity of the Communications Board in the given area during three previous calendar year.

The present report reflects the developments in the postal services area in 2006 and the activity of the Communications Board in the area and is a continuation to the annual report published by the Communications Board since 2003 on the developments in the postal services market during the previous calendar year.

The report has been prepared based on the requirements and terms of the effective postal act. Upon differences in terms or provisions with the previous postal act the corresponding difference has been provided.

¹ State Gazette I 2006, 18, 142.

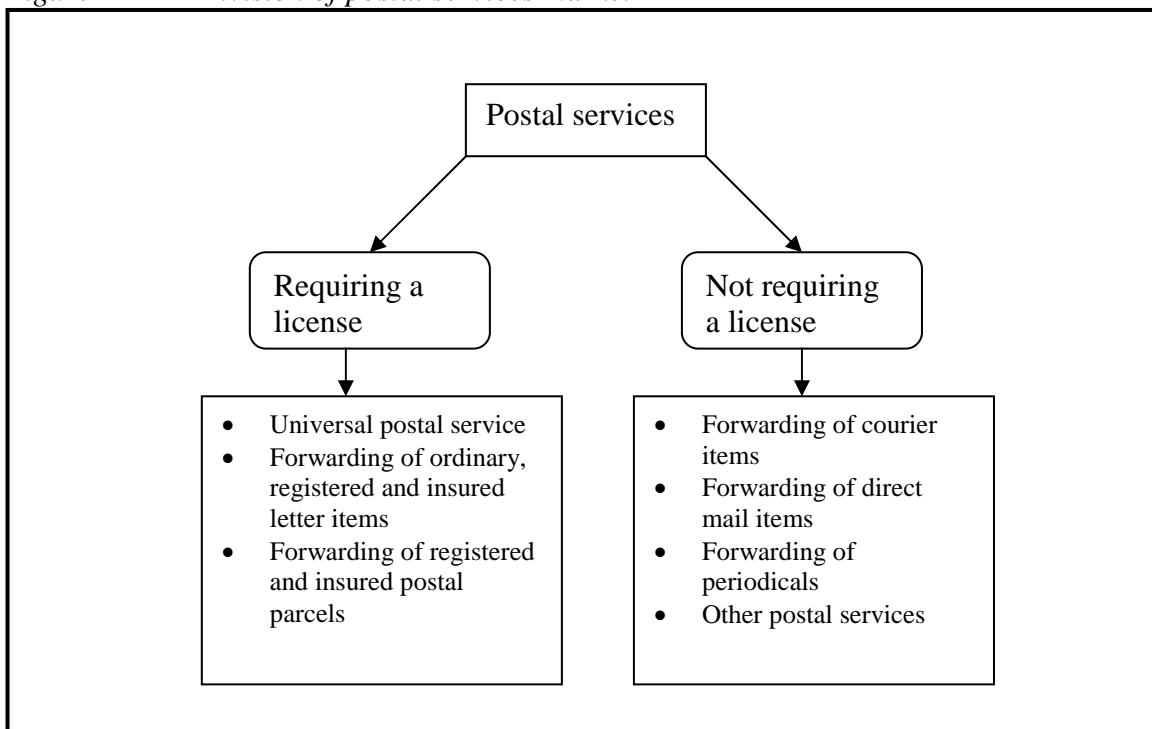
² European Parliament and Council Directive 97/67/EC, 15 December 1997, on the joint regulation for improving of the domestic market development of the postal services of the Community and raising the quality of the service – Official Journal L 015, 21/01/1998 pg. 0014-0025.

European Parliament and Council Directive 2002/39/EC, 10 June 2002, changing directive 97/67/EC continuing the opening of the postal services of the commission to competition – Official Journal L176, 05/07/2002 pg 0021-0025.

1. Postal services market

According to the Postal Act the domestic and cross-border postal services market can provisionally be divided into two – postal services requiring a license and postal services not requiring a license.

Figure 1 Division of postal services market



Universal postal service is thereby a set including forwarding of an letter item as ordinary, registered and insured item, forwarding of a postal parcel as a registered and insured item and forwarding of periodicals. The provider of the universal postal service shall ensure consistent, high quality provision of all postal services belonging to the set all over the territory of the Republic of Estonia at reasonable prices. A license for the providing of the universal postal service is issued only to one provider of the postal service.

Since 1st of July 2006, the data on providers of the postal service (notices and licenses of providing of postal service) shall be entered into the register of economic activity (hereinafter: REA). Based on this the Communications Board entered the data on the providers of the postal services in the state register of postal service providers into REA. As the only license all data of the license issued to AS Eesti Post (hereinafter. Eesti Post) on 16th of July 2002 was entered into REA. Prior to the transfer of data the Communications Board asked the companies in the state register of postal service providers for a confirmation on whether they wished to continue providing of a postal service and entering of data into REA. Four companies did not wish to continue providing of the postal service and their data was not entered into REA. At the same time the Communications Board started to receive new notices on providing of a postal service. As of 31st of December 2006, there were 36 postal service providers in Estonia (see Table 1).

In December 2006, Eesti Post filed an application for the extending of the license of the universal postal service for ten years. The procedure will continue in 2007.

Table 1 Procedures performed on the basis of the Postal Act

Postal communication	2006
Notices of starting to provide a postal service *	36
Issuing of a license	1
Approval, changing of license terms	1
Extending of the license	0
Cancellation of the license	0

* Note: Also companies, who agreed to transfer of data from the state register of postal service providers to the register of economic activity have been considered.

In 2006, four major market segments were present in the postal services market: universal postal service, courier service, other postal services³ and direct mail service. Prior to entering into effect of the valid Postal Act also domestic forwarding of postal parcels weighing over 10 kg and hybrid mail service and forwarding of cash transfers were differentiated. At the effecting of the act only forwarding of deliveries with the weight of up to 20 kg were viewed as postal parcels and if providing of the services is performed by the provider of universal postal service the service will belong to the universal postal services set. Other service providers may forward postal parcels as registered and insured items, if they have a corresponding license or notifying the Communications Board as delivering registered or regular items. Since 1st of July 2006 cash transfers are not viewed as a postal service, but the provider of the universal postal service has an obligation to provide financial services through its postal network.⁴

Within the framework of financial services Eesti Post has a cooperation contract with the Social Insurance Board for the payment of pensions, benefits and state benefits through the postal network.

According to REA the 35 companies were entered into the register as courier service providers. 3 companies provided also some other service in addition to courier service and one company only provided direct mail service. In December the Communications Board issued a license to D2D OÜ (hereinafter: D2D) for the forwarding of letter items as ordinary, registered and insured. The company started to operate based on the license right away (see Table 2).

Table 2 Postal service providers

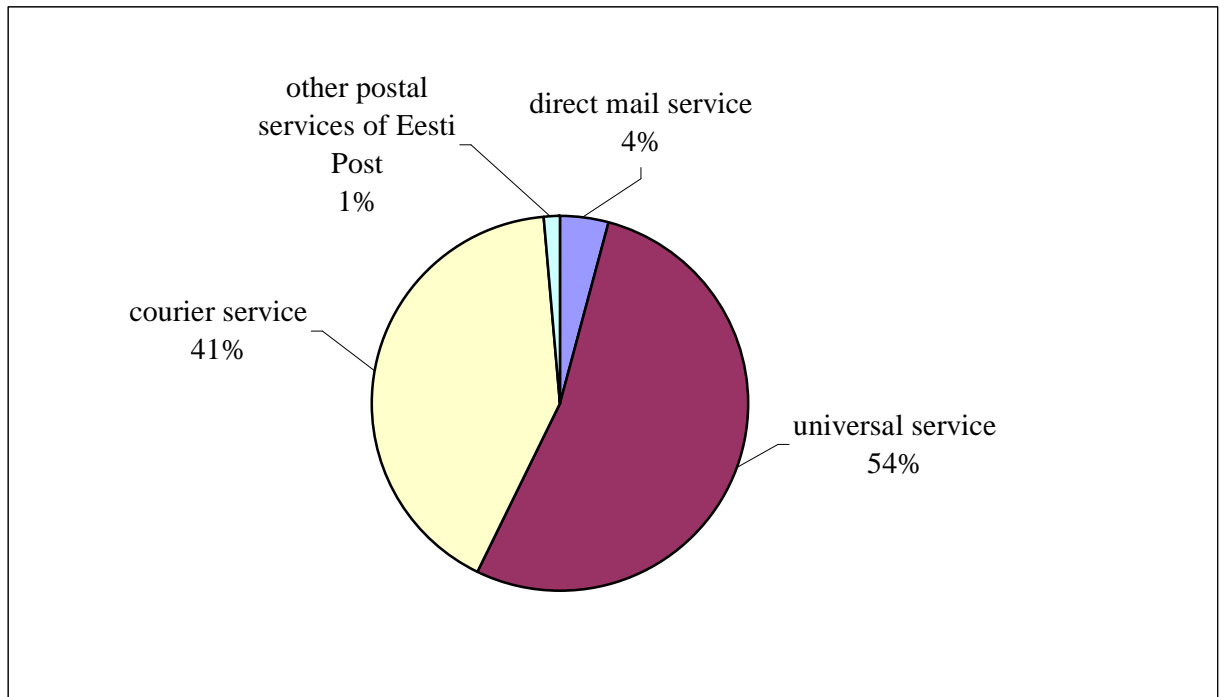
Services provided	Service providers 31.12.2006
Universal postal service	1
Forwarding of letter items as ordinary, registered and insured items	1
Forwarding of a postal parcel as registered, insured items	0
Forwarding of courier items	35
Forwarding of direct mail items	4
Forwarding of periodicals	2
Other postal services	0

³ Presently only Eesti Post operates in the segment

⁴ Payment of pensions, benefits, cash transfers

Comparing the four major market segments in 2005 and 2006, in 2005 universal postal service turnover comprised 50%, courier service turnover comprised 36%, direct mail service turnover 7% and the turnover of other postal services of Eesti Post (incl. cash transfer) 7% of the total postal market turnover. Compared to 2005, the following changes in market division took place in 2006: the share of universal postal service increased by 4%, the market share of courier service increased by 5%, the share of other postal services of Eesti Post (incl. cash transfer) decreased by 6% and the share of direct mail service decreased by 3% (see Figure 2).

Figure 2 Market division by postal service turnover in 2006



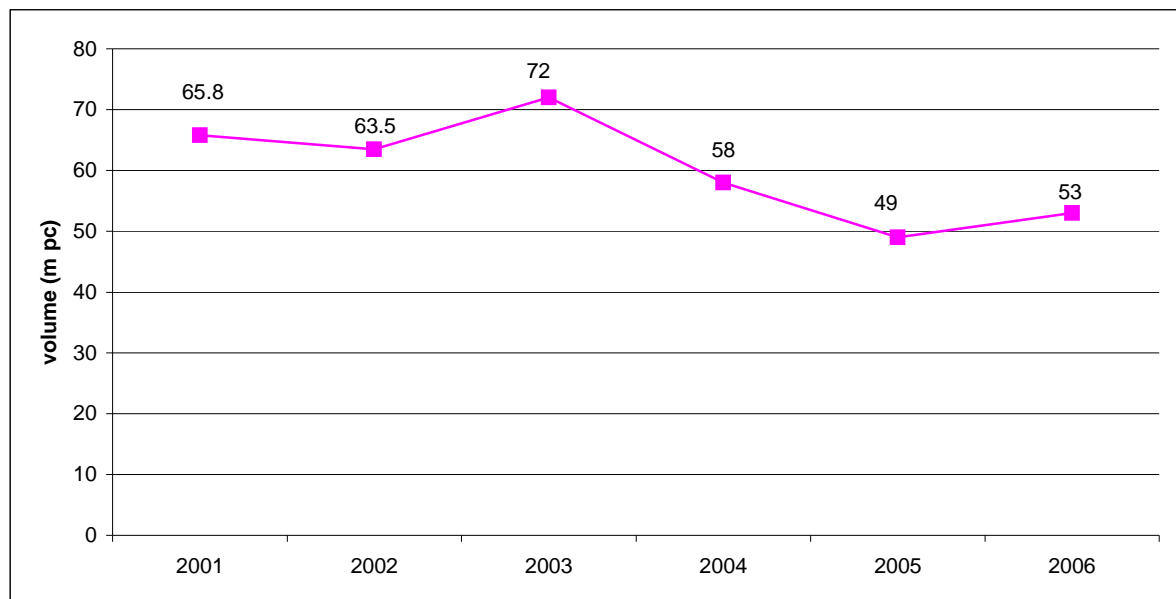
2. Universal postal services market segment

A license for providing of universal postal service, domestic forwarding of postal parcels with the weight of over 10 kg and performing of cash transfers and payment of state pensions, benefits and state benefits via mail in the procedure established by law was issued to Eesti Post on 16th of July 2002. Since 1st of July 2007 the set of universal postal service changed, the weight limit of the postal service increased up to 20 kg. Domestic forwarding and performing of cash transfers in the procedure established by law and payment of state pensions, benefits and state benefits via post are no longer viewed as a postal service. Since 1st of January 2007, also forwarding of periodicals, if the deliverer is the provider of universal postal service, will be added to the set of universal postal services. The given license is effective until 16th of July 2007.

In 2006, universal postal service comprised 58.8% of the entire company realized net turnover, from which 60% was the turnover of domestic forwarding of items of correspondence with the weight of up to 2 kg.

Despite continuing development of electronic correspondence in 2006 the volume of letter items forwarded as ordinary deliveries (hereinafter: ordinary letter items) increased by ca four million pieces (see Figure 3).

Figure 3 Forwarded ordinary letter items in 2001-2006⁵



In 2006 cross-border forwarding of letter items was also characterized by increasing of volume. The volume of postal parcels forwarded cross-border has somewhat increased, whereas the volumes of forwarding cross-border postal deliveries have considerably decreased – especially the volume of deliveries received (see Table 3).

For letter market analysis it is important to note that until 1st of October 2006 also D2D competed with Eesti Post in the given market, the courier deliveries forwarded by D2D were

⁵ Includes only data of Eesti Post

delivered without taking a signature from the receiver. Since 6th of December 2006, D2D has a license for forwarding of letter items as ordinary, registered and insured deliveries on the territory of the Republic of Estonia. Comparing the volume of domestic letters with the weight of up to 2 kg of Eesti Post to the volume of services of D2D, the share of D2D of letter market comprised ca 2% in 2006.

