



European Foundation for the Improvement of Living and Working Conditions

Industrial relations in the postal sector

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This report is available in electronic format only.

This comparative report provides a general overview of the main features and recent trends in the postal sector in EU Member States. It assesses the impact of these trends on employment, the terms and conditions of employment, and the relationships between the social partners over the past decade. It reveals a sector characterised by rapid transformation and increased competition among the service providers, underpinned by the search for cooperation and social dialogue between the social partners. The planned liberalisation of the market is well underway but was still the subject of debate in the European Parliament in July 2007.

Introduction

The objective of this comparative report is to investigate the structure and main features of industrial relations in the postal sector in Europe. The study focuses in particular on the challenges that the social partners face in respect of the liberalisation and privatisation processes now affecting core postal activities.

The postal sector – together with energy and telecommunications – is one of those sectors providing services of general interest of an economic nature. In the European Union, post offices have always been noted for providing a vital service to more isolated districts and more disadvantaged members of society. Until recently, in almost all Member States the service was provided by a single public sector operator which enjoyed a monopoly over crucial postal activities, thus assuring a universal service ([EU9812136F](#)).

During the last two decades, however, the organisation and delivery of postal services have undergone considerable change, as a result of both new consumer demands and also the restrictions imposed on public expenditure by a new economic and political environment. The transformation, which was largely facilitated by technological innovation, led first to a certain degree of liberalisation in relation to certain aspects of the delivery of postal services. Thus, an increasing number of private providers were able to emerge and secure a significant share of the high value-added services market not covered by the post office's monopoly. At the same time, post offices considerably expanded the range of their activities, which currently may include financial, insurance and other services besides the more traditional postal facilities.

Change accelerated from the end of the 1990s onwards, partly as a consequence of important European directives on postal services: [Directive 97/67/EC](#) of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service; and [Directive 2002/39/EC](#) of 10 June 2002 amending the earlier directive with regard to the further opening to competition of Community postal services. These directives have acted as important referents and have contributed to the harmonisation of the sector also as regards the new Member States (NMS) which joined the EU in 2004 and 2007.

After the late 1990s, following enactment of the 1997 directive, the national postal companies initiated an extensive process of corporate **restructuring** – and sometimes of privatisation. The aim was to remove barriers to change and to achieve the objectives of increased efficiency, higher productivity and cost containment necessary to survive and consolidate in a more competitive environment. The 1997 European directive, in view of the crucial social functions traditionally performed by post offices, required all Member States to guarantee a universal postal service covering at least the collection, classification, transport and distribution of postal items of up to two kilogrammes and parcels of up to 10 kilogrammes, as well as registered mail and insured-value mail. However, it allowed the EU Member States to reserve specific parts of domestic, urgent or ordinary correspondence, as well as other mail services, for commercial operators if considered necessary for the efficient operation of the service. In other terms, it called for the substantial retention of a strong universal postal service, within a framework of liberalisation. The

modifications introduced by the 2002 directive restricted the range of services to be guaranteed as universal but did not alter the overall framework.

The changes which occurred in more recent years have included the following: structural reorganisation and legal transformation of former state monopoly providers; closure of unprofitable branches and transfer of their activities to subcontractors; reduction in the number of post offices, sometimes replaced by post counters situated in local businesses already providing some other service; and large-scale application of new technologies to post offices and sorting centres. The impact – both quantitative and qualitative – on employment has been substantial, with a considerable number of jobs lost, and considerable changes in employees' terms and conditions.

Significantly, in October 1998 the EU-level social partners in postal services responded to the new challenges by signing a framework agreement on the promotion of employment in the sector, the aim being to improve working conditions, enhance consultative arrangements and ensure that employees are able to adapt to technological developments ([EU9812136F](#)). More recently, in November 2005, the Universal Postal Union (UPU) – a United Nations specialised agency acting as a forum for cooperation between postal services – and the Union Network International (UNI) – a global union, 2.5 million of whose members are employed in the postal sector – signed a cooperation agreement aiming to promote social dialogue between the two organisations ([EU0512202N](#)). Specifically, they made a commitment to establish joint actions focusing on the employment impact of developments in the postal sector, with particular regard to the **health and safety** of workers, and the improvement and development of the skills of postal workers.

On the other hand, new concern arose among most trade unions representing postal workers in Europe when a proposal for a directive on services in the internal market was submitted in 2004. The proposal was known as the 'Bolkestein Directive' after the name of the then European Commissioner for the Internal Market, Frits Bolkestein. The draft directive, which originally also covered services of general interest if they were of an economic nature – this being the case of postal services – aimed to remove legal and administrative barriers blocking the development of a free market for services in the EU. However, it met with strong opposition from the majority of the trade unions, which feared that it would lead to **social dumping** ([EU0407206F](#)). In November 2006, a revised text of the services directive, considerably amended by the European Parliament, was finally adopted and entered into force on 28 December of the same year. The new text, published as Directive [2006/123/EC \(213Kb PDF\)](#) on services in the internal market, seeks to balance the aims of facilitating the provision of cross-border services with social protection for workers. Moreover, it does not affect several sectors and activities, such as services of general interest ([EU0612039I](#)).

In conclusion, developments in the postal services sector reveal a picture of rapid transformation, characterised by increased competition among the service providers and, at the same time, by the search for cooperation and social dialogue between the social partners.

This comparative report is based on national reports received at the beginning of 2007 from the following 27 countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and the United Kingdom (UK). All of the EU Member States are represented except Sweden, while Norway is also included. The study provides two key aspects:

- a general overview of recent trends and the prevalent features of the postal sector over the last few years in the European countries studied;

- an assessment of the impact of these trends on employment, terms and conditions of employment, and the relationships between the social partners over the past decade.

Basic features and trends

Currently, the postal sector in its more general and inclusive definition – that is, including any kind of service provided by postal operators – is characterised by the varied presence of both public and private operators offering a broad range of services and products. This includes the traditional services of collecting, sorting and delivering letters, documents and parcels on national territory and abroad, as well as more recently express, courier and home delivery services, city messenger and goods taxi services. Based on the 2002 EU sectoral classification codes defined by NACE (*nomenclature statistique des activités économiques dans la Communauté européenne*), the traditional services correspond to code 64.11 (National post activities), while the more recent services correspond to code 64.12 (Courier activities other than national post activities).

However, the services provided by postal operators may also include communication, logistics, retail, money transmission and other financial services, and many others besides. Indeed, the new NACE classification – agreed in December 2006 and which will enter into force as of 1 January 2008 – has been adapted to fit the new liberalised sector by categorising the activities into ‘postal activities under universal service obligation’ and ‘other postal and courier activities’.

In all of the European countries, the sector has long been connected with the telecommunications sector and administered as a public monopoly. It has always performed fundamental social functions by furnishing essential and easily accessible economic services to the entire population, both because of the ubiquitous presence of the collection and distribution network, and because of the economical prices of services. With time, the public monopolistic provider has been flanked by private operators, which have competed with the former by moving into new and particularly remunerative areas – for example, national and international couriers specialised in direct and rapid delivery. Since the end of the 1990s, the European directives of 1997 and 2002 have exerted strong pressure for change intended to promote the development of a liberalised Europe-wide market for postal services. The directives have also aimed to augment the system’s efficiency and its ability to adjust to new forms of demand raised by diverse groups of users, while also furnishing a series of essential price-controlled services to all citizens – or universal postal services.

The changes that have taken place can be summarised as follows:

- increase in, and diversification of, operators and their characteristics;
- increase in, and diversification of, the services supplied;
- diversification of the postal services sector and its detachment from telecommunications;
- progressive liberalisation of the postal sector, with full liberalisation planned for 1 January 2009. However, this deadline proposed by the European Commission was the subject of debate in the European Parliament in July 2007 and is now likely to be postponed until 31 December 2010 or even until December 2012 in certain circumstances;
- on the other hand, definition in each country of a universal guaranteed postal service – with well-specified characteristics such as services and tariffs, and a clear demarcation with respect to services open to competition – reserved for one or more operators who are granted fixed-period licences. However, the European Commission is seeking to ease this restriction;
- redefinition and harmonisation in accordance with the European directives on the regulations for access to, and the operation of, the postal services market, divided between universal guaranteed services and services freely offered on the market;

- creation of independent authorities to regulate the sector.

This process of liberalisation and re-regulation has had various effects on industrial relations in the postal sector. This is the subject of the main part of this comparative report. First, however, it is useful to provide a brief review of the sector's current features resulting from the process of structural and ownership change ongoing in the countries considered.

