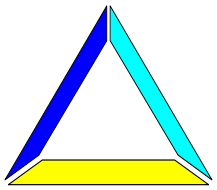
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**W15**

# Postal sector reforms in Ukraine

## Improving postal services but not the post office

### Executive Summary

In Ukraine the postal sector is rather underdeveloped. Despite Ukraine's robust economic growth total mail volumes continuously declined and reach now very low levels. New technologies and other substitution mechanisms provide consumers with alternatives. Ukrposhta, the national incumbent postal operator failed so far to respond to changes of consumer behavior with quality improvements and new mail products.

While Ukrposhta enjoys a monopoly in the reserved area of letter mail, it is in turn obliged to fulfill a universal service obligation. But due to low mail volumes Ukrposhta can not benefit from economies of scale and faces no economic incentives to improve the situation. Hence, we recommend to abolish the reserved area and to cancel the universal service obligation. Instead private sector competition in postal services should be allowed.

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Appendix

## 1 Introduction

The postal services are vital for commercial users and consumers alike and are considered as services of general economic interest, which are an important part of the information, communication and transport infrastructure of the economy. A modern postal system provides logistical solutions integrating data, physical, and financial flows. Postal services significantly affect the business climate of a country. In Ukraine the postal sector is rather underdeveloped. Despite Ukraine's robust economic growth total mail volumes continuously declined and reach now very low levels. New technologies and other substitution mechanisms provide consumers with alternatives. Ukrposhta failed so far to respond to changes of consumer behavior with quality improvements.

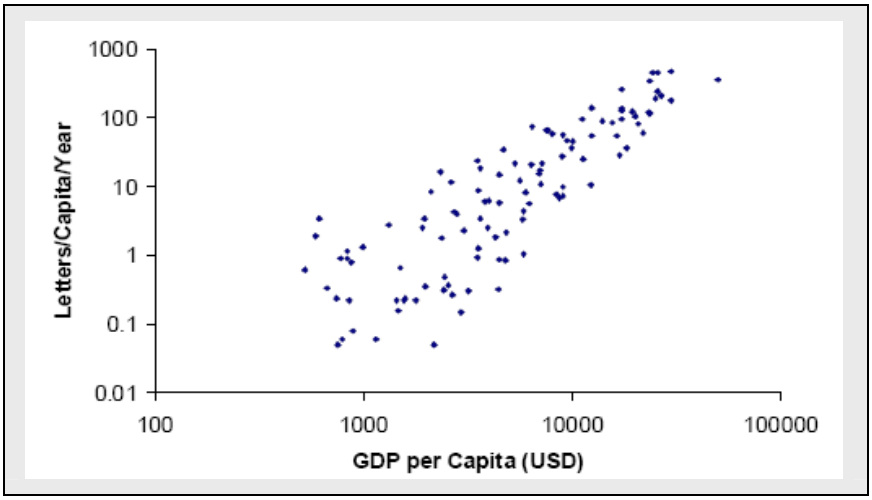
In recent years the European Union initiated postal sector reforms, which provide an example for Ukraine. The developments in EU show how liberalization and competition stimulate postal market development. In this paper we discuss first the economic importance of the postal sector. Next, we turn to the liberalization and regulation experience of EU. Afterwards we analyze the situation in Ukraine. The paper closes with policy recommendations.

## 2 Economic importance of the postal sector

The size of the postal market is determined by supply and demand factors. On the supply side prices, extent, efficiency, and quality of postal services provided as well as private competitive involvement have an impact. On the demand side income, level of urbanization and the overall level of economic development in a country are important factors. There is a strong relationship between the economic development and the use of postal services (see figure 1). In an empirical analysis about ¾ of the variation in number of letters posted per capita can be explained by GDP per capita (World Bank 2005)[1].

**Figure 1**

Relationship between economic development and demand for postal services




*Source: UPU database, and World Bank (2005)*

In the EU, postal services are estimated to handle 135 billion items per year, reflecting a turnover of about EUR 88 bn or about 1% of European Union GDP. About two-thirds of this turnover is generated by letter mail services (EC 2007)[2]. The reminder is generated by parcels

1 World Bank (2005): Reforming the Posts: Abandoning the Monopoly-Supported Postal Universal Service Obligation in Developing Countries. World Bank Policy Research Working Paper 3627.

