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UNION POSTALE



Universal Postal Union,
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Push out the
digital envelope

UPU*Clearing
is 10 years old

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How to lock in profits





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Pour valider et oblitérer au bureau de poste

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Union Postale is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities, featuring international news and developments from the postal sector.

The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals. It is distributed widely to the UPU's 192 member countries, including thousands of decision-makers from governments and Posts, as well as other postal stakeholders. All regard it as an important source of information about the UPU and the postal sector at large.

Union Postale is also published in French, Arabic, Chinese, German, Russian and Spanish.

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DOHA POSTAL STRATEGY

Four goals for Posts to reach by 2016



1 Improve networks



2 Provide knowledge and expertise



3 Promote innovation



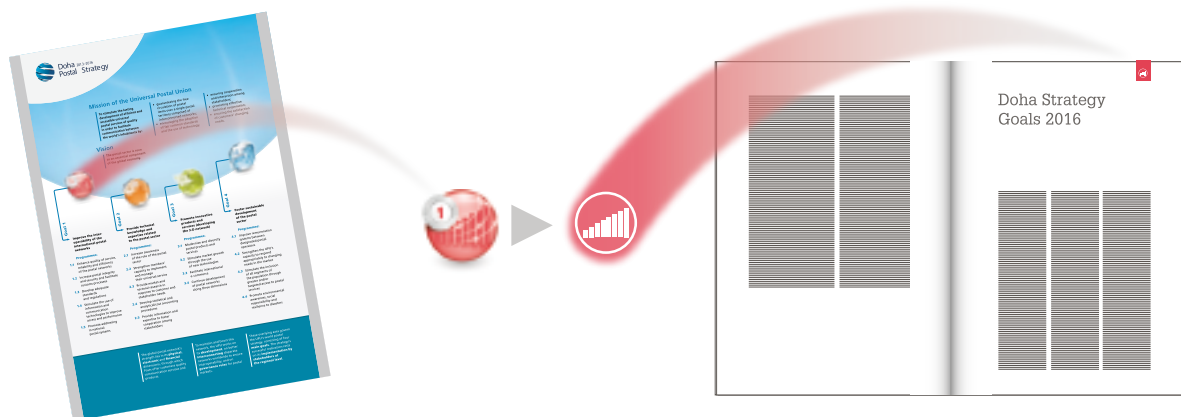
4 Foster sustainability

For more information:

news.upu.int/insight/world-postal-strategy/doha-postal-strategy

DOHA POSTAL STRATEGY

Icons link strategy to magazine content



Icons, based on those displayed in the DPS poster (left), link *Union Postale* articles to the world postal strategy for 2013 – 16

The new work cycle has begun and *Union Postale* magazine is doing its part by introducing icons to its layout to better link articles to the goals of the Doha Postal Strategy (DPS).

Readers may already be familiar with the icons, which were originally designed to embody the DPS's four goals. These beautifully ornate orbs

were incorporated in a UPU document on the DPS and a poster to bring the goals alive. Reproducing them in the magazine required a design process that 'reduced' them further for easy viewing.

From now on, these magazine icons will appear on selected pages to help readers see how the DPS

relates to the content. Just as the world postal strategy guides the Union's actions from 2013–16, so too does it now colour the magazine's articles.

Let us know what you think by writing to us (details on page 3). **FM**



GOAL 1

IMPROVE INTEROPERABILITY OF INTERNATIONAL POSTAL NETWORKS

Postal networks must operate efficiently to deliver the highest quality of service and meet customers' needs and expectations. The UPU will continue to work to strengthen the three dimensions of postal networks – physical, electronic/digital and financial.



GOAL 2

PROVIDE TECHNICAL KNOWLEDGE AND EXPERTISE

Exploit and share UPU expertise to position the organization as a key forum for the exchange of ideas and best practices and the development of analytical tools, such as statistics, related to the postal sector.



GOAL 3

PROMOTE INNOVATIVE PRODUCTS AND SERVICES

Postal operators that have diversified their activities and invested in the postal network's three dimensions have fared better than other operators. The UPU is promoting this approach and fostering innovation in the network.



GOAL 4

FOSTER SUSTAINABLE DEVELOPMENT

Sustainable development must be understood in its broadest sense to encompass the sustainability of postal business models, such as remuneration systems, going over and beyond environmental issues.

DOHA POSTAL STRATEGY:



<http://news.upu.int/insight/world-postal-strategy/doha-postal-strategy>

Tying parcels to real life

Ever had that sinking feeling when you return home and discover that the Post was unable to deliver a parcel while you were out? Welcome to the experience of many customers, who are used to home delivery but still miss the parcel round. To get their package, they have to schedule a trip to the post office, hoping that, when they do show up, the post office is not closed for lunch and that they have proof of identity on them. To help them shed that sinking feeling, some Posts are using parcel lockers as an innovative solution to ensure packages reach recipients quickly. These lockers enable customers to pick up their parcels 24/7 from unmanned terminals in a number of countries around the world as our cover story reveals.

In other news, read the latest on UPU efforts to evolve the traditional registered letter product to one more suited to the digital age, known as postal registered e-mail or PReM. The acronym will, no doubt, make Hindi speakers smile as 'prem' means 'love'. And the UPU is encouraging more designated operators to feel the love for PReM and build a critical mass of service providers to provide a cross-border offering. And what's more, a feature on UPU*Clearing demystifies the service that enables member countries to settle their dues with peers that has been in action for 10 years.

Last but not least, a big thanks to those readers that participated in the recent readership survey. Your feedback has provided a clearer picture of what we are doing right and what we can do better. As you can already see, we have already started gently to update certain ways of doing things, resulting in more clarity for the user. For one, we have adapted our use of rubrics to better denominate the main articles. For another, we have introduced the use of icons to denote how a certain article is linked to the latest world postal strategy. As we continue to analyze the survey's results, I would encourage all readers, especially those of you that did not participate, to share your thoughts on the magazine with me. **FARYAL MIRZA, EDITOR-IN-CHIEF**

E-COMMERCE

Posts and Customs can boost online delivery

Customs authorities should collaborate more closely with Posts as parcel volumes grow from online shopping. That was UPU Director General Bishar A. Hussein's main message at the annual council of the World Customs Organization (WCO) in Brussels, Belgium in June. "Our organizations both serve the citizens of the world, facilitating trade, while ensuring the security of our networks," Hussein said.

As e-commerce goes from strength to strength, the market for online shopping is set to surpass the trillion-dollar mark this year, according to some estimates. This, in turn, has resulted in more business for Posts as they deliver purchases made online.

Joint solutions

As parcel volumes have risen, so have safety concerns about their contents crossing borders. To ensure

that delivery to the customer is not delayed by such concerns, Posts are working with customs authorities to speed up the flow of goods, while guaranteeing public safety. "Since Customs is a critical link in the global postal supply chain, the Post-Customs interface must be as efficient and as streamlined as possible to ensure a high-quality postal service," Hussein said.

Work continues

To this end, the UPU and the WCO have joined forces on developing a number of technological solutions to improve their collaboration. An electronic-messaging system is in the works to replace paper-based communication between postal operators and customs agencies. The goal is to enable Posts to send Customs data on packages ahead of item arrival.

In 2012, the UPU Convention –

the cornerstone of the Union's legislation – was amended, allowing work in this area to continue. The UPU's technical arm, the Postal Technology Centre, is also forging ahead with putting the final touches on the Customs Declaration System. Once fully deployed, this will enable customers sending parcels to input information about the items directly into an online tool. This data will then be shared with Customs.

The WCO brings together 179 customs administrations, representing countries from every continent. **DK**

DEVELOPMENT COOPERATION

Regional plans get off to a good start

The Asian-Pacific Postal Union (APPU) and the Postal Union of the Americas, Spain and Portugal (PUASP) have fired the starting pistol on their regional development plans at their respective quadrennial congresses. UPU Director General Bishar A. Hussein attended both launches, which took place in September in New Delhi, India, and Havana, Cuba, respectively. "Posts everywhere are now changing by adopting new technologies and innovations in the face of the market and changing customer expectations," said Hussein.

Improving quality of service is the top priority for Posts in Asia-Pacific under the UPU's world postal strategy for 2013–16 (see article on page 7). The regional development plan for Latin America focuses on reforming the postal sector, improving quality of service and extending a successful electronic money-transfer

service called Correogiros beyond the 10 countries currently participating. Elections also took place at these regional gatherings. In New Delhi, China's Lin Hongliang was elected to lead the APPU secretariat from 2014. In Havana, at the time of going to press, the election of PUASP's new head had not yet occurred.

