



What has Postal Liberalisation delivered ?

**A Compilation of Case Studies on
the Liberalisation of the Postal Sector**



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Liberalisation of the Postal Sector**

A report compiled by UNI Global Union

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Foreword

As we see the wages and working conditions of workers in the postal sector deteriorating following the liberalisation process in this sector of the industry, UNI Post & Logistics wanted to understand how this could happen.

It was thus decided to undertake a global study on the liberalisation of postal services and its impact on workers, in order to assist our members in preventing such situations from happening.

The research is based on case studies from countries that have undergone liberalisation and some that are in the process of preventing it. They include: Argentina, Canada, Germany, Japan, Morocco, the Netherlands, New Zealand, Sweden, Switzerland, Tunisia, the United Kingdom and the USA. We have also looked into available material on this topic.

You will find here a compilation of all these case studies.

The study would not have been possible without the assistance of the following UNI affiliates: CUPW (Canada), ver.di (Germany), JPGU (Japan), FNPT-UMT (Morocco), AbvaKabo FNV (the Netherlands), FNV Bondgenoten (The Netherlands), EPMU (New Zealand), SEKO (Sweden), Syndicat de la Communication (Switzerland), FG-PTT (Tunisia), NALC (USA), CWU (UK) and Unite The Union (UK). We would thus like to thank them here for providing us with reports and information, as well as the support that was indispensable for compiling the study and making it a valuable resource for our readers and UNI Post & Logistics Global Union.



UNI Post & Logistics Global Union

Argentina

By Daniel Azpiazu, Federico Basualdo, Pablo Manzanelli

Introduction

Although the initial steps towards liberalizing the Argentine postal market were taken during the '70s under a military government, it was not until the '90s that this process began to strongly accelerate and blend in with the official post office privatization process.

The concession of the main market operator—the longstanding historical and monopolistic service provider—to private hands lasted a little over five years. Despite this fact, while non-compliance by the consortium that took over service provision resulted in contract termination and subsequent undertaking of the activity by a state-owned company, this was not coupled with a substantive change in the legislative or regulatory status quo that was consolidating at the same pace as the ups and downs of the privatization process.

It is in this setting that the first Chapter of this paper analytically reviews, on the one hand, the characteristics historically adopted by these postal market liberalization, demonopolization, and deregulation processes, and, on the other, their articulation with the official post office privatization and subsequent renationalization. Furthermore, under that new operating environment, especially as from 1993, the Argentine postal market evolution is examined considering the growing presence of private operators.

Chapter II looks into the main effects of liberalization and privatization processes on the labor market, highlighting postal labor composition according to operator type and mobility within the business.

Chapter III deals with the analysis of working conditions, wage and functional heterogeneity within the sector (without losing sight of the changes in the market's regulatory and institutional context), and, lastly, how it was all expressed in the collective bargaining agreements, with the subsequent deterioration of postal employee working conditions, leading to casualization and outsourcing, among other practices.

Following some of the core aspects of the analytical approaches presented in Chapter I, Chapter IV examines and assesses the main features of the sector's regulatory framework and the characteristics of the Universal Postal Service in Argentina, and, as a paramount part of government presence in this business, this chapter also considers public supervision exercised over the postal market.

Finally, Chapter V thoroughly and rigorously examines the role that different trade union organizations played—and still play—in the postal sector, where the convergence of several trade unions and the diversity of positions displayed by them emerge as features of the utmost importance.

I. POSTAL MARKET LIBERALIZATION AND OFFICIAL POST OFFICE PRIVATIZATION AND RENATIONALIZATION

I.1. Postal Market Demonopolization and Liberalization

Though the beginnings of the postal market liberalization process can be traced back to the last military dictatorship (March 1976 to December 1983), with a few minor yet initial steps taken by the previous dictatorship administration (June 1966 to May 1973 (1)), it was only from Menem's (democratic) administration on (July 1989 to December 1999), when such process converged with privatization and deregulation, that circumstances were radically altered to set the stage for postal market performance in Argentina. Later on, at the turn of the century—more precisely in November 2003—with the termination of the concession contract of the private company that had taken over service provision at the end of 1997, the sector entered a new—and somewhat uncertain—development stage marked, once again, by the coexistence of a large public player (Correo Argentino S.A. - CORASA) with several heterogeneous private economic agents. In this regard, we would later see a few private players taking on an increasingly leading role.

The postal service was historically the oldest public service to be regulated in the country. Since its inception, its performance (and regulation) had always been exclusively in public hands. The first records of this can be traced down to the Constitution of 1853 (2) and to the passing of the General Post Office Act in October 1876 (Law No. 816). This law set forth the public nature of postal services and entrusted service provision and oversight to the National Bureau of Postal and Telegraph Services reporting to the Ministry of the Interior (see Annex listing the main regulations relating to market liberalization and privatization, and subsequent official post office renationalization).

