

# POSTAL NEWS

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## 1. Korea Post to Radio-Track Mail, Parcels

Blue pallets, installed with RFID tags developed by the Electronics and Telecommunications Research Institute (ETRI), are tested at the institute's Seoul laboratory. ETRI claims that the use of RFID tags could greatly improve the efficiency of tracking and tracing postal packages. / Korea Times

Days of Barcodes Being Counted Down

By Kim Tong-hyung  
Staff Reporter

Does advancement in wireless tracking systems mean that, at some point, we will never have to worry about lost mail again?

This may sound too idealistic a prediction, although it's hard to deny that Korea is taking significant steps forward in adopting radio frequency identification (RFID) technology in postal services.

The state-run Electronics and Telecommunications Research Institute (ETRI) Thursday announced the development of a new RFID application that could ``revolutionize'' efficiency in the tracking of postal packages.

Currently, the tracking process relies on barcodes, but the use of RFID tags could greatly improve the speed and volume of the deliveries and lower labor costs by reducing manual piece handling, according to Heo Hong-seok, director of ETRI's research team on postal logistics.

Under ETRI's design, RFID tags are attached to the pallets attached to the packages, which then send radio signals to reading devices installed at the gates of mail centers.

The role of barcodes isn't completely eliminated, however, as they will still be used to relay the information of each postal item to the electronic chips on the pallets.

ETRI was hired by the Korea Post, the country's mail service monopoly, to develop RFID technologies for postal services. By the end of the year, Korea Post plans to license a company to install the RFID tags and readers at the country's 25 mail centers nationwide, a process that is expected to be completed around August next year.

This would make Korea only the second country in the world, behind Denmark, to adopt RFID technology for real postal work.

According to the Universal Postal Union (UPU), RFID chips have been tested by postal services in about 50 countries.

“The changes may not be felt immediately by end-users as the RFID solutions will not be extended to the post office level, but to the logistics centers just above in the chain,” said Heo.

“However, there have been significant advancements in item-level tracking, which we believe may be possible around 2011,” he said.

The ETRI have been testing item-level tagging for packages and has seen improvements in tracking dispatch and delivery in test beds, Heo said. However, the expanded use of the RFID tags hangs just as much on the development of regulatory standards as technology, as there haven't been serious discussions to define how much information the chips should be allowed to carry.

RFID refers to the electronic-tagging technologies that rely on microchips to send radio waves containing the identification data of products to electronic readers.

The technology has been embraced by retailers and manufacturers seeking to improve efficiency in product management.

The systems are also being adopted among noncommercial sectors, such as the government and military, and is considered to have great potential for postal services, an area some experts predict will become the second largest market for RFID behind retail.

The Korean government has been promoting RFID as being among the country's next-generation growth engines. The Ministry of Knowledge Economy announced a comprehensive plan Thursday to develop the sector, which includes adopting RFID systems at all government organizations, except the National Intelligence Service (NIS), by 2010.

RFID tags will be mandated for computer-related products used by public workers starting this year. The requirement will be expanded to 189 items by 2010, virtually all items aside of compact discs, artifacts and other delicate goods that could be harmed by the attachment of electronic chips.

This would create a demand for about 2.4 million chips every year, the ministry said.

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## **2. French postal service to be privatised**

By Olivier Laurent

24 September 2008

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President Nicolas Sarkozy announced September 17 the creation of a commission comprised mostly of political and trade union representatives to discuss the privatisation of the French postal service. It is to produce a report November 30.

According to the July 7 edition of French financial paper Les Echos, the most likely scenario will a floatation on the market of 20 percent of postal service capital. The total capital is estimated at €10 billion.

La Poste, a state-owned company, runs the basic mail delivery service and is also a major player in the express and parcel deliveries markets due to its large network. It employs 300,000 workers, 54 percent of whom have civil service status.

It is also an important bank and is used by many small savers. With the loosening of European Union financial regulations in recent years it has also expanded into credit and insurance activities and invested in overseas activities in the UK, Turkey, South Africa, Spain and elsewhere.

It was also the state phone company until EU regulations gradually imposed the complete liberalisation of telecom activities from 1980 to 1997.

