

POSTAL NEWS

No. 28/2009

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

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1. UPS chief warns against protectionism Most popular

By HARRY R. WEBER

updated 11:23 a.m. AKT, Thurs., Feb. 26, 2009

ATLANTA - The head of global shipping giant UPS warned Thursday against buying into the argument that global trade siphons away U.S. jobs, the same day the government reported the number of people continuing to receive unemployment benefits topped 5.1 million.

Chief Executive Officer Scott Davis' speech before the U.S. Chamber of Commerce comes against the backdrop of a "Buy American" clause added by Congress to the \$787 billion economic stimulus package signed by President Barack Obama last week.

That provision is "not too protectionist but the perception went out there was very protectionist," Davis said during a question-and-answer session after his speech. "We have to lead by example. If we go out and send those kind of signals, it is concerning."

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While Obama has worked to reassure other countries that his aim is to increase trade, free-trade advocates remain concerned.

It has become a hot-button issue for the world's largest package delivery company, UPS Inc. The company, which recorded \$51.5 billion in 2008 revenue, carries 2 percent of the world's gross domestic product and has relied over the last year on international growth to offset declines at home.

Davis said there is a growing perception, especially in the U.S., that globalization and free trade are taking away U.S. jobs. But he argued that global trade creates American jobs, and he used his company as an example.

"Each time we add 40 new international packages in the U.S. — in other words, 40 packages imported or exported by our customers — we create another new U.S. job somewhere in our system," Davis said. "Last year we grew the international portion of our business by more than 10 percent, creating thousands of new job opportunities at UPS for U.S. citizens."

Total U.S. jobs at UPS have remained fairly steady over the last few years, though there likely would have been some net job losses domestically if not for strong international growth, the company said.

Davis said free trade is not an enemy to U.S. manufacturers, even though other countries such as China can produce at much lower costs because of low wages.

"The U.S. retained its title last year as the world's leading manufacturer, representing one-quarter of the global manufacturing output," Davis said. "That percentage has been stable for some time. The U.S. also retained its title as the world's largest exporter, with exports of goods and services reaching \$1.8 trillion."

Global trade also improves relations between nations, Davis said.

"When people are busy creating opportunity together, they are much less likely to shoot at each other," he said.

On Thursday, there was more grim economic news released by the government.

The number of people receiving unemployment insurance for more than one week increased more than expected to 5.1 million, a record using data going back to 1967. One year ago, 2.8 million people received unemployment insurance for more than a week, showing how quickly the economy has deteriorated.

Davis said with many Americans suffering financially and U.S. markets in turmoil, there is always a danger of people pushing for protectionism.

"We, the proponents of free trade, have tended to talk from the head," Davis said. "The anti-trade forces talk from the heart about lost jobs, lost homes, lost hope. In the court of public opinion, the heart wins."

He encouraged free-trade advocates to do a better job getting out their message.

After his speech, Davis addressed questions about the economy, the stimulus bill and the financial problems faced by the U.S. Postal Service.

Davis said there could be a moderate recovery in the economy in the second half of the year, but he cautioned that 2009 will be challenging.

Davis said his general feeling is that the stimulus bill will help. But, he added, "If somebody said you have \$800 billion to stimulate the economy, I might have spent it differently." He didn't elaborate.

Davis was asked about the recent talk of the U.S. Postal Service possibly cutting a day of service because of its financial problems. He said that while the Postal Service has some real challenges, it has been doing a better job running itself like a business.

He suggested it was unlikely his company would get into the business of delivering first-class mail.

"That would be a real challenge for our company to accept," Davis said, noting that UPS charges based on cost of service while the Postal Service will deliver a letter requiring one stamp anywhere in the country.

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2. AI Postal: Ideals are attainable

Cagle Cartoons

Published: Wednesday, February 25, 2009 at 7:27 p.m.

Last Modified: Wednesday, February 25, 2009 at 7:27 p.m.

I applaud William D. Hedges' on his observations about mankind's efforts to produce the ideal world, but I do not share his pessimism. The three goals he proposes are indeed attainable, considering the recent expansion of our knowledge of our universe.

Man has been awarded immense powers to choose, create and control environment and lifestyle. Hedges has summed up three examples of mismanagement. They are not, however, necessarily unchangeable.

Hedges three-things-wrong-with-mankind is a valuable insight. It could well be a guide for political aspirations:

1. There should be universal right to worship, or not to, as long as it does not violate the rights of others. Belief requires commitment, conviction and devotion. Total faith must stand all tests of reality.

2. Weapons are human innovations. They cannot be uninvented, so we must judiciously manage their use. In correcting past errors, we must not create new, unintended ones. Human qualities can make us behave well toward each other; understanding, love, listening and flexible thinking.

3. Hedges third principle should be carved in stone on ever public edifice. Nutrition, health and education are the fuel and stimulation for progress toward a better world.

AI Postal,

Newberry

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3. USO Postal Funding - Concerns Says Lawson

26 February 2009 by Sarah Sharpe - © Hellmail.co.uk

Steve Lawson, editor for Hellmail, the postal industry news site said he welcomed Lord Mandelson's clarity over the partial privatisation of Royal Mail but had concerns over the nature of the proposed fund to help underpin the Universal Service.

"He mentions a fund, but gives no indication where the money for that fund will come from. If it is to come wholly from the tax payer, far from dampening down a rebellion by Labour MPs and Trade Unions, he may find it intensifies.

