

POSTAL NEWS

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1. The Postal Service is no bargain

September 17, 2009

Once again, I've had to listen to the dubious comparison between a government-run health plan and the U.S. Postal Service as evidence that both public and private insurance options can happily co-exist in healthy competition. FedEx and UPS are doing just fine, they say, and they compete with the post office.

This time, it was my own congressman, John Hall, D-Dover Plains, who apparently doesn't realize that only the USPS is allowed to put its materials in his mailbox. UPS and FedEx have to leave their packages on your porch, under a bush or come back some other time. In fact, the post office is also the only entity that can deliver letters that aren't extremely urgent, in practice defined by cost relative to what the USPS charges for its priority service.

And who gets to decide whether the USPS should have competition? Congress has left that up to the USPS itself.

So, the post office might actually be the perfect example of what a government insurance option might be like: a monopoly that gets to pick which services it and its competitors will be allowed to provide and how much they can charge; and which delivers sub-par service, especially for procedures that are extremely urgent.

Thanks for clearing that up, Mr. Hall.

Jarred Buchanan

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SEPTEMBER 17, 2009, 3:38 A.M. ET

2. New Japan Bank Min Takes Fight To Lenders On Small Co Debts

TOKYO (Dow Jones)--Japan's new minister for financial and postal services, Shizuka Kamei, is a stocky ex-cop with a black belt in aikido.

But it's not the pugnacious 72-year-old's prowess in Japanese martial arts that's got Japan's extensive network of small city and regional banks nervous. Instead, it's the outspoken Kamei's tough talk on protecting the country's struggling small businesses by extending loan repayment terms that's made those banks and their shareholders jittery.

Since Kamei, the leader of the People's New Party, was named to the post in Democratic Party of Japan leader Yukio Hatoyama's history-making new government Wednesday, shares in ...

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Thomson Reuters

3. JGBs slip, but off lows; new Japan cabinet eyed
09.16.09, 04:25 AM EDT

By Shinichi Saoshiro

TOKYO, Sept 16 (Reuters) - Japanese government bonds slipped on Wednesday after upbeat U.S. data released the previous day buoyed stock markets and caused U.S. Treasuries to retreat, although JGBs trimmed much of their earlier losses.

Selling was initially strong as investors such as domestic banks locked in profits ahead of the end of the fiscal half-year and as bond futures fell on selling by some fast money accounts closing out long positions.

The drop in bond prices was eventually met by bargain hunting from other investors looking to replenish their portfolios for the new fiscal half-year that begins in October.

There is a strong incentive to buy on dips before demand picks up ahead of a major bond redemptions at the end of the month, market players said.

Roughly 10 trillion yen (\$109.9 billion) of JGBs mature this month, most of which are expected to be invested back into government bonds.

'The JGB market seems to be taking a breather after U.S. stocks hit a high for the year. But sentiment for cash bonds remains solid, although the JGB market lacks strong leads to trade higher,' said Makoto Yamashita, a strategist at Deutsche Securities.

December 10-year JGB futures fell 0.17 point to 138.80.

The two-year JGB yield inched up 0.5 basis point to 0.210 percent after hitting a four-year low of 0.200 percent this week.

POLITICAL UNCERTAINTY

A new government under prime minister Yukio Hatoyama took power on Wednesday and the pick for a minister to head banking and postal affairs increased political uncertainty, market players said.

The JGB market welcomed the appointment of veteran lawmaker and former finance minister Hirohisa Fujii as the new head of the Ministry of Finance.

But it was surprised when Shizuka Kamei, a head of a small party formed to fight Japan's postal system privatisation, was chosen as the minister in charge of financial services and postal affairs.

Market participants said that Kamei's appointment may slow financial market reforms, which could indirectly support JGBs by hurting the stock market.

Another potential lift for JGBs is that a halt in postal system privatisation could prevent Japan Post, a major buyer of government debt, from diversifying into other assets like stocks for higher returns.

Although some analysts said this would be more neutral for JGBs.

'Faced with privatisation, Japan Post's goal was to earn higher returns by moving away from JGBs. But in reality the diversification process has been slow and impact on the bond market from a freeze in privatisation is likely to be limited,' said Katsutoshi Inadome, a fixed-income strategist at Mitsubishi UFJ Securities.

The five-year JGB yield was unchanged at 0.580 percent after rising to 0.580 percent. It brushed a four-year low of 0.560 percent on Monday.

The benchmark 10-year JGB yield rose 1 basis point to 1.320 percent.

The 20-year JGB yield was up 1.5 basis points at 2.065 percent after hitting 2.070 percent.