2 EC (2007): Postal Services 2007 – implementation report. European Commission, DG Internal market.

and express services. The total employment in the postal sector is estimated at 1.6 m persons, or 0.8% of all jobs in EU-25.3

In addition to the people employed by postal service providers there are four million jobs dependent on a growing postal sector. Indirect jobs and revenues are created by internal and outsourced services, technology and equipment, investments in infrastructure, an as an example, in cooperation with mail order companies on the basis of e-commerce. Following this reasoning the postal sector as a whole contributes EUR 203 bn in revenue to the European economy which corresponds to 2.3% GDP of EU.

The analysis of the user (customer) structure of postal services by senders and receivers reveals that in the EU-25 almost 9 in 10 letters originate from business (**table 1**). This highlights the special importance of postal services for business communication and for goods delivery. In that sense postal services are a crucial element for the business climate linking business to customers, authorities and suppliers.

**Table 1**

Sender and receiver segment shares in EU-25 (2005)

| | | Receiver | | |
|---|---|---|---|---|
| | | Business | Consumer | Total |
| Sender | Business | 25.6 | 61.9 | 87.5 |
| | Consumer | 5.4 | 7.1 | 12.5 |
| | Total | 31.0 | 69.0 | 100.0 |

*Source: wik-Consult (2006)*

## 3 Liberalization of postal services: The case of the European Union

For a long time the economic and social importance of the postal sector has been the argument for organizing postal services within a state monopoly. It was widely believed that only a monopoly guarantees universal access to postal services. Under the state-wide universal service obligation (USO) it was accepted to cross-subsidize the post delivery for low-volume and/or difficult to serve users by charging a uniform rate for national delivery. The “profits” made from the post delivery to high volume areas and customers were supposed to support “loss-making” delivery for low volume area and customers. But the missing link between the reserved area revenues and the costs of providing universal service induces inefficiency and market distortions.

Similar to other sectors, the postal sector experienced that the combination of a public enterprise exposed to political interference and a monopoly market position lead to inefficiencies with low service quality, high prices, overstaffing, slow technological change and little product and service innovation.

Strong business demand led in EU to a stepwise opening of postal market segments to private sector competition. Liberalization started with cross-border express mail, followed later by parcel and domestic express mail. With liberalization reserved areas of the monopolists started to shrink.

In 1997 the European Commission started opening and liberalizing the postal letter market. The postal directive (1997/67/EC) defined minimum universal services and maximum reserved areas, in which the monopoly can be preserved. The directive established the principle of tariffs geared to costs, and introduced accounting separation between the reserved area, the universal service obligation and fully liberalized market segments. The directive demanded

3 wik-Consult (2006): Main Developments in the Postal Sector 2004-2006.

from EU member states to set up independent National Regulatory Agencies for the postal sector. In most countries the universal service obligation remained in place linked to a legal monopoly for the provision of certain services in the reserved area.

In 2002 the reserved area for letter post was reduced from 350g to 100g, and from January 1, 2006 the reserved area was set up to 50g and up to the price 2.5x the price of a letter in the fastest standard category. This rule means that about 70% of the letter mail market remain in the reserved area (**table 2**)

**Table 2**

Distribution of letter post volume by weight

| Weight | Below av.* | EU-25 | Above av. * |
|---|---|---|---|
| >100g | 18% | 21% | 22% |
| >50 - 100g | 6% | 7% | 7% |
| <50g | 76% | 72% | 70% |

* Below average group includes all member states with per capita-letter mail-volume below the EU average, above average group is assembled accordingly

*Source: wik-Consult (2006)*

On January 31, 2008 the European Parliament approved the full market liberalization and market opening to competition, coming into effect on January 1, 2011 (and granting some states a transition period until 2013). The implementation of the directive will terminate all remaining reserved areas and hence monopolies in postal services. If by then, operators unexpectedly suffer losses under the USO-regime the EU allows the creation of a USO-compensation fund. Such compensation schemes need to be competition neutral avoiding market distortions.

