



State aid: Commission approves compensation granted by Denmark to Post Danmark for its universal service obligation

Brussels, 28 May 2018

The European Commission has concluded that the compensation granted by Denmark to Post Danmark to fulfil its public service mission during the period 2017-2019 is in line with EU State aid rules.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Easy access to postal services is vital for all EU citizens. Today's decision enables Post Danmark to continue performing its fundamental social and economic role and important public service mission, without unduly distorting competition."*

In February 2018, Denmark notified plans to compensate Post Danmark for carrying out its universal postal service obligation during the period 2017-2019. This includes the provision of basic postal services throughout Denmark at affordable prices and at certain minimum quality requirements. Post Danmark will, through its parent company, the PostNord Group (jointly-owned by Denmark and Sweden), receive a maximum of in total DKK 1.192 billion (SEK 1.683 billion or approx. €160 million) for the period 2017-2019. This compensation is foreseen in a bilateral agreement between Sweden and Denmark signed in October 2017.

The Commission examined the measure under [EU State aid rules on public service compensation](#) adopted in 2011. According to these rules, Member States can grant State aid to companies to compensate them for the extra cost of providing a public service mission, subject to certain criteria. In particular, this requires that companies entrusted with such services are not overcompensated. Avoidance of overcompensation minimises distortions of competition and guarantees an efficient use of public resources.

The Commission's assessment showed that the compensation granted by Denmark to Post Danmark will not exceed the net cost of the public service mission, meaning there is no overcompensation. On this basis, the Commission concluded that the measure is in line with EU State aid rules.

The Commission also received a complaint from the Association for the Danish road transport of goods (ITD) in November 2017 on a number of measures relating to Post Danmark, including the universal service obligation. As part of today's decision, the Commission rejected this complaint in part. The Commission continues to assess a separate issue raised in the complaint, regarding certain capital injections foreseen in the bilateral agreement between Sweden and Denmark of October 2017.

Background

Post Danmark is the largest provider of postal services in Denmark and has been entrusted with the universal service obligation since its establishment in 1995. It is a wholly-owned subsidiary of the PostNord Group which, in turn, is owned by Sweden (60%) and Denmark (40%).

The Danish postal service market has been liberalised since 2011 in accordance with the [Postal Directive](#), and while Post Danmark emanates from the public administration, it now operates in full competition with other relevant postal service providers.

General digitisation trends and specific circumstances in Denmark have led to a rapid decline in letter volume – the kind of postal service that is almost exclusively delivered by Post Danmark in the context of the universal service obligation. Since 2000-2001, annual letter volume handled by Post Danmark has decreased by 73% in total. In light of this, the Danish authorities decided to compensate Post Danmark for carrying out the important public service of providing basic postal services throughout Denmark at affordable prices and at certain minimum quality requirements (i.e. its universal service obligation) over 2017-2019.

The non-confidential version of the decision will be made available under the case number SA.47707 in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

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