The yield curve steepened, with the five-year/20-year yield spread widening by 1.5 basis point to 148.5 basis points, Reuters data showed.

U.S. stocks rose on Tuesday to 2009 highs after stronger manufacturing and retail sales data boosted commodity prices and shares of materials companies. (Additional reporting by Shinichi Saoshiro; Editing by Joseph Radford)

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4. Can Japan's prime minister fix the economy?

Yukio Hatoyama plans to tackle climate change and Japan's bureaucracy. He takes office Wednesday, but there's no sign of a bold new initiative for the economy.
By Takehiko Kambayashi | Correspondent 09.15.09

TOKYO - As it prepares to take the reins this week in a historic shift in power, the Democratic Party of Japan (DPJ) is issuing a flurry of pronouncements on everything from drastic cuts in greenhouse gases to reform of a turgid bureaucracy.

But they're not talking about what many say is the biggest problem facing the world's second-largest economy: its two-decade long economic slump.

If they don't take enough measures to stimulate the economy, Japan could sink into a double-dip recession, say analysts – undermining the mandate of the DPJ. The DPJ, which trounced the long-ruling Liberal Democratic Party in national elections Aug. 30, has highlighted small steps that could help stimulate domestic demand – cash allowances for children, cutting gasoline taxes, lower highway tolls, and the like.

But many experts say that is not enough to reverse the fortunes of a country many thought was on its way to becoming an economic superpower in the 1980s.

In July, the International Monetary Fund said Japan may face deflation through 2011. The unemployment rate rose to a record high of 5.7 percent and the core consumer price index dropped at an unprecedented pace of 2.2 percent, heightening deflation concerns.

“The most serious problem confronting Japan now is the prolonged economic stagnation, and the first thing the government must do is to turn the economy around,” says Minoru Morita, an independent political analyst in Tokyo. “The recession has pushed more people out of work and caused more small- and mid-sized businesses go under. Yet, the DPJ has no measures to rebuild corporations and industries, the engine of capitalism.”

Thinking big on climate, bureaucracy

In other policy matters, the DPJ cannot be accused thinking small. Yukio Hatoyama, the prime minister-designate who is to take office Sept. 16, has rattled the business

establishment by declaring that Japan will seek to reduce CO2 emissions by 25 percent below 1990 levels by 2020. The LDP had previously set a target of 8 percent.

The new government also has vowed to do battle with entrenched bureaucrats and to reduce wasteful spending.

Mr. Hatoyama is reportedly going to tap Naoto Kan, a DPJ top official and former health minister, for vice-prime minister and minister in charge of the National Strategy Bureau, a newly created body that aims to reshape government by reducing the influence of powerful bureaucrats. The bureau will be under the direct supervision of the prime minister.

Katsuya Okada – a former party leader known as a policy expert – is expected to become foreign minister. He has already met with the US ambassador to Japan, underscoring the DPJ's commitment to keeping the US-Japan relationship a top priority.

Reaction was positive to the expected appointment of fiscal conservative Hirohisa Fujii as finance minister, a position he held in 1993-94. But Mr. Hatoyama's appointment Tuesday of Shizuka Kamei as minister in charge of financial services and the postal service system has not signaled a major push for change. Mr. Kamei, who will oversee banking, financial, and postal services, opposed the controversial privatization of the postal service under former Prime Minister Junichiro Koizumi.

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5. Our national postal service - the last of the dinosaurs

By Simon Barnes

Last updated at 8:54 AM on 16th September 2009

Did you get your post this morning? Or are you one of the millions of households across Britain who have been affected by the series of 24-hour walk-outs staged by postal workers over the past few weeks?

If so, then you will have been as outraged as I was to see pictures that showed sack-loads of parcels and letters being unloaded onto the street by Royal Mail managers, secretly drafted in to deal with the chaos caused by the current disruptions.

They were unable to sort them at the local delivery office, 100 yards away, because it had been shut down following a walkout by staff.

Last post: Sorting in the street due to the strike

Casually consigned to their temporary home on the public highway, those anonymous-looking sacks undoubtedly contained packages of great importance to the people so desperately awaiting them, from exam results to overdue bills, from credit cards to letters from loved ones.

Yet, with a backlog of some 20million items reported in London, and millions more across the country, the strikes mean that it may be quite some time before they are delivered - if indeed they are ever delivered.

As I gazed at them, I was struck by just how reminiscent this scene was of an incident I witnessed back in 2004 as part of an investigation into the Royal Mail for Channel Four's Dispatches.

Working undercover as a postman in several sorting offices in London, I will never forget the occasion on which two untrained agency workers were sent out onto the busy Edgware Road with a huge stack of letters to deliver.

