

## Press release

The Monopolies Commission presents its 12<sup>th</sup> Sector Report on competition in the postal markets

### **“Competition with new momentum!”**

- **Deutsche Post AG continues to have a strong position in most postal markets.**
- **The German Postal Act needs a fundamental reform.**
- **Amazon enhances competition in the parcel market, yet it should be monitored due to its ability as a platform operator to leverage market power.**

In its sector report published today, the Monopolies Commission states that **there is still no effective competition in the mail market**. Deutsche Post AG dominates the market with a share of 83 percent. **The entity also holds a strong position in the parcel market, with a market share of over 40 percent.** Nevertheless, there are several competitors with significant market shares in the parcel market. Since 2020, Amazon's logistics division has become one of the larger parcel services in Germany, with a market share of 5 to 15 percent.

#### **A new postal law will provide momentum for competition in the mail market**

To strengthen competition in the mail market, the Monopolies Commission repeatedly recommended **a reform of the German Postal Act, which has largely remained unchanged since 1997**. “The considerably “small” amendments to the Postal Act in 2021 were insufficient and favoured Deutsche Post AG,” said Professor Jürgen Kühling, Chairman of the Monopolies Commission. Due to the legislative change, profit mark-ups on postage that are higher than mark-ups observed under competition can be approved.

A draft by the Federal Ministry of Economic Affairs for a “major” amendment to the Postal Act exists since May 2020. This draft provides a solid foundation for a comprehensive reform that would strengthen competition in the postal markets. Key points of such a “major” amendment to the Postal Act include:

- **The pricing principles in section 20 of the Postal Act should be re-examined.** These lead, inter alia, to excessive prices for end consumers and give Deutsche Post AG an advantage over its competitors.
- **The partial access service for postal mail to the network of Deutsche Post AG should be extended to merchandise shipment and press items.** Since Deutsche Post AG is the only provider with a nationwide mail network, competitors need partial access to the mail centres of Deutsche Post AG in order to be able to offer their own customers nationwide postal delivery. There is currently no such access for merchandise shipment and press items, which are often delivered at the same time as postal mail. Expanding access would reduce existing

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competitive disadvantages for alternative mail service providers. Their mail networks could be used effectively, and they could benefit from the growth in online sales by delivering inexpensive items, which are mostly small, as merchandise shipments.

- **The obligation for Deutsche Post AG to submit its contracts should be expanded.** The Postal Act requires Deutsche Post AG to submit so-called partial access service contracts to the Federal Network Agency. These are contracts between Deutsche Post AG and business customers, which use Deutsche Post AG's network, but do part of the servicing in-house, such as sorting or franking letters. If business customers do not carry out such activities in-house, but get their letters sorted and franked by Deutsche Post AG, there is no obligation to submit such contracts. As a result, there is a considerable information gap in price regulation.

### **Amazon brings new momentum to competition in the parcel market, yet it should be monitored due to its ability as a platform operator to leverage market power**

Amazon's importance in the parcel market is increasing. It is the largest online retailer in Germany, and, therefore, a major customer for parcel services. At the same time, Amazon has been one of the six largest parcel service providers since 2020 with its own parcel delivery network. Its high quality standards for parcel deliveries encourage innovation, and its parcel delivery network stimulates competition in the market. Its position in online trade and logistics also enables Amazon to direct significant quantities of parcel demand to its own parcel delivery network. Hence, Amazon has a structural competitive advantage that it can use to increase its market share in the parcel market. Even if this initially intensifies competition in the parcel market, concerns rise that Amazon, as a powerful platform operator, will offer other online retailers advantages on its online marketplace if they use its parcel services. "This could enable Amazon to leverage its market power as the operator of the largest online marketplace to the parcel market," said Professor Jürgen Kühling. **The future behaviour of Amazon as a platform operator should therefore be monitored.**

The Report is available as of now on the [Homepage](#) of the Monopolies Commission.

The Monopolies Commission is a permanent, independent expert committee, which advises the German government and legislature in the areas of competition policy-making, competition law and regulation. Its legal responsibilities encompass, among others, the preparation of a biennial reports analysing the development of competition in the postal markets. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Dr. Jürgen Kühling, LL.M., is the chairman of the Monopolies Commission.