POSTAL NEWS
No. 42/2011

Formulated by UNI-Japan Post in cooperation with UNI-Apro, ASPEK Indonesia and SPPI

1. Singapore Post expands stake in Malaysian express carrier

Thursday, March 17th, 2011
Singapore Post has invested around $14.8m USD to expand its shareholding in Malaysian express delivery company GD Express (GDEX).
The acquisition-hungry postal operator, which has been looking to diversify and expand through mergers and acquisitions in the region, paid a little more than 45.5m ringgit for 56.8m shares in GDEX on Tuesday.
The additional 22.1% stake in the company took SingPost's overall ownership of the express carrier to just over 27%.
GDEX, which is listed on the ACE Market of the Bursa Malaysia Securities exchange, is one of the largest domestic express delivery and logistics firms in Malaysia.
Formed in 1997 and based in Petaling Jaya, in the Greater Kuala Lumpur area, GDEX has 1,300 staff operating a hub-and-spoke network spreading across east and west Malaysia with 96 stations and 280 vehicles.
SingPost said the acquisition would see GDEX effectively becoming an associated company of SingPost, although directors at GDEX said there would be no change "financially and operationally" within the company from the change in ownership.
Ng Hin Lee, SingPost's chief executive officer for Postal and Corporate Services, who also oversees the company's acquisitions, said the investment in GDEX would enhance the SingPost network and help his company to tap the growing logistics market in the region.
He said: "We have been collaborating with GDEX in the logistics business. SingPost and GDEX have a good working relationship and we are both excited with the opportunity to collaborate, tap and leverage each other's resources to expand and grow in Malaysia and in the region."
GDEX confirmed that the share sale had been completed on 15 March 2011.

In a statement, the company said: “To the best of knowledge of the Board of Directors of GDEX, they do not foresee any impact on GDEX’s business, financially and operationally, as a consequence of the change in substantial shareholders.”

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2. La Poste Announces Performance Figures

14 March 2011 - Franz Groter
French postal operator La Poste announced last week that whilst a decline in volume had slowed last year, the decrease was around 3.5%. Turnover grew by 4% compared to 2009 with 938 million euros in sales (+2.6% at constant exchange rates).

Parcels/Express displayed a turnover of 4,841 million euros - up 6.3% at constant scope and exchange rates.

GeoPost recorded a turnover of 3,398 million euros - up 7.3% at constant scope and exchange rates in what it decribed as a highly competitive market. The impact of higher volumes of 9.8% (mainly in Germany, the United Kingdom and France) was hampered by a negative price effect - 3.9%.

The post office network completed 2,483 million euros in sales - down 2.3% but with more than 1 billion euros of net inflows and a loan production of over 10 billion euros on behalf of La Banque Postale, the banking business has grown steadily in the network. Waiting times at access decreased from 6 minutes and 50 seconds late 2008, to 4 minutes and 30 seconds in late 2009, and just 3 minutes 20 seconds by the end of 2010.

A STABLE OPERATING INCOME: € 784 million, 3.7% of turnover

Consolidated operating profit for the La Poste Group was 784 million euros, reflecting a stable operating margin of 3.7% of turnover and profitability of all its activities. Despite a continued decline in mail volume, mail kept a positive operating margin.

The consolidated operating profit of Parcels / Express amounted to 336 million euros in 2010. The operating margin reached 6.9% of turnover.

The contribution of banking to the Group's operating profit reached 730 million euros, the operating ratio improving by 1.5 points (2.5 points, excluding exceptional items) to 85.1%.

After taking into account the financial result and the contribution of CNP to 195 million euros, net profit group share amounted to EUR 550 million.

2011 will be marked by the implementation of a capital increase of EUR 2.7 billion agreed in late 2008. La Poste said the year was likely to be subject to a marked drop in mail volume and uncertainties about the financial and banking environment but it expected a stable consolidation of revenue and operating margin greater than 3% of its turnover - better than anticipated in its 2010-2015 plan. The Group will continue its modernisation effort with an investment program of 1.3 billion euros.

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3. FedEx profits dip after winter storms add costs, hit volumes