Current structure

At present, the postal sector in all of the countries studied is divided between a universal guaranteed postal service – generally still furnished by a single main provider, which is almost always public – and other services supplied by various national and multinational private companies highly diversified in terms of their sizes and market shares. As regards these other services, which do not operate within the universal service, some require licences, while others are entirely liberalised.

The current situation, therefore, is that of a still incomplete process of liberalisation, marked by the many changes in the normative and legislative framework that in all countries have accompanied the reorganisation and restructuring of the former state monopoly provider.

In all of the cases considered, albeit with different timings and at different speeds, postal services have been separated from telecommunications. With few exceptions, the range of services reserved to the provider of the universal service has been defined, and then – as envisaged by the European directives – gradually restricted. Specification has also been made of the services subject to licence, thereby facilitating access to the market by other operators.

Despite the progressive harmonisation of the rules at European level, the situations vary across countries. The differences concern the stage reached in the liberalisation of postal services, the production strategies of the former state monopoly providers, and the abilities of the other operators to grasp the new market opportunities. Table 1 will briefly address these complex issues, by selecting – with considerable simplification – certain aspects of key relevance to industrial relations. More detail can be obtained by consulting the national reports.

Table 1: Postal services sector: Actors and trends

This table outlines the main operators and liberalisation processes in the postal sector in 26 EU Member States and Norway

	Operators in the sector (main provider and others)	Current status of former state monopoly provider	Liberalisation and privatisation processes
AT	- Österreichische Post AG; - over 300 small companies specialised in niche markets	Joint-stock company. Since 2006, 51% of shares have been controlled by the state and 49% offered on the market	Partial liberalisation of sector in 1997. Partial privatisation of main provider in 2006
BE	- La Poste/De Post; - 138 national and large multinational companies in the liberalised sector; - about 800 small operators (mainly subcontractors)	In 2000, transformed from an autonomous public enterprise into a public limited liability company	Partial liberalisation. In 2006, the main postal operator opened up its capital to a foreign operator (consortium formed by Post Denmark and an English pension

			fund)
BG	<ul style="list-style-type: none"> - Bulgarian Posts PLC (BP PLC); - one fully licensed company and four partially licensed companies for provision of universal service; - 162 private companies in other services, of which 54 with licences 	State-owned company	<p>Liberalisation began in the 1990s for courier services only.</p> <p>In 2005–2006, 20-year licence granted to a private company to operate in universal service.</p> <p>Privatisation is not envisaged</p>
CY	<ul style="list-style-type: none"> - Cyprus Post; - 12 private multinational and national companies with authorisation in domestic and international courier services 	State-run organisation, under the umbrella of the Ministry of Communications and Works (Υπουργείο Συγκοινωνιών και Έργων, <u>MCW</u>)	<p>Liberalisation began with transposition of the European directives.</p> <p>Competition concerns courier services, which are not provided by the public operator</p>
CZ	<ul style="list-style-type: none"> - Czech Post (Česká pošta, <u>ČP</u>); - several specialised companies and branches of multinational companies in liberalised sectors 	State company since 1993	<p>Liberalisation began in 2000.</p> <p>In 2005, the public provider obtained a licence for the universal service until the end of 2008.</p> <p>The aim is full liberalisation in 2009</p>
DE	<ul style="list-style-type: none"> - Deutsche Post; - about 900 companies operating under a licence. - In 2005, almost 9,500 companies were reported to operate in the sector at large 	Since 1995, public limited company which progressively gained full control over the market share	<p>First stage of liberalisation – affecting courier services and parcels distribution – in 1989.</p> <p>1995: liberalisation of the main operator.</p> <p>1998: partial liberalisation of the mail service</p>
DK	<ul style="list-style-type: none"> - Post Danmark; - 905 active companies mainly within courier and distribution services; - over 1,000 self-employed companies 	Since 2002, public limited company owned by the Danish State	<p>Liberalisation began in 1995.</p> <p>Privatisation since 2005</p>

EE	<ul style="list-style-type: none"> - Estonian Post (AS Eesti Post); - 31 registered private and multinational companies (but only 25 active) in courier and direct mail; - several non-registered operators 	100% state-owned company	<p>Liberalisation began in 2002.</p> <p>The main provider obtained a licence for the universal service up to the end of 2008.</p> <p>Since 2006, new service providers may use the public postal distribution network</p>
EL	<ul style="list-style-type: none"> - Hellenic Post (Elta); - six companies with individual licences for postal services; - 303 companies with general licences for postal services 	State-controlled company, with subsidiaries	Gradual liberalisation
ES	<ul style="list-style-type: none"> - Correos; - at least 16 others competing for the non-reserved sector. - In courier services, a few multinational companies have the largest share in the international market; - many small companies operate in the domestic market 	Public limited trade company: a group of enterprises specialised in different services	<p>Strong liberalisation in progress.</p> <p>In 2006, enactment of law establishing that public postal infrastructure must be shared with private post companies</p>
FI	<ul style="list-style-type: none"> Finland Post (Suomen Posti Oyj); - Posten på Åland delivering universal service in the Åland Isles off the southwest coast of Finland; - 264 other companies in other delivery and courier services 	In 2001, from an independent state-owned enterprise, it became a public company (Finland Post Corporation)	<p>Fully liberalised postal market.</p> <p>Postal Services Act of 1994, which established the rules for the supply of postal services and for competition on the market, anticipated the European directive of 1997</p>
FR	<ul style="list-style-type: none"> - La Poste; - 10 operators authorised to provide mail services (besides the reserved sector) 	Public group with subsidiaries that are private liability companies	<p>Since 1991, independent public company which signs four-year agreements (<i>contrats de plan</i>) with the Ministry of Post and Telecommunications (Ministère de Postes et Télécommunications).</p> <p>2006 liberalisation began</p>

			with reduction of the reserved sector. Full liberalisation scheduled for 2009
HU	- Hungarian Post (Magyar Posta); - 86 private small and medium-sized enterprises (SMEs) and multinational companies in courier and other services	100% state-owned company	Gradual liberalisation
IE	- An Post; - other companies	Semi-state company, with greater commercial freedoms from state control	Imminent liberalisation to open up around 58% of the market
IT	- Poste Italiane; - Italian and foreign-owned groups that have partly absorbed small operators	In 1998, converted from a public body into a state-owned public limited company. The group owns nine companies specialised in different areas	Gradual liberalisation
LT	- Lithuanian Post (Lietuvos paštas, <u>LP</u>); - 11 other licensed providers; - 75 courier service providers	State enterprise transformed in 2006 into a public limited company: 100% share-owned by the government	Gradual liberalisation
LU	- P&T – Entreprise des Postes et Télécommunications; - 17 other private and public companies authorised to offer non-reserved postal services. - In all, 52 companies are reported to operate in the sector as a whole	In 1992, from a state body to a company under public law	Liberalisation began in 1996
LV	- Latvian Post (VAS Latvijas pasts, <u>LP</u>); - 39 private companies providing additional postal services; - several marketing companies delivering addressed advertisement materials	State joint-stock company	Partial liberalisation. Monopoly of the public operator gradually reduced. The aim is full liberalisation in 2009
MT	- Maltapost;	Public limited company, with a 1998 licence to	Strong monopoly.

