

POSTAL NEWS

No. 75/2009

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

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1. DHL opens express gateway in Incheon

22 April 2009

DHL said yesterday its new express gateway opened at the Incheon International Airport to strengthen intra- and interregional logistics services connecting Korea with Asia, as well as with the United States and Europe. The logistics giant spent a total of \$50 million to build the gateway.

Dan McHugh, CEO of DHL Express Asia Pacific, said the company's international express volumes in Korea grew by more than 50 percent from 2004 to 2008.

"Our investment in this facility is a strategic move which ensures that DHL is well-positioned to tap into the growing demand and Incheon's increasing role as a logistics center in Asia," McHugh said.

The Incheon International Airport projects that its air cargo will rise 67 percent from 2.7 million tones in 2005 to 4.5 million tons by 2010.

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2. TNT Post And DMA TO Promote Sustainable Direct Mail

22 April 2009 by Tristan Garrick - © Hellmail.co.uk

TNT Post and the Direct Marketing Association (DMA) have signed a letter of understanding, pledging commitment to working together to promote environmental best practice within the direct mail sector.

As the only downstream access provider to be ISO14001 compliant and lead in the Dow Jones Sustainability index, TNT Post is a logical partner to help the DMA to improve the environmental performance of the sector.

The letter between the two organisations announces a clear call for the responsible use of direct mail and proposes the implementation of at least two joint initiatives over the next 12 months. TNT Post has a firm track record of bringing ethical innovations to

the market, including its CarbonNeutral mailing service and greenPost product, which will provide a foundation for future projects. The projects will be developed and implemented by a strategy group formed of TNT Post and members of the DMA's Mailing Houses Council, and will be aimed at businesses of all sizes.

The announcement follows the recent launch of PAS 2020, the first environmental standard to be developed specifically for the direct marketing industry. In line with PAS 2020, TNT Post and the DMA will work together to deliver advice, recommendations and information to help minimise the environmental impact of direct mail.

Gillian Lyall, chair of the DMA's Mailing Houses Council, comments:

"Direct mail is a well-used and well-regarded communication channel, used by thousands of organisations throughout the country. It is therefore paramount that this channel continues to be promoted, but not at the unacceptable expense of the environment. The signing of this letter of understanding indicates the DMA and TNT Post's commitment to both the continued growth of the sector and the environment. It sets out a positive framework of how we, and the rest of the industry, can work together to create a more advantageous situation for all organisations operating in the sector."

Nick Wells, chief executive of TNT Post UK, adds:

"We are delighted that we will be working closely with the DMA to increase interest and understanding of the direct mail channel, as well as boosting environmental action. As a trusted provider of postal and direct mail services and solutions to thousands of organisations large and small, TNT Post is well placed to generate interest amongst businesses and mailing houses. This expertise, coupled with the DMA's market position, underpins the strength of this joint effort."

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3. DX Collection Agreement Could Help Develop Post Office Network

22 April 2009 by Steve Lawson - © Hellmail.co.uk

DX Group (DX) today announced they have agreed a deal to access the Post Office network to provide a local collection facility for undeliverable mail.

Under the service, Post Office® Collect, DX will take mail that could not be delivered first time, because no-one was at home to sign for the item, to a local Post Office branch. Customers can then collect the item at a more convenient time.

"This access will enable our clients to offer their customers a truly exceptional service with unrivalled secure delivery by DX, enhanced with a local collection option for the time when customers are not in to take delivery of their mail" commented John Coghlan, Chief Executive Officer at DX.

"Reaching this agreement with Royal Mail Group is a demonstration of our commitment to innovation and development designed around our customers' needs"

DX are the first private mail company to reach an agreement to access Post Offices in this way. Trials for the DX collection service will commence in May with the full nationwide launch expected in Summer 2009.

Steve Lawson, editor for Hellmail news said:

"This is actually great news if it proves a success. As well as improving services for DX customers, more significantly this agreement could help develop post offices into important local hubs for a range of mail services, something we've been advocating for quite a while.

"Whilst on the surface it may seem a small step, efforts such as this help broaden the role of post offices and can only be good for their long-term future. Liberalising the postal market does open up new possibilities for POL if it can move towards being an access point for a range of mail providers and the more you look at that rationale, the more attractive it becomes, both for post offices and their customers." he said.

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4. UPS Revenue May Fall a Second Time on Shipping Slump (Update2)

By Mary Jane Credeur

April 22 (Bloomberg) -- United Parcel Service Inc., the world's largest package-delivery company, may say first-quarter revenue fell for just the second time in 10 years as businesses curbed shipping to thin out inventories.

Sales probably dropped 8.7 percent to \$11.6 billion, based on the average estimate of 13 analysts surveyed by Bloomberg before UPS reports earnings tomorrow. Profit likely tumbled 38 percent to \$570 million, or 57 cents a share.

The results may give investors a clue about U.S. economic health, because the rise or fall in UPS's domestic volume typically mirrors changes in gross domestic product. Atlanta-based UPS said in February that first-quarter volume would fall 3 percent to 5 percent as the recession deepened.

"UPS will say that the first quarter was horrible like we all thought, but that things are starting to stabilize," said Art Hatfield, a Morgan Keegan & Co. analyst in Memphis, Tennessee. "There's just not much they can say because they don't know for sure."

