

# POSTAL NEWS

No. 48/2011

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

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| <ol style="list-style-type: none"><li>1. FedEx Express enhances intercontinental portfolio. April 6, 2011</li><li>2. Deutsche Post DHL sells US trucking brokerage for \$83m. April 6, 2011</li><li>3. DHL Express Partners With Nectar. April 4, 2011</li><li>4. Protestors seeing red over government plan to sell off Royal Mail. Apr 7, 2011</li></ol> |
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FedEx Express enhances intercontinental portfolio

Wednesday, April 6th, 2011

FedEx Express has launched a new intercontinental flight for customers shipping among the US, Middle East, India and Europe.

The new Boeing 777F flight will provide businesses with enhanced US–Middle East connectivity as well as “unbeatable transit times, additional capacity and best-in-class customs clearance operations”, FedEx said.

Trade between the US and the Middle East and North Africa (MENA) region totalled more than \$127bn last year with economic indices forecasting growth in the MENA region to be 3.6% in 2011.

FedEx Express claims it can offer the “fastest service from the US, Canada and select markets in Latin America to the UAE, Afghanistan, Lebanon and Bahrain and improved clearance operations into other regional markets”.

This will also provide additional capacity from India and between the Asia Pacific and EMEA region, providing untapped business opportunities for companies of all shapes and sizes, the company boasted.

“As the global economy becomes even more complex and intertwined, the markets of the Middle East region are some of the fastest growing, coming out of the recession stronger than anticipated,” said Gerald P. Leary, president, FedEx Express Europe, Middle East, Indian Subcontinent and Africa (EMEA).

“This transit time enhancement will open up exciting growth opportunities for our customers and all businesses in the region wanting to sell and source their products in the U.S. and in other markets around the globe,” he added.

The new Boeing 777F is the world’s largest twin-engine cargo aircraft, which delivers operational efficiencies as well as greater fuel efficiency and lower carbon emissions.

FedEx Express is the first US-based, global, all-cargo airline to add the B777F to its fleet and has taken delivery of 12 B777s and has 32 remaining on order, for a total of 44 B777Fs anticipated by the end of fiscal 2019.

This is part of the FedEx “commitment to environmental sustainability” and will help the company move closer to its goal of reducing fuel emissions by 20% by the year 2020.

Earlier this year, the company launched five weekly direct flights between China and India to strengthen the burgeoning trade lane between India and Asia. The company also

launched a new connection between Europe and Asia in 2010 with a direct round-trip flight between Paris and Hong Kong – one of the highest-yielding trade lanes for FedEx Express.

Deutsche Post DHL sells US trucking brokerage for \$83m

Wednesday, April 6th, 2011

Deutsche Post DHL has sold its US third-party freight logistics subsidiary Exel Transportation Services to an American logistics company for \$83m.

Previously an operating of Exel Corporation, itself part of Deutsche Post's DHL Supply Chain division, Exel Transportation will now be a wholly-owned subsidiary of Hub Group, Inc., a firm based outside of Chicago, Illinois.

Under new ownership, it is being renamed Mode Transportation, but will continue to have its headquarters in Dallas, Texas.

Key management will remain in place, including president Jim Damman, who said his team was excited to become part of a company with a "history of growth and innovation".

He said: "We believe access to Hub Group's dedicated fleet and efficient drayage operations, among other benefits, will allow us to outpace the competition."

Exel Transportation, now Mode, is a logistics company and transport brokerage that operates through a network of around 300 independent business owners.

The company ended up 2010 with revenues of about \$717m including intermodal revenue of \$294m, truck brokerage sales of \$27m and less-than-truckload sales of \$85m.

Hub Group chairman and CEO David Yeager said the acquisition would bring "highly complementary services" into his group of companies.

"Mode is the strongest third-party agent network in the industry, with outstanding customer relationships and a diverse portfolio of solutions, including temperature-protected services," he said, adding: "We are looking forward to working with the Mode Transportation team to continue its growth and expansion in the years to come."

Mode Transportation started out as the Mark VII intermodal and truck brokerage in 1989, before two changes of ownership saw new parent Exel changing its name to Exel Transportation in 2001. Exel was itself acquired, by Deutsche Post, in 2005.

Deutsche Post DHL chief executive Frank Appel said last week that his company would continue to operate in North America through its Exel brand because of the brand recognition it enjoyed.

He said: "We're still using the Exel brand – many people don't know that it is DHL, but it is a well-established brand in the US, and it is one of the largest contract logistics business in the US."

DHL pulled out of domestic package delivery operations in the US in 2008, finding the business was not sufficiently profitable.

Nevertheless, it maintains its services in international delivery, and Appel told reporters last week in New York that his company was "entrenched" in the US.

"We have seen this business with double digit growth – it is a good business, growing fast," he said.

DHL Express Partners With Nectar

04 April 2011 -

DHL Express, the world's leading international express delivery company, today announces its partnership with Nectar Business, the UK's leading business-to-business loyalty programme. DHL said the partnership will provide better value for small and medium sized customers who send international parcels and documents. DHL Express is the only courier and logistics company to reward its customers with Nectar points.