	<ul style="list-style-type: none"> - 11 small private companies authorised to provide express or courier services 	operate as universal service provider for 15 years	<p>Liberalisation affecting main provider not yet begun.</p> <p>In 2005, new regulatory framework in preparation for a multi-player environment</p>
NL	<ul style="list-style-type: none"> - Royal TNT Post (formerly known as Royal TPG Post); - Two other main operators, of which one is a joint venture with Deutsche Post 	Former state monopolist, currently listed on the stock exchange after the state sold its shares	<p>Directive implemented to open up the market as much as possible.</p> <p>In 2005, 53% of the postal market was liberalised. Complete liberalisation is being discussed for 2008.</p> <p>Main operator completely privatised</p>
NO	<ul style="list-style-type: none"> - Norway Post (Posten Norge); - seven other large private mainly multinational companies in liberalised services; - several other minor enterprises 	Converted from a state utility (part of central state administration) to a state-owned company with limited liability in 1996; and to a state-owned limited company 100% owned by the state in 2002	<p>Since 1997, harmonisation with the European directives.</p> <p>Complete market liberalisation was planned for 2006; process interrupted by the new Labour government</p>
PL	<ul style="list-style-type: none"> - Polish Post (Poczta Polska) - eight other larger companies, also multinationals, with small market shares 	In 2004, converted into a state-owned holding with six specialised companies	<p>Renewal only since 2004, judged as somewhat hasty.</p> <p>Competition still limited even by multinationals</p>
PT	<ul style="list-style-type: none"> - Post Office of Portugal (Correios de Portugal, S.A. – Correios, Telégrafos e Telefones, <u>CTT</u>); - 41 licensed companies in express mail (liberalised); - several companies in messenger services, where licences not needed. - In all, 99 companies reported 	Anonymous society	<p>In 1997, partial opening up of postal services to the market and gradual liberalisation.</p> <p>In 1999, definition of a universal postal service guaranteed by the state, licensed to CTT and regulated by the state</p>
RO	<ul style="list-style-type: none"> - Romanian Post Company (Compania Națională Poșta Română, <u>CN Poșta Română</u>); 	State-owned company	<p>Market partially liberalised.</p> <p>Large increase in</p>

	- around 190 authorised companies (only 68% of which active) in postal service market		operators
SI	- Post of Slovenia (Pošta Slovenije); - 15 private registered companies	90% publicly owned	Liberalisation began in 2000
SK	Slovak Post (Slovenská pošta); - several multinational companies (with a 10% share in the postal market); - plus transport companies	Joint-stock company, whose shares are entirely public owned, but operating without public subsidies	Postal sector not yet liberalised. This is expected in 2008
UK	- Royal Mail Group; 20 licensed operators for mail services; - major private courier/logistics company in the liberalised sector	Public limited company, wholly owned by government: a group with different specialised operating units	Increased competition, but main provider still dominates postal services. Several private companies have signed 'access agreements' with main operator

Source: EIRO national reports

First, it should be pointed out that the liberalisation process concerns 'national post activities' (that is, the collection, classification, transport and delivery – domestic or international – of postal items, under NACE 64.11, rev 1.1 2002), not 'courier activities other than national post activities' (under NACE 64.12, rev 1.1 2002). The latter have developed freely and competitively to a large extent outside the public system. In the case of postal activities, in some countries the liberalisation of some postal services preceded the 1997 directive. In Finland, for example, the rules on service delivery and access to the market by companies other than the public monopoly operator were established by a law of 1994 which in many respects anticipated the subsequent European directive. Also in Austria, Germany and Luxembourg, legislation reforming the sector has preceded, albeit only by little, the European directives.

In the majority of the 15 Member States before the EU enlargement of 2004 (EU15) – but with the important exceptions of France and Ireland – the process of gradual liberalisation began soon after the 1997 directive. In most of the NMS, the liberalisation of postal services is more recent and began in the past four or five years. It is driven by the need to comply with European legislation, and in many cases has been preceded by a preliminary phase of modernisation of postal services and changes to the general rules on their operation. In some cases, such as Malta and Slovakia, the liberalisation process has not yet really begun. Conversely, in other countries governments have decided to accelerate complete liberalisation before the original deadline of 2009, such as the Netherlands and Norway.

Few cases arise of operators other than the main provider obtaining licences to operate in the universal service. One example is Bulgaria, where four companies have obtained licences to operate specific sections of universal service, while one enterprise can operate in the whole universal service. Another case is Finland, where Posten på Åland delivers universal service in the Åland Isles. Finally, Royal Mail, in the UK, has been facing full competition since 1 January

2006 as new licensed operators can now collect and deliver any mail, thus ending the statutory monopoly that Royal Mail had held for 350 years.

Evolving corporate structures and strategies

As far as changes in the traditional monopolistic operator are concerned, a first difference is in the evolution of corporate and ownership structures, which range from state utilities which are part of the state administration, to independent state enterprises, public limited liability companies and joint-stock companies quoted on the stock exchange (see again Table 1). What matters from this point of view is the differing degrees of freedom of enterprise thus acquired by the operators, and also the repercussions on the working conditions of employees, as described below.

A second difference, which results from the first, concerns the type of strategy pursued by the main operator in response to the efforts to reduce or eliminate its monopoly position. In many cases – for example, Austria, Belgium, France, Germany, Italy, the Netherlands, Norway and the UK – changes in conditions have encouraged strategies to diversify and extend the range of activities beyond postal services, both domestically and abroad, often by establishing alliances and joint ventures with other public and private operators.

By way of example, since its transformation into a joint stock company, Italy's Poste Italiane has acquired or created a series of companies specialised in various activities: both in postal services, including correspondence, commercial post, periodicals, electronic communications, express delivery and parcels, and also in savings, such as savings books, interest-bearing bonds, postal bank accounts and life policies. More specifically, the group comprises the following subsidiaries:

- Postel, a joint stock company providing services to companies outsourcing the entire management of their correspondence;
- SDA Express Courier, which provides express delivery services;
- Postecom, which develops and manages online services through the Poste Italiane website, such as messaging, online banking, document management, e-procurement solutions, e-commerce and e-learning;
- Postevita, the Poste Italiane insurance company;
- BancoPosta Fondi, which manages joint investment funds;
- PosteShop, which sells Poste Italiane merchandise, as well as the products of external suppliers;
- Europea Gestioni Immobiliari, which operates in the real estate sector;
- Poste Tutela, which develops integrated safety and security systems for the Poste Italiane group. This company coordinates the movement of cash and valuables throughout the post office network;
- Mistral Air, an air transport company.

In Norway, Norway Post – the main postal operator – offers a range of services. The company's ambition is 'to develop into a leading Norwegian-based communications and logistics company in the Nordic region'. A number of the services provided are grounded in the licence requirements set by the state, which allows Norway Post a monopoly on certain services. The licence defines the range of products, accessibility of statutory services and delivery time which Norway Post is obliged to fulfil. In addition, Norway Post is competing with private companies in deregulated areas where it no longer has a monopoly, as well as expanding into new markets and

products. Norway Post previously had its own bank, Postbanken. This has now been sold, and Norway Post provides financial services through a cooperation agreement with the new owner of Postbanken.

In the UK, the sector is dominated by the Royal Mail Group, which is a public limited company (PLC) fully owned by the government through the Department of Trade and Industry (DTI). The group's principal operating units in the UK are Royal Mail, Post Office Limited and Parcelforce Worldwide. It also owns General Logistics B.V., which is a pan-European parcel and logistics company. Royal Mail is engaged in mail deliveries, sorting and distribution. It has a market share of more than 96% and contributes 76% of group revenue. The Post Office division, in addition to providing postal services, offers 170 products and services, including financial and banking services, travel services, telephony products, bill payment, postal orders and gift vouchers, licence applications and lottery products. The Post Office contributes 9% of group revenue. Parcelforce Worldwide provides an express and time-guaranteed parcels delivery service, almost wholly (90%) to business customers.

Presence of other operators

As for the presence of other operators in the sector, the information set out in Table 1 shows that this is generally very broad and, in many cases, highly fragmented. It is possible to distinguish between a small number of operators with licences to operate in the market of postal services (different from the universal service) and a much larger number of operators, often self-employed, furnishing courier services or delivering services as sub-contractors. In the majority of countries, the most successful operators are a few large multinationals – such as DHL, FedEx, TNT, UPS (United Parcel Service), ARAMEX and Der Courier – or large postal companies of other countries, which tend to concentrate on the economically more advantageous segments of the deregulated services market.

For example, the national report on Belgium states that the liberalised segments are among the most profitable for the operators. The parcel and express delivery market has been fully liberalised. In response to this, the historical postal operators in Europe have diversified their offer and the competing companies of neighbouring countries are also challenging the Belgian market. There is now a greater presence of, for example, mail companies highly specialised in some postal market segments, such as Chronopost International, a subsidiary of La Poste in France, which is present in Belgium with the distribution of more than 7,200 items a day. Spring Global Mail, a joint venture between TNT, Royal Mail and Singapore Post, distributes all kinds of commercial mail, catalogues and invoices around the world on a daily basis. The Dutch company Royal TNT Post handles 70% of non-addressed mail in Belgium.

By contrast, the market shares and sizes of many minor operators are small. In several cases, especially in the NMS, these operators seem to lack the resources and the capacities necessary to grasp the new market opportunities.

