

POSTAL NEWS

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1. Postal CEOs Meet In Berne To Address Crisis

02 April 2009 by David Lynch - © Hellmail.co.uk

With the economic crisis compounding problems for postal operators on top of a marked decline in stamped mail, a meeting is being held in Switzerland today to discuss the downturn and ways to fight back against other forms of communication such as the internet and email.

Diversity is seen as key to strengthening postal networks and it is hoped that the meeting in Berne, hosted by the Universal Postal Union, will encourage participants to network and pick up new ideas

Participants will include CEOs from international postal operators, such as Hellenic Post, TNT Post, La Poste française, Poste Italiane, United States Postal Service, Russian Post, Hongkong Post and Poste Maroc.

The UPU recently reported that the results of a recent survey indicated that postal networks are increasingly trusted to further the growth of e-commerce and provide financial services.

"This trust is keeping this postal sector's head above water as the financial crisis wreaks havoc on the global economy." it said.

"While operators are feeling the pinch, especially in the letter-post and express business segments, financial services and some areas of parcel post are showing signs of growth."

The worldwide postal sector employs more than 5.5 million employees and operates 660,000 post offices, making it one of the largest industry workforces and the world's largest physical distribution network.

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2. E-commerce keeping postal sector afloat during tough economic times – UN

2 April 2009 – Thanks to e-commerce, the postal sector has largely been able to stave off the slump wreaked on the global economy by the current financial crisis, the United Nations Universal Postal Union (UPU) said today.

Postal operators, especially in the letter-post and express business segments, have been feeling the pinch, but that has been tempered by growth recorded in financial services, the agency said during a high-level gathering at its Berne, Switzerland, headquarters on the impact of the financial turmoil on the sector.

Worldwide, the industry employs nearly 6 million people and operates 660,000 post offices, making it one of the largest workforces and the most vast physical distribution network.

A survey of the world's 15 largest posts and private courier companies found that some European operators, including Swiss Post and Deutsche Post, have experienced stunning growth rates of more than 50 per cent in the number of postal deposits and savings accounts opened last year, similar to figures recorded during the Great Depression of the 1930s.

However, the news was not as positive for the domestic letter post, which has felt the brunt of the crisis, with a 5 per cent contraction in volume in the last quarter of 2008, due in part to less direct mail, especially by the financial sector.

The postal industry has yet to reach the levels of revenue decreases reported during the Great Depression in the United States, when revenues plummeted over 12 per cent. During that period, postal savings account deposits multiplied eight-fold in the country, reaching more than \$1 billion.

During the Depression, postage revenues dropped nearly one-quarter in France and nearly 17 per cent in Germany, the UPU said.

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3. US Postal Service To Cut 1,490 Jobs In Three States

April 2, 2009 9:27 p.m. EST

Julie Farby - AHN Reporter

Charleston, WVA (AHN) - The U.S. Postal Service announced it is shuttering three mail processing centers and cutting about 1,490 jobs in West Virginia, Indiana and Arizona, but not due to the current economic woes.

Spokesman Freda Sauter explained the closing are among five of 55 centers opened in 1990 to handle mail that couldn't be read by optical scanners. However, better scanners now read about 95 percent of handwritten addresses, eliminating the need for these centers to remain open.

Centers in Wichita, Kan., and Salt Lake City will remain open, with the Postal Service estimating the closings will save approximately \$4.9 million.

4. POLITICALLY DIRECT: ECONOMIC PINCH IMPACTS US POSTAL SERVICE

April 1, 2009 — It should come as no surprise to anyone that the tough economic climate is affecting all sectors of the economy. At the United States Postal Service (USPS), the downturn in the economy has drawn increased attention, and calls for a restructured business plan aimed at helping the agency regain its financial footing.

The Postal Service survived last year with huge declines in mail volume and predictions of another loss of 8 billion mail pieces this year.

As 2009 has progressed, and the economy has continued its decline, that figure has already risen to a predicted loss of over 14 billion pieces of mail. And the forecast continues to climb as business customers, particularly marketers that provide the Postal Service with much of its volume, are forced to cut back on aspects of their operations to mitigate losses.

