

POSTAL NEWS

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- 1. Good results for Swiss Post International. March 25, 2009.**
- 2. Postal workers vote to end strike. March 25, 2009.**
- 3. In Special Delivery to Lawmakers, U.S. Postmaster Signals SOS. March 26, 2009.**
- 4. U.S. Postal Service Details Economic Viability Strategy. March 25, 2009.**
- 5. Belgian La Post CEO Warns Against Complacency. March 22, 2009.**
- 6. UPS forges alliance with 2GO. March 13, 2009.**

1. Good results for Swiss Post International

25 March 2009 by Sarah Sharpe - © Hellmail.co.uk

Turnover at Swiss Post International was slightly lower in 2008 compared with 2007 as a result of exchange rates. Overall, turnover came to EUR 652 m, which was EUR 45 m less than in 2007. By contrast, profit at Swiss Post International went up by EUR 2 m to EUR 23 m (2007: EUR 21 m).

Swiss Post International (SPI), which operates exclusively in the international mail, parcel and express business, posted a 6.5% drop in sales for 2008. This was due primarily to the unfavourable situation as regards exchange rates. However, it lifted its profit again by 10% to Euro 23 m. "In the next few years we expect to see an annual growth increase of 6-8% as a result of acquisitions", explains Daniel Baettig, Head of International Mail. He goes on to say: "Most of the results for our subsidiaries were higher in 2008 than in 2007."

Entering new markets

Last year, Swiss Post International continued to drive forward the development of its international network. At the beginning of 2008, SPI acquired the Swedish letter post company IMS Europe AB. In July, SPI entered into a strategic alliance with dsicmm Ltd – the largest provider of direct communication services in the UK – for a period of four years. In the same month the company took over Global Press Distribution GmbH in Germany, thus consolidating its position in the largest press market in Europe. Finally, after a change in the company structure of Italy-based parcel and logistics company Porta a Porta, in which SPI focuses on the cross-border mail business, the company will now be known as Swiss Post Porta a Porta S.p.A. In Italy, SPI works together with the Hermes Logistics Group, which operates there in its core business B2C. Beyond this cooperation in Italy, SPI is also the sales partner of choice for Hermes in the European B2C markets.

Finally, SPI gained a foothold in India in May 2008 by engaging Mail Order Solutions (MOS), based in Mumbai, as a distribution partner. It will work in the market as SPI India from now on.

International out in front

With its consolidated growth path, Swiss Post International remains at the forefront of postal service providers operating in the international letter business. Daniel Baettig says: "In the first two months of this year, we were ahead of the same period in 2008." He goes on: "However, the economic crisis affecting many sectors makes it difficult to give forecasts for the year as a whole." SPI is a wholly owned subsidiary of Swiss Post and currently employs 1,300 people in eleven European countries, four countries in Asia and in the USA. Swiss Post International is currently number three postal service provider active in the international letter business.

Swiss Post International

Swiss Post International Holding AG was established in 1996 and is a 100% subsidiary of Swiss Post. This Swiss Post business unit now has some 1,300 employees in 11 European countries, five Asian metropolises, and the USA.

Swiss Post International offers a range of postal products and services to private and business customers engaging in international postal traffic with Switzerland. With its international branches, furthermore, Swiss Post International offers a specialized range of cross-border postal products for business customers, from processing of business post, comprehensive direct marketing services and end-to-end distribution of newspapers and magazines to subscription management and small consignments.

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2. Postal workers vote to end strike

Postal workers in Lincoln have voted to end their unofficial strike and return to work. Page last updated at 13:43 GMT, Wednesday, 25 March 2009

Up to 50 Royal Mail staff had walked out for a third successive day in a protest over what they said were changes to their working conditions.

The unofficial strike began on Monday outside the sorting office on Firth Road, Lincoln.

The Communication Workers Union (CWU) has told the BBC that staff have agreed to go back to work on Thursday.

Staff had said they were unhappy about a range of issues to do with their working conditions, including sharing vans and changes in delivery routines.

Deliveries to the LN1-LN6 areas were disrupted.

In a statement, Royal Mail said the action was unlawful and changes were agreed with the unions two years ago.

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3. In Special Delivery to Lawmakers, U.S. Postmaster Signals SOS

By Joe Davidson

Thursday, March 26, 2009; D01

If the U.S. Postal Service delivered mail by boat, it would be a sinking ship.

A large hole in the hull, punched by a huge iceberg named Recession, is draining mail volume while it allows financial losses to flow in and drown the service in a financial swamp.

The Postal Service is in dreadful shape and needs quick help from Congress to continue delivering the mail.

That was the message repeated over and over by a parade of witnesses yesterday before the House subcommittee on federal workforce, postal service and the District of Columbia.

"At this moment, the survival of the Postal Service -- a venerable institution that is literally older than our country -- hangs in the balance," warned William H. Young, president of the National Association of Letter Carriers. "The Great Recession we face today threatens to destroy the most trusted and universal connection most Americans have with their national government."

There might be some hyperbole in that. The postal service likely will rebound as the economy does. But how much will it suffer until then?

