

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 1st FEBRUARY 2011**

**Question**

Can the Minister inform members what assessment he has made of the economic impact of the granting of a Class 1 postal licence to the Dutch-based global logistics business TNT (2009 revenues 10.4 billion Euros), and if none, why?

Is the Minister concerned that allowing such a large company, with its access to enormous economies of scale and to potential cross-subsidy, has the potential to totally wipe out Jersey Post which is already trading at reduced profit levels?

What threat, if any, does this pose to the maintenance of Jersey Post's Universal Service Obligation (USO) and if so, what measures does the Minister have under consideration to protect the USO?

Will the Minister inform members what duties he, or the Jersey Competition Regulatory Authority, has to safeguard the Island's economy overall, in contrast to any duty to promote competition?

Will the Minister also comment on whether the granting of a Class 1 postal licence to Hi-Speed Freight Services Limited (which includes DHL Global Mail/ Deutsche Post Global Mail), another large global operator will have a detrimental impact upon Jersey Post?

**Answer**

Both TNT and Hi-Speed Freight Services Limited have applied to the Jersey Competition Regulatory Authority for Class 1 Licences and the JCRA has issued Initial Notices in respect of both applications in which it states its intention to grant these licences. The JCRA has consulted on the proposal and is currently considering the responses received. As part of its consideration it may choose to grant the licence as proposed in its Initial Notice, amend its proposals and issue a fresh Initial Notice or it may decide to refuse to grant the Licence, the reason for which would be set out in a Final Notice.

The JCRA's assessment of this application must be carried out in accordance with its duties under Article 8 of the Postal Services (Jersey) Law 2004. These are the same duties which the JCRA took account of when considering and ultimately granting the Citipost and Hub Europe Licences in November 2010.

However the decision on how to proceed with this application is one for the JCRA to consider and I do not propose to intervene in its exercise of its statutory duties, nor would it be appropriate for me to do so. It is a matter for the JCRA to satisfy itself that its proposal to grant both licences ensures that the Universal Service Obligation (USO) is sustainable.

The Minister of Economic Development and the JCRA each have a primary duty with respect to postal services as set out in Article 8(1)(a) of the Postal Services (Jersey) Law 2004 which states that they should ensure that (so far as in its view is reasonably practicable) such postal services are provided as satisfy all current and prospective demands for them.

We also have a secondary duty, where we consider it is in the best interests of users, to promote competition.

The demand for alternative postal providers to Jersey Post is driven by the fulfilment companies. These businesses employ in excess of 1,000 people in Jersey, are a major contributor to the diversified economy we seek and contribute substantially in tax receipts to the Treasury. It is therefore vital that their interests, along with those of other postal users and Jersey Post, are given due consideration in the JCRA's consideration of these applications and that the competing demands of greater competition, sustainable postal services and support for the Jersey economy are balanced as it proceeds with its regulatory duties.