

POSTAL NEWS

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1. MPs warn Royal Mail on subsidy. July 25, 2008.
2. Treasury mulls Postal Bank offering. July 27, 2008.
3. U.S. Postal Service To Try Out Hydrogen Fuel Vehicles. July 26, 2008.
4. Punjab's postal service aims at Rs 200 cr revenue. July 25, 2008.
5. Officials hope to improve Palo postal serviceBy James Q. Lynch. July 24, 2008.
6. U.S. Postal Service Delivers Record-Breaking Performance. July 24, 2008.
7. Direct Mail Tries to Go Green. No, Really.. July 23, 2008.
8. Switzerland: Angola at 24th Universal Postal Union Congress. July 23, 2008.
9. Azerbaijan to partake in 24th congress of World Postal Union. July 23, 2008.
10. Postal Service seeks to cut gasoline dependence. July 23, 2008.
11. Postal company TNT posts 16% drop in Q2 profit. July 29, 2008.
12. Our postal service is third-class. July 29, 2008.
13. France seeks financing solution for universal mail service[fr][de] . July 28, 2008.

1. MPs warn Royal Mail on subsidy

By Jean Eaglesham

Published: July 25 2008 03:00 | Last updated: July 25 2008 03:00

MPs will today warn that Royal Mail may be "inappropriately using" the state-subsidised post office network to cross-subsidise its mail services. Its report will highlight evidence it received from Post Office Limited that the "£ 358m paid by Royal Mail to the network in 2007-08 for providing mail services was not enough to cover costs. Peter Luff, the committee's Tory chairman, said the shortfall could be due to inefficiency by the Post Office or a hidden crosssubsidy. Royal Mail rejected the MPs' concerns.

Jean Eaglesham

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2. Treasury mulls Postal Bank offering

The Ministry of Finance intends to float 30% of the company on the Tel Aviv Stock Exchange

Eran Peer 27 Jul 08 12:31

A new framework plan has been drawn up for the privatization of Israel Post Company Ltd.. The Ministry of Finance intends to float 30% of the company on the Tel Aviv Stock Exchange (TASE) and expects the offering to be held in the third quarter of 2009. The offering will only be held after the future service model for Israel Post has been drawn up, and the tendering of banking services and financial product sales at the company's branches, on the basis of the infrastructure of Postal Bank, has been completed. Another key requirement for the privatization to be able to go ahead is the drawing up of a mechanism to safeguard Israel Post's financial stability under conditions of competition.

The proposal represents a change from the previous framework plan drawn up in early 2007 by then-Government Companies director Eyal Gabbai. His proposal called for the immediate sale of 49% of Israel Post in the first stage which was to have been completed in May 2008, with the remaining stake sold to a strategic entity after that. The Ministry of Finance now feels that selling 49% of the company is likely to harm the government's ability to maneuver in the second stage, while selling just 30% will give it greater flexibility. The latest proposal is being overseen by the current Government Companies director Udi Nissan.

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3. U.S. Postal Service To Try Out Hydrogen Fuel Vehicles Vehicles Battery Powered, Only Emit Water

UPDATED: 9:48 am CDT July 26, 2008

MADISON, Wis. -- As gasoline prices continue to soar even the U.S. Postal Service is feeling the impact of price increases.

The postal service is considering going green with hydrogen fuel trucks.

Every time the price of gas goes up a penny, it costs the postal service \$8 million. So this week, General Motors will turn over the keys of a hydrogen fuel cell vehicle to the USPS for testing in the mail delivery environment, WISC-TV reported.

The vehicles are battery powered and have no ill effects on the environment with their only emission is water.

"It rides the same, it breaks the same -- the biggest difference -- the biggest advantage is that we're not polluting," said pilot program participant Tom Williams.

Of the 220,000 postal vehicles that deliver nearly half the world's mail, 43,000 are alternative fuel capable, WISC-TV reported.

