

# POSTAL NEWS

No. 127/2008

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

- 1. LDP feud over postal privatization reignites. Nov 24, 2008.**
- 2. Postal Service Goes After DHL Shipping Business With Campaign. Nov 21, 2008.**
- 3. American Express, Meredith Seek Postal Agency Relief (Update3). Nov 20, 2008.**
- 4. U.S. Postal Service records \$2.8 billion loss and sets shipping price hikes. Nov 20, 2008.**
- 5. Research and Markets: Snapshots Slovak Republic Postal Services 2008 Report Contains 5 Years Of Historical Data And Five-Year Forecasts. Nov 18, 2008.**
- 6. US Postal Service losing money: what it means for you. Nov 17, 2008.**
- 7. U.S. Postal Service reacts to losses. Nov 17, 2008.**

## **1. LDP feud over postal privatization reignites**

The Yomiuri Shimbun

The Liberal Democratic Party is once again being rocked by feuding over postal privatization.

The LDP will shortly establish a project team to discuss the issue of full postal privatization ahead of a three-yearly reexamination of related services in March required under the postal privatization law.

But many believe it will prove difficult to resolve intraparty differences over the matter.

During a meeting of the LDP parliamentary league on postal services held Wednesday, criticism was voiced over the division of postal services into four companies--Japan Post Service Co., Japan Post Insurance Co., Japan Post Bank Co. and Japan Post Network Co. Negative opinions also were heard concerning the sale of government-held shares in Japan Post group firms ahead of full privatization of postal services.

Reasons cited for dissatisfaction with the current system included delays in mail deliveries, as well as "negative effects" caused by the separation of Japan Post Network Co. and Japan Post Service Co., and the market listing of Japan Post group shares [held by the government] at a time when stock prices are plummeting.

The meeting, headed by a prime ministerial adviser, Shunichi Yamaguchi, was attended by about 70 LDP lawmakers including postal rebels such as Seiko Noda, state minister in charge of consumer affairs, and Keiji Furuya, director of the party's

Public Relations Headquarters. Yamaguchi himself was one of the postal rebels who voted against a package of postal privatization bills promoted by then Prime Minister Junichiro Koizumi.

There is increasing skepticism within the party over full postal privatization, partly because Prime Minister Taro Aso recently expressed doubt over the advisability of selling government-held shares in Japan Post group companies.

Some members of the study group believe postal privatization has been a failure. As such, it is not ruling out the possibility of a sweeping review.

During the current Diet session, the LDP intends to kill a bill to reexamine postal privatization submitted by the Democratic Party of Japan and two other opposition parties. Some within the LDP support the opposition bill.

LDP members who want to see full postal privatization are cautious about any reexamination, arguing that it will lead to a total denial of the structural reforms initiated by Koizumi.

The pro-privatization group is led by former LDP Secretary General Hidenao Nakagawa. Many of the so-called Koizumi kids, who won Diet seats for the first time in the September 2005 general election by riding Koizumi's coattails, also belong to this group.

Those in favor of privatization share the view that allowing the postal rebels to return to the LDP under Prime Minister Shinzo Abe was akin to a "backpedaling on reforms," which caused the LDP-led coalition government to lose steam and the LDP to suffer a stunning defeat in the House of Councillors election in 2007.

Ichita Yamamoto, an LDP member of the upper house, said, "If the LDP reverses course on postal privatization, it would be reasonable to seek a public mandate on the matter by immediately dissolving the lower house for a general election."  
(Nov. 24, 2008)

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## **2. Postal Service Goes After DHL Shipping Business With Campaign**

By Joi Preciphs

Nov. 21 (Bloomberg) -- The U.S. Postal Service is vying to fill the void left by the exit of Deutsche Post AG's DHL Worldwide Express from the U.S. overnight-delivery market, Shipping and Mailing Division President Robert Bernstock said.

The service will begin running ads in major newspapers, including the Wall Street Journal, beginning Nov. 21, Bernstock said. Officials want to capture about \$300 million of the market.

The Postal Service competes with FedEx Corp. and United Parcel Service Inc., both positioned to broaden their combined 80 percent share of the U.S. package delivery market, analysts with Sewickley, Pennsylvania-based SJ Consulting Group said last week.

“We expect more growth from shipping products than mailing products,” Bernstock said in Washington Nov. 19. The former Scotts Miracle Gro Co. president spoke with reporters before a meeting of the agency's Mailers Technical Advisory Committee.

The Postal Service reported a \$2.8 billion loss for the year ended Sept. 30 and expects the global economic slump to cut further into mail volume, which fell 4.5 percent. First-class mail, formerly a key revenue generator, has fallen 6 percent between 2002 and 2007 and is expected to keep falling.