Postmaster General John E. Potter was deadly serious.

"We are facing losses of historic proportions," he said. "Our situation is critical."

The volume of losses, he added, are "of a magnitude we have not experienced in the 75 years since the Great Depression."

Here are the numbers: USPS moved 213 billion pieces of mail in fiscal year 2006.

This year, that number is expected to fall to 180 billion. The amount of money the postal service has been losing goes up and down, but it's all bad -- \$5.1 billion in 2007, \$2.8 billion in 2008, and a projected \$6 billion in both 2009 and 2010.

Potter pushed two ideas to help bail out the postal service. The first would allow it to pay for retiree health benefits out of its Retiree Health Benefit Fund instead of its operating budget. That change would have allowed the service to reach a \$1.6 billion profit in 2007, instead of a \$5.1 billion loss.

Bipartisan legislation allowing the change, sponsored by Reps. Danny K. Davis (D-Ill.) and John M. McHugh (R-N.Y.), was widely endorsed, including by employee representatives.

Potter's other suggestion was not so warmly welcomed. It would allow the post office to cut delivery to five days a week from six.

"Delivery is one of our most labor-intensive activities," Potter said. "Delivery remains our largest, single cost center In effect, we are financing a level of service that exceeds a declining demand."

Going to five-day delivery could save the post office \$3.5 billion annually, Potter said.

Later in the day, however, Dan G. Blair, chairman of the Postal Regulatory Commission, said the savings would be closer to \$2 billion. Potter's figure does not take into account a likely decline in volume caused by a drop in service days, according to Blair.

Potter's compensation is a minuscule part of the postal service's losses, but it was a significant part of the hearing. Chairman Stephen F. Lynch (D-Mass.) questioned the wisdom of giving Potter a \$135,041 bonus, even though it is not paid by taxes, when the finances of the post office are in such dire shape.

But Carolyn Gallagher, chairwoman of the postal service Board of Governors, strongly defended the payments. "Mr. Potter has earned the compensation he has

received," she said. "His achievements in 2008 were both remarkable and unprecedented given the magnitude of the challenges the Postal Service faced." She said he and his team "reduced costs by over \$2 billion, more than double what had been planned, while still providing record levels of service."

Utah Rep. Jason Chaffetz, a freshman and the top Republican on the panel, surprised the hearing by leading his interrogation of Potter with an allegation in a Republican report that Countrywide Financial waived fees for a loan to Potter. "It does not smell right," Chaffetz said in an interview.

Potter said "the terms of my loan were consistent with my credit history" and that he put 50 percent down on the property.

Postal Service Inspector General David C. Williams confirmed during his testimony that his office is working with the Justice Department on a broader investigation that includes the Countrywide financing and other Potter loans. Justice is concerned about the possibility of a quid pro quo, according to Williams. But Chaffetz did not point to any favors Potter might have performed for the company.

Because the allegations seem to have nothing to do with the agency's finances, the conversation quickly returned to what needs to be done to keep the postal service afloat.

Lynch has reservations about both of Potter's suggestions to improve USPS finances, but by the end of a long day he said the Davis/McHugh bill, in some form, probably would be part of the solution. But the proposal for cutting back mail delivery to five days a week appears to be a dead letter.

"The public wants Saturday delivery," said Rep. Elijah E. Cummings, a Baltimore Democrat. "I would bet everything I've got that's not going to happen."

You can read statements prepared for the hearing at:

<http://federalworkforce.oversight.house.gov/story.asp?ID=2355>.

Contact Joe Davidson at federaldiary@washpost.com.

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FOR IMMEDIATE RELEASE

March 25, 2009

4. U.S. Postal Service Details Economic Viability Strategy

Postmaster General Testifies on Capitol Hill, Urges Congress to Act

WASHINGTON – The U.S. Postal Service today presented to Congress a comprehensive strategy for ensuring its long-term viability, despite recent sharp declines in mail volume caused by the current economic environment

Postmaster General John E. Potter, in testimony before the House Subcommittee on Federal Workforce, Postal Service and the District of Columbia, additionally urged lawmakers to provide the Postal Service greater flexibility with regard to mandated retiree health benefit payments. The Postal Service, a self-funded government entity, asked for no financial assistance from Congress.

"I come before you today with only one agenda – asking for your support in preserving an effective, affordable Postal Service, capable of serving every American in every community, and one that remains an important economic driver for many years to come," Potter said. "These are extremely challenging times – for the nation and for the Postal Service. We have done a great deal to preserve the future of our nation's mail system. But there is more to be done and we must do it together."

As a result of the economic recession, the Postal Service has predicted that mail volume will likely plunge to 180 billion pieces by the end of fiscal year 2009, from 212 billion pieces as recently as 2007. At the hearing, Potter described Postal Service actions to sustain long-term economic viability, including reductions in fixed, variable and non-personnel costs over the next three years.

