

# ***Strategy for positioning and transforming postal sector***

***The main challenges on postal market  
in next decade***

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# CERP - Basic facts

# CERP in brief



## Strategic pillars :

- **Committee of CEPT**  
*(together with ECC and Com-ITU)*
  - **48** member countries
  - Representatives of **governments** and **postal regulators**
  - **UPU restricted union**
1. **UPU issues** (*member states common position, IB partner*)
  2. **EU policy and regulatory issues**
  3. **Technical cooperation** (*non EU member states and other countries*)

# CERP technical cooperation activities in Africa



- **Draft postal policy for Swaziland 2010-2011**
- **Training for African postal regulators (COMESA member countries) held in Bonn 14 -18 November 2011**
- **Postal sector legislation policy and market analysis for Sudan December 2012 -June 2013**
- **Postal regulatory development processes in Seychelles postal sector September 2014 – August 2015**
- **MOU with PAPU in 2018**
- **EACO – Workshop , Mwanza Tanzania, 1-5 july 2019**

# Brief analysis of current situation on global postal market

# Overview of a key external trends

- **Economic growth** has on average been stronger in 2017 and 2018 than in the previous years - around 3.7% per year, potential global political uncertainty and economic tension in 2019 (*Source... IMF*)
- **E-commerce market**, which is currently valued at 2'842 billion USD and projected to grow by 21% in 2019. (*UPU statistics, 2018 figures*)
- **The market of remittances** - Personal remittances (inflows) reached 624 billion USD in 2017, and expected to tally 689 billion for 2018 (*Source World Bank*).
- **Global Internet penetration** stood at 51.2% in 2018, up from 48.6% in 2017. (*source ITU*)

# External risks/Opportunities

Rank	External risks	Number of responses	External opportunities	Number of responses
1	Fast pace of market dynamics (consumer need new entrants ...)	97	New growth generated by market dynamics	70
2	Fast pace of technological change	72	Booming international trade	66
3	Restrictive legal and regulatory environment	48	Technological change as a lever econ.& buss. growth	66
4	Negative macroeconom outlook (low growth..)	44	Positive macroeconomic outlook (high growth..)	42
5	Barriers to int. Trade	23	Stable political situation	36
6	Unstable political situat.	22	Enabling legal and regulatory environment	26
7	Demographic change	7	Demographic change (populatin growth, ageing..)	7
8	Envir. damage and risks	3	Environmental sustainability	6



# Overview of a key internal trends



- **The “decoupling”** of real postal operating revenues to real GDP is a 21<sup>st</sup> century phenomenon (the gap between the two indices have widened from less than 1% in 2006 to 21.5% in 2017)
- **The sector’s infrastructure** remains one of the largest networks in the world. The number of sedentary postal offices in the world 668,445 in 2017- has remained relatively stable over the last decade
- **Investing in the improvement** of postal infrastructure is a key instrument in bridging the considerable postal development gaps across the globe
- **UPU’s role** in fulfilling UN 2030 SDGs

# Internal risks/opportunities

Rank	Internal risks	Number of responses	Internal opportunities	Number of responses
1	Challenging financial situation (declining revenues...)	104	Adequate human capital (desired skill set , enabling organizational culture)...	58
2	Lack of adequate human capital (poor skill set, disabling organ. culture...)	59	Positive financial situation (revenues, profitability, cash...)	58
3	Insufficient resources for research and devel.	49	Up-to –date ICT environment	52
4	Poor logistics infrastructur.	32	Adequate logistic infrastruct.	46
5	Outdated information and ICT environment	27	Continued and growing relevance (marekt share, mandate, mission)	42
6	Lack of compliance and ethics	12	Robust compliance and ethics environment	17
7	Lack of relevance (low market share, inclear mandate ..)	12	Sufficient resources for research and development	15
8	No comments	7	No comments	8

**Mission of UPU in line with UN  
Sustainable development goals**

 **SUSTAINABLE DEVELOPMENT GOALS**

<b>1</b> NO POVERTY 	<b>2</b> ZERO HUNGER 	<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>4</b> QUALITY EDUCATION 	<b>5</b> GENDER EQUALITY 	<b>6</b> CLEAN WATER AND SANITATION 
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<b>10</b> REDUCED INEQUALITIES 	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 
<b>13</b> CLIMATE ACTION 	<b>14</b> LIFE BELOW WATER 	<b>15</b> LIFE ON LAND 	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 	<b>17</b> PARTNERSHIPS FOR THE GOALS 	