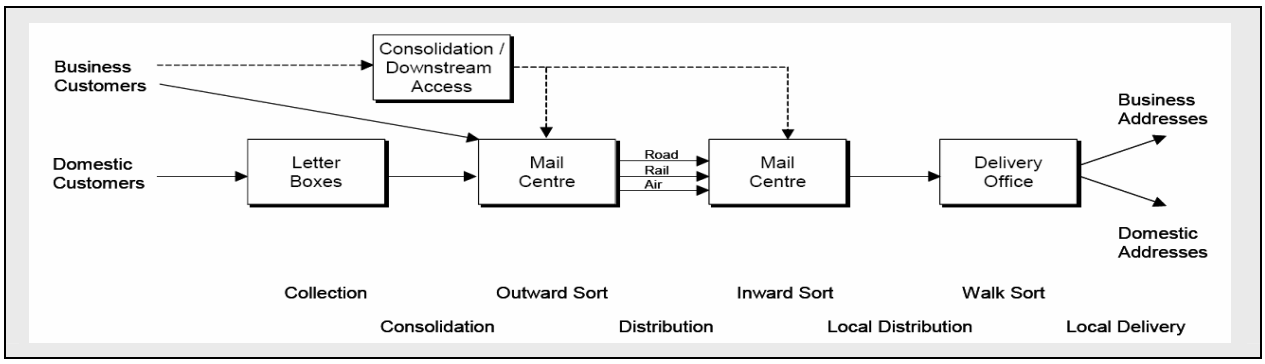
But most likely postal operators will maintain universal services anyway, as it provides a competitive advantage for operators as long as they are sufficiently free to adapt the service scope to market changes. The experience in liberalized markets like parcels supports this notion. In market settings with few obligations and prices reflecting costs, competition on a national level as well as competition of international operators is certain to evolve.

## 4 The postal value chain and regulation

Postal services are provided by a sequence of activities connecting senders with receivers. The activities are collection, outward sorting, transportation, inward sorting, and delivery of postal items (**figure 2**).

**Figure 2**

Traditional postal value chain including access options




*Source: Nera (2004)*[4]

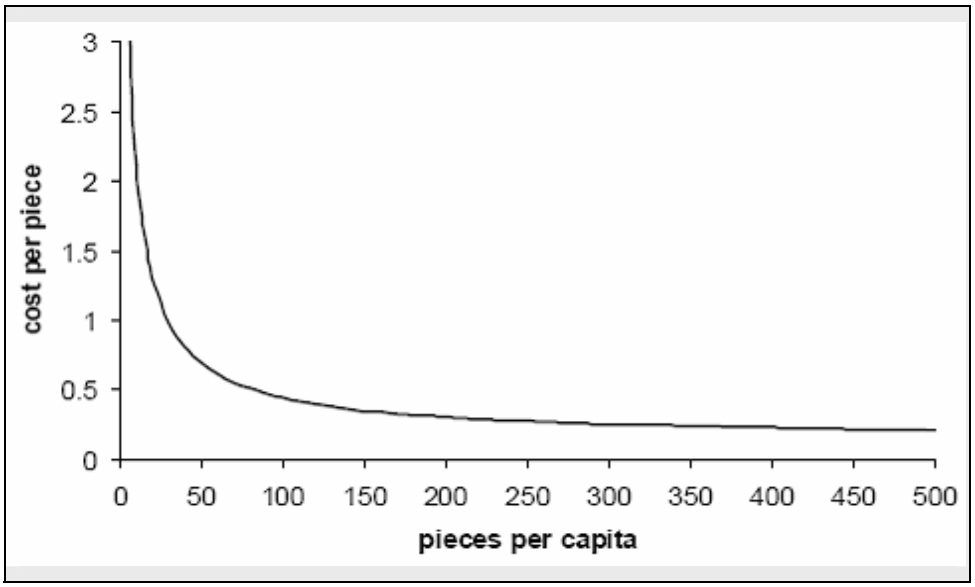
4 Nera (2004): The Economics of Postal Services

With initial or outward sorting mail is pre-processing for transport via different mail streams and according to their destination on road, rail or air conveyance to the inward sorting centre located next to the mail destination. With inward sorting mail is pre-processed for distribution and successional delivery to customers and post boxes.

The postal industry - as every network industry - produces under significant increasing returns to scale. The impact of scale on the cost per item is shown in figure 3 based on the United States Postal Service (USPS) data. The average costs per item decline substantially with increasing mail volumes. Or, the other way around, in low volume markets universal mail services to all clients become very expensive.

**Figure 3**

Estimated relationship between costs per letter and volumes




*Source: World Bank (2005)*

As regards regulation, two approaches can be distinguished, which differ fundamentally concerning third party access to the network. The first is the so-called access regulation and the second is the end-to-end approach.