The latter name and institutional inclusion of the public postal service went through several changes from the '40s onwards. Consequently, in 1944 it was named Bureau of Postal and Communications Services, with organizational autarchy. In 1949, the Postal and Telecommunications Secretariat was created, which, shortly after that year, became the Ministry of Communications. Towards the end of the '50s (1958), it changed yet again to become the Office of the Secretary of State for Communications, and began to report directly to the Executive Branch. Lastly, in 1971, before the initial and very shy attempts to demonopolize service provision were outlined, the institutional inclusion of postal administration was placed under the scope of the Office of the Undersecretary of Communications.

In the early '70s, two relevant events took place: on the one hand, the creation of Empresa Nacional de Correos y Telégrafos (National Postal and Telegraph Services Company), in 1972, as a single, public and monopolistic company responsible for postal services provision; on the other, in 1973, the passing of Law No. 20216 amending the existing law that had been effective for almost a century (Law No. 816) and specifying a number of key characteristics that service provision should take into account. Although this law asserted the state monopoly, for the first time it introduced certain potential exceptions to the prohibition of private players' entry into the market.

It was only in 1979, during the last military dictatorship, that Law No. 22005 was passed. As its name indicates ("third-party cooperation for the execution of postal services according to the legal system"), it introduces the possibility of delegation, by the State, of postal services provision to private agents. Al-

though the effective scope of the law was limited (for emergency reasons provisionally justifying it, or in need of specific specialized services that the official post office was unable to provide), it was the first step towards potential restricted or limited competition (3)

Indeed, in formal terms, Executive Order No.1842/87 on “demonopolization of public services provided by state-owned companies,” pointed to substantive progress in terms of service liberalization. Section 1 of the Executive Order set forth as a general principle “free participation of the private sector” in the area of operation of public companies. In Section 2, it repealed all other statutes that granted “privileges, exclusive rights or rights” (...) that excluded “the private sector.”

In any case, it was at the beginning of the ‘90s, within the context of the adoption of the Washington Consensus (4) basic guidelines and the implementation of a vast and ambitious privatization and de-regulation program for a majority of economic activities (5) that the postal market liberalization process found new and compelling momentum.

In this context, firstly, the State Reform Act (Law No. 23696) was passed, declaring “the state of emergency for the provision of public services” and that all “companies, corporations, establishments or productive estates totally or partially owned by the National Government” were subject to “total or partial privatization or liquidation proceedings.” In accordance with the provisions of Section 11 of the above-mentioned Act, among others, “the Executive Branch was authorized to take all necessary steps to grant concession licenses on all services being handled by ENCOTESA.” ENCOTESA (Empresa Nacional de Correos y Telégrafos S.A.), the successor of the former monopolistic Postal and Telegraph Services Company (Empresa de Correos y Telégrafos - ENCOTEL), was created as a corporation as a step prior to privatization. Furthermore, although the subject will be dealt with in Section 3 of this Chapter, it is worth illustrating that at the beginning of 1997, by Executive Order No. 265/97, a public national and international bid was called for a 30-year period service concession. In August that same year, the bid was awarded (by Executive Order No. 840/97) to a consortium (Correo Argentino S.A.) made up of Itron S.A. and Sideco Americana S.A. (both owned by the local group SOCMA - Sociedades Macri), with a 73.5% interest, and Banco de Galicia y Buenos Aires S.A. (with 12.5%), keeping the remaining 14.0% for ENCOTESA employees, under the scheme imposed by the Employee Stock Ownership Plan (6). The process was conducted with the technical assistance of the British Post Office.

Secondly, **and as an integral part of the privatization process itself** ⁽⁷⁾, Executive Order No. 1187/93 was decisive for the final consolidation of the market demonopolization process and liberalization of service pricing (with the exception of those that made up the Basic Universal Postal Service). This Executive Order set forth the requirements that should be fulfilled by competitive private agents wishing to participate in the market. Consequently, in 1992, the National Registry of Postal Service Providers was created under the then National Postal and Telegraph Service Commission (CNCT) as a regulatory body, separate from official post office administration. The sections of the aforementioned Executive Order were sufficiently clear and explicit. Section 1 established the elimination of the “postal monopoly. The domestic and international postal market shall be open and competitive.” Section 10 created “the National Registry of Postal Service Providers” (...). “Any legal entity wishing to transport and/or deliver third-party mail, be it as main or incidental activity, regularly or occasionally, domestically and/or inter-

nationally, shall register” with this Registry. In addition—for illustration purposes—Section 14 stipulated that “when the preceding requirements have been met, the status of postal service Provider shall be automatically granted.” Furthermore, the Executive Order set forth that non-compliance with duties and responsibilities would be punished with fines and may even result in Registry debarring.

