

# POSTAL NEWS

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Thomson Financial News

**1. Greek shares close higher, led up by Greek Postal Savings Bank UPDATE**  
06.03.08, 11:21 AM ET

(Update with full closing market report)

ATHENS (Thomson Financial) - Greek shares closed higher, albeit in thin trade, boosted by positive European market sentiment and led up by the Greek Postal Savings Bank SA.

The ASE general index grew 0.5 percent to 4,176.6 and the blue chip index gained 0.5 percent to 2,227.3. Mid caps rose 0.4 percent to 5,019 and small caps jumped 1.9 percent to 952.4.

Advancers outnumbered decliners 106 to 72 and 146 closed unchanged in below average trade of roughly 258 million euros.

Greek Postal Savings Bank SA jumped 5.1 percent to 11.82 euros. Its management said in a conference call that most of its trading losses in the first quarter were from interest rate swaps, not collateralized debt obligations, while analysts added that most of the losses are paper losses which may not be realized. In other news, Broker Proton Bank cut its target price to 13.5 euros from 14.5 euros after it swung to a first quarter net loss of 37.7 million euros due to trading losses and high impairments.

Construction group J&P Avax Hellas SA gained 3.7 percent to 5.04 euros after it said it signed the agreement for the construction of the Sosnica Interchange with the Polish Generale Directorate of National Highways and Motorways worth 207.2 million euros.

Piraeus Port Authority SA (PPA) spiked 14.1 percent to 26.92 euros after it announced Cosco Pacific submitted the highest bid in the tender to operate two container terminals for 35 years. It offered 4.3 million euros and promised to make 620 million euros in investments.

National Bank of Greece SA grew 0.5 percent to 35.6 euros, unaffected by Marfin Analysis (IBG) cutting its rating to 'hold' on account of its recent outperformance.

Source: Euro2day.gr Newswire

cheryl.novak@thomsonreuters.com

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## **2. Britain: Labour prepares ground for privatisation of postal service**

By Keith Lee and Paul Mitchell

4 June 2008

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A supposedly independent inquiry set up by the Labour government, under the chairmanship of Richard Hooper, is preparing the privatisation of the Royal Mail postal service.

A preliminary report published last month by the panel of three leading business people says the only way the huge economic crisis facing Royal Mail and the rapid decline in the "quality" of its service can be overcome is by carrying out an unprecedented change in the way it operates. It warns that, without it, the future of

Royal Mail and the Universal Service Obligation (USO), which guarantees one price and next-day delivery throughout the country, is in doubt.

Just a year ago, a £3.7 billion rescue package was put together for the company, but analysts are saying it was too little, too late. The year 2006 was a high tide for the number of letters delivered, but over the last two years they have been increasingly displaced by Internet traffic. Royal Mail's market share has decreased, leading to a loss of £100 million in its delivery service—the first time this has ever happened. Competition has been cut-throat and larger than expected following the opening of the service to private postal operators two years ago who now carry 40 percent of bulk mail. The company also has a £3.6 billion pension deficit, which some analysts say could be revalued at £7 billion next year and cost £1 billion a year to service.

Technically, Royal Mail is insolvent. The Hooper report claims, “There is now a substantial threat to Royal Mail's financial stability and, therefore, the universal service. We have come to the conclusion, based on evidence submitted so far, that the status quo is not tenable.”

From the start, the report makes clear, “Returning to the days of statutory postal monopolies is not a policy option in the European Union” and that further liberalisation and privatisation is the only solution.

A chorus has broken out praising Hooper's report, with the government, the regulator Postcomm, Royal Mail and its rivals using it to demand more-rapid privatisation.

John Hutton, the business secretary, said, “The initial findings from the review team paint a stark picture of the huge changes in the postal market.... [D]espite progress in recent years, I am now clear that to be successful the Royal Mail must undergo radical change.” He called on Hooper to “urgently bring forward ideas, including changes to the system of regulation.”

Royal Mail welcomed the report, saying it “identifies the ways in which the open postal market is clearly not working and Royal Mail looks forward to submitting its further views on the changes that are required in the market.”

The company has applied to the High Court to have the USO judicially reviewed and reversed and called for the lifting of all restrictions on its operations—leaving only the prices of stamps to be set by Postcomm. The company claims the regulator's current price controls have resulted in a £2.6 billion shortfall because it assumed the mail market would grow, whereas it has fallen.

