



University of St.Gallen

swiss economics

Postal Regulation in the Context of a Growing E-Commerce Market

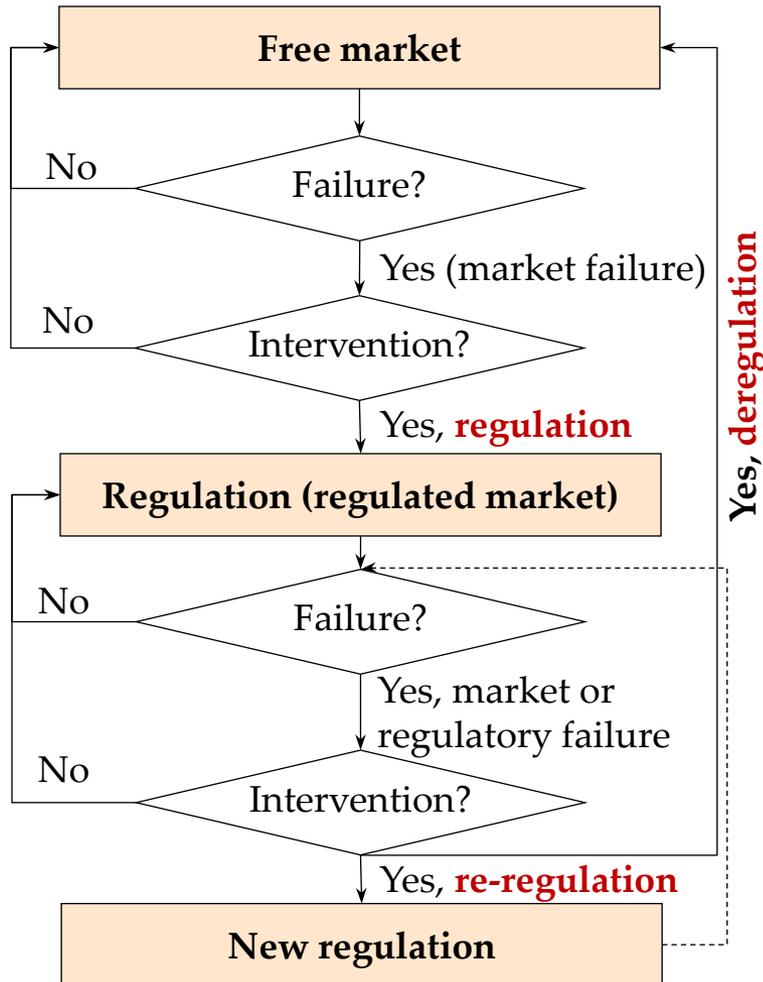
**How can Regulators / European Commission Become a Key Enabler?
The Academic Perspective**

2nd European Postal Regulation Forum

Christian Jaag, Ph.D. University of St. Gallen and Swiss Economics

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Economic rationale for policy intervention



