

# POSTAL NEWS

No. 59/2009

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

- 1. Royal Mail Modernisation Essential. April 1, 2009.**
- 2. FedEx SmartPost Expands Service into Canada. March 31, 2009.**
- 3. State employee information lost in the mail. April 1, 2009.**
- 4. San Francisco Passes First 'Do Not Mail' Resolution in Nation. March 31, 2009.**
- 5. Small Parcel Shippers Shocked by USPS Rate Hike. April 1, 2009.**

## **1. Royal Mail Modernisation Essential**

01 April 2009 - Steve Lawson

In the House of Lords today, Lord Clarke of Hampstead said that Royal Mail management had been restricted by years of government interference and that a strategic partnership was yet more interference. He said that given the right circumstances, both Royal Mail and the Communications Union could work together to keep the service profitable. He said that the UK provided a poor service and that this was the result of modernisation.

Lord Skelmersdale disagreed with Lord Clarke, saying that history showed that working relationships between management and the union demonstrated that a continuation would not be conducive to ensuring a future for the postal service.

Despite Lord Clarke's often passionate outbursts, or "explosions" as Lord Skelmersdale described them, the argument in favour of a Royal Mail partnership with the CWU as an alternative to partial privatisation has little support, and not made easier by suggestions this week that parts of London could see returns to industrial action. Whilst the reasons behind the dispute may be perfectly valid, it does highlight the real difficulties in trying to bring both sides to the table in a way that would be conducive to ensuring Royal Mail's survival. The relationship between Royal Mail and the CWU could be best described as 'difficult' and it would be hard to imagine a scenario where both could work in complete unison.

Mandelson said that the government fully supported Richard Hooper's recommendations that change should be made as a package and that simply removing the pension deficit on its own, would in no way ensure a positive future of the Royal Mail. He said that a properly managed modernisation scheme had to sit alongside a transfer of the pension deficit to government.

"All the measures in this bill have to be implemented as a package" he said.

Lord Razzall pointed out that all the lobbying from the union Unite, came via email, highlighting rather well, one of the major problems facing Royal Mail today.

The Enterprise select Committee has on previous occasions raised concerns over Lord Mandelson's plans to introduce a strategic partnership, particularly with the fine details of the strategic partnership missing altogether, and debate both in the Lords and the Commons has followed similar lines.

In the House of Lords recently, Mandelson explained that because discussions were still underway on a potential partner, it would not be a good time to put a figure on how much a stake might be worth as it would be commercially sensitive, and also that as yet, no detailed contract specifying how the partnership would work had yet been prepared. To a large extent this has taken the wind out of the sails of those against the bill with only rough details to debate.

Kenneth Clarke, Shadow Secretary of State for Business, Enterprise and Regulatory Reform also complained of lack of any detail in the plan and in one opening speech in the Commons earlier this year, asked what it was they were actually debating. However, he has since gone on record as being supportive of the government:

"We are ready to provide the Government with the majority that the Parliamentary Labour party won't let it have, because (part-privatisation) is the best way to save Royal Mail." he said.

In fact most are supportive of the Postal Services Bill in principle, seeing little future in throwing money at Royal Mail in its present form to secure its long-term future. On the other hand, there are those, particularly amongst back benchers and trade unionists that say no good case has so far been presented as to why part of the Royal Mail has to be sold off to turn the company around.

Of genuine concern to the CWU is that any sell-off would see a reduction in trade union influence and a reduction in membership accordingly. The CWU is already under pressure to retain and recruit members after seeing a reduction in Royal Mail's workforce in recent years and membership losses incurred after the pay and modernisation agreement.

A global economic slump, concerns over how a partnership might work in a competitive sense, firm resistance to privatisation by unions and labour MPs, are making it difficult for Lord Mandelson to drive through this bill in its present form. However, what everyone seems to agree on is that the status quo is no longer tenable and that the need for radical change to the structure of Royal Mail is both urgent and essential.

000

Tuesday, March 31, 2009

## **2. FedEx SmartPost Expands Service into Canada**

PITTSBURGH, Mar 31, 2009 (BUSINESS WIRE) ----FedEx SmartPost announced today that it has expanded its service into Canada for U.S. shippers by using the residential delivery capabilities of the Canada Post Corporation.

In the United States, FedEx SmartPost, a wholly-owned subsidiary of FedEx Ground, specializes in the delivery of low-weight, less time-sensitive business-to-consumer packages, using the U.S. Postal Service for the final-mile to residences. FedEx SmartPost International involves a similar relationship with Canada Post.

