

## In this issue

### EUROPE

- Groupe La Poste to meet 2007 targets and improve in 2008
- PIN Group claims investors are ready to buy
- DHL Same Day to use ParcelXchange in Ireland
- DHL complements Packstations with 1,000 parcel boxes
- Correos raises postage price on standard letters
- La Poste launches online parcels shipment and stamp service
- First acquisition for time:matters establishes a Dutch subsidiary
- An Post announces competition to aid literacy in schools
- Royal Mail seeks nominations for 1st Class People
- Correos puts electric vans and bicycles on trial
- TNT tests biofuel in France with a view to national roll out
- TNT chooses Quintiq to plan fuel-efficient transport
- Royal Mail scheme encourages staff to offset their carbon footprint

### AMERICAS

- US Postal Service wins top diversity award
- Analysts question scale of DHL operation in the US
- Canada Post reviews safety of rural mail operations
- FedEx Ground defends its right to use owner-operators
- DHL signs retail parcels agreement with Wargreens drugstore chain
- United Parcel Service changes its capital structure
- Simplified global range launched by UPS
- UPS and its employees raise USD 61m for charity

### ASIA-PACIFIC

- Japan Post Service to offer individual bulk discounts
- Three Australian postal workers to go to the Olympics
- United Parcel Service enhances its services in Asia
- FedEx launches day-definite economy service
- Thailand Post to award post office licences

### [www.ipc.be](http://www.ipc.be)

To access breaking news on the postal industry, visit our website [www.ipc.be](http://www.ipc.be) and subscribe to the RSS feeds. News archives and reports can also be accessed from our on-line media centre. Market Flash readers who have not yet requested a password, can do so by contacting Britt Janssens at

[britt.janssens@ipc.be](mailto:britt.janssens@ipc.be)

## Groupe La Poste to meet 2007 targets and improve in 2008



Groupe La Poste expects to achieve its target operating margin of 5.8 percent for its 2007 financial year and to increase its operating margin in 2008 to 6.1 percent.

It expects also to meet its target net profit of EUR 850 million for 2007 and to achieve ratios of 3.2 percent for net debt to operating profit and 1.7 percent for net debt to equity.

The directors and chairman Jean-Paul Bailly have approved the 2008 budget and the business plan for 2008 to 2010.

Turnover is forecast to rise by 2.9 percent in 2008, excluding provisions for La Banque Postale's home saving plan and accounts. Mail revenues are planned to rise by one percent; parcels and express by six percent and banking by about four percent.

Groupe La Poste will implement a EUR 1.3 billion capital expenditure and investment programme this year. The spending will focus on mail quality and will include the opening of eight new industrial mail centres. Several hundred post offices will be renovated in 2008 to join the 1,900 already upgraded over the past 30 months.

The business plan is based on two commitments: continuous improvement in operational performance to gain an operating margin comparable to leading postal services in Europe; recovery of a solid financial position via a revamped balance sheet.



Further in the future, the group has set ambitious financial goals for 2012 including an 8.5 percent operating margin, a debt to equity ratio of less than one, and a net debt to operating profit ratio of two.

## Europe

### PIN Group claims investors are ready to buy

New management at troubled PIN Group in Germany, has said that investors are interested in buying the company, but most European postal operators are reported by German newspapers not to be planning bids.

PIN's chief executive, financial expert Horst Piepenburg, said 17 of the company's 91 operating subsidiaries were now formally insolvent and the number could rise. In Germany, a declaration of insolvency means that a firm's wage bill is paid by unemployment offices for up to three months.

A business review of PIN is due for completion by the end of January when the company's management expects to present a new strategy.

The current crisis came about when the introduction of a minimum wage for postal services workers in Germany caused PIN's majority shareholder, newspaper group Axel Springer, to stop funding losses in the light of an expected increase in wage costs. The former CEO and minority shareholder, Günter Thiel, resigned after mounting a failed management buyout (*Market Flash No 365*).

### DHL Same Day to use ParcelXchange in Ireland

DHL Same Day is to use the ParcelXchange intelligent drop box system in Ireland under an international licence with Business Direct Group.

DHL Same Day plans to use a network of ParcelXchanges for night-time deliveries of business-to-business items. The ParcelXchange drop boxes are normally located on petrol station forecourts. Recipients access their items using a card and PIN number. Night time distribution company Business Direct launched its licensing initiative in October 2007. It said trials were currently taking place in Europe and East Asia.

### DHL complements Packstations with 1,000 parcel boxes

DHL has announced it will roll out 1,000 "parcel boxes" across Germany to complement its network of Packstations and post offices.