The new signing sees Nectar Business offer its SME collector base even more ways to collect Nectar points on their everyday business expenditure. Starting from today, small businesses can collect two Nectar points per pound spent with DHL Express.

Shannon Diett, Director of Marketing at DHL Express UK comments:

"This is just one of the many ways in which we are looking to support small businesses in an increasingly difficult economic climate. The partnership with Nectar Business is really exciting for us and we're proud to be able to reward our customers through such a well established loyalty programme.

"We strive to offer customers an industry leading customer service on their express shipment needs and now we can offer Nectar points in addition. This means small businesses can get even more for their money and is yet another way that DHL Express distinguishes itself in the market."

Louise Isaacs, Head of Nectar Business comments:

"At Nectar Business we always aim to offer our cardholders many opportunities to collect points. That's why we're delighted DHL Express has joined the programme as it increases the number of places where Nectar Business cardholders can collect points. We're really excited about working with a globally recognised brand such as DHL Express and believe the partnership will deliver significant opportunities for DHL Express to acquire, grow and retain customers.

"Small businesses have lots of outgoings - from stationery and business insurance to transport and by collecting points with Nectar Business they can earn rewards on their every day business expenditure to spend on themselves or their business"

Businesses that sign up to the programme can collect points through all the Nectar Business partners which include Viking Direct, Dulux Decorator Centres, Brakes Food Services and Premierline Direct to name a few, as well as through the Nectar consumer programme. Cardholders can also collect points online with over 500 retailer partners at [nectar-business.com](http://nectar-business.com)

TNT Express delivers with electric vehicle in the centre of The Hague  
5 April 2011 - TNT Express Benelux operates an electric vehicle of the type COMS for transporting consignments within the heart of The Hague since March 30. The use of the COMS vehicle is part of a test which was launched by TNT Express Benelux and the Louwman Group. The COMS is allowed to use the bike lanes in the Netherlands, making its deployment more versatile. It has a payload of 100kg, achieves a maximum speed of

45 km / h and has a reach of about 50 kilometers. The Louwman Group is one of the largest and most respected automotive groups in the Netherlands and is also active in Sweden and Denmark.

Danish Post places another postal automation order with Siemens

The innovative type CFC 3004 preprocessing machine developed by Siemens closes the gap between smaller standard letters and flats in the letter handling process. As one of the fastest and most efficient postal services in Europe, Danish Post has now become the first postal service in the world to order seven of these new machines. They are scheduled to be handed over and enter into service by the end of 2012.

“We’re very pleased that we’ve once again been able to win over our long-standing customer, Post Danmark, with our innovative solutions. The award of this order was preceded by an intensive selection process. One of the deciding factors in our success was a three-month live trial operation of a test series machine in Århus, Jutland. During that period of time, our machine processed over four million letters. This enabled the company’s representatives to convince themselves firsthand of the stability and performance capability of the Siemens technology we were offering,” said Stefan Keh, CEO of the Infrastructure Logistics Business Unit of Siemens Mobility, when this order was awarded.

Post Danmark chose the combination of a CFC and an integrated reading and video coding machine (IRV) in a single machine. They are also first from Siemens that include the dynamic weighing of standard letters and flats up to 300g as a standard feature. With an accuracy to within 2g, the weighing modules will allow the customer for the first time to detect mail items with insufficient postage fully automatically. The weighing modules are approved for business subject to official calibration.

Every day Danmark Post employees collect, sort and deliver some 11 million items of mail to 5.2 million customers in 2.6 million households. Numerous studies have shown that Post Danmark is Europe’s fastest and most efficient postal service when it comes to delivering letters. Around 95 percent of all domestic letters that are posted in time for delivery are delivered the next working day as promised.

Protestors seeing red over government plan to sell off Royal Mail  
by Rachael Misstear, Western Mail

Apr 7 2011

RURAL postal services are at risk of being “downgraded” if a new law is passed, campaigners warned last night.

The Postal Services Bill proposes keeping the Post Office in public ownership, but the Royal Mail, which runs postal delivery, would be privatised.

Opponents in Wales fear:

The move could see post offices shut if the privatised company decides not to use them; It would make it easier to change the universal service obligation to deliver to all parts of the UK for a fixed price;

Rural businesses that rely on daily deliveries could be crippled if services are cut.

The Department for Business, Innovation and Skills (BIS) has rejected claims that services face the axe.

But the Communication Workers Union (CWU) said the Bill leaves rural Wales vulnerable to changes which have already been implemented in parts of Europe, where deliveries are made only three days per week.

CWU's regional secretary Gary Watkins said: "Many people don't understand that if the new owners of Royal Mail decide not to use our post offices for Royal Mail products and services it will spell the end of post offices, especially in rural areas.

"We are also concerned that daily deliveries of mail to domestic and business customers in rural areas will be seen as too expensive by new owners."

