

POSTAL NEWS

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1. DPJ Looks to Postal Savings, Insurance to Fill Gaps in Budget

October 21, 2009

Analysis by: Daniel Lintz

Analysis of: New Japan Post Chief Faces Tightrope Act

Published at: www.nni.nikkei.co.jp

Summary

The appointment of Jiro Saito as Japan Post Holdings President indicates plans to draw on the Postal Savings and Insurance schemes to bridge ever widening budget gaps with Fiscal Investment and Loan Program (FILP) funds and massive JGB purchases, turning back the clock on fiscal and financial market reforms a decade or more.

Analysis

It has been said that politics makes strange bedfellows, and the appointment of Jiro Saito to President of Japan Post Holdings by his former nemesis bears credence. Clearly, the Hatoyama Cabinet needs a loyal, pragmatic and capable person with adequate public and private sector experience to manage the world's largest savings and insurance schemes in smooth coordination with its policy priorities. In Jiro Saito, the DPJ-led government has, quite ironically, found a perfect fit for the role.

Just about every aspect of this appointment has left political commentators and industry observers shaking their heads. For starters, the law very clearly stipulates that the power to appoint the President of Japan Post shall be delegated to the Minister of Internal Affairs and Communications, Hon. Kazuhiro Haraguchi, who claims that he was not informed prior to the public announcement. Moreover, the appointment was ostensibly made by the State Minister for Postal Affairs and Financial Services, Hon. Shizuka Kamei, who actively campaigned for Saito's dismissal from the Ministry of Finance just 15 years ago.

It is clear that Jiro Saito has a close relationship with DPJ Secretary General Hon. Ichiro Ozawa and that the latter brokered the deal. Some reason that a weak relationship between Postal Affairs and Financial Services Minister and the Japanese Federation of Business Organizations (Keidanren) left the Hatoyama Government few options, but this is likely not the case. Rather, the appointment is a calculated move by a master political strategist seeking to unlock the treasure chest containing the world's largest pool of deposits and liquid assets to finance a pork barrel political spending spree on a scale that might even make old guard LDP politicians blush.

In fact, any qualified private sector candidate recommended by Keidanren or the Japanese Bankers Association (JBA) would find it difficult to backtrack on a decade of reforms that sought to reign in distortions in the financial markets attributed to the Postal Savings and Postal Insurance schemes and the Fiscal Investment and Loan Program (FILP), sometimes referred to as a "second budget". With budget requests having risen from 88 trillion in 2009 to 95 trillion for 2010 and tax revenue falling from 49 trillion to 44 trillion over the same period and the need for a massive injection of public funds for Japan Airlines, the Hatoyama Government is stuck between a rock and a hard place. Clearly, everyone in the Cabinet realizes the need to tap the FILP in order to fulfill spending commitments and ensure smooth uptake of next year's record auction of up to 50 trillion in new JGBs.

Looking back at the past decade, a series of fiscal and financial market reforms, including postal privatization, have succeeded in stemming the flow of FILP loans by 40% from a peak of 40.5 trillion yen in 1996 to just 13.9 trillion yen in new loans for 2008. Likewise, the outstanding balance of such loans has fallen over 50% from 417.8 trillion in 2000 to an estimated 205.2 trillion in 2009. Banks and Big Business universally applaud such reforms, which reduce the role of government in industry and result in freer, more competitive financial markets.

While it is no wonder that few prominent banker executives or captains of industry would be willing to step back over this line, it is ironic that the president of Japan's largest futures trading exchange has agreed to do so. Perhaps another saying, "Once a bureaucrat, always a bureaucrat," holds equally true.

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2. New Japan Financial Services Minister shows little sympathy for lenders

September 18, 2009

Analysis by: Daniel Lintz

Analysis of: Aiful Preparing To Apply For Debt Relief Procedures

Published at: www.nni.nikkei.co.jp

Summary

With credit default swaps (CDS) for Aiful and Takefuji trading at historic highs, Japan's newly appointed Financial Services Minister shows little sympathy for lenders in proposing a 3-year moratorium on repayment of small business loans.

Analysis

Consumer finance stocks dropped sharply in first mid-July when the Democratic Party of Japan registered strong gains in the Tokyo Metropolitan Assembly election and then again in late August when it polls indicated a similar outcome in the national general election.