South America

Some Posts in Latin America have steadily improved operations and service in recent years, but most continue to face an uphill battle in the communication market. After years of neglect and lack of postal regulation, private-sector competitors have swept in to capture the lion's share of the postal market. The UPU estimates the region's Posts hold less than 20 per cent of the market.

While domestic letter-post volumes in the region have experienced minimal growth between 2006 and 2011, international volumes have dropped almost 12 per cent. Domestic parcels, on the other hand, have seen 26 per cent growth in the same period, while the international stream has seen a one per cent decrease.

The UPU development plans enable the world postal strategy to be implemented nationally and regionally to modernize the network and raise the quality of postal services. Working closely with the regions, the UPU has created plans not only for Asia-Pacific and Latin America but also Africa, the Arab region, the Caribbean, Europe and CIS countries. **FM & RL**

E-COMMERCE

Declaration boosts cross-border e-commerce

The UPU has pledged renewed support for online commerce in Europe and the Commonwealth of Independent States, an important step for the economies of developing countries in the region.

UPU Director General Bishar A. Hussein signed a joint declaration at a postal conference in St. Petersburg, Russia, along with top officials from two associations representing Posts across Eurasia: PostEurop and the Regional Commonwealth in the Field of Communications. Both are UPU restricted unions.

The promotion of electronic services and innovation is a key strategy for Posts worldwide, said Hussein in his speech. "These plans will help deliver the technical assistance developing countries need to set up or strengthen their postal networks and enable all Posts to take advantage of new opportunities," said Hussein.

Fostering trade

E-commerce platforms could spur the growth of small- and medium-sized enterprises (SMEs) in developing countries, according to Botond

Szebeny, secretary-general of PostEurop. "The traditional cross-border business has favoured the big enterprises, as it is easier for them to access foreign markets," Szebeny said. "Through using well-designed electronic platforms, SMEs have the chance to contact foreign customers directly and efficiently," he added.

International parcel traffic increased by an average of 8.9 per cent annually in the Europe and CIS region between 2006 and 2011, outpacing all other regions for that period. **DK**

DEVELOPMENT COOPERATION

China pledges donation to boost postal network



Getting down to business in Beijing, China



*Bishar A. Hussein (l.) and Ma Junsheng seal the deal
(All photos: China State Post Bureau)*

China has announced it will donate 100,000 USD towards the UPU's development activities in the Asia-Pacific region. The news came in August as UPU Director General Bishar A. Hussein met Yang Chuantang, Chinese minister for transport, and Ma Junsheng, China State Post Bureau's director general in Beijing, the Chinese capital.

Ma praised the UPU's work in the face of the challenges confronting the postal sector. "In this fast-changing environment, the UPU has been making great efforts to accompany the postal sector in its transformation," said Ma. "As a member of the UPU family, China would like to play

a more important role in the UPU's activities, as well as support its work."

Quality focus

The contribution will help fund the UPU's efforts to modernize the postal network in Asia-Pacific. Areas of priority include enhancing the quality of postal services and improving remuneration systems among postal operators. These areas have been singled out for attention in the UPU's regional development plan for the Asia-Pacific region. Such plans enable the world postal strategy for the current work cycle (2013-16) to be achieved on a regional level.

Large network

China Post itself employs 927,800 staff and has 47,000 permanent post offices. Asia-Pacific has almost half of the world's postal establishments, comprising more than 310,000 post offices, staffed by almost 1.7 million employees. In 2011, the region's postal operators generated 11.7 billion SDR (17.4 billion USD) in revenues, almost 61 per cent of which came from postal financial services. Some 20 per cent was generated by letter post, while almost 12 per cent came from parcels and logistics services. **FM**

UPU REGIONAL DEVELOPMENT PLANS:



www.upu.int/en/activities/technical-cooperation/regional-development-plans/plans.html





Posts lock in e-commerce boom

TEXT:
CATHERINE
MCLEAN

Moves to better align parcel delivery with customer needs are afoot in the postal sector with parcel terminals taking centre-stage.

ADDITIONAL
REPORTING:
FARYAL
MIRZA

In 2011, a delegation from Correos de Chile travelled to Estonia to see Eesti Post's new network of parcel terminals, which were being used by customers to pick up purchases made online. "Sharing experiences with Eesti Post was very useful when it came to developing and planning the development of a similar service in Chile," says Victor Hugo Avila, Chile Post's innovation manager. "We wanted to learn about a designated operator's strategy in this area and see how that strategy was implemented."

As internet sales thrive, the phenomenon of e-commerce has also changed consumers' expectations when it comes to receiving their boxed purchases. They want it yesterday, leaving postal operators to ensure online purchases reach consumers in a manner the latter deem timely. For a growing number of households used to having mail delivered to their front door, it has become increasingly difficult to wait for a parcel to be delivered. People may miss the parcel round as they are not at home and must then squeeze in an extra trip to the post office to collect their item.

Total ease

Customers now expect maximum convenience: websites should never be down, shopping services should be available on mobile phones and deliveries should come sooner rather than later, according to Andrew Starkey, head of e-logistics at the United Kingdom's online retail industry association, IMRG. "Online consumers' expectations are not set by the level of delivery services available," explains Starkey. "They're set by the wider digital experience of shopping online."

As a response to rising customer expectations, a number of postal operators have turned to parcel terminals, also known as postal lockers, to better respond to demands. These facilities have been rolled out across the globe from Chile and the United States to Singapore, Australia, Estonia and Germany.

While volumes of personal correspondence are on a downward trajectory, parcel delivery is a booming business as people go on shopping sprees in the virtual world. Sales of online goods and travel services to consumers are expected to climb to 1.2 trillion USD this year, according to a forecast from eMarketer, a market research company, in June. Asia-Pacific is leading the way with sales growth of 23 per cent this year, followed by Latin America with a 22 per-cent jump. Then come Russia and Eastern Europe with a 21 per-cent gain, Western Europe with a 14 per-cent increase and North America with a 12.5 per-cent advance.

Taking heed

When Australia Post unveiled a major rollout of parcel lockers in 2012, it noted that every day was like Christmas due to the surging popularity of e-shopping. Eesti Post is experiencing the same phenomenon. "Usually all the post offices are overloaded at Christmas because we have so many parcels," says Kristina Seema, project manager at Eesti Post. "Normally parcel volumes go down during the summer because people are on vacation but we noticed this year that volumes did not go down," Seema says.

ILLUSTRATIONS:
TANG
YAU HOONG



A survey by consumer group, Which?, in the UK last year showed that 60 per cent of more than 2,000 respondents that had shopped online had problems with delivery. Some 40 per cent reported items were delivered late and another 19 per cent complained they received a note from the deliverer saying they were not at home when in fact they were.

In the light of customer expectations, the UPU's 25th Congress last year adopted several resolutions aimed at modernizing delivery systems to better take advantage of the online retail market. Areas singled out for attention in the area of international e-commerce delivery include the development of track-and-trace services for small packages under 2kg, an effective returns system and attractive pricing. Work is already progressing well on a parcel-returns system at the international level (see *Union Postale*, December, 4/2012, p. 12).

Treasure chests

Posts everywhere are being challenged to transform. Parcel terminals are slowly showing up on street corners and in supermarkets on almost every continent. Deutsche Post DHL, a trailblazer in this area, launched the first terminals in 2002 under the brand of Packstation DHL. The early entry into parcel lockers seems to have paid off with more

than four million registered clients and 2,500 Packstations, offering 230,000 compartments. By the end of 2013, the number of Packstations is slated to rise to 2,650, leading to 250,000 compartments being available.

"The success of e-commerce will increasingly be decided during the first mile and, above all, during the last mile," said Jürgen Gerdes, head of mail at Deutsche Post DHL. "We are already providing parcel recipients with full transparency and control over the products they order and offer the most flexible network for parcel shipping in Germany by far."

It's hard to avoid a parcel terminal in Germany as 90 per cent of the population has access to a Packstation unit within a 10-minute car ride. The free service requires that customers register online to receive a card. When they shop, customers in Germany can choose one of Deutsche Post's 2,500 parcel lockers at a range of locations including supermarkets, universities, railway and petrol stations to collect their packages.

Buyers are alerted by text message – with a transaction number – to the parcel's arrival. At the terminal, they insert their customer card in a slot similar to a cash machine and enter the transaction number. The locker opens and they can then collect their parcel. Customers have nine days to pick up their packages. They can also pay for and send parcels from these lockers.

E-commerce study

In 2012, Deutsche Post DHL published a study into e-commerce habits in Germany, Austria and Switzerland. "The core finding is that e-commerce has become part of mainstream society," said Jürgen Gerdes, head of mail, at the time of its release. "Increasing numbers of people of all ages are using this convenient alternative to the stressful obstacle course of physical shopping."

