

Commission approves Belgian postal service compensation to bpost

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The European Commission has approved, under EU State aid rules, Belgium's plans to compensate bpost for providing postal services of general economic interest between 2022 and 2026.

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: "Access to postal services continues to be important for European citizens and businesses. Today's decision confirms that the Belgian plans to compensate bpost for the provision of universal postal services are in line with EU State aid rules. This enables bpost to continue delivering postal services across Belgium at affordable prices for consumers, without unduly distorting competition."

In December 2021, Belgium notified the Commission of its plan to compensate bpost with €634 million for delivering certain public postal services over the period 2022-2026. Such services for example include maintaining a post office network throughout Belgium, delivering pension payments, providing 'cash at counter' services, as well as delivering printed material related to elections in Belgium.

The Commission's assessment

The Commission has assessed the Belgian measure under EU State aid rules, and in particular under Article 106(2) of the Treaty on the Functioning of the European Union, as well as the rules on public service compensation, under the Service of General Economic Interest ('SGEI') Framework.

The Commission has examined whether the amount of compensation to be paid to bpost may exceed what is necessary to cover the net cost of discharging the public service obligation. The Commission concluded that:

- The compensation is based on a robust and conservative methodology, which ensures that it will not exceed the cost of the public service mission entrusted to boost.
- The compensation mechanism includes incentives for bpost to increase the efficiency and quality of its public services.

• Belgium organised a public consultation which confirmed the essential social and economic role of the public services entrusted to bpost.

On this basis, the Commission approved the Belgian measure under EU State aid rules.

Background

bpost is the leading postal operator in Belgium. Its core business is collecting, sorting, transporting and delivering letters and parcels. <u>In June 2016</u>, the Commission concluded that the compensation granted by Belgium to bpost to provide postal services of general economic interest between 2016 and 2020 was in line with EU State aid rules. <u>In July 2021</u>, the Commission approved the prolongation of the postal service compensation to bpost until the end of 2021.

Under the <u>EU State aid rules on public service compensation</u>, adopted in 2011, companies can be compensated for the extra cost of providing a public service, subject to certain criteria. This enables Member States to grant State aid for the provision of public services whilst, at the same time, making sure that companies entrusted with such services are not overcompensated. This minimises distortions of competition and guarantees an efficient use of public resources.