"I accept that putting a levy on all operators to help fund the USO may be seen as a barrier to competition, indeed this has been the view of Postcomm for some time, but since postal liberalisation was introduced, the funding of the USO has been a controversial issue and no one appears to have any clear ideas as to how that is to be resolved, both here and in many other European countries.

"If the fund is sourced from tax payers, then effectively we are being saddled with the debt and the profit going to another operator and that concerns me. The Royal Mail is faced with a very difficult future without urgent changes, I think everyone is in agreement on that, and there are some who believe that these reforms don't go far enough, but clarity on who actually funds the USO is essential.

"Stamp price rises have been ruled out because Royal Mail feels it would drive customers to other types of media, but if the fund is to be clawed from tax payers, you might just as well put the price of stamps up so everyone knows where they are. I'm not convinced that the public wouldn't accept rises in order that Royal Mail is able to cover its costs, We have a very cost-effective service in the UK and you can't buy a packet of crisps for what it costs to send a letter these days.

"I think until we see the nature of this USO fund, it is not entirely clear whether this plan has as much strength as Lord Mandelson believes it does. It could simply be a wolf in sheeps clothing." he said.

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4. China's Postal Savings Bank to Play Key Role in Spreading Rural Wealth

Feb. 26 - China's Postal Savings Bank, a relatively obscure yet powerful entity formed in 2007, will be the main infrastructure driver for getting income into rural areas under the country's economic stimulus plan.

The bank, which was initially capitalized at RMB20 billion, was formed following a restructuring of the State Post Bureau, and consequently possesses some 37,000 branches nationally thanks to its link with China's postal service. It is now the country's second largest lender in terms of outlets after the Agricultural Bank of China. In terms of deposits, the bank holds over RMB1.5 billion, making it the fifth biggest in assets.

As the economic credit crunch hits China, the government is keen to spread its economic stimulus plan specifically to rural areas, and has targeted improvements in the countryside as key to the national development. The fixed commodity prices the government pays to farmers have been increased, while at the same time, farmers are also being encouraged to upgrade agricultural equipment by being offered discounts of up to 30 percent of the sale price on specific products, thereby both encouraging spending, improving agricultural efficiency and raising income levels.

The average per capita income in rural areas is about RMB2,760, about a third of the average in urban areas, while borrowings by the same group averaged RMB5,000, less than 10 percent of urban dwellers. The bank is also engaged with assisting China's credit cooperatives, which themselves are currently being evaluated for suitability for potential microfinance schemes. Such schemes, which have proven remarkably successful in Bangladesh and India, have caught the attention of China and the World Bank is currently advising on a suitable model for China's rural areas. With its extremely broad reach, the China Postal Savings Bank is likely to play a key role in such initiatives.

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5. Reader Commentaries:

Mr. Potter and the Postal Service

By Allen Sanford

Wednesday February 25, 2009

A few days ago I heard on the radio that Postmaster John Potter was justifying his \$800,000 bonus by saying that he gets paid less than most of the C.E.O.s in the country.

When Mr. Potter comes before Congress, I hope our Representative Barbara Lee points out to him that he is the only C.E.O. in the country that presides over a monopoly. A monopoly that distributes a product that is paid for in advance. A product that is costing the public more every year and they have no input regarding the matter.

Also remind Mr. Potter that he does less than most C.E.O.s because his business is managed by machines. Take the machines and the prepaid mail away and the Postal Service would not exist. Managers in the Postal Service, at the lower levels are just biding time until the hammer falls. When the public realizes that Mr. Potter and the other postal officials have eliminated all of the full time clerks and carriers, he will be forced to eliminate more managers. Those managers will be the people that were convinced to give up their bargaining unit jobs for jobs in management, in other words, the junior managers will be let go of first.

If Potter were the C.E.O. of any other company and he lost money for 25 consecutive years, he would have been unemployed long ago.

Congress should put Mr. Potter and the other postal officials, along with the people who wish to be managers, on the same contract with the postal equipment manufacturers and the mass mailers. Give them three years. If Mr. Potter and the gang can't show that a profit can be made from the processing and distribution of prepaid mail, terminate the contract and get some new managers.

The Postal Service derives its primary revenue from the processing and distribution of prepaid mail. The majority of this mail comes from public institutions such as schools, churches, the utility companies and from the various government agencies.

The contracts are perpetual and increase as the population increases. The Postal Service does not pay taxes or buy the equipment that is used to process the mail. If they do buy it the equipment manufacturer is committing income tax evasion.

Mass mailers must have the same equipment or there would not be any mail flow. If they get it from the Postal Service, and they pay for it, once again we have income tax evasion.

Let us suppose that Mr. Potter and the boys do make a profit one day. Who gets it? They do. Or it will go to their retirement plan.

The Postal Service is a service. A public service. The concept of making a profit only came about when Postal Officials, mass mailers and equipment manufacturers, realized that they could get people to buy into the idea. Now, with the "Forever Stamp," the public has been even further removed from the decision-making process regarding rate increases.

As postal rates increase the elderly and the disabled will be disproportionately affected. Mr. Potter could care less as long as he and the rest of his buddies continue to get their bonuses and cost of living increases at the public expense.

The Postal Service is a criminal enterprise. Were it not for the Hatch Act Amendments, postal officials, equipment manufactures, and the mass mailers would be under indictment for violating the RECO statute which deals with racketeering.

Berkeley resident Allen Sanford is a retired postal worker and union representative, and was the first maintenance craft director for the American Postal Workers Union, Oakland Local.

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