The survey results offer some interesting insights into e-commerce habits. Almost 60 per cent indicated that when their purchases arrived, it felt like receiving a gift.

More than 60 per cent of respondents would not be willing to give up online shopping. Being able to choose delivery options was also a requisite for 20 per cent of respondents, who wished to choose where and when their package was delivered.

Participants were also asked whether increased e-commerce would lead shoppers to desert conventional shops. More than 70 per cent replied it would not. **FM**

Popping up

POPStations have quietly appeared in Singapore as SingPost has set up five terminals near post offices and community centres. Customers choose the most convenient POPStation when they shop online and then receive a text message or email on their smartphone with a quick response or QR code alerting them to the arrival of their package. They then go to a terminal and open the locker containing their package with the QR code. Customers have five days to pick up their item.

"POPStation is part of our continuous effort to improve customer experience and support the rapid e-commerce boom," says Ann Nee Lim, vice president for process excellence and special projects at SingPost. It is planning to have a network of more than 100 such stations in coming years. "SingPost is committed to providing the highest quality of service, and ensuring that our services remain accessible," says Lim.

"Why wait for your package when your package can wait for you." This was the pitch the United States Postal Service used for its gopost parcel terminals at a shopping



mall in Virginia in April 2012. The Post has so far rolled out 18 units in New York, Virginia and Maryland with plans to increase that number to 25 during its test phase. "Initial results are encouraging and we are finding more and more customers are registering to use gopost," says Darleen Reid, a USPS spokeswoman.

With gopost, users must first register at a website to receive an access card and personal identification number. A customer shopping online can enter a gopost unit as their shipping address and will be alerted when the package arrives at the locker via email or a text message. Consumers then scan their gopost card and enter their PIN at the unit, unlocking the terminal to retrieve their parcel. The pick-up service is free. Customers can also use the units to send packages that were paid for in advance.

Happy hour

While making consumers and retailers happier is an important consideration, postal operators on the bandwagon believe there is another potential benefit for using this delivery solution: cost-savings. By developing

an alternative to home delivery, Posts can increase the number of deliveries that arrive on time, improve delivery routes and lower their operating costs. Eesti Post says these savings allow it to keep prices in check for its customers, according to spokeswoman, Inge Suder.

In Singapore, letter carriers are more efficient as they can deliver packages for as many as 100 addresses to a single POPStation, says Lim. Customers collect some 80 per cent of the packages delivered to POPStations within three days. More than 60 per cent of packages retrieved at these stations have been during non-office hours, with the most popular time being 7 pm.

Disadvantages

While postal operators are upbeat about deploying parcel lockers, there are some challenges and drawbacks with such a system, experts say. Security is an important consideration for these unstaffed postal lockers. Postal operators say they rely on various security measures, such as surveillance cameras, security locks and alarms to keep contents secure. Even so, the lockers can be vulnerable to vandalism and extremes of weather. A

“[The terminals] are not meant as a replacement for current delivery systems in place, just as an additional alternative for busy people on the go.”

Darlene Reid, USPS

phishing scam last year reportedly forced one Post to switch from emails to text messages when alerting customers that their parcels had arrived in the lockers.

The lockers can also mean an expensive investment. And it could be all for naught: if the wrong location is chosen, the parcel lockers end up under-used. Indeed, the main challenge SingPost has encountered is finding the right locations for the parcel stations since they need to be accessible and affordable, says Lim.

This challenge is also evident in the US. Earlier this year, a report from the USPS's Office of the Inspector General calculated the 13 gopost units operating at the time could yield as much as 634,000 USD in total labour savings each year. But the report also said that location was an issue and lockers received only one to 64 parcels per month on average. The report also questioned whether 15 days was too long a grace period to allow customers to pick up their parcels.

Extra option

Posts are also clear that, while postal lockers are an attractive alternative, they won't replace more traditional postal services wholesale. Lockers may address the needs of some consumers, but not everyone sees them as an ideal solution. Research into the UK market suggests 80 per cent of consumers would still prefer home deliveries if they had the choice. “They are not meant as a replace-

ment for the current delivery systems in place, just as an additional alternative for busy people on the go,” says Reid of the USPS.

Swiss Post agrees, insisting that the new parcel terminals it will start rolling out this autumn won't replace post offices. “The introduction of the package terminals is an additional service for customers, true to the motto of Swiss Post to adjust to changing customer behaviour with new, innovative solutions,” says Bernhard Bürki, its spokesman. The Post aims to open 40 parcel units by the end of 2014. “With it, the palette of services on offer in the sales network will be more multi-faceted,” he adds.

Across borders

One area where postal operators are still ironing out the details is the delivery of international packages to lockers. Customers increasingly want the ability to shop online around the world, but various obstacles, including quality of service and price, have stopped some from doing so, according to the UPU. In future, greater cooperation between postal operators around the world will make handling international parcels easier.

For now, Posts offering parcel terminals have very different policies when it comes to whether international items can be delivered to one of their parcel lockers. USPS's gopost, for example, only permits the delivery of international packages to its lockers that don't require

customs duties to be paid. Packages from abroad sent by the sender country's official postal operator are delivered to Australia Post's 24/7 parcel lockers. But international retailers that use other firms to transport their goods will have to pay extra charges for delivery into the same lockers.

Eesti Post is working on permitting the shipment of packages from more international online retailers, according to Suder. Its locker customers can already receive international goods if they include a mobile number on their order and instruct the Post to deliver it to a locker. Eesti Post has made significant progress when it comes to the Baltic market. Since it started the parcel-terminal service in Estonia in 2011, it has expanded the network to neighbouring Latvia and Lithuania. The service, called Post24, has a network of some 148-parcel lockers across the Baltics. The company says that more than 250,000 customers have used its Post24 service. Eesti Post adds that it now takes a maximum of two days to send parcels throughout the three countries and volumes of packages sent between the countries are increasing. While online shopping is more popular in Estonia, expectations are that it will develop further in Latvia and Lithuania, says Seema.

Competition

While other solutions abound, designated postal operators also face competition from private companies. Retailers, sensing opportunity, have stepped into the market. Large retail chains, such as Tesco and Marks & Spencer in the UK and Wal-Mart in the US, are pursuing a so-called click & collect strategy. Shoppers buy online and then pick purchases up at the nearest store instead of waiting for home delivery. Click & collect will account for some eight per cent of online shopping by 2018 in the UK, according to Verdict, a market analyst. Amazon, an online retailing giant, has also unveiled its own solution in the US and UK, setting up lockers in places, such as convenience stores and supermarkets for clients to pick up their DVDs and books.

While the competition may never sleep, it seems that Posts are waking up fast and taking action to lock in the profits to be had from the e-commerce boom. **CM**

Catherine McLean is a freelance journalist based in Switzerland.

CASE STUDY

Chile's Citybox

Citybox, Correos de Chile's foray into parcel lockers, has been gathering pace since it was rolled out in 2012. "Its success has contributed to refreshing the postal brand, associating it with innovation, and letting us enter the market of parcel distribution," says Victor Hugo Avila.

Currently, 48 terminals have been installed in Santiago, a city of five million inhabitants, mainly in petrol stations and Wal-Mart stores. There are plans to have 300 terminals installed across the country during the next three years to cover a population of almost 17 million.

Discussions with experienced partners identified petrol stations, supermarkets, metro stations and strip malls – commonly a row of retail outlets next to parking bays – as prime areas for hosting a parcel terminal. "Once we forged alliances with these establishments, we concentrated on selecting the best locations, considering aspects such as accessibility, visibility, security and proximity to public transport," Avila explains.

The geographical locations of online customers were also analyzed to help design the network. "It is very important to prepare the network properly. Location, location, location: it is as important as having agreements in place with online sellers and other partners," says Avila.

As for building up contact with e-tailers, this formed part of a 'push' strategy. This involved hooking up with e-commerce websites and big brands selling online. This is a challenge in itself, requiring hard work and flexibility, says Avila. Also important is a marketing strategy that links the attributes of flexibility and convenience to Citybox in the consumers' minds.

One piece of advice Avila offers to other postal operators is to begin with an attractive network. "We started with eight terminals, which was too few. With 30, we could have assured a better coverage to increase the growth of the service," Avila says. "Maybe in more developed economies, it would be more appropriate to initiate operations with a larger network," he adds. **FM**

President advises focus on innovation

President of India Pranab Mukherjee, speaking in New Delhi at the 11th Congress of the Asian-Pacific Postal Union, recently called on Posts to move with the times and improve quality of service to meet customer expectations. His presence sent a strong message to countries worldwide about the Post's importance for socio-economic development. Excerpts from his speech are reproduced below.