- Access regulation rests on the assumption that postal networks are irreversible investments into infrastructure characterized by large economies of scale and scope, which imply that network duplication would be economically inefficient. Since the value chain is separable, enforced access of competitors to certain points in the value chain like letter boxes or mail centers (boxes in figure 2) can allow for competition and thus, create additional efficiency gains.
- Under the end-to-end approach investments are not considered as irreversible and it is assumed that postal network elements are entirely replicable and thus, can be offered in free competition. Investments in logistic infrastructure or sorting centers may be partly sunk, but there is no indication that sunk costs are of outstanding importance when compared with other industries, such as retailing, where effective competition prevails. Hence, under a pure end-to-end framework, competitors duplicate the service network creating parallel infrastructures.

Despite their contradicting nature both regulatory approaches are supported by economic arguments and are applied in EU member states regulatory practice. The decision for the regulatory framework in a given country depends on market performance and specific conditions. While for example the regulator in the United Kingdom applies access regulation, Germany and the Netherlands created mainly an end-to end competition framework.

## 5 Development of competition after liberalization: The case of Germany

With the market liberalization and the associated reduction of the reserved area in Germany, end-to-end competition became viable. Competitors entered the market pursuing different strategies, ranging from targeting local mail services, networked mail services, branch-to-branch assured document exchange, mass mail providing, access-based consolidation, or niche services (secured, tracked etc.) to the goal to become full service provider.

Experience shows, that especially large customers which usually generate the by far largest share of mails, switch quickly, allowing for scalable market entry of competitors. On the other hand, consumers and low volume senders tend to display significant loyalty to the incumbent.

Despite fierce competition from new technologies (SMS, telephony, email, internet etc.) the total mail volume remained fairly stable between 2004 and 2006. The market share of the incumbent Deutsche Post declined from 95% to 91% (table 3) but revenues and profits increased by 3.2% and 1.2% respectively (Deutsche Post AG, annual report 2006). Competitors pursued successful strategies in gaining market shares.

**Table 3**

Mail volume in Germany

| | 2004 | | 2005 | | 2006 | |
|---|---|---|---|---|---|---|
| | million items | % | million items | % | million items | % |
| Deutsche Post | 16.090,00 | 95 | 15.763,00 | 93 | 15.339,00 | 91 |
| Competitors | 910,00 | 5 | 1.129,00 | 7 | 1.580,00 | 9 |
| Total | 17.000,00 | 100 | 16.892,00 | 100 | 16.919,00 | 100 |

*Source: IPC (2007)*[5]

In postal industry direct as well as indirect competition will further increase. Direct competition results from competitors with greater flexibility concerning pricing, labor force or lower costs, whereas indirect competition increases from banks, other financial institutions, logistics companies, business-to-business parcel companies, telecommunication, internet service providers, and electronic services.[6]

## 6 Postal sector in Ukraine

### 6.1 National incumbent and postal market siz

The Ukrainian postal market is dominated by Ukrposhta[7], the state-owned vertically integrated national incumbent postal operator. Ukrposhta handled in 2006 about 370 m postal items and employed about 110.000 individuals of which 88% were female employees. Out of Ukrposhta's total operating revenue of UAH 2.5 bn postal services accounted for about UAH 880 m or about 0.16 % of Ukrainian GDP.

Ukrposhta offers over 50 different services (see appendix), which cover not only the area of postal services, but also banking, internet access and retail services, using post offices as multi-service delivery points. Ukrposhta has to fulfill a state - wide universal service obligation and enjoys a reserved area for letter mail up to 50g.

Ukrposhta is operating under very difficult conditions in postal markets. The total mail volumes declined significantly, despite Ukraine's recent strong economic growth (**figure 4**).

