

POSTAL NEWS

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1. Finnish Postal Service See 10 Percent Drop In Volume

01 June 2009 by David Lynch - © Hellmail.co.uk

The Finnish postal operator (Itella Group) has reported a decline in mail volume of 10% on first class mail.

Itella Group's consolidated net sales rose to EUR 477.6 million in the first quarter of 2009. Net sales grew by 5.5%. Excluding the impact of acquisitions, net sales fell by 6.1%.

Consolidated EBIT decreased by 40.2% in the first quarter to EUR 19.9 million, representing 4.2% of net sales. EBIT shrank in all business groups.

The volumes of mail delivered by Itella fell significantly. The volume decline was strongest in first class letters (-10%), addressed direct marketing (-14%) and parcels (-10%).

In Finland, personnel expenses grew by 3.1% from the same period a year earlier.

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2. Royal Mail Looks Likely To See Further Strikes

01 June 2009 by Mark White - © Hellmail.co.uk

Royal Mail workers in London have voted to go on strike over what they describe as "arbitrary cuts".

The vote for industrial action comes after workers, already uncomfortable about tighter working conditions were further rangered by a recent announcement of record profits by Royal Mail and the introduction of a pay freeze for 2009.

Difficulties between Royal Mail and Communication Workers Union members, which makes up the bulk of Royal Mail employees, has been raging for some time.

A pay & modernisation agreement was thrashed out between Royal Mail bosses and union representatives in late 2007 after sporadic strike action across the country brought some services to a standstill. However, workers say that changes lack parity and that there should be national agreements on any further changes.

The Communication Workers Union is also fiercely against the Postal Services Bill which could see up to 49% of Royal Mail sold to another company, possibly CVC.

Difficult industrial relations have been blamed for lack of confidence by potential bidders for a stake in the state-owned postal operator.

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3. UPS Acquires Delivery Firm in Slovenia

BRUSSELS and LJUBLJANA, June 2, 2009 - UPS (NYSE:UPS) today announced it had acquired a unit of Intereuropa Globalni Logisticki Servis that has been acting as its agent for small package delivery in Slovenia since 1991.

Terms of the deal were not disclosed.

"UPS and Intereuropa have had a successful relationship in Slovenia for almost two decades, but UPS needs a greater presence in this dynamic market," said Wolfgang Flick, president, UPS Europe. "With this acquisition and the establishment of wholly-owned operations in Slovenia, UPS will have the flexibility it needs to invest in its global brand, transportation network, technology and workforce to better serve its growing customer base in this country."

Slovenia has the highest per capita GDP in Central Europe of the countries that joined the EU in and after 2004 and is considered a model of economic success and stability for the region.

UPS is the world's largest package delivery company and a global leader in supply chain and freight services, offering an extensive range of options for synchronising the movement of goods, information and funds. Headquartered in Atlanta, USA, UPS serves more than 200 countries and territories worldwide. UPS's stock trades on the New York Stock Exchange (UPS) and the company can be found on the Web at www.UPS.com. To get UPS news direct, visit www.pressroom.ups.com.

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4. Local post office feels recession

By Tom Blakey

2 June 2009

Just like any other business, the local post office is feeling the effects of the recession, according to Norman Postmaster Leslie Dodd.

"It's hit hard," she said.

Dodd, appointed postmaster Nov. 1, 2008, after serving seven months as interim postmaster, said mail volume is averaging 8 percent less as compared to last year.

"Some days we're running 28 percent below last year's volume," Dodd said. "We've had a hiring freeze on for quite a while, and we're doing route adjustments to reduce our number of routes. We sometimes pivot five to seven routes a day.

"There's a lot of changes going on the public doesn't realize," Dodd said.

The Postal Service, which doesn't get a taxpayer subsidy for its operations, lost \$2.8 billion last year and is \$2.3 billion in the hole just halfway through this year, according to Postmaster General John Potter.

Potter has asked Congress for permission to reduce mail delivery to five days a week, and the Postal Service is offering early retirement to workers, realigning carrier routes, halting construction of new facilities, freezing officer and executive salaries at 2008 pay levels and reducing travel budgets.

Dodd said post office customers seem to be understanding of the recent two-cent hike in the price of stamps. It now costs 44 cents to mail a first-class stamp, although people who planned ahead and stocked up on Forever stamps are able to continue using the Liberty Bell-designed stamps to mail letters.

The May 9 price hike marks the third year in a row that rates have gone up under a new system that allows annual increases as long as they don't exceed the rate of inflation for the year before.

"I've not heard much grumbling, although I'm mostly working with the delivery side and not in the lobby. It seems like people are adjusting with the cost of living being up," Dodd said.

The "challenges have been tough," Dodd said, "but I'm hoping the adjustments will help and that we can get some new hires. We're trying to get some people hired right now."