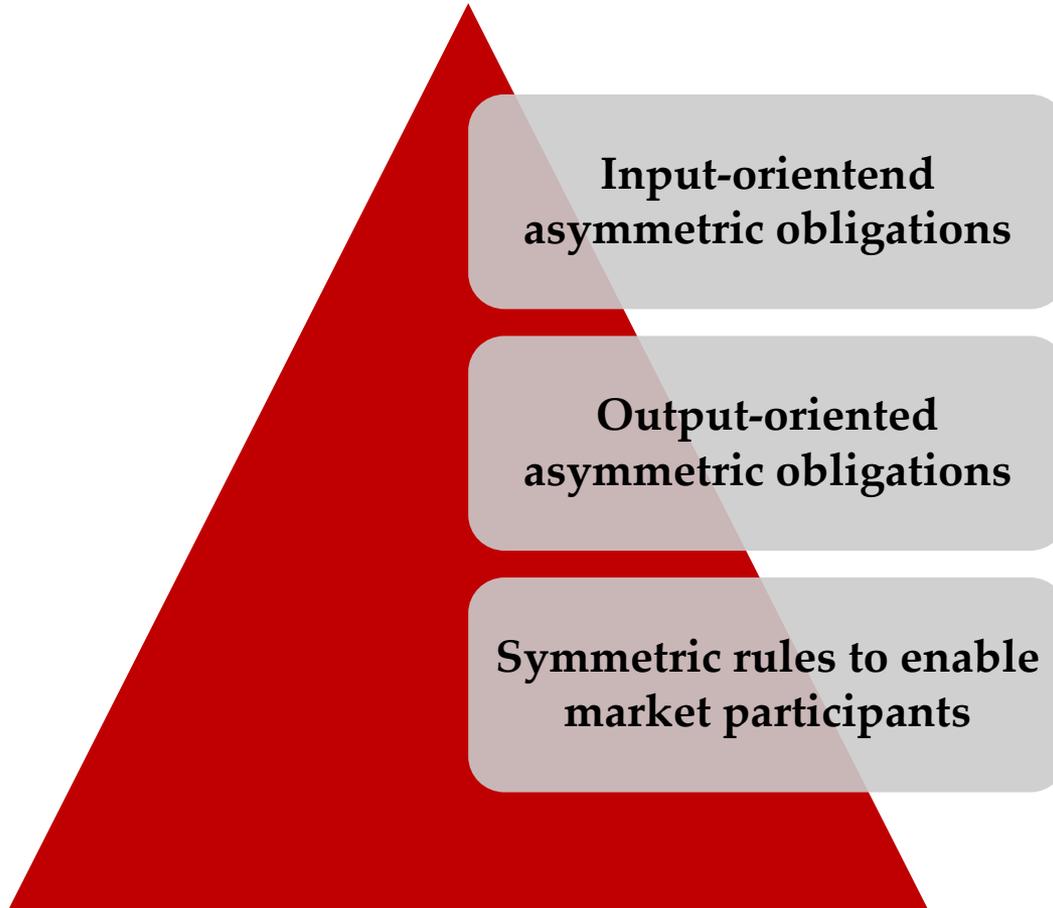
Motives for regulation

- 1) Redistribution
 - Social cohesion
 - Fairness
- 2) Reduction of transaction cost
 - Enable trade on commercial terms
- 3) Correction of market imperfections
 - Asymmetric information
 - Externalities
 - Monopoly power
 - Enable efficient allocation

Problems with regulation

- 1) Inertia
 - Regulation comes too late
- 2) Persistence
 - Regulation leaves too late

Degrees of regulatory intervention



How ?

What ?

**Rules of the game
Transparency**

What about e-commerce?

Wikipedia's definition:

“Buying and selling of products or services conducted over electronic systems such as the Internet.”