UPS's February earnings forecast put profit at 52 cents to 68 cents a share, trailing the 69-cent average estimate in a Bloomberg survey at the time. Norman Black, a UPS spokesman, declined to comment yesterday ahead of the company's release.

"Things are stabilizing at very weak levels," said Jon Langenfeld, an analyst at Robert W. Baird & Co. in Milwaukee. "We're not going to hear signs of life or things picking up."

An end to worsening volume declines may be enough for investors. The shares have gained 43 percent since a 9-year low on March 9, outpacing the 25 percent advance for the Standard & Poor's 500 Index. UPS fell 60 cents, or 1.1 percent, to \$54.75 at

4:01 p.m. in New York Stock Exchange composite trading. Langenfeld rates UPS as neutral, while Hatfield advises buying.

Sales-Gain Streak

Until the fourth quarter of last year, UPS had never posted a drop in sales since it first sold shares to the public in 1999. The U.S. economy contracted 6.3 percent in that quarter, the fastest since 1982, while UPS's U.S. shipping volume plunged the most in nine years.

The 102-year-old company has about 56 percent of the U.S. package-delivery market, followed by FedEx Corp.'s 30 percent and the U.S. Postal Service's 13 percent, according to SJ Consulting Group Inc. in Sewickley, Pennsylvania.

First-quarter shipments probably fell for all of UPS's most important categories, including a decline of 4.1 percent for express deliveries, Langenfeld estimated.

Ground packages likely tumbled 4 percent and international export slid 3 percent, Langenfeld said.

Revenue also was pinched because some customers chose lower-priced options such as two- or three-day service, which aren't as profitable for UPS, Langenfeld wrote in an April 13 note to clients.

Finding a Bottom

While UPS hasn't given a full-year outlook, economists surveyed by Bloomberg estimate that U.S. GDP will shrink by 2.5 percent for all of 2009, less than a projected 5 percent decline in the first quarter. Langenfeld said shipping volumes "appear to be bottoming" and probably won't worsen this year.

Orders placed with U.S. factories rose in February for the first time in seven months, suggesting that the buildup of business inventories may be abating.

Lower fuel costs are helping both UPS and FedEx, the world's biggest cargo airline. Crude oil's 68 percent drop from a record \$147 a barrel in July allowed UPS and Memphis-based FedEx to eliminate fuel surcharges for air packages after the fee reached a record 35 percent last year, prompting some customers to switch to cheaper ground shipping.

Slashing Expenses

Like FedEx, UPS also is shaving expenses, saying in February it wanted to chop at least \$500 million from 2009 nonoperating costs. UPS suspended matching contributions to employees' 401(k) retirement accounts and froze the salaries of 30,000 managers, or about 7 percent of the workforce.

Unlike FedEx, which cut 1,000 jobs in early April as part of a plan to save \$1 billion, UPS hasn't resorted to companywide dismissals to trim the 426,000-person payroll in 2009.

UPS said last week it ended talks to handle U.S. air shipments for DHL after the Deutsche Post AG unit shut down most operations in the country.

DHL said in November it would close three-fourths of its U.S. outlets, causing a 90 percent drop in volume. After reaching a tentative accord in May, UPS said it might reap \$1 billion more in annual revenue by ferrying DHL packages between U.S. airports.

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Last Updated: April 22, 2009 16:10 EDT

5. Swiss To Open Postal Market Further By July

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

The Swiss government has announced it is to introduce competition to the 50 grams mail market by lowering the weight limit for delivery rights.

Currently Swiss Post has the monopoly on items under 100 grams but the new weight limit will allow rival operators to apply for licences and compete with Swiss Post for business. The government also plans to improve consumer complaints procedures by reforming its postal regulatory body, PostReg. The changes form part of ongoing plans to open up the entire letter market by 2012.

Swiss Post is also adjusting its prices for various letters on the July 1st by making all letters subject to VAT. Swiss Post said it would introduce a comprehensive price reduction for most business customers. Prices for domestic A and B Mail standard letters are to remain unchanged for private customers but will include VAT in future.

The measures includes price advantages of around 200 million Swiss francs per year.

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6. Chrysler pitches electric minivans for mail carriers

BY GREG GARDNER • FREE PRESS BUSINESS WRITER • APRIL 22, 2009

Chrysler wants a battery-powered version of its ENVI Chrysler Town & Country minivan to become the mail delivery vehicle of choice for the U.S. Postal Service. To mark Earth Day, the automaker said it will apply for funding from the Department of Energy's program that would enable it to build a demonstration fleet. The postal service also has signed letters of intent from Consolidated Edison, DTE Energy and Duke Energy. The utilities will develop recharging stations at post offices in Ann Arbor, downtown Detroit, parts of North Carolina and Long Island, N.Y.

Lou Rhodes, president of Chrysler's ENVI division, said that if the Energy Department grants funding Chrysler could have 250 electric minivans deployed over the next year.

ENVI is the brand Chrysler has created to develop and sell its electric-drive vehicles and related alternative powertrain technologies. Rhodes declined to estimate how much money Chrysler is requesting under the program.

"We continue to look for energy-efficient replacement vehicles for our aging fleet as we explore ways to reduce our transportation-related carbon emissions," said Sam Pulcrano, U.S. Postal Service vice president for sustainability. The postal service has 220,000 vehicles in service nationwide.

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