Although the legislation that established postal market “demonopolization” and liberalization provided ample freedom in terms of restricting the services private players could offer, in 1997 (Executive Order No. 115), the regulatory framework within which postal services should operate was provided for: as being “public” and under free competition conditions, the only exception being prior registration of players, and a concession license in the case of the official post office. In addition, as will be discussed in Section 4, Section 8 of Executive Order No. 1187/93 was slightly amended in relation to the Universal Postal Service (the only example of concessionaire obligation).

1.2. Postal Market Development and Private Operator Presence

As understood from the foregoing considerations, the market was deregulated and the sole requirement was that those legal or artificial entities wishing to provide postal services must register with the National Registry created for such purpose (plus a fee, which back then amounted to a yearly sum of 5,000 Argentine pesos/US dollars—according to Currency Convertibility Act No. 23928—to begin operating. At present, the same amount applies denominated in Argentine pesos).

The most significant difference between the concessionaire of the official post office (which became private after denationalization in 1997, and then state-owned again—though formally speaking only provisionally—since contract termination with Correo Argentino S.A. (CASA), in November 2003) and the remaining market agents lay in the duties the former should fulfill, which were not so for the other service providers.

These duties included, among others, free of charge access to relief printing and embossing for the blind in accordance with regulation provisions; free postal dispatches as established by special laws (Law No. 20216, Section 13), and more specifically, provision of obligatory services such as the Universal Postal Service (see Chapter IV), truthful and reliable communications service including telegrams and certified documents (registered mail with legal value) regulated by Laws No. 23789 and 24487; issuance of postal stamps and philatelic services; national, provincial and/or municipal electoral service, wherever required (and it typically is); telegraph service, where deemed irreplaceable (e.g. in certain geographic areas). In turn, a set of additional post office operator obligations were established relating to the quality of service provision (business and delivery hours, quality standards, and the requirement of applying maximum rates for the Universal Postal Service – see Chapter IV).

Conversely, the duties of the remaining private players were limited to complying with services committed to at the time of registering with the National Registry, and keeping up quality service pursuant to user requirements recorded at the time of service request (and, also, according to quality standards referred to in the National Registry of Postal Service Providers registration form).

This leads to pondering about certain issues that, in most cases, are irrespective of the post office op-

erator's being a public or private company, and, in other cases, are augmented under the new public administration of the official service under "restricted" competitive conditions (the Universal Postal Service obligation imposed only on the party responsible for the official post office) given the market's own structure and dynamics and its relation to the law whereby it became deregulated.

In fact, already during CASA's private operation, the concessionaire consortium insistently claimed certain asymmetries related to its place in the market that, in its view, limited or restrained its competitive abilities. In this regard, the company spoke of, namely: having to face trade unions of greater relative weight and higher wage levels, not having precarious workers, complying with all labor provisions, and, to a lesser extent, having to provide the Universal Postal Service (UPS) as part of the company's contractual engagements.

Furthermore, although the concessionaire did not file any complaints at that time, the low entry cost favored the sudden entry of private players—to the detriment of the official post office—for the provision of highly specialized services, priced relatively high and geared towards serving the corporate segment, as the official post office economies of scale were significantly limited or diminished vis-à-vis the degree of specialization required in certain special postal services or segments. Although this topic will be dealt with further on, it is worth mentioning that in all the latter cases, there was no price regulation whatsoever, and in given segments, a sort of oligopolization by product differentiation was apparent, which contrasted with the exclusive price regulation solely involving the official post office as it relates to UPS provision (8).

Thus, before sharing some insights and details of such market segmentation, reference must be made to certain general features of the Argentine postal market during the post liberalization phase. In terms of market segmentation, in the aggregate, the greater relative presence of private operators was clearly evidenced in corporate sub-markets where unit prices were the highest and, therefore, not surprisingly, the average price of postal pieces within the official post office realm was systematically placed below that of private service providers.

As clearly illustrated in Table No. I.1, since the beginning of market deregulation, within the framework of the governmental decision to privatize the official post office (on concession), there has been a systematic shift in terms of volume of dispatched postal pieces towards private postal operators—between 1993 and 2007 the official post office's weight dropped from 71.0% to a little over 40.0%, respectively. This phenomenon became particularly intense precisely in those years when the official post office was operated by the CASA consortium (between 1997 and 2003 its market share dropped from 48.4% to barely 33.5%). The same year (1997) service provision was transferred to private hands, and within a government policy setting that either by action or omission encouraged or appeared unconcerned vis-à-vis a strong market share loss, its share fell by over twelve percentage points.

