



Mini-presentation

Turnover for Postal Activities under Universal Service Obligation In Hungary

28th Voorburg Group Meeting on Services Statistics

Tokyo, Japan

October, 7th to 11th 2013



Ildikó Hamvainé Holocsy
Hungary



Content

- **Introduction;**
- **Description of the industry;**
- **Definition of the service;**
- **Classification in EU;**
- **Market conditions and constraints;**
- **Quality adjustment;**
- **Comparability of value measures;**
- **Summary.**



Introduction

- **Liberalization** of the postal industry;
- In the European postal market
In 2011 fully opened to competition;
(~ 95% of letter mail was by the guidelines of the Third Postal Directive);
- In **2013**, a significant *number of countries including Hungary are also liberalising* their respective postal markets
(a later deadline for the postal market opening was granted to these countries).



Description of the industry

Postal activities under USO



- The market is **dominated**
by a single producer.
- Use of the **universal service infrastructure**, including retail locations, sorting and processing facilities, and carrier routes to pickup and deliver the mail.
- Also included are other **activities**
necessary to support the USO.



Description of the industry

- Postal services **USO** are traditionally provided by **state-owned, vertically integrated** and **public regulated** operator.
- The **USO** is determined by the European Commission as the obligation for postal operators **to ensure to every citizen** at least one delivery and collection of mail five days a week, at affordable prices throughout the territory.



Description of the service

Postal activities under USO

- Operations are related to **printed papers** (newspaper, periodicals, advertising items, etc.), the **collection** of documents, letters, **small packets** and **delivery** to the required **destination**, the **counter services** and **other postal services** (e.g. mailbox rental services).
- Services are provided for **business clients** as well as for **households**.



Definition of the service

NACE Rev.2 /CPA 2008

Activities related to the Postal services (USO) are concentrated in **section “H”** Transportation and storage services” under **division “53”**, which includes two classes.

Industry Classification

- **53** *Postal and courier activities*
- **53.10** *Postal activities under universal service obligation;*
- **53.20** *Other postal and courier activities.*





Definition of the service

Class **5310** includes:

- **Pickup, sorting, transport and delivery** (domestic or international) **of letter-post** and (mail-type) **parcels** and **packages** by postal services operating under an **USO**. One or more modes of transport may be involved and the activity may be carried out with either self-owned (private) transport or via public transport;
- **Collection** of letter-mail and parcels from **public letter-boxes** or from **post offices**.



Definition of the service

Class 5320 includes:

- **Pickup, sorting, - transport and - delivery** (domestic or international) of **letter-post** and (mail-type) **parcels** and **packages** by firms operating **outside the scope of a USO. One or more modes of transport** may be involved and the activity may be carried out with either **self-owned** (private) transport **or via public transport.**

This class also includes:

- **Home delivery** services.





Differences

Differences between postal services (USO) and courier activities

- On the one hand, **national post services** have very **specific characteristics** (USO) determined by regulation.
- On the other hand, **couriers** can offer '**tailor-made**' services according to the market conditions, signing contracts with their clients. Companies are offering logistic, storage and freight transport services to their customers .



Differences

Industry classification

	ANZSIC	ISIC 4.0	NACE Rev2	NAICS 2007
general	711: Postal and Courier Services	Division: 53 - Postal and courier activities	53 Postal and courier activities	492 Couriers and Messengers
detail:	7111 Postal Services 7112 Courier Services	Class 5310 Postal activities Class: 5320 - Courier activities	53.10 Postal activities under universal service obligation 53.20 Other postal and courier activities	492110 Couriers and Express Delivery Services 492210 Local Messengers and Local Delivery



Product Classification

CPA'08

- ✓ **53.10.11** *Postal services under USO related to newspapers and periodicals*
- ✓ **53.10.12** *Postal services under USO related to letters*
- ✓ **53.10.13** *Postal services under USO related to parcels*
- ✓ **53.10.14** *Post office counter services*
- ✓ **53.10.19** *Other postal services under USO*