FedEx SmartPost International addresses the key challenges of shipping parcels from the United States into Canada with a comprehensive cross-border solution through integration with Canada Post's Borderfree(TM: 67.84, 0, 0%) services. This integration provides shippers with key transborder features:

- Broker-inclusive service
- Paperless electronic customs clearance (no paper documents required)
- No collect on delivery (C.O.D.) or remit on delivery (R.O.D.) required from recipient for duties and taxes
- Intra-Canadian returns service with duty and tax refunds

FedEx SmartPost International will extend to Canada the consistent, reliable service that its customers have come to expect in the United States. It offers reliable transportation, robust scanning and sorting technology, and streamlined border crossing residential service to Canada.

"The success of FedEx SmartPost in the United States has been driven by our unique, economical service offering for catalogers, e-tailers and other companies that ship low-weight packages," said Ward B. Strang, president of FedEx SmartPost. "We are expanding service into Canada based largely on requests from existing shippers who are looking for the same value, plus the added benefit of a comprehensive customs clearance solution."

"This agreement is good for both FedEx and Canada Post," said Louis O'Brien, president of Canada Post's Parcels Division. "It will provide additional business for Canada Post, while offering FedEx SmartPost customers the convenience of our seamless Borderfree(TM: 67.84, 0, 0%) solution and our delivery network throughout Canada."

The service is available to all residential addresses, including P.O. boxes, in Canada and includes around-the-clock shipment tracking status updates via fedex.com.

About Canada Post

Canada Post delivers over 11 billion pieces of mail each year to 14 million destinations. Its 60,000 employees and 6,600 post offices - the largest retail network in the country - serve 32 million Canadians and over 1 million businesses and public institutions from coast to coast to coast. In 2007, net income for Canada Post and its affiliates, which include Purolator Courier, SCI Logistics and Innovapost (jointly owned by Canada Post and CGI), was CDN\$ 54 million on revenues of CDN\$ 7.5 billion. Canada Post is a world leader, providing innovative physical and electronic delivery solutions, creating value for our customers, employees and Canadians.

Website: <http://www.canadapost.ca>.

About FedEx Corp.

FedEx Corp. (NYSE: FDX: 44.88, 0, 0%) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$38 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires its more than 290,000

team members to remain "absolutely, positively" focused on safety, the highest ethical and professional standards and the needs of their customers and communities. For more information, visit [news.fedex.com](http://news.fedex.com).

Certain statements in this press release may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the global markets in which we operate, new U.S. domestic or international government regulation, the impact from any terrorist activities or international conflicts, our ability to effectively operate, integrate and leverage acquired businesses, the impact of changes in fuel prices and currency exchange rates, our ability to match capacity to shifting volume levels and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and filings with the SEC.

000

### **3. State employee information lost in the mail**

Officials report no evidence of theft or misuse

By Gadi Dechter

April 1, 2009

The names and Social Security numbers of about 8,000 state employees and retirees were in a report "lost in the mail" this month, raising concerns about identity theft and questions about why sensitive information was sent through the postal service rather than electronically.

Maryland officials say there is no evidence that the information was stolen or misused, but the Department of Budget and Management has suggested compromised employees place a "fraud alert" with national credit-rating agencies as a precaution.

"We have no reason to believe there was any theft or any nefarious incident other than something innocent and accidental," said Robin Sabatini, the budget department's chief of staff.

On March 3, the Employee Benefits Division received a torn and empty envelope from SHPS Human Resource Solutions, Inc., the company that manages the health savings account program for state workers. Missing from the envelope was a monthly fee invoice that contained employee names and Social Security numbers and information about the plans in which they were enrolled. In an e-mail to affected employees March 23, state officials said the report was "lost in the mail" and that the U.S. Postal Service had apologized.

"It's disturbing," said Patrick Moran, Maryland director of the American Federation of State, County and Municipal Employees. "I don't understand ... why they're sending this stuff around through the mail when there's electronic means to do all that."

The incident has prompted the state to require the vendor to transmit future reports electronically, Sabatini said. The state has also reported the incident to the postal service's inspector general for a review, she said. An SHPS spokeswoman declined to comment.

In the wake of laws requiring disclosure of personal-information breaches, notifications of such incidents have become commonplace, but consumer advocates warn against complacency. "Don't treat it as junk mail," said A. Hugh Williams, who runs the Identity Theft Program in the attorney general's office. "Especially when it's something like your Social Security number."