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4. Punjab's postal service aims at Rs 200 cr revenue

Press Trust of India / Chandigarh July 25, 2008, 15:21 IST

Aiming to earn a revenue of over Rs 200 crore in 2008-09, Punjab Postal services today announced several measures including relocation of post offices and tying up with banks and insurance companies to sell their products through the post's network.

"We are taking several steps this year in order to attain total revenue of Rs 200 crore which will allow us to reach a break even point from our operations in Punjab and by doing so we will be the third office in the country," Chief Postmaster General Prithvi Raj Kumar said here today.

The postal department in the state earns 82 per cent of revenue out of its total expenditure being incurred on postal operations.

"We are still not able to recover 18 per cent of our expenditure from operations in Punjab," he said while adding, "Postal department reported a deficit of Rs 34 crore with a total revenue of Rs 155 crore in 2007-08 from Punjab."

According to Kumar, postal departments of Maharashtra and Haryana are operating above the break even point at 103 per cent each.

The postal departments in the country have suffered a loss of Rs 560 crore during last fiscal.

Revealing the initiatives to be taken to improve the earnings from postal services, he said the department is focusing on entering into agreement with banks, insurance companies and mutual funds to sell their products through its network in a bid to jack up its income.

In addition to it, the department has also tied up with Indian Railways for reservation and selling of tickets through its branches, expected to start within two months, he said.

Updated July 24. 2008 10:42PM

5. Officials hope to improve Palo postal serviceBy James Q. Lynch

The Gazette

james.lynch@gazettecommunications.com

PALO - Palo residents who have been driving to Cedar Rapids to pick up their mail since June floodwaters forced the closure of the post office in their western Linn County community may start getting mail closer to home.

The Postal Service is considering erecting cluster box units in Palo to serve more than 160 post office box holders who have been picking up their mail at the Wiley Boulevard post office in Cedar Rapids for the past month.

"We don't want to continue to ask our customers to drive that distance, especially given the high cost of gas these days," Richard Watkins, a spokesman for the U.S. Postal Service, said.

"That certainly would be an improvement," City Council member Paula Gunter said Thursday. "That's much better than driving to Cedar Rapids and standing in line to get your mail."

Postal officials plan to have a community meeting to talk about the future of mail service, perhaps Aug. 4, Watkins said.

Mail delivery to about 600 rural Palo customers is being made out of the Wiley Boulevard post office, Watkins said, but patrons who picked up their mail at the Palo post office now make an 18-mile round trip to Cedar Rapids to get their mail.

Mayor Jeff Beauregard said the 15-minute trip each way probably isn't the worst hardship flood-affected Palo residents face, but "If you can't get your mail in your hometown, you're not comfortable."

Palo Postmaster Nancy Coughlin will contact Palo city leaders to arrange a meeting to discuss mail options. The best prospect in the near-term, Watkins said, appears to be the cluster box units, which also are being used in Cedar Rapids to provide mail service to displaced residents and businesses.

In Palo, he said, the current post office box holders would get a key to open their cluster box. There would be no charge for the boxes.

Gunter and Beauregard have been seeking a solution that would not only make mail pickup more convenient for Palo's 890 residents who were ordered to evacuate during the worst of the flooding, but signal the community will rebound from the flooding they say more than 90 percent of the community's 420-some homes sustained flood damage.

The disrupted postal service is causing some long-term worries for city officials because residents fear the post office won't be reopened or replaced.

"It also makes it hard for people to come back" if there's no mail service, Beauregard said.

"It's just another fear of Palo fading into the sunset," Gunter added. Losing the local school "was like cutting off one leg of Palo and if we lose our post office, then it's almost like we're not really a town."

A permanent solution depends, at least in part, on the owner of the 10-year-old post office, who lives in Texas, Watkins said.

"If we have a building to operate from, then that's what we'll do," Watkins said. "Without that building, we have to make do with some other options. A lot will depend on whether that building is made available."