Bernstock said the agency must focus more on shipping services to position itself for the future. He's also pushing for investments in consumer-driven technologies that he says will help customers access on the Web 85 percent of the services provided at the agency's 37,000 retail outlets. That includes printing shipping labels and stamps.

Shipping products, which aren't subject to pricing caps, made up about 10 percent of revenue last year, the agency said. Services include Express Mail, Priority Mail, Parcel Select, Parcel Return Service, Global Express Guaranteed, Express Mail International, Priority Mail International, International Surface Airlift, and International Priority Airmail.

Bernstock was appointed to the division in July. The unit merged the agency's product management, development and commercial sales units, which is responsible for more than \$70 billion in annual revenue.

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Last Updated: November 21, 2008 16:06 EST

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### **3. American Express, Meredith Seek Postal Agency Relief (Update3)**

By Joi Preciphs

Nov. 20 (Bloomberg) -- American Express Co., Meredith Corp. and Time Warner Inc. are among almost 50 businesses, unions and industry associations asking Congress to grant the U.S. Postal Service relief from government-mandated retiree health-insurance payments to help the agency weather the global financial crisis.

A 2006 law requires the postal service to pay \$5.4 billion to \$5.8 billion each year for future retiree health coverage during the next decade. A drop in mail volume for the year ended Sept. 30 and higher fuel costs have made the payment schedule “unrealistic,” according to a letter from the groups posted today on the Internet.

“The funding requirement is there to address a liability down the road,” said Paul Fronstin, director of health research and education for the Employee Benefit Research Institute, a non-partisan group based in Washington. “If it’s given an exception for a year or two, it doesn’t mean they aren’t going to pay retiree benefits in the future.”

In the Nov. 17 letter to Senate Majority Leader Harry Reid, companies, publishers and bulk mailers called for an “adjustment to the payment schedule, which would preserve the law’s requirement for full funding of the benefits, but lessen the financial demand on the Postal Service for several years.”

“The \$900 billion mailing industry, millions of jobs, continued efficient universal postal services, and the long-term survival of the Postal Service are at stake,” according to the letter, posted on the American Postal Workers Union Web site. The request wouldn’t relieve the agency of any existing financial obligations, the groups said in the letter.

### Projected Loss

The agency, which serves 146 million homes and businesses six days a week, faces a \$7.7 billion loss for the current year ending in 2009 because of requirements to pre-fund retiree health benefits, Postal Service Chief Financial Officer H. Glen Walker said last week.

The Postal Service had a \$2.8 billion loss for the year ended Sept. 30 and before the 2006 law didn’t have any, Walker said Nov. 13. The payments “caused us to incur debt,” he said.

Compensation and benefits for current employees and retiree health benefits in 2007 constituted 80 percent of Postal Service operating expenses, according to an agency report. Retirement health-benefit premium expenses rose each year since 2005 and recipients also increased annually to 450,000 in 2007.

### Groups Concerned

Conde Nast Publications Inc., Pitney Bowes Inc., McGraw-Hill Cos., Lands’ End Inc., Magazine Publishers of America and the National Association of Letter Carriers are among those who signed the letter.

“The thing that stands out is this is not just one company raising its hand,” Matthew Broder, vice president of external communications for Pitney Bowes Inc., said in a telephone interview. “It’s a broad-based group of companies, and the unions, that are equally concerned.”

The global economic slump will keep trimming mail volume through 2009, after a 4.5 percent drop last year, postal officials have said. The wider loss projected for 2009 prompted them to raise shipping prices for some of the agency’s services and further lower costs, including reducing work hours.

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Last Updated: November 20, 2008 15:41 EST

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Thursday, November 20, 2008

#### **4. U.S. Postal Service records \$2.8 billion loss and sets shipping price hikes**

The U.S. Postal Service reported a net loss of \$2.8 billion for fiscal 2008, which it attributed to reduced mail volume caused by the economic slowdown and costs mandated by the Postal Act of 2006, including pre-funding worker retirement plans. The Postal Service also announced across-the-board shipping increases set for January that will raise prices by an average of 5%.

The loss occurred despite more than \$2 billion in cost-cutting measures that included employees putting in 50 million fewer hours compared with the previous year, the Postal Service says. Total revenue for the fiscal year ended Sept. 30, 2008, was \$75 billion, unchanged from 2007.

Cost reductions offset most of the effects of inflation, including a \$562 million increase in cost of living adjustments paid to employees and \$525 million in additional fuel costs.

Mail volume in fiscal 2008 was down 9.5 billion pieces, or 4.5%, to 202.7 billion pieces compared with the previous year. Declining mail volume was a symptom of the worsening national economy, the Postal Service says, particularly related to the financial and housing industries and to increasing use of electronic mail.