Royal Mail also wants to retain its exemption from Value Added Tax, which is being challenged by non-exempt competitor TNT in the European courts. It also wants to be allowed access to equity capital.

Postcomm Chairman Nigel Stapleton went further, calling for “a partnership approach with the private sector” and for the government to split Royal Mail, and privatise the sorting and delivery business whilst keeping the Post Office under state control. He warned that the introduction of private capital would require the government to “consider more radical options for addressing Royal Mail's pension deficit.”

As pension consultant John Ralfe explained, “No private equity firm will be interested in taking a stake as long as it has the pension deficit.... It would only work if the UK taxpayer takes on the deficit.”

Postcomm has promoted the postal services in Denmark and Sweden as a possible model for the UK. Hooper visited Copenhagen earlier this month to meet Post Danmark, which sold a 22 percent stake to private equity company CVC Capital Partners in 2005 and is soon to merge with Sweden’s Posten. His report forgets to mention the massive job losses and destruction of working conditions that have accompanied such privatisations in Europe. Sweden was the first industrialised country to end its national postal monopoly in 1983—a full two years before the country joined the European Union. Posten was completely restructured in order to compete with its main rival, Citymail, leading to a halving of the workforce to 38,000 and a rapid increase in the number of part-time workers.

Although Sweden privatised its postal services relatively early, few others followed suit until the EU Postal Services Directive was published in 1997 demanding all European countries open up their national postal services to competition. Hoping to steal a march on its future competitors, Britain’s Labour government passed the Postal Services Act in 2000 giving effect to the requirements of the directive well ahead of the 2012 deadline.

As MP David Drew, who sat on the committee scrutinising the Act at the time, told parliament recently, the Labour government thought it would allow Royal Mail “to see off its main competitors in the British market but also become strong enough to work in France, Germany, Italy and everywhere else in Europe. Its reputation and prowess would be such that it would succeed.”

It was not to be. Drew complained bitterly, “Clearly, on those measures, we have a complete disaster. We have no imprint on Europe, and our competitors—the Dutch, Germans and French—in one guise or another, are rampant in our homeland.”

He concluded, “Liberalisation was a nice term, and we used to bandy it around as though it were the answer to everything. In essence, in this respect, it has been an unmitigated disaster.”

Companies like TNT and UK Mail now handle more than one letter in five in the UK, and some analysts predict they could soon handle half of all letters. Using the latest technology and with workers paid a quarter less than those employed by Royal Mail, they have cherry-picked the most profitable business—the collection and sorting of posts from large business users in the cities. Instead of setting up their own delivery services as the government claimed they would, they just hand it to the Royal Mail to deliver to customers’ doors, which is the most expensive part of the business to operate.

According to the Hooper Inquiry, the government’s liberalisation of the postal market over the last decade has provided “no significant benefits” for consumers and smaller businesses. In fact, the service has gotten worse, seeing the ending of Sunday services, the reduction to one daily delivery and the delivery times for mail becoming much

later in the day—in some cases, as late as 7:00 p.m. The price of sending letters has risen steadily. The price of a second-class stamp went up by 12.5 percent last month, well above the rate of inflation. Postcomm has denied rumours that it advocates an end to Saturday deliveries or relaxing the overnight delivery deadline for first-class mail.

Some 48,000 postal workers have lost their jobs since Labour came to power in 1997. At least 5,000 sub-post offices have disappeared, and the government is saying that it has to close 2,500 more. The future of the Post Office card account, a vital source of income, is uncertain and could lead to a further 3,000 post office closures. This week, Royal Mail announced the closure of its sorting centres in Oxford and Reading, and dozens more are threatened.

Royal Mail operates one of the biggest pension schemes in the country, with more than 450,000 retired and working members. The crisis in its funding arose because successive governments, like many private companies, took a “pensions holiday” when the pension fund was in surplus for 12 years from 1988.

Like virtually every company, Royal Mail has begun an attack on pensions, seeking to transfer existing and new staff from the current final salary scheme with defined benefits to a scheme linked to “career average” earnings without defined benefits, subject to the vagaries of the stock market. The basic retirement age will be raised from 60 to 65 from 2010.