It remains a profitable company, with an operating profit of €943 million in 2007, up 16 percent from 2006. Fifteen percent of these profits go to the state, while the remainder is reinvested.

On September 5, the company announced it was “considering the possibility of changing its status,” i.e., adopting the public limited company (corporation) status that is the standard for private companies and a prerequisite for the selling of shares by the state.

The move has been presented as preparation for the full liberalisation of the postal market in the EU, scheduled for 2011. Another reason for the change is that banking and postal activities will have to be split because EU regulations on dominant positions otherwise would be infringed. So the new “postal bank” will be a juridical fiction to which La Poste will rent its offices and the services of its employees—and

at the market price for such services. The cost for this will be paid by the working class in the form of lower wages and higher prices for credit.

The postal bank will hold €40 billion of savings placed on various books that were designed specifically for small savers. The new status will largely eliminate the state's guarantees in case of bankruptcy, creating a risk for savers.

What awaits French people can be observed in countries that have already gone further in the liberalisation process. German Post has transferred 25,000 jobs to low-wage subcontractors, and another 30,000 to 40,000 jobs went from full-time to part-time. When the UK's Royal Mail workers agreed to an "efficiency agreement" in 2003, it was the green light for the slashing of 33,000 full-time and 25,000 temporary jobs. The general level of services has deteriorated, as the companies turned to the more profitable professionally oriented markets, such as mass mailings.

For years La Poste has been utilizing the general trend of liberalisations to increase profits. Fully 40 percent of its workforce is hired on common contracts that can be broken more easily than the public contracts standard in previous decades. The use of temporary contracts for vacation periods is rising as well and workers now have to meet sales objectives, not only for banking activity but for envelopes and stamps as well.

Despite provisions granted by the EU in 1996 that a number of obligations can be imposed by the state to guarantee "quality basic service," customers have witnessed shorter opening times of postal offices and many closures in rural areas. With the splitting of banking and postal activities there is a risk that, in some rural towns and villages, offices will be closed simply because the postal bank refuses to rent them, leaving the postal service on its own. Until now, 5,000 closures have been prevented by turning post offices into offices financed by local councils or by subcontracting to local shopkeepers.

The new steps toward full privatisation will only worsen the situation. The objectives were made clear in a French senate report drawn up in 2003. Aggressively titled "La Poste: the last chance," the report was inspired by foreign examples, citing that 97 percent of post offices were franchised in the UK, "for small offices as well as for big ones," and calling the closing of a quarter of all German offices "a rationalisation and suppression of some underused offices." It also called for an alignment of the banking services with those of the private banks, including an "automatic adjustment of interest rates."

Five unions representing postal workers called a "day of action" September 23 to protest the privatisation of the public postal service. There can be no confidence placed in organisations with a long history of collaboration in the privatisation of social services and utilities. The one-day protest was designed to provide an escape valve to dissipate the growing anger of the working class at the government's destruction of its living standards and rights.

### **3. Postal Service To Announce \$2.5 Billion Yearly Loss**

Officials Blame Loss on Having to Pre-Pay \$5 Billion in Retirement Benefits

By BRIAN ROSS

September 23, 2008

The United States Postal Service will announce a \$2.5 billion dollar yearly loss tomorrow, ABCNews.com has learned.

ABCNews.com has learned that the United States Postal Service will announce a \$2.5 billion dollar yearly loss tomorrow, but that the cost of mailing a first class letter is unlikely to increase.

(ABC News Photo Illustration)

But postal officials say it is unlikely to result in any increase in the cost of mailing a first class letter.

The price of a first-class stamp was raised one cent in May of this year, to 42 cents, following an even larger loss last year of \$5.1 billion.

Postmaster General John E. Potter has said no further increase in the cost of first class stamps would be considered until May, 2009 at the earliest.

Postal service officials say the loss this year, and the year before, was due largely to a Congressional mandate requiring the Postal Service to pre-pay \$5 billion in retirement benefits for postal workers.

But for that requirement, say officials, the Postal Service would have posted a \$2.5 billion profit this year.

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