Regulatory authorities

Another important aspect of the liberalisation process has been the guidance and control function performed by public commissions and committees, or by specially created authorities independent of the operators in the sector. In some cases, such as Austria, Italy and Spain, supervision of the sector is still more or less strictly the responsibility of the competent ministry while awaiting the further changes envisaged for when the sector is completely liberalised. In the majority of cases, however, authorities introduced or modified over the past five or six years supervise the operations of postal services – or more generally communication services or network services, as in Germany – with greater or complete autonomy from the government.

A key objective of these bodies is to reconcile the presence and proper functioning of a universal postal service with the gradual increase of competition in the correspondence market, through the regulation of the sector. Their role is also to ensure compliance with agreements by the national providers of the universal service and by the companies which have obtained authorisations and licences. To this end, they may propose – directly or indirectly – fines and sanctions. The majority of them also issue and register licences, and control and monitor the quality of services and their prices.

Changes in mail services and the impact on employment conditions

Focusing now on the primary business of the postal sector – that is, on the activities related to the collection, classification, transport and distribution of postal items – the change which has taken place over the past 20 years has everywhere been far-reaching. Such developments have meant extensive consequences for the organisation of services and for the employment conditions of workers in the sector.

Labour-intensive sector

In its primary understanding, postal services have always formed a labour-intensive sector characterised by the widespread presence of branch post offices, which have traditionally furnished important services for the entire population, even in the most outlying areas. Representative in this regard is the main French operator, La Poste, which is the largest employer in France and has a network broader than any other enterprise or administration, encompassing around 303,000 employees in 2005 – although not all of them employed in the postal sector in the strict sense – and 17,000 local contact points. Indeed, the sizes and extents of the other national postal systems are not greatly different. The changes have therefore affected both relatively large numbers of workers and also modes of access by citizens to socially important services.

The need for all of the traditional postal operators to increase productivity, respond to changes in demand and greater competition, and cope with the consequences of liberalisation within the EU, has generally had the effect of engendering large-scale processes of corporate restructuring and reorganisation of production and service delivery. This has led to substantial investments in information and communications technology (ICT) intended not only to rationalise administration, classification and sorting activities, but also to organise the entire service more efficiently, starting from mail delivery. In Belgium, for example, a newly-introduced software programme has optimised delivery rounds, reducing the need for personnel ([BE0610029I](#)). However, at least so far, modernisation processes have not necessarily had negative effects on employment levels. In Cyprus, the Czech Republic, Ireland and Slovenia, for example, employment has increased as a result of an expansion of services.

Rationalisation of post offices

The most visible effect in the sector across the EU Member States has been rationalisation of the main provider's network with the closure of inefficient or unprofitable post offices. Austria saw the closure of 1,000 post offices out of a total of 2,300 branches between 2000 and 2005. In Denmark, over a decade, the number of post offices decreased from 1,275 to 945, in Germany from 16,971 to 12,685, and in Estonia from over 600 to 389. In Ireland, 400 rural sub-post offices out of a total of 2,000 branches have closed in only a few years. In Norway, the change has been radical, with the 2,300 post offices operating in the 1990s diminishing to 300 branches since the reorganisation process was completed in 2002. Closures of post offices have also been recorded in Bulgaria, Finland, Hungary and Latvia; and in several other cases, closures are scheduled for

the next few years. However, in some countries – namely, Portugal, Slovakia and Slovenia – attempts have been made to introduce change gradually, primarily by retraining personnel and increasing productivity.

The retrenchment of the local-level presence of the main provider is even more dramatic if one considers the reduction in the number of post offices that it owns or directly manages. By way of example, in Germany not only has the number of post offices diminished by a quarter in 10 years, as noted above, but the proportion of branches owned by the monopoly holder has declined from 82% to 44%. There are however limitations on the downsizing of the local-level presence of post offices. In fact, the laws on postal services in each country establish the minimum number of contact points that must be guaranteed by the universal service, and the qualitative features that must be assured.

For some time, therefore, the majority of countries have been experimenting with ways to reduce costs, seeking at the same time to reduce access to postal services as little as possible. This has led to various forms of outsourcing and contracting. In Cyprus, for example, in rural areas a mixed system applies of services delivered by Cyprus Post and by third-party providers, known as postal agents. In Finland, Finland Post has transferred 250 unprofitable branch offices to local businesses already providing other services, mainly shops. Hungary is experimenting with a system of mobile post offices. In Luxembourg, some post offices have been replaced with ‘post shops’ staffed by personnel hired on private-law contracts rather than on public sector contracts. In Norway, post offices have been partly substituted by ‘Post-in-Shops’, that is, shops taking over a number of functions from the post offices; and similar solutions have been adopted in Denmark.

In Slovakia, postal services in some localities have started to be provided in the form of ‘Post-Partners’, which ensure that all the services of Slovak Post in a given area are provided through contracted partners. In France, the national operator La Poste is subject to two different imperatives: the reduction of the costs of its large network of contact points, and the necessity to take into account the political pressures exerted by local politicians who want to maintain a postal presence everywhere. At the same time, La Poste also enjoys the opportunity to exploit the size of its network as a competitive advantage over competitors, particularly in the banking sector. Overall, therefore, it has decided to keep the 17,000 contact points in operation. However, in fact, the number of ‘real’ post offices with staff paid by La Poste is gradually decreasing, while other contact points are gradually being created, either by ‘postal relays’ in cafés or supermarkets, or by postal agencies, which sell La Poste’s products and services, but whose staff are paid by local authorities.

Job cuts

Technological innovation and the permanent reorganisation of production have had numerous consequences for workers. The most evident has been employment cutbacks in most of the large national companies. Job reductions have been reported in the cases of the monopoly holders of Austria (-22% jobs in five years), Belgium (2,500 jobs have already been cut and a further 1,000 layoffs are scheduled), Bulgaria (-17%), Finland, Germany (-17% in five years), Hungary (where, however, the reduction has been limited), Italy, Malta (-29%), Norway (-30%) and Portugal (-13% in the past few years). In Estonia, the cutbacks have mainly concerned administrative personnel and the central offices, but have not affected cashiers and delivery workers. In some countries, such as the Czech Republic, Ireland and the UK, it seems that employment reduction measures are imminent.

However, other tendencies are ongoing as well. Cited here is only the case of Denmark, where labour shortage problems are reported, probably because the sector has diminished its attractiveness in a country with full employment.

Impact on working conditions

The latter observation introduces a further aspect of the problem: the qualitative, rather than quantitative, consequences of the technological-organisational changes of recent years for the employees of the main providers. The national reports emphasise three main types of consequence.

Firstly, they report a tendency for workloads to increase, greater functional and temporal **flexibility** – for example, in the use of **shift work** – and the increased use of part-time arrangements for men and women, particularly in Austria, Bulgaria and the Netherlands. These strategies are used with the aim of reducing job losses and improving organisation of the service.

Secondly, the national reports highlight a marked increase in the provision of continuing training schemes, and a tendency to hire workers with higher educational qualifications than previously. This strategy is being adopted in order to obtain the skills required by technological innovation and changes in service delivery in an increasingly competitive environment. In some cases, a new tendency was noted of investing in schemes for personnel motivation and communication and interpersonal skills development.

Thirdly, the correspondents emphasised an increase in atypical forms of contracts. In many cases, greater use is made of **temporary agency work** or other kinds of temporary labour. Moreover, the development of alternative solutions to traditional post offices has produced new categories of postal workers who do not depend formally on the large companies in the sector. A significant example are the postal agents of Cyprus, who are third-party providers paid on the basis of the services delivered, or the revenues from the sale of specific services or products of the monopoly holder, such as stamps.

However, a number of unexpected developments are also reported. Perhaps most interesting is the fact that in the UK the Royal Mail has massively reduced its quota of **casual worker**, partly to improve motivation and service, but also in response to customer concerns about the integrity of the mail. As a result, about 500 casual staff are now employed compared with almost 20,000 in 2004, out of a total of around 174,000 workers. In France, too, La Poste in recent years – contrary to private sector employment policies – has reduced the number of short-term contracts, mainly **fixed-term work** and temporary agency work, with the aim of promoting open-ended contracts.

Changing corporate ownership

Thus, the quantitative and qualitative changes due to the strategies of restructuring and technological innovation pursued by the large postal operators have been of particular importance for employment conditions and industrial relations in the sector. This is equally true with regard to the changes brought about by the abovementioned transformations in the corporate structure and ownership of the majority of the former entirely state-owned national postal services.