Thursday, March 17th, 2011
The winter's severe weather storms have "significantly" dented profits at FedEx, according to the latest results from the company, released today.
Although the company reported strong year-on-year growth in its revenues for the quarter up to February 28, 2011, its profits were down while margins were tighter.
FedEx reported an 11% growth in its overall turnover compared to last year's third quarter, from $8.7bn up to $9.66bn. Revenues were assisted by increased package volumes, higher surcharges and efforts to improve income per weight of shipments by reviewing unprofitable accounts.
Overall operating income was $393m and net income $231m, down respectively 6% and 3% on the same three months last year.
Only FedEx Ground, among the company's divisions, was able to grow its profits as well as revenues.
FedEx said its yields had grown in all transportation segments, but added that "unusually severe" winter storms during the quarter disrupted its operations, reduced shipping volumes and increased costs.
In all, the company suggested the weather had hit its share earnings by 12 cents per share in the quarter, which saw earnings per diluted share of $0.73, compared to $076 a year ago.
Profits were also impacted to some extent by costs involved in the merger of less-than-truckload operations in the FedEx Freight and FedEx National LTL divisions.
Other increased costs came from new benefit, pension and healthcare arrangements for employees, the reinstatement of staff bonuses and higher aircraft maintenance costs.
Commenting on the results, FedEx Corp. executive vice president and chief financial officer Alan B Graf said:"Successful yield management initiatives helped drive significant revenue growth across our transportation segments in the third quarter, although results were dampened by severe winter storms and higher-than-expected fuel costs."
"Our FedEx Ground segment had record third quarter results. In addition, we are very pleased with the execution of the new FedEx Freight strategy, which is expected to drive FedEx Freight's return to profitability in the fourth quarter. More broadly, we expect continued positive yield trends to improve revenues and margins in the fourth quarter and in fiscal 2012," added Graf.
Segments
Among the different FedEx divisions, FedEx Express saw an 11% increase in turnover for the third quarter, to $6.05bn, but a sizeable 33% drop in operating income, to 178m from 265m the same period last year.

International package volumes were up 5% thanks to strengthening exports from Asia and Europe, while US domestic volumes were up 2%.
But while revenue per package was up on both international and domestic sides (up 7% and 5% respectively), and there were improvements in weight per package, overall operating margins were considerably tighter at 2.9% compared to 4.9% this time last year.

Weather, aircraft maintenance and increased employee benefits were to blame.
FedEx Ground offered brighter results for the quarter, with a 26% increase in operating income, to $325m, and an increase in operating margin from 13.5% to 14.9% year-on-year, to add to the overall 14% increase in revenues from $1.91bn up to $2.18bn.
The segment benefited from growth in the business-to-business market and home deliveries, growing average daily volumes by 6%, with yields growing 5% largely thanks to higher fuel surcharges.
The division's low-weight residential shipping and returns service, FedEx SmartPost, saw a 17% increase in average daily volumes on the back of booming e-commerce activity and new service offerings. The service increased its yield by 7% thanks to lower postage costs, fuel surcharge increases and an increasing use of the US Postal Service to provide last-mile delivery.
Meanwhile, FedEx Freight was hit hard by the severe winter weather and from costs related to the merger of LTL operations.
Revenues were up, by 8% to $1.12bn for the quarter, but operating losses increased from $107m this time last year to $110m for the three months ending February 28, 2011.
Overall, the freight results were hit by 43m from severance and lease termination costs from the merger of FedEx Freight LTL and FedEx National LTL operations.
But, FedEx said the severe winter weather had also "significantly impacted results".
Less-than-truckload yields were up 11%, thanks to efforts by the company's sales team to root out unprofitable accounts, but this came at a price with a 6% drop in shipment volumes, which were also affected by the weather.
4th Quarter outlook
Looking ahead, FedEx warned that its results for the fourth quarter, ending May 31, 2011, could be affected by fuel prices and the state of the economy in the wake of ongoing political turmoil in the Middle East and North Africa.
Last week's earthquake and tsunami in Japan was also expected to have impacts on operational costs, shipping patterns, the company added, stating that the "global economy is currently uncertain".
Nevertheless, FedEx Corp chairman, president and CEO Frederick W Smith said:
""Continued growth in the global economy is driving solid revenue gains in our transportation businesses. We expect strong demand for our services to boost our financial performance in our fourth quarter."

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4. Japan – 330 post offices destroyed or damaged

Posted: March 18, 2011 at 10:32 am

Japan Post has reported that 330 post offices were destroyed or damaged by the massive earthquake and tsunami on 11 March.
Road diversions and other major disruptions have affected domestic mail distribution.
The international mail exchange offices are operational.
Power cuts in the eastern parts of Japan, including Tokyo, have made it difficult for Japan Post to send and receive immediate track and trace data for express mail, parcels and registered items at its exchange offices (Narita Airport and Kawasaki Port), and in other offices in the affected areas.
Japan Post's network consisted of 24,539 post offices prior to the earthquake.

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5. Deutsche Post Positioned For Economic Upswing

11 March 2011 -
Deutsche Post DHL significantly increased its revenues during the past financial year and strongly improved its profitability. A slight drop in revenue in the MAIL division, caused in part by a regulatory change in value-added tax that took effect in mid-2010, was more than offset by vigorous top-line growth in all DHL divisions. Overall, Group revenues climbed by 11.4 percent to EUR 51.5 billion. Thanks to margin improvements at DHL, the increase of the Group's operating profit was substantially higher.

