

POSTAL NEWS

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1. DHL steps up fashion footprint

February 18, 2009

DHL has launched a fashion and apparel centre in India to facilitate trade within the region, Europe and North America.

The “DHL Fashion and Apparel Centre of Excellence” is based largely in Tirupur, Tamil Nadu, India, and will comprise a core team of industry experts responsible for developing bespoke products and solutions and providing consultancy services to customers.

As the global leader in air and ocean freight, DHL Global Forwarding is capitalising on the opportunity in the fashion and apparel logistics industry estimated to be worth US\$3.9 billion per annum in South Asia.

“With the economic slowdown in the key fashion and apparel markets in Europe and North America, our customers are looking for greater efficiencies and lower inventory levels throughout the supply chain,” said Mark Lau, head of fashion and apparel business development for DHL Global Forwarding Asia Pacific.

“We’re upbeat about DHL’s growth potential in the fashion and apparel industry with India serving as the hub for textile and apparel production for the Indian sub-continent.”

India, Pakistan, Bangladesh and Sri Lanka alone are estimated to account for well over \$2.4 billion in this fast-growing industry.

DHL’s services cover the entire logistics value chain of the fashion industry - from material purchasing to the sampling business, to quality control of production and direct delivery to the boutiques of international fashion companies.

“South Asia is a key sourcing, manufacturing and distribution base for the global fashion industry,” said Amadou Diallo, CEO (South Asia Pacific), DHL Global Forwarding.

In South Asia, finished apparel is the fastest growing segment and is expected to continue to grow rapidly. As manufacturing moves to lower cost countries, supply chains in the fashion industry have become extended and more complex, increasing trade and legal demands including import controls, quotas and tariffs.”

DHL Global Forwarding's focus on the fashion and apparel sector is timely as it constitutes the largest airfreight and ocean freight export commodity group from South Asia to Europe, accounting for over 16 percent of total airfreight export volume, and 13 percent of ocean freight export volume.

Apparel and footwear also dominates the top air and ocean export trade lanes from South Asia to Europe. India-Germany is the top airfreight export tradelane for South Asia, and apparel and footwear comprised 33 percent of total airfreight export in 2008.

"Fashion companies compete on design, price and range availability," Diallo said.

"Multiple seasons each year result in product complexities of size, color and style. More importantly, garments need to be available for sale where and when they are needed.

"A holistic supply chain management solution can deliver a competitive advantage by enabling customers to gain greater control of their supply chains and maintain the highest levels of product availability."

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February 17, 2009 -- Updated 0337 GMT (1137 HKT)

2. Postal service hits back at criticism of postmaster's pay

(CNN) -- Postmaster General John E. Potter has come under criticism for his total 2008 compensation of nearly \$800,000, but the agency's board of governors says the pay is less than what leaders of several other independent government agencies receive.

And the amount is far below that given to CEOs in the private sector, even though compensation and benefit packages for postal service officers are required by law to be comparable to those given to private-sector employees doing similar work, the board of governors says.

"That's a difficult standard to achieve given the compensation restraints within the federal sector," said Carolyn Lewis Gallagher, the chairman of the agency's board of governors. She added that the postal service, with \$75 billion in revenues and nearly 700,000 employees, compares with Fortune 100 companies.

Potter received a salary of \$263,575 in 2008. His total compensation of nearly \$800,000 included deferred earnings toward his retirement plan.

Compensation and benefit packages for officers of the postal service are governed by Congress and not funded by taxpayers.

Gallagher said effective compensation was necessary for effective managers.

"Even in these difficult times, the postmaster general continues to exhibit visionary leadership, effecting billions of dollars in cost reductions," she said.

Critics have tried to paint Potter's compensation as excessive, given that he had recently appeared before Congress warning that, with a \$2.8 billion loss in 2008, the postal service may need to reduce its congressionally mandated six-days-a-week delivery schedule. iReport.com: Mail five days a week?

"Apparently compensating executives well is still a possibility at the post office," Pete Sepp of the National Taxpayers Union told CNN on Tuesday. "And despite all the delivery problems they may have, despite the deficits they may have, executive compensation is still nice, fat and round."

Other independent government agencies pay their executives much more, however. Richard Syron, former Freddie Mac CEO, had a compensation package of \$3.4 million and reportedly took home much more in cash, stocks and other compensation before he was fired in September, according to Forbes magazine. Daniel Mudd, former CEO of Fannie Mae, had a total compensation package of \$8.79 million before he, too, was fired that month, according to Forbes.

Frederick Smith, the long-time CEO of delivery giant FedEx, had a total compensation package of \$32.21 million, Forbes said.

Fannie Mae and FedEx are among Forbes' top 100 firms.

A new postal law in 2006, Gallagher said, gave the postal service more flexibility to devise a compensation plan that didn't focus on salary. As a result, she said, the agency adjusted salaries and benefits packages, including performance-based initiatives, that became effective in 2008.

Potter saw his civil service pension fund rise by \$381,496 in 2008, and he received a \$135,041 incentive pay that will be deferred to his retirement, according to a filing released December 10.

Civil service pension rules are applied to all federal employees to calculate compensation, postal service spokesman Gerald McKiernan said. The calculation is based on salary and years of service, he said.

Sepp compared Potter's earnings to "Detroit auto executives flying to Washington in a fancy jet to ask for tax dollars" and said he "would not be surprised" if the postal service asked for a Wall Street-like bailout.

Automakers General Motors and Chrysler on Tuesday asked Congress for another \$21.6 billion to keep them out of bankruptcy. They plan to cut 50,000 jobs between them by the end of the year.

The price of a postage is increasing in May, going up from 42 cents to 44 cents.