Specifically, Potter outlined ongoing elements of the Postal Service's strategy to help close the budget gap – a “chasm, widening each day,” he said – created by the agency's revenue shortfall. These include:

- A new process for evaluating and adjusting city delivery routes
- Reduction of employee work hours and overtime by pursuing even greater efficiencies throughout the organization
- Halting construction of new postal facilities and directing funds to the sites with the most critical needs (i.e., buildings badly damaged or destroyed by natural disasters)
- Improved fleet management and delivery routing to reduce fuel usage
- Expanded energy efficiency to reduce energy use throughout Postal Service facilities
- Reductions in employee travel budgets through the use of web and video technology to conduct meetings and conferences
- Renegotiations of supplier contracts to reflect reduced needs

To strengthen the Postal Service's efforts, Potter asked Congress to pass H.R. 22 and modify the method by which it is required to fund retirement health care benefits. This legislative change would reverse a policy that was instituted when the Postal Service experienced large surpluses – and result in at least \$2 billion in annual savings over an eight year period. There would be no costs to the taxpayer were H.R. 22 to be enacted. “Even with our aggressive cost-cutting measures, our situation is critical,” Potter said. “We cannot overcome the economic forces without help from Congress.”

Potter also said the Postal Service would initiate a public policy discussion with Congress, regulators, major customers, the business community and the American people regarding adjusting its delivery schedule from six to five days. The removal of a legal requirement regarding days of delivery could result in annual savings of \$3.5 billion, according to the Postal Service. The requirement for six-day delivery service was mandated by Congress in 1983 when technology and consumer access were much different than they are today. For a copy of Postmaster General Potter's testimony, visit http://www.usps.com/communications/newsroom/testimony/2009/pr09_pmg0325.htm

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5. Belgian La Post CEO Warns Against Complacency

22 March 2009 by Franz Groter - © Hellmail.co.uk

Johnny Thijs, CEO of the Belgian Post office said that modernization of its structure and working methods was essential if it was to be prepared for future competition when full liberalization of market begins in 2011.

His comments followed protests by Belgian postal workers earlier this month, unhappy about post office closures and what they say has been a systematic downgrading of jobs and large profits made by stakeholders in the service.

Johnny Thijs said that he understood that the many changes can sometimes cause concerns but that modernization was vital for the survival of the Post office. He said the ongoing changes had not resulted in forced redundancies and apologised for any inconvenience caused by strike action.

He stressed that La Poste had already seen a loss of revenue of 5.3% in January and February 2009 and that the economic crisis would have a significant impact on its profitability in 2009.

The Belgian government has already ratified the legislative framework needed to open its postal market to full liberalisation in 2011 and these are to be made law in Belgium this year.

La Poste has been preparing for liberalisation since 2002 with the introduction of Georoute and a reduction in operating costs to increase its effectiveness. Five sorting offices have already been equipped with the modern technology and new products such as Taxipost and Distripost. It said the quality of its services had improved, with a rise in customer satisfaction.

After having recorded heavy losses in 2002 and 2003, La Poste managed to restore its financial balance and whilst it remains fragile, it said its moves towards profitability had strengthened the service as well as its future prospects. Since 2003, the turnover increased by 17%, while the turnover (EBIT) passed from a loss of 79 € million, with a benefit of 222 € million.

In 2008, the La Poste Group reported a turnover of 2.262 € million, which represents an increase of 2,2% compared to 2007. The operating profit (EBIT) saw a rise of 22%.

The quality of the distribution of the mail also improved in 2008, shifting from 85% in 2003 to 95,3% in 2008. La Poste actually exceeded for the first time the qualitative aim of the contract of management (95 %), for the weighted average of Jour+1, Jour+2, registered mail and international packages.

La Poste said it was on track and managed to achieve good performance figures in 2008.

Thijs said that there was still much to do before it was completely ready and that although there had been a good performance for 2008, it was important that they were not complacent and that ongoing change was essential.

"A scrupulous control of costs will remain necessary in 2009, particularly since January and February has seen income drop by 5.3%. We must remain vigilant". he said.

6. UPS forges alliance with 2GO

abs-cbnNEWS.com | 03/13/2009 7:33 PM

UPS Philippines on Friday said it has forged a sales alliance with 2GO, a local supply chain solutions provider under the Aboitiz Transport System that will provide customers more access to UPS express services while offering export capabilities to 2GO.

With the partnership, UPS's access points for customers with international express delivery requirements will increase to more than 200. It also will benefit 2GO's customers by providing them access to UPS's global network, connecting them to more than 200 countries and territories.

"This sales alliance combines UPS's international reach and comprehensive range of services and technology solutions and 2GO's local industry knowledge. With UPS's cutting-edge technology, superior operational efficiency and range of value added services in express delivery, Filipino businesses can further enhance their ability to compete globally," Tim Gohoc, Managing Director of UPS Philippines, said in a press statement.

2GO president Sabin Aboitiz added: "Customers will benefit the most from the UPS-2GO sales alliance as it will provide unparalleled service standards for express shipments to and from all their business destinations across the globe."

With its extensive local network, 2GO will promote UPS's international express delivery in the Philippines and also perform pick-up and delivery services for customers with international express delivery needs.

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