When the official post office was back in State hands, not only was there a break in persistent market share loss, but also a significantly increased presence in the aggregate (between 2003 and 2007 its weight went up seven percentage points) which, in turn, reveals sustainable and seamless growth from the year of implosion and abandonment of the fixed currency board scheme pegged to the US dollar (Law No. 23928, Currency Convertibility effective from April 1, 1991, through January 6, 2002).

Table No. I.1. Argentina. Evolution and composition of postal production by operator type, 1993-2007 (in millions of postal dispatches and percentages).

	Official Post Office	Private Postal Operator	Total			
	mill.units	%	mill.units	%	mill.units	%
1993	375.5	71.0	153.6	29.0	529.1	100.0
1994	388.9	63.3	225.1	36.7	614.0	100.0
1995	423.2	63.9	238.8	36.1	662.0	100.0
1996	434.4	60.9	278.3	39.1	712.7	100.0
1997	390.9	48.4	416.8	51.6	807.7	100.0
1998	376.5	43.3	492.3	56.7	868.8	100.0
1999	418.2	40.9	603.3	59.1	1,021.5	100.0
2000	401.6	38.1	651.3	61.9	1,052.9	100.0
2001	381.9	38.5	610.5	61.5	992.5	100.0
2002	320.3	36.8	550.4	63.2	870.7	100.0
2003	310.3	33.5	616.8	66.5	927.2	100.0
2004	343.9	35.0	637.5	65.0	981.4	100.0
2005	414.7	39.8	664.1	63.7	1,043.2	100.0
2006	497.9	40.5	732.8	59.5	1,230.7	100.0
2007	557.9	40.5	821.0	59.5	1,378.9	100.0

Source: Own creation based on data in C.N.C. Annual Postal Market Report, 2007.

With certain relatively common biases but, in turn, with significant differences in terms of intensity and year-on-year variations, postal market evolution in monetary terms by operator type also shows an important loss for the official post office. The loss is less significant during that period and, ultimately, reflects certain differences regarding market segmentation and the evolution of the respective unit price/postal piece ratio.

By way of example, in 1993, the official post office's market share reached 71.0% of overall shipments, a percentage that was reduced to a little over 40% in terms of monetary value. Although that large gap was significantly reduced in the remaining years of the series, even in 2007 (Table No. 1.2) such differentiation persisted relative to the service profiles of various post offices (that year, the official post office concentrated over 40% of postal pieces, which, in monetary terms, accounted for 36.7% of the total).

In any case, this does not mean that the official post office, with its ups and downs, has not witnessed a

market share loss that is even more noticeable, constant, and practically uninterrupted between 1996 (48.7%) and 2003 (37.5%), which is almost simultaneous with private management of the official post office. Furthermore, contrary to what has been said about shipped volumes, the last few years of the series (coinciding with the time of service renationalization) reveal relative stability in terms of aggregate weight.

Table No. I.2. Argentina. Postal service sales evolution and composition by operator type, 1993-2007
(in millions of pesos and percentages)

	Official Post Office	Private Postal Operator	Total			
	mill. \$	%	mill. \$	%	mill. \$	%
1993	273.6	40.5	401.7	59.5	675.3	100.0
1994	308.0	37.8	506.5	62.2	814.4	100.0
1995	354.6	43.4	462.8	56.6	817.4	100.0
1996	409.6	48.7	430.9	51.3	840.5	100.0
1997	376.1	43.4	490.0	56.6	866.1	100.0
1998	406.3	42.3	553.8	57.7	960.1	100.0
1999	414.8	42.4	564.2	57.6	979.0	100.0
2000	371.0	41.8	516.0	58.2	887.0	100.0
2001	332.9	40.9	480.2	59.1	813.1	100.0
2002	323.5	38.7	511.5	61.3	835.0	100.0
2003	367.6	37.5	612.0	62.5	979.7	100.0
2004	415.8	35.8	746.4	64.2	1,162.2	100.0
2005	498.8	36.2	878.3	63.8	1,377.1	100.0
2006	611.7	35.2	1,127.5	64.8	1,739.2	100.0
2007	818.7	36.7	1,409.6	63.3	2,228.3	100.0

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2007

The foregoing considerations suffice to infer that during the period under examination, the type of postal pieces and mean prices played a decisive role in those similar yet different behavioral patterns arising between the official and private postal services. In fact, as a first approach to the subject, Table No. 1.3 illustrates the mean prices for postal dispatches for each of the two large operator types.

While in 1993 the mean price for pieces dispatched through the official post office represented almost one fourth of that of private operators (two factors combined: the low presence of greater unit value dis-

patches—due to supply’s own restrictions and limitations—by the official post office, and the almost pervasive specialization of at least the major private operators), in 2007 it was less than 15% lower. Here, those same factors were altered. On the one hand, the official post office incorporated more services of a greater unit value while private operators got involved in market segments that had once been almost exclusively served by the official post office.