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6. U.S. Postal Service Delivers Record-Breaking Performance

Last update: 2:27 p.m. EDT July 24, 2008

WASHINGTON, July 24, 2008 /PRNewswire-USNewswire via COMTEX/ -- Postal customers receiving historic levels of delivery service

National on-time performance scores for the delivery of First-Class Mail set another new record for highest level of service during the third quarter of fiscal year 2008.

National overnight delivery service climbed a full percentage point from the previous fiscal quarter, reaching an average of 97 percent on-time delivery, the highest score ever achieved by Postal Service employees.

In fact, delivery service performance reached record highs for all three categories of mail the Postal Service tracks:

-- Overnight service was 97 percent on-time, up from 96 percent the same period last year.

-- Two-day service was 95 percent on-time, up from 93 percent the same period last year.

-- Three-day service was 94 percent on-time, up from 91 percent the same period last year.

The third quarter covers April, May and June 2008.

Since 1990, the Postal Service has contracted with an outside entity to measure First-Class Mail service performance independently and objectively.

First-Class Mail performance is measured by IBM Global Business Services. The review measures First-Class Mail from the time it is deposited into a collection box or lobby mail chute until it is delivered to a home or business.

"These record delivery levels are the direct result of employees all across the country working as a team to provide excellent service to our customers," said Delores Killete, Postal Service vice president and consumer advocate.

Thirteen of the Postal Service's 80 districts lead the nation with a 98 percent on-time score for overnight delivery. They are: Northern Virginia, Arkansas, North Florida, Big Sky (the state of Montana), Baltimore, Fort Worth, Suncoast (western central Florida from Tampa/St. Petersburg to Ft. Myers), Dakotas, Greater South Carolina, Mid-Carolinas, Mid-America (northwest Missouri to the south, central and southeastern Missouri, and eastern Kansas), Portland and Central Plains (Nebraska, southwest Iowa, and the majority of Kansas).

"We are committed to providing our customers with the level of service they have come to expect. Our scores remain strong and we'll continue striving to make them even better," said Killete.

An audio news release on this topic is available in the newsroom at usps.com.

Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the USPS Newsroom at

www.usps.com/communications/newsroom/welcome.htm.

An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 146 million homes and businesses, six days a week. It has 37,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. The Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.

SOURCE U.S. Postal Service

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7. Direct Mail Tries to Go Green. No, Really.

By CLAUDIA H. DEUTSCH

Published: July 23, 2008

MOST marketers readily concede it: getting rid of direct mail — or junk mail, as environmentalists and most recipients call it — would save a lot of trees. But they are not about to render bulk mailings obsolete.

[Enlarge This Image](#)

United States Postal Service

A Postal Service scale encouraging direct-mail marketers to adopt environmentally friendly practices.

"The return on investment is just too high," said Jeffrey Horton, marketing supervisor for Kawasaki Motors Corporation U.S.A.

So a group of direct-marketing companies, along with a handful of their corporate clients, are banding together to make an inherently unsustainable practice at least a little bit greener.

The group calls itself the Green Marketing Coalition, and it includes Microsoft, Washington Mutual and OptimaHealth. Not all the companies involved are big mailers, but they share the sentiment that there should be best-practices guidelines for the direct mail business, which has been vilified even before global warming became a hot topic.

"This industry just didn't have any real green standards," said Spyro Kourtis, president of the Hacker Group, the Seattle direct-marketing company that headed the Green Marketing Coalition. "So we figured we could set some that vendors and clients and others could all live with."

So far, the coalition's guidelines are long on earnestness and short on truly new ideas. They include using chlorine-free recycled paper, proofreading marketing materials using Adobe PDF files rather than hard copies, and taking advantages of tax benefits that come from certain green initiatives.

The guidelines suggest adhering to higher waste disposal standards and choosing vendors that are committed to recycling. There is also support for "list hygiene" — that is, cleaning out direct-mail lists to remove the names of dead people and others unlikely to respond.

"Just by improving list hygiene and data management, companies can target better and drastically cut down on advertising waste," the coalition advises.

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The United States Postal Service is on the case, too. It has taken out a trademark on the term "environMAIList" to refer to marketers that adopt greener mail practices and try to make direct marketing more eco-friendly.