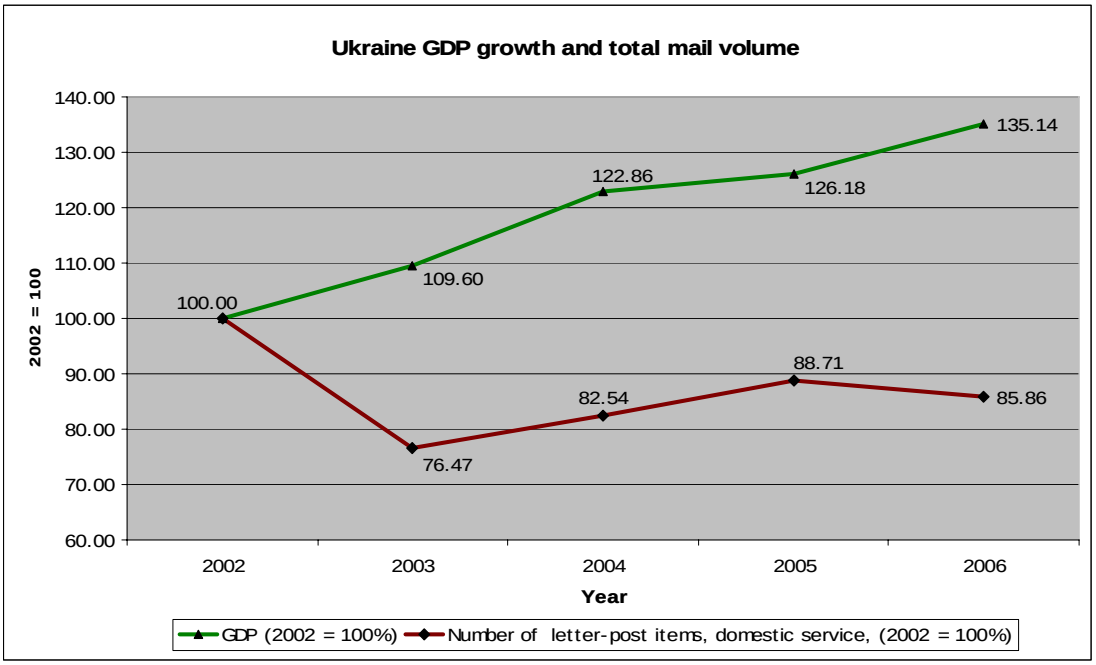
5 IPC- International Post Corporation (2007): How to regulate the postal industry – an economic approach.

6 Substitution products include pension payment via banks, e-mail, e-commerce, electronic business correspondence and transactions, such as internet based financial services, advertising and direct marketing via other media, or secure document services.

7 Ukrposhta is member of the Universal Postal Union (UPU), the Regional Commonwealth in the field of Communications (RCC), and the Association of European Public Postal Operators (PostEurop).

**Figure 4**

Ukraine: Development of mail volumes and GDP (2002-2006, 2002 = 100%)




*Source: UPU, IER*

In other words, higher income did not translate into stronger demand of postal services supplied by Ukrposhta. The number of 6.12 letter items per capita in 2005 declined further in 2006 to 5.97 letter items per capita.

Market segments like express and parcels are developing fast and are increasingly open to competition. The major international express mail companies (DHL, Fedex, UPS) are present in Ukraine and compete end-to end with Ukrposhta.

The 2005 figures for the different market segments per item per capita per year reveal very low demand levels for postal services (**table 4**).

**Table 4**

Ukrainian postal market (2005)

| Market segment | Total items | Items per capita * |
|---|---|---|
| Letters | 287.024.900 | 6,12 |
| Express | 2.039.000 | 0,04 |
| Parcels | 10.215.300 | 0,22 |
| Total | 299.279.200 | 6,38 |

* Total population: 46.918 m

*Source: UPU*[8]

Especially in international comparison appears Ukraine's postal market to be rather underdeveloped (**table 5**). The comparison reveals a very low number of items processed per full time employee indicating a very low productivity and efficiency of Ukrposhta in providing postal services. However, the average number of citizens served by a permanent postal office and the average area covered by one permanent office are comparable to other countries.

8 It should be pointed out that UPU collects its data from the incumbent postal operator and has limited capacity to check reliability of the information.

**Table 5**

Postal markets: selected key figures (1) (2006 data)

| Country | Postal items[2]/ inhabitant | Inhabitants served by permanent office | Area ($km^2$) served by permanent office | Postal items processed/ employee (fte) |
|---|---|---|---|---|
| Ukraine | 6 | 3015 | 39 | 3450[3] |
| Turkey | 14 | 19582 | 208 | 36069 |
| Bulgaria | 16 | 2576 | 37 | 12997 |
| Romania | 21 | 3162 | 35 | 12943 |
| Spain | 124 | 13458 | 155 | 83135 |
| Czech | 248 | 2996 | 23 | 66642 |
| Germany | 520 | 6611 | 29 | 97744[4] |
| Finland | 533 | 4270 | 274 | 137862 |

(1) As a proxy for the national markets, data from the national incumbent operators was used.