The parcel boxes are aimed at consumers; they will be installed outside Postbank branches and close to supermarkets and railway stations following a pilot test which began in the autumn of 2006.

Meanwhile, DHL has announced that T-Systems, a division of Deutsche Telekom, is now responsible for the management of Packstations, including coordination of maintenance service providers as well as the provision of information and communications technology.

All the self-service stations are connected to a data network that forwards customer request information to a central data store in Hanover. Customers automatically receive an SMS text message or e-mail when their package arrives at its destination.

There are currently 900 Packstations and a further 1,500 are planned by 2009.

### Correos raises postage price on standard letters

Correos has increased postage rates for domestic letters weighing up to 50 grams by one euro cent on January 1.

The price of a letter weighing up to 20 grams is now EUR 0.31; price for a letter up to 50 grams is EUR 0.43. Rates for international letters up to 50 grams remain the same. Correos said prices would fall this year for international parcels for European destinations.

### La Poste launches online parcels shipment and stamp service

La Poste's Coliposte division has launched an electronic stamp and shipment service for its consumer Colissimo product.

Customers can complete their shipping bill online indicating weight, destination and shipping method in order to purchase postage by credit card. They can print out the bill on an A4 sheet fixing half to their parcel and retaining the other half for stamping by the post office clerk.

Express counters at post offices allow parcels with electronic stamps to be accepted and despatched quicker.

La Poste said the e-stamping service would soon be available for international as well as domestic parcels.

### First acquisition for *time:matters* establishes a Dutch subsidiary



German same day logistics provider *time:matters* is continuing its international expansion with its first acquisition, JNE Netherlands a Dutch express operator.

The acquisition creates a Dutch subsidiary for *time:matters* to join subsidiaries established by organic growth in Zurich, Vienna, Warsaw and Shanghai.

### An Post announces competition to aid literacy in schools

An Post has announced its 2008 Education Awards for schools with a link this year to literacy and storytelling.

Junior school children are being invited to write a story together in class. Secondary school students have the choice to work individually or as a class to translate passages of SMS text language in a competition entitled Lst N Trnsl8n (Lost in Translation).

The competition closing date is Friday, January 25 and the winning entries will be announced in April.

## Royal Mail seeks nominations for 1st Class People



Royal Mail has asked the public to nominate postmen and women who have raised charitable funds or carried out public-spirited or heroic acts in their communities.

The nominations for a "1st Class People Award" will close on Friday January 25. Royal Mail said that thousands of customers nominated their postman or woman last year. The "Postman of the Year 2007" was Norman Walker, who smashed his way into a crashed and smoking car and held an injured man's jaw together for one-and-a-half hours while emergency services worked to cut the man free.

## Correos puts electric vans and bicycles on trial

Correos of Spain is to start using electric mail delivery vans and bicycles in pilot projects aimed at strengthening its contribution to preserving the environment.

Initial tests will see five vans and nine bicycles, adapted to carry smaller freight, go into service, especially in protected historical city centres and urban pedestrian areas.

The electric vehicles are more expensive to buy, but last longer and are cheaper to maintain, according to Correos. They are much less noisy than conventional vehicles and do not use petrol-derived fuel.

Once trials are complete, Correos plans gradually to add more ecological vehicles to its fleet. The project anticipates the implementation of European Union anti-pollution guidelines and norms.

## TNT tests biofuel in France with a view to national roll out

TNT Express has extended testing of biofuel for its delivery vehicles in France from two lorries initially to an additional eight light-duty collection and delivery vehicles.

The fuel, known as B30, could be introduced nationwide if tests lasting six months are successful, said TNT.

B30 is composed of 30 percent methyl ester from vegetable oil and 70 percent diesel. Its use is claimed to allow for a 20 percent reduction in CO2 emissions compared with a standard vehicle.

## TNT chooses Quintiq to plan fuel-efficient transport

TNT and DHL have now both opted for a proprietary software product, Quintiq, to plan parcel collection and delivery more effectively.

TNT aims to reduce its CO2 emissions under its Planet Me programme by using Quintiq. The software will replace a large number of planning systems used around the company in 900 depots worldwide. It will create and maintain depot profiles and allocate parcels to rounds and drivers in an optimal way. Its makers claim its functions will allow users to react quickly to short-notice changes and contingencies.

TNT had planned to develop its own planning solution but Quintiq was able to demonstrate that it could deal with all the company's issues.