“Historically, postal administrations round the globe have played a critical role in communication and commerce. For years, post offices have offered traditional services like mail, banking, life insurance, money transfer and other retail services. With rapid changes in technology, other means of communication, such as e-mail and facsimile, have become increasingly important. The volume of letters sent by post has seen a steady decline over the years. At the same time, there is a rising public expectation about postal services conforming to the same standards of quality, accountability and transparency that are being provided by other market players.

The changing global scenario calls for postal administrations around the world to think differently. They must be proactive to change. They must leverage their strengths to provide quality service to the people. Worldwide, postal administrations enjoy the trust of

people. Having the benefit of an unmatched network, they are best suited to engage with the common man. Through their three dimensional network resting firmly on physical, electronic and financial pillars, post offices are in a vantage position to respond to people's communication needs.

Vital remittances

Globalization and easier movement of workforce across nations have opened a great window of opportunity for the postal sector. In 2012, nearly sixty million migrant workers of the Asia-Pacific region lived outside their countries of origin. These migrants remitted 260 billion USD to their homelands. Such monetary transfers help in lifting millions of households out of poverty and in improving their living standards. Post offices and other agencies like banks, money transfer operators, microfinance institutions



Pranab Mukherjee urged Posts to capitalize on their strengths and not to believe that a large network alone would guarantee success (Photo: gettyimages)

and mobile operators are key players, who can contribute in developing the remittance market. The vast network of post offices is ideally placed to facilitate greater access to financial services for the people.

Digital economy

There has been an increasing demand for communication services, payment of utility bills and buying and selling of products and services through the information and communication technology platform. In a growing digital economy, changing customer expectations has made it imperative for postal service providers to innovate and develop services suited to their requirements. There is a huge scope for postal services to be engaged in e-commerce and gain from the rising demand for such business products. As post offices are easily accessible to the community, it can devise a suitable model for allowing small producers and consumers to connect, both within and across national borders. What is needed within the sector is to determine the appropriate strategy and portfolio of services.

No guarantee

Allow me to throw in a word of caution here. Large networks alone will not guarantee sustainability and

profitability. Post offices have to work with missionary zeal to improve their financial viability, technological capability and human resource ability. Service must be put before everything else. Personnel working in the postal sector should remember what Mahatma Gandhi, the father of this nation, had once said:

*‘Service that is rendered without joy helps
neither the servant nor the served.
But all other pleasures as possessions pale
into nothingness before service,
which is rendered in a spirit of joy.’*

Communication has always been behind building and sustaining strong human relationships. Postal services have been an able facilitator to this for a long period of time. It must continue to do so in the future. Means of communication have evolved. This age belongs to people who want quick, reliable and user-friendly medium to communicate. The postal sector should take up this challenge and offer exciting and vibrant media that encompass a wide spectrum of services. Postal administrators in different countries must view this as a great opportunity and make their systems robust to meet consumer expectations.

”



PReM pushes out the digital envelope

TEXT:
DAVID
KOCH

Imagine a world where customers can choose between sending important documents across borders through the Post either by physical registered mail or by postal registered electronic mail (PReM). In the near future, customers will be able to do just that as efforts to build an international PReM network gather speed at the UPU.

Customers needing to send important documents, such as deeds or contracts, often shun doing so by e-mail. This method of delivery is usually not legally binding and security issues abound. Sending such documents in a registered letter is often the only way of getting solid legal proof of the time of posting and delivery in many jurisdictions, and the Post is trusted not to tamper with the contents.

But, paradoxically, most of these documents are produced electronically on computers and being able to send them by e-mail in a secure way could offer a seamless service from receiver's computer to sender's computer. "We have all the facilities we need to make all transactions remain in electronic form," says Giovanni Brardinoni, director of standards and international products at Postecom, a subsidiary of Poste Italiane.

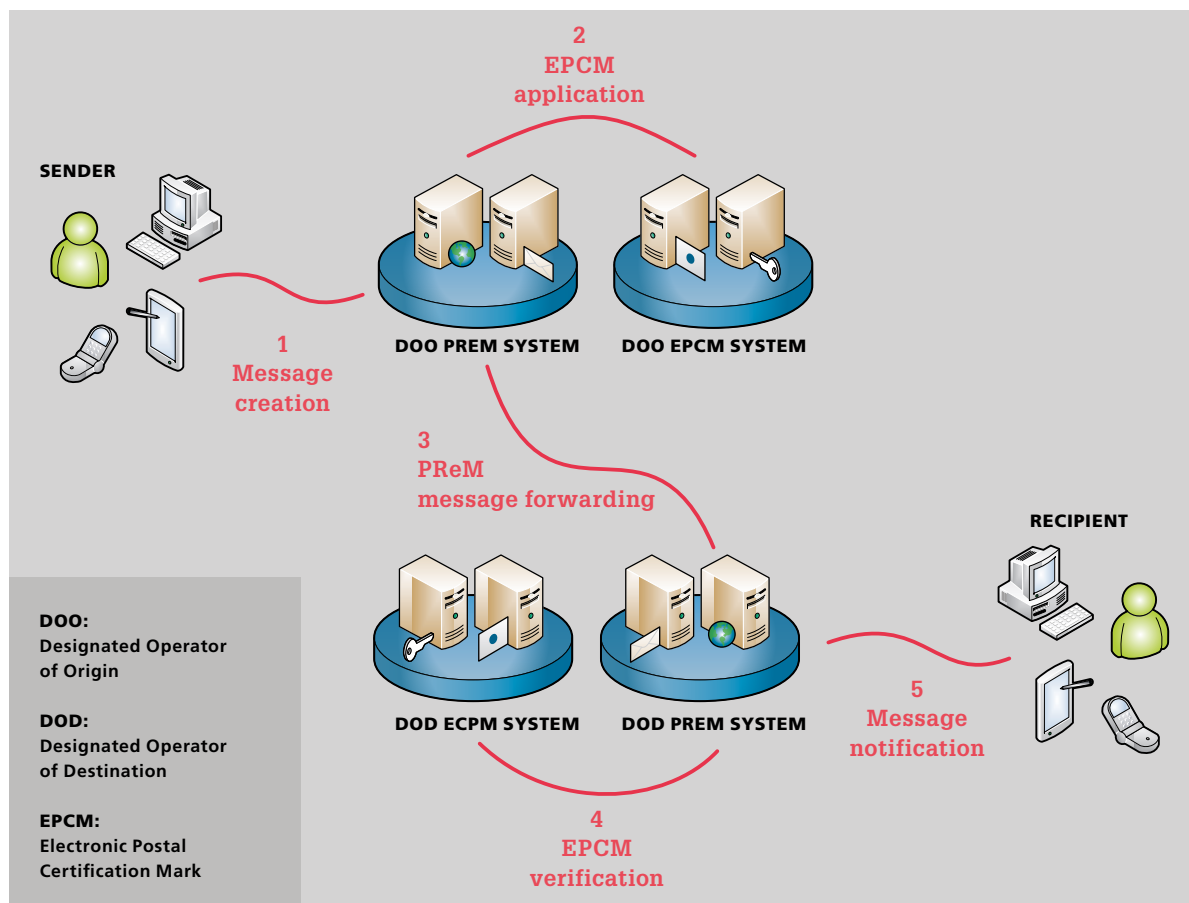
Changing world

The Italian postal service, alongside Macao Post and China Post, are working on an international PReM system that could change the way that people send sensitive communications internationally. PReM is an electronic evolution of traditional registered mail. Every step of the process is logged for future evidence tracing, all parties involved are authenticated and technical safeguards ensure the confidentiality and integrity of messages.

Various Posts have implemented domestic registered e-mail systems in recent years. In Italy, the Post offers a high-security email service known as *Posta Elettronica Certificata* or electronic certified mail (ECM). Like physical registered letters, ECM messages have a non-repudiation value in Italy – the sender or receiver cannot plausibly deny that they received the message.

The system currently being worked on at the UPU would allow highly secure electronic messages to be exchanged beyond borders. The various Posts involved in the project are developing technical specifications, an international public policy framework and new business models.

Developers hope that Posts will adopt the PReM standard, which is currently being finalized by the UPU community, as the key reference for building a new registered e-mail system for their clients or for making their existing systems interoperable. The project reached a crucial milestone in April 2013, when the UPU's Standards Board reviewed S52 – the standard that allows the systems of various Posts to interoperate – and gave it their "Status 1" stamp of approval. This means the standard has proven stable through extensive tests, including simulations at the Doha Congress last autumn. The latter involved four test cases: sending and receiving a PReM message, rejecting such a message, and waiting for the message to expire when the addressee does not download it.