Table 3 Volumes of letter items and postal parcels of Eesti Post in 2001-2006

Year	Domestic (mio pc)		Cross-border (mio pc)			
	letters	Postal parcels up to 10 kg	sent		received	
			letters	Postal parcels	letters	Postal parcels
2001	65.8	1.4	4.5	0.03	10.2	0.05
2002	63.5	0.5	4.8	0.03	14.1	0.9
2003	72	0.7	3.7	0.03	10.8	0.7
2004	58	0.8	4.4	0.05	6	0.7
2005	49	1.2	3.7	0.08	5.7	0.7
2006	53	1.3	4.5	0.07	5.4	0.03

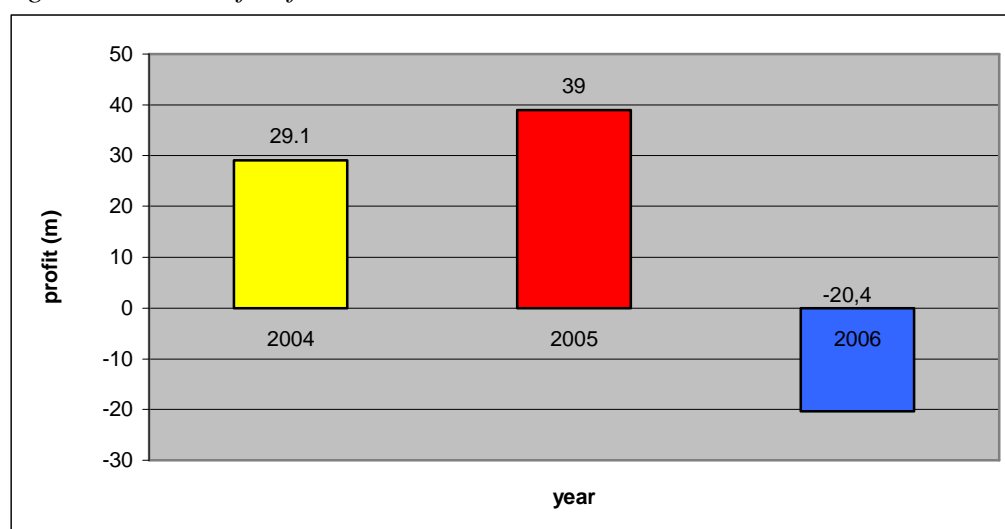
(Source: Eesti Post)

2.1. Universal postal service provider

As mentioned beforehand, the service in Estonia is provided only by Eesti Post. Eesti Post offers almost 90 services, including traditional postal services like forwarding of letter items, postal parcels and periodicals, also courier, warehousing, transport, financial and other services. The company has a postal network covering entire Estonia, including approximately 3700 different access points. Eesti Post employs about 4200 workers.

The economic results of the company indicate that compared to 2005 the total income has increased by 5.8% or 43.8 mio EEK, whereas expenses increased by 14.9% or 105.3 mio EEK. The company ended the year 2006 with the loss of 20.4 mio EEK (see Figure 4).⁶

Figure 4 Profit of Eesti Post in 2004-2006



⁶ Source Eesti Post

3 Cost accounting 2006

According to the Postal Act entering into force on 1st of July 2006, Eesti Post had to take its cost accounting into compliance with the Postal Act and secondary acts based on this by 1st of October 2006 at the latest.

According to the Postal Act Eesti Post had to submit to the Communications Board the audited cost accounting model (hereinafter: cost model) for approval. The given model was submitted on 2nd of October and on 20th of October 2006 the opinion of the auditor was added. As the company did not eliminate the shortcomings in the cost model indicated by the auditor with its decision of 27th of November 2006 the Communications Board did not approve the cost model.

Eesti Post submitted the improved cost accounting model on 1st of December 2006. According to the Postal Act the Communications Board has two months to analyze this, due to which the procedure will continue in 2007.

Major changes in legal acts related to cost accounting creating preconditions for changing of the cost model of the universal postal service provider are the following:

- universal postal service includes postal parcels with the weight of up to 20 kg;
- forwarding of periodicals by the universal postal service provider is included in the universal postal services set;
- the cost model shall be built based on the service provision process;
- more accurate division of costs, incl. changing of the reserve volume division principles;
- principles of service charge calculation were established.

3.1. Charges

In 2006, Eesti Post applied for changing of three postal service charges. The corresponding services included domestic letter service of up to 2 kg, cross-border letter service of up to 2 kg and cross-border postal parcel⁷.

The Communications Board reviewed applications for changing of the charge and found that the given applications were not sufficiently transparent (included forecasts) and grounded. There were also some calculation mistakes, which had a direct impact on the size of the service charge.

The Communications Board did not support charge changing applications and based on this the charges of postal services belonging to the universal postal services set did not change in 2006.

In December 2006, Eesti Post submitted the charges for forwarding of periodicals for coordination. The procedure of the Communications Board will continue in 2007, as the Communications Board needed additional information for making the decision.

⁷ Applications for changing the charge were submitted based on the list of services effective at the moment.

4. Discounts

Prior to 1st of October 2006, Eesti Post made discounts on volume. According to the Postal Act making of discounts is not obligatory for Eesti Post. Activity of Eesti Post at making discounts is targeted above all to large users. Discounts for small users did practically not exist in 2006, as already for two years Eesti Post has not made Christmas and Annual Turnover and Postcard Day discounts. Granting of a discount not proceeding from the Postal Act, free forwarding of regular items of correspondence of conscripts was at the request of the Communications Board ended in September 2006. Making of the corresponding discount was not in compliance with the Postal Act, which prohibits making of discounts in a way excluding equal treatment of users. At the same time there are free forwarding possibilities for blind persons (secograms) and prisoners of war and civilian internees coming from Universal Postal Convention..

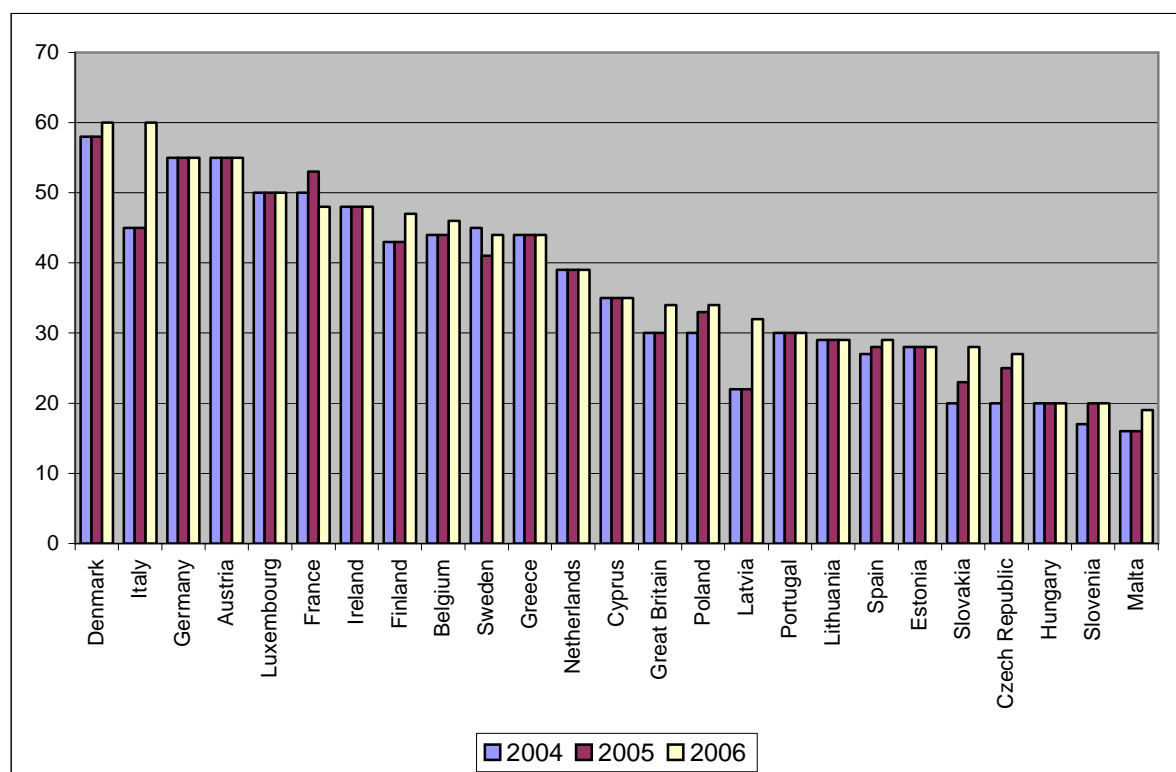
According to the effective Postal Act Eesti Post shall not make discounts based on volume. According to law the provider of postal service can apply a discount to the postal service charge, if the cost of forwarding the postal delivery is lower than the cost of providing of a regular service. This means that in case of a discount the forwarding process would not include some procedures, which would ensure a smaller cost than providing of a regular service.

Eesti Post took its discount procedure into compliance with the Postal Act by 1st of October 2006. According to the effective procedure the postal service user shall for the getting of a discount take items of correspondence and postal parcels directly to Tallinn Sorting Center of Eesti Post. Postal parcels shall have a postal card and it should be possible to sort items of correspondence by machine. Upon following of these requirements the postal deliveries forwarding process shall exclude collecting and partially also sorting, due to which the cost of postal deliveries is lower than delivering of individual ordinary item and making of a discount is allowed according to law.

5. Comparison of letter service forwarding charge in Europe

The charge of a domestic letter item has remained on the same level in Estonia since 2000.⁸ In 2004-2006, the charge of ordinary letter item in the European Union countries has remained unchanged in Germany, Austria, Luxembourg, Ireland, Greece, Netherlands, Cyprus, Portugal, Lithuania and Hungary. In 2006, letter service charges have been raised considerably by Latvia 45%, Italy 33%, Slovakia 22%, Malta 19% and Great Britain 13%. The charge of ordinary letter item has decreased only in France. Among the 25 European Union countries the charge of forwarding of letter items in Estonia is one of the lowest, being higher only from that of Czech Republic, Hungary, Slovenia and Malta (see Figure 5).

Figure 5 Comparison of the charge of ordinary letters of the European Union countries in 2004-2006 in euro cents



Source: The Free and Fair Post Initiative

5.1. Trends at forwarding of letter items

One of the last trends is to provide a service offering fast delivery. Such a service drives out the traditional letter service. Yet, this enables the postal operators to request a higher charge for fast delivery, although the service itself corresponds to requirements, which should have been ensured by universal postal service requirements. Italy is a good example of this, where first

⁸ The lowest price category of the ordinary letter items forwarded by universal postal service provider. Does not include discounts.

class service has replaced the ordinary forwarding of letter items, which has caused a 15 euro cent charge increase.

The trend of increasing of the forwarding charge of letter items becomes more and more evident. In 2006, 12 member states increased forwarding charges. Therefore the users of the postal service have a suspicion that the former monopolists governing the market take too high charge for the service. The number of those supporting the complete opening of postal services market has increased, as free competition would keep service fees on a competing cost-oriented level.

6. Courier service market segments

Courier service is forwarding of items of correspondence and postal parcels:

- to the addressee or his/her representative with delivery against a signature;
- in a fast and reliable way;
- together with the possibility of the receiver to get information on the location of the delivery on its route, intervene with the forwarding of the delivery and if necessary reorganize forwarding of the delivery at any time.

Compared to the previous act the effective Postal Act specifies the terms of forwarding of courier deliveries and stipulates the additional obligation of delivery against a signature.

6.1. Overview of the market segment

At the preparing of the following overview the courier service providers notifying the Communications Board of its activity and entered into REA as of December 2006 have been taken as a basis. Out of 36 courier service providers 26 actually provided the service. These were DHL International Eesti AS (hereinafter DHL), DPD Eesti AS (hereinafter DPD), AS Sularahakeskus (hereinafter Sularahakeskus), D2D, Rattakuller OÜ (hereinafter Rattakuller), Eesti Post, AS Express Post (hereinafter Express Post), TNT Express Worldwide Eesti AS (hereinafter TNT), P. Dussmann Eesti OÜ (hereinafter Dussmann), OÜ K-Grupp Turvateenused (hereinafter K-Grupp), OÜ EKLT (United Parcel Service representative in Estonia, hereinafter EKLT (UPS)), AS Falck Ida-Eesti, AS Falck Lääne-Eesti, FIE Aivar Paat-A-Kuller, FIE Jüri P. Polver, SKTransport OÜ, LKF Kuller OÜ, OÜ Helmacum, OÜ Gelves Grupp, GlobexService OÜ, OÜ Ida-Viru Kuller, A-Kullermees OÜ, OÜ MVF Consult, OÜ Scandiamant, Reval Kuller OÜ, OÜ Combifragt Eesti (hereinafter Combifragt).

The remaining ten courier service providers – Kiirkuller FFW OÜ, OÜ MI Kuller, Johanna Kuller OÜ, M&M Militzer and Münch Baltica OÜ (hereinafter: M&M), OÜ Pankrand (hereinafter: Pankrand), OÜ T.P. Projekt, OÜ Innur, Securitas Eesti AS, MGI Turundus OÜ, Sky Baltic OÜ, FIE Rita Ternos did not actively provide the service in 2006.

In 2006, courier service market was characterized by the ending or suspension of many smaller companies. At the same time also other newcomers to the market were regulated. Competition in the courier service market was relatively intense.

In addition to the traditional courier service until 1st of October 2006 courier service was provided also via mailbox, in case of which signature for receiving of a postal delivery was not taken. In 2006, the service was offered by D2D and OÜ Ida-Viru Kuller.

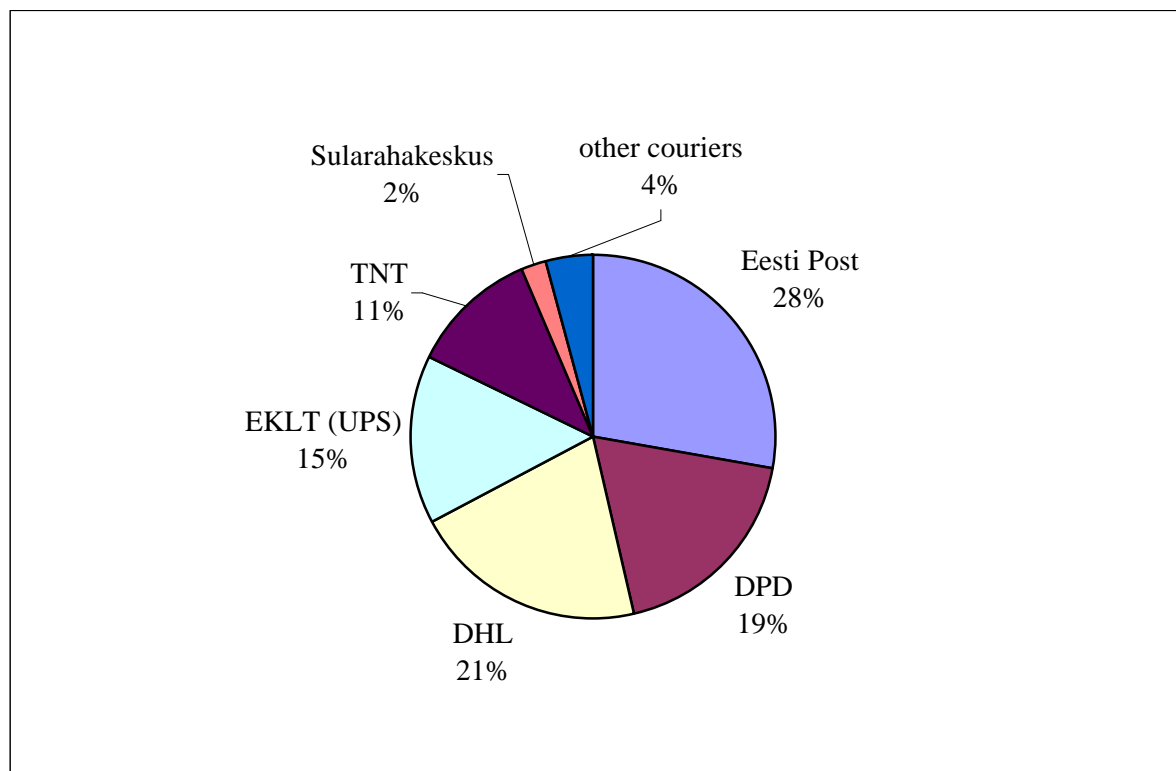
In addition to providing of postal service several courier service providers are engaged in providing of other services (for example transport and security service). In case of market division only the share of postal service in total turnover has been considered.