Europe

Issue 366 | 22 January 2008

print | next

Americas

Asia-Pacific

## Royal Mail scheme encourages staff to offset their carbon footprint



Royal Mail has developed a carbon calculator, Ollie, to help its employees work out how many trees they need to plant to offset their personal, annual, carbon footprint.

Already, 130 Royal Mail Group employees have signed up to a new scheme to give money direct from wage packets to The Woodland Trust, a charity that plants and cares for trees.

Following the employee scheme's launch, Royal Mail has given its carbon calculator to The Woodland Trust, which is challenging other businesses to follow Royal Mail's good example.

## >>In Brief - Europe

### UPU's Quality of Service Fund spends USD 15.8m

In 2007, the Universal Postal Union's Quality of Service Fund financed 75 projects in more than fifty countries totalling USD 15.8 million. It was the first year the fund, created in 2001, spent more money than it received.

### GLS France sees growth in European export shipments

GLS France recorded 25 percent export shipment growth to Europe in 2007. Parcels were destined mainly for countries bordering France with 23 percent delivered in Germany, 20 percent in Belgium, 15 percent in Italy, 13 percent in the United Kingdom and 11 percent in Spain.

### GO! moves to bigger depot in Niederaula

German express company GO! Express & Logistics has opened a new EUR 7 million sorting centre in Niederaula, central Germany. The company decided to expand after its current hub in nearby Neuenstein reached its capacity of 10,000 parcels a day in a three-hour period.

### Nokia closure threatens DHL jobs

Jobs may be lost at DHL owing to the closure of a Nokia mobile phone production plant at Bochum in north-west Germany. Some 200 DHL staff work directly with Nokia, shipping mobile phones to various destinations.

### Post Office's MoneyGram signs up to customer charter

The United Kingdom Post Office's MoneyGram international money transfer service has signed up to a customer charter designed to ensure greater transparency and service security for people sending money transfers abroad.

### Post Office cuts its mortgage rate a second time

The United Kingdom Post Office has reduced the interest rate it charges on its three-year fixed rate mortgage to 5.48 percent. The reduction follows a previous rate cut in November.

Europe

Americas

Asia-Pacific

Issue 366 | 22 January 2008

print | next

## Americas

### US Postal Service wins top diversity award



Businesses in the United States minority-owned have voted the United States Postal Service "Top Government Agency for Multicultural Business Opportunities" in the 8th Annual Div50 list.

Div50 was produced by DiversityBusiness.com, the largest organisation in the US for diversity-owned businesses. It is an indicator of the 50 organisations that provide the best and most business for diversity-owned companies: "Those organisations...should be recognised not only by the business owners but also by the general public," said Kenton Clarke, chief executive officer of DiversityBusiness.com.

The Div50 list is distributed to more than 1,000 organisations which pass it on to their members and associates to reach millions of consumers.

More than 600,000 diversity business owners had the opportunity to vote on factors including the volume, consistency and quality of business opportunities granted to women and minority-owned companies.

The US Postal Service will receive its award at a special ceremony in April during the 8th Annual Multicultural Business Conference.

### Analysts question scale of DHL operation in the US

Market analysts have called on Deutsche Post World Net (DPWN) to downsize DHL Express in the United States in order to reduce losses. DPWN chairman Klaus Zumwinkel has reiterated, however, that the company has no plans to withdraw from the US market.

Morgan Stanley stated in a report that a rapid and radical solution at DHL Express USA would be the key to DPWN achieving its target earnings before interest and tax (EBIT) for express operations of between EUR 0.9 billion and EUR 1.1 billion in 2009.

"A substantial cut in network size, combined with subcontracting and a focus on international services is the most logical outcome, we think," said the Morgan Stanley report.

Investment company Bear Stearns stated in its report, published in December, that DPWN's US losses were eating into overall shareholder value; it urged the group to take action.

Mr Zumwinkel stated: "We have invested in a stable, good quality network for the whole USA that is linked to the global network. If we were not present in North America, then we would not do such good business in Europe and Asia. Even when it's not going ideally for us there at the moment, this market is essential for a global network."

### Canada Post reviews safety of rural mail operations



Canada Post is conducting a safety review of its rural mail operations but has reassured customers that it has no plans to reduce its level of service.

Europe

Americas

Asia-Pacific

Issue 366 | 21 January 2008

print | next

The Rural Mail Safety Review is costing up to CAD 500 million over the next five years. It follows rulings by Human Resources and Social Development Canada (known as Labour Canada) on 40 workplace safety cases related to complaints by Rural and Suburban Mail Carriers (RSMC).