Unions acquiesce once again

What is being proposed for the postal service will make previous attacks on postal workers pale into insignificance. Faced with this, the general secretary of the Communications Workers Union (CWU), Billy Hayes, has limited his criticisms to Postcomm, saying, “This is another bad decision by Postcomm following their many bad decisions which have led to the problems in the industry.” He brushed off the threat of privatisation saying, “At the end of the day this is only Postcomm’s opinion and it is the opinion of the review team and ultimately the government that will count.... There is currently no political support for this and privatisation has been regularly opposed by parliament.”

The response of Unite, the union representing managers at Royal Mail, is to call on the government to “review” the current management team. Paul Reuter, Unite national officer, says, “Royal Mail’s financial performance is disappointing and whilst the negative regulatory regime has to take part of the blame, the main fault lies with the top team. They seem unable to implement change in a sensible way and appear always to revert to conflict. We call upon the government to review these positions and put in place a team that can lead change.”

Hayes has made it clear that he will not countenance a political struggle against the Labour government. He seems to think that postal workers have forgotten that it was a Labour government that set up Postcomm to carry out privatisation.

Hayes presides over an organisation that has been deeply discredited by its past betrayals. It cannot be allowed to proceed as if it has no responsibility for the present

situation. Last autumn, postal workers were involved in a bitter dispute over pay and conditions that escalated into a series of wildcat strikes threatening to get out of the bureaucracy's control. The CWU leadership stepped in and abruptly ended the strike without consulting the membership. For days, no one knew why the strike had been ended or what had been agreed with the company. Since then, the CWU has accepted the pension reforms suggested by Royal Mail, which amount to legalised robbery. It is abundantly clear that the bureaucracy will help pave the way for the privatisation of Royal Mail. If postal workers are to advance their struggle against the ongoing privatisation of Royal Mail and further job losses, it is necessary to carry out a political rebellion against the CWU leadership.

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Corporate Social Responsibility News  
6.02.2008 - 10:00am ET  
CSR News from:  
Weber Shandwick

### **3. Postal Industry Launches Global Carbon Measurement System** International Post Corporation Leads Industry Response to Carbon Emissions

(CSRwire) BELGIUM, - June 2, 2008 - The International Post Corporation (IPC) has launched an environmental measurement and monitoring system providing a common carbon measurement and reporting framework for the global postal industry.

The launch and formal adoption by IPC member postal operators including Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the UK, took place at IPC's Annual Conference 2008 in La Chapelle en Serval, France on 30 May. The event was attended by CEOs from Europe, the Asia-Pacific and North America.

The system provides the postal industry with a transparent, scientific, sector specific carbon management and measurement system based on the requirements of international best practice standards, such as the Greenhouse Gas Protocol, DJSI, FTSE4Good, ISO 14001, and current best practice from the corporate environment. The system evaluates performance through the application of a scoring system that grades performance in ten carbon management proficiency areas and in key numeric carbon efficiency indicators.

The environmental measurement and monitoring system was also built on best practice as exemplified by customers of IPC members and is highly responsive to customer requirements and interests in measuring their own carbon footprint in their value chains.

"This is the first time that a supply industry has come together to address its impact on the environment." said Herbert-Michael Zapf, CEO of IPC. "The IPC Environmental

Measurement and Monitoring System provides our members with a way of measuring and benchmarking their initiatives and optimizing their effectiveness. It can be used by all postal operators, regardless of size or what stage they are at in their environmental programs."

The system will be piloted in 2008, with results from the first round of measurement expected to be announced in November 2009.

"By working together on this issue and sharing best practice, our members have shown their commitment to tackling their carbon emissions," said Jean-Paul Bailly, chairman and CEO of Groupe La Poste in France and chairman of the IPC Board. "We hope that this initiative will be used as a model by other industries who want to take action to reduce their carbon footprint."

For further information, please contact:

\* Valoree Vargo; Head of Communication, International Postal Corporation:  
+32 (0) 2 724 71 97, email: [valoree.vargo@ipc.be](mailto:valoree.vargo@ipc.be); or Khalid Ali, Weber  
Shandwick, tel. +32 (0) 485 986 85, email: [kali@webershandwick.com](mailto:kali@webershandwick.com)

\* For more information on these and other IPC member post environmental and corporate sustainability initiatives already in progress, visit [www.ipc.be](http://www.ipc.be) and go to "About" and click on "Our Members."