Differences

Product classification

	ANZSPC	CPC ver 2	CPA 2008	NAPCS ver 0.1
general		Division: 68 - Postal and courier services	53 Postal and courier services	
detail:	<p>6801 Postal services</p> <p>6802 courier services</p> <p>This item does not include: - messenger delivery services</p>	<ul style="list-style-type: none"> • 6811 - Postal services • 6812 - Courier services • 6813 - Local delivery services 	<p>53.10 Postal services under universal service obligation</p> <p>53.20.11 Multi-modal courier services</p> <p>53.20.12 Food home delivery services</p> <p>53.20.19 Other postal and courier services n.e.c.</p>	



STANDARD CLASSIFICATION in EU

- **NACE Rev 2 / TEÁOR'08** (the statistical classification of economic activities in the European Communities / in Hungary).
- **CPA'08 / TESZOR'08** (the European/ Hungarian Classification of Products by Activity).

CPA'08 is fully harmonized with NACE Rev.2.

Namely, from the 6 digits (XXXX.YY) the first four are the same as those for the NACE Rev. 2.

5310.XX

Nace Rev. 2



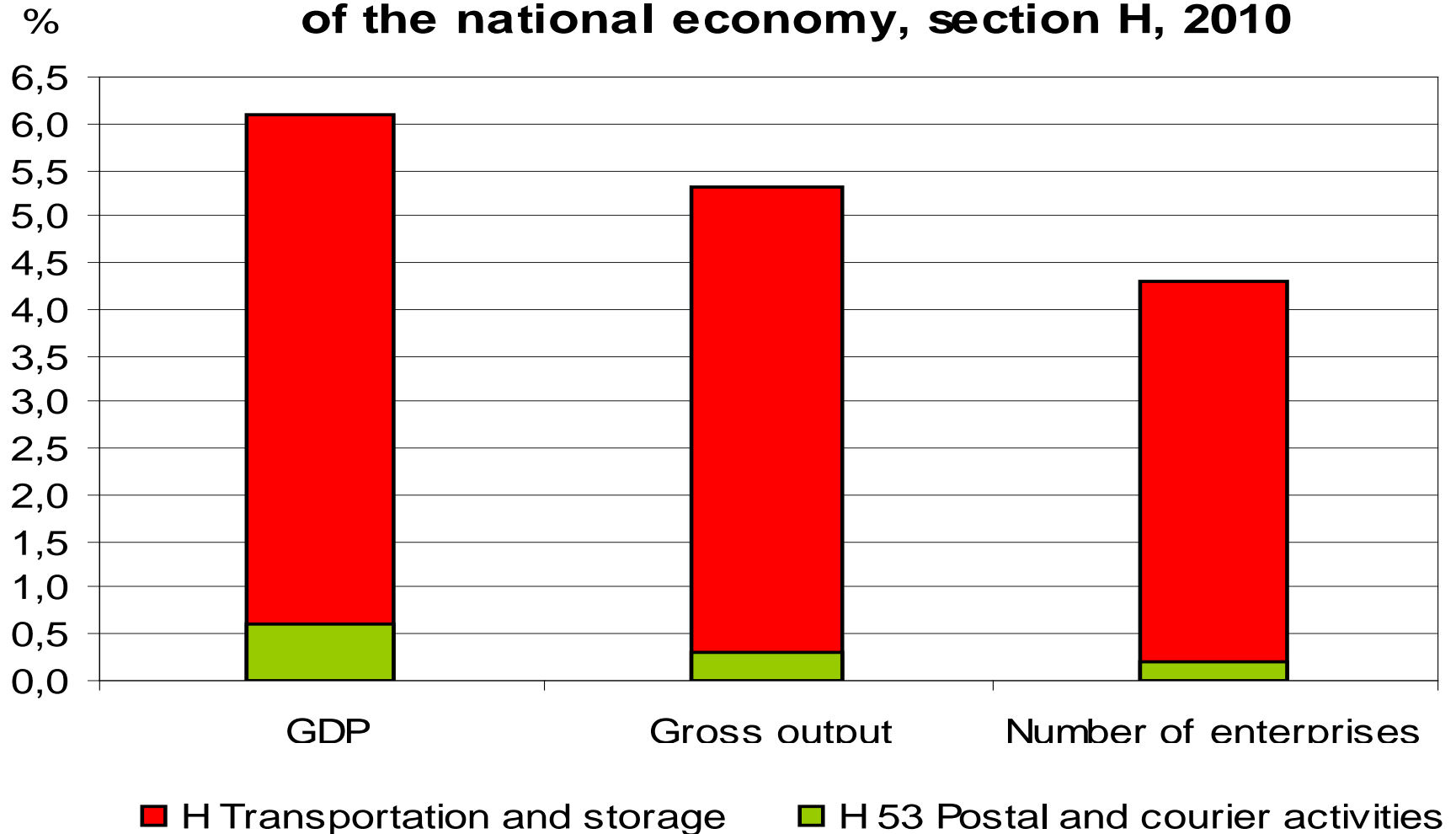
Market conditions and constraints

- Industry is **dominated by one enterprise**, (Hungarian National Post Office);
- **Confidentiality rules**, the statistics, including **Turnover data for postal services (USO)** are not published;
- **Data are available** at the division level **(53)** **Postal and courier activities**;
- **Effects of globalization.**



Size of the industry

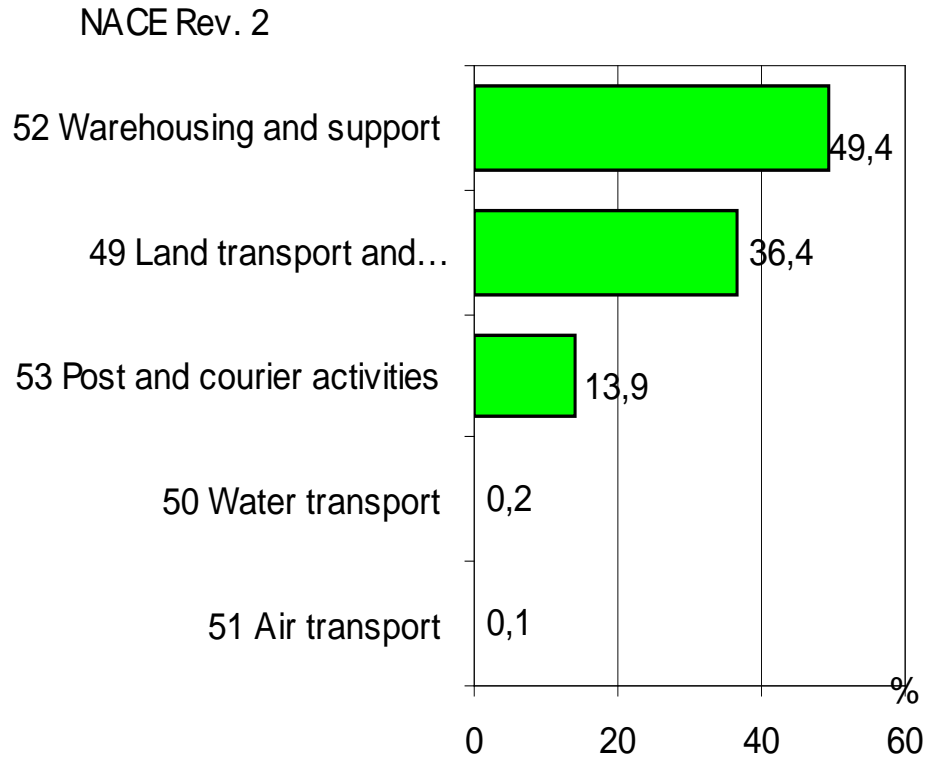
Macroeconomic indicators in Hungary at the level of the national economy, section H, 2010