Shipping costs will increase effective Jan. 18 as the U.S.P.S. conforms to the timing of other shipping services' annual price adjustments, says Robert Bernstock, president, mailing and shipping services. Previous shipping price hikes coincided with mail service increases.

Shipping prices will go up 5.7% for Express Mail, 3.9% for Priority Mail, 5.9% for Parcel Select, 5.3% for Parcel Return Service and 8.5% for some international shipping products.

Also new for 2009 is Commercial Plus pricing, aimed at high-volume Express Mail and Priority Mail users. New Commercial Plus prices for Express Mail are 14.5% less than retail on average, the Postal Service says, and for Priority Mail an average of 7% less than retail.

"Commercial Plus is a tiered pricing option designed with larger shippers in mind," said Gary Reblin, vice president, expedited shipping. "It's a very competitive offering

for commercial customers—lower prices that will reward them for shipping higher volumes with the Postal Service.”

Price changes for mailing services, including stamps, will be announced in February and will be effective in May 2009.

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#### PRESS RELEASE

### **5. Research and Markets: Snapshots Slovak Republic Postal Services 2008 Report Contains 5 Years Of Historical Data And Five-Year Forecasts**

Last update: 3:10 p.m. EST Nov. 18, 2008

DUBLIN, Ireland, Nov 18, 2008 (BUSINESS WIRE) -- Research and Markets ( [http://www.researchandmarkets.com/research/708655/snapshots\\_slovak\\_r](http://www.researchandmarkets.com/research/708655/snapshots_slovak_r)) has announced the addition of the "Snapshots Slovak Republic Postal Services 2008" report to their offering.

Snapdatas Snapshots Slovak Republic Postal Services 2008 provides 2007 year-end market size data, with 2008 estimates, 5 years of historical data and five-year forecasts. The Snapshots report gives an instant overview of the Slovakian postal service market and covers government-run postal services handling of letter items and parcels. It does not include courier services. Market value is based on revenues. Market volume is based on the quantity of mail handled. The data is supplied in both graphical and tabular format for ease of interpretation and analysis. The Snapshots Slovak Republic Postal Services 2008 forms part of Snapdatas Business Services industry coverage.

The key socio-economic indicators in each report will be:

Size of population GDP - Gross Domestic Product Inflation rate Exchange rate  
Forecasts

All market forecasts are based on statistical forecasting techniques based on historic performance (linear extrapolation of the market size, based on the five-year historical growth). These statistical tools are supplemented with qualitative parameters such as: industry expectation/opinion. Socio-economic drivers, new product development, technological advances, expected levels of market saturation etc.

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### **6. US Postal Service losing money: what it means for you**

Last Update: 11/17 11:29 pm

Postal Service looks at making changes amidst lower business 11/17/08

North Syracuse, New York (WSYR-TV) - The US Postal Service ended its fiscal year nearly \$3 billion in the red, which means post office staffs around the country are looking at changing the ways it does business.

The reason for the money loss is because 9 billion fewer pieces of mail came through the post office. Now, it's looking in to maximizing the staff they have and using more machines.

Instead of hiring from the outside to fill positions they will look in to their own existing staff. The Postal Service will also not fill positions when folks retire.

It's also looking to save energy and try to expand their automated mailing centers in to places outside the post office. It hopes this will help increase business and bring in more revenue.

In order to stay competitive with Fed-Ex and other mail services, the postal service will also be increasing their prices in January anywhere from 5-8 percent depending on the type of postage, and mail being sent. For how those prices will impact your mail, head here:

[http://www.usps.com/communications/newsroom/welcome.htm?from=home\\_newsannouncement&page=morenews](http://www.usps.com/communications/newsroom/welcome.htm?from=home_newsannouncement&page=morenews)

For holiday shipping deadlines, head here:

<http://www.usps.com/holiday/shippingcalendar.htm>

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Business News

## **7. U.S. Postal Service reacts to losses**

Published: Nov. 17, 2008 at 11:31 AM

WASHINGTON, Nov. 17 (UPI) -- Rain, sleet and hail notwithstanding, the U.S. Postal Service said it would cut service hours after losing \$2.8 billion at the end of the 2008 fiscal year.

With national mail volume dropping 4.5 percent in the year ending Sept. 30, the agency is offering 156,000 employees early retirement, said spokesman Gerald McKiernan, USA Today reported Monday.

In the fiscal year, volume dropped by 9.5 billion pieces of mail with much of the decline attributed to lower mailing volume by banks, retailers and real estate companies, McKiernan said.

The agency is also cutting some routes. "As volume goes down, you have to evaluate the routes," said Larry Dauby, postmaster in South Bend, Ind.

But, changed routes doesn't mean service will shrink, Dauby said.

McKiernan told USA Today, "We hope these changes go unnoticed by the customer."

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