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COMPANY REGISTRATION NUMBER 1634113

29 July 2016

Dear Sir/Madam

The Association of International Courier and Express Services (AICES) welcomes this opportunity to respond to Ofcom's review of the regulation of Royal Mail.

AICES is the UK trade organisation for companies handling international express documents and package shipments. Our members provide door-to-door transport and deliveries of tracked next-day or time-definite shipments, including documents, parcels and merchandise goods. AICES members directly employ around 38,000 people and indirectly support a total of almost 82,000 UK jobs and are responsible for over 95% of the international courier and express shipments moved through the UK every day.

In response to the following questions:

**Question 3:** *Do you agree that the analysis summarised in Section 4 and set out in more detail in the annexes to this consultation accurately reflects the UK postal market? Please state your reasons and provide evidence to support your view.*

AICES notes that the analysis summarised in Section 4 and the annexes is based in part on information supplied by our Members following information requests from Ofcom. AICES remains of the view that these information requests are a disproportionate and unnecessary burden on our sector. Annex 8 Figure A8.4 based on Davy Research demonstrates the level of information that is already publicly available and sufficient for Ofcom's market analysis. We further note that since Ofcom proposes that there should be no change in the regulatory regime until 2022, it is unreasonable and disproportionate to impose information requests on a quarterly basis.

We are disappointed that Ofcom considers that the Review document itself represents an impact assessment (Paragraph 2.54 page 19), with no attempt made to assess the unreasonable costs imposed by unnecessary information requests. We would again request that Ofcom reconsiders its position which AICES does not believe is in line with its regulatory principles as set out in statute, in particular to be proportionate and targeted (Paragraph 2.10, Page 11).

**Question 4:** *Do you agree with our proposal not to amend the Universal Service Order or the DUSP conditions to include tracking as standard on First and Second Class single piece parcels? Please state your reasons and provide evidence to support your view.*

AICES supports Ofcom's responsibility to secure the provision of a universal postal service as set down in statute and agrees with the decision not to include tracking as standard. It is important to ensure that the definition of universal services is very clearly delimited and is not expanded to include value-added services which are provided in a competitive marketplace. We are concerned that Ofcom seems to imply that this decision could be reviewed since it should be a matter of law and principle.

**Question 7:** *Do you agree with our proposal to amend the scope of Essential Condition 1 to cover untracked letter and large letter mail, and single piece universal service parcels, and to remove the remaining universal service products from the scope of the Essential Condition 1?*

**Question 9:** *Do you agree that the proposed drafting of Essential Condition 1 including relevant definitions accurately capture our intended objectives and the intended operators and mail types?*

AICES welcomes the statement by Ofcom below which is in accordance with our own analysis:

*'The key purpose of the mail integrity obligations contained in Essential Condition 1 is to protect those items which do not have additional protection (such as tracking which allows postal users to monitor the location of their mail) or where operators are not incentivised to protect the integrity of the mail (i.e. where the threat of losing customers to other operators means that operators are incentivised to ensure they provide a high quality of service and low level of mail integrity issues to ensure customer retention and/or attraction).'* Paragraph 7.21 Page 94

AICES members operate non-universal services in a highly competitive marketplace and are subject to competition law. Our Members already have every incentive to provide excellent service standards and indeed service quality is carefully monitored on an on-going basis. AICES welcomes the fact Ofcom recognises that express services is a competitive market. AICES supports the analysis and approach that regulation is not necessary where competition exists and welcomes Ofcom's statement that express services should remain outside mail integrity regulations in view of our Members' tracked services and the competition that exists in the sector.

**Question 13:** *Do you agree with our proposed drafting of Consumer Protection Condition 3 given our proposal to only apply the additional requirements set out in CP 3.3 in relation to redress and reporting to Royal Mail as the universal service provider?*

AICES welcomes the recognition that Ofcom has not identified any issues as a result of the review it undertook last year into CP 3 (Paragraph 7.80, Page 107).

As stated in response to Questions 7 and 9, AICES members operate in a highly competitive marketplace and already have every incentive to provide excellent service standards and indeed service quality is carefully monitored on an on-going basis. AICES therefore does not consider it appropriate or proportionate for Ofcom to impose any conditions on the express services sector in relation to complaints or redress.

Yours sincerely,

*Annex 2*

**Secretary General  
AICES**