At the time, there was little indication of the party's intentions other than comments made during past diet deliberations. In 55 pages, the party's manifesto failed to mention banks, consumer finance or interest rates even once.

Appointment of veteran lawmaker Hon. Shizuka Kamei as State Minister for Postal Services and Financial Affairs, however, confirms the worst fears of foreign investors who must now brace themselves for a wild ride unlike any seen to date.

Hon. Kamei hails from the People's New Party, the smallest party in the new ruling coalition formed entirely by former members of the long-time former ruling party who were expelled or resigned for opposing former Prime Minister Junichiro Koizumi's postal privatization initiative.

Foreign financial services companies such as AIG had embraced privatization as one means of providing a "level playing field" for the financial industry by forcing the postal savings and insurance schemes to reflect the cost of core expenses such as rent, salaries and taxes in their product yields.

Not only is Hon. Kamei a staunch opponent of privatization, he also is the first politician to oversee the lending, insurance and securities industries in addition to postal services, which encompass Japan Post Bank and Japan Post Insurance, the country's largest deposit taking institution and life insurance scheme, respectively. Institutional investors who thought financial regulation could not get any worse in Japan had better re-examine their portfolios.

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3. Japan Post President to Resign as DPJ Rolls Back Privatization Reforms

October 19, 2009

Analysis by: Daniel Lintz

Analysis of: Kamei: Japan Post boss on notice

Published at: search.japantimes.co.jp

Summary

The Yomiuri Shimbun reports the imminent resignation of Japan Post Holdings President Yoshifumi Nishikawa following his meeting yesterday with State Minister for Postal Services and Financial Affairs Hon. Shizuka Kamei.

Analysis

Citing multiple sources, Yomiuri reports that Nishikawa intends to resign before the end of the month, when the DPJ-led government plans to introduce legislation freezing the sale of government held shares in the postal, savings and insurance behemoth. Separately, Nikkei reports on government plans to require Japan Post, which manages the world's largest savings and insurance schemes, to continue providing universal access to such financial services. The developments are viewed as a major blow to the postal privatization initiative implemented by former Prime Minister Jun'ichiro Koizumi designed to foster a level playing field for competition with the private sector.

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4. United States Postal Service Launches New Mobile Site

By James Falconer on Thursday, October 22nd, 2009 at 8:29 AM PST
In Mobile Web

The United States Postal Service has embraced the mobile web with a new mobile site. The site, located at m.usps.com features many of the popular features found on their main website, including the track and confirm tool, post office locations, ZIP code lookup, and more. In addition to the new mobile site, the USPS is apparently working on some new apps for the BlackBerry (NSDQ: RIMM) and iPhone... and GPS features are said to be in the mix. Will have to keep an eye out for more on that!

In the meantime, check out m.usps.com from your mobile. Give me the thumbs up or thumbs down on the new site when you do so.

Postal Service Goes Mobile
New features for mobile devices

WASHINGTON — It's a Post Office on your phone. Customer convenience and product access are the focus of expanding the most popular online services onto web-enabled mobile devices.

Some of the most popular functions currently available on usps.com are now available on cell phones and other mobile devices. The new features include Track & Confirm, Post Office locator, and the most popular application, ZIP Code lookup.

With more than 232 million mobile communications devices in the United States — a growing number of which can access the web — the promise of Internet access from virtually anywhere in the country is fast becoming a reality.

“Our new mobile capability makes USPS services even more convenient for our customers,” said Robert Bernstock, president, Mailing and Shipping Services.

Any mobile user with web access will be able to log on to the Postal Service mobile site no matter where they are, without having to use a personal computer, Bernstock said.

“If they’re on the road, they’ll be able to use the Post Office locator function to find a Post Office that’s close to them. And they’ll also be able to track and confirm delivery of their mail or packages using their mobile phone,” he said.

The Postal Service is also designing applications for “smartphones” and other mobile devices like the Apple (NSDQ: AAPL) iPhone, BlackBerry and iPod Touch which take advantage of additional capabilities, such as GPS.

Mobile applications make it easier for customers to interact and transact business with the Postal Service. These applications are the latest in a series of enhancements, upgrades and solutions designed for Postal Service customers.

[Via: BBSites]

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