Although, as will be examined below, the universe of private operators became increasingly heterogeneous in terms of size, scope, and geographic coverage, types of services rendered, connection with the corporate segment versus focused or restricted attention on certain—at times small—geographic areas, there is no doubt that while the official post office expanded the range and, in many cases, the quality of services rendered, since the beginning of the liberalization process to date, many private postal operators (large, medium, and small, in different degrees but keeping a balance in aggregate terms) have gained access to virtually the whole spectrum of market segments. In turn, this means that, specifically in the case of major private operators (e.g. OCA or Andreani), a large part of their strategy has focused on potential customers who, given the size of fiscal pieces involved and/or the highest prices for services requested, would enable them to consolidate their market positioning.

Table No. I.3. Argentina. Mean price evolution of postal services by operator type, 1993-2007 (in Argentine pesos)

	Official Post Office	Private Postal Operators	Total Average
1993	0.73	2.81	1.28
1994	0.79	2.25	1.33
1995	0.84	1.94	1.23
1996	0.94	1.55	1.18
1997	0.96	1.18	1.07
1998	1.08	1.12	1.11
1999	0.99	0.94	0.96
2000	0.92	0.79	0.84
2001	0.87	0.79	0.82
2002	1.01	0.93	0.96
2003	1.18	0.99	1.06
2004	1.21	1.17	1.18
2005	1.20	1.32	1.28
2006	1.23	1.54	1.41
2007	1.47	1.72	1.62

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2007

Although the table provides aggregate data where the relative incidence of different “types” of businesses within private postal operators may not be appreciated (some considerations will be included in

the following section), it is still interesting to analyze—or infer—the delivery volume of postal pieces for 2007, as well as the relative market shares of the official and private post offices (Table No. 1.4).

The available quantitative evidence shows, firstly, the presence of private postal operators in all postal market segments, with the additional distinctive feature that in some segments—newspapers and magazines, clearing pouches and proof of mail—their market share rules out others. The official post office influence is also very low in mailings and unaddressed printed material, couriers and credit cards.

Table-No. I.4. Argentina. Composition of various postal services and market share by operator, 2007 (in percentages)

	Total Market Share	Distribution by Operator Type	
		Official	Private
Invoice-enclosed mail	44.3	55.1	44.9
Regular mail	21.8	32.6	67.4
Addressed mailing and printed material	11.2	49.0	51.0
Unaddressed mailing and printed material	9.0	3.0	97.0
Mail with proof of posting	7.4	36.1	63.9
Parcels*	1.7	27.3	72.7
Newspapers and magazines	1.5	-	100.0
Credit cards	1.5	12.4	87.6
Express mail*	0.7	72.5	27.5
Certified mail*	0.5	72.1	27.9
Clearing pouches	0.3	-	100.0
Outbound couriers*	0.1	5.4	94.6
Proof of mail	N/S	-	100.0

N/S: non significant

* Services with greater relative value per unit

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2007

Secondly, it is worth noting that in 2007 invoice-enclosed mail (*cartas factura*) was the service that mobilized the largest number of pieces, and, in turn, one of the fastest growing items (volume increased by threefold between 1997 and 2007). This service is mainly used by corporate customers (public utilities, banking institutions, private health insurance, cable TV companies, the Government itself, and insurance companies, among others). The official post office's market share rose to 55.1% whereas, for example, in 1997 it represented 48.1% of the overall figure.

Thirdly, in contrast, the official post office's market share loss was overly significant and persistent

within the regular mail (*carta simple*) segment. This is so much so that in 2007 its market share (32.6%) was almost half of what it was in 1997 (68.4%).

Both in the case of mailings and printed matter (addressed or unaddressed), as well as with proof of posting mail (*cartas control*), their heterogeneity, definition standards, and statistical treatment make it impossible to draw significant conclusions even when, in all cases, the official post office's market share is unstable with sizeable year-on-year variations.

The same does not hold true for express mail (*carta expreso*) since, although displaying a low relative weight on overall total dispatches (barely 0.7%), it is one of the highest-priced service items in the market. In this regard, the official post office's market share—a little over 20% in 1997—grew to cover almost three fourths of the segment.

In summary, the Argentine postal market liberalization process was comprehensive, with a pervasive presence of private postal operators in all market segments, and—especially larger operators—geared towards the whole national territory and strategically focused on corporate customers, with no public pricing regulation whatsoever—except for the oligopolic competition among a few players. Thus, private postal operations have been able to consolidate as major and key market players.

The above takes for granted the implicit inexistence of reserved areas for the official postal service: in the Argentine case, the most significant and transcendental differences are in terms of the obligation to provide certain services, especially those pertaining to UPS, which are price-regulated and generate little or no business profit.