The PReM process

This status upgrade sends a signal to Posts worldwide that the standard is ready for implementation, says Fredrick Omamo, technical accounts manager at the Postal Technology Centre, the UPU's technical arm. Omamo has been involved with the PReM project since development began in 2008. "We are encouraging countries that already provide registered e-mails as a service to come to the PReM table to build a critical mass of interoperable systems," says Omamo, who is secretary to the Advanced Electronic Services User Group (AESUG) of the UPU's Telematics Cooperative. The latter helps Posts to develop new technologies.

For Posts facing the problem of electronic substitution of physical mail and seeking new sources of revenue, joining PReM might be a way forward, says Gregory Sun, general manager of secure electronic postal services at Macao Post. "We either fight against the trend of electronic substitution or we join in," says Sun. "I think it is a good strategy that we participate in the innovation process."

Business opportunities

In a July report, Postecom elaborated on the clientele that would be interested in a PReM service. Private businesses and government agencies operating globally are expected to become major customers. Businesses could

use PReMs to communicate with international investors, customers and suppliers or to transmit legal documents crucial for mergers and real estate purchases. Governments could use it for consular services, communicating with nationals living abroad or companies with overseas branches. PReMs could also be useful when working on projects with international organizations, the report notes.

The combination of PReM with e-commerce and financial services for payment could help boost trade for all countries regardless of their level of development. E-commerce has proven its resilience through growth that has continued in spite of the recent global economic crisis. "E-commerce is the future and Posts need to be a player in this sector," Omamo says.

Small and medium-sized enterprises, especially in developing countries, could sell their wares through platforms hosted by postal operators, using PReM to communicate with online shoppers. The security features built into the PReM system could help win over reluctant online shoppers abroad, who are wary of issues such as identity theft and fraud, opening up international markets for entrepreneurs whose identities would be authenticated by the postal operator. "They can use PReM to communicate through a secure, authenticated channel," Omamo says. These transactions could all take

“National legislation has to provide a legal framework to grant electronic content legal validity.”

Giovanni Brardinoni, Postecom, Poste Italiane

place on .post, the UPU’s sponsored top-level domain that is reserved exclusively for the postal sector, he adds.

Next level

Reluctant online shoppers, government agencies, multinational corporations: all of these clients have one thing in common – the desire for highly secure communications. But how does PReM set itself apart from other e-mail service providers? One example is the authentication requirement: the identity of anyone who sends or receives a message must first be verified. “If I open a Yahoo or Gmail account, I can register with any name,” says Omamo. “But with PReM, the first step is to authenticate the person registering.”

The presence of more than 670,000 post offices, many in remote towns and villages, means that Posts are well-placed to perform face-to-face authentication of customers with valid identity papers wishing to open a PReM account. Posts would also be able to register PReM users at various “authentication levels,” providing customers with a choice depending on their security needs, says Omamo.

Authentication methods may also vary by country. One option would be a face-to-face check conducted at the post-office counter. A more technologically advanced method would be to use unmanned electronic kiosks that scan a customer’s fingerprints, checking them against biometric data stored on an ID card. Such kiosks will soon be used to authenticate users of a domestic registered e-mail system in Macao when the service is launched commercially this year, says Sun. The ability of Posts to perform authentications – a crucial element in

secure communications – distinguishes them from competitors like Google or Microsoft. “We should utilize our most competitive advantage: having a physical presence in different locations of the world,” says Sun, who co-chairs the electronic services committee of the UPU Postal Operations Council with Brardinoni.

Rigorous authentication methods by various Posts would be complemented by technical features essential to the S52 standard that Brardinoni says make the service virtually impossible to crack. “In the S52 standard, we use two different electronic envelopes or two consecutive encryption processes, each electronically sealed with a tamper-proof seal,” says Brardinoni.

Digital footprint

These seals are called Electronic Postal Certification Marks (EPCMs). This technology creates a postmark or digital footprint that reveals the date and time when a PReM was sent and received. In this way, messages generate a trail of data about transmission and delivery, so that neither the sender nor recipient can deny the e-mail’s transmission.

The EPCM process generates a so-called hash – a sequence of letters and numbers representing the contents of the message. This hash goes into storage on an authorized server. When the Post in the country of destination receives the PReM message, its server reproduces the hash. It then communicates with the first server to compare notes, ensuring that the “hashmarks” are identical. A mismatch proves the message has been altered. This makes it harder to tamper with PReM than with physical registered mail, Brardinoni says.

And the message, which is encrypted, passes exclusively through authorized servers. This helps ensure confidentiality. "The electronic version of traditional registered mail – any S52-compliant communication – is much more secure and reliable than its physical counterpart," says Brardinoni.

Legal harmonization

Continued coordinated effort at the national and international level will be necessary to address one of the key challenges of any global service: legal validity. PReM messages must be recognized legally in both the sender's and receiver's countries, just like physical registered mail, so that subscribers are confident about their legal rights when sending messages across borders. "National legislation has to provide a legal framework to grant electronic content legal validity," says Brardinoni. "That framework, of course, cannot be provided by UPU regulations."

Since documents sent electronically do not necessarily have the same legal validity abroad as they do in their country of origin, businesses requiring legal recognition

for their communications tend to resort to physical registered mail, says Brardinoni.

New horizons

Next steps for PReM include developing a registration system for Posts wishing to join the PReM network and remuneration between countries exchanging PReMs. "If we want to move business onto the internet, businesses need rules," says Brardinoni, who is also a member of the UPU's Standards Board. "They need standards, security and safety."

On the technical side, experts from the AESUG representing various countries plan to meet in November to discuss the details of harmonizing their domestic registered e-mail systems to exchange PReMs across borders, says Omamo. China Post and Macao Post have also developed a test suite of software that would allow Posts to check their postal registered email's compliance with S52. The designated operators for China and Macao are also planning on launching a commercial PReM system that handles messages between the two Posts later this year. **DK**

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Macao Post bets on e-services

TEXT:
DAVID KOCH

PHOTO:
MACAO
POST

Macao has a population of around 600,000 people but the region attracts nearly 30 million visitors a year. Its Post punches above its weight when it comes to postal e-services. Derby Lau, the Post's CEO, has been at the helm for nearly four years and reveals why it's all about the technology.

Union Postale: What is Macao Post's current strategic focus?

Derby Lau: Our role used to be essentially a message carrier in a physical world; now we see ourselves increasingly as a message carrier in the electronic world. This is our strategy - the motor for development - that we have in mind. We have to enhance the quality of the physical service, which will remain our core business as always.

However, we also have to admit that technology brings challenges, causing a decline in letter volumes. Every postal operator is encountering these challenges associated with electronic substitution of physical mail. But we also understand that the internet brings opportunities, so we are always trying to innovate and diversify our services. The Post could be a platform to facilitate e-commerce, which could bring more mail volumes through physical delivery of parcels and mail-order fulfilment.

How important are financial services to the business mix?

We have a postal bank that offers financial services called Macao Postal Savings. This is a credit institution that operates banking related activities. Last year, our operating profits reached more than 20,000,000 MOP (2,503,754 USD). One of our main services is loans for government staff and workers at non-government companies that have signed a concession with Macao Postal Savings.

Macao is a tourist city - the number of visitors reached 28 million last year - so, you can understand that a small city with an enormous amount of visitors could have many opportunities as well as great challenges. As a matter of fact, the entertainment sector is our major service-industry and it includes hotels, casinos, exhibitions and convention centres. This sector is a major-income contributor to the economy, therefore, to grab the opportunities from the current situation, we launched currency-exchange services as well as a remittances service. Apparently, these new services are very welcomed by visitors and foreign workers in Macao.

Macao Post is known as a hub of postal innovation. Why is that?

In 2005, after the Macao Electronic Document and Electronic Signature Law was enacted, Macao Post began offering electronic certification services under eSignTrust, a subsidiary of the Post. This certification authority provides authentication and electronic identity management services for individuals, organizations and government entities. In fact, we donated a trial certification authority to the UPU in 2009 for designated operators to experience electronic certificate usage.

Moreover, Macao Post also offers Electronic Postal Certification Mark services in Macao, a legally recognized date-stamping service that also ensures the content integrity of any electronic document. This service initially targeted corporate customers; now we also

“Our role used to be essentially a message carrier in a physical world; now we see ourselves increasingly as a message carrier in the electronic world.”

have customers from the government sector, public utilities, healthcare and education institutes.

In the near future, we will launch the Secure Electronic Postal Box (SEPBox) service for the general public, commercial corporations and government agencies. SEPBox users will be able to send and receive postal registered e-mail (PReM), postal electronic mail or PeM and electronic direct mail from one single electronic postal box, just like a P.O. box from the traditional post. SEPBox has a web interface but also supports major mobile platforms. We are getting ready to launch this service on October 8 this year.

How do you foresee SEPBox growing from a business perspective?