He said there were massive loopholes in the Bill which could have an impact on the frequency of deliveries.

"This is linked to what has been happening Europe-wide after the European Commission brought in postal liberalisation and competition," said Mr Watkins.

"There are some pretty scary examples, such as the Netherlands, where TNT is the Royal Mail equivalent – the old state postal company. They have reduced deliveries in rural areas to three days a week.

"We currently have deliveries six days per week but there is nothing in this bill to safeguard that. Not only that, it leaves it open to be very easily downgraded because it puts all the powers in the hands of the Minister for Postal Affairs, who doesn't have to come back to Parliament to agree any downgrade.

"While the Government isn't saying it is going to do this – that would be political suicide – the way the Bill is worded, ultimately that could happen."

Mike Owen, who operates his family-run business, Self-Storage4U in Llandyrnog, Denbighshire, said cutting deliveries would cripple the company.

He said: "We take deliveries of parcels on a daily basis and without a regular postal service we would certainly lose out."

In West Wales a campaign is already under way to oppose the Bill.

Labour Assembly candidate Christine Gwyther said Royal Mail subsidised the Post Office and both organisations helped each other under the existing arrangements.

"The privatisation proposals, as they stand, would jeopardise all that."

Plaid Assembly candidate Nerys Evans said: "It's vital that the Royal Mail stays public as it provides such an important service to our rural communities."

Simon Hart, Conservative MP, said the Bill would "preserve and strengthen", not downgrade services.

A Department for Business spokesperson said: "The number one reason we are taking action is to ensure that the universal postal service is protected and that Royal Mail can keep delivering and collecting your letters six days a week at an affordable, one-price-goes-anywhere cost. This is written into our legislation and we are actually putting in place extra safeguards so that it can't be downgraded via the back door in the future."

The Bill, which completed at committee stage in the House of Lords yesterday, will next go before the Lords for a report session on May 4.

APWU Tentative Agreement Will Save \$3.8 Billion

Postmaster General, Governors, Testify before House Committee

WASHINGTON — The tentative labor agreement the U.S. Postal Service has reached with the American Postal Workers Union (APWU) is a "responsible" pact that is the "best possible outcome we could have achieved" under current law, Postmaster General

Patrick R. Donahoe testified today before the House Committee on Oversight and Government Reform.

Donahoe noted, "It's the nature of such negotiations that neither side got everything they wanted," but with this contract he said the Postal Service was able to achieve its goals of "greater workforce flexibility, immediate cost relief and long-term structural changes." The tentative agreement, which now goes before the APWU members for ratification, would cover some 205,000 career postal employees for a four-and-one-half-year period up to 2015. Postal and APWU leadership have been negotiating the plan for the past eight months.

As written, the agreement provides immediate cost relief for the Postal Service as it freezes wages for the first two years. It establishes a two-tier career pay schedule for new employees that is 10.2 percent lower than the existing schedule and allows the increased use of non-career employees from 5.9 percent today, with restrictions, to some 20 percent unrestricted. The contract represents \$3.8 billion in savings to the Postal Service.

Also testifying and expressing support for the plan was the chairman of the Postal Service Board of Governors, Louis J. Giuliano. "After many months of difficult negotiations, (the agreement) was the best achievable under existing law." He also expressed satisfaction that binding arbitration had been avoided. "Years of experience have taught us that these types of breakthrough changes in workforce utilization are very unlikely in an arbitrated settlement," he said.

Underscoring the need to reach a "responsible" agreement, Donahoe told the committee that since 2008, the Postal Service has been responding aggressively to an unprecedented 21 percent decline in mail volume prompting a regimen of process improvements and personnel reductions. Since 2008, Donahoe said, "We have reduced 110,000 employees and \$11 billion in costs." Despite those efforts, however, in 2010, the agency recorded a net loss of \$8.5 billion, the majority of which was not related to postal operations.

Donahoe stressed that postal finances would be far better but for an inflexible business model. "We need reform in the laws that govern us," he said. "We must get beyond the mandates that we prefund retiree health benefits, that we overfund Federal Employee Retirement System (FERS) and that we deliver mail six days a week."

A 2006 law requires the Postal Service to prefund retiree health benefits in amounts approximating \$5.5 billion per year (an obligation unique to the Postal Service); the statutorily mandated formula employed to determine Postal Service contributions to the FERS has to date caused an overpayment of some \$6.9 billion; and the legal requirement that the Postal Service deliver six days a week is costing the Postal Service \$3.1 billion annually.

Noting that a ratified contract was preferable to binding arbitration, Donahoe pointed out that "Neither side was willing to take the expedient way out, to simply roll the dice, and leave our respective fates to a third party arbitrator. We need the flexibility to properly schedule our workforce and we have achieved that. Interest arbitration is not going to result in flexibility gains of this magnitude."

Giuliano added, "We are hopeful that we will achieve further flexibility in our negotiations with our other three unions."

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

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