The generalized possibility of entering the market at a low cost—i.e. registering with the National Registry of Postal Service Providers—brought about the excessive arrival of new operators, especially until 1997. Incidentally, before analyzing the evolution of the number of private postal operators, it is important to include some considerations that, to a certain extent, transcend market formality.

In fact, beyond the number of companies (large, medium, small and start-ups registered with the National Registry), there is a large and—given the nature of the service—indeterminate number of operators who render postal services, such as, bus companies operating in the package and parcel segment, firms devoted to postal finishing services that operate in the mailing and invoice-enclosed mail segment, and freight and light-duty logistics companies. In addition, Section 5 of Executive Order No. 1187/93 provides for independent service provision, either by private companies or even by government agencies that may conduct postal service provision on their own behalf. Furthermore, there is an even vaguer and more unstable number of informal service providers or unregistered companies that provide services on a full-time or occasional basis, but do so illegally or in a “clandestine” (10) fashion.

In any event, regardless of this digression, the data provided in Table No.1.5 enables the understanding of certain important discontinuities. Firstly, as previously mentioned, there was a significant increase in new operator entry into the market that was unflinching until 1997, when the number of companies exceeded 300 (11). From then on, with some slight fluctuations, the number of private postal operators experienced a sizable shrinkage, which peaked in the two-year period 2006-2007 to such an extent that during the latter year the number of operators was reduced to a little over 130. This was nothing but the

result of two converging factors: on the one hand, the gradual decline in the number of initiated formalities, and, even more so, of specific registrations, and on the other, and especially since 1998, a wavering yet significant number of Registry deletions—particularly if considered in relation to the number of operators. This would be in keeping with the prevailing macroeconomic situation, which saw, the same year, the beginning of the deadly currency convertibility or currency board crisis that pegged the Argentine peso to the US dollar (sustained and uninterrupted downturn). In the postal market this was reflected in the demise of a great majority of small and medium-sized enterprises, as well as in the discouragement to enter the market.

On the other hand, considering the last three years (2005 to 2007), and within a context of considerable economic recovery and postal market growth (both in number of pieces and monetary value) only 29 new operators were registered and 166 enterprises were deleted from the Registry, with a net drop of almost 90 private postal operators.

Table No. I.5. Argentina. Evolution of postal service operator numbers (in absolute values)

	Formalities initiated	Registrations	Deletions	Re-registrations*	Total
1993	188	138	3	0	135
1994	150	145	23	0	257
1995	106	88	70	9	284
1996	118	80	85	18	297
1997	78	58	64	10	301
1998	90	69	117	24	277
1999	91	58	90	36	281
2000	33	24	80	25	250
2001	57	41	76	19	234
2002	54	46	71	14	223
2003	55	47	37	12	245
2004	52	39	47	9	246
2005	22	9	36	3	222
2006	13	8	86	12	156
2007	27	12	44	8	132
TOTAL	1,134	862	929	199	132

* Re-registrations include measures to suspend effects of deletions granted, as well as accepted reconsideration appeals.

Source: Own creation based on data from C.N.C Annual Postal Market Report, 2007

As mentioned—or at least hinted—earlier, and, regardless of the significant market share of the official post office, this is a market where there is a clear predominance of oligopolic competition, and, to a certain extent, of differentiated oligopolization or, in other words, the presence of some large players that add to their well-established geographic presence in the retail segment a concern for specific services

differentiation and specialization in the corporate market (examples: OCA, Andreani or Transportes Sideco). Moreover, the latter is particularly valid for large couriers that operate internationally (e.g. DHL, Federal Express, UPS Argentina, TNT Argentina, etc.), all of which are renowned transnational companies.

In addition, there are a considerable number of medium-sized operators who, on the grounds of infrastructure and resource limitations, restrict their operation to geographic areas with greater population and postal dispatch density (mostly the Federal District and Greater Buenos Aires area). Similarly, another large group of operators has certain territorial specialization in some major populated centers in the interior of Argentina. In turn, there are some “messenger agencies” registered as postal operators (most of them are not registered), especially in major cities—mainly the Federal District—that perform specific simple messenger activities.

Furthermore, there is a sizable degree of market concentration even within private postal services. This characteristic has either persisted—with slight nuances—or intensified in recent years. In this regard, as shown in Table No 1.6, only 2% of registered operators (245 for that year) concentrated a little less than two thirds of the aggregate turnover from postal dispatches whereas, at the opposite end of the spectrum, 68% of private postal services only accounted for 4% of sales.