#### About the International Post Corporation

The International Post Corporation, (IPC) is the cooperative association of 24 member postal operators in Europe, North America, and the Asia-Pacific region. Over the past 17 years, IPC has collaborated with its members to upgrade quality of mail service by developing technology systems that bring transparency to the mail processing system and delivery chain. It also manages the system for incentive-based payments between postal operators, and creates business intelligence for its members, by providing a range of platforms for member CEOs and senior management to exchange best practices, discuss strategy, and engage in industry research. Visit IPC's website at [www.ipc.be](http://www.ipc.be)

#### About the Carbon Measurement System

The reporting system consists of a questionnaire which is based on:  
The requirements of international best practice standards of:

- Dow Jones Sustainability Index
- FTSE4Good
- Carbon Disclosure Project
- Greenhouse Gas (GHG) Protocol
- Global Reporting initiative (G3) sustainability reporting guidelines
- ISO 14000

And current best practice from the corporate environment, including:

- Postal companies
- Logistics and transportation companies
- Leading-edge global businesses including customers

Once the answers are audited through a process that includes web review, checking of documents, interview and expert opinion, ten key management proficiency areas are scored with weightings assigned for answers, questions and proficiency areas that include:

- Principles
- Management and strategy
- Policy and procedure
- Employee engagement
- Activity
- Measurement and verification
- Targets
- Performance
- Disclosure - reporting
- Value chain management

In addition, the system requests detailed numeric information on carbon efficiency in order to populate sector indicators that will be used to track the performance of the sector over time.

Initiatives currently in place by IPC member posts:

\* Royal Mail uses 100 percent renewable electrical energy, derived from wind, and methane from land fill. It introduced the first carbon neutral product in 2007, a parcel with a slight surcharge for offsetting the carbon footprint. In just three months, the environmentally-friendly product grew to forty percent of web-based parcel sales at Royal Mail. It's latest initiative is the development of a carbon calculator to help its employees work out how many trees they need to plant to offset their personal, annual, carbon footprint

\* In May 2007, USPS launched a major initiative that prevents the equivalent of more than 15,000 metric tons of climate change gases, based on the recycled content of 500 million packages and envelopes provided to customers each year. These environmentally-certified Express Mail and Priority Mail boxes and envelopes also are 100 percent recyclable. Through USPS recycling and waste prevention programs, more than one million tons of wastepaper, cardboard, cans, plastic and other materials are recycled each year. Since 2004, more than 2,300 tons of computers and parts have been recycled. USPS operates the world's largest fleet of alternative fuel capable

vehicles — more than 36,000 — that can use clean fuels such as ethanol, compressed natural gas, electricity and biodiesel.

\* With more than 550,000 people in over 220 countries and territories, Deutsche Post World Net (DPWN) is the world's largest logistics company. In accordance with the Kyoto Protocol, the company made a commitment to cut the greenhouse gas emissions of its road fleet in Europe by five percent below 1990 baseline levels by 2012. To reach that goal, DPWN is raising CO2 efficiencies in its operations by optimizing routes, training drivers and using renewable fuels. DPWN also offers customers an option to ship their parcels in a climate-neutral way. One point of focus will be the use of alternative power such as electricity, gas and hybrid engines.

\* La Poste, France, has a goal of reducing its mail transport related CO2 emissions by 15 percent over the next four years. La Poste has made a significant investment in this area, including a conversion from traditional petroleum vehicles to electric cars and other zero-emission vehicles. La Poste also hosts a very successful driver training program for their delivery personnel. The training aims at reducing petrol consumption by at least five percent on average. The goal is to train 60,000 drivers by the end of 2009.

\* TNT in the Netherlands launched an extensive program to address its carbon footprint in August 2007 called "Planet Me". The program consists of three pillars: Count carbon – involving a measurement plan for all operations involving a certified managed system for measuring CO2; Code orange – a set of binding policies to govern corporate behaviour including "lead by example" and a push to modernize the fleet with green vehicles; and Choose orange – a pillar focused on innovation and challenging employees to adopt the program both at work and at home.