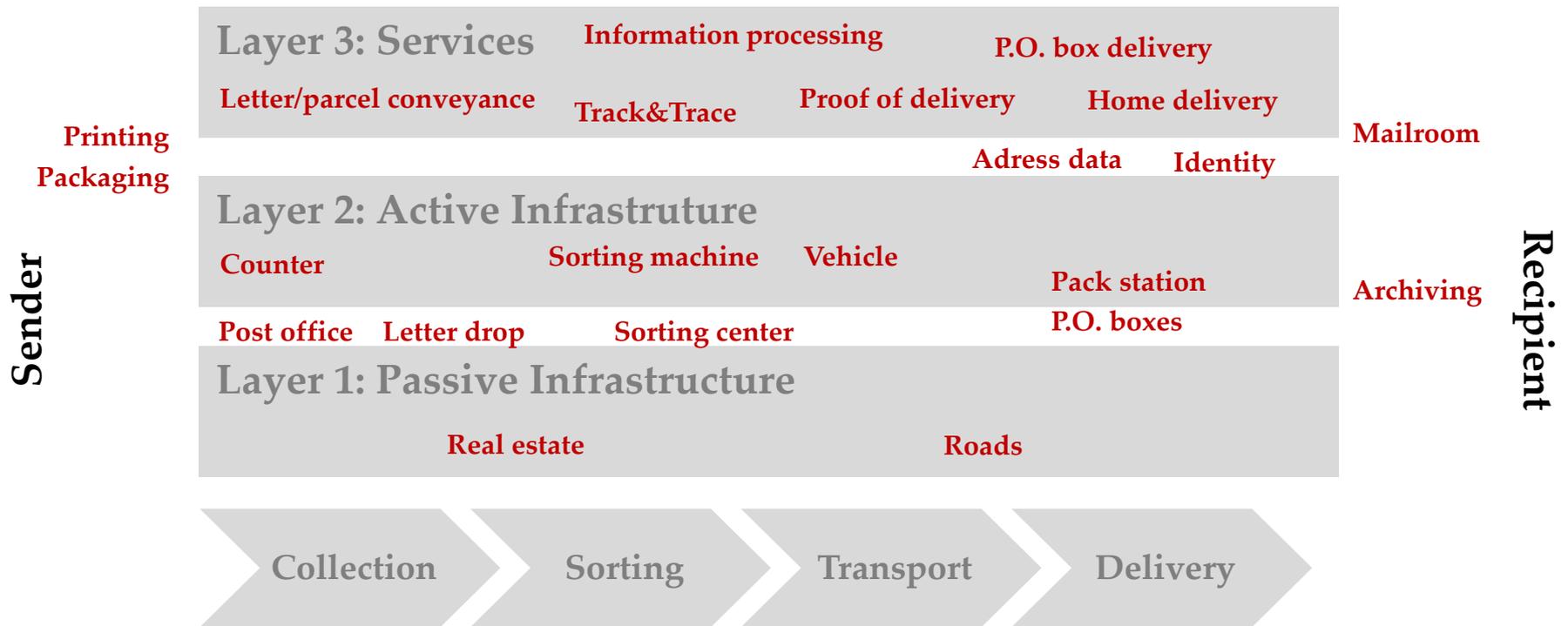
Obvious element: Online purchase → delivery through the post

Other elements: Supply chain management, internet marketing, online transaction processing, inventory management, data collection, user identification /authentication, payment

→ **Electronically enabled commerce**

The role of the post

An integrated model of the (e-)postal value chain



→ There are opportunities for posts beyond delivery

Current regulation in Europe

- **Postal Directive**
- **Consumer Rights Directive**
- **Competition law**
- **Services Directive**
- **E-commerce Directive**

Other rules related to urban planning, market surveillance, VAT, working conditions, customs, security etc.

Key regulatory instruments related to posts in e-commerce

- ✘ **Market power regulation to protect competition and customers**
Dynamic market; strong customers
- ✘ **Access regulation to enhance competition on higher layers**
Layer 1 is not postal; there are no persistent monopolistic bottlenecks / barriers to entry
- ✘ **Universal service obligation for e-commerce**
Differentiated service offerings and alternative ways of delivery are hampered / crowded out
- ✘ **Quality standards to enhance consumer confidence**
Reputation building is in the operators' own interest
- ✓ **Technical standards to ensure interoperability**
Important for the trade itself (e.g. payment); track&trace in delivery
- ✓ **Transparency rules to reduce transaction cost**
Enables trade without interfering with its terms
- ✓ **Data protection to enhance consumer confidence**

Conclusion

How can Regulators Become a Key Enabler?

- **Enabling what?**
→ E-commerce or efficient trade?
- **The state / regulation is a key player**
→ It enables by what it does but also by what it does not
- **E-commerce is dynamic**
→ There is a high risk of regulatory failure
- **Light is right**
→ Avoid influencing the terms of trade
- **Enable, don't patronize**
→ Create institutions to minimize transaction cost

Thank you!

Christian Jaag, Ph.D.

christian.jaag@swiss-economics.ch

www.swiss-economics.ch