Table No. 1.6. Argentina. Private postal market structural composition, 2003 and 2007 (in percentages)

Type of company	2003		2007	
	% companies	% sales	% companies	% sales
Large-sized companies	2	62	8	70
Medium-sized companies	7	21	24	22
Small-sized companies	23	13	41	7
Start-ups	68	4	27	1

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2003 and 2007

In 2007, despite a significant drop in the postal operator aggregate range (barely 132), the concentration phenomenon is also relevant. On one end of the spectrum, that of large-sized companies (some international couriers have surely joined in) the 70% turnover figure is well understood, whereas on the opposite end (much more limited now in terms of number of companies insofar as the classification criteria related to annual turnover brackets have not been changed) small and start-up companies only concentrate an 8% turnover.

In summary, there is a high degree of concentration, growing oligopolic competition, and significant focus on segment specialization based on value and/or volumes reached, all of which is concurrent with the volatility and demise of small and medium-sized private postal operators. As will be examined later (see Chapter IV), both regulatory and control weaknesses as well as asymmetries in official postal service obligations have led large private companies to gear their investments towards higher profitability

segments where large private operators focus oligopolic competition among themselves, in line with the strategic view resulting from their oligopolistic market concentration.

1.3. Privatization and Renationalization of the Official Post Office

As mentioned earlier, the privatization of the official post office took place towards the end of 1997, and even though service provision went back to state-owned hands in November 2003—following contract termination—it is important to make a few points regarding the privatization process itself, management by private operators, the reasons leading to such renationalization, and the present situation of relative uncertainty of the future of CORASA as a public company.

By way of introduction, it is worth reiterating that the so-called postal service liberalization, despite having taken place prior to the formal start of ENCOTESA's privatization process, was undoubtedly an integral part of market demonopolization as well as an essential component of the official post office privatization in so far as it paved the way for the entry of new providers into some postal service segments in an attempt to introduce certain competition levels in the market.

Before briefly examining the main characteristics and issues of ENCOTESA's privatization, a few considerations should be made regarding an aspect of this privatization process that unveils some common denominators shared with many other rushed privatization processes undertaken in the early '90s in Argentina: the "deliberate" deterioration of state-owned companies to be privatized and of service quality, or, in other words, the quest for social consensus as to the timeliness and "need" to privatize them. In this case, as in many others where this is apparent, it suffices just to consider that in the period preceding ENCOTESA's privatization (1993-1997), its postal market share dropped from 71.0% to 48.4%, respectively (see Table No. I.1).

The actual start of the privatization process was subject to various delays, and, finally, by March 1997 (Executive Order No. 265) a national and international call for tenders was made for the purpose of granting a concession license for the postal, money, and telegraphy services rendered until then by ENCOTESA. A few months later, in August that same year, by Executive Order No. 840/97, the bid was awarded and the corresponding concession contract was signed with CASA for a 30-year period. The winning consortium comprised, as already mentioned, Sideco Argentina-Socma Group as the majority shareholder with a 73.5% interest, and Banco de Galicia and Buenos Aires (12.5%) and the Employee Stock Ownership Plan (14.0%) (14) as minority shareholders. As in other privatization processes, the main component of the bid to be considered at the time of company transfer was the fixed charge amount offered. In this case, fixed charges amounted to 103.2 million Argentine pesos/US dollars, to be paid in six-monthly installments (15).

From the very start, the company's economic performance was quite different from that of most privatized companies. During the first year of operation, accounting losses were almost equal to 9% of overall turnover (16). Similarly, the loss of market share arose as a constant factor (from 43.4% in 1997 to 40.9% in 2001 – see Table No. I.2). With this outlook, the company began a very intense and accelerated process of labor dismissals as a privileged mechanism to achieve higher productivity levels vis-à-vis its main competitors (OCA and Andreani, among others). In addition, there were employee benefit

cutbacks, contrary to the provisions set forth in the collective bargaining agreement signed in 1993 (this will be covered in Chapter III), and the closing of a large number of rural post offices (*estafetas*).

A few words should be said about this last point. As part of contractual commitments, CASA was required to make investments in the amount of 100 million Argentine pesos/US dollars during the first four years of administration. Though the company did invest part of that sum, the relation between these investments and the personnel downsizing policy—as a result of an unusual decision by the National Communications Secretariat—cannot be overlooked. In fact, during the first two years, and under the concept of “voluntary retirement packages,” the company’s workforce was reduced by 3,500 employees. The unusual fact—in connection with that government decision—was that the cost of such “retirement packages” (almost 100 million pesos/dollars) was considered as company “investment,” as part of the commitments originally undertaken by the company (17).

Since mid 1999, poor company performance (on more than one occasion, and even in parliamentary circles the concern that Socma was attempting to “strip” the company of its assets was raised) resulted in the search for a merger—even as a minority shareholder—with any business group willing to contribute new funds for company recovery. The company engaged in long negotiations with the Exxel Group, which owned OCA, the company’s main competitor—to engage in a merger process. By mid July, 2000, after almost a year of exchanging proposals, the merger project was submitted to the Competition Defense Secretariat. Yet, before the latter was able to render a negative decision, both companies decided to call off the business deal. Nevertheless, the Socma Group continued making public announcements in search for a “strategic partner with great international expertise willing to bring in capital and large-scale technologies.”