On its Web site — right after it notes that every dollar spent on direct mail returns almost \$12 in sales — the Postal Service now lists green tips for marketers, like letting people easily opt out of mailings, using water-based inks and recycled materials, and encouraging customers to recycle the mailing after reading it.

In May, the Postal Service mailed — on recycled paper, of course — general tips on greening up direct mail to about 100,000 companies. Those who send back a card asking for more information will get an organic cotton T-shirt and a handbook giving more detail on how to adopt greener practices.

The Postal Service has also been sending press kits to reporters to spur coverage of its green push. Part of the pitch says: "Although direct-mail accounts for only 2.4 percent of landfill waste, many opportunities are available to lessen its environmental impact even more."

Both the post office and the Green Marketing Coalition have stopped short of setting concrete goals. The coalition's guidelines, listed at greenmarketingcoalition.com, do not specify any measurable milestones or target dates for action.

"You don't want to scare companies away from joining because they fear some stringent regulation," said Daniel Lenhart, facilities supervisor for Kawasaki Motors, a founding member of the coalition.

The vagueness of the recommendations has not endeared the coalition to environmentalists, although many are more amused than outraged by the concept of direct mailers painting themselves green.

"It's hard to argue against any well-intentioned effort to use more recycled paper, but the idea of greening junk mail is still a bit like putting lipstick on a pig," said Todd J.

Paglia, executive director of ForestEthics, a nonprofit organization dedicated to protecting forests.

Michael J. Brune, executive director of the Rainforest Action Network, is similarly skeptical. He is impressed that the coalition cites the Forest Stewardship Council's standards for protecting forests, rather than the less stringent Sustainable Forestry Initiative that the logging industry has voluntarily adopted. "At least they are talking about the gold standard," he said.

Still, Mr. Brune faults the group for what he called a lack of boldness. "Their guidelines are just bland, noncontroversial assertions, without teeth or concrete timelines or any real specificity for progress," he said. "So forgive us for not throwing a victory party just yet."

Direct marketers, however, say they see no need to apologize for their industry's environmental track record. Most direct mailers have learned to aim their material at people most likely to respond, they contend, and thus are sending out much less mail. And most are using at least a small percentage of recycled paper.

"Our industry employs quite a few people, generates billions of dollars in revenues for the economy and a huge number of donations for nonprofits," said Richard E. Bushee III, president of MSP, a direct mailer. "Yes, the guidelines are a bit loose, and yes, we need to put numbers to them soon. But at least we're showing the world that we're talking about this, that we think it's important."

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Most of the founding members say that they joined the coalition expressly to exchange green ideas with marketers in industries other than their own.

"We already recycle, we encourage carpooling, we have all sorts of green practices," Mr. Lenhart of Kawasaki Motors said. "We didn't join the coalition for a new set of rules, but because it gives us an opportunity to bounce ideas off like-minded people."

The coalition held its first formal meeting by conference call in the spring, and members said they did come away with new ideas. Mr. Bushee picked up a tip on more efficient lighting systems for his warehouses. Mr. Lenhart heard about a new kind of paper with higher recycled content. Tom Berquist, senior vice president of member strategies for the Boeing Employees Credit Union, learned how to view mailers electronically, which cuts down on paper and ink and reduces the need to drive to the printing plant.

"We know that the guidelines need to evolve into specific recommendations and goals," Mr. Berquist said. "And yes, we know that eventually, we have to get paper out of the equation altogether."

8. Switzerland: Angola at 24th Universal Postal Union Congress

Geneva, 07/23 – Angola participates this Wednesday in Geneva, Switzerland, in the 24th Universal Postal Union (UPU) Congress, in which a new Administration Council is to be elected.

The Angolan delegation is led by the deputy minister for Post Offices and Telecommunications, Ana Maria Guimarães, and includes top officials from this governmental department.

During the meeting it will be also elected new members for the Postal Operations Council and a high level debate on “postal sector, an essential component to world economy”, as well as a discussion on matters of strategic importance for UPU.

The congress of the UPU, an organization in which Angola is a member of the Council of Administration since 2004, will also adopt the 2008/2012 world strategy for the postal sector.

The meeting will focus on the “Postal Strategy of Nairobi”, considered as a strategic global map adapted to current and future development that is capable to respond to the needs of the world postal community.

The Universal Postal Union (UPU) was founded in 1874.

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9. Azerbaijan to partake in 24th congress of World Postal Union

23 July 2008 [10:12] - Today.Az

The 24th congress of the World Postal Union will start in Geneva on July 23. According to a source from the Ministry of Communication and Information Technologies of Azerbaijan, the event will be attended by a delegation led by the deputy Minister of Communication and Information Technologies Iltimas Mamedov.

In the framework of the event to last until August 12, the participants will discuss betterment of the quality of postal services, development of the world postal infrastructure, introduction of modern technologies and others.

The World Postal Strategy is expected to be adopted.

It should be noted that Azerbaijan nominated its candidacy for the position of the chairman of two structures of the World Postal Union-Administrative Council and Postal Operation Council.

It should be reminded that at the 23rd congress of the World Postal Union in 2004 Azerbaijan was elected member of the Administration Council for 4 years.

/Day.Az/

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10. Postal Service seeks to cut gasoline dependence

Wed Jul 23, 2008 3:14pm EDT

LOS ANGELES (Reuters) - U.S. mail carriers are adding high fuel prices to the list of things that won't keep them from their appointed rounds.

The U.S. Postal Service on Wednesday said it is looking for vehicle technologies that are less dependent on gasoline to replace its 195,000 neighborhood delivery vehicles.

The Postal Service, which owns 220,000 vehicles in total, operates the world's largest civilian fleet. It has also been hard-hit by soaring gas prices in recent years.

According to Walter O'Tormey, the Postal Service's vice president of engineering, a 1-cent increase in the cost of a gallon of fuel adds \$8 million to its annual expenses. Fuel costs are expected to increase by \$600 million this year. They were \$1.7 billion last year.

Letter carriers are testing a number of different technologies in 43,000 vehicles, O'Tormey said. They include vehicles that run on ethanol, electricity, natural gas and hydrogen fuel cells.

On Wednesday, the Postal Service announced a partnership with General Motors Corp to use two of the automaker's Chevrolet Equinox fuel cell vehicles for neighborhood delivery routes in Irvine, California, and Washington, D.C. The vehicles are being funded by the U.S. Department of Energy.

Meanwhile, the Postal Service is also using 10 Ford Motor Co Escape hybrid vehicles to deliver mail and is in talks with Ford about testing a plug-in hybrid in 2009.

"We know that we would be bankrupting the next generation if we were to make a decision to buy the wrong vehicle," O'Tormey said in an interview.

One issue for the Postal Service, O'Tormey said, is that electric and hydrogen vehicles make less noise than those with traditional combustion engines -- a potential safety issue.

"If you had kids out in the street and they weren't paying attention, they may not hear the carrier pulling up," O'Tormey said. "So the carrier has to be very sensitive to his environment."

(Reporting by Nichola Groom, editing by Gerald E. McCormick)

11. Postal company TNT posts 16% drop in Q2 profit

29/07/2008 00:00

The Dutch-based postal company said second quarter earnings fell 16 percent from the same period a year ago as costs increase.

29 July 2008

AMSTERDAM - TNT NV, the Dutch-based postal company, said Monday that second-quarter earnings fell 16 percent from the same period a year ago, as fuel, labour and financing costs increased.

Net profit was EUR 205 million, down from EUR 244 million, while sales rose 4.5 percent to EUR 2.81 billion.

The company's chief executive warned of a slowdown in European express mail volumes in June, as customers shifted from sending packages by air mail to slightly cheaper but slower road traffic.

"The sharp rise in fuel prices during the quarter and the general economic outlook have impacted both our customers and us," Peter Bakker said in a statement.

Express mail operating profit still grew 5.1 percent to EUR 153 million due to strength in emerging markets.

The company's regular mail operations continued a long-term sales decline in the Netherlands, balanced by growth in other markets. Operating profits slid 3.8 percent to EUR 173 million.

Shares fell 9.3 percent to EUR 21.75 in Amsterdam on Monday, following a 10 percent rise on Friday.

The company did not address reports in the Wall Street Journal that TNT had entered and then ended merger talks with Federal Express, which caused its stock price to gyrate wildly this month.

"TNT's Q2 performance heavily disappoints us, certainly after the continuous positive statements made at its last analyst meeting in late June," analyst Thijs Berkelder wrote in a note on the earnings.

He said he did not believe assertions by the company that it would meet its financial targets of "high single digit" sales growth at its express division and "low single digit" sales growth at its mail division.

TNT said Monday it would meet those targets "albeit at (the) low end" of those ranges.

Berkelder predicted takeover rumours would gather strength if the company's stock falls below EUR 20.

[AP / Expatica]

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12. Our postal service is third-class

Sean Poulter, Daily Mail

29 July 2008

Nearly half of Royal Mail customers believe standards have declined in the past two years.

Third-class: Nearly half of Royal Mail customers say standards have declined

A study commissioned by the industry consumer body Postwatch depicts a service that is failing consumers.

Millions are unhappy they do not get their post until the afternoon.

The death of the morning post has come about as Royal Mail cut staff by 48,000 over the past six years and changed shift patterns in an attempt to transfer two-thirds of deliveries until after midday.

Service quality has also been affected by the closure of thousands of post offices, a reduction in the number of post box collections, and the scrapping of Sunday collections.

In May, it was revealed that strike action in 2007 had caused a serious slump in standards and the organisation failed to hit nine of the 12 minimum service targets.

Tens of millions of letters were delayed or lost last year and the reliability of the first-class delivery service fell to 85.2%.

This was below the firm's official target, which requires that at least 93% of first-class mail is delivered by the following day.

Royal Mail also missed delivery targets for second-class post, special delivery and standard parcels, which are cornerstones of the service.

A customer survey for Postwatch conducted by Ipsos MORI, which polled 2,036 adults in early July, found 43% believe Royal Mail's service has declined over the past two years, 42% believed it was the same, while only 14% have seen an improvement.

The findings may increase pressure on Royal Mail chief executive Adam Crozier, who was paid £3.04m for 2007-08 and is the country's highest-paid civil servant.

Postwatch chairman Millie Banerjee said it was 'not surprising' the vast majority of customers believed Royal Mail's performance had got worse or stood still in the past two years.

She said it was important that customer perception was dealt with alongside performance.

'Adam Crozier has acknowledged that Royal Mail needs to become more customer-focused to show it really does care about every item of mail arriving safely and on time,' she said.

Mr Crozier's pay package has been condemned by union leaders. General Secretary of the Communications Workers' Union, Billy Hayes, said: 'Management are clearly being rewarded for failure.'

However, Royal Mail's chairman, Alan Leighton, said Mr Crozier and his team 'has consistently exceeded expectations'.

The CWU said the service is suffering because rivals had taken lucrative commercial contracts.

Mr Hayes added: 'Royal Mail is not being innovative in bringing new products forward and is being forced to compete on price instead of products and services.'

Royal Mail said the reliability of first-class mail had improved over a two-year period.

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13. France seeks financing solution for universal mail service[fr][de]

Published: Monday 28 July 2008

With new EU rules requiring national postal operators to give up lucrative lingering monopolies by 2011, France is looking for new funding mechanisms to ensure that even citizens in its remotest areas continue to receive an affordable, six-days-a-week service, EurActiv.fr reports.

Background:

In February 2008, the EU pushed through plans to open up postal markets across the continent by 1 January 2011, or two years later for most countries that joined the bloc after 2004, as well as for Luxembourg and Greece (EurActiv 01/02/08).

The central element of the new directive is the elimination of the so-called "reserved area", which gives incumbents the right to maintain a lucrative monopoly over the delivery of letters weighing less than 50 grammes (roughly 72% of the postal volume)

in return for providing an affordable, five-days-a-week delivery service to all citizens – the so-called "Universal Service Obligation" (USO).

The directive identifies a number of flanking measures – such as state subsidies or the establishment of compensation funds – which countries may adopt to ensure the financial viability of providing a universal service. But it leaves it up to national governments to designate their Universal Service Providers (USP), calculate the cost of their universal service and decide on the most appropriate funding mechanism to cover this cost.

More on this topic:

Links Dossier: Financing Universal Service for mail delivery

Other related news:

Court overrules Commission on illegal postal aid

Dutch minister 'not backtracking' on mail opening

Interview: Dutch 'not backtracking' on mail opening

Commission announces crackdown on mail monopolies

EU's postal plans run into teething troubles

By signing a new public service contract for 2008-2012 with the French state on 22 July, La Poste aimed to reaffirm its attachment to the universal postal service.

Four public missions

The aim of the contract is to redefine the missions of the postal operator before it is partially opened up to private capital in 2009. The four missions – as defined in the contract – include mail delivery (83% of mail to be distributed within 24 hours of being sent), newspaper distribution (six days per week throughout the territory), post office availability ("not more than 10% of the population of a department may be further than 5 kilometres and 20 minutes drive away") and banking accessibility.

No promises on universal service funding

But questions related to the actual financing of the universal service once the French postal sector is fully opened up to competition on 1 January 2011 remained unanswered.

It is estimated that the above commitments will cost the postal operator a total of €816 million after public compensation. In the contract, the government pledges to "implement a mechanism allowing it to guarantee a financing of the universal service that is long-lasting and economically efficient," but it gives no concrete proposals.

France's Universal Service Obligation (USO) is more demanding than EU law obliges. Rather than a five-days-per-week collect and delivery requirement for all letters and parcels weighing less than 10kg, the French USP is asked to fulfill a six-days-per-week service for letters and packages up to 20kg. French law also foresees a minimum number of postal contact points throughout its highly diverse territory.

To finance this service, La Poste has relied heavily on income from its "reserved area", cross-financing distribution in rural or mountainous areas, which are much more expensive to serve, with revenues made in the more lucrative, densely-populated

zones. But things are about to change. And although opening the sector to competition should attract a number of new players that will take on some of the workload, most of these are likely to focus on the more profitable city-centres, leaving the costly service to the remotest areas to La Poste.

A number of financing options

"For the moment, nothing is decided and work is only just starting," explained UMP Senator and President of the postal presence observatory Pierre Hérisson. The transposition process of the EU directive into French law should begin early 2009 and a number of options are under consideration.

A compensation fund - Paris' preferred option: Already established by a 20 May 2005 law, the scheme has never been used by the regulator. Concretely, each new market entrant would be required to pay into the fund in exchange for acceding to the national market. The money would then be used to finance the USO burden. But it is difficult to implement in practice: What level should the tax be set at? Should it be applied to revenues, profits or should it be a fixed amount? Should all operators be required to participate or only those with a minimal level of activity? "The compensation fund solution is looked upon rather badly by private operators," says Sylvie Pittaro Menesson, who works on European issues at the French institute for postal research (Irepp).

Access pricing - Brussels' favoured approach: Private operators would be made to pay a fee to the incumbent in return for using its network. This is how it works in the UK, where the market has been fully liberalised since 1st January 2006.

Government subsidies - possible, but expensive: The EU Directive says it will allow the use of public monies to finance the USO but, this option, though largely favoured by new member states, is unlikely to work in France within the current budgetary context.

The generalisation of the USO - unrealistic: This would entail obliging all operators to serve the totality of the territory. But, given France's geography, this would likely effectively prevent any new operators from entering the market. Indeed, in Finland, where this principle is applied, there is still only one market operator even though the market is supposed to be totally open.

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