

# POSTAL NEWS

No. 5/2009

**Formulated by UNI-Japan Post in cooperation with UNI-Apro,  
ASPEK Indonesia and SPPI**

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## **1. UPDATE 1-Royal Mail challenged in EU sales tax case**

Thu Jan 15, 2009 11:36am GMT

BRUSSELS, Jan 15 (Reuters) - British state-owned postal operator Royal Mail should pay sales tax on individually negotiated service contracts, an adviser to a European Union court said on Thursday, prompting cheers from a rival operator.

Dutch postal company TNT (TNT.AS) brought a case against Britain, saying it was forced to pay value-added tax (VAT) on its UK services while those of Royal Mail were exempt from sales tax.

In Britain, TNT collects mail from clients, sorts it and hands it to Royal Mail, which delivers it.

The court adviser said a universal or general public postal service should remain exempt from VAT, whoever provides it.

"As the provider of a universal service which is defined and controlled in the public interest, the Royal Mail is liable to pay value added tax only where it is providing services under individually negotiated conditions," Juliane Kokott, an advocate general for the European Court of Justice said in a statement.

Any provider of a universal postal service can be regarded as a public postal service, Kokott said.

Most of TNT's customers are financial services companies that cannot recover VAT, and TNT had argued that Royal Mail should not be exempt from sales tax.

"We are delighted by this opinion and we hope the judge will support it in their final ruling," TNT UK Chief Executive Nick Wells said in a statement.

"We have always said that VAT law in the UK was unfair and anti-competitive. We will continue to fight for a level playing and elimination of VAT competition barriers," Wells said.

TNT said it was not a universal service provider but that it did compete with Royal Mail for large users such as financial institutions where contracts are individually negotiated.

Under EU law an exemption is allowed for "public postal services" but the British market is liberalised with private companies like TNT competing with Royal Mail.

"Nevertheless, the Advocate General takes the view that not all services provided by the Royal Mail are, of necessity, exempted from value added tax. Rather, the exemption applies only to those services which are provided in the public interest," the court statement said.

"The exemption cannot, in any event, apply where items are carried at individually negotiated prices," the statement said.

The court is not obliged to follow an adviser's opinion but does so in many cases. (Reporting by Huw Jones; Editing by Simon Jessop and Erica Billingham)

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By: Abhushan Gautam

Posted on: 1/17/2009

## **2. Postal System In Nepal: Inefficient And Unreliable**

- Abhushan Gautam

Unsatisfactory budget, unforgiving landscape and unsteady government. As if Nepal didn't already have enough on its share of hardships, a recent news article in Kavre Times, a local Nepali newspaper, outlines another major problem that has been hindering the functioning of aid organizations in Nepal- its inefficient and unreliable postal system.

According to the article, a letter mailed March 26 to the office of NCEF(Nepal Children Education Fund)'s sister branch Campaign for Education (CE) in Kathmandu had not yet reached the office even two months after it was registered. Sent from Banepa, which is only about 12 miles out of Kathmandu, the letter contained important documents concerning applications for CE scholarships. The scholarships applications, now on hold due to the late delivery of letters, were supposed to be forwarded to NCEF, USA after they had been processed.

The common story is, now, heard almost everywhere in Nepal. Recently, a gender expert with an INGO, Nilima , had to face a similar but an unfortunate incident. She was expecting an invitation letter for her participation in an important workshop in Japan. Thanks to the inefficiency of the post office, as she blames, the incident cost her an important once-in-a-life-time opportunity. All these events bear a strong testimony to the tarnishing image of postal services in Nepal.