Whenever we introduce a new service, it always involves behavioural change for the customers. In fact, electronic delivery will not replace physical delivery for the new generation, while it is obvious that electronic communication has a higher priority for them. However, there is always a process of adaptation to a new service, which is inevitable and time-consuming.

At the beginning, we have to work with strategic partners to create a critical mass of SEPBox subscribers; they include government departments and private corporations. The idea is that people would use their SEPBox for their communication with these parties. An example of such usage could be filing tax returns, electronic notifications and electronic bills.

The customers' physical addresses are linked to their SEPBox ID, hence creating a physical-to-electronic and electronic-to-physical delivery platform. This platform will definitely facilitate development of e-commerce and encourage additional physical delivery. This way, the post office will be in a very good position to provide reliable and trusted delivery services of parcels and mail-order traffic as well as electronic messages. We will also offer an electronic direct mail service, which will extend the existing physical service and utilize the current strong marketing database to encourage SEPBox subscribers to receive their preferred advertising mail.

What is the biggest challenge for Posts interested in PReM systems?

Legislation will always be a concern and will be the most difficult obstacle to overcome for many postal operators. Macao already enacted legislation that enables its Post to be the sole service provider to offer a PReM service. The law also makes PReM as legally binding as physical registered mail.

As the UPU Letter Post Regulations Article RL256bis already states that PReM is a postal service, it helps create a legal framework for a global PReM network. But every country or region that would like to implement PReM service will need to establish their own legislation to grant it legal status.

What are your thoughts on the direction the international postal network is taking?

People's communication behaviour has changed dramatically in the past ten years. Innovation and diversification are some of the crucial aspects in making the postal industry sustainable. The postal industry has been operating for hundreds of years and it will be recognized that the post is a trusted party in message transmission, so we have an advantageous position in capturing the market in the electronic world. But we have to understand the market and its behaviour. In addition, Posts could make use of the global community established under the UPU to cooperate and develop.

Macao Post was assigned by the China State Post Bureau to represent China as co-chair of the UPU Postal Operations Council's committee on e-services. The reasons behind this commitment are to develop electronic postal products and services, facilitate e-commerce, establish partnerships, encourage interoperability of services and develop postal knowledge through training. We will share our experiences and contribute our efforts, and with our colleagues around the world, push forward for the success of establishing an international electronic postal network. **DK**

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UPU*Clearing makes mark on settling accounts

TEXT:
DAVID
KOCH

A service called UPU*Clearing has been helping Posts cut through the red tape of cost-accounting for a decade.

The system is a one-stop online shop that consolidates invoices from UPU*Clearing members, which calculates the total debt or credit of each Post vis-à-vis other users of the system. Last year alone, the payment system handled nearly 14,000 transactions worth more than 146 million USD. Its membership has grown to include Posts from 35 countries from all continents.

Streamlined accounting

The service has been widely credited with speeding up payments that previously took several months to settle or that simply became bad debt. Posts also say that the efficiency of the service eases the workload of accounting staff while reducing costs, such as bank fees.

The designated operator for Colombia, known as 4-72, has benefited from quicker payments and lower costs since joining UPU*Clearing in June 2011, says Jairo Cardona Marin, vice-president, corporate support. "Colombia has been able to settle overdue accounts and is currently receiving payments on time with fewer administrative and financial costs," says Cardona. These benefits have helped free up resources to invest in quality of service improvements, he adds.

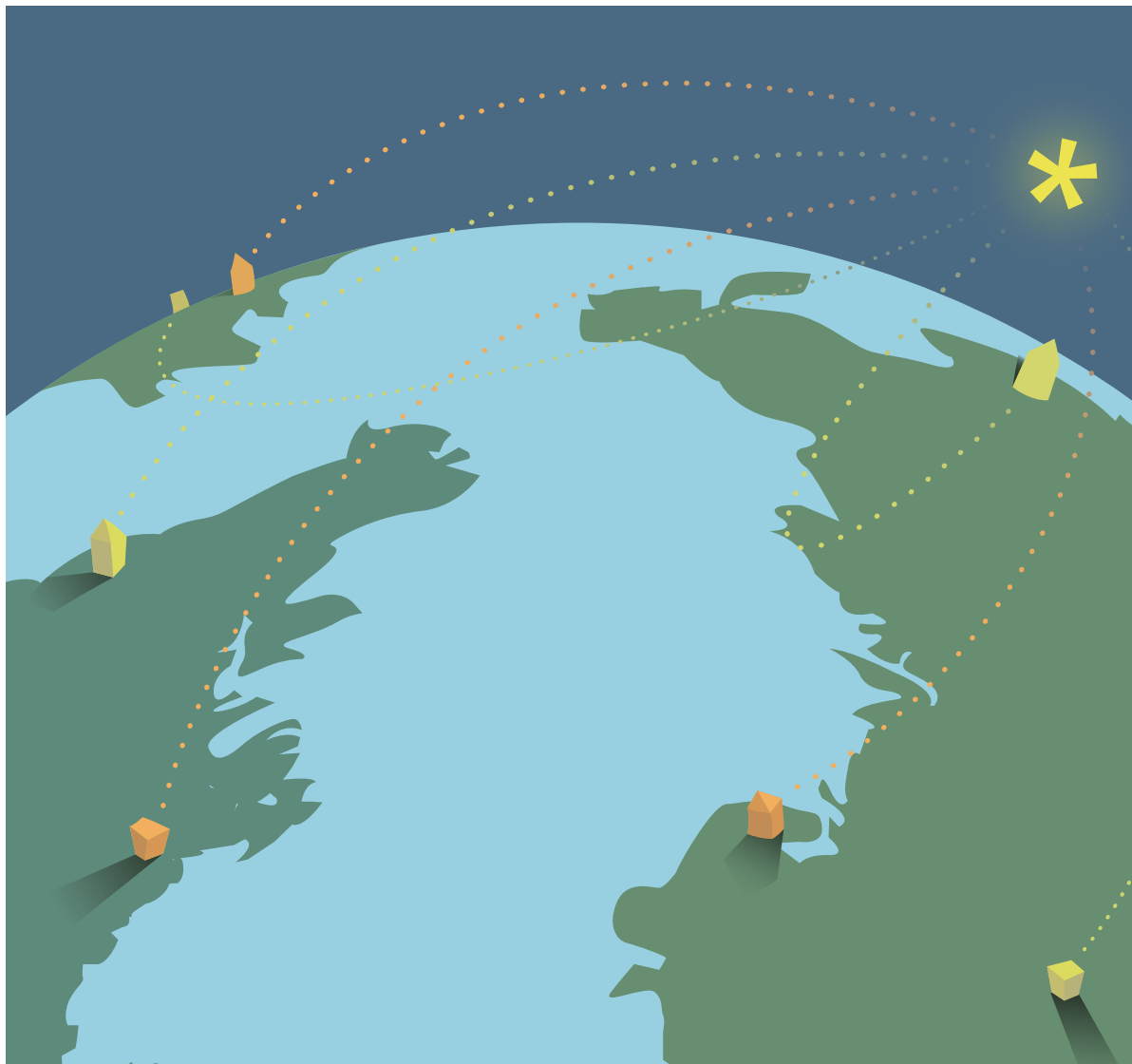
Alternatives to this partner-clearing system would involve transactions in a variety of currencies, sundry wire instructions and a changeable list of bank accounts belonging to numerous postal operators, says Christiaan Briké, treasurer of bpost, the Belgian postal operator. "Back-office processes for accounting and treasury activities are reduced to a minimum with UPU*Clearing," says

Briké. "Individual postal operators deal only with the UPU*Clearing secretariat through the specific bank partner and not with a multitude of other operators." Jerzy Bogdalik, international operations manager at Poczta Polska, the Polish operator, echoes this sentiment. "Members of the system make only two transfers monthly within the settlement of accounts with many operators," he says.

Payment guaranteed

Perhaps most importantly, payment is assured among members. Debtors cannot default on payments to UPU*Clearing without their account being suspended for several months. They may become creditors in later months, but this freeze means they cannot receive their money. This creates an incentive for Posts to exercise discipline in their payments, says Irene Gruber, one of two UPU*Clearing secretariat staff, who administer the system. "Designated operators know that by being disciplined when they are a debtor, they are going to be paid more quickly the next month when they are a creditor," says Gruber. "They are going to get their money."

If a Post is suspended from the system, they are subsequently required to keep a mandatory deposit on the books to hedge against future defaults, she adds. The UPU*Clearing steering committee – composed of representatives from five member countries – may also request that a new member maintain a deposit account upon joining the system. But postal operators can also maintain such an account voluntarily.



