

POSTAL NEWS

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1. German jobless falls as postal workers strike

April 1, 2008.

German unemployment fell by more than expected in March. The Federal Labour Office credited that to strong demand for workers - a sign that Europe's largest economy remains in solid shape. But economists say that eventually the slowdown in the US will start to have an effect.

Labour Officer head Frank-Juergen Weise said the economy is strong and "nearly every section of the job market - women, men, young people, older people, the long term unemployed and of course those with qualifications - benefit from good economic development."

But worries about layoffs and longer work hours prompted walkouts by 5,000 workers with the German postal service operator Deutsche Post. A contract banning compulsory redundancies and limiting the work week to 38.5 hours is expiring.

Union spokeswoman Benita Unger said: "We want to keep the thirty eight and a half hour working week for all the employees. Given that Deutsche Post is doing well, the workers should benefit from that. It's important."

Because of the one day so-called "warning strikes" six million letters weren't delivered in 14 major German cities. Deutsche Post has extended the agreements for three months to allow more time for negotiations on layoffs, work hours and a 7% wage rise demand.

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2. Sweden and Denmark to create a postal giant

Reuters

Published: April 1, 2008

STOCKHOLM: Sweden and Denmark said Tuesday that they had agreed to merge their post offices, creating a company with annual revenue of about \$7.5 billion that would eventually be listed on the stock market.

The merger of the Scandinavian state-controlled post offices in a new company, in which Sweden will own 58.2 percent of the capital, would enable it to become more competitive "in the face of mounting market challenges," the two governments said.

The letter of intent was also signed by the private equity firm CVC Capital Partners, which owns a minority stake in Post Danmark, the Danish post office.

Denmark and CVC Capital would own 38.8 percent in the new company and employees would own the remaining 3 percent.

"The logic in the merger is based on the rapid changes that the market is going through," said Maud Olofsson, Sweden's minister for enterprise and energy. "Both the companies today have three common challenges - European deregulation, harder competition and electronic alternatives."

Today in Business with Reuters

Fed cut rates because of fears of deep recession

EADS insiders knew of threats to profits before selling stock, regulator says

French lawmakers to question Société Générale chief

The postal services said they aimed to sell shares in the merged company in three to five years.

As in other areas, postal service providers in the Nordic region have had to adjust to a tougher environment over the past decade as Internet services have dented large swathes of their traditional business.

After years of heavy restructuring at the Swedish post office, which has closed branches and let local retailers like food stores take charge of some postal services, the company posted a year-on-year rise in earnings last year.

Posten, which is one of the biggest Swedish companies with more than 30,000 employees, reported an operating profit of 2 billion Swedish kronor, or \$333 million, on revenue of 30 billion kronor in 2007.

That was up from 1.4 billion kronor on 28 billion kronor of revenue in the previous year.

Posten would pay the Swedish state an extraordinary dividend of 1.4 billion Swedish kronor as part of the agreement.

Post Danmark reported revenue of 11 billion Danish kroner, or \$2.3 billion, in 2007 but its operating profit dipped to 848 million kroner, down 217 million kroner from a record year in 2006.

The Danish state owns 75 percent of Post Danmark, CVC Capital Partners owns 22 percent and the remainder is held by its employees. The company also owns a quarter of Belgium's postal service, De Post - La Poste.

According to the statement, the merger is expected to result in cost savings of about 1 billion Swedish kronor in areas like administration and purchases, while unspecified "operational and financial synergies" might also be achieved.

The deal must be approved by the Swedish and Danish parliaments ahead of a formal merger, which is set to take place before the end of the year.

Deutsche Post real estate deal

Deutsche Post said Tuesday that it would sell real estate to the U.S. buyout firm Lone Star Funds for \$1.57 billion, The Associated Press reported from Berlin.

Deutsche Post said the 1,300 properties in the real estate portfolio were located mostly in Germany. Deutsche Post will lease back many of them.

The deal, a cash transaction, comes on top of real estate sales by Deutsche Post totaling €350 million, or \$553 million, since November.

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Apr 2, 2008 10:39

3. Israel Postal Company finally makes a profit

By JUDY SIEGEL

After years of losses when it was the Postal Authority, the Israel Postal Company reported net profits for 2007 of NIS 40 million on Tuesday.

Avi Hochman, the director-general of the for-profit government company, praised management and staffers for their achievements, saying, "This is an impressive success, according to any criterion, in view of the crisis of the past."

In 2007, the company had gross income of NIS 1.8 billion. In the past, as a state authority, it lost hundreds of millions of shekels annually, forcing the government to make up the difference. In 2006, the then-authority lost NIS 19m.

The business orientation of the new company, which was launched last year out of the authority, was responsible for the profits, Hochman said. It now offers many new services and provides existing services on a higher level, he said.

As postal rates were last raised in November 1, the next annual report should show even higher profits, Hochman said. This was the case, he said, even though the company is bound to provide universal mailing services, including delivery to peripheral areas where there is little or no profit.

The company's Postal Bank - with its 700 offices in postal branches around the country - would become a "growth engine" in the future, Hochman said. It brought in NIS 307m., or 18 percent, of company income last year, he said, adding that it must receive a commercial license soon to compete with the commercial banks.

Last year, the Israel Postal Company invested large amounts of money in computerization and advanced technological developments to improve its services, Hochman said.

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4. Chantilly Postal Workers Test Positive for Tuberculosis

The Associated Press

Tuesday, April 1, 2008; 10:52 AM

CHANTILLY, Va. (AP) -- Health officials say more than 30 workers at a Chantilly post office have tested positive for exposure to tuberculosis.

The tests were given after officials learned in January that a worker at the post office had an active case of the disease. Fairfax County health officials found that 32 of the more than 120 employees had been exposed.

Fairfax County health spokesman Michael Andrews says the agency notified the employees but not the general public because the risk of exposure to the disease was very low.

The worker who had tuberculosis has returned to work after being treated.

Tuberculosis is an infectious disease caused by bacteria that attack the lungs. People who test positive for exposure but not active tuberculosis cannot infect others.

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