(2) Excluding newspapers and advertisement.

(3) Counting full time equivalents including financial services.

(4) Counting fte excluding financial services.

*Source: UPU, annual reports*

In 2006 Ukrposhta achieved the operating revenue of of UAH 2.5 bn[9]. Revenue grew by 21.3% mainly due to large increases of parcels (+44.5%), money orders (+22.8%), and periodicals (+18.9%). But this impressive growth rates need to be judged against the background of very low overall base, as for example the increase for parcels led to a rise from 0.2 to 0.3 parcels sent per capita per year. Postal services (letters, parcels, express) account for less then ¼ of revenues. Financial services accounted for more then ½ of revenues, while other services contributed another ¼ thereof (table 6).

The revenue distribution shows the important functions Ukrposhta fulfills in supplying Ukraine's country side with financial and other services. Of special importance in this context are services like pension payments and money orders. Since 2006 Ukrposhta is providing also consumer credits at the post offices.

The comparison with the three other Western European operators indicates the different importance of the monopolies in the reserved area and the different strategies of the companies. Deutsche Post heavily expanded into express mail, while keeping its engagement in financial services and parcels and logistics. TNT focuses exclusively, but on all on postal services, with a slight dominance of express. Poste Italiane has significant activities in mail and financial servives, but has almost no presence in the postal segments express and parcels/logistics.

**Table 6**

Revenue distributions of incumbent postal operators (2006)

| Country | Company | Mail | Express | Parcels & Logistics | Financial services | Other |
|---|---|---|---|---|---|---|
| Ukraine | Ukrposhta | 20% | 0 | 4% | 51% | 25% |
| Germany | Deutsche Post | 29% | 40% | 15% | 16% | 0 |
| Netherlands* | TNT | 31% | 37% | 32% | 0 | 0 |
| Italy* | Poste Italiane | 48% | 3%# | 0 | 45% | 4% |

* 2004 data. # Including logisitics.

*Data sources: UPU, annual reports*

9 Ukrposhta posted profits before taxes were UAH 41 m (2006).

### 6.2 The current regulatory and legal framework for postal services in Ukraine

Ukrposhta is subordinated to the ministry of transport and communication. On the ministries website the head of Ukrposhta is listed together with deputy ministers.

The responsible regulatory agency is the National Commission for Communications Regulation of Ukraine, which is subordinated to the President of Ukraine. Its main tasks in the postal sector are licensing and tariff setting; it is also concerned with regulatory issues in the telecommunications sector.

The legal framework in Ukraine is mainly defined by the law of Ukraine about postal communication. The code is not as comprehensive as, for example, the European regulatory framework, but includes the most essential elements and defines important goals (**table 7**).

**Table 7**

Selected articles from Ukrainian postal law

| Article | Defines/requires/grants |
|---|---|
| 7 | Forming of user-oriented market of services, licensing, QoS monitoring, tariff adjustments, requires provision of competition in the field of grant of services of postal communication. |
| 9 | Tariff adjusting must stimulate introduction by the operators of the newest technologies, upgrading grant of services, and increase volumes. |
| 15 | Features of activity of national operator include USO, exceptional rights on letters up to a weight of 50g, stamp issuing, and placing and use of mailboxes for collection. |
| 17 | Rights and duties of operators: All operators face identical duties, e.g. publishing requirements of tariff information, forbidden object rules etc. |
| 20 | Requires assurance of the functioning of postal communication networks in the conditions of extraordinary situations, recognizing the importance of the postal network as a critical network infrastructure. |

*Source: Cabinet of Ministers of Ukraine Resolution N 1155*[10]

Especially noteworthy is the statement about symmetric requirements for all operators (art. 17), which reflects the idea of a level playing field for competing firms.

In short, postal market regulation in Ukraine introduced certain elements similar of the EU's postal directive of 1997. But important elements are left out, for example the requirement of accounting separation between the reserved area and other operations of the incumbent.

### 6.3 The impact of the universal service obligation on letter delivery in Ukraine

At the moment, the universal service obligations in Ukraine include the delivery of letters and postal cards, parcels up to a weight of 10kg, and some further (special) items. Prices, routing time targets and other quality regulations are approved by government. Compared with the EU standards the obligations are not very extensive.

