

POSTAL NEWS

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OCTOBER 20, 2009, 8:55 A.M. ET

1. UPDATE: Japan Post President Nishikawa Set To Resign

(Adds comments from Nishikawa, Kamei and Banker's Association chairman)

By Atsuko Fukase

Of DOW JONES NEWSWIRES

TOKYO (Dow Jones)--Japan Post Holdings Co. President Yoshifumi Nishikawa said Tuesday he will step down, as the new government moves to reverse some of the previous government's postal privatization measures.

Nishikawa's resignation follows the Democratic Party of Japan-led Cabinet's decision Tuesday to revamp Japan's postal privatization plan. The move has some investors worried that the new government is moving away from the previous administration's pro-market reforms.

"I decided to resign as I felt a gap between (the ...

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OCTOBER 21, 2009, 6:45 A.M. ET

2. 2nd UPDATE: Ex-Vice Finance Minister Tapped As Japan Post President

By Takashi Nakamichi

Of DOW JONES NEWSWIRES

TOKYO (Dow Jones)--Japan's bank minister said Wednesday he has asked a former vice finance minister to become the next president of the country's postal service, an

appointment that would have an ex-top bureaucrat lead a postal system that is still nominally being privatized.

Financial Services and Postal Reform Minister Shizuka Kamei's naming of Jiro Saito for the job comes after the Democratic Party of Japan-led government decided Tuesday to conduct a broad review of postal privatization, which Kamei says has resulted in worse service and operations, especially in rural ...

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3. Japan Names Former Finance Official to Run Japan Post (Update4)

By Takahiko Hyuga

Oct. 21 (Bloomberg) -- Japan appointed former finance ministry official Jiro Saito to head the nation's postal service after the month-old government scrapped plans to privatize the company and forced out his predecessor.

Saito, 73, who was offered the job last night, will replace Japan Post Holdings Co. President Yoshifumi Nishikawa, Financial Services Minister Shizuka Kamei said today.

Kamei urged Nishikawa, 71, and senior colleagues to quit by Oct. 31 after Prime Minister Yukio Hatoyama's Democratic Party of Japan froze asset sales and shelved plans for an IPO of Japan Post. Hatoyama came to power promising to loosen the grip of bureaucrats on government in Japan.

"This may be taken by foreign investors as a 'back to the future' policy decision," said Junichiro Sano, who manages Los Angeles-based Dalton Investments LLC's Japanese operations. "It is concerning that there is a lack of consistency when it comes to appointing more bureaucrats to leadership."

Companies under Japan Post had 305.9 trillion yen (\$3.4 trillion) of assets at the end of March 2009, according to its financial statements. Japan Post Bank and Japan Post Insurance accounted for 303.1 trillion yen of these assets. Japan Post Bank had 178.2 trillion yen of customer savings at the end of June, making it the world's largest by deposits.

Hatoyama has pledged to keep bureaucrats from moving after retirement to construction companies and other industries they have regulated, a practice known in Japanese as Amakudari, or Descent from Heaven.

'Super Amakudari'

Saito is currently President of the Tokyo Financial Exchange Inc. He joined the Ministry of Finance after graduating from University of Tokyo in 1959 and worked in the country's budget and tax bureaus. He became the Vice Minister of the ministry in 1993 and resigned in 1995. He also worked as a diplomat in Germany.

“This is more power to the bureaucracy,” said Jesper Koll, chief executive officer of hedge fund TRJ Tantallon Research Japan. “The big mantra from Hatoyama’s government is to reduce the power of the bureaucracy and here you have the first appointment to a government-run entity, which is super Amakudari.”

Saito’s status as a former bureaucrat will not be a problem, Kamei said today, calling him “a decisive leader” and a long- time friend. Nishikawa will formally resign Oct. 28.

‘Firmly in Control’

“I have been on good terms with Kamei,” Saito said at a press conference. “I felt I couldn’t turn him down when he offered me the position. I am aging for sure, but I’m up for the job.” He declined to comment on future plans for Japan Post.

“The government is firmly in control of Japan Post,” said Reiko Toritani, a director at Fitch Ratings in Tokyo. “Whoever is president won’t have a big impact on its direction.”

Hatoyama said before taking office he wanted Nishikawa, who helped craft privatization plans for the group, to resign. During the campaign leading to its landslide Aug. 30 election victory, his party pledged to freeze plans for share sales.

Nishikawa’s efforts to sell Japan Post’s resort operations to Orix Corp. also drew opposition from lawmakers because Orix Chairman Yoshihiko Miyauchi helped create the privatization plan.

Legislation pushed through by former Prime Minister Junichiro Koizumi while prime minister in 2005 broke the 138- year-old Japan Post into four companies -- banking, insurance, postal delivery and postal management -- under a holding company in preparation for share sales.

Japan Post dates back to the introduction of a modern postal service in Japan in April 1871.

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