6.2. Size and development of courier service market segment

In 2006, courier service market comprised 41% of the entire postal market. Compared to 2005, a 5% turnover increase has occurred in the given segment.

Courier service providers include companies providing domestic service as well as cross-border courier service. Major market participants by turnover in 2006 included Eesti Post with 28%, DHL with 21%, DPD with 19%, EKLT (UPS) with 15% and TNT with 11% (see Figure 6).

Figure 6 Turnover of courier service providers in 2006

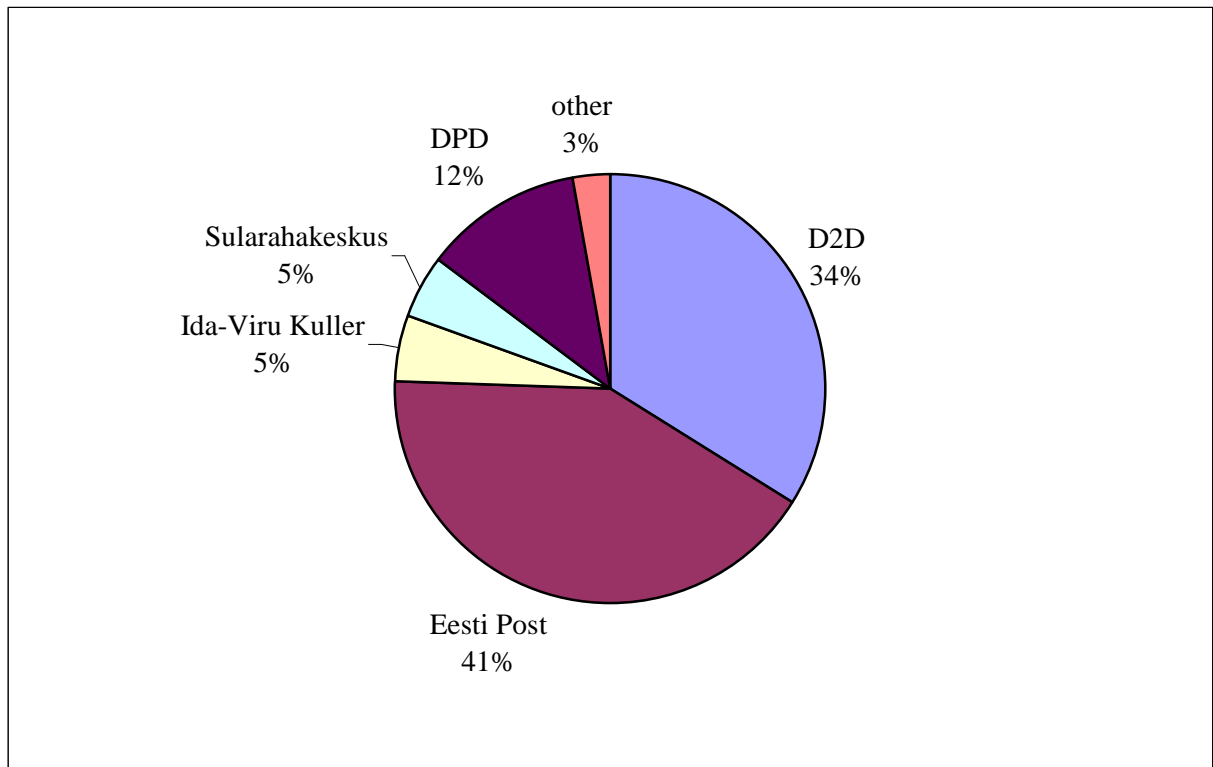


6.3. Domestic courier service

Considering the deliveries forwarded by courier service providers via mailbox as well as against signature, in 2006 Eesti Post forwarded the largest number of domestic courier deliveries. Eesti Post forwarded about 300 000 more deliveries than D2D (see Figure 7).

D2D provided courier service mainly via mailbox and therefore the number of deliveries forwarded by the company was comparable to those forwarded by Eesti Post. At the same time the turnover of D2D courier service comprised under 2% of the total courier service market turnover.

Figure 7 Division of domestic courier service market by number of deliveries in 2006



If we take into consideration only deliveries forwarded against signature, Eesti Post with the share of 61% would definitely be the market leader, followed by DPD with 17% (see Figure 8).

Figure 8 Courier deliveries forwarded against signature in 2006

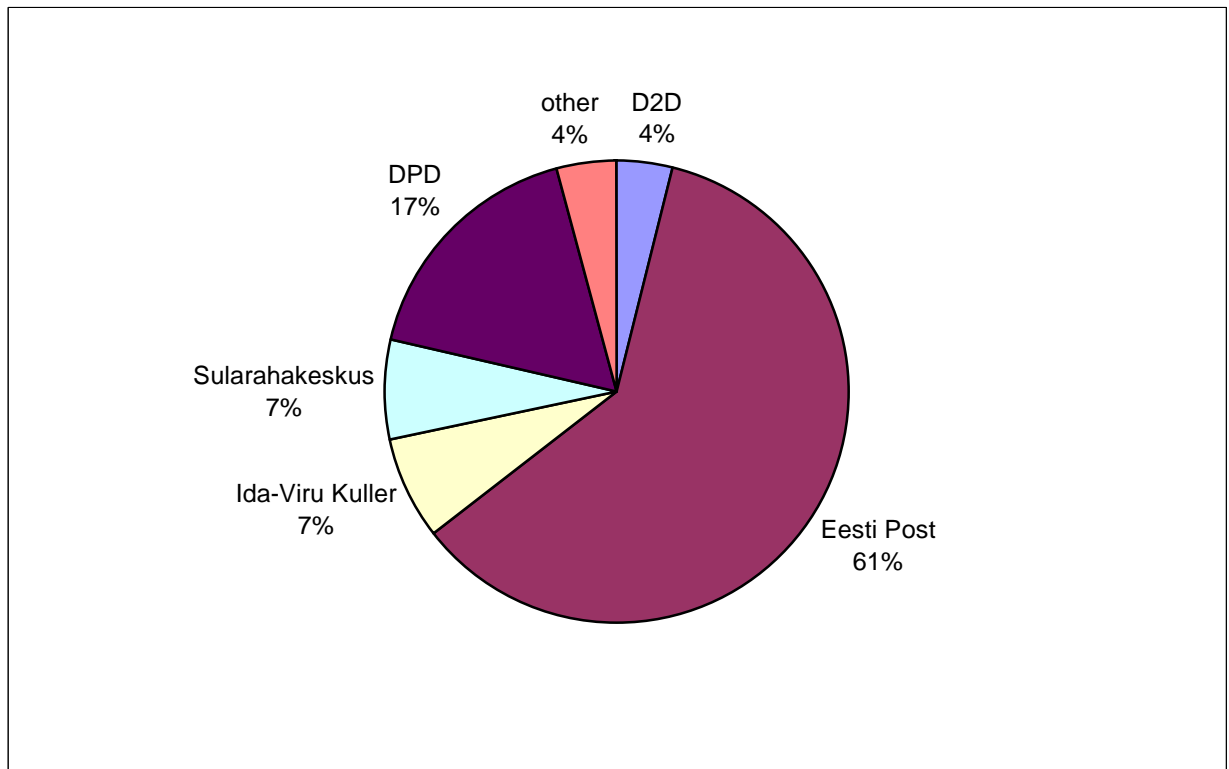


Table 4 indicated the change in the volume of courier deliveries received for domestic forwarding (only deliveries forwarded against signature) in 2006, compared to 2005.

Table 4 Courier deliveries forwarded against signature in 2005 and 2006

	2005	2006
Eesti Post	1 291 200	1 570 899
D2D	167 202	103 070
DPD	363 015	448 521
Sularahakeskus	164 700	178 850
Ida-Viru Kuller	4 670	192 537
Other courier service providers	169 795	108 320
Total	2 160 582	2 602 197

The volumes of most of service providers increased, except for D2D, whose volumes decreased in the year total.

6.4. Cross-border courier service

The following companies have submitted a corresponding notice on delivering of cross-border courier service: K-Kiirkuller, Combifragt, DHL, EKLT (UPS), TNT, Eesti Post, Rattakuller, DPD, GlobexService and M&M. According to the Communications Board M&M was the only one not providing the service in 2006.

Figure 9 gives an overview of the share of deliveries to a foreign country by companies providing cross-border courier service.

Figure 9 Number of courier deliveries sent to foreign countries in 2006

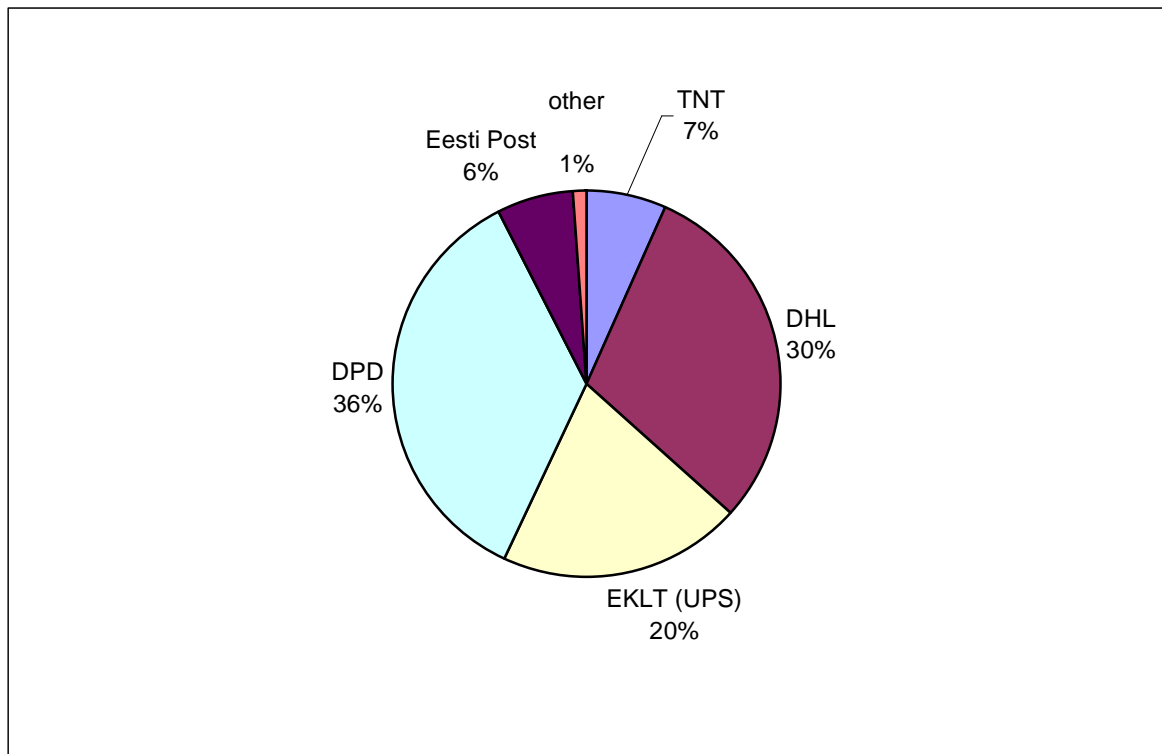


Figure 10 gives an overview of the share of deliveries from foreign countries in the cross-border market. By the given two categories fluctuations during the year were relatively small.

Figure 10 Number of courier deliveries received from a foreign country in 2006

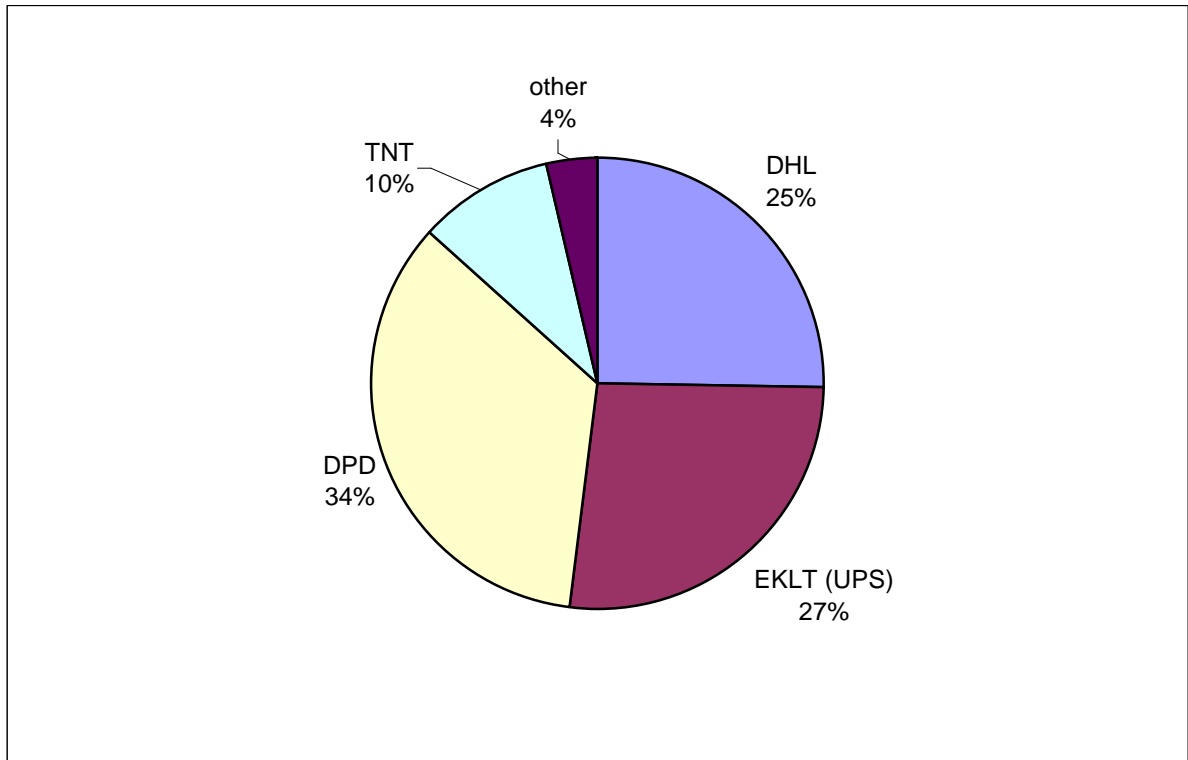
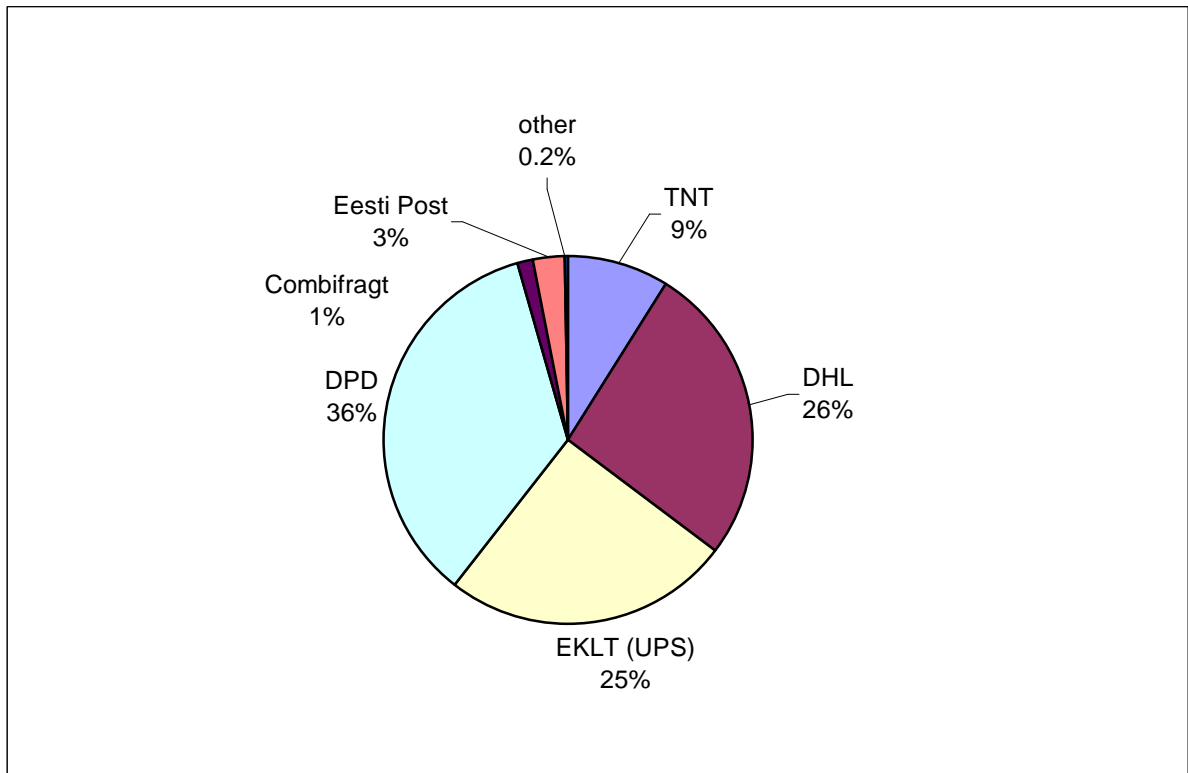


Figure 11 Cross-border courier deliveries in 2006



According to the number of courier deliveries sent as well as received over 30% of cross-border courier service market was captured by DPD. Then followed DHL and EKL (UPS). The share of other couriers separately remained under 10%.