If the troubles at the Postal Service somehow escaped the public eye as the year began, they certainly came to the forefront during a recent hearing before the Senate Committee on Homeland Security and Government Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security.

At the hearing on January 28, 2009, on the impact of the financial crisis on the Postal Service, Postmaster General John Potter painted a bleak picture of the Postal Service's current economic situation.

Facing the increasing decline of mail volume, Potter made the case that unprecedented measures may be necessary for the Postal Service to remain viable. These measures, he said, could include restructuring how payments are made to the retiree health benefit fund, and eliminating a day of delivery from the current six-day delivery system.

MAIL DELIVERY FREQUENCY DEBATED

DMA is pleased that the USPS is reviewing all aspects of its operations, including days of delivery. However, before any action is taken to reduce delivery days, DMA maintains that there must be a plan presented on how such service cuts would benefit mailers.

Elimination of Saturday delivery has been proposed by a number of individuals and groups associated with the mail. DMA asserts that this would be the worst possible day to cut, as the elimination of Saturday delivery would mean that mail would not be delivered for two consecutive days.

This in turn would create the need to increase manpower and systems in order to handle the peak of volume that would follow the weekend. With seven federal

holidays falling on a Monday this year, there would be seven instances of three-day periods with no mail delivery, creating an intense surge in mail volume each time.

It is important to note that people who rely on mail for vital deliveries, (especially postal customers in rural markets and those who depend on receiving prescription medications through the mail), would face a particular hardship.

The idea of eliminating a day of service has already been the subject of Congressional action. The House passed its version of HR 1105, an omnibus appropriations bill. In its appropriation language, the bill includes a provision mandating the continuation of six-day and rural delivery, stating, “provided further, that six-day delivery and rural delivery of mail shall continue at not less than the 1983 level.”

FINANCIAL RELIEF

DMA also pushed for financial relief for the Postal Service. DMA sought a new payment schedule for retiree benefits by requiring the Postal Service to continue to make scheduled payments for future retirees to the retiree health benefit fund, but allowing the Postal Service to pay health premiums for current retirees from that fund beginning in 2009 rather than 2017. Because the payments are required by the 2006 Postal Accountability and Enhancement Act (PAEA), allowing this rescheduling would require an act of Congress.

Noting the fundamental role of the Postal Service in the nation’s communications and commerce infrastructure, DMA has urged Congress to act swiftly in this matter to avoid serious and adverse challenges to the structure and services of the Postal Service as it confronts its severe economic challenges.

HR 22, a bill that allows these payments, has been introduced by Rep. John McHugh (R-NY), and supported by DMA and others in the mailing community. Efforts to include a provision to this effect in the American Recovery and Reinvestment Act, (commonly known as the economic stimulus, which was recently signed into law) were not built into the package.

Another provision of PAEA mandates the adjustment of Postal Service Mailing Services prices each May. The USPS has compounded the problem of potential decreases in the value of services with the announcement of increased prices, effective May 11.

Under conditions of the law, the increased prices are tied to the Consumer Price Index (CPI) average. Although the conditions do not come as a surprise to the mailing community, they come at a time when businesses and nonprofits are affected by the economic crisis, and are least able financially to absorb such an increase. Additionally, while the average increase for each class of mail is below the 3.8 percent CPI, many mailers received increases above that figure.

Although the link between mail volume and prices had been seen as an elastic relationship, one in which potential losses in volume would be offset by the increased price, this elasticity is now coming under increased stress under the present economic conditions.

As this elasticity stretches near to its breaking point, DMA has asked the Postal Service's Board of Governors to examine options to delay the implementation of increased prices in order to avoid even further declines in volume. A common fear among the mailing community is that volume driven away from the Postal Service will not return, even as the economy recovers.

DMA and the entire marketing community depend on a financially viable Postal Service. To that end, DMA encourages the Postal Service to examine all available options. At the same time, however, it is essential that the Postal Service not make changes for short-term gains that will ultimately lead to loss in the future.

