

SPPI for Postal Activities under Universal Service Obligation in Estonia

28th Voorburg Group Meeting
Tokyo, Japan
7th to 11th October 2013

Eveli Šokman





Content of the presentation

- Classification structure
- Market condition
- Restrictions and questions
- Index compilation

Classification Structure (1)

- The Estonian Statistical Classification of Economic Activities (EMTAK 2008) corresponds with NACE Rev. 2.
- 53.1=53.10 Postal activities under universal service obligation
- These activities include use of the universal service infrastructure, including retail locations, sorting and processing facilities, and carrier routes to pickup and deliver the mail. The delivery can include letter-post, i.e. letters, postcards, printed papers (newspaper, periodicals, advertising items, etc.), small packets, goods or documents. Also included are other services necessary to support the universal service obligation. *Excluded are postal giro, postal savings activities and money order activities, see 64.19.*

Classification Structure (2)

- The Estonian Classification of Products and Services (TTK 2008) corresponds with CPA 2008.

There is discrepancy with CPC Rev 2 which shows postal services under universal service obligation related to *letters together with newspapers and periodicals* (code 68111).

Market condition (1)

- According to the amendment of Postal Act Estonian postal market was opened on 1 April 2009.
- A license is required for the provision of the following postal services:
 - 1) universal postal service (UPS);
 - 2) forwarding of items of correspondence in the form of ordinary, registered, insured and bulk postal items;
 - 3) forwarding of postal packages in the form of ordinary, registered, insured and bulk postal items.

Market condition (2)

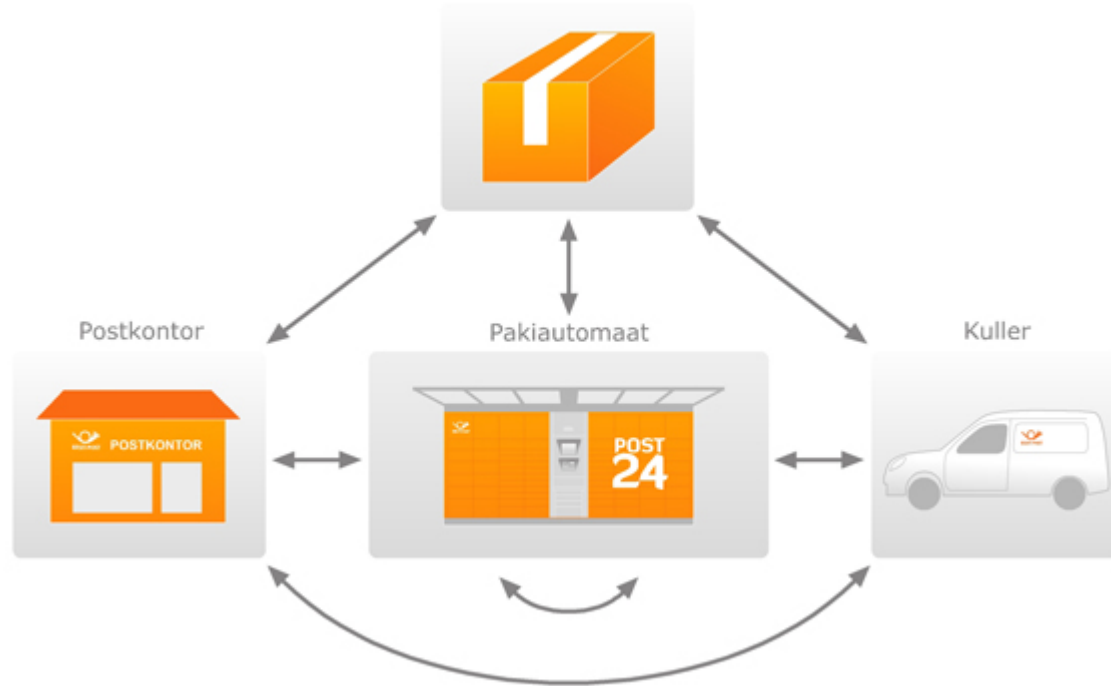
- Pursuant to the Postal Act only one enterprise correspond to the definition “universal service obligation” (USO) in Estonia.
- Today the USO provider is Estonian Post Ltd. Estonian Post Ltd offers nearly 90 types of services.
- The new services like the skilled connection of parcel locker, post office and courier network (Post24 parcel locker network).
- Fast development is made in e-services like e-invoicing, software solutions and hybrid mail services.

Market condition (3)

UPS volume in 2008-2012 (pieces)

Service	2008	2009	2010	2011	2012
Domestic market					
Ordinary letter	44 492 559	24 143 266	6 517 976	5 971 749	4 711 614
Registered letter	2 191 721	1 679 754	953 321	615 685	385 525
Insured letter	2 084	1 470	2 803	2 255	910
Registered parcel	1 889 552	387 441	65 459	53 160	55 793
Insured parcel	162	204	124	2 255	120
International market					
Ordinary letter	7 787 627	6 413 667	5 900 662	5 282 817	4 679 138
Registered letter	486 641	461 205	429 071	443 589	545 966
Insured letter	372	1 478	1 765	1 204	1493
Registered parcel	156 681	129 094	142 059	138 935	160 034
Insured parcel	4 292	2 896	3 453	2 740	2043
Total	57 011 691	33 220 475	14 016 693	12 514 389	10 542 636

Market condition (4), Post24 network



Restrictions and questions (1)

- According to discussions with data users and provider the decision was made to measure UPS in Estonia under EMTAK group 53.1.
- Differences exist between definitions of UPS and universal postal activities under universal service obligation. The universal postal activities under universal service obligation includes in addition to UPS also the obligation to provide money transfers, pension, social benefits payments and delivery of periodicals. The delivery of periodicals guarantees the service in rural areas, where it's not attractive and economically effective for other enterprises.

Restrictions and questions (2)

- The share of universal postal activities under universal service obligation is decreasing every year.
- Several new services have been introduced and they have ensured their position in the market very fast their position in the market. For example the skilled connection of parcel locker, post office and courier network. In what kind of postal service group belongs this?
- Can we say that 53.1 is the main activity of the enterprise?
- Whether distinction between 53.1 and 53.2 is essential for next years?

Index compilation

- Statistics Estonia developed SPPI for EMTAK 53.1 “Postal activities under universal service obligation”, but the index is confidential and used internally.
- The SPPI is available since August 2013.
- The SPPI time-series starts from 1st quarter 2010.
- The universal postal services are measured.
- List prices are used for all clients.
- For weights more detailed level turnover share is asked together with price questionnaire. Also estimation of B2B.
- The weights are updated annually to year t-2.

THANK YOU!

Additional information:

Eveli Šokman

Tatari 51, 10134 Tallinn, Estonia

Phone +372 6259241

Eveli.Sokman@stat.ee