Dodd said she "hopes to educate customers about the Postal Service Web site (<http://www.usps.com>), where the purchase of stamps and other services can be accomplished on line, "so they don't have to come into the lobby."

"I know customers get frustrated with the long lines," which often stretch outside the lobby doors of the downtown post office at 129 W. Gray St., Dodd said.

The good news is the establishment of a new contract station inside the Fuson Tag Agency, 1236 N. Interstate Dr.

"The new contract station will make it easier for customers, especially those on the west side of town, to buy stamps, mail packages or do anything they'd do at the downtown or Sooner Station offices," Dodd said. "The only thing they can't purchase there are postal money orders."

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5. Will e-trucks deliver your snail mail?

US Postal Service looks to "electrify" its fleet

By Mark Clayton | Staff Writer for The Christian Science Monitor/

June 2, 2009 edition

That familiar stop-and-go growl of a US Postal Service van schleping down the street, gulping a gallon every nine miles as it delivers the nation's mail, may soon be a sound of the past.

With gas costs biting and an aging American mail fleet nearing the end of its road, the idea of transforming the nation's largest public parade of gas guzzlers into an

environmentally friendly 21st-century fleet is winning buzz and backers in Congress and the Obama administration.

More than a century after it unveiled an all-electric van that halved mail delivery times – then dumped the idea for gas-powered vehicles – the Postal Service is again looking seriously at electric-powered delivery.

Besides saving hundreds of millions of dollars in gasoline costs, switching the nation's 142,000 postal vehicles over to battery power could boost electric-truck development nationwide and provide clean mail delivery for the next century, a new federal study has found.

“Electrification of the Postal Service delivery vehicle fleet is practical, achievable, and desirable, and should be initiated now,” concludes a draft study of the vehicle-electrification idea for the Postal Regulatory Commission (PRC), a five-member body that advises the Postal Service.

In a newspaper opinion article last February, Ruth Goldway, the PRC commissioner who initiated the study, argued the time had come for the Postal Service to replace its fleet and go electric. All-electric vans have been tested by the Postal Service and “seem ideally suited” for the Postal Service's relatively short 20- to 25-mile routes, she says in an interview.

From mail sent by stagecoach, train, and later airplanes, the Postal Service has long been a partner in developing the economy, Ms. Goldway says. An all-electric fleet could help establish a market for electric-vehicle parts and batteries just as US vehicle makers are ramping up to make plug-in hybrid electric and all-electric consumer vehicles.

“This next step of all-electric mail delivery would fit beautifully with that historic record of the Postal Service,” she says. “It would stimulate electric-vehicle technology growth for the rest of country.”

The current postal delivery fleet of squat, white-red-and-blue “Long Life Vehicles,” or LLV vans, is rated at 18.5 miles per gallon. Yet stop-and-go between mailboxes slashes the real-world number to about half that, dipping to the m.p.g. of a Hummer. And with 1.2 billion miles traveled each year, air pollution is considerable.

Switching to all-electric with regenerative brakes, which make a virtue of stopping and return power to the batteries, would immediately save 68 million gallons of fuel annually, the PRC study says. All-electric delivery would cost just 8 to 12 cents overall per mile, compared with 20 to 25 cents per mile for the current gas-powered delivery vehicles at today's gas prices.

From Postal Service officials to members of Congress, the idea of electrifying the postal delivery fleet seems to be getting some consideration and producing at least a little buzz inside the Beltway.

“We love it and think it's the way to go,” says a congressional staffer whose boss strongly favors an all-electric postal delivery van. “We think this will jump-start the electric-truck manufacturing in this country.” The staffer requested anonymity because he did not have permission to speak publicly.

But as alluring as the all-electric idea sounds, the Postal Service today is committed to preserving an aging fleet of LLVs whose oldest members date to 1987. The agency recently decided to keep the LLVs for another five to seven years – stretching many beyond their expected lifetimes.

Caught between declining mail volume and a major drop in revenue, the Postal Service has said little about its fleet needs, in part because it has a far more dire issue: looming healthcare payments. The agency needs Congress's permission to slash some

of the \$5 billion-plus annual payments to an employee healthcare fund approved during better economic times.

Add to that hurdle a steep upfront cost of up to \$10 billion to purchase all new electric vehicles, estimates Wayne Corey, the Postal Service's manager of vehicle operations. That capital cost, combined with the healthcare payment crisis, makes it politically difficult for the Postal Service to approach Congress for help funding a new fleet, observers say.

"We're getting lots of advice and ideas these days, but unfortunately not any checks in the mail to go with them," Mr. Corey says. "Some variant of an electric vehicle would probably work quite nicely in the majority of our operations. But it comes with a significant price tag."

Still, Postal Service officials admit, the need for new vehicles is growing critical. In one sign of its seriousness, the Postal Service recently issued a formal request for information to identify companies able to convert LLVs to all-electric vehicles.

