

POSTAL NEWS

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1. Postmaster General John Potter leads a cry for retrenchment

Postmaster General John Potter, left, talks to Postal Service Inspector General David Williams at an April Senate hearing. The service says its automated kiosks, below, can handle most kinds of transactions.

Postmaster General John Potter, left, talks to Postal Service Inspector General David Williams at an April Senate hearing. The service says its automated kiosks, below, can handle most kinds of transactions. (Mark Wilson/getty Images)

(Jin Lee/bloomberg News)

By Ed O'Keefe
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Monday, May 10, 2010

NASHVILLE -- The man who wants to end Saturday mail delivery is pressed for time. The way Postmaster General John E. Potter sees it, he has less than six months to convince Congress and the nation of the urgent need to retool the U.S. Postal Service for the 21st century.

By fall, the Postal Service won't have enough money to make payroll, Potter predicts. But big customers, regulators, lawmakers and organized labor still have to be won over.

Which might help explain Potter's stark assessment. He wants Congress to roll back a law requiring the Postal Service to prepay retiree health benefits. But he also wants the flexibility to change the business model -- by dropping Saturday deliveries, replacing post offices with outposts in suburban supermarkets and cutting hundreds of thousands of jobs through attrition.

"We're losing money, we're running out of cash," Potter said in an interview. "Ideally, what you'd like to do in the Postal Service is have access to about \$5 [billion] to \$6

billion in cash . . . and that's basically two payrolls. That's not a lot of breathing room."

The Postal Service said Thursday that it lost \$1.9 billion in the six months that ended March 31. Mail volume also dropped 6.3 percent compared with the same period a year earlier. It's set to deliver about 11 billion fewer pieces of mail and lose about \$7 billion by the end of its fiscal year in September. In the next decade, Potter estimates, the agency will lose hundreds of billions of dollars if Congress doesn't act and postal workers don't retire fast enough. A recent Washington Post poll found that nearly as many Americans trust e-mail to send messages reliably as they do the Postal Service, meaning inboxes might soon overtake mailboxes as the nation's preferred delivery point.

The "PMG" (as he's known at the L'Enfant Plaza headquarters) has spent most of his nine-year tenure adapting the Postal Service to a faster-paced world. At times, it's clear his patience is running short.

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The next big thing

A few weeks before the recent flooding in Nashville, the Postal Service's largest customers flocked to Gaylord Opryland Resort for the National Postal Forum, the USPS's version of an annual shareholders' meeting. At 54 years old, Potter oversees a quasi-government agency enshrined in the Constitution but required by law to act like a business. The Postal Service employs about 594,000 people, operates roughly 36,000 postal facilities and owns more than 220,000 vehicles, making Potter the nation's second largest civilian employer, its largest retail manager and owner of the world's largest vehicle fleet. He is paid \$276,840 a year before deferred compensation and his pension, serves at the pleasure of the Postal Board of Governors, and routinely consults with the Postal Regulatory Commission.

Burly and 6-foot-4, Potter spent his time in Nashville glad-handing workers, pitching Postal Service goods and delivering bad news. In an Opryland ballroom with 45 executives, Potter reminded them that mail volume bounced back after the Sept. 11 terrorist attacks and the anthrax scare in 2001.

"Given the behavior that's going on in the marketplace," Potter told the executives, "we don't expect that to happen this time."

Several told Potter that cutting Saturday service could make their weekend deliveries impossible. "If we all get the bunker mentality, we're going to be dealing with this problem for the next decade," Potter told them, insisting that a six-day delivery cannot be sustained.

Moments later, he was down the hall urging postal workers to look out for the next big thing for the mail service.

"It wasn't somebody in engineering who thought of Netflix," he said. "It was somebody that thought they could take a DVD and put it in the mail. Amazon.com wasn't a thought of someone in the Postal Service."

The next day, Potter and his team touted new ads for Wal-Mart's mail-order pharmacy that feature the Postal Service. Disney will air ads soon for the new "Toy Story 3" movie that incorporate the Postal Service. And Hallmark plans to sell greeting cards that include envelopes with prepaid postage. All are deals designed to boost business and remind Americans that the Postal Service still matters.