The sustainability of the USO through cross-subsidies from profitable routes to unprofitable ones requires the existence of enough profitable routes to allow for universal service at a reasonable price. Ukrposhta fulfills the universal service obligation in a market with very low volumes (6-8 letter items per capita per year). This means that average per item costs are very high, both due to scale effects but also due to the expensive-to-serve rural customers. Letter delivery becomes considerably more expensive in such a low volume environment, because of rising costs of home delivery, but also because other fixed costs need to be divided amongst fewer stamp purchasers. The relationship shown in figure 3 implies for Ukraine's low mail volumes (even if mail volume would double or triple) that Ukrposhta cannot utilize economies of scale.

The monopoly of Ukrposhta in the reserved area is supposed to subsidize the universal service obligation (USO) [11] and especially postal delivery to the rural and difficult to serve population.

[10] Cabinet of Ministers of Ukraine Resolution N 1155: "About claim of Rules of grant of services of postal communication" with the amendments and supplements N 1510, N 1106, and N 1230 (Kiev, August, 17, 2002).

It seems safe to assume that the actual rural demand for postal services is well below the urban demand and hence the national average of six letters per capita per year. Instead, as the revenue distribution of Ukrposhta suggests, are rural customers mostly demanding "universal access" to the non-postal services provided by the dense network of Ukrposhta and not necessarily letter delivery. This questions why both, the monopoly and the universal service obligation are necessary

The low demand for reserved area services does not generate sufficient revenues. Hence the costs of USO are financed by other areas. Given the circumstances of low demand and high USO costs, Ukrposhta faces little incentives to improve the quality of postal services and new postal products.

The low quality of Ukrposhta services triggered already competition in the postal market, as for example in urban areas companies like Ukrtelekom, TV cabel providers, utilities and the communal housing agencies (ZhEK) are delivering their invoices to their customers themselves.

Another example for competition with Ukrposhta, albeit informal one, is the well established informal practice of "peredacha", i.e. individuals sending and receiving money, letters, parcels and other items via conductors of Ukrzalisnitsia, bus drivers, "Marshrutkas" and so on. In this case customers are using existing and as more reliable perceived networks and paying extra for that service.

## 7 Policy recommendations

In order to ensure the most benefits for business and consumers Ukraine should create a competition oriented framework for postal services. As discussed in section 4 two different regulatory approaches exist, access regulation vs. the end-to-end approach.

The present underdevelopment of the postal market requires some consolidation and needs to be redeveloped from the scratch. Thus, we recommend not the application of access regulation in Ukraine. Instead, a mechanism based on end-to-end competition would be the more suitable strategy for developing postal services.

Policies should aim at improving the performance and development of the postal sector and not the post offices of the incumbent operator.

Given the circumstances Ukrainian policy makers should terminate the reserved area and open the market for competition.

Terminating the reserved area will not endanger the financial position of Ukrposhta, as the revenues generated in the reserved area accounts for less than 8% of Ukrposhta's operating revenues[12].

Furthermore, it should be seriously considered to abolish the USO.

Competitors should be able to enter the market easily. Licensing and registration procedures should be kept close to non-existence[13]. The simple notification of the NRA about a company's business activity in the postal sector should be sufficient.

But end-to-end competition does not create a market structure, where different networks remain separated. In fact, in a competitive environment interconnections with other existing networks will be of greater economic value and providers will be accepting to pay access or interconnection prices, as for example it is observed in existing mobile phone networks.

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[11] At the moment, the exclusive right to serve the reserved area is based on article 15 of the law of Ukraine about postal communication. It explicitly states, that "the state provides sponsorship of national operator in the grant of universal services of postal communication", which translates into the legal monopoly for the reserved area.

[12] Assuming that 85% of Ukraine letter mail (277m letter in 2006) belonged to the reserved area up to 50g and a the national letter stamp price of UAH 0.85 the revenues of the reserved area were about UAH 200m.

[13] For example, New Zealand uses the notification approach. When Austria liberalized its postal markets, it did not even require notification.

Similar to the experience with mobile phone communication competition will most likely evolve first in urban areas and between urban areas and especially large customers will benefit first. International experience of postal sector liberalization shows that competitors are able to establish very quickly end-to-end services. At the same time there will be no substantial deterioration in rural areas. On the one hand, present letter mail services are not in high demand. On the other, if operators are allowed to franchise post office (for example similar to the franchise system of mobile phone operators, where prepaid phone cards are sold almost evreywhere) they could minimize costs but keep their presence in the rural areas. The success of a franchise system will depend on payment terms and incentives. Both should be left to the market.