Cross-border market is characterized by figure 11, where the volumes of courier deliveries sent to a foreign country and received from there have been concentrated.

Compared to 2005, the volumes of DPD increased considerably. In 2005, the company has only 30.5% of the market, but in 2006 already almost 36% of cross-border courier service market.

Summary: According to realized net turnover the 2006 market volume of courier services comprised 41% of the total postal services market volume. Courier service providers included domestic service providers as well as companies providing international courier service.

In 2006, Eesti Post forwarded the largest number of domestic courier deliveries against signature, having 61% of the total domestic courier service market.

According to the number of courier deliveries sent as well as received 36% of cross-border courier services was captured by DPD, then followed DHL with 26% and UPS with 25%.

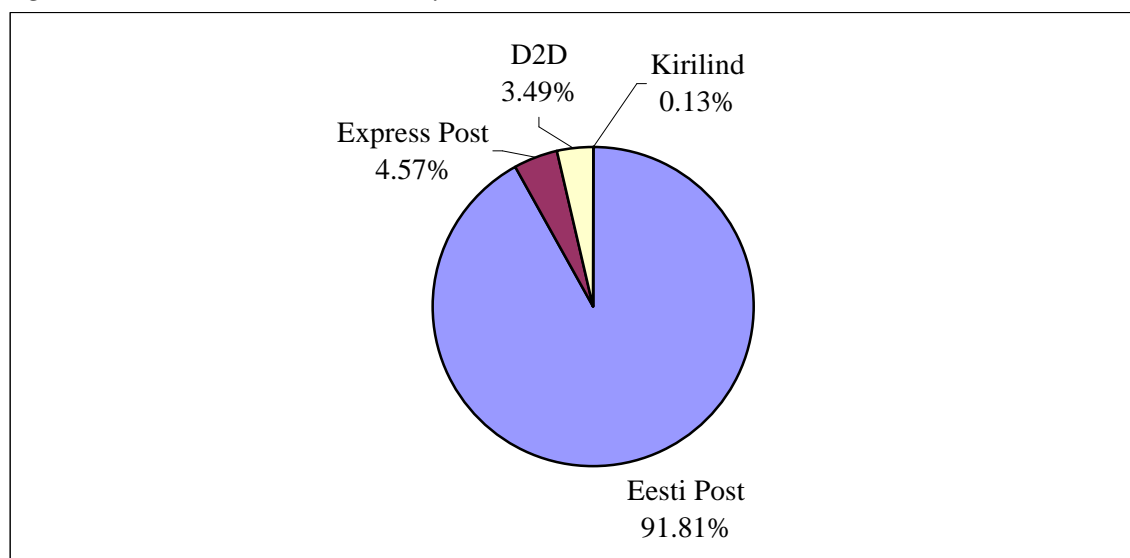
7. Direct mail

Four postal service providers whose service is similar to the direct mail service established in the directive have been registered in the Communications Board and these include D2D, Express Post, OÜ Kirilind (hereinafter: Kirilind) and Eesti Post.

According to volumes Eesti Post (see Figures 12 and 13), capturing ca 92% of the market, still remained the largest direct mail service provider. The total share of other service providers was ca 8%.

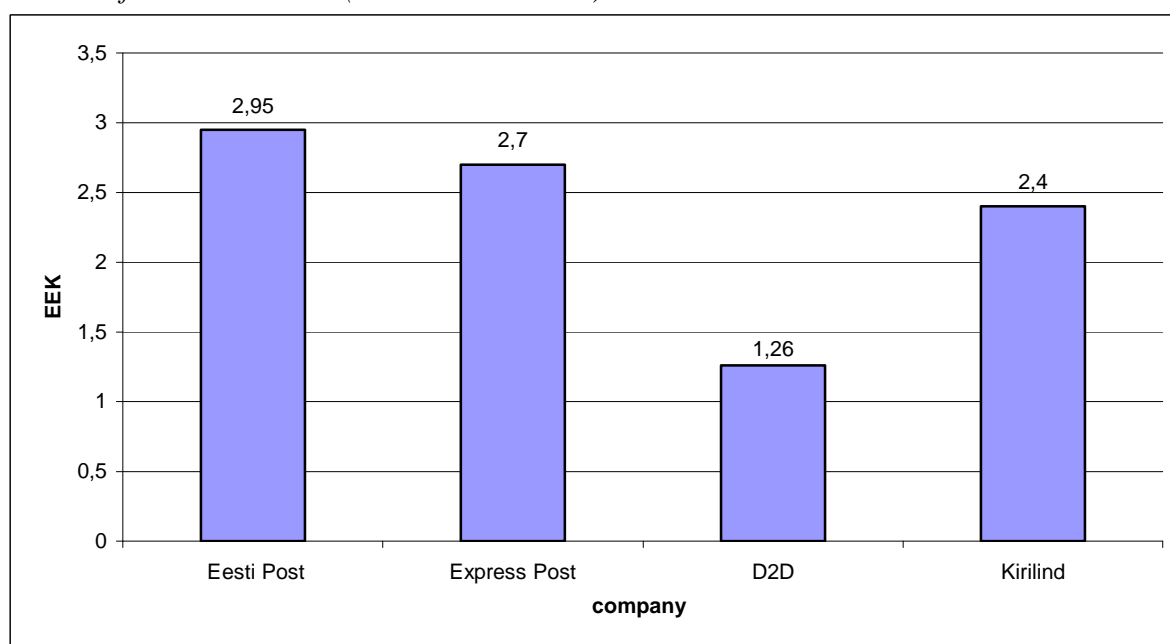
According to turnover the share of Eesti Post was even 94%.

Figure 12 Direct mail delivery volumes in 2006



Comparison of charges of deliveries have been provided in figure 13.

Figure 13 Charges of direct mail deliveries with the weight of up to 20 kg within the borders of Tallinn in 2006 (without a discount)



Direct mail service is similar to the service of sending of ordinary letter items. The production process differs by collecting, sorting and quality requirements, due to which it is possible to provide direct mail service cheaper than ordinary letter service.

Summary: Four direct mail service providers have been registered in the Communications Board: D2D, Express Post, Kirilind and Eesti Post. Eesti Post, capturing 92% of the market, was a company with the largest market volume in the direct mail service market , the share of Express Post, D2D and Kirilind was only a total of 8%.
Direct mail service turnover comprised 4% of the total postal service market turnover.

8. Postal service quality

The Postal Act stipulates specific quality requirements to forwarding of postal deliveries only to the services included in the universal postal services set. At the providing of other postal services the service provider shall establish the requirements set to the service in the service provision standard conditions. Hence, in the present article the Communications Board only views the fulfillment of quality requirements set to universal postal service.

According to § 37 of the Postal Act the provider of universal postal service shall ensure collection of postal deliveries and their delivery to the addressee on all business days and not less than five days a week and once a day all over the territory of Estonia. Delivery of periodicals to the addressee shall be ensured on six days a week.

Additional quality requirements have been established to the delivery of ordinary letter items. According to the requirements 90% of ordinary letter items shall be delivered to the addressee on the business day following the day of their depositing (J+1). Ordinary letter items of lower charge class shall be 90% delivered not later than on the third business day following their depositing (J+3).

Exceptions are allowed in case of state and national holidays and islands, which lack the 5-day regular transport connection.

According to § 38 of the Postal Act the universal postal service provider shall ensure measuring of the requirements of universal postal service quality and disclosure of data together with data on the number of complaints filed and their solutions.

In 2006, the Communications Board performed regular inspections of the activity of postal offices providing universal postal service. The provision, availability of universal postal service and fulfillment of requirements established to the postal office was inspected in a total of 70 postal offices. The fact that some postal offices provided services included in the universal postal services set only at prior ordering can be listed as most important shortcoming. Smaller violations included the following: standard conditions of service provision information on opening hours were lacking. Considering the magnitude and extent of violations the level of fulfillment of requirements in postal offices can be viewed as good. Compared to previous years the number of violations has started to fall.

8.1. Inspection of delivery of letter items

In November-December 2006, based on § 43 of the Postal Act the Communications Board performed an independent study for the inspection of the quality of the universal postal service provided by Eesti Post. The objective of inspection was to have a look at the collection and forwarding of ordinary letter items in rural areas and how long is the time spent on this. The Communications Board posted a total of 400 ordinary items for forwarding. This is by 50 letter items less than in 2005.

Letter characteristics

The total weight of ordinary letter items posted was at the maximum of 10 g and C5 envelope was used at forwarding. Items were posted all over Estonia without preferring any county.

357 items of letters were sent back (89.25% of posted letters), of which eight letters did not reach the addressee due to different reasons. No letters were deliberately posted to a wrong or non-existent address. At later inspection it appeared that five letters had a wrong address.

Objective

In 2006, the Communications Board above all directed its attention to services provided in rural areas. In the course of inspection three parameters were followed:

- 1) time spent on collecting of an item from letter box;
- 2) time spent from collecting to delivery;
- 3) general time spent on forwarding.

According to section 5 of § 37 of the Postal Act the universal postal service provider shall ensure delivery of 90% of ordinary letter items to the addressee on the business day following the day of their depositing (J+1). At the assessment of quality requirement the time of emptying stated on the letter box was considered to avoid taking into consideration of days when emptying is not performed. At delivery quality Sundays were not considered, as on Sundays Eesti Post does not perform collecting and delivery of letter items.

At the moment of inspection the persons participating in the inspection did not have a valid agreement with the universal postal service provider on the time of delivery different from that established in section 5 of § 37 of the Postal Act.

The result of the inspection indicates above all the quality of ordinary letter items offered by Eesti Post to individual senders in rural areas, who use letterboxes for posting letters.

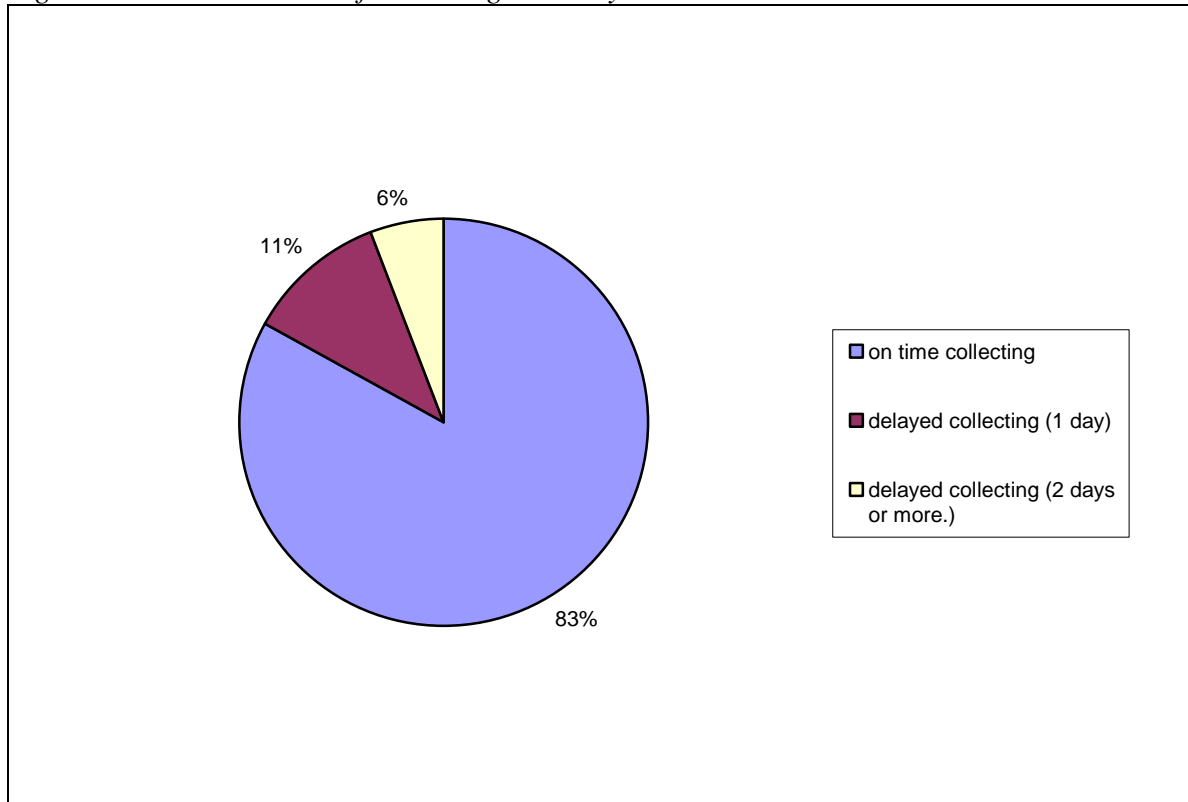
8.1.1. Letter collection

Method: Inspection is based on actual emptying of the letterbox compared to the mark on the letterbox on emptying. At the posting of letters the date and time of posting and the next time of emptying marked on the letterbox were written down. Difference between the time of next emptying and the date of the calendar stamp on the postal delivery served as a basis for assessment of time difference. If the letterbox was not emptied on the day established on the letterbox, the forwarding of the delivery was considered defective. (For example if the letterbox had to be emptied for forwarding on the day of collection, but the calendar stamp stated the date of the next day, the delivery was considered delayed by 1 day.). At collection inspection data on returning of 356 letters has been considered. 44 letters were not considered, as for 40 letters it was not possible to identify data, as deliveries were not returned. In case of 4 letters the stamp image was missing or poorly readable.