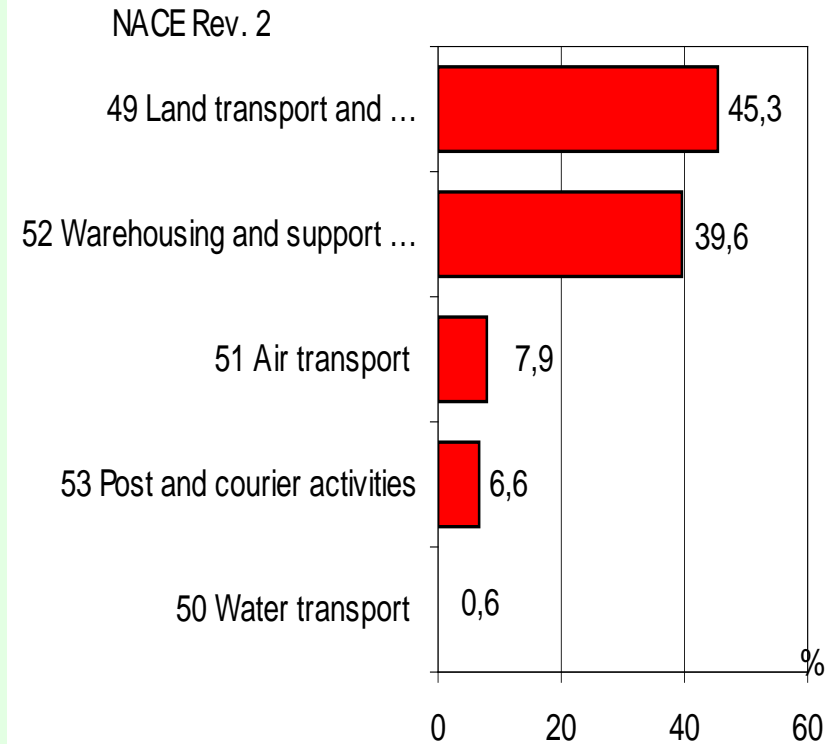


Size of the industry

GDP in Hungary, section H, 2010



Net Turnover in Hungary, section H, 2010

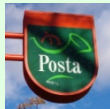




Special conditions

The Turnover structure

- **Main activity + secondary activities** – enterprises with more than 19 employees;
- **Domestic + non-domestic/export** (by residency) – enterprises performing dual accounting;
- **B-B** (business to business: total industrial turnover except households) + **B-C** (business to consumer) – enterprises with more than 19 employees;
- **data from survey + administrative data** (e.g. for enterprises with less than 5 employees) + **imputation of data** (concerning missing data).



Annual structural indicators by NACE Rev. 2
Enterprises classified in national economic division H 53

(2010. year)						
NACE REV. 2	Number of employees		Turnover		Value-added at factor cost	
	capita	%	(Million HUF)	%	(Million HUF)	%
H Transportation and storage	219 821	100,0	3 640 121	100	998 240	100
53== Postal and courier activities	39 254	17,9	240 968	6,6	139 153	13,9
531= Postal activities (USO)	34 909	15,9	191 932	5,3	126 210	12,6
532= Other postal and courier activities	4 345	2,0	49 036	1,3	12 943	1,3

Source: website of the HCSO



Annual structural indicators by size class

Turnover of enterprises classified in national economic division H 53

(2010. year)						
Size class	53== Postal and courier activities		531= Postal activities under (USO)		532= Other postal and courier activities	
	Size in million	%	Size in million	%	Size in million	%
Total Size class	240 968	100,0	191 932	100	49 036	100
1-9 employees	11 714	4,9	485	0,3	11 228	22,9
10 to 19 employees	3 505	1,5	60	0,0	3 445	7,0
20 to 49 employees	3 640	1,5	221	0,1	3 419	7,0
50 to 249 employees	20 752	8,6	-	0,0	20 752	42,3
250 and more employees		~89,9		~99,9		~50,7

Source: website of the HCSO



Record keeping practice

- Statistical **survey**; the supply of data is **compulsory**;
- **Combination of survey data and administrative data**;
- Turnover data are collected **annually, quarterly** or on a **monthly** basis;
- Questionnaire by **electronic data collection**;
- Source of information: **Business Register**;
- Reporting units: **enterprises**;
- Enterprises having **50 and more persons** employed are observed by a **full scope survey**;
- Enterprises with **5-49 persons** employed are observed by a **sample survey** (random stratified sampling);
- The data for enterprises having **less than 5 persons** employed are **estimated** from the tax data of the previous two years.