Canada Post said it had received more than 1,300 complaints from rural mail carriers. It has commissioned traffic safety experts to develop a set of criteria to determine whether individual rural mailboxes pose an undue risk to the mail carrier, taking account of road conditions, traffic volume and clarity of view of oncoming traffic.

### FedEx Ground defends its right to use owner-operators

FedEx has defended its business model for FedEx Ground following a tentative conclusion published by the United States tax authorities that owner-drivers carrying out collection and delivery should be reclassified as employees.

In a meeting with financial analysts and journalists, FedEx said it did not plan to change the owner-operator status of drivers; it was confident it could grow its ground business and gain market share.

FedEx chairman, president and chief executive Frederick W Smith said he recognised that the owner-operator model faced challenges. "We continue to aggressively address these issues and we have strong defences," he said.

The company plans to meet the Internal Revenue Service (IRS) audit team to give its response to the tentative assessment. A final resolution is not expected for some time.

The IRS has indicated it anticipates assessing tax and penalties for 2002 at USD 319 million plus interest. Similar issues to those reviewed for 2002 are being audited by the IRS for calendar years 2004 to 2006.

### DHL signs retail parcels agreement with Wargreens drugstore chain

DHL has entered a strategic partnership with drugstore chain Wargreens to place *DHL Shipping Spot* drop-off points at photo counters in Wargreens stores.

The agreement will double DHL's retail presence in the United States in 2008 and will provide retail services nationally. Wargreens plans to have stores in 6,500 locations by the end of this year and will open 1,600 24 hours a day.

Wargreens customers will have access to DHL's core express products and services. The *DHL Shipping Spots* will weigh, label and ship packages to domestic and international locations.

The new outlets will join DHL's existing retail branches at OfficeMax and at independently owned and operated DHL Authorised Shipping Centres.

### United Parcel Service changes its capital structure



United Parcel Service (UPS) is to change its financial policy by increasing significantly the debt component of its balance sheet.

The company said it was changing its capital structure in order to enhance its value to shareholders. It intends to manage its balance sheet to a target debt ratio within a range of 50 to 60 percent funds-from-operations-to-total-debt

whereas previously it had no stated metric.

"This change in policy will permit us to make increased investments in the business, pursue selective acquisitions and undertake larger share repurchases." said Kurt Kuehn, UPS's chief financial officer.

Europe

Americas

Asia-Pacific

Issue 366 | 22 January 2008

print | next

## Simplified global range launched by UPS

United Parcel Service (UPS) has launched a simplified global range of air freight services, including an expanded express option with guaranteed door-to-door delivery.

The company has branded its expanded international express service as UPS Express<sup>SM</sup> Freight. This offers guaranteed, time-definite delivery including routine customs clearance to major metropolitan areas worldwide.

Two non-guaranteed services are UPS Air Freight Direct<sup>SM</sup>, a one to three-day airport-to-airport service, and Consolidated<sup>SM</sup>, a three to five-day airport-to-airport service.

The new freight portfolio is another step towards a complete range of US domestic and international package and freight shipping options coupled with supply chain and logistics services, according to UPS.

## UPS and its employees raise USD 61m for charity

In 2007, United Parcel Service (UPS) and its employees raised almost USD 61 million for United Way, a US humanitarian network of more than 1,300 fundraising organisations.

More than 246,000 employees contributed over USD 52.8 million and donated 960,000 hours of time through Global Volunteer Week and UPS's Neighbour-to-Neighbour programme. UPS contributed more than USD 8 million through the UPS Foundation and donated its executives' time to charities across the country.

The company has been supporting United Way for 26 years. With its employees, it has donated a total of USD 872 million.

## >>In Brief - *America*

### Kraft Foods awards DHL and expanded contract

DHL has won a renewed and expanded contract from Kraft Foods as the company's primary United States express carrier. It will provide US express services for letters and small package shipments, US ground delivery and international express services.

### UPS Freight raises its rates

UPS Freight is to increase its rates by an average of 5.4 percent for non-contractual shipments in the United States and Canada from February 4 for both truckload and less-than-truckload shipments.

### Fred Smith voted top by investment professionals

Institutional Investor magazine has recognized FedEx Corp chief executive officer Frederick W. Smith as the top CEO for the Airfreight & Surface Transportation. The magazine asked portfolio managers, analysts and other investment professionals to name the best US CEOs in sectors in which they invest.



## Asia-Pacific

### Japan Post Service to offer individual bulk discounts



Japan Post Service, the mail delivery unit of Japan Post Holdings, is to offer flexible discounts to bulk customers on direct mail and catalogues delivered through its parcels network.