In many of the countries studied, these changes have led to the ‘contractualisation’ of employment relationships for the workers of the main postal operators. In other words, the changes have resulted in a shift from public-law employment contracts to private-law contracts and **collective bargaining** coverage. However, the situation is rather diversified.

The coexistence of private and public-law employment relationships is often reported: the latter continue to apply to workers hired before the change in the body’s legal form, or at least to some of them, while more recently-hired workers are covered by the same conditions as in the private sector. This has happened in Austria, where employment at Österreichische Post AG is still covered by the regulations applying to public sector employees in the case of career civil servants (*Beamte*) inherited from the former state monopoly. Likewise, in Belgium, terms and working conditions, and the collective bargaining rules inherited from the public service still cover about

26,000 employees of La Poste/De Post, out of a total of around 37,000 workers. In Cyprus, the Cyprus Post workforce divides between a majority of employees with public servant status and a minority of hourly-paid staff. Meanwhile, in France, La Poste is slowly replacing the recruitment of civil servants by the hiring of staff on private employment contracts and, in Ireland, personnel hired before 1984 retain their former status as civil servants.

In Germany and Malta, by contrast, no shift has been observed from public-law employment to private-law employment: in the latter country, however, a collective agreement signed in 2003 attenuates the previous job security guarantees. In Denmark, three types of employees are present at Post Danmark: statutory civil servants, contractual staff on special terms (former statutory civil servants) and contractual staff covered by a collective agreement. A similar tri-partition is found in Luxembourg.

Finally, as regards the other countries considered, in the Czech Republic, Estonia, Finland, Hungary, Italy, Latvia, the Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia and the UK, workers in the postal sector have employment relationships analogous to those in the private sector, although in some cases they retain previously acquired rights, such as pension entitlements.

Growth of other operators

Attention has concentrated so far on the changes affecting the main providers, which in all countries – even those where the liberalisation process is most advanced – still retain a dominant position in the sector of postal services in the strict sense. These main providers continue to monopolise the universal service and occupy a central position, although this varies somewhat according to the country, in areas subject to licence or entirely open to the market. Corresponding to their economic dominance is an equivalent pre-eminence in terms of employment and in relation to industrial relations policies in the sector, as outlined below.

However, it would be a mistake not to consider the other operators in the sector: namely, the local branches of multinationals, the new large and medium-sized companies, and a broad and fragmented array of small-scale operators doing business in specific local niches, sometimes as subcontractors to the national main operators.

Such small-scale operators are growing in importance for two main reasons. Firstly, in many cases they are undergoing significant expansion, principally in terms of employment, which is the aspect of greatest interest here. Although the incomplete data preclude a systematic account of the situation, there is no doubt that in many countries employment levels in the postal services sector have not diminished, or at least not significantly, and indeed have increased due to employment creation by these competitors against the large dominant companies. This has been observed in the cases, for example, of Belgium, Bulgaria, Germany, Hungary, Lithuania and Malta.

Secondly, these small-scale operators are important because they offer employment conditions characterised by a strong orientation to the market, which explicitly or implicitly become a reference which the large groups must take into account. This is a particularly salient point as the smaller operators are generally independent of state control and distance themselves from the characteristics of the public sector.

The next section will take these considerations systematically into account as far as the data permit.

Industrial relations in the mail services sector

The changes that have taken place in the primary business of the postal sector over the past 10 to 15 years have had numerous and diverse effects on industrial relations. However, they have been generally gradual and, in the majority of cases, they have been made with the agreement of the trade unions, in particular those of the main providers. It could not have been otherwise, given the high rate of unionisation that used to characterise – and still does today – the former monopoly organisations. From this point of view, one gains the impression that the change is still at its beginnings and its possible consequences are not yet fully apparent.

The following data, although incomplete, help to clarify the point. Table 2 gives approximate estimates of the weight of the large national companies, calculated as the current percentage of the main provider's workforce within the sector's total workforce. It also provides information on the presence and structure of the social partners, such as the number of important organisations and the unionisation rate, and on the use of collective bargaining, distinguishing between main and alternative providers.

Table 2: Industrial relations in the mail services sector

This table summarises the sectoral structure, trade union organisation and density, employer organisations and status of collective bargaining in 26 EU Member States and Norway

	Structure of sector	Trade union organisation	Union density	Employer organisations	Collective bargaining: levels and coverage
AT	Main provider (83% of sector's employment)	One sectoral union, Union of Post and Telecommunications Employees (Gewerkschaft der Post- und Fernmeldebediensteten, <u>GPF</u>)	80%	No sectoral association	Only employees of main provider are covered by company agreement. Full coverage
	Alternative providers	Two different unions (one new)	Around 20%		n.a.
BE	Main provider (around 70% of sector's employment)	Seven unions (double presence for civil servants and private employees)	80%	No general sectoral association. Belgian Courier Association (<u>BCA</u>) for private sector	Company agreement. Full coverage
	Alternative providers (in expansion)	Different unions	n.a.		All companies have to be covered by sectoral collective agreements. Extensive coverage

BG	Main provider (around 78% of sector's employment)	Three unions	76%	No sectoral association	Only company agreement for main provider. Full coverage
	Alternative providers (in expansion)	Not unionised	--		No collective agreements
CY	Main provider (around 60% of sector's employment)	a) One union for public servants. b) Two unions for hourly-paid staff	a) Very high. b) n.a.	No sectoral association. Four private companies are members of employer organisations	Collective bargaining at company level. Wide coverage
	Alternative providers	Only two companies unionised	n.a.		Most workers employed on basis of individual contracts. Only one company-level agreement. Limited coverage
CZ	Main provider (strongly predominant)	One sectoral union, Postal Workers, Telecommunications and Newspaper Services Trade Union (Odborový svaz zaměstnanců poštovních, telekomunikačních a novinových služeb, <u>OSZPTNS</u>)	36% (whole sector)	One organisation set up for collective bargaining purposes, Czech Union of Postal, Telecommunications and Print Distribution Sector (Český svaz zaměstnavatelů v poště, telekomunikacích a distribuci tisku)	High-level collective agreement.
	Alternative providers				Two company agreements
DE	Main provider (around 80% of sector's employment)	- One main union; - two other unions	Very high	Working Committee in Courier, Express, Parcel and Postal Services (Arge KEP- und Postdienste e.V.)	Noteworthy collective agreements only at Deutsche Post. Full coverage

	Alternative providers (in expansion)	n.a.	n.a.	n.a.	Other workers may be covered by agreements in other sectors. Limited coverage
DK	Main provider (around 88% of sector's employment)	Two unions (outcomes of mergers) for both civil servants and contractual staff	90%	Post Danmark and a few other companies are members of Confederation of Danish Industries (Dansk Industri, <u>DI</u>)	Sectoral level collective agreement, plus negotiations at company level. Extensive coverage
	Alternative providers	n.a.	n.a.		
EE	Main provider (around 76% of sector's employment)	- One main union; - another competing union	40%	No sectoral association. Estonian Post and another company are members of Estonian Employers' Confederation (Eesti Töandjate Keskkliit, <u>ETTK</u>)	Only company agreement for main provider. Full coverage
	Alternative providers		n.a.		No collective agreements
EL	Main provider (and one subsidiary): around 57% of sector's employment	One union	High	No sectoral association	Company agreements. Full coverage
	Alternative providers	Not unionised	--		Under the National General Collective Labour Agreement
ES	Main provider (strongly predominant)	Five unions	n.a.	No sectoral organisation	Only company agreement for main provider. Full coverage
	Alternative providers	n.a.	n.a.		n.a.
FI	Main provider (around 86% of sector's employment)	One main union (outcome of a merger), Finnish Post and	82%	Employer organisation Tieto- ja tekniikka-	Collective agreement at sectoral level.

