

Notification: Ex-ante study on the effects of a proposed takeover on the provision of the Universal Postal Service in The Netherlands

Organisation: The Netherlands Authority for Consumers & Markets

Purpose of the notification

The Procurement Office of the Ministry of Economic Affairs and Climate Policy (MEA) is publishing this notification on behalf of the Netherlands Authority for Consumers & Markets (ACM). The purpose of this notification is to determine whether there are any parties interested to perform the abovementioned study.

Background information

The ACM is currently investigating the possible effects of a proposed takeover of Sandd by PostNL; a takeover that involves the two largest providers of postal services in the Netherlands. The Netherlands Competition Act contains a provision (section 41(3)) which states that: "If at least one of the undertakings involved in the concentration is entrusted with the provision of services in the public economic interest, by law or by an administrative body, a license may be refused only if such refusal does not obstruct the performance of the duties entrusted to the undertaking or undertakings in question." In this context, refusing a licence means a prohibition of the proposed takeover. PostNL can be regarded as an undertaking entrusted with the provision of a Service of General Economic Interest (SGEI) because it is designated as provider of the Universal Postal Service in the Netherlands. In case the ACM would come to the preliminary conclusion that the takeover would significantly impede effective competition in The Netherlands, the ACM would have to investigate whether a prohibition of the concentration would obstruct the provision of the Universal Postal Service in the Netherlands.

The objective of the study is to provide the ACM with an analysis and an answer to the question whether a prohibition of the proposed takeover would obstruct the provision of the Universal Postal Service in the Netherlands in the foreseeable future. In the context of the relevant legal framework, this question can be translated into the question whether the implementation of the proposed takeover is necessary for the provision of the Universal Postal Service in the Netherlands.

Central research questions:

1. How would postal volumes develop in the foreseeable future in the Netherlands. This question is to be answered for consumer mail, business (bulk) mail and other services (namely consumer parcels and international (bulk) mail) included in the Universal Postal Service in the Netherlands.
2. How would the revenues of the Universal Postal Service in the Netherlands develop in the foreseeable future taking account of: the current regulation of the Universal Service Obligation, reasonable assumptions on inflation, volume assumptions (see question 1) and expected pricing of services within the Universal Postal Service?
3. How would the costs allocated to the Universal Postal Service in the Netherlands develop in the foreseeable future, taking into account: the current requirements of the Universal Postal Service, the current set up of the network of PostNL, current cost allocation method of PostNL and volume assumptions (see question 1)?
4. How would the difference between revenues (question 2) and costs of the Universal Postal Service in the Netherlands (question 3) develop in the foreseeable future absent the proposed takeover? Would the costs outweigh the revenues at any moment in that period?
5. How would any cost savings at PostNL, resulting from the proposed takeover, affect the allocated costs of the Universal Postal Service, given the current cost allocation method of PostNL?
6. What would be the effect of 5) on the difference between revenues and costs of the Universal Postal Service in The Netherlands in the foreseeable future?

7. Would PostNL have the possibility and incentive to apply other measures (instead of, or in combination with, the proposed takeover) aimed at restoring a negative balance between revenues and costs attributed to the Universal Postal Service?

Deliverables expected

1. A reasoned and plausible estimation of the development of postal volumes in the Netherlands. This would have to cover consumer mail, business (bulk) mail and other services included in the Universal Postal Service. The estimation would be based on historical data, literature review, expectations in research reports published by other researchers and own analyses.
2. A reasonable and plausible estimation of the development of revenues and costs of the Universal Postal Service absent the proposed takeover over the foreseeable future.
3. An assessment of the effect of the efficiencies resulting from the proposed takeover on the development of revenues and costs of the Universal Postal Service. This assessment would have to be made on the basis of an identification of relevant efficiencies by the ACM.
4. An assessment of the possibilities and incentives for PostNL to apply other measures (instead of, or in combination with, the proposed takeover) aimed at restoring the cost recovery of the Universal Postal Service.
5. An overall assessment on and conclusion of the necessity of the proposed takeover for the provision of the Universal Postal Service in the Netherlands.

Expected use

The results of the study will be used by the ACM in its investigation of the effects of the proposed takeover involving PostNL and Sandd on the basis of the Netherlands Competition Act.

The results will be used in a formal written decision of the ACM on the request of PostNL for a licence for the proposed takeover. A non-confidential version of this decision will be published.

Timeline

Expected date sending request for proposal: 29th of April 2019

Expected deadline for proposals: 8th of May 2019

Expected start: 13th of May 2019

Expected final report: 5th of June 2019

Required skills / experience / capacity

The company or companies (in case of a consortium) should:

- Have knowledge and proven experience on analysis of postal markets, in particular with respect to the impact of digitization and scenario analysis.
- Have knowledge and proven experience on costing and cost allocation issues in relation to regulated companies.
- Have knowledge and proven experience on regulation of postal markets, in particular regulation of universal services and price regulation.
- Not be working for or have worked in the last five years for market parties active on the postal markets in the Netherlands.
- Have persons in the team that have the capacity to read, understand and if necessary report in Dutch.
- Have all the necessary economic knowledge required to perform this study.
- Have the capability to perform this study within a very short period.

Application

Interested companies / consultants, meeting the above mentioned requirements, are invited to respond to the Procurement Office of the Ministry of Economic Affairs and Climate Policy, to the attention of Ms. Marjolein Switzar by e-mail IUCEZteam5@rvo.nl.

You do not have to send any documents, only an e-mail if you are interested.

Interested parties will receive the request for the tender by e-mail, as soon as possible after the deadline for responding to this Notification.

The deadline for responding to this Notification is set at 28 April 2019.