The move is designed to improve Japan Post Service's competitive offer against its rival, Yamato Transport Co. Under the government's 10-year privatisation plan, Japan Post Service can set specific rates for individual customers. It will begin offering additional discounts in order to encourage corporate customers to ship items in bulk.

### Three Australian postal workers to go to the Olympics

Australia Post is looking for three employees to sort and deliver mail for Australian athletes in Beijing's official Olympic village as part of its sponsorship of the Australian Olympic team.

The tradition began at the Barcelona Olympics in 1992 when postal workers sorted and delivered 50,000 letters; the total grew to 250,000 letters by the Athens Olympics in 2004.

Much of the mail is generated by Australia Post's *LetterLink* programme which encourages children and young people to write letters to Australian athletes.

### United Parcel Service enhances its services in Asia

United Parcel Service has enhanced its international products and services for Asian customers.

The company has three new airfreight options and four new customer technology products designed to allow 24-hour parcel tracking, reduce paperwork and improve customer service.

A new product, UPS Clinical Trials targets customers in the pharmaceutical and biotechnology industries with a need to transport clinical substances internationally.

### FedEx launches day-definite economy service



FedEx Express has launched its FedEx International Economy service in 10 Asia-Pacific markets to offer an economical, day-definite, customs-cleared, door-to-door service for shipments delivered one or two days later than express items.

The service has no weight restriction for multi-piece shipments. It is designed for customers shipping both within Asia and to the United States and Europe.

## Japan Post announces big job cuts



Almost 20,000 job losses are planned by Japan Post Holdings Co by the end of fiscal year 2011. The mail delivery subsidiary, Japan Post Service Co, is set to shed 8,000 jobs, while the retail network, Japan Post Network Co, will lose 11,000 jobs.

## Thailand Post to award post office licences

Thailand Post is to set up franchised post offices and expects to award 20 licences initially.

The postal operator reported that customers sent fewer New Year cards this year. Total volume for letters, cards and calendars mailed between December 1 and 17 was 2.5 million a day, just 2.5 percent above mail volume on a normal day.

On a brighter note, the registered and express mail services increased their volume by 39 percent to 277,000 items a day.

## >>In Brief - Asia-Pacific

### Vietnam now has separate postal and telecoms operators

Vietnam has split its postal and telecommunications operators into two separate divisions. The Vietnam Postal Corporation began operating on January 1 to manage both the postal delivery network and postal services.

### DHL invests in South Korea

DHL has opened a new service centre in Suwon, South Korea. It has confirmed its plans to improve its domestic network infrastructure in the country; in the past two years, it has opened 10 new and refurbished service centres.

### Money orders go via UPU secure system

People in the United Arab Emirates and India will be able to send International Money Express Orders through the postal network from February via the Universal Postal Union's secure International Financial System.

### UPS appoints a new chief for Asia-Pacific

United Parcel Service (UPS) has named long-time UPS manager as its new Asia-Pacific chief from April 1. He will replace Ken Torok, who has been president of UPS Asia-Pacific since 2003 and who is retiring.

### UPS enhances services in Hong Kong

United Parcel Service is introducing two new services to Hong Kong: an international returns service, and a paper-free invoice system for sending clearance documents to destinations via e-mail.

### Indian retailers give award to Blue Dart

India's Blue Dart Express has won the Effective Retail through Effective Supply Chain Award at the Reid & Taylor awards organised by the Asia Retail Congress.

### Asian airfreight shows strong growth

The International Air Transport Association says that Asia-Pacific airlines showed 3.6 percent growth in November and 6.1 percent growth in the first 11 months of 2007. Middle East carriers showed growth of 8.1 percent and 9.5 percent.

## ABOUT THIS PUBLICATION

***IPC Market Flash* is a bi-weekly newsletter providing a comprehensive look at new developments emerging in the international postal marketplace. It is published by the Markets and Communication Department of the International Post Corporation.**

***IPC Market Flash* is sent out exclusively to IPC member posts. If you would like to contribute an article or photograph to this publication please contact us via email at [publications@ipc.be](mailto:publications@ipc.be) or send your submissions to :**

**IPC  
Head of Communication  
Avenue du Bourget, 44  
1130, Brussels  
Belgium**

While every care has been taken to ensure the accuracy of this report, the facts and estimates stated are based on information and sources which, while we believe them to be reliable, are not guaranteed. No liability can be accepted by International Post Corporation, its directors or employees, for any loss occasioned to any person or entity acting or failing to act as a result of anything contained in or omitted from this report.