Nonetheless, it may seem remarkable enough to know that Nepal's postal network encompasses one general post office, four regional offices, 70 district offices, 807

area post offices and 3,130 extra departmental post offices- all of which provide mail services- throughout the country. Besides the district and regional post offices, 444 area post offices and the GPO also provide financial money services like money order services and postal savings bank service. However, as misleading the figures might be, the actual working scenario is completely different. Occurrences of un- and mis-delivered letter and post-mails are frequent, due to sheer volume and, perhaps, higher expectation of service. The state-run postal system has been facing quite a solid competition from more efficient services and the Internet. It seems as though, Nepal Department of Postal Services just doesn't have enough resources and manpower to deal with the influx of post mails.

Although, postal service officials agree that unpleasant incidents "might happen", they won't admit their ineffectiveness. "We have been providing invaluable service to the general public, but our services are never recognized. And our small mistakes are exaggerated and overstated," says Kishor Jung Karki, a senior postal official. This might be an expected response, but one that is unlikely to convince thousands of customers who consider the postal service to be full of malice and corruption. The longest line there is always for those waiting to get the stamps on their letters/parcels cancelled as it is widely believed that post office employees "re-cycle" stamps while your letter/parcel ends up in the waste bin.

Despite the limitations, the postal service has something new to boast about- the EMS (Express Mail Service)- the courier service started by the GPO in 1997. Since its instigation, the service has been a success story due to its low tariffs and reliability. For instance, 1 kg parcel delivery to USA can cost you only Rs 1,350, using EMS while the same service can cost a staggering amount of nearly Rs 5,000 using DHL or comparable services. In its four years of operation not one customer has claimed compensation from EMS, implying its extensive delivery success and customer satisfaction. But, as EMS is still limited to 26 countries only, one still has to rely on other commercial courier services to send packages and documents to most destinations like Africa, West Asia, Europe and the Americas.

To remain on the topic, the most daunting task for the postal service is making its distribution system more efficient. Kathmandu and Lalitpur districts pose the greatest challenge to an efficient distribution system given their burgeoning population density, and unplanned residential constructions. "We cannot improve the distribution system unless city mapping is done properly, but otherwise we are well equipped and have enough human resources to work smoothly," says Postal Services Director Rajendra Prasad Sharma.

The 12,000 postal service workers on contract with the extra-departmental post offices are the lowest in the postal service hierarchy here, and they receive virtually no incentives. They have no income other than their meager salaries and their jobs pivot on the caprice of officials at the district post offices. "There's no initiative for postal services workers. They aren't provided training and the scope for promotions is limited. They aren't motivated to provide world class service," says Shree Dhar Gautam, Chief Post Master at the GPO.

In order to encourage efficiency of the postal services, seven years back, the government had introduced a new legislation that limited lateral entry from one class

of administrative services to the another to only 10 percent. Since then, a clarion call for an autonomy in the postal services is gradually leveling up. In fact, an amendment to the Postal Service Act that provides greater freedom to the postal sector has already been drafted. This would ensure better mobility of resources and maintain competition with the private sector. For other organizations, online application system and provision of Laptop to area coordinators seem to be some of the other viable options. Regardless of the complaints received from the customers so far, the 'emotional attachment' of using good old-fashioned letters has kept the postal services on its heels so far. The optimism for an improvement in postal delivery is pounding inside the heart of every post-fanatic and the postal department itself should be doing everything it can to maintain that flicker of hope.

Source:Spotlight.

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Friday, January 16, 2009

### **3. United States Postal Service Shipping Services Change**

On Jan.18, prices for Express Mail, Priority Mail, Parcel Select, Parcel Return Service, Global Express Guaranteed, Express Mail International, Priority Mail International and M-Bags changed. This pricing change is the first to separate shipping and mailing services. The USPS will announce the price change for mailing services in February, including stamp prices, with new prices effective in May 2009.

For more information access

[http://www.usps.com/prices/pricechanges.htm?from=global\\_ftpromo&page=newshippingprices](http://www.usps.com/prices/pricechanges.htm?from=global_ftpromo&page=newshippingprices) or contact Doug Norwood 575-5649, [dwnorwo@uark.edu](mailto:dwnorwo@uark.edu).