'Very tough year'

Potter knows he's asking Congress to tackle "a very difficult issue in a very tough year," and he conceded that lawmakers will probably adopt small changes over time instead of the massive overhaul he wants all at once.

Sen. Thomas R. Carper (D-Del.) said Congress needs to give Potter flexibility. In the Post poll in March, 71 percent of Americans said they support cutting Saturday deliveries. Carper mentioned those numbers during a recent Senate Democratic Caucus luncheon. "I think that some just need to be better informed," he said.

But others are unconvinced.

Sen. Susan Collins (R-Maine) worries that Potter hasn't done enough.

"It seems that every three years the Postal Service comes to us asking for financial relief in return for future profitability. We seem to give the relief and don't seem to get the profitability," she said.

Potter expects that unions will make concessions during negotiations this year, but William Burrus, president of the American Postal Workers Union, warned otherwise.

"I'm not going to make any concessions," Burrus said. "He's trying to deny services to the American public through the service reductions. All of this is designed to accelerate significant savings and become a delivery arm of major mailers."

Another skeptic is the Postal Regulatory Commission's chairman, Ruth Y. Goldway. Her panel doesn't plan to issue its nonbinding opinion until at least October, complicating Potter's preferred timeline. Goldway is not shy about voicing her fears that Potter is chipping away at the Postal Service's unique place in American society.
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"His plan to move post offices into Wal-Mart is not my idea of an adequate replacement," she said. "He hasn't put a penny into modernizing, renovating or creating new and attractive post offices."

The PMG is unmoved by his critics.

"Everything that we have in the plan I'm convinced has to happen over the course of time to get the Postal Service on firm financial footing and to keep us there," he said.

As for Goldway's concerns: "If somebody wants us to operate like a museum, then fork over the money and we'll be happy to do so."

Promoted from within

Born in the Bronx, Potter attended Cardinal Spellman High School (a year behind Supreme Court Justice Sonia Sotomayor, whom he never knew) and received an economics degree from Fordham University. He followed his father into the Postal Service, assuming that the work would lead him elsewhere.

He went from a part-time graveyard shift in Westchester County, N.Y., to the regional office in Manhattan, where his father, Richard, worked and where Potter met his wife, Maureen. Potter later moved to Washington, where he became postmaster general in June 2001. He had been on the job for four months when the anthrax attacks crisis struck and killed five people, including two D.C. postal workers, thrusting him onto the national stage.

The 71st successor to Benjamin Franklin, Potter is the longest-serving postal boss since the 1820s and only the sixth postal worker promoted from within. He rarely socializes in Washington, preferring to head to his Potomac home after a 10-hour workday. He has a son in college and a daughter who is a high school senior. He'd rather be remembered as the postmaster who saved the mail service than the one who watch it challenged by e-mail.

If things go his way, Saturday deliveries would end next spring, he told customers in Nashville.

"The value of going to four days -- removing a second day -- is even greater," he said. Although no such plans exist, Potter said that Tuesdays are the second-slowest day of the week.

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2. Postal deposits set record

우체국예금 50조 돌파...신테크도 인기

New savings plans for those with low credit scores fuel gain

May 11, 2010

Korea Post is gaining a record amount of deposits thanks in part to its new "Saebom Jayu" time installment savings plan, which offers flexible deposit terms to people with low credit ratings.

The plan pays an annual interest rate of 10 percent, nearly triple the average offered by financial products from commercial banks.

The rate includes a base rate of 3 percent and a prime rate of 7 percent annually.

"We set the prime rate at 7 percent with the aim of helping those [with poor credit ratings] buy a pushcart or something," said Kang Yeon-joong, a Korea Post official in the postal savings business.

The maximum amount of money that a customer is allowed to deposit is 3 million won (\$2,700).

If a customer pays 250,000 won per month, 160,000 won would be received as the annual interest rate. But if a customer makes a full payment of 3 million won in the first month, the interest rate would net them 300,000 won.

Customers who qualify for the savings plan are those with credit ratings of between 7 and 10, the latter being the worst. The plan is limited to up to 13,000 customers.

The introduction of such new products has resulted in the value of postal savings accounts reaching a record amount of more than 50 trillion won last month, a sharp rise from 41.47 trillion a year earlier. During the first quarter of this year, more than 900 billion won was deposited in postal savings accounts.