*Participants in the UPU*Clearing User Group: Algeria, Argentina, Australia, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Cyprus, Denmark, Estonia, Great Britain, Iceland, Israel, Italy, Japan, Malta, Morocco, Peru, Poland, Portugal, Senegal, Serbia, South Africa, Spain, Sweden, Switzerland, Syria, Tanzania, Tunisia, Turkey, Uganda, United Arab Emirates and United States*

Easier planning

All debts are payable either in euros or US dollars, which benefits Posts by reducing the risk of losses due to vagaries in exchange rates. Outside of the system, postal operators risk dealing with multiple currencies, some of which may be volatile, leading to uncertainty in financial planning. Using just two currencies may improve a Post's bargaining position when negotiating with banks for exchange services. "In certain circumstances, limiting settlement to two currencies may result in better contracts with local banks for transactions in dollars and euros," Briké says.

The centralized, online platform also allows postal officials to check how much cash they are likely to need in advance, which adds an element of stability to their financial operations. "The exact amounts are known approximately one month in advance or even earlier," says Briké. "This allows all operators to take the necessary steps to obtain the currencies needed and to incorporate them into cash planning."

Deposits, which are held in the UPU*Clearing bank account in Switzerland, also reduce transaction and

exchange fees, since the money for payments is available immediately without the intervention of another bank.

Fostering transparency

Since UPU*Clearing uses an internet-based platform, Posts can analyze their accounts throughout the business cycle and resolve errors online before payments become due. This transparency encourages Posts to respect the rules of the game, leading to speedy resolutions. "The discussion platform makes it possible to quickly identify discrepancies in the accounts and facilitates compliance with the standards prescribed in the UPU regulations," says Cardona.

Debtors can comment on, change, accept or refuse these electronic bills by means of an acceptance/refusal function on the platform. They then pay all their netted obligations into the UPU account, a process that simplifies administrative work on their side.

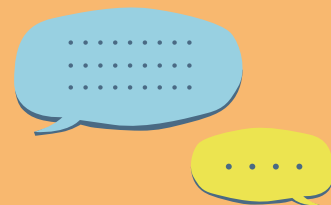
Easy access for auditors is another benefit of the system, since the relevant data is centralized. "This reduces the need for time-consuming collection of data from other sources and the check for integrity," says Briké.

"Individual transactions and settlements can easily be controlled and are readily available for internal and external auditors."

Payments currently processed through UPU*Clearing include terminal dues – the remuneration system for Posts for delivering international mail - Quality of Service Fund payments, and International Reply Coupons, among others. Other postal-related bills can be introduced into the system by members based on agreements between parties involved.

Briké adds all Posts should consider joining the system. "UPU*Clearing is a highly efficient tool for managing financial flows with other postal operators," he says. "Using state-of-the-art technology, it generates potentially vast cuts in expenses, particularly with respect to back office and accounting processes, while also covering exchange rate risks." **DK**

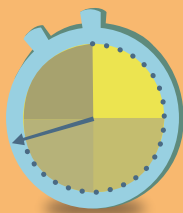
How it works



UPU*Clearing is receivable-driven, meaning that it depends on creditors submitting their invoices to the system online.

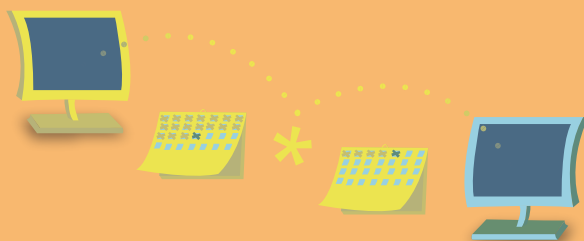
Web.NET

The platform Web.NET allows officials from debtor Posts to comment on any discrepancies they identify. Creditors then have an opportunity to respond and resolve the issue. Otherwise, the debtor can raise the bill to "dispute" level. This blocks the bill.



Time-frame

All stages of the process – from the input of bills to final payment – occur within a strict time-frame. Posts and other entities, including various departments of the UPU International Bureau, must submit their invoices by a monthly input cut-off date.



Debtors

Debtors have 18 business days to make their payments to the UPU account following the final netting date, which falls on the last day of the month. After the debtor payment deadline, UPU*Clearing must pay creditors within five working days but two days has become the norm as the system has become more efficient.

For information on how to join UPU*Clearing, contact: clearing@upu.int



Thank-you note to river wins

TEXT:
VERONIQUE
HYNES

Daniel Korčák, a 15-year-old student from the Czech Republic, has won the top prize in the UPU's 42nd annual letter-writing contest, which is judged by an international jury.

Daniel's letter to the Oder, a mighty river that stretches from the Czech Republic to the Baltic Sea, maps out how it begins as a gentle spring in the north-eastern region of Moravia and slowly grows as it joins brooks and streams. In his letter, the river flows through villages and towns, gaining strength, providing swimming holes and thermal baths for the people that live nearby. "You cool the towers of a heating-water plant, help us clean streets, irrigate fields and remove everything that is dirty or unclean. Finally, you flow through water management plants we built for you and they purify and brighten you," he writes.

2013 is the International Year of Water Cooperation, so it was fitting for the UPU to use "why water is a precious resource" as its theme. More than one million entries were sent to participating Posts around the world from children and young people aged nine to 15.

Based in Ostrava, Daniel enjoys building model aeroplanes and will begin high school in September to study auto-electronics. "I was very pleased to hear the news and did not expect it. Already winning in the national heats was unexpected," he says.

The international jury said the winning letter "reminds us just how much we depend on water, too often taken for granted. His letter, tender and universal in its appeal, portrays the Oder as a symbol of water everywhere". The jury was composed of Ivan Draganic, specialist, the United Nations Development Programme in Geneva; Stéfanie Neno, communication manager, UN Water in

Rome; Adrián Puigarnau, programme manager, the Stockholm International Water Institute; and Ryan Rowe, communication specialist, the Water Institute of the University of North Carolina at Chapel Hill.

Fourteen-year-old Nazifa Farhat, from Sylhet, Bangladesh, mused on the precious nature of water and won the silver medal. "It is surprising that people kill each other over diamonds," she writes. "The world's most expensive commodities are worth nothing without water."



Daniel (centre) with his mother (l.) and his sister

Gabija Petrauskaitė won the bronze medal for reflecting on water pollution and climate change. The 12-year-old student is from Sventoji, Lithuania. "I heard that our beautiful ocean suffers. In its depths, there are containers full of toxic materials, sunk after the Second World War. What will happen if, one day, this terrible poison leaks?" she writes. The jury also awarded honourable mentions to: Cy M. Rodriguez

from the Philippines, Priya-Vani Heera from Trinidad and Tobago and Dao Thuy Thuy Duong from Viet Nam.

Warmly congratulating the winners, UPU Director General Bishar A. Hussein highlights the contest's ability to enable Posts to support literacy. "Communication is at the heart of the postal activity and, in a sea of digital messages, it remains critical for young people to understand the importance of the written word," he says.

The UPU has organized its international letter contest since 1971, providing an outlet for young people to showcase their excellent writing. An estimated 1.5 million people from 60 countries participated in this year's contest. The theme of next year's competition is to write someone a letter describing how music can touch lives. **VH**



TO READ THE WINNING LETTERS IN FULL:

www.upu.int/en/letterwritingcompetition

Growing population needs new postcode

TEXT:
VERONIQUE
HYNES

Israel Post has recently introduced a new seven-digit postcode system as its country's population has doubled in 40 years.

Israel had a population of three million when the Post designed the original postcode system in the 1970s. Since then, it has absorbed several surges of immigration. Arrivals averaged 15,000 per year between 1960 and 1989, most of them from Europe and North and Central America, according to Israel's Central Bureau of Statistics. In 1989, the former Soviet Union relaxed restrictions on emigration, allowing a surge of Soviet citizens to leave for Israel. In the following decade, some one million Russians and Ukrainians settled in Israel.

Israel now has 7.7 million residents, more than double its population in the 1970s and needed a postcode system that reflected this growth, says Shmuel Levy, international relations manager at the Post. "An extra two digits makes the postcode more precise and helps narrow

down delivery areas," he explains. "A postcode can cover a smaller area if it has more digits."

The new seven-digit postcode is unique for every building in 96 of the 1,531 localities in Israel. For smaller localities, one single postcode covers an entire locality. "With the new system, most buildings can have their own postcode," Levy says.

For most, the previous five-digit postcode will remain the same with the addition of two extra digits. For streets with more than 99 addresses, the old postcode needed to be slightly altered to ensure each address would have a unique postcode. To help customers deal with the changes, the Post's website enables visitors to type in the old postcode of a building and see the new one. **VH**

First electric fleet hits town

TEXT:
VERONIQUE
HYNES

Deutsche Post DHL is switching to electric cars for its delivery services in Bonn, making the city its first location in Germany with a carbon-free vehicle fleet.