All they had to help them was a map and by the time they got halfway round, they were so confused that they tried to sort the letters themselves - sitting on the pavement outside a pub in Marble Arch.

Eventually, they gave up and dumped the trolley back at the sorting office - it's anyone's guess as to whether the mail ever reached its destination.

Given the furore it caused after its broadcast, I had hoped that my documentary might bring about some improvements in the service, but here we are, five years later, in even more of a mess.

And the unions must take much of the blame for this parlous state of affairs. The leaders of the Communication Workers Union claim that the Royal Mail has provoked their action by 'bullying' staff over cost-cutting and modernisation plans intended to end a range of inefficient working practices dating back to the 1970s. So what is the truth?

Well, as someone with direct experience of the job, I do have some sympathy with Britain's posties.

They get up at a horribly early hour each morning, spend the first part of their day in sorting offices which can be grubby, antiquated and wholly depressing, and then embark on often physically demanding rounds which require them to be out in all weathers.

I am also aware that the Royal Mail has many loyal staff who try genuinely hard to provide us with a good service. But their efforts seem far outweighed by those who follow the union line and insist that they be accorded privileges which are not only outdated but simply unacceptable in today's highly competitive business world. I saw many of these astonishing practices for myself.

Although staff in the sorting offices I worked in were paid to work from 6am until 2pm, many went home as soon as they had finished their rounds - often as early as 10.30am. One manager who asked them to stay until the end of their shift was met with jeers.

'You really are taking the p***,' shouted one worker, outraged at the very idea of being asked to work the hours for which he was paid. Not that there was always much work being done. During some shifts, I saw colleagues playing football in the office when they should have been sorting the post, and one was even running a thriving mobile phone business during working hours.

It's hard to imagine any other job in which staff would be paid set overtime at Christmas - even if they had not worked extra hours, with similar payments made for Easter Saturday.

Other Spanish practices reported to be commonplace (though I didn't see them myself) include postal staff claiming a full day's overtime to cover for an absent colleague even if only half a day is required and worked.

Meanwhile, van drivers apparently expect overtime pay for making collections outside their usual route - even if they are made within normal working hours.

But are the members of the Communication Workers Union grateful that they are still in employment at this time of economic crisis? Not judging by their determination to defend perks which could one day mean they are without jobs.

With EU rules forcing Britain to open up the postal system and allow more private competition, the unions and the management should be working hand in hand to keep the Royal Mail competitive, not fighting each other onto the scrapheap.

Alas, what I saw during my time with the Royal Mail convinced me the customer mattered little to all too many of its employees - whether in management, or on the 'shop floor'.

At the end of one shift, I told a manager about piles of first-class letters which were meant to be delivered the next day but had yet to be sorted. 'Oh, don't worry about it,' he said casually.

One engineer told me that the machines which are supposed to speed up the sorting process were meant to last only ten years but were still going more than 20 years later - just about.

'Sometimes the machines rip the letters to pieces or chew them up into a thousand little bits,' one worker laughed.

Long-delayed letters were commonplace. I found one cast aside on a shelf that was postmarked four months previously. When I mentioned this to one of my colleagues, he smiled and said he had recently come across one that was posted more than a year ago.

On other occasions, I saw letters lying on the floor and being walked on by staff. One was marked Special Delivery but there it was on the floor, discarded and ignored.

No wonder business customers are deserting the Royal Mail in droves, for efficient rivals or relying on email instead. Given the level of service we receive, it's

questionable how long even home users will bother with the Royal Mail if there's alternative available - myself included.

A few months ago, I received one of those red slips through the door, advising me that I was out when the postman had attempted to deliver an item which needed to be signed for. It's a common enough occurrence, but in this instance I knew that I was in at the time. So why hadn't I heard the doorbell ring?

I have since heard that, because agency workers are not authorised to get items signed for, they are often just given these slips and told to put them through the door without knocking, forcing the householder to go to the sorting office for their parcel. How ludicrous.

Not least as such agency staff might not even be necessary if the full-time postal workers broke with their Spanish practices, worked to the end of their shifts, and covered for sick or absent colleagues like workers in every other industry.

Sadly, modernisation seems unlikely to come about any time soon, with the CWU due to hold a referendum today on whether to launch an all-out nationwide strike.

If it goes ahead, it will mean more misery for us all. But there may be one small consolation.

My hope is that the resulting battle might highlight the inefficiencies within this dinosaur of an industry, thus dragging it into the 21st century and giving us a national postal service to rely on.

But, then again, that's exactly what I hoped for during my last investigation.

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