Requirement: The letterbox shall state the time of emptying of the letterbox. The latest time of collecting marked on the letterbox indicates the time items of correspondence posted earlier from which shall be subject to delivery time established in the Postal Act J+1. The time on the letterbox also assumes that the postal service provider shall not perform emptying earlier. Emptying after the time marked on the letterbox has not been limited, but it is important that delivery quality requirement J+1 would be ensured for postal deliveries posted prior to the time of emptying.

Result: (see also Figure 14)
Letters collected on time – 297 (83.43%)
Collecting delayed 1 day – 38 (10.67%)
Collecting delayed 2 or more days – 21 (5.90%)

Figure 14 Timeliness of collecting ordinary letter items



The longest collection times of ordinary letter items were 20 and 18 days. Thereby in most cases later collection was not related to ordinary letter items posted on Saturday-Sunday. There were also letter items, which were posted after the later collecting time marked on the letterbox, but were still collected on the day of posting.

Summary: Eesti Post has serious difficulties in rural areas to ensure collection of ordinary letter items on the required level and extent. The non-timely collection of 17% of letter items shows that approximately every fifth ordinary letter items put in the letter box is not collected in accordance with the requirements established.

8.1.2. Delivery of letter items

Method: The time period from the date of calendar stamp until reaching the addressee served as a basis for inspection. At the receiving of letter items the date of reception (calendar stamp image) and the date, when the letter item reached the addressee were written down. Reaching of letter items to the addressee later than the day following emptying was considered defective activity. Sunday was left out of delivery calculation only if the letter item was collected from the letterbox on Saturday (for example the calendar stamp was put on the envelope on Thursday, but

the item was received by the addressee on Monday – the letter was considered delayed for 3 days).

Out of 400, 340 regular items were considered. Ordinary letter items (60 pc), which were incorrectly addressed (6 pc), which did not reach the addressee (40 pc) or which had some other shortcoming, which did not enable to establish the accurate delivery time (14 pc) were not considered.

Requirement: According to section 5 of § 37, 90% of the ordinary letter items shall be delivered on the working day following collection. The Communications Board considered weekdays from Monday to Saturday as days of delivery, as according to the board the universal postal service provider delivers letter items all over Estonia on these days. At delivery Sundays and state holidays, if according to the rule delivery had to take place on these days, were not considered.

Results: (also see Figure 15)

ordinary letter items delivered on time – 189 (55.59%)

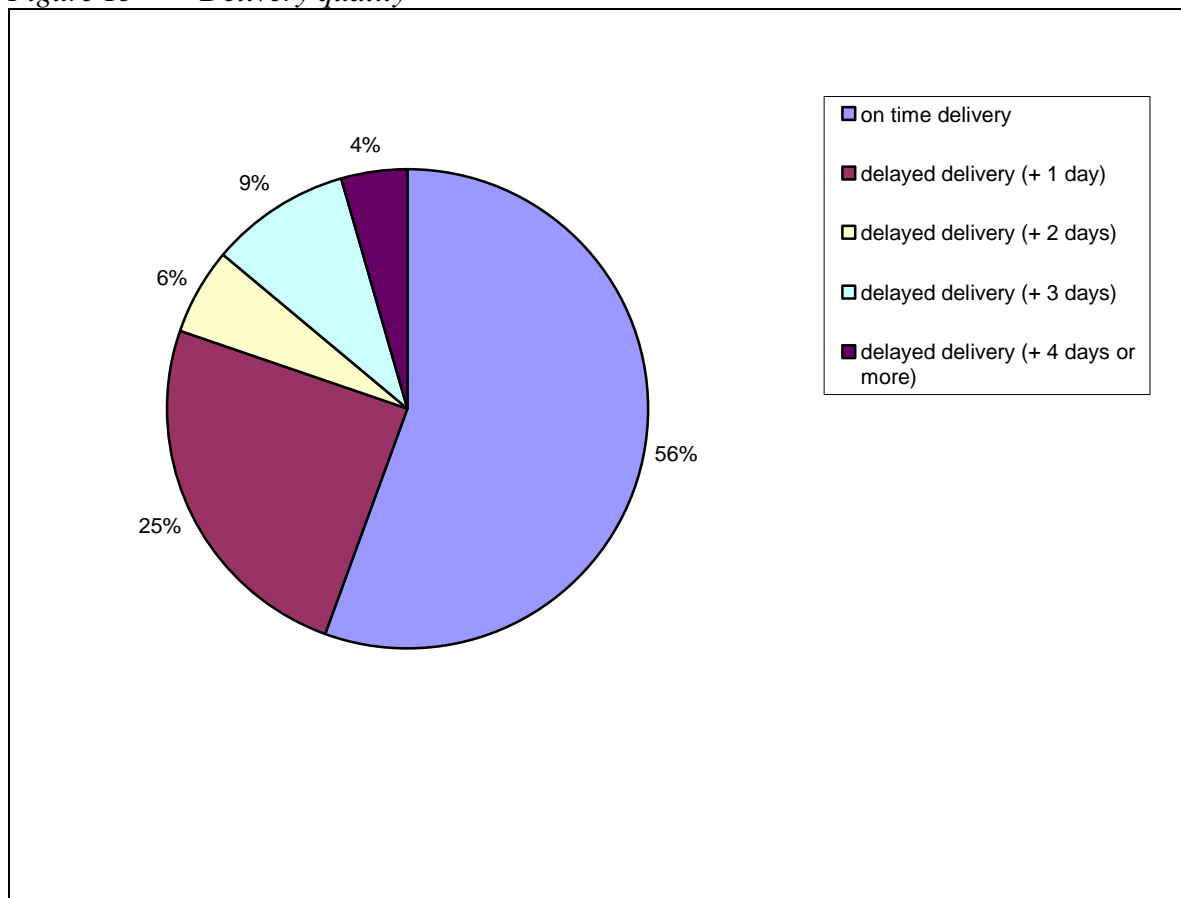
Delivery delayed by 1 day – 84 (24.71%)

Delivery delayed by 2 days – 20 (5.58%)

Delivery delayed by 3 days – 32 (9.41%)

Delivery delayed by 4 or more days – 15 (4.41%)

Figure 15 Delivery quality



Longer delays in delivery were 7 and 8 days

Summary: Delivery of ordinary letter items to clients in rural areas by Eesti Post does not correspond to the requirements established, as instead of the 10% error per cent allowed section 5 of § 37 of the Postal Act ca 44 % of items were delayed. This is four times more than allowed. Hence, Eesti Post did not deliver four out of every ten items sent to its postal network via letterbox to the addressee according to the requirements established. About every fifth regular item put in the letterbox was delayed by two or three days.

8.1.3. Delivery quality

Method: A base of measuring was time period from collecting until delivering to the addressee.

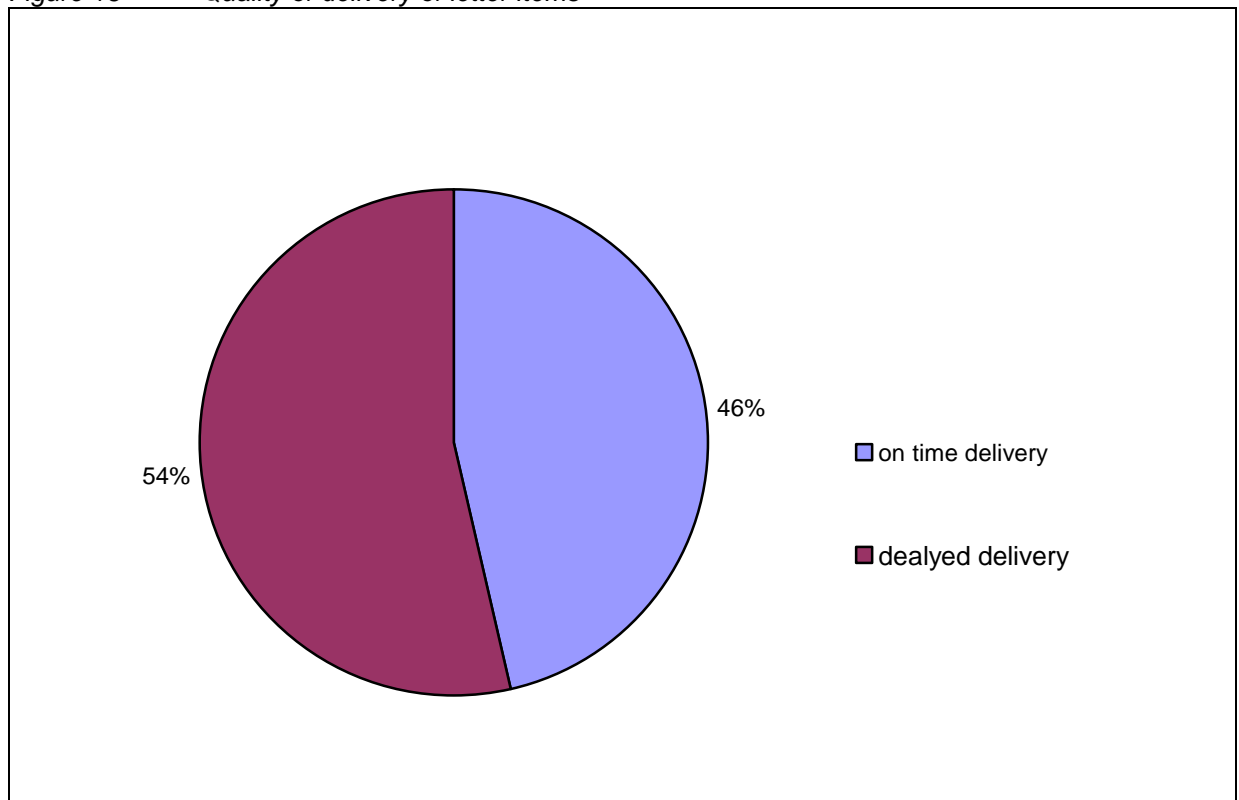
Out of 400, 340 ordinary letter items were considered. Ordinary letter items (57 pc), which were not returned or which had been addressed to an incorrect addressee were not considered. As based on the information on the letterbox time of collection was known and the addressee marked also time of delivery, here also ordinary letter items, which due to some reason were not considered at collection or delivery could be considered. Hence, general time spent on delivery without separating specific processes can be followed.

Result: (also see Figure 16)

Ordinary letter items delivered on time – 159 (46.36%)

Delivery delayed – 184 (53.64%)

Figure 16 Quality of delivery of letter items



Summary: The quality of delivery of ordinary letter items collected via letterboxes in rural areas by Eesti Post does not correspond to the quality requirement established in section 5 of §37 of the Postal Act. The allowed error per cent is exceeded by more than five times. In case of

general delay, delay in collection captures an important share, but as this occurred in ca 16% of posting most delays (ca 38%) are probably caused by company collection and division tract structure. This may be caused by the fact that letter items collected from letterboxes in the course of collection are not delivered to the sorting center or the transport destined to postal office of the destination on the day of collection. As the Postal Act clearly stipulates that the letter items shall be delivered on the business day following sending this is a deliberate violation of requirement by the company. Thereby it should be noted that in the course of inspection upon dual understanding (for example unclear calendar stamp image) delivery of ordinary item was interpreted in favor of the postal service provider. Also, 27 letter items, which were put into the letterbox after the time of emptying, but were collected on the same day and reached the addressee on the next but one business day, were interpreted in favor of the postal service provider. Yet, if we also view these letter items delayed, as they were not delivered on the business day following their sending (basis: calendar stamp image) the delay per cent would be - 61.52%. According this three out of five letter items were delayed.

Most of the delayed letter items were stamped in the nearest postal office or the postal office in the end point of the collection tract (incl. also postal offices in small towns), due to which it can be assumed from the results that the tracts passing through postal offices in counties do not consider collection of deliveries.

Assessment:

1. Inspection was not targeted at the solving of a specific problem, but the objective was to get an overview of the quality of universal service provided in a rural area. Within the framework of inspection the quality of forwarding of ordinary letter items collected from letterboxes was analyzed.
2. The Communications Board is of the opinion that under the effecting of the requirement for providing of the universal postal service on all Estonian common basis legislator meant providing of a service of similar quality all over Estonia. The objective of the legislator to allow providing of a service of another quality in rural areas (considering small volume) is highly unlikely. According to the Communications Board providing of a defective service is allowed only in instances not depending on the universal postal service provider (for example incorrect writing of the address, weather conditions), not for conscious activity. Conscious faulty activity leaves the postal service provider with little room at ensuring quality, if in addition to everything there appear circumstances not depending on it.
3. Obviously the large number of delays has been caused by the structure and logistic of the postal network.
4. Control posting was performed during a relatively short time period and should therefore objectively reflect the actual situation. November-December is a time period, when private persons sent majority of their letters.

8. 2. Comparison of fulfillment of quality requirements in 2005 and 2006

Precondition: At control posting performed in 2005 and 2006 the requirements effective at the moment of inspection have been considered. On 1st of July 2006, the Postal Act introducing changes into quality requirements entered into effect. According to the procedure effective until 1st of June 2006, the letters posted in a rural area and towns had a different delivery time. In

rural areas – J+2 and towns J+1 respectively. Since 1st of July 2006, difference for letters posted in the rural area and town disappeared.

Hence, here general assessment of the capability of Eesti Post to meet effective quality requirements and the impact of changing of quality requirements on company activity can be provided.