"At some point in the near future we are going to be looking to replace our fleet with energy-efficient vehicles that would significantly reduce our environmental footprint for the communities we serve," says Sam Pulcrano, the service's vice president of sustainability.

The all-electric idea would not be a shot in the dark. The Postal Service today has about 30 larger two-ton all-electric trucks delivering mail in Manhattan. The post office has also experimented with alternative-fuel vehicles for decades, including all-electric, compressed natural gas, fuel-cell, and hybrid gas-electric. While refusing to characterize which worked out best, it's clear that postal managers do like electric.

"All electric vehicles have some great possibilities for use in particular since most routes average 17 to 18 miles a day and then return to the same depot for charging," Mr. Pulcrano says. All-electric "is a viable option at this time. We're looking at the technology."

Saving gas isn't the only, or necessarily even the main, motivation for such a shift. With 142,000 delivery vehicles (and more than 60,000 trucks and other vehicles) a battery-powered postal fleet could play a leading role in helping bring more wind, solar, and other "intermittent" renewable energy onto the electric grid, several observers say.

Because the delivery fleet is only used perhaps seven hours a day, the rest of the time they would be plugged in and charging up. Solar panels on postal stations' rooftops could charge the vans from the sun and be virtually emissions free.

"You've got all these trucks storing energy, and solar panels feeding them," Goldway says. "We could transform the post office sorting centers into a great environmental hub, where vehicles are plugged in and storing energy for the grid. It makes a lot of sense."

But there's also the promising possibility that the Postal Service could even make up to \$2,500 a year per vehicle if the vehicles can be outfitted with vehicle-to-grid (V2G) technology.

That's because adding V2G capability would allow for the massive 21 billion watt capacity of the vans'

collective batteries to act as a backup for the nation's power grid. It's an idea that may be winning converts at the Department of Energy, which has shown interest in a pilot V2G project involving the trucks, postal officials say.

"We see it as a potential revenue source for the Postal Service – a smart grid application on wheels," says the congressional staffer.

Even competitors might not oppose the idea. Federal Express and UPS currently use the Postal Service for its “last mile” delivery of small packages. If the Postal Service led on electrifying its fleet, the big package carriers could learn from it – and benefit from lower costs as they electrify their own delivery fleets later on.

“I’ve spoken with delivery company officials who would be very happy if the government would sponsor development of a critical mass of demand for this kind of all-electric service,” says James Campbell, a consultant to the package delivery industry. “It’s not a bad idea.”

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6. Air Deccan enters cargo and express logistics sector

Press Trust of India / New Delhi May 27, 2009, 15:48 IST

Aiming to tap the untouched potential of the cargo and logistics sector, the first commercial flight of 'Deccan 360', a new cargo and express logistics venture took off from Indira Gandhi International airport for Hong Kong today.

With this launch, the airlines has formally started its services on the Delhi-Mumbai-Chennai-Hong Kong-Dubai sector five times a week.

"This will provide us with an opportunity to tap the potential of the cargo and logistics sector, which was untouched till date," Captain Gopinath, MD of Air Deccan said during the event.

Deccan 360 has acquired five Airbus A-310 aircraft, of which payment of three has already been made.

The company will also have six smaller ATR aircraft which will carry cargo to and from from the interiors of the country to metro cities. The venture has been set up with an initial investment of \$25 million with Captain Gopinath being the sole promoter.

"Some investors have, however, already shown interest in picking up a stake in the company," said Gopinath who refused to name the investors. He however added, the company would require another \$25-30 million to scales up its operations. The company would be functioning on the hub-and-spoke model for which it is developing facilities at Multi-modal International Hub Airport at Nagpur (MIHAN).

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7. CWU Backs UNI Study On Liberalisation Failures

27 May 2009 by David Lynch - © Hellmail.co.uk

Billy Hayes, general secretary of the Communication Workers Union, said top represent some 150,000 postal workers, added his voice to claims by UNI Global that

postal liberalisation is leading to unemployment, attacks on working conditions and poorer service for customers.

“We’ve said for a long while that liberalisation doesn’t benefit the market. The UNI report shows that postal services are public services and don’t sit well in the private sector.”

His comment follows a UNI global study carried out in 13 countries that indicated that full liberalisation of the postal market was failing.

Neil Anderson, Head of UNI Post & Logistics said:

"What we have been seeing in Germany and the Netherlands recently - postal companies demanding lower wages and announcing big job cuts, is the inevitable disastrous conclusion of a failed liberalisation policy. Our research shows the economic crisis is a catalyst for liberalisation and for social dumping that companies like TNT and Deutsche Post are proposing."

The study examined the effects of liberalisation on workers and response from unions. UNI found that the economic theory backing up liberalisation was questionable and that there was little competition in the liberalised postal markets, with new entrants obtaining from 0.1% to 10% of market share. The study also revealed that there are very few competitors to the incumbent, in most cases between one and four.

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