		Logistics Union (Posti- ja logistiikka-alan unioni, <u>PAU</u>)		alojen työnantajaliitto (<u>TIKLI</u>), affiliated to Confederation of Finnish Industries (Elinkeinoelämän keskusliitto, <u>EK</u>)	Extensive coverage
	Alternative providers	n.a.	n.a.		
FR	Main provider (strongly predominant)	- Seven unions (two affiliated to confederations); - two independent unions	n.a.	Employers' postal sector chamber (Chambre patronale du secteur postal) as of 1 December 2006	National level agreements supplemented by negotiations at local level. Full coverage. 2004 agreement organising social dialogue
	Alternative providers	n.a.	n.a.		Company agreements in all companies
HU	Main provider (around 98% of sector's employment)	Eight unions	High	No sectoral association, but sectoral social dialogue committees	Company agreements. Full coverage
	Alternative providers (in expansion)	n.a.	n.a.		Company agreements in a couple of cases
IE	Main provider (strongly predominant)	Five unions	Almost 100%	No sectoral association. An Post is affiliated to Irish Business and Employers' Confederation (<u>IBEC</u>)	Collective bargaining at An Post occurs at both local and national level. Full coverage
	Alternative providers	n.a.	n.a.		n.a.
IT	Main provider (strongly predominant)	- Four confederal unions; - two independent unions	70%–80%	Main provider and largest companies belong to Federation of Service Enterprises (Federazione delle imprese)	Company agreement. Full coverage

				di servizi, <u>FISE</u>), affiliated to Confederation of Italian Industry (Confederazione Generale dell'Industria Italiana, <u>Confindustria</u>); smaller companies belong to National Confederation of Crafts and SMEs (Confederazione Nazionale dell'artigianato e della piccola e media impresa, <u>CNA</u>)	
	Alternative providers		Low		Sectoral agreement covering express delivery agencies and members of CNA. Broad coverage
LT	Main provider (around 90% of sector's employment)	One sectoral trade union, Lithuanian Communication Workers Trade Union (Lietuvos ryšių darbuotojų profesinė sąjunga, LRDPS)	50%	No sectoral association	Only company agreement for main provider. Full coverage
	Alternative providers (in expansion)	Not unionised	--		No coverage
LU	Main provider (strongly predominant)	- One union for civil servants and state employees;	High	No sectoral association	Only company agreement for main provider. Full coverage

		- another union for state workers			
	Alternative providers	n.a.	n.a.		n.a.
LV	Main provider (around 82% of sector's employment)	One sectoral trade union, Communication Workers Trade Union (Sakaru darbinieku arodbiedrība, SDA), with 51% overall density	59%	No sectoral association. Main provider is affiliated to Latvian Employers' Confederation (Latvijas Darba Devēju konfederācija, <u>LDDK</u>)	Company agreement. Full coverage
	Alternative providers		n.a.		n.a.
MT	Main provider (around 80% of sector's employment)	Two unions (one not recognised)	95%	No sectoral association	Only company agreement for main provider. Full coverage
	Alternative providers (in expansion)	Not unionised	--		Not covered
NL	Main provider (strongly predominant)	Four unions	n.a.	No sectoral association	Company agreement for main provider. Full coverage
	Alternative providers	n.a.	n.a.		n.a.
NO	Main provider (strongly predominant)	- One main union, Communication Workers' Union (Norsk Post- og Kommunikasjon sforbund, <u>Postkom</u>), the result of a merger; - a few others	73%–88%, according to the company's section	No sectoral association. Main provider affiliated to NAVO, an employer organisation representing companies with some type of public/state affiliation, set up in 1993	Within the organised sector, a three-level bargaining model. Full coverage
	Alternative providers	n.a.	n.a.		n.a.
PL	Main provider (strongly)	Eight unions	60%	No sectoral association.	Company agreement that can

	predominant)			Main operator is member of Confederation of Polish Employers (Konfederacja Pracodawców Polskich, <u>KPP</u>)	be improved by state intervention. Full coverage
	Alternative providers	n.a.	n.a.		n.a.
PT	Main provider (around 94% of sector's employment)	15 unions plus two minor ones	85%	No sectoral association	Only company agreement for main provider. Full coverage
	Alternative providers	n.a.	Low		Currently, unions are negotiating an extension to cover other major companies
RO	Main provider (around 84% of sector's employment)	One union, Trade union Federation in Post and Communications (Federația Sindicatelor din Poștă și Comunicații, FSPC)	88%	n.a.	Only company agreement for main provider. Full coverage
	Alternative providers	n.a.	n.a.	n.a.	n.a.
SI	Main provider (strongly predominant)	--	60%	Two employer organisations: one affiliated to the Slovenian Employers Association (Združenja delodajalcev Slovenije, <u>ZDS</u>); the other at the Chamber of Commerce and Industry of Slovenia (Gospodarska Zbornica Slovenije, <u>GZS</u>)	Sectoral collective agreement for post and courier activities; plus company collective agreement for main provider. Extensive coverage
	Alternative providers	Small providers not unionised	--		

SK	Main provider (strongly predominant)	Two unions	65%–70%	Sectoral Employers Association of Transport, Post Offices and Telecommunications (Zväz zamestnávateľov v doprave, pôšt a telekomunikácií, ZZDPT)	Only company agreement for main provider. Full coverage
	Alternative providers	Not unionised	--		No collective agreements even at branch offices of multinationals
UK	Main provider (strongly predominant)	One main union, Communication Workers' Union (CWU)	Over 90%	No sectoral organisation	National-level collective bargaining on terms and conditions of employment, with differences among the various businesses of the Royal Mail Group. Full coverage
	Alternative providers	n.a.	n.a.		Any collective bargaining is at company level. Limited coverage

Source: EIRO national reports. See the reports for further details, particularly in instances of more than one union or employer organisation

The data show the continuing dominance in all countries of the main provider. Where the incidence is quantified, it is always more than 50% and, in almost all cases, around or above 80% of employees in the sector (NACE 64.1). Even when it is not possible to calculate an index, the assessment is without exception that of absolute predominance. In other words, the sector's occupational structure is clearly polarised between a single dominant company and numerous minor alternative providers, which often operate in small but expanding segments of the market.

In the majority of cases, formalised industrial relations almost exclusively concern the dominant company, while they are absent, or at most insignificant, among the minor providers.

Worker representation

As can be partly inferred by Table 2, the polarisation between a dominant company with developed industrial relations and numerous small companies with little or no collective regulation of employment relationships is reflected in different levels of trade union presence. This presence is very strong everywhere in the case of the main provider, as shown by the levels of union density, which in each country appear to be systematically higher than average unionisation rates, at least where figures are available. (For average rates, see European Commission, 2006, chapter 2.)

By contrast, as far as the alternative providers are concerned, trade union presence is generally low, or assessed as being non-existent/un-influential, even in countries with higher average levels

of unionisation, such as Belgium, Finland and Norway. Where a certain amount of trade union presence is reported, it sometimes concerns sectoral organisations different from those representing the main provider, as in the cases of Austria and Belgium. In other cases, such as the Czech Republic, Latvia and Lithuania, a single sectoral union is reported; the representation structure has recently been reorganised in these three NMS. In general, the absence or the weakness of trade union representation in this area of the postal sector is due both to the small sizes of companies and to the instability – and sometimes precariousness – of workers' employment conditions.

In the case of the main providers, the current trade union presence is often the result of reorganisation and restructuring processes consequent upon the changes that have affected the sector and the pre-existing companies. In Finland and Norway, the main trade unions in the sector are a result of recent mergers among previous organisations, undertaken to respond better to the sector's new characteristics. In some countries – for example, Belgium, Cyprus, Estonia and Luxembourg – it is possible to observe the co-presence of public and private sector unions, or from different economic sectors, an arrangement which may sometimes give rise to forms of competition or to demarcation disputes. In other countries, such as France, Germany, Italy and the Netherlands, besides the sectoral unions affiliated to the national federations, one notes the presence of small, autonomous, craft or occupation-based unions consisting of militant rank-and-file groupings formed to protect the interests of specific groups of workers during reorganisation phases. In general, the number of active unions is high.

In the sector's most densely unionised area, therefore, the trade union presence is linear and compact only in some cases, namely, Austria, the Scandinavian countries and some of the NMS. More frequently, it is rather diversified, sometimes fragmented and the outcome of successive stratifications. Although this feature does not in general seem to cause open rivalries, it probably complicates the joint regulation of employment conditions and their change.

Employer representation

The effects of transformation of the sector are particularly marked on the employers' side. On the one hand, the entry of numerous alternative providers has greatly increased the number and heterogeneity of companies; on the other hand, the operational strategies and the statuses of the traditional monopoly providers have changed. As said, this has given rise to the sector's polarisation between large dominant companies, often downsizing, and numerous minor companies, several of which are expanding rapidly. On the employers' side, this polarisation is reflected in differing degrees of organisation and participation in the social dialogue institutions.