The main problems faced by CASA were, on the one hand, the breach of investment commitments, and, more importantly, the company’s unilateral decision to cease appropriate fixed charge payments as from March 2000 (the last payment was sent on August 31, 1999). By the end of 2001—right before the passing of Law No. 25561 on Economic Emergency and Reform of the Exchange Rate Regime whose Section 9 set forth the renegotiation of all public utility contracts—the company owed approximately 200 million pesos/dollars to the government.

Irrespective of difficulties arising from its economic performance, the company alleged that such decision had ultimately originated from non-compliance, which, in its opinion, derived from government action or omission in several areas. Hence, the arguments put forward by Correo Argentino S.A. relative to government non-compliance referred to the non-exclusive or monopolistic nature of postal seal issuance and sale, as well as to the treatment of “certified documents” (*carta documento*) or “legal letters” (*carta legal*); and the provision of telegraph services by other private service providers. Furthermore, it questioned the existence of almost 80 trade unions and posed the subsequent need to consolidate them (the rationale was that many of the remaining private service providers paid compensations that were below those settled in collective bargaining agreements, and had informal workers, etc.). Another complaint raised by the company to justify its default on fixed charge payment had to do with the government’s failure to create a single, consolidated payment account for all services rendered to the Government (both central and decentralized administration).

In the majority of cases, most government non-compliances referred to by businesses (that, as such, tried to explain the growing economic difficulties they faced to fulfill the agreed on fixed charge payments) lacked true legislative backing, according to various legal experts. Their attitude was seen as a dilatory practice, as in other privatizations (18), an “opportunistic” offer that entailed the assumption that there would be subsequent renegotiations leading to the removal of the fixed charge payment duty(19). Moreover, and regardless of what ended up happening with the renegotiation process (resulting in contract termination, as already mentioned), there were inaccuracies and improvisations throughout the official postal service privatization process that must be underlined.

The above was evidenced in the provisions of a Ministry of Infrastructure and Housing Resolution (No. 65/01) stating the government’s own acknowledgement of regulatory deficiencies in the deregulation of postal services and in the privatization of the official postal service. The Resolution stated, among other things, that postal activity “to date has been governed by loose rules, inappropriate for quality service demands, and in some situations even contradictory and unfair.” Furthermore, it stated that the current regime “lacks rules to promote quality (*of services*) and investment in the business, and does not establish responsibility requirements for companies providing services” (*italics are author’s inclusion*).

For illustration purposes, the guarantee requirements for the company at the time of signing the concession contract (50 million pesos/dollars) was less than the fixed charge amount for a single semester (51.5 million pesos/dollars). This is not a minor issue, especially when Correo Argentino S.A. filed for bankruptcy on September 19, 2001.

In addition, the renegotiation of the official postal service concession contract had its own distinctive features. Contrary to the majority of privatized service providers, the postal service did not fall under the general criteria that, since the passing of the Emergency Act and regulatory decrees, would place it under the general provisions. Accordingly, Resolution ME No. 64/02 enacted in April provided for the intervention of the National Treasury Legal Advisory Council and subsequent deferment of originally established renegotiation terms (20). In light of the events following the Resolution, the official argument for not abiding by established timeframes to fulfill required goals in accordance with the provisions of the Emergency Act referred to an altogether different issue whereby the “economic power” (i.e. Socma Group) and attempts to avoid obvious demonstrations of failed privatization efforts involving three governmental administrations took on a decisive role.

There followed a long period where renegotiations with the concessionaire had practically come to a deadlock on account of court filings where CASA claimed that the National Government was indebted to the company—especially due to the greater labor cost impact vis-à-vis competitors. A further contributing factor was the creation of a committee comprised by one representative of the following government departments: Office of the Chief of Cabinet, Legal and Technical Secretariat of the Office of the President, National Treasury’s Legal Advisory Council, and Communications Secretariat. Renegotiations were supposed to “fulfill their purpose within a ninety-day period” (21).

Almost simultaneously, as came out of the May 2002 Report issued by the Office of the Auditor General, all grounds for contract termination were fully complied with. Indeed, the penalty scheme for such contract stated the following grounds for contract rescission:

- “Where Concessionaire fails to pay charges due within a 15 (fifteen) day period from the date of payment notice;”
- “Where an order for relief in bankruptcy or reorganization proceedings has been filed against the Concessionaire;” and
- “Where notices have been given following serious failure to perform obligations and has failed to perform them within 60 (sixty) days.”

That was the origin of the recommendations submitted by the Office of the Auditor General in Resolution No. 90/02 relating to the treatