

POSTAL NEWS

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1. Deutsche Post Profit Falls 11% on DHL U.S., Postbank (Update4)

By Jann Bettinga

July 31 (Bloomberg) -- Deutsche Post AG, Europe's biggest mail carrier, said second-quarter profit fell 11 percent on costs to revamp the DHL Express division's U.S. unit and after writedowns hurt earnings at Deutsche Postbank AG.

Net income fell to 254 million euros (\$396 million), or 21 cents a share, from 285 million euros, or 24 cents, a year earlier, Bonn-based Deutsche Post said in a statement today. Sales rose 5 percent to 16.2 billion euros.

Chief Executive Officer Frank Appel forecast in May that the DHL U.S. express-delivery unit will suffer a loss of \$1.3 billion this year as a slowing U.S. economy hurts demand for air shipments and the business struggles to compete with United Parcel Service Inc. and FedEx Corp. Postbank, the retail bank Deutsche Post may sell, reported yesterday a 21 percent drop in quarterly profit due to writedowns on debt-related investments.

"The reorganization in the U.S. is a big issue," Jochen Rothenbacher, an analyst at Equinet in Frankfurt, said today. "It will remain very, very difficult" for the postal operator's U.S. express-delivery business, he added.

Deutsche Post fell 45 cents, or 2.9 percent, to 15.09 euros in Frankfurt trading. The stock has declined 36 percent this year.

The company announced plans in May to limit losses at the U.S. express-delivery operations by shrinking the network, firing workers and transferring air deliveries to Atlanta-based UPS. The revamp will cost the mail carrier \$2 billion through 2009, it forecast at the time. Appel said today the unit's reorganization is "on track" and that talks with UPS over a final contract are making satisfactory progress.

Postbank Sale

Deutsche Post is in talks with "various potential partners" about a possible sale of Postbank, Appel also told reporters today, adding that the postal operator hasn't yet decided if or when the business would be sold. "We will not sell Postbank hastily," and Deutsche Post is under no pressure, the CEO said. "The appetite for major acquisitions is limited," he said on a conference call with analysts today.

Deutsche Post, which owns 50 percent plus one share of Postbank, announced June 25 it's holding "exploratory" talks about a disposal of the lender as it focuses on mail, express-deliveries and logistics.

Postbank said yesterday that second-quarter net income fell to 119 million euros from 151 million euros a year earlier after writing down the value of securities by 143 million euros. The quarter's markdowns bring Postbank's total losses related to the U.S. subprime-mortgage-market collapse to 429 million euros. Earnings before interest and taxes at Deutsche Post's financial services unit, which comprises the Postbank holding, dropped 26 percent to 185 million euros in the quarter.

Postbank's Value

Postbank may fetch 9 billion euros to 11 billion euros, Carsten Werle, an analyst at Sal. Oppenheim in Frankfurt, wrote to investors this month. The bank has a market value of about 7.5 billion euros after the stock dropped 25 percent this year.

Reorganizing the U.S. express-delivery business cost the postal service 47 million euros in the quarter, causing Ebit at the Express unit to drop 52 percent to 31 million euros. The division is facing a "weakening economic environment" in the U.S., with customers switching to cheaper express-delivery shipments, Deutsche Post said, echoing statements from competitors such as UPS.

Appel today stuck to a full-year target that Ebit, excluding one-time costs or gains, will reach about 4.1 billion euros, provided there's no "significant worsening" of the global economy. The figure is expected to rise to about 4.7 billion euros in 2009, he said, repeating an earlier target.

Higher Dividends

The postal operator anticipates raising dividends "broadly in line with underlying earnings in coming years," it said today. That corresponds to an average annual increase of about 10 percent, Deutsche Post added.

UPS, the world's largest package-delivery company, reported on July 22 a 21 percent drop in second-quarter net income as fuel costs rose and the cooling U.S. economy damped domestic shipments. FedEx, the second-biggest shipper of packages in the U.S., reported its first quarterly loss in 11 years on June 18 because of rising fuel costs and a writedown on its Kinko's copy shop unit. FedEx said earnings are "difficult to predict" because of volatile fuel prices and an "uncertain economic outlook."

Deutsche Post bought DHL in 2002, adding a global express-delivery service to its network. The company expanded U.S. operations with the purchase of Airborne

Express in 2003 and hasn't made a profit in the country since then. Deutsche Post said in May the U.S. business will continue losing money at least through 2011.