# Potential action of global postal community

## Some of the SDGs

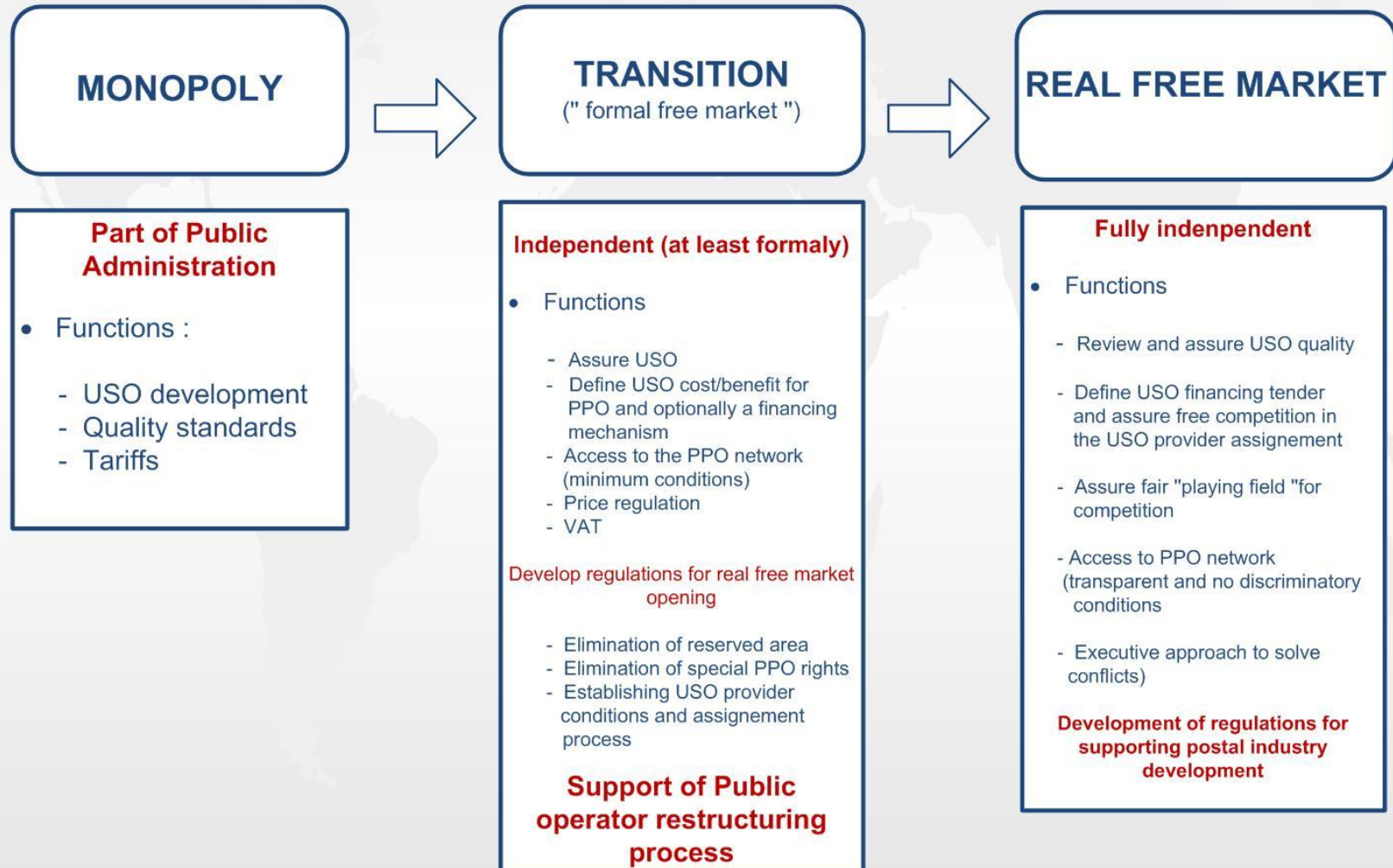
## Postal impact (UPU research)

- a) 8 – Good jobs and economic growth
- b) 9 - Industry innovation and infrastructure
- c) 11 - Sustainable cities and communities
- d) 17 - Partnership for the goals

- 1. Financial inclusion
- 2. Digitalization
- 3. Disaster risk management

# Role of postal regulator in commercial market

# Postal regulator role evolution



# Challenges in postal policy and regulatory approach



# Current challenges in regulatory framework

- The market is changing rapidly, the regulations are becoming more and more difficult to follow this trend
- Solutions are based on market experiences that are becoming less relevant
- Formal modification procedures are complicated and time-consuming
- Factors influencing regulatory decisions making are becoming more complicated and more numerous
- Necessary revision in every 2 years

