

PRESS RELEASE

The CNMC initiates disciplinary proceedings against Sociedad Estatal Correos y Telégrafos, S.A. for abusing its dominant position

- Specifically, in the retail market for the provision of traditional postal letter services.

Madrid, 25 November 2019 - The CNMC has initiated disciplinary proceedings against Sociedad Estatal Correos y Telégrafos, S.A. (Correos) after finding reasonable grounds for a potential infraction prohibited by Article 2 of the Anti-Trust Law and 102 of the Treaty on the Functioning of the European Union (TFEU). (S/DC/0041/19).

Over the past five years, the CNMC's resolutions that review the prices of postal services provided as part of public service obligations (in accordance with Article 34 of Law 43/2010 of 30 December, on the universal postal service, user rights and the postal market) have identified significant discounts for large customers. These have resulted in unit earnings far below cost and prices paid by these customers that cannot be attributed exclusively to the cost savings they generate.

These discounts were offered in an effort to gain the loyalty of this type of customer and had an exclusionary effect on the retail market for providing traditional postal services to senders of mass mailings, from at least 2015 until 2019.

The Supreme Court confirmed, in December 2018, the CNMC's Price Resolution of 2015 and the National Court confirmed, in March 2019, the price resolution for 2017.

Correos has been the leader of the traditional postal sector, with a market share for shipping letters in 2017 of 86.4%. Much of its gross billing is from customers that receive discounts. The second top operator in this market, UNIPOST, which had an 11.6% share that same year, went into administration in 2018.

The CNMC reminds the parties of the “duty to discretion and confidentiality” to which they are bound in accordance with Article 43 of law 15/2007, the Anti-Trust Law. This duty to discretion is aimed at protecting the process of investigating and resolving the disciplinary proceeding.

The initiation of these proceedings does not prejudice the outcome of the investigation. A maximum period of 18 months is now open for the CNMC to investigate and resolve the case.

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