To reduce carbon emissions, 79 electric vehicles will be put into service by the end of the year in Bonn and the surrounding areas for mail and parcel delivery. The pilot project will decrease Deutsche Post CO₂ emissions by 500 tonnes per year, as about 141 electric vehicles will be on the road by 2016.

The project is a part of the Post's GoGreen initiative to reduce its greenhouse gas emissions by 30 per cent by the year 2020, says senior expert, Markus Döhn. "As a global logistics provider, we move goods and information around the world and rely on fossil fuels and other sources of energy to cover our energy needs. The primary focus of our environmental protection program GoGreen is to minimize our business operations' greatest impact on the environment – CO₂ emissions," he says.

Deutsche Post's air freight transportation creates 945,212 tonnes of CO₂ emissions annually and accounts for the greatest part of its carbon footprint, Döhn says. When it comes to the unit responsible for post and par-

cels, road transportation makes up 59 per cent of CO₂ emissions.

The electric fleet will soon include the StreetScooter, a compact electric car tailored to the needs of Deutsche Post DHL. The 4.60 metre-long yellow car can drive up to 130 km per hour and runs on lithium-ion batteries. It has a range of 120 km, ideal for a postal route of 80 km a day. The first StreetScooter will be delivering parcels and mail by the end of August. By the end of 2013, the Post will count 50 StreetScooter vehicles in its electric fleet.

Deutsche Post DHL operates one of the biggest e-vehicle fleets in the postal sector, Döhn says, but a number of other Posts are also using electric cars or scooters. Post Danmark recently added 50 electric vans to its delivery fleet. Russian Post announced it would lease 12 electric vehicles at the beginning of this year. La Poste (France) plans to have 10,000 electrics vehicles by 2015. **VH**

Fast train rolls from Chengdu to Malaszewicze

TEXT:
CATHERINE
MCLEAN

For European firms rushing to enter the booming Chinese market, the process for shipping their goods out of the country can be very time-consuming but perhaps not for long thanks to a new service from DHL, Deutsche Post's courier service.

Companies can now send their auto parts, computers and other freight via a new train link that stretches from Chengdu, a large city in Western China, to Malaszewicze in Eastern Poland. The new freight train link between the two cities was launched in April and is the fastest between China and Europe, according to the website of the Sichuan Provincial People's Government, (Chengdu is the capital). The journey takes some 14 days to complete, up to eight days quicker than the existing trans-Siberian route from China to Europe, according to DHL.

The DHL freight service from Chengdu departs once a week on Fridays. Products that travel via the rail link will be monitored throughout the journey and examined once again at the destination point, says Juliane Ranft, DHL spokeswoman. DHL will continue to offer its customers a daily rail link that travels from Shanghai in Eastern China via the trans-Siberian route to Malaszewicze. From Poland, the freight will be distributed to

other parts of Europe via trucks. "It's important to offer our clients different options so that they can choose the one best for them," Ranft explained.

Another selling point of the new train route is the cost: the Sichuan government estimates that shipping costs via the new route are less than one quarter the price of transporting freight via planes. "For DHL and our clients, China is one of the most important markets in Asia, therefore we're continually developing our activities there," Ranft said.

But growth wasn't the only reason why DHL decided to offer the link to its customers: environmental concerns also played a key role, according to Ranft. DHL aims to improve its CO₂ efficiency by 30 per cent by 2020, and reckons the new train link will help achieve that goal as emissions are lower than with air travel.

While Chengdu is not as well known as the metropolises of Beijing or Shanghai, more than 14 million people live in China's fourth-largest city. Dubbed "business-friendly", Chengdu made Forbes magazine's list of the world's fastest-growing cities in 2010. Some 160 Fortune 500 firms had set up shop in Sichuan Province as of 2012, according to Forbes.

The new rail link between Chengdu and Malaszewicze comes the Chinese government seeks to spur economic growth in Western China. "It was a good opportunity for Western areas to break the traditional development mode that export-oriented economies must rely on ports and turn inland geographical disadvantages into the main front advantages for exporting to Europe," the Sichuan government explained on its website. **CM**



Chengdu at night (Photo: Charlie Fong)

AUSTRIA

AUSTRIAN POST's pre-tax earnings were up 3.9 per cent to 98.4 million (130 million USD) during the first half of 2013. Sales grew 1.5 per cent to 1.17 billion EUR during the same period. The parcels business saw revenues increase by 1.3 per cent to 419 million EUR.

The Post will build a mail and parcel sorting centre in northern Austria. Costing 50 million EUR, the 82,000 square-metre facility in Allhaming will employ 650 people. The centre will process about 1.6 million letters and 100,000 parcels a day when it opens in September 2014.

BELGIUM

Greater parcel volumes have caused **BPOST**'s total operating income to rise by half a per cent to 1.2 billion EUR, according to their half-year results. Pre-tax earnings decreased by 2 per cent to 282.4 million EUR. A good performance in parcels made up for decreasing letter-mail volumes, as parcel revenues grew 17 per cent to 16.8 million EUR.

CHINA

AIR CHINA CARGO has agreed to provide four Boeing 757 freighters to China Postal Airlines, a company that handles mail and cargo services for China Post. The two-year partnership is meant to address a gap in the transportation capacity of the Post following growth in the Chinese express mail market, which was worth 105.5 billion CNY (17.2 billion USD) in 2012, according to Air China Cargo.

ESTONIA

EESTI POST reported that parcel volumes grew by 33 per cent in the first half of the fiscal year, helping overall revenues to rise by 6 per cent to 26.3 million EUR (34.7 million USD). The state-owned company also reported that the number of documents sent through its electronic mail centre was nearly 80 times higher than the same period last year, while letter volumes fell by 8 per cent.

GERMANY

Revenues for **DEUTSCHE POST DHL** totaled 13.6 billion EUR (18 billion USD) in the second quarter of 2013, a growth of nearly 2 per cent on the same period last year, after adjusting for 'inorganic' factors including a negative exchange rate. Revenue growth was largely due to increasing parcel volumes, says the Post.

GREAT BRITAIN

THE POST OFFICE saw revenues increase by 6.4 per cent year-on-year to 1.23 billion GBP (1.94 billion USD) in its first year as an independent company, with growth in three out of four of its divisions: mail and retail, financial services and telecoms. Excluding a 210 million GBP government subsidy, the company's underlying loss was reduced from 119 million to 116 million GBP year-on-year.

The Post Office has also rolled out a new 'Drop & Go' service across the United Kingdom. This allows customers spending over 20 GBP (31 USD) a week to drop off parcels at a participating post office, swiping a pre-paid card to pay for shipping. The service is available at over 11,000 post offices.

ITALY

POSTE ITALIANE's operating profits fell by 12.9 per cent in the first half of the year to 362 million EUR (476 million USD). The decline was due primarily to reduced postal services revenues, which fell by 4.8 per cent to 2.28 billion EUR.

NEW ZEALAND

NEW ZEALAND POST reported that profits declined by 29 per cent, reaching 121 million NZD (93.9 million USD) during the fiscal year ending in June. The company said in a statement that mail volumes fell 7.5 per cent, compared to 6.7 per cent the previous year. However, profits grew by 23 per cent in the Post's financial services division, Kiwibank, reaching 97 million NZD.

NORWAY

NORWAY POST reported in its half-year financial report a 41 per-cent drop in earnings before tax and interest to 224 million NOK (36.7 million USD). Both addressed and unaddressed mail volumes declined, with the five largest clients from the finance and insurance industries accounting for a 13 per-cent reduction in addressed mail. The Post also reported that strong competition put downward pressure on earnings in the logistics division.

SINGAPORE

SINGPOST's sales increased by nearly a third during the first quarter of its financial year, reaching 201.3 million SGD (157.5 million USD), largely due to contributions from recently-acquired subsidiaries in the logistics division. The company reported that expenses associated


with these new acquisitions and exchange-rate fluctuations resulted in a two-per-cent decline in net profits, which totalled 37 million SGD.

SWITZERLAND

SWISS POST stated in an interim financial report that profits fell by 13 per cent between January and June compared to the same period last year, reaching 359 million CHF (385.2 million USD). The Post reported that the loss of 53 million CHF was caused by a change in its legal status – Swiss Post is now a public limited company – that caused its income tax to rise from 4 million to 57 million CHF.

UNITED STATES

UNITED STATES POSTAL SERVICE reported that 740 million USD in third-quarter losses resulted largely from the continued legal requirement to pre-fund retiree health benefits and to deliver mail six days per week, along with declining first-class mail volumes. Operating expenses fell by 22 per cent due to the accrual of just one Retiree Health Benefit bill this year, compared with two payments last year, and aggressive cost-cutting measures that included a reduction of more than 70 million work hours.



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Program Manager

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