In the past, a sudden increase in postal savings was seen as a warning sign of rising economic risks, such as during the 1997 Asian financial crisis, the collapse of the credit card bubble in 2002, and the global financial crisis in 2008.

The reason postal accounts are regarded as a safe haven is because they are the only type of savings account in Korea where the protection of the customer's principal is guaranteed.

The "safe haven" role has benefited postal savings accounts recently due to a series of bankruptcies among regional savings banks.

The collapse of Jeonil Savings Bank at the end of last year created worries about the safety of other regional savings banks and led to increased deposits in postal accounts.

But a significant drop in deposit interest rates has postal savings becoming more attractive to investors.

As postal savings continue to expand, Korea Post is having a hard time deciding how to invest the funds.

"During the financial crisis, there were many places to invest due to the high interest rates, but it is more difficult now as low interest rates continue," said Lee Sang-hun, an official from Korea Post's savings funds operating team.

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3. Postal food drive was a huge success

Staff report

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Fred Hassen, coordinator of the Postal Carriers' annual food drive for Marion County, expects that Saturday's drive will likely exceed 350,000 pounds of food for needy families, topping last year's receipt of 256,000 pounds. The estimate may be low since rural stations have not yet been counted, said Hassen.

"I think the outreach from the community is much greater than anyone could ever expect," said Hassen, who also praised the volunteer turnout at the various postal stations.

"Anyone who could have seen how these teenagers work would see nothing wrong with the youth of this country," he said.

The majority of the food was taken to Interfaith Emergency Services. Gary Linn, executive director, said he is still reeling from the response.

"What is surprising is the people who really need the food and are poor were the ones who were giving," said Linn. They know what it's like."

Linn said the drive has been held for at least 22 years and gets better every year.

"I remember back when we just had it at the downtown post office," he said. "We just piled it in a room and that's all we got. We've come a long way."

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4. Joined by Global Industry Coalition, ACLI Expresses 'Regret' Concerning Japan's Postal Legislation

WASHINGTON, May 10 /PRNewswire/ -- Thirteen global stakeholder organizations joined with the American Council of Life Insurers (ACLI) in a statement today expressing regret that legislation approved by Japan's Cabinet does not appear to reflect the stakeholders' repeated expressions of concern regarding plans to expand Japan Post's huge businesses in violation of Japan's WTO and GATS commitments.

According to the coalition's statement, the groups "urge our respective governments to help Japan find a solution that ensures that it can fulfill its international trade commitments."

Frank Keating, President and CEO of ACLI, said, "Frankly, in spite of tremendous domestic criticism and numerous global messages from other governments and from private sector participants, Japan has not responded to those who have appealed to it to live up to the GATS (General Agreement on Trade in Services) commitments it has made."

On April 30, the Government of Japan issued a Cabinet Decision approving new postal legislation that contemplates legal and regulatory exemptions from laws applying to private sector companies; entry into new business areas through a streamlined "notification" process; higher deposit and coverage limits that will greatly expand the market reach of Japan Post's businesses despite their current advantages; special tax exemptions, and the provision of an unlevel playing field for express delivery companies.

"Moreover, by calling Japan's commitment to honor its obligations under the GATS further into question, the draft legislation could harm Japan's international interests," the statement said.

"We respectfully urge," the statement continued, "the Government of Japan to use the time remaining before the postal legislation is finalized as an opportunity to ensure equivalent conditions of competition with private sector banks, insurers, and delivery companies is enforced."

Joining with ACLI were the American Chamber of Commerce in Japan, America's Health Insurance Plans, the American Insurance Association, the Association of Bermuda Insurers and Reinsurers, the Canadian Life and Health Insurance Association, the Coalition of Service Industries, the Conference of Asia Pacific Express Carriers, the European Business Council in Japan, the Foreign Non-Life Insurance Association of Japan, the European Insurance and Reinsurance Federation, the Property Casualty Insurance Association of America, the U.S. Chamber of Commerce, and the U.S.–Japan Business Council.

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. In addition to life insurance and annuities, ACLI member companies offer pensions, 401(k) and other retirement plans, long-term care and disability income insurance, and reinsurance. ACLI's public Web site can be accessed at www.acli.com.

SOURCE American Council of Life Insurers

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