Initiatives currently in place by IPC member posts:

\* Since 2005, Canada Post Corporation has invested CAD 3.5 million annually in energy conservation projects, including lighting retrofits and temperature controls to reduce consumption. It has removed ninety percent of its underground fuel tanks, eliminated 89 percent of ozone-depleting substances, and acquired sixteen hybrid vehicles. Plans are underway to refurbish its physical facilities and motorized fleet in a manner substantially more environmentally sensitive. The corporation will seek environmentally-friendly replacements for its fleet, focusing on hybrid vehicles.

\* Swiss Post has invested CHF 135 million in the past ten years in more than 100 environmental protection initiatives, most of which, it says, have produced positive financial results. Between 2000 and 2005, the postal operator reduced its CO2 emissions by nine percent; it has pledged a further ten percent reduction within the next five years under the PostEurop climate protection program.

\* Poste Italiane operates 27,500 motorcycles and 15,000 vehicles. In 2006, it ended replacing its fleet with vehicles meeting the most up-to-date pollution standards. Poste Italiane chose natural gas-fuelled vehicles as the most feasible possibility to employ less pollutant vehicles. In 2006 there were about 800 and in 2007 they increased

further to 1,500. Also, since 2006, it launched several pilots on different alternative fuel vehicles, with special interest on serial-hybrid vans. Moreover, within IEE, Poste Italiane coordinates the Green Post Project in partnership with De Post and Magyar Posta. This project concerns the delivery in the historical centre of Perugia, by replacing the motorcycles currently used by postmen, with 55 hybrid and electrical quad tricycles granting high safety and stability. Poste Italiane already makes use of electricity from renewable sources and is strongly committed to increasing its employment and to investing in the application of energy saving to all its real estate. Poste Italiane's employees are involved in an internal communication campaign on energy conservation.

\* De Post/La Poste, Belgium has committed to reduce its energy consumption by 7.5 percent and its CO<sub>2</sub> emissions by an average of ten percent by 2012. In 2007, they conducted a systematic analysis of energy consumption at all of its sites and they are employing new technology where feasible. For instance, they have applied solar film to the facade of its main Centre Monnaie office in Brussels rather than installing an energy-hungry cooling system.

Initiatives currently in place by IPC member posts:

\* As a Finland's largest transport company, Itella plays a major role in the development of pro-environmental logistics. The key goal of Itella's environmental strategy is to reduce vehicle carbon dioxide emissions caused by the use of fossil traffic fuels. Methods of reducing fuel consumption include efficient route planning, combining transports, and training in ecological driving methods.

Alternative fuels tested in use include electricity, natural gas and biodiesel. Energy consumption, recycling and waste management will also be enhanced in buildings while new environment-friendly services are developed, for instance in electronic communications. Itella is working with other postal operators in a quest to reduce CO<sub>2</sub> emissions by an average of ten percent over the next five years.

\* Being a modern postal operator, Hellenic Post-ELTA has integrated CSR in their overall business policies in three areas: employees, society and environment.

Hellenic Post is working with other postal operators in a quest to reduce CO<sub>2</sub> emissions by an average of ten percent over the next five years.

\* Due to the positive experience gained with two natural gas powered vehicles, Austrian Post plans to purchase additional natural gas powered Volkswagen Caddies. The use of natural gas enables a fifteen percent reduction in CO<sub>2</sub> emissions. In addition, the particle content of the waste gases and the emission of nitrogen oxide is cut by ninety percent. Postal routes are continuously streamlined in order to reduce mileage and CO<sub>2</sub> emissions. A further potential for CO<sub>2</sub> reduction lies in driver training schemes. The introduction of eco-friendly driving techniques lower fuel consumption and thus CO<sub>2</sub> emissions by three percent.

\* Correos in Spain has pushed - in different stages - the marketing of ecological envelopes, boxes and packaging in all of their post offices, donating a part of the price

of each one to the recovery of the forests. This promise has permitted them to offer a prime service of convenient and safe packaging for deliveries and to foster a habit of buying ecological postal products by the consumer.

To carry out reforestation action, Correos is partnering with the Trees of the Earth Foundation, an organisation of great prestige both nationally and internationally for its environmental research and reforestation work. Since the program began a total of 349,000 m2 has been reforested with over 18,700 trees.

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Collected by Chairul Anwar, Bandung, Indonesia.

E-mail address : [chairulanwar49@operamail.com](mailto:chairulanwar49@operamail.com), [uyungchairul@plasa.com](mailto:uyungchairul@plasa.com).