A first aspect to emphasise is that an employer organisation, or a body coordinating the interests of employers in the postal services sector, has been created in only some countries. The most notable cases from Table 2 are the following:

- Czech Republic – the Czech Union of Postal, Telecommunications and Print Distribution Sector, an organisation specifically set up for collective bargaining purposes;
- Finland – the employer organisation TIKLI, which represents companies operating in the fields of mail and logistics, ICT and related fields;
- France – the Employers' postal sector chamber, instituted on 1 December 2006 and chaired by the Chair of the La Poste group, Jean-Paul Bailly. All of the private postal operators are expected to belong to this chamber;
- Slovakia – the sectoral ZZDPT;

- Slovenia – the Section for Transport and Communications (Sekcija za promet in zveze) of ZDS and the Association for Transport and Communications at GZS.

In Germany, a Working Committee in Courier, Express, Parcel and Postal Services (Sozialpolitische Arbeitsgemeinschaft KEP- und Postdienste e.V., Arge KEP- und Postdienste e.V.) has been established. However, it represents the various affiliates of Deutsche Post World Net, the main postal provider, not the competing operators. Likewise, in Norway, Norway Post is currently affiliated to the employer organisation NAVO, which mainly organises companies with some type of public sector affiliation, particularly deregulated state-owned companies.

Conversely, in Belgium, BCA was formed in 1993 as a professional organisation to defend the rights and interests of companies in the private sector, among them the large multinationals.

In the majority of countries, therefore, employers do not have organisations coordinating the interests of all the operators in the sector. In other words, despite the liberalisation and development of the sector, representation of employers' interests has not yet adjusted to those processes.

In the absence of specific sectoral representation, companies may join other employer organisations. As shown by Table 2, this is what effectively happens in most cases. However, this does not favour harmonisation of the employers' positions, and in particular it hampers the definition of a multi-employer collective agreement, as shall be shown shortly. Moreover, in the majority of cases, few alternative providers belong to employer organisations, because of their small size and in order to achieve greater freedom of action. These are further factors which tend to generate the dualism or polarisation of employment conditions and industrial relations in the sector.

A further aspect to be emphasised is that, in many countries, the main providers have joined the employer organisations for private enterprises. This is reported in the cases, for example, of the large postal companies in Denmark, Estonia, Finland, Ireland, Italy, Latvia, Poland, Slovakia and Slovenia. It is evidently an effect of the sector's liberalisation, and it is indicative of the efforts to renew the regulation of employment conditions and to supersede the practices which used to characterise industrial relations in the period of unchallenged public monopoly.

Strike action and collective bargaining

The mail sector furnishes important services of general interest and for many years operated in a public monopoly regime, so that it could offer employees protected and secure employment conditions – albeit often determined in ways different from those used in the private sector. For the mail sector, one of the key consequences of liberalisation has in many cases, as noted, been the advent of the sometimes gradual contractualisation of employment conditions. Associated with this process are changes which may involve limits or prohibitions on strike action and collective bargaining.

However, so far, the issue does not seem to be particularly critical. Most countries report that the employees of the large (former) public companies are not subject to significant restrictions regarding strike action or collective bargaining. Exceptions are the civil servants (*Beamte*) at Deutsche Post in Germany, who may not strike and whose salaries and conditions are, in general, determined at regular intervals by the Federal Ministry of Finance (Bundesministerium der Finanzen), and the analogous prohibition on strike action by the civil servants of the postal company in Denmark.

In some cases, this is the outcome of relatively recent changes. For example, in Austria the right to collective bargaining was established in the postal sector in the mid 1990s in parallel with the

liberalisation of services. In the case of Cyprus, the non-prohibition on the right to strike in essential services, among them the postal service, by civil servants is the result of an agreement signed in December 2005. In many countries, rules apply on the exercise of the right to strike, which in general establish periods of prior notice, guarantees on essential services, and cooling-down and dispute settlement procedures, in order to prevent or limit damage to users.

Strike action

Strike action in the sector does not seem to have been particularly frequent in recent years. Significant use is made of such action only in the large companies of a relatively limited number of countries. Among them are: France, although the trend here has been in decline over the past decade; the UK, where a tendency exists to resort to brief yet highly disruptive unofficial strikes; Belgium, Luxembourg and Portugal, where conflict has tended to increase in parallel with greater determination by the management to accelerate the liberalisation process; and also Ireland, Poland and Romania. In other cases – Austria, Finland and the Netherlands – recent years have seen not so much outright strike action as protests and demonstrations against job cuts and other negative impacts of restructuring and liberalisation on workers. Further cases arise, for example Greece and Italy, where conflict was frequent in the past but has been relatively rare for some time. Finally, in around half of the countries studied, it has not been necessary to resort to conflict in the past decade because disputes are increasingly settled through negotiations and social dialogue between the social partners. Interesting in this regard is the case of La Poste in France, where in 2004 the management and the trade unions in the postal sector affiliated to four central unions signed an agreement on the principles and methods of social dialogue in the group.

It is notable that none of the national correspondents report strikes affecting the companies of the private alternative providers.

Collective bargaining

Rather than strike action, collective bargaining and discussion between the parties play a central role in restructuring processes and in the regulation of employment relationships in the sector. However, in almost all of the countries studied, collective bargaining concerns almost exclusively the main provider and takes place solely at company level, on the basis of company agreements, sometimes articulated at national and local level (see again Table 2). This situation may easily happen in sectors dominated by a single large company, and in which competition by other companies is recent and still limited in its extent.

In the majority of countries, as said, this is also a consequence of the absence of sectoral employer organisations able to negotiate multi-employer agreements. Indeed, the few exceptions to a solely company-level bargaining structure are represented by countries in which sectoral employer organisations have been created – namely, Finland and Slovenia – or in which companies in the sector belong to the general employer organisation, as in Denmark. In these cases, sectoral collective bargaining has developed to cover all companies, this being usually followed by company agreements in the largest operators. Multi-employer agreements are sometimes reported pertaining to certain sub-areas of the postal sector for which an employer organisation has been set up; a case in point is the sectoral agreement in Italy for express delivery agencies or for companies belonging to crafts associations.

Belgium is a unique case, where it has been established by decree that all companies must be covered by sectoral collective bargaining. Consequently, collective bargaining in the postal sector takes place at the level of two joint commissions comprising representatives of both workers and employers. The first is a committee specifically dedicated to the postal sector, appointed under the name of Joint Commission of La Poste/De Post; the second body is the Auxiliary National

Joint Commission for Employees, which conducts negotiations on behalf of employees of private enterprises in the NACE 64.12 sub-sector.

Excluding the above cases, not only does collective bargaining take place solely at company level, but it almost exclusively concerns the large postal companies. Given the strong concentration of the sector's employment in these large companies, it may be concluded that the coverage of collective bargaining in the postal services sector is generally very high. However, this finding conceals a marked polarisation between more numerous areas with strong collective protection and regulation, and minor areas in which the regulation of work is left largely to the general law and to the market. It should also be highlighted that, in many cases, operators – who may amount even to hundreds – are self-employed and bargain directly with the companies to which they provide services.

In order to address the limits and coverage gap deriving from this situation, in many of the countries studied the trade unions have for some time been pressing for the introduction of a collective sectoral agreement. However, to date they have been unsuccessful, mainly because of resistance from the private companies, which take advantage of differences in pay and regulation with respect to the main providers.

Since the beginning of the liberalisation process, even in the case of the main providers, sectoral pay developments have been generally moderate. In many countries, although not in all of them – exceptions are Portugal, Romania and Slovenia – pay increases have been below the average. Some of the national reports, particularly the French one, refer to a certain amount of dissatisfaction, especially among newly-hired workers on private-law contracts, whose employment conditions are inferior to those of employees hired previously. In all of the countries studied, a pay gap exists between the employers of the main providers and those of the alternative providers.

Where collective bargaining takes place, numerous topics are addressed. Besides basic conditions, such as pay, pensions and allowances, which are generally established at central level for all personnel, of particular importance are issues regarding employment and work restructuring and reorganisation. However, a number of significant differences emerge among the countries. In many instances, the restructuring of the main providers has already produced major changes in the past 10 years. In these cases, agreements mainly concern an incremental adjustment of practices and the solution of specific problems, for example the definition of early retirement schemes, redeployment of workers internally to the company, improved organisation, and heavier workloads as a result of a freeze on hiring new staff.

In other cases, restructuring is currently one of the biggest issues on the agenda. An example is provided by Royal Mail in the UK, where in 2006 an agreement was reached on a radical restructuring plan which commits the parties 'to work together to ensure that we become the most efficient, customer-focused and flexible company in the marketplace, and at the same time raise the value and status of postal workers'. April 2007 was set as a date 'to reach an agreement that takes these issues forward', following trials of new technology. The Royal Mail's business plan forecasts up to 40,000 job cuts as a result of its desired changes; the trade unions have secured a guarantee of no compulsory redundancies.