QUALITY ADJUSTMENT

Treatment of the missing data:

- data from **other statistics**;
- **administrative** data sources;
- **averages** of the similar categories or higher level aggregations.

Data validation process, checking

- **completeness** of quantity and value data;
- **consistency** between related statistics;
- **Cooperation with data suppliers.**



Comparability

Consistency / Inconsistency

between turnover and price data

- **Different deadlines** for dissemination of results (Turnover, SPPI, GDP and future ISP);
- **Limited quality of the structure of the total turnover/output** (by products: main activity, secondary activities; employment size: sample, other data sources; type of client: B-B, B-All; by residency: domestic, non-domestic client);
- **Valuation of the domestic vs. non-domestic market.**



Effect of globalization

Effect of globalization

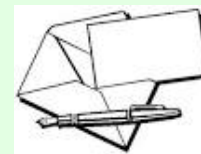
- ✓ **International agreements** between **National Post Offices (USO)**;
- ✓ **Courier companies** are establishing **alliances** with companies abroad, in order to improve the international delivery of letters and parcels.



Definition of export

The **destination** is determined by the **residency** of the third party that has ordered or purchased the product.

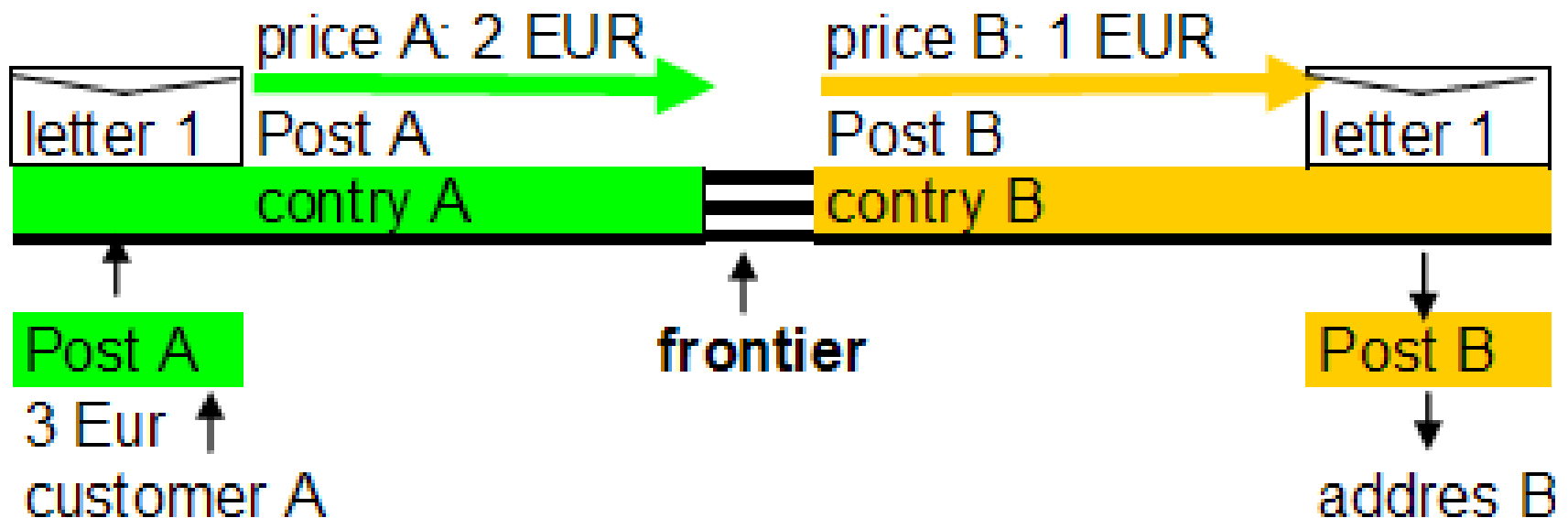
- ✓ **Domestic market:** as third parties resident in the same national territory as the observation unit.
- ✓ **Non-domestic market:** the opposite.