000

#### **4. San Francisco Passes First 'Do Not Mail' Resolution in Nation**

City Calls On California To Give Citizens Choice Over Junk Mail

SAN FRANCISCO, March 31 — The San Francisco Board of Supervisors today passed a resolution calling on California to create a Do Not Mail Registry giving its citizens the choice to stop receiving unwanted junk mail.

Though non-binding, the resolution represents the first time American lawmakers have withstood pressure from the direct mail industry and the U.S. Postal Service to side with the majority of Americans.

Sponsored by Supervisor Ross Mirkarimi, the board approved the resolution by a 9-2 vote.

"Until now, junk mailers have stifled all efforts to give Americans what they want: an enforceable, comprehensive solution to junk mail's waste and annoyance" said ForestEthics Executive Director Todd Paglia. "San Francisco is the first city in the United States to take political action against junk mail, marking the beginning of a long-awaited government intervention to protect citizens from relentless and predatory junk mailers."

Bills calling for Do Not Mail Registries have failed in more than 20 states, despite widespread frustration with junk mail. A 2007 Zogby poll revealed that 89% of Americans support the creation of a national registry.

"Reducing junk mail is in keeping with our nation's efforts to reduce our carbon footprint and lead more sustainable lifestyles," said Supervisor Ross Mirkarimi, upon passage of his Do Not Mail Resolution. "Just as Do Not Call overcame industry opposition to become the most popular consumer rights bill in history, I hope that this resolution will empower our representatives on the state and federal level to represent their constituents on this issue."

Supervisor Mirkarimi has a record of trailblazing leadership on a variety of issues and policies, including the nation's first municipal ban on plastic bags, and commuter benefits requirements for San Francisco businesses.

More than 93,000 Americans have signed ForestEthics' petition at [donotmail.org](http://donotmail.org) calling for the creation of a national Do Not Mail Registry.

Every year 100 million trees are logged to produce the 100 billion pieces of junk mail Americans receive. Junk mail's production generates the carbon emissions of over 9 million cars. U.S. junk mail accounts for 30% of all the mail delivered in the world, though 44% of it goes to landfills unopened.

## 5. Small Parcel Shippers Shocked by USPS Rate Hike

Apr 1, 2009 12:00 PM, Patrick Barnard and Jim Tierney

Catalogers Got Off Relatively Lightly with the 2.3% average rate hike standard mail flats that takes effect next month. But rates for Standard Mail parcels (those weighing less than 1 lb.) are increasing an average of 16%, which could have a huge impact on merchants that sell small items.

“The rates for parcel delivery services for Standard packages are increasing at rates far greater than inflation and what was reported for catalog mailings,” says Louis Giesler, president of AmeriMark Direct, a marketer of apparel, accessories and health products.

“Our largest volume in this category comes from the machinable pieces” whose rates are increasing nearly 20%; the other categories (irregular parcels) are going up about 14%, he says.

Giesler points out that the increases follow a 35% rate increase for this category in 2007, and a 10% increase last May. “And these increases will have a significant impact on the many catalogers and other businesses that ship packages that fall into these categories.”

More than 50% of the items Ameri-Mark ships fall into the Standard Mail parcels category, Giesler says. “So we're going to have to cut back and sharpen our pencils on our circulation plans.”

AmeriMark doesn't want to pass the increased cost of shipping on to its customers, but it might have to, Giesler says, which is not good for business. Shipping and handling fees are sensitive charges, he notes, “and we often meet resistance when we try to increase those.”

Ed Weiss, general manager for Movies Unlimited, says the U.S. Postal Service's small parcel rate hikes haven't been as regular as other services, but they are catching up. His catalog uses USPS Media Mail, a service for shipping bulk bound books, DVDs, CDs and so on. USPS Media Mail rates are increasing about 7%, he says.

“For the time being, we will eat it,” Weiss says of the increase. “But we will have to look at raising our shipping rates sometime later this year.”

Miles Kimball uses the Federal Express SmartPost service for most of its parcels, says president/CEO Stan Krangel. But the gifts cataloger does ship about 1.4 million small packages via USPS.

“Our USPS rep has quoted anywhere from a 7% to 10% increase, depending on how deep we perform the postal bag sorts,” Krangel says.

“All in, our postage is going up over \$500,000 over last year in real dollars,” he says.