Agreements frequently also envisage various forms of performance-related pay and profit participation as a means with which to obtain the workforce's acceptance of change. At the Irish An Post, for example, the last major collective bargaining agreement, *Transformation through partnership agreement 2000*, included an employee share-ownership plan (ESOP) – involving an employee stake in the company of 14.9% – in return for major changes, including annualised working hours arrangements aiming to reduce the company's overtime bill.

Other themes frequently addressed are training and professional development schemes, which are of great importance in a sector that makes substantial use of ICT. Finally, of considerable importance are workplace safety and company social and welfare programmes, which besides specific benefits involve programmes on equal opportunities, conciliation between work and personal life, and employment of disabled persons.

Worker participation and social dialogue

Forms of worker **participation** and involvement are prevalently of traditional types in the postal services sector. Direct participation schemes are not common, and forms of financial participation do not appear to be particularly widespread. Employee share-ownership programmes (ESOPs) have been introduced in Austria, Denmark and Ireland; limited experimentation with these programmes has also recently begun in Portugal. In the UK, the management of Royal Mail wants to introduce such a programme, but it is a controversial topic as the trade unions believe that the current profit-share scheme is sufficient to help improve performance. In France, there is a consolidated tradition of savings schemes for employees.

The main forms of worker participation are instead indirect in nature – that is, based on the involvement and intervention of the worker representatives. Participation therefore primarily takes place through the various forms of employee and workplace representation set out in each country, and mainly concerns **information and consultation** functions. In some cases – Denmark, France and Slovenia – employees sit on the board of directors. In other instances, for example Bulgaria and Denmark, bilateral commissions are active in areas like health and safety and further training. It should be noted that this and the following summary solely concern the large postal companies. In fact, no data are available on alternative providers, although it does not seem that significant developments are taking place.

From this perspective, the theme of worker participation tends to overlap with that of in-company social dialogue, which seems recently to have expanded to a certain extent, in a general context that has encouraged discussion between the parties.

In France, La Poste's Strategic Discussion Commission (Commission d'échange stratégique de La Poste, CESP) holds discussions twice a year between La Poste's management and the trade unions. At BP in Bulgaria, a bipartite body – the Council for Coordination of Interest – engages in negotiation and collective bargaining. In Italy, a permanent committee with representatives of the employees and the Poste Italiane management is currently discussing **corporate social responsibility**, and it seems that an agreement will be reached. In Latvia, LP has established a Development Council with equal representation of the social partners, which discusses the most important issues in relation to development and changes. Meanwhile, at Royal Mail in the UK, partnership boards have been implemented locally and nationally.

An initiative of particular interest has been undertaken in Finland, where social dialogue between the social partners in the postal sector has a long tradition. In this case, Finland Post has recently created a Foundation for Well-being at Work, which is the first special foundation to be established in connection with a business enterprise, focusing entirely on promoting employee well-being. The Foundation's task is to plan and steer measures aiming to maintain the working capacity and well-being of Finland Post's employees.

In Ireland, by contrast, an attempt to build partnership arrangements at An Post occurred between 1998 and 2003. According to the national report, the attempt to foster more cooperative relations gained ground in 1998 when trade unions and management began work on a complex partnership process, and the intention was to keep it separate from day-to-day industrial relations issues. An essential feature of the partnership structures is that they were to be based on both the business

unit and on a local basis, moving away from the sort of centralised structures which had been dominant in An Post for decades. Ultimately, however, the initiative collapsed under the weight of deep-rooted differences. At present, social dialogue on employment and labour relations issues mainly occurs at national level through social partnership pacts.

Apart from this last case, national-level dialogue between the social partners in the postal services sector has been generally limited, at least according to the data available. The Czech postal workers' trade union, OSZPTNS, is not directly present on the Council of Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD), but is represented by the Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS). In Hungary, a sectoral social dialogue committee to date has organised an international conference in preparation for liberalisation of the sector. Meanwhile, in Italy, only one episode of tripartite concertation has arisen during the transformation of Poste Italiane's legal form. In Latvia, a tripartite consultation institution on transport, communication and information technologies issues was established, but it is not active. Likewise, an Economic Social Council for Post and Telecommunications was established at national level in Slovenia but has never started to function, at least according to the trade unions. However, a Post and Telecommunications tripartite body operates effectively in Slovakia in the postal sector.

These last findings confirm that substantial change is underway but so far has been curbed and controlled in terms of industrial relations, by tradition and by the institutions of the former large monopoly providers in the sector.

Commentary

In the past 10 years, the postal services sector has undergone a profound transformation triggered by partly conflicting initial objectives. This process of change has produced numerous differences among the European countries, but also many similar outcomes in the employment conditions of workers and in relations between the social partners.

Somewhat conflicting objectives have been the liberalisation of the market, but at the same time a commitment in each country to furnishing a range of controlled-price essential postal services, or a universal service. The latter service is temporarily licensed to operators with the necessary resources and competence, as established by the European directives of 1997 and 2002 with a view to complete liberalisation of the sector by January 2009, although as earlier noted, this deadline is now likely to be delayed to December 2010 at the earliest. Consequently, the partial opening up of the market has been accompanied by a polarisation between large providers of the universal service operating in an at least partly guaranteed market, and an often heterogeneous and fragmented array of alternative providers in search of new market niches and segments to occupy.

In this process, the traditional public monopolies have had to reckon with the gradual liberalisation of the market and increased competition; but at the same time they have maintained, albeit temporarily, their monopolies over part of the service. Companies have pursued various strategies in terms of corporate transformation, reorganisation and product diversification, and in search of new markets at home and abroad. Nonetheless, a concern shared by all of them is reducing costs. This aim, allied with the introduction of new technologies and organisational rationalisation, has given rise to large-scale employment reduction and numerous qualitative changes in the use of labour. In particular, it seems that postal companies in the NMS have used the drive for change formally urged by the European directives as an opportunity to modernise and expand postal systems which, in some cases, were underdeveloped.

The consequences for the employment conditions of workers in the large monopoly providers have generally been, besides employment reduction, a progressive erosion – and often the loss – of their privileged status. The downsizing, however, has been gradual and does not seem to have required collective dismissals, nor has it been marked by periods of severe conflict. The traditionally high level of unionisation in the sector's companies has played an important role in this regard, as have the social partners' efforts to reach agreement on the changes implemented. Also key to the process has been the possibility to rely on a gradual and controlled reduction of the guaranteed market shares. The result by no means seems to be a weakening of industrial relations in the large companies, which are gradually freeing themselves from the rigidities typical of state-owned enterprises. Indeed, collective bargaining – which in almost all cases takes place at company level – is increasing, and so too is social dialogue between the social partners, again mostly at company level.

By contrast, the growth of small, sometimes very small, private companies in the liberalised – or at any rate open to alternative providers – part of the postal services market has mostly come about in a competitive context, with little or no unionisation, and extraneously to the collectively established rules on employment conditions. Except in some cases, this has been favoured by the absence of the prerequisites for the development of multi-employer collective bargaining, which is indispensable for the collective regulation of scattered small companies. Moreover, it has been further facilitated by the lack of a trade union tradition among the workers.

The result has been the emergence of a small but growing competitive sector frequently characterised by employment conditions and labour costs different from, and inferior to, those of the main providers, at least according to the opinions gathered. It is likely that this will erode employment conditions and lead to more conflictual industrial relations – including in the other and larger area made up of the large national companies – once the sector has been entirely opened up to the market.

The experience of countries in which liberalisation has already happened suggests that an alternative to a probably imminent deterioration of employment conditions and industrial relations in this important branch of the services sector is the diffusion of sectoral collective agreements. In fact, these could help to reduce the polarisation and foster greater harmonisation of employment conditions in the postal sector. It is worth recalling the case of the Royal Mail, which has recently reduced its previously massive use of casual workers in order to maintain the quality of its services. Such a move suggests that, in this economically and socially vital sector, it is also in the interest of postal companies to be able to rely on employment conditions which enhance the commitment and cooperation of their human resources.

Ida Regalia, University of Milan

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Annex

Country codes

This table outlines the country codes for 26 EU Member States and Norway

Country code	Country name
AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
UK	United Kingdom

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