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France opens up postal services to more competition, expands La Poste banking

PARIS (AFX) - Parliament adopted late yesterday a law to deregulate postal services, opening up La Poste to increased competition, while also enabling the network to offer new financial services.

The vote allows France to finally meet its obligations under EU directives on postal deregulation which were supposed to have been fulfilled by 2002.

The EU has since made adherence to that directive, as well as others related to the energy and transportation sectors, a condition for approval of the state-rescue-plan for troubled engineering group Alstom SA.

Since initial deregulation in Jan 2003, La Poste has held a monopoly on mail services below 100 grammes or three times the basic stamp price, currently at 0.53 eur.

Following application of the new law, this will be lowered to 50 grammes and 2.5 times the basic stamp price. Competitors to La Poste under these new criteria will be afforded authorisation in 10-year cycles by the regulator, The ARCEP authority for electronic telecoms and post which will replace the ART telecoms body.

The law also includes the founding of a new banking subsidiary ECP which will enable La Poste to offer credit and new insurance products to **customers without savings accounts** and removes existing restrictions on customer recruitment.

The banking sector had lobbied hard against this portion of the bill, and the French Banking Federation (FBF) said last night that it would use 'all the means' at its disposal against La Poste if it failed to keep up sectoral standards on transparency and competition.

In a statement, the FBF said it has already sent to the 'relevant authorities in Paris and Brussels' a document it has compiled, detailing 'several errors in the blueprint' of the La Poste bank.

The document says that 'only meticulous care of La Poste and its management, under the control of the Bank of France, the courts, and the postal authorities... and especially an honest transparency in the implementation of the reform, would be capable of minimising the serious errors in the blueprint.'