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### **4. Postal Strategies Levels The Playing Field For Small Businesses**

Scottsdale company provides mail discounts for free to companies normally left out in the cold

Quick Pitch

Arizona-based company helps small businesses receive presort mail discounts when they can't meet USPS minimums.

Full Release

With everyone looking for ways to cut costs during these tough economic times, the last thing any business owner wants to hear is that they don't qualify for a discount.

Yet for many small businesses, that's exactly what happens when they try to lower their postal costs on their invoices, newsletters and correspondence.

Enter Sandy Smith and her company, Postal Strategies, to level the playing field for small business owners across the Valley.

Smith delivers those postal discounts to her clients with no minimums, no contracts and no fees. Small businesses can save up to 15 percent on their postal fees by using her company and, best of all, they never have to set foot in a post office again.

“We provide postal discounts to businesses that would ordinarily be excluded from them,” Smith said. “And we do it while making our clients’ businesses more efficient and productive.”

Until Postal Strategies came along, small businesses had several major hurdles to clear if they wanted a break on postage. They had to purchase a permit from the post office, invest in postal software and, last but not least, commit to mail at least 500 pieces of mail each time.

Postal Strategies changes all of that. Now small businesses who could never dream of reaching the 500-piece minimum enjoy discounted rates. They have a reliable, free service that picks up when they request, delivers the mail to the post office and saves them money - all at the same time.

Smith’s Scottsdale-based company opened its doors in 2007 after years of the entrepreneur listening to her husband, who worked for a Midwestern presort service, turn away business prospects at cocktail parties because they didn’t meet the minimum requirements of his employer.

“Some of the businesses were right next door to existing clients” Smith said. “That didn’t make sense. They were passing up business because the potential client didn’t qualify.”

So after her family relocated to the Valley, Smith began drawing up the plans for a presort service that embraced the little guy.

“Everyone wants to save money,” Smith said. “It didn’t seem right that only the largest companies were allowed discounts. So we leveled the playing field.”

Now business is thriving and clients are signing on to take advantage of the discounts Postal Strategies can offer. Even relatively small accounts can save thousands of dollars with Smith’s company. And who couldn’t use that in tough economic times like these?

“When a prospect understands the program and that their workload and liability will actually decrease, the decision to join us becomes a no brainer,” Smith said.

For more information, visit [www.postalstrategies.com](http://www.postalstrategies.com).

Resources

Postal Strategies

19 January 2009 by David Lynch - © Hellmail.co.uk

## **5. Pitney Bowes 21 grams UK Postal Optimisation**

Pitney Bowes, the mail and messaging technology specialist has formed a strategic alliance with Swedish company 21 Grams to bring cost-saving postal optimisation technology to the UK market.

Under the joint partnership announcement, Pitney Bowes will add the 21 Grams PostStream™ Postal Cost Optimisation Solution, incorporating iSort, to its industry-leading mailstream technology portfolio.

The 21 Grams solution takes postcode information from PrintStream files and automatically assesses the most cost-efficient postal option based on the weight of each mailpiece and the available postal tariffs.

The two organisations have been working closely together for the past 12 months to develop the iSort engine for use in the deregulated UK postal market. Rigorous testing has taken place amongst some of the UK's largest financial institutions with extremely positive results.

Gareth Stoten, General Manager UK & Ireland, Pitney Bowes, states: "Results of the tests on any given day showed typical savings of between 8-12% against standard postal costs. For high volume mailers, this can mean a multi-million reduction in postal expenditure per annum.

"Postal optimisation has never been more critical given the current economic climate. 21 Grams is a recognised leader in multi vendor optimisation and we are delighted to be able to offer our customers a solution that can make a significant impact to the bottom line."

Tony Edwards, Regional Director, UK & Ireland, 21 Grams, states: "We are excited to join forces with Pitney Bowes and to bring our award-winning technology to the UK marketplace."

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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).