At EUR 2.2 billion, underlying EBIT was 50 percent higher than the previous year's level and also exceeded the upper end of the upgraded guidance for the company's operating earnings by more than EUR 100 million. Originally, the Group had forecast that underlying EBIT would rise to between EUR 1.6 billion and EUR 1.9 billion. In combination with positive effects from the sale of Postbank, the efficiency improvements also produced a fourfold increase in the company's net profit to EUR 2.5 billion in financial year 2010.

"Our strong performance in 2010 clearly demonstrates that we positioned ourselves at an early stage to be fit for the economic upswing and that our Strategy 2015 is increasingly bearing fruit," said Frank Appel, Chief Executive Officer of Deutsche Post DHL. "This past year was an important milestone on our way to sustainably increasing the company's earnings strength."

For the current year, the Group expects the global economy to continue to recover, a development that will continue to fuel revenue and earnings growth at the company's DHL divisions. Against this background, Deutsche Post DHL expects an EBIT of between EUR 2.2 billion and EUR 2.4 billion. While the MAIL division is expected to contribute between EUR 1.0 billion and EUR 1.1 billion to this figure, earnings at DHL should increase to between EUR 1.6 billion and EUR 1.7 billion. Corporate Center/Other expenditures are forecasted to total around EUR 400 million. Since the restructuring measures introduced in recent years are now largely completed, no significant non-recurring items are expected. As previously announced, the Group will no longer separately report an underlying EBIT metric.

Consolidated net profit, adjusted for effects stemming from the valuation of the Postbank transaction, should also continue to improve during 2011 in line with the operating business. The Group also affirmed that the positive earnings trends will continue in future years - assuming a further recovery of the global economy. Earnings in the MAIL division are to be stabilized at around EUR 1 billion despite the expected continuing drop in letter volumes. At the same time, the operating profit at DHL should climb by 13 percent to 15 percent on average each year until 2015.

"We are focusing on growth in both revenues and earnings," Appel said. "Our two strong pillars provide an excellent starting point for this. We have built the foundation to stabilize the profitability of the MAIL division and have just begun to tap the growth potential of DHL. We will use this strong basis to further expand our leading market positions and significantly increase profitability."

During 2010, Deutsche Post DHL profited from the upturn of global economic activity, boosting revenues by 11.4 percent from EUR 46.2 billion in 2009 to EUR 51.5 billion. In addition to increased transport volumes and higher freight rates, this growth can be attributed also to new-customer business in the DHL divisions.

Positive currency effects also contributed to the improvement. The successful efficiency-enhancing measures in all Group divisions that were introduced over the past two years have, combined with the revenue growth, led to an increase in underlying EBIT of more than EUR 700 million, from around EUR 1.5 billion in 2009 to EUR 2.2 billion in 2010. With an operating profit of EUR 1.45 billion (2009: EUR 378 million), for the first time the DHL divisions contributed more to overall earnings than the MAIL division, which generated an underlying EBIT of EUR 1.15 billion in 2010 (2009: EUR 1.4 billion).

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6. Senator recommends privatisation of government services

By Sam Strangeways
Published Mar 16, 2011 at 1:33 pm (Updated Mar 16, 2011)
Junior Finance Minister David Burt suggested today that Government should consider privatising some of its services in order to inject “much needed innovation” into the economy.
He told the Senate candidates for privatisation could include public transport, postal services, waste collection, waste treatment, water and recycling.
But he cautioned: “Just because something has worked in another place in the world, doesn’t mean it will work in Bermuda.”
Senator Burt, delivering his personal views on the economy in his first Budget speech in the Upper Chamber, referenced how Tony Blair and New Labour introduced a new breed of politics termed the Third Way when they swept to power in the UK in 1997.
“This politics was meant to represent the radical centre, a mix between traditional Labour and Conservative policies to deliver for the citizens of a country,” he said.
“One of the items that he pushed through was the partial privatisation of some government services.”

Sen Burt went on: “It will surprise no one when I say that governments are not known to be the most efficient organisations.
“It is my hope that, as the Government looks to open up the budget process and looks to medium-term planning, that we take a serious look at what government services may be able to be provided by the private sector in a more efficient manner.
“It is my belief that, as this Government considers all of the available options, there may be room for some government services to be privatised.
“Government must collaborate with our social partners in the unions and other stakeholders. We can do it in a way that provides secure employment for workers and ensures that their pensions and benefits are secure.”
He claimed the long-term benefit of a policy of deliberate privatisation of government services would be increased efficiency and a reduction in future pressure on public finances.
“The new entities will have a stable income stream that will allow them to expand and reinvest, thereby creating additional employment in our economy” he said.
“The efficiencies created will lead to more economic activity and increased growth.”
The former Progressive Labour Party chairman said he did not believe the issue should be approached “haphazardly or insensitively” and warned: “The risk of damage to our economy will be great if we get it wrong.”
But he added: “Considering the risks, and with careful planning, it is my hope that we’ll look at these items in the near future as a way of injecting some much needed innovation into our economy.”