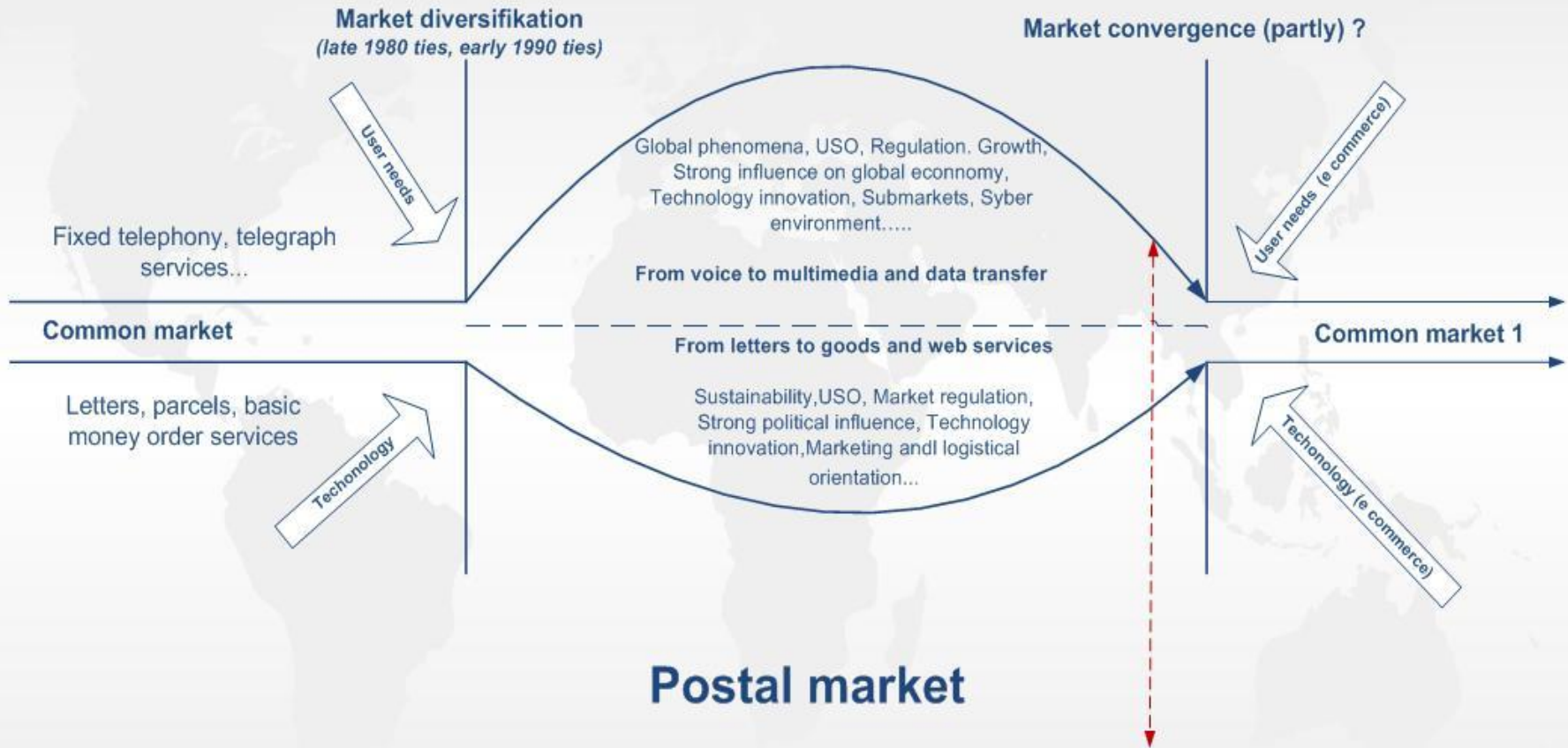
# Data driven regulatory landscape (possible solution)

- Regulatory monitoring
- Regulatory reporting
- Regulatory compliance
- Data driven policies and regulations
- Forecasting globally important events

**Future of USO concept linked with  
the above mentioned issues**



# Electronic communication market



**Historical and current market trends**  
**(understanding of current situation)**

*Postal market vs. Electronic communication*



# Possible further scenarios

- 1) To do nothing – leave concept to disappear or to only formally exist (not in line with UN SDG's)
- 2) Looking for some modification within the global postal market (to support existing UN SDG's)
- 3) Take into account trend of market convergence (Electronic Communication market) and looking for solution in cooperation between ITU and UPU
- 4) Looking for another alternative from the audience ???

# Conclusion

- ❑ Changes that we expect in the next decade, will be such that almost can not be foreseen
- ❑ Policy makers will be forced to use sophisticated methods : of market analysis, simulation, tools to support decision-making, collecting, managing and using different data in daily activities
- ❑ Regulatory decisions will be brought with shorter deadlines and under the influence of many factors
- ❑ The role of scientific institutions in support of this process is becoming increasingly important

**Postal knowledge is no longer sufficient to manage the changes that we expect !!!**