Competition will lead to postal tariffs reflecting the true costs of providing the respective service. Tariffs will be determined on markets, rather than by government. The government should ensure the possibility of fair competition. The application of competition law should be sufficient for that, potentially requiring the strengthening of the competition authority.

With increasing competition a wider range of services will emerge for customers willing to pay a premium for faster and more reliable service, like for example track and trace services.

At the same time the government should continue its efforts of transforming the state owned enterprise “Ukrposhta” into a modern, market oriented competitive commercial firm. The ultimate goal should be the privatization of Ukrposhta.

Last but not least, implementing this policy recommendations would created in Ukraine a framework for competitive postal markets similar to the one envisaged by European Commission. However, Ukraine would arrive at the destination from a different starting point but on a direct route.

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Lector: Ferdinand Pavel

## Appendix

Services offered by the state owned enterprise Ukrposhta

### Universal postal services

- Postal cards (ordinary and registered) forwarding
- Letters (ordinary and registered) forwarding
- Items in wrapper (ordinary and registered) forwarding
- Secogram (ordinary and registered) forwarding
- Noninsured parcel under 10 kg forwarding

### Postal services

- National and international insured items forwarding
- Insured and noninsured parcels over 10 kg forwarding
- Direct container (ordinary and insured) forwarding
- Small packets forwarding
- M bags (registered) forwarding
- Advice of delivery forwarding
- Pension delivery, pecuniary aid to disadvantaged citizens and other social allowances payment
- Payment of pension and pecuniary aid through personal bank accounts of retired persons
- Deposits acceptance on personal bank accounts of retired persons
- Ordinary, express (throughout Ukraine and abroad) money order
- Payment of Western Union system money orders
- Acceptance of various payments from private persons in post offices
- Commercial receipts acceptance
- International Business Reply Service
- International express delivery by air transport
- EMS items forwarding
- Express+1 items forwarding
- Express letters delivery
- Delivery of postal items by courier
- Delivery of letters, insured items in wrapper, money orders, parcels to the addressee (if postal object has such a possibility)
- Delivery of bills for provided services
- Advertising matters delivery
- Hybrid packet delivery
- Subscription acceptance
- Periodicals delivery
- Subscription cancellation
- Reforwarding of subscription
- Index attribution to the edition for its inclusion into Ukrainian periodicals catalogue, local editions catalogue
- Edition index inclusion into Ukrainian periodicals catalogue, local editions catalogue
- Ukrainian periodicals catalogue, local editions catalogue updating
- Determination of Cash-on-Delivery items payment
- Storage of postal items and storage of postal items on request of the addressee
- Verification of enclosure of parcels, letters, insured wrappers accepted with enclosure inventory
- Drawing up enclosure inventory of letter, insured item in wrapper and parcel, inscription of address on postal items, completion of accompanying forms for postal items, Money order forms, subscription forms, national and international items advices of delivery and others, bulk items F 103 lists
- Acceptance of requests about return, search for postal items as well as change and correction of address
- Return or reforwarding of registered postal items

- Packing of postal items
- Repairing of marking machines, PO boxes and mailboxes
- Rent of PO boxes
- Acceptance of long-term (more than 1 month) request on postal items and money reception
- International reply coupon
- Ordered medical products payment and delivery
- Photos by mail
- Car spare parts on order
- Goods by mail

**Other business activity services**

- Sale of unstamped postal cards and envelopes
- Philatelic products sale
- Food and other goods sale, catering
- Periodicals sale
- Tobacco products sale
- Sale of pesticides and agricultural chemicals
- Medicines, hygiene and sanitary products, medical products sale
- Long-distance and international telephone call service
- Telegram acceptance and delivery
- Facsimile service
- Internet points services
- Radio point setting, radio points register
- Electronic message and information service
- Newspapers and magazines publishing
- Advertisement on post envelopes
- Insurance policies distribution and sale of jubilee and commemorative coins
- Lottery tickets distribution
- Sale of Internet, local, long-distance and international calls cards
- Xerocopies, lamination and scanning
- Customs clearing (Cargo customs declaration drawing up) of cargo and corporate clients inbound and outgoing postal items
- Presentation for customs examination of inbound and outbound postal items
- Cargo transportation by postal vehicles
- Car maintenance, repairing, washing, parking, refuel, combustive-lubricating materials storage
- Cargo storage in place of destination