Figure 17 Percentage of delay

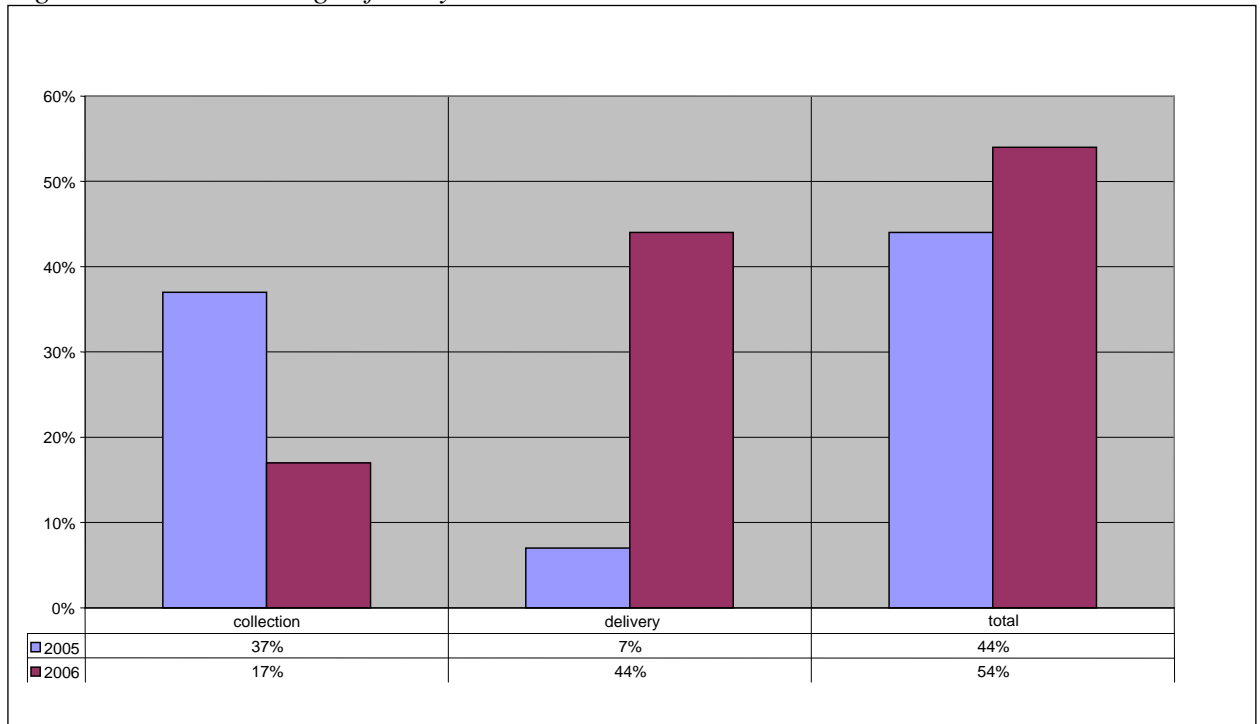
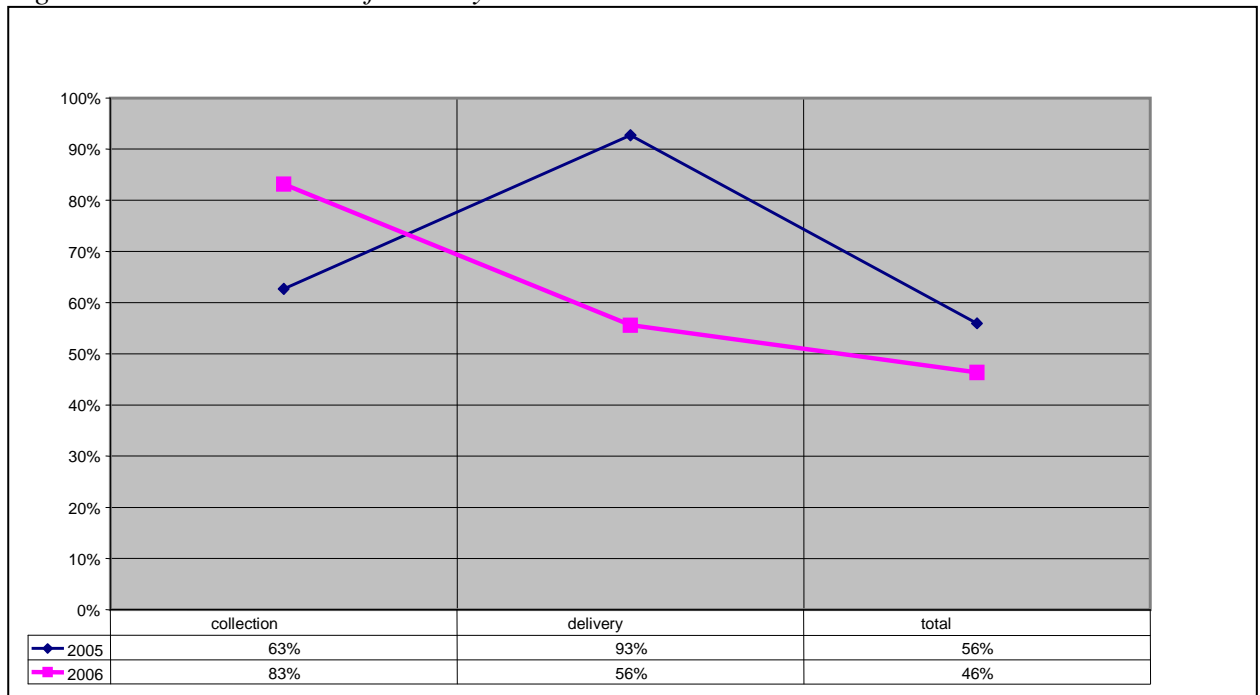


Figure 18 Timeliness of delivery



At collecting of letter items from letterboxes there were no differences in relation to requirements in 2005 and 2006. Items posted via letterboxes had to be collected according to the

time marked on the letterbox. At the same time the share of delays in collection was higher in 2005 compared to 2006

In 2005 and 2006, in control posting the Communications Board focused above all on ordinary letter items collected via letter boxes in rural area.

Summary of delays:

1. General forwarding and delivery cannot be compared between 2005 and 2006 due to different quality requirements.
2. Compared to 2005, in 2006 delay at collection has decreased about two times. Such improvement can be interpreted in two ways: 1) the 2006 control letters of the Communications Board were posted in areas, where collecting and sorting is performed more efficiently; 2) the work of Eesti Post collection network has improved. At the same time delay at collection still exceeds the allowed 10% delay from the amount of deliveries forwarded, due to which the postal service provider lacks a reserve at sorting and delivery. Hence, letter items delayed in the sorting and delivery stages still increase the extent of violation of the forwarding requirements established. The improvement of results in 2006 may be explained by an assumption that the provider of universal postal service has changed the times of emptying of letterboxes. It is likely that emptying of letterboxes twice or more a day in rural areas has been stopped
3. Taking into consideration the becoming more severe of the delivery quality requirements in 2006 the only 10% difference in delivery quality in rural areas between 2005 and 2006 is noteworthy. This indicates that the provider of universal postal service has worked in the name of making the functioning of the postal network more efficient (especially in relation to collection), but this has not been sufficient.

An overview of the European Commission 2005 study on universal postal service in 2004 has been provided in chapter 12 of the present report.

Summary: The ordinary letter items delivery service of Eesti Post in rural areas does not meet the requirements established. There are problems with emptying of letterboxes as well as with delivery. At the same time compared to 2005, the company has made the functioning of the postal network more efficient.

9. Access points of the postal service provider

Access point is a place of activity as well as the means used for providing a postal service.

According to the Postal Act the existence of obligatory access points is regulated only by postal service providers operating based on a license, due to which the present chapter does not treat access points, which have been established for providing of postal services not covered with the license or which establishing is not in accordance with the Postal Act.

The minister of economic affairs and communication has with regulation no. 67 dated 10th of July 2006 established additional requirements to the access points of the universal service provider and their location. The requirements of the law and regulation shall ensure providing of the universal postal service all over Estonia to everybody interested on equal basis, irrespective of their place of residence or location. Above all the universal postal service provider shall ensure that the access point was at the location to which postal service user would have unhindered access. In addition to this the universal postal service provider shall consider the borders of the administrative unit, location of the centers of the administrative units, places of residence or location of the postal service users, also public transport lines.

Until 1st of July 2007, the postal office providing universal postal service shall be open on at least five days a week and one hour a day. Since 1st of July 2007, the postal office providing universal postal service shall be open on at least five days a week and two hours a day. The earliest opening time of the postal office shall be 8.00 and the latest time of opening shall be 18.00.

Access points of a person providing postal service based on a license includes postal offices and letterboxes.

9.1 Postal offices

Postal office is an operating place of the postal service provider, where all services covered with a license are provided. The Postal Act does not limit the right of the postal service provider to open offices, where services covered with a license are provided partially. The number of such offices is not limited with a license.

As of 31st of December 2006, D2D and Eesti Post had Estonian-wide postal offices network. A total of 547 postal offices serviced consumers. 532 of them operated in the postal network of Eesti Post and 15 in the postal network of D2D. As of the year end there were no postal offices jointly used by both postal service provider. 101 postal offices were located in towns and 446 in rural settlements, including D2D postal offices, which are located only in towns.

In the end of 2006, the largest average service area belonged to Saare county postal offices (127.05 km²), the postal offices of Põlva county (69.8 km²) Harju county and Tallinn had the smallest average service area⁹. In Tallinn the average service area of one postal office in Tallinn

⁹ Harju County together with Tallinn has not been considered.

was 6.33 km². By December 2006, the average service area of the country was 81.07 km² ¹⁰. (also see Table 5)

Table 5

Region	As of 31.12.2005	As of 31.12.2006
South-west region	90	91
Incl. Pärnu county	47	48
Incl. Viljandi county	43	43
East region	128	126
Incl. Ida-Viru county	48	48
Incl. Järva county	34	31
Incl. Lääne-Viru county	46	46
South region	148	148
Incl. Jõgeva county	23	23
Incl. Põlva county	31	31
Incl. Tartu county	33	33
Incl. Valga county	29	29
Incl. Võru county	32	32
West region	94	90
Incl Hiiu county	10	9
Incl. Lääne county	24	23
Incl. Rapla county	38	36
Incl. Saare county	22	22
North region	79	78
Incl. Harju county (excl Tallinn)	55	54
Incl. Tallinn	24	24
Total	539	532

In 2006, the Communications Board coordinated the applications of Eesti Post for the closing of eight stationary postal offices. As a result of their closing the requirements established to the postal network of the universal postal service provider were not violated.

In case of four closed postal offices the postal offices were located in a low density area. The main reason behind closing was constant decreasing of the number of inhabitants and due to this small volume of using postal services. Availability of postal services in the areas is ensured with the help of a postman. Also, the postal offices nearest to the closed postal offices are located in places, to which the inhabitants in the service area of the closed postal office have sufficient access possibilities.

In case of four applications the postal office was located in the same house with the other postal office providing universal postal service or in close proximity to this, due to which their functioning increased availability of universal postal service only statistically, but the actual effect was missing.

At the same time the Communications Board did not coordinate applications for closing three postal offices – Paide Maksimarket, Tallinn Airport and Taheva postal office, as closing of these postal offices would have violated the requirements established to the postal network of the

¹⁰ At the calculation of the average service the data of the Statistical Board, where the area of Estonia has been calculated without the part of Lake Peipsi and Võrtsjärv, was used.

universal postal service provider. At leaving the applications uncoordinated the fact that Paide Maksimarket is a developed center, which the consumer has become used to visit was considered. Also, people driving through the town have a possibility to use the postal service.

At non-coordinating of the application for closing of the airport office the Communications Board proceeded from the fact that the low demand of consumers for some services belonging to the postal services set provided as the reason for closing cannot serve as an important reason for closing a postal office, as accessibility to the postal services set has to be ensured to the consumer on the territory of Estonia also in case they don't use this actively. Also, the fact that the area has new production and service offices, it has an actively developing housing, due to which a postal office providing the postal service in the full extent has to be preserved in the area was considered.

The Communications Board did not support the closing of Taheva postal office, as the reason for closing lay in the ending of the rental contract of the facilities the postal office was located at. According to the Communications Board Eesti Post as a universal postal service provider shall find a new solution for the providing of the service ensuring providing of services belonging to the universal postal services set to the local population, not ending the functioning of the postal office altogether. In addition to this the Communications Board found that the average service radius of the postal offices closest to Taheva postal office - Hargla and Koikküla postal offices after the possible closing of Taheva postal office did not meet the requirements effective at the time.

In 2006, Eesti Post continued with the project "Order the postman home" in the web environment of Eesti Post.

This is a pilot project and the postman ordering service can be used by the physical and legal persons of Vigala and Märjamaa parishes of Rapla county, who have been prior notified of the possibility. Initially Eesti Post did not offer this service to other persons. Providing of postal service in such a way was ended in the autumn of 2006.

9.2. Letterboxes

Letter box is a permanently installed means in the collection network of the postal service provider for the collection of postal deliveries.

On 31st of December 2006, according to the data of the Communications Board Eesti Post had 3132 letterboxes to be emptied, 779 of these in towns and 2353 in rural areas. Emptying of letterboxes shall be performed on all business days at least once a day.

D2D does not use letter boxes at the providing of its services.

The large decrease of letterboxes has been caused by changing of calculation principles. In the calculations of 2006 the letter boxes in the postal offices (622 pc) are no longer reflected, as according to requirements the letterbox shall always be accessible for the consumer.

In December 2006, the average service area of a letterbox in Estonia was 13.86 km². The largest average service area was in Rapla county 20.84 km² and the smallest in Hiiu county 11.37 km².

The service area of letter boxes located in Tallinn was 0.68 km². The service area of letterboxes located in Tartu was 0.48 m²¹¹ (also see table 6).

Table 6

Region	As of 31.12.2005	As of 31.12.2006
South-west region	550	466
Incl. Pärnu county	326	284
Incl. Viljandi county	224	182
East region	785	648
Incl. Ida-Viru county	335	281
Incl. Järva county	176	150
Incl. Lääne-Viru county	274	217
South region	1052	915
Incl. Jõgeva county	217	194
Incl. Põlva county	186	153
Incl. Tartu county	288	266
Incl. Valga county	191	160
Incl. Võru county	175	142
West region	717	609
Incl Hiiu county	97	90
Incl. Lääne county	189	166
Incl. Rapla county	185	143
Incl. Saare county	246	210
North region	616	494
Incl. Harju county (excl Tallinn)	321	262
Incl. Tallinn	295	232
Total	3725	3132

9.3 Mailboxes

Mailbox is a means for forwarding of postal deliveries in the possession of the receiver.

The Postal Act established the following requirements to mailboxes and their location:

- The mailbox and its locating shall ensure preservation of postal deliveries.
- The number of the apartment or house or name of the farm shall be marked on the mailbox. The mailbox of a legal person shall also have the name of the legal person.
- Access to the mailbox shall be ensured to the postal service provider.
- In a town, small town and village mailbox shall be located on the fence restricting the private house or row house or entrance of the ground floor of the apartment building. If the private house or a row house lacks a fence the mailbox shall be located in the lighted place near the front door on the street side.
- In a village the mailbox shall based on the agreement between the owner of the mailbox and the provider of the universal postal service be located at a place at reasonable

¹¹ At the calculation of the average service area data of the Statistical Board the area of Estonia has been calculated without the part of Lake Peipsi belonging to Estonia and area of Võrtsjärv was used

distance from the place of residence or location of the person accessible by a means of transport round the year.

- Locating of the mailbox or changing of its location shall be notified to the universal postal service provider in the procedure established in its standard conditions.

Upon non-following of the requirements set to the mailbox and its location the postal service provider shall have a right not to forward postal deliveries to the addressee due to the impossibility of forwarding. At the same time the Communications Board is of the opinion that in case of a mailbox already installed and used the postal service provider has granted coordination for the location, due to which changing of the location of such mailboxes can take place only upon reciprocal agreement. Delivery can be stopped if the owner of the mail box starts to restrict access to the mailbox (for example the front door of the apartment building is locked, a fence is built around the building). Following of the requirements set to the location of the mailbox can also be required at the taking of the box to the new location. Replacing of an unusable box with the new one shall not be viewed as changing of location.

Summary: As of 31st of December 2006, D2D and Eesti Post had Estonia-wide postal offices network. A total of 547 postal offices serviced postal service consumers. According to the Communications Board in 2006 Eesti Post had 3132 letterboxes to be emptied. Decreasing of the number of letterboxes compared to 2005 has been caused by changing of the basis for calculation. The 2006 calculation does not reflect letterboxes inside postal offices. In 2006, the Communications Board coordinated applications of Eesti Post for the closing of eight postal offices and did not coordinate three applications for closing the postal offices of Eesti Post.

10. Supervisory

Table 7 Supervisory procedures in 2006

Postal Affairs	
Complaint procedures ended	8
<i>incl. on providing of universal postal service</i>	5
Misdemeanor procedures ended	4
Precepts made	5
Inspection reports	15

Most important standpoints in procedures performed

- 1) At the selling of integral items¹² the seller shall clearly differentiate the charge and the charge of selling the item, as they are subject to different value added tax rate. Also, the universal postal service provider shall not sell integral items in the form, which at the changing of the charge enables to forward postal deliveries for a more favorable charge.
- 2) Upon loss or damaging of a postal delivery compensation shall be performed in accordance with the postal service purchased (regular, registered or insured delivery), not the opinion of the person requesting compensation.
- 3) At the appearing of the impossibility of forwarding at initial forwarding of registered items the universal postal service provider shall leave the advice of delivery about delivery from the nearest postal office to the mailbox belonging to the addressee.
- 4) Impossibility of forwarding postal items shall not occur in a situation, where the provider of the postal service does not follow the procedure established in the legal acts or the standard conditions of service provision.
- 5) The universal postal service provider shall consider the wish of the postal service user to receive postal items from the postal office closest to him/her.
- 6) The package forwarded as direct mail delivery shall have a note “advertising”, “advertising by mail!” or “direct mail” on it.
- 7) Free forwarding of postal deliveries by the universal postal service provider is allowed only in cases established in legal acts. Discounts made by the universal postal service provider within the framework of the universal postal service shall be based on expenses.

