

POSTAL NEWS

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- 1. Swedish-Danish postal merger cleared by Kroes. April 21, 2009.**
- 2. TV shopping firm abused postal discount system for handicapped. April 21, 2009.**

1. Swedish-Danish postal merger cleared by Kroes

By Jarle Hetland

21.04.2009 / 20:41 CET

Conditions imposed on first merger of incumbent postal operators.

The European Commission today (22 April) approved the proposed merger between Posten, Sweden's state-controlled postal service, and Post Danmark, its Danish counterpart, which is owned jointly by the Danish state and by CVC Capital Partners, a private investment fund.

The Commission made the approval conditional on the two companies selling off some of their assets and reducing their market share on standard business-to-business parcel delivery services in Denmark. According to a source, this will have to be completed within six months.

An intention to merge Posten and Post Danmark was signed in April 2008 and a final agreement was signed between the countries' governments in February. The merger could take effect from as early as 1 May. The merged entity, which will eventually be listed, is forecast to generate annual revenues of more than €7 billion. It will be headed by Lars G. Nordström, the current chief executive of Posten.

The Swedish postal market was liberalised in 1993, while the Danish postal market is to be fully liberalised sometime before 2011.

According to the Commission, liberalisation of the Danish postal market will not be put at risk and the merger is “unlikely to increase barriers to entry or expansion, or impede the competition in the Danish mail market”.

Neelie Kroes, the European commissioner for competition, said: “This is the first merger by incumbent postal operators in Europe, and I have been particularly careful to make sure that there were no risks to liberalisation, and that all competition problems were removed.” She added: “The merger did raise some problems, and I am pleased that we resolved these problems quickly and in full. Liberalisation can move forward just as before.”

A statement from Nordström today said: “The new company will increase our competitiveness to meet increasing challenges on communications and logistical markets. [The merger] will therefore secure the conditions to maintain a first-class

and competitive [postal service] in both countries and strengthen our position elsewhere in the Nordic countries.”

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2. TV shopping firm abused postal discount system for handicapped

Tue. April 21, 2009; Posted: 10:28 AM

Are you looking to increase your ETF knowledge?

NAGOYA, Apr 21, 2009 (Kyodo News International - McClatchy-Tribune Information Services via COMTEX) -- PMNVF | Quote | Chart | News | PowerRating -- A television shopping company in Nagoya abused a postal discount system for handicapped people and sent about 4 million pieces of advertising mail between August 2005 and September 2008 at much lower postal rates, company officials said Tuesday.

Prime Network Inc., based in the central Japan city, found the practice problematic following an in-house probe and stopped using the discount system in October 2008, the officials said.

The revelation came after Osaka prosecutors arrested a former senior employee of Best Denki Co. and seven others last Thursday over similar conduct.

Under Japan Post's mail discount scheme, handicapped people and their supporters can send periodicals at sharply discounted rates of around 8 yen per mail item instead of the regular 120 yen under certain conditions, such as the periodical having a regular circulation of 500 copies or more.

Prime Network, which is listed on the Nasdaq stock market for startups, is believed to have enclosed in its advertising mail periodicals published by groups for the disabled, thus evading mail fees amounting to about 400 million yen.

The officials said Prime Network entrusted an ad agency with that task. They said the agency had proposed that the company send direct mail through the scheme for the disabled, but were not told that it was an abuse of the system.

In 2007, Prime Network struck a capital and business tie-up accord with Best Denki, a major household appliances retailer based in Fukuoka, but the officials denied any link between the alliance and similar mail practices of the two companies.

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