DMA will continue to support the Postal Service's reworking of its business plan for the purpose of increasing both revenue and volume of the mail. The success of such a plan would ensure a mutually-beneficial future for the USPS and the overall marketing community.

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5. Workers and Small Business Oppose San Francisco's Job- Killing Do Not Mail Proposal

2 April 2009

The Mail Moves America coalition today expressed disappointment in the San Francisco Board of Supervisors' vote of recommendation yesterday for a resolution calling for the creation of a Do Not Mail program. The resolution was widely opposed by labor unions and workers because of the harmful impact that a Do Not Mail program would have on jobs and the economy.

"In the midst of this economic crisis, we are disappointed that the committee would endorse an action that would hurt small businesses and destroy jobs," said Ben Cooper, Executive Director of Mail Moves America. "Even though this is a non-binding resolution, we believe it is important that city, state and local governments not support legislation that would hurt the livelihoods of hundreds of thousands of workers."

The San Francisco resolution met with stiff opposition from organized labor and workers. In a letter to the Board of Supervisors, Rome Aloise, Principal Officer of the Teamsters Local 853, wrote, "Right now, Californians want their government to focus on putting people back to work, not out of work." The San Francisco Labor Council also passed a resolution saying the creation of a Do Not Mail registry would be "an extremely negative development". Copies of the letter and resolution are available by contacting the Mail Moves America coalition.

Advertising mail plays a critical role in the California economy. More than 400,000 Californians have jobs that are directly or indirectly made possible by advertising mail. In 2008, more than 22,000 small businesses in California relied on advertising mail to support their businesses, and advertising mail brought almost \$97 billion in increased sales to California's economy.

Advertising mail is also an environmentally responsible way to advertise. Major U.S. paper manufacturers have adopted sustainable forestry practices where trees are planted, harvested and re-planted to ensure a growing future supply. In fact, there are more forests in the U.S. today than there were 50 years ago. Furthermore, recycling

rates for advertising mail and catalogs are increasing rapidly. According to the EPA, from 1990 through 2007 the recovery rate for advertising mail and catalogs rose from 5.2 percent to 40.3 percent. Advertisers and the U.S. Postal Service also have implemented programs to help further increase recycling of advertising mail. Furthermore, Do Not Mail programs are unnecessary as individuals already have many existing options available to manage their mail, including the Direct Marketing Association's Mail Preference Service (MPS) at <http://www.dmchoice.org/>. Mail Moves America is a national coalition representing the millions of American workers, small business owners and others who read, design, deliver, handle, print, supply and do business each and every day through advertising mail.

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March 31, 2009
Dian Ariffahmi

6. TNT Expects Indonesia To Deliver a 20% Boost

TNT Express, the delivery services unit of Dutch freight services specialist TNT NV, expects revenue from its Indonesian operations to grow by 20 percent this year and plans to spend 100 million euros (\$132.2 million) to expand its presence in Southeast Asia.

“We have, in the last 12 to 15 months, delivered on our promises to invest and expand our services across the region — whether opening new facilities in Jakarta, Bangkok and Singapore, or offering new freight services and enhanced customer services,” Onno Boots, regional marketing director for TNT Asia, told a press conference in Jakarta on Tuesday. “I believe we’ll be able to increase our revenues here this year by 20 percent from 2008.”

TNT Express is spreading this capital expenditure over a four-year period from 2008 to 2011, Boots said, declining to reveal how much the company planned to specifically allocate to investment in Indonesia.

It plans to expand its reach throughout the country by opening new freight depots in major cities across the archipelago and increasing its fleet of land vehicles to meet rising demand for freight services.

It also expects to broaden its client base across a range of industries — including the technology, machinery and fashion sectors — by catering to companies that are moving increasingly large volumes of high-value goods between China and countries in Southeast Asia and Europe, Boots said.

Indonesia is TNT Express's third-largest revenue source in Southeast Asia, with its main competitors here being FedEx and DHL. In 2008, the company booked 11.1 billion euros in revenue overall, up slightly from 11.07 billion euros the year before, while the Indonesian businesses was valued at about \$1.2 billion.

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