Previous turnaround efforts at DHL have been hampered by delivery delays in 2005 at a new package-sorting hub in Wilmington, Ohio. Deutsche Post scrapped a 2009 breakeven target for the U.S. division last year and wrote down the value of the unit by 594 million euros in the fourth quarter.

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2. UN postal union adopts expanded four-year road map

31 July 2008 – The United Nations Universal Postal Union (UPU) has adopted a new and expanded four-year road map that emphasizes the key role played by the postal sector in the world's economy.

The strategy's objectives cover the previous one, but also seek to bolster the interoperability, quality and efficiency of the global postal network, promote sustainable development of the sector and its economy and encouraging the growth of postal markets and services.

The UPU's member countries unanimously adopted the new road map yesterday during the 24th Universal Postal Congress convened in Geneva.

Also yesterday, a proposal to expand the UPU's fundamental mission to extend the role of the postal sector to fostering trade and development was rejected, despite a majority of votes in favour of it.

The proposal – which received 97 votes in favour, short of the 114 needed – said that the UPU's mission should also include its position within the UN family as well as the sector's contribution to promoting economic and social development.

Member countries which voted for extending the UPU's scope said that the proposal would better reflect the reality, which reaches beyond distributing letters and parcels.

But 28 nations voted against it, with the United States arguing that the UPU should concentrate on what is mentioned in the current mission, which is to boost communication worldwide through efficient and accessible postal services.

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3. Benki ya Posta DC hails postal bank for helping SMEs

Correspondent in Dodoma

Daily News; Tuesday, August 05, 2008 @00:04

Bahi District Commissioner Zainabu Kikwega has commended the Tanzania Postal Bank (TPB) for being in the forefront in dishing out loans to entrepreneurs. She said that such loans helped the entrepreneurs to boost their income and contributed to the country's poverty alleviation drive.

Ms Kikwega made the comment after visiting the TPB stand at the Nane Nane Agricultural Show here at the weekend. She called on farmers to open accounts with the bank and maintain the saving culture. "TPB has been issuing loans to the farmers and low-income earners to enable them undertake income-generation projects.

It has also been providing education on better entrepreneurship skills and the importance of repaying loans. Please make use of the bank to improve your standard of living," the DC told her audience. The Dodoma TPB Branch Manager, Mr Emmanuel Gyuzi, said in a special interview that the bank is dishing out small loan amounts to the people in low-income bracket, including small entrepreneurs to enhance their capital base and boost their businesses.

The bank also deals with the president empowerment fund, popularly known as JK billions, through the savings and credit co-operative societies (SACCOS). Money transfers at the bank is a free service while clients could send their money anywhere using the Electronic Fund Transfer (EFT) system.

Mr Gyuzi appealed to Tanzanians to make use of the bank to save for the future and improve their standard of living. The bank plans to expand its network to reach all parts of the country. It also issues loans to employees under contractual arrangements with employers. It operates ATMs in some of its branches and has plans to install the service at all branches in the country. TPB also operates a junior saving account that caters for children.

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4. Postal Bank kits Iringa Saccos

Correspondent in Iringa

Daily News; Monday, August 04, 2008 @00:04

Tanzania Postal Bank (TPB) has provided a loan amounting to 75m/- to support Savings and Credit Cooperative Societies (Saccos) at Idodi and Migoli areas in Iringa region. The TPB Chief Executive Officer (CEO), Mr Alphonse Kiwele, said over the weekend that the loan is aimed at supporting small-scale economic groups in the target areas.

The fund is part of the 600m/- that the TPB has been set aside to support Saccos' related economic groups in Iringa region. Mr Kiwele called upon the target population

to make effective and efficient use of the loan, saying: “And I would like you to use the loan for the intended purposes and not otherwise.”

Mr Kiwele further appealed to the residents to secure loans and use them specifically to establish lucrative economic ventures that would help them to fight poverty and uplift their standard of living. The TPB boss said that his bank was committed to supporting various small-scale economic groups in various parts of the country.

Mr Kiwele also reaffirmed that the Tanzania Postal Bank is striving to expand and improve the quality of its services to the people, mostly the ordinary citizens. The Bank has a total number of 26 branches countrywide, out of which nine are based in Dar es Salaam and one branch in Zanzibar. The services provided by the bank include, among others, the Western Union money transfer that has facilitated financial transactions at both local and international level. In 2007 alone, the Bank collected 134m/- through the Western Union money transfer, say officials.

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