¹² An integral item includes a postcard or envelope with a printed payment term.

11. Preparation of euro project “*Implementation of price regulation method for universal postal services in Estonian Republic*“

In 2005, the writing of a project to the European Commission for the developing of the corresponding price inspection method was started to apply for assistance for financing.

The duration of the project shall be approximately 18 calendar months and the estimated project budget 410 000 EUR, from which 41 000 EUR shall be self-financed.

The objective of the project is to find a universal postal service price inspection method suitable to Estonian conditions.

Additional regulation is required for services belonging to the universal postal services set, where there exists small competition or there is no competition at all.

Price inspection is necessary:

- to avoid cross subsidy between different services;
- to avoid discrimination;
- to regulate the charges of services of a monopolistic company;
- to protect consumers against too high charges;
- to favor competition in the market;
- to promote company efficiency (cost saving to get better profit);
- to ensure uniform charge all over Estonia.

Price inspection methods in postal sector:

1) *Rate of return* method – a cap is set to profit.

If expenses decrease also service charges have to decrease for profit not to exceed the allowed cap.

Minuses:

- does not promote efficiency, as the company does not get profit from cost saving;
- instability and uncertainty to price changes;
- the regulation includes the activities of the entire company, not treat specific problematic services separately, where monopolistic power and the anxiety of consumers are largest;
- an expensive process, requires several sessions to reach the agreement.

Plusses:

- guarantees certain profit to investors;
- method simplicity (does not require a lot of data).

2) PRI-X method

According to *price cap* method a cap will be set to the charge of the service regulated. The service charge will in the methodology be tied with the consumer price index or salary market index.

Minuses:

- establishing of the initial charge and x is very difficult. The regulator shall foresee efficient costs;
- periodic charge monitoring may cause distortions;
- consumer price index may not be the best index for regulated costs. As labor costs are the largest costs in the postal sector, there may appear a difference for base costs and inflation;
- requiring a lot of time and resources.

Plusses:

- charges are inspected directly, ensuring that a specific charge is guaranteed to the consumer;
- there is direct and strong pressure for increasing efficiency. The company is profitable, as it is more efficient.

International study in 2006

Results: eight countries from 15 use the *price cap* method. Five countries plan to implement a *price cap* method in the future. One country uses the *rate-of return* method.

The approach differs by countries. Some countries use following the requirements of the law for some services and the specific price inspection method for others, where there exists no competition.

According to many countries the reason for popularity of *price cap* method is the fact that the method compels the company to develop more rapidly than in an ordinary situation. As $\text{income} - \text{costs} = \text{profit}$, it is in the interests of the company to operate more efficiently.

One of the reasons for regulation is also favoring of competition and decreasing the power of monopoly.

Summary:

Implementation of the price inspection method is necessary to experience control over universal postal service charges and also to compel the universal postal service provider to operate more efficiently – decrease its cost without decreasing quality.

12. The European Union 2005 study on universal postal service 2004 indicators

Since 2005, European Commission started to collect postal market indicators to provide annual overviews of the postal market¹³.

Data was collected on universal postal service as well as other postal services. Data collection was the task of regulators. As the legal acts of many countries do not stipulate the corresponding right in the issue of data inquiries, data collection proved to be difficult. Therefore 2004 data was published only in 2006. Also, it was decided to publish data only on universal postal service provision.

Below some more interesting data on universal postal services market indicators in 2004 has been provided.¹⁴

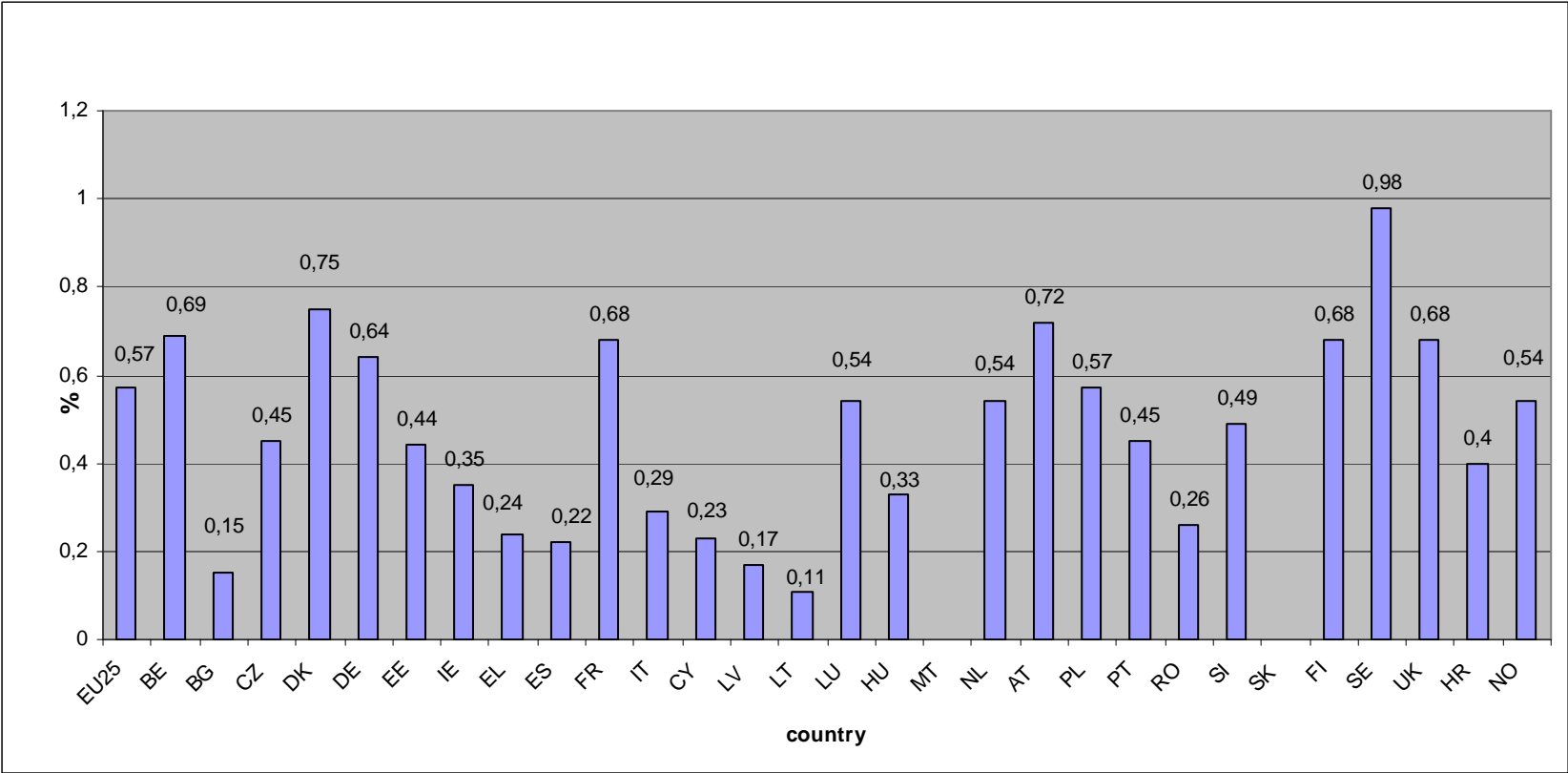
¹³ Collector and publisher of data EUROSTAT

¹⁴ Additional information and commentaries are available on Eurostat homepage - <http://ec.europa.eu/eurostat> → services: help/data support

Tabel 19 Selected indicators of the European postal market in 2004

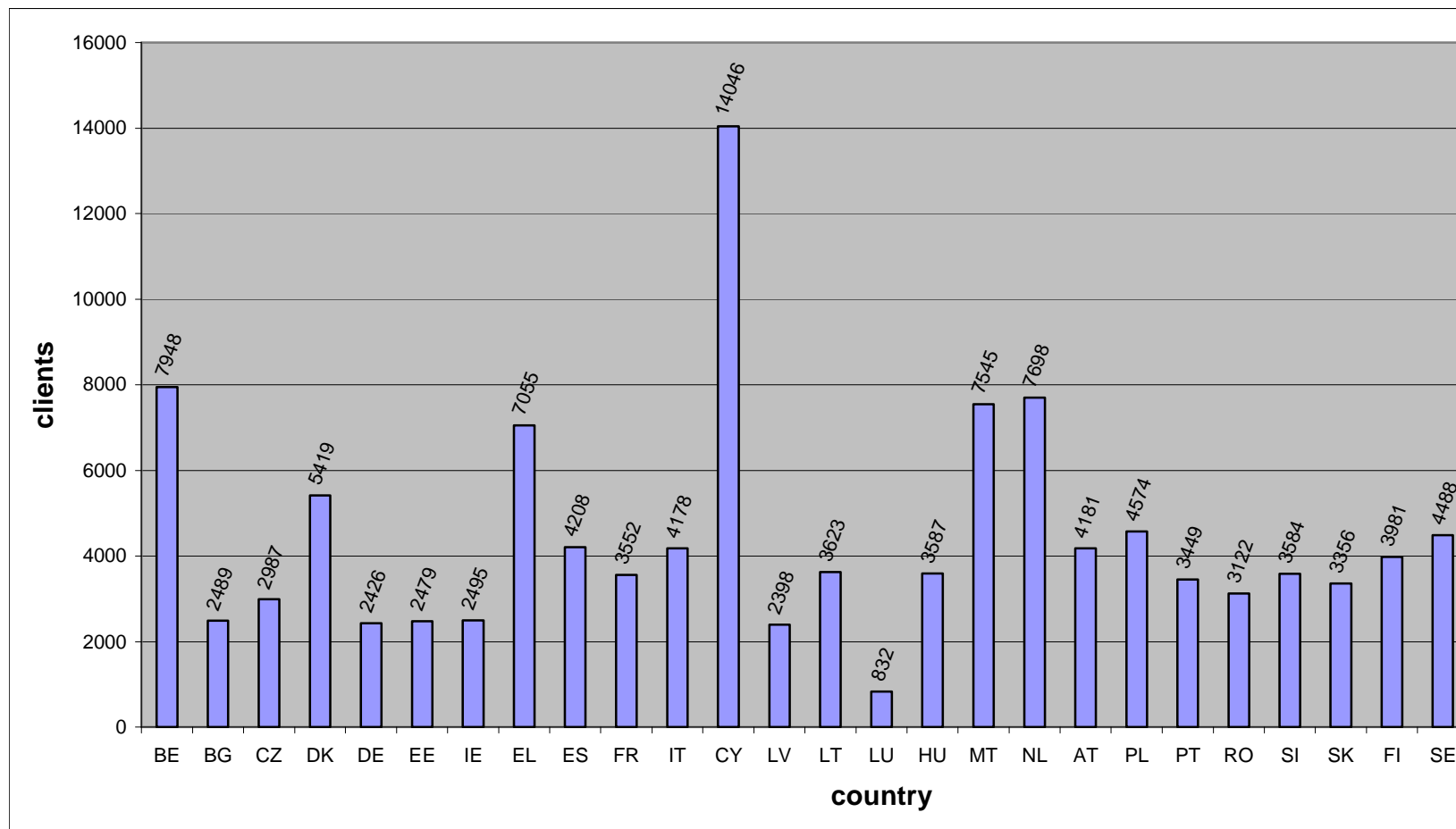
	postal offices (no)	employment (no)	turnover (mio EUR)	letter mail (1000)	letters and postcards (1000)	Charge of 20g domestic letter (EUR)	reserved area (1000)	On time delivery (D+1) (%)
BE	1 308	32 311	2 000,5	na	na	0,50	c	87,3
BG	3 134	9 134	28,9	80 798	51 742	0,23	67 552	88,0
CZ	3 419	31 681	396,4	952 990	649 358	0,20	580 939	95,0
DK	996	28 349	1 482,0	1 454 053	1 185 700	0,60	1 001 600	95,2
DE	34 019	201 541	14 076,0	16 038 000	8 900 000	0,55	13 705 000	87,9
EE	545	4 222	41,6	74 338	57 802	0,28	na	95,3
IE	1 614	7 502	515,0	757 000	607 500	0,48	594 000	72,0
EL	1 565	10 412	401,8	600 988	457 496	0,49	494 556	65,8
ES	10 063	52 133	1 854,7	4 964 692	3 802 210	0,27	3 082 447	84,3
FR	16 947	na	11 300,0	19 329 000	11 514 000	0,53	15 007 000	75,7
IT	13 855	c	3 973,0	6 056 543	3 384 242	0,60	c	87,2
CY	52	942	29,7	55 462	54 636	0,34	na	62,5
LT	967	7 080	19,5	64 006	59 972	0,23	59 195	70,0
LV	951	8 164	19,4	52 854	na	0,29	20 056	78,6
LU	543	1 485	146,0	133 300	91 390	0,50	80 000	97,4
HU	2 820	27 713	268,6	918 303	692 184	0,36	814 695	99,3
MT	53	625	c	c	c	0,16	c	89,0
NL	2 112	42 150	2 660,0	5 300 000	2 970 000	0,39	na	96,5
AT	1 947	26 058	1 701,6	na	na	0,55	na	95,9
PL	8 350	73 784	1 161,0	3 165 683	1 563 162	0,42	1 930 460	93,0
PT	3 037	14 378	648,0	1 300 654	c	0,45	1 055 694	95,6
RO	6 955	34 756	na	324 741	189 973	0,12	156 321	na
SI	557	5 645	128,0	398 129	311 413	0,20	295 063	99,0
SK	1 603	13 990	c	514 805	277 118	0,37	258 982	94,6
FI	1 311	21 800	1 035,0	2 150 400	893 820	0,65	na	95,7
SW	2 000	34 299	2 753,0	2 995 500	2 062 900	0,60	na	95,6
UK	17 900	195 952	11 847,0	18 807 000	na	0,44	na	91,0
HR	1 158	9 838	114,3	299 701	195 523	0,31	176 707	98,1
NO	1 504	19 650	1 104,0	1 427 000	na	0,72	1 073 608	99,6

Figure 19 Total turnover from the domestic postal sector as % of the GDP (%)