Example 1

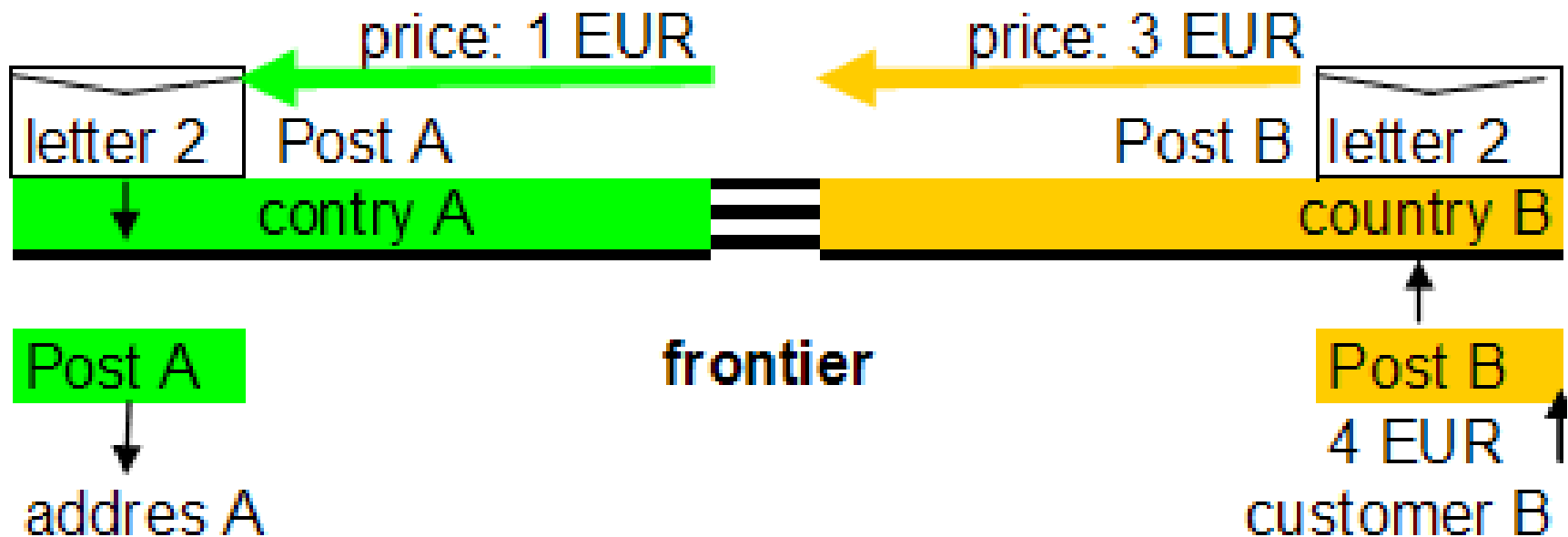
I. delivery letters (parcels) from country A to the country B





Example 2

II. delivery letters (parcels) from country B to the country A





Summary

The main characteristics of the Hungarian postal and courier industry

- High level of **concentration**;
 - **Dominance of the National Post**;
 - Industry is **highly regulated**;
- 
- In the **European postal market** approximately 95% of letter mail was fully opened to competition in 2011.
 - **2013 Hungary is liberalising the respective postal markets** (since a later deadline for the postal market opening was granted to several countries including Hungary).



Thank you for attention!



Questions to:
Ildikó Hamvainé Holocsy

Contact:
Ildiko.Holocsy@ksh.hu