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7. Text messages to replace stamps in Sweden

The Swedish postal service plans to give customers’ tongues a rest by allowing them to pay their postage via mobile phone text message instead of stamps. A similar system is set for launch in Denmark on 1 April, allowing users to send a text message, prompting a special code to be sent back. The code is then written down on the letter and serves as proof of the postage having been paid.
“We’re very interested and are just now looking into a solution,” said Anders Åsberg, head of marketing and development with Swedish postal service Posten AB. Åsberg added that no date has been set to introduce the service in Sweden, but said it wouldn’t be before the summer.
The postal services in both Sweden and Denmark are convinced that people will continue to send letters, despite the rise in other forms of communication, and paying postage by mobile phone is seen as a way of making the process easier. The system under consideration in Sweden would allow users to use codes retrieved via text message for sending letters and parcels weighing up to 2kg.
According to Åsberg, the risk of forged codes is no greater than it is with traditional stamps, as both must eventually be read by postal service scanners. He also said there were no plans to raise postal rates in Sweden when the text message postage service is introduced.

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8. Postal Service Negotiates Tentative Contract with Major Union

Contract Requires Union Membership Ratification

WASHINGTON — The U.S. Postal Service and the American Postal Workers Union AFL-CIO (APWU), reached a tentative four-and-a-half-year contract today. Upon ratification by union membership, which is expected to take place within two months, the agreement will run through May 20, 2015, and affect approximately 205,000 employees.

"This is a responsible agreement that is in the best interest of our employees, our customers and the future of the Postal Service," said Postmaster General Patrick R. Donahoe. "The contract will help lay a foundation that is fair to our employees and stakeholders."

Terms of the new APWU contract set the stage for a more flexible and cost-effective workforce to accommodate America's changing mailing trends. While requiring union ratification, key components include:

- Economic provisions that address critical Postal Service needs to control labor costs; and,
- Enhanced workforce flexibility to match workforce with workload.

Reasonable wages and benefits are critical to helping the Postal Service fully meet its financial obligations and remain strong in the future.

The drop in the economy, coupled with the shift to digital communications, has dramatically reduced mail volume. Mail volume peaked at 213 billion pieces in 2006 and plummeted to 170.6 billion in the fiscal year (FY) ended Sept. 30, 2010. Revenues shrank from $72.6 billion in FY2006 to $67.1 billion. The FY2010 net loss was $8.5 billion.

The Postal Service deals with the challenges of competing with the private sector while continuing to operate under federal regulations and congressional oversight. Other issues challenge the Postal Service's future:

- Created in 2006 under stronger economic conditions, the Postal Accountability and Enhancement Act requires the Postal Service, unlike the private or public sector, to prefund retiree health benefits. This equates to an average of $5.5 billion in cash flow every year through 2016, in addition to the $2 billion it annually pays for current retirees. The Postal Service has asked Congress to restructure retiree health benefits payments to "pay-as-you-go," comparable to what is used by the rest of the federal government and the majority of the private sector.
- According to audits conducted by the Postal Service Office of Inspector General, the Postal Service has been overcharged to its Civil Service Retirement System and Federal Employees Retirement Benefit pension funds by $75 billion and $6.9 billion, respectively.

Negotiations with the National Rural Letter Carriers' Association (NRLCA) came to an impasse upon the contract's Nov. 20, 2010, expiration. Absent a negotiated resolution, the parties will continue to follow the current agreement until a third-party determines the outcome of a new contract. Unlike in the private sector, when negotiations come to an impasse, federal employees are not permitted to strike. An arbitrator determines the final outcome and is not legally required to consider the Postal Service's financial obligations when rendering a decision.

The APWU represents 205,000 employees who work as clerks, mechanics, vehicle drivers, custodians and in some administrative positions. Employees represented by

the NRLCA deliver mail in primarily rural and suburban areas. The NRLCA represents 67,000 career employees and 48,000 non-career employees who substitute for career employees on their days off. Employees represented by both unions received more than $20 billion in wages and benefits last year.

Two other unions represent most other postal employees. More than 203,000 employees represented by the National Association of Letter Carriers, AFL-CIO (NALC) deliver mail in metropolitan areas and 48,000 employees represented by the National Postal Mail Handlers Union, AFL-CIO (NPMHU) work in mail processing plants and Post Offices.

The NALC and NPMHU begin negotiations this year approximately 90 days prior to the midnight Nov. 20, 2011 contract expiration date. For additional background information on labor negotiations and the Postal Service's workforce, please click on these links: Labor Negotiations and Workforce.

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

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Collected by Chairul Anwar, Bandung, Indonesia.
E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.