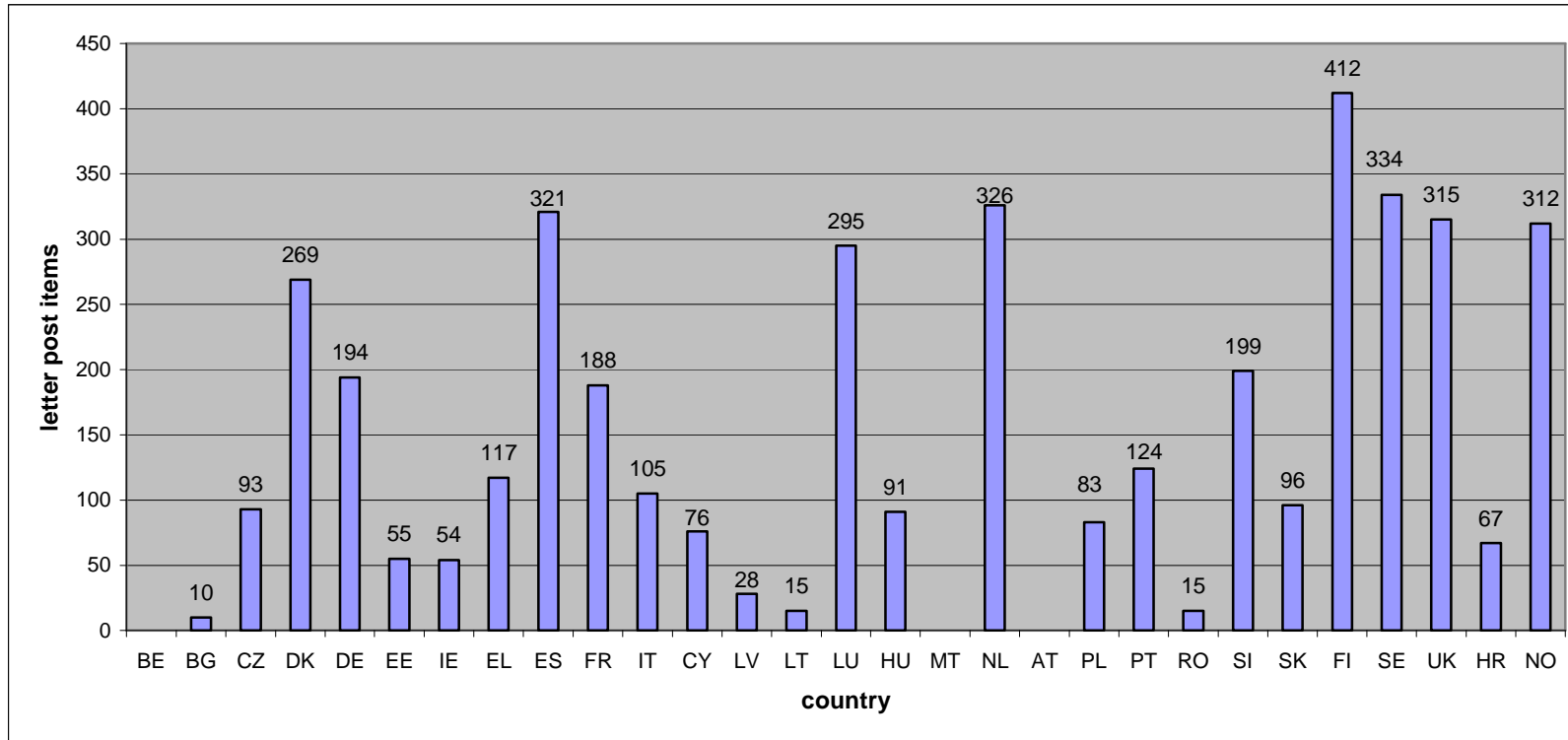
* turnover data of MT and SK are confidential.

Figure 20 Number of clients serviced in one post office



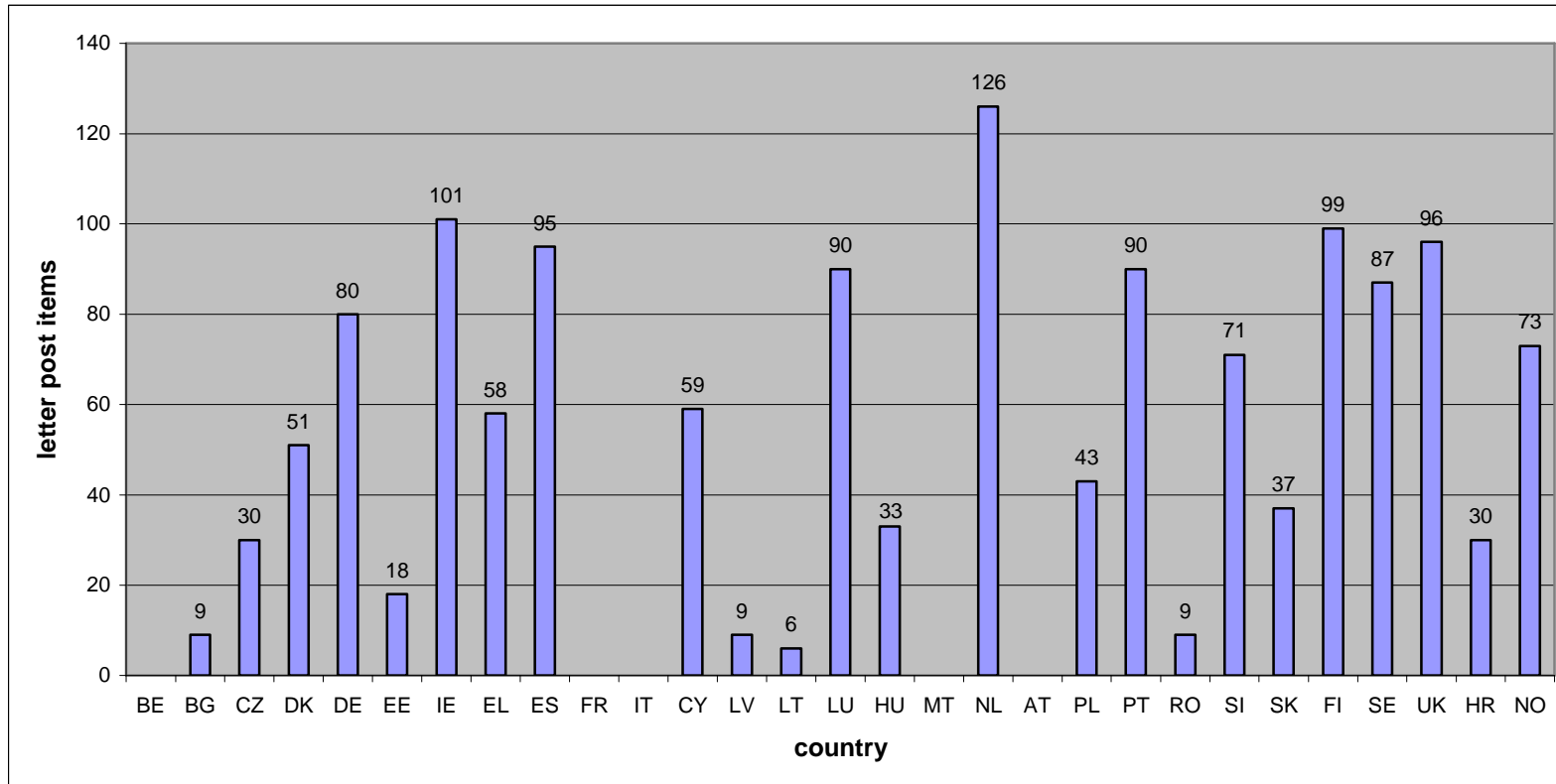
* In Cyprus the number of clients served by one post office seems very high, because of the so-called agents, which, for definition reasons, are not included.

Figure 21 Number of letter post items sent per capita



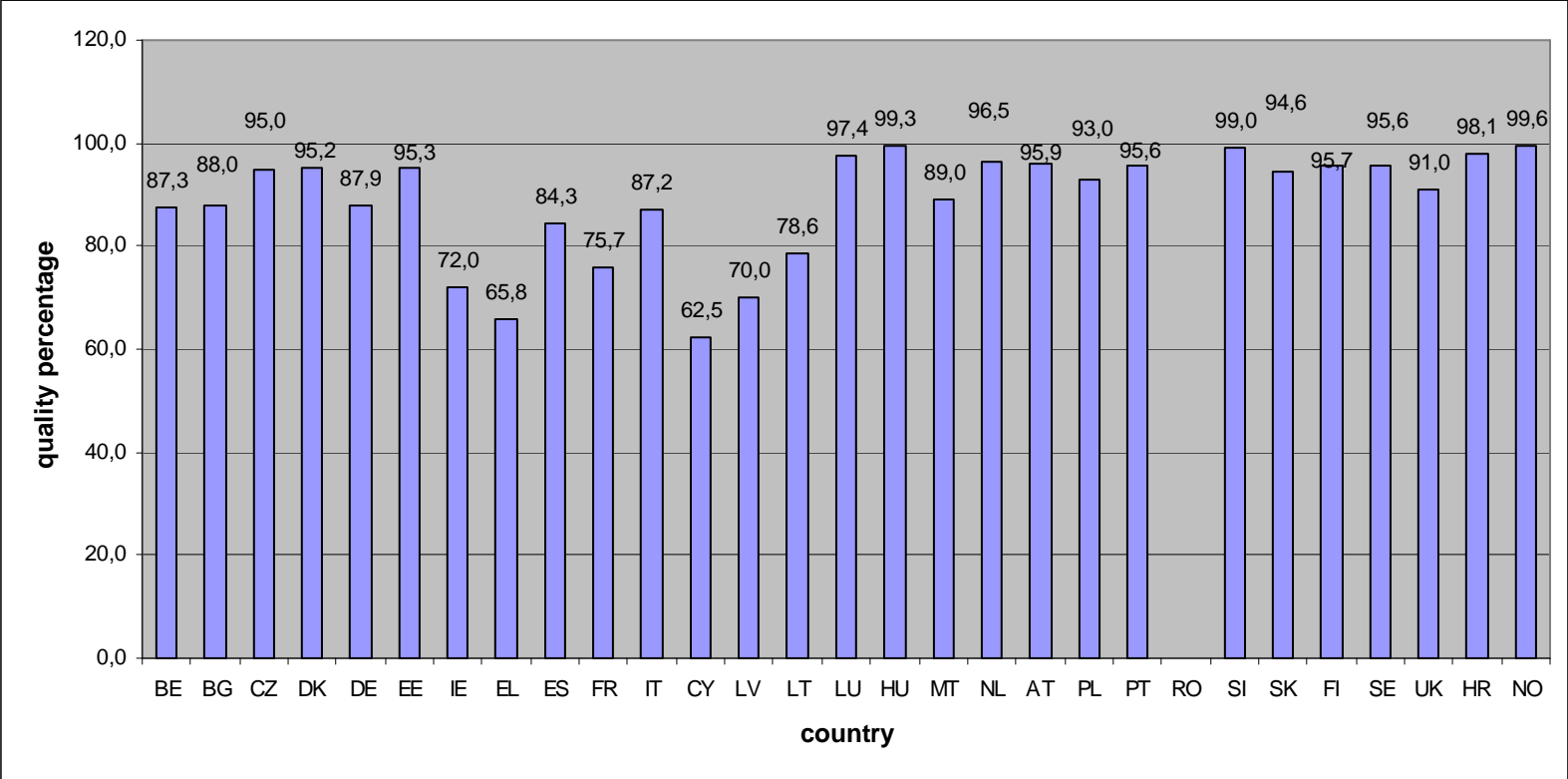
* Data on letter-post items of BE, MT and AT are not available

Figure 22 Number of letter post items distributed per employee



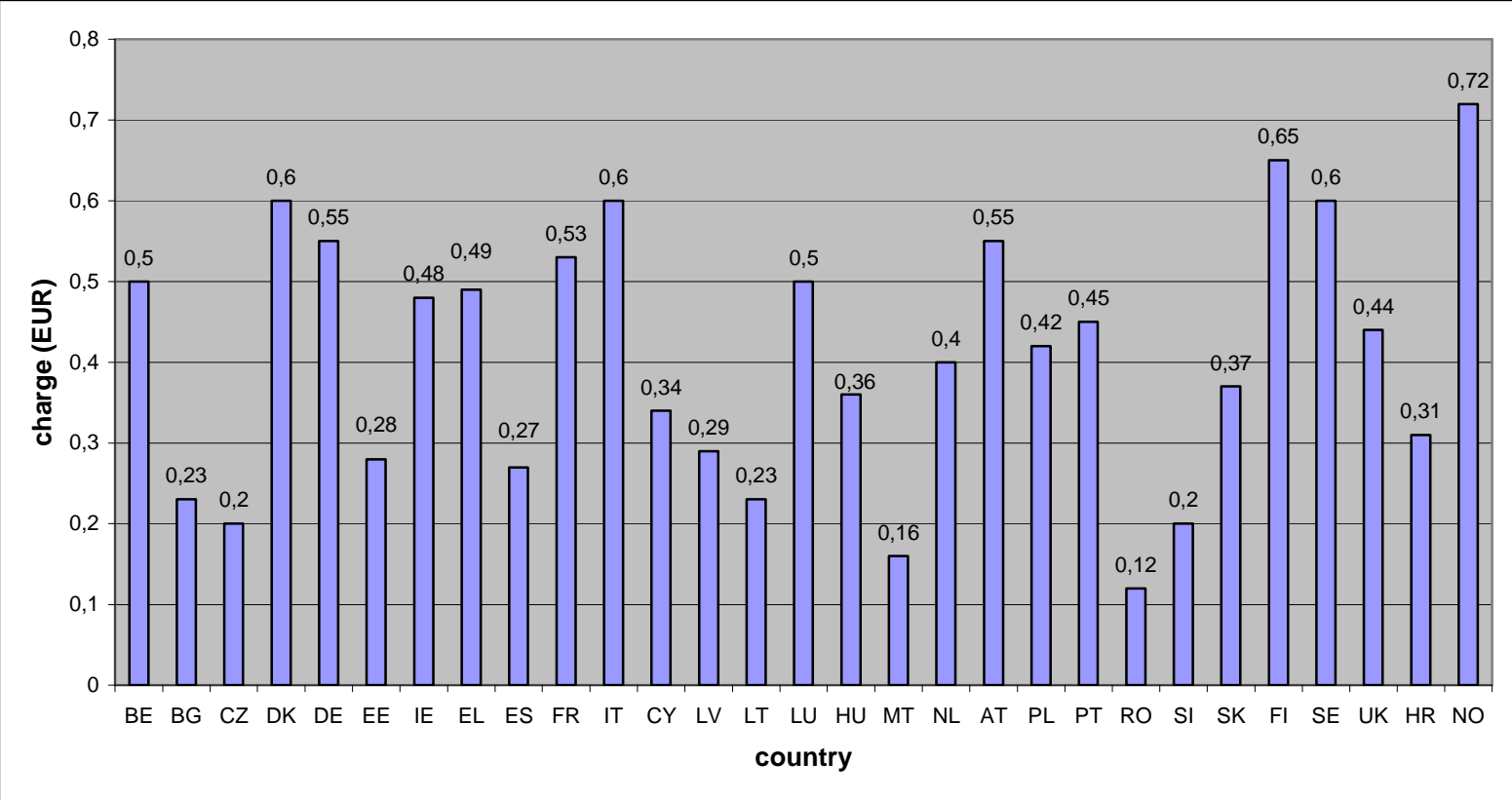
* Data of BE, FR, IT, MT and AT are not available.

Figure 23 Quality standards (D+1)



- No data available for RO.

Figure 24 List charge (EUR) for a standard letter weighting less than 20 g for domestic services



13. Most important objectives of 2007 for the Postal Affairs

- Ensuring of universal postal service quality and availability.
- Control over companies operating in the postal communication market.
- Analysis of cost accounting of and charges levied by the universal postal service provider.
- CERP Plenary Tallinn working meeting preparation and organization.
- Participation in the preparing of the new postal directive.
- Collection and analysis of postal communication related statistical information.
- Participation in international work groups and preparation for the Universal Postal Union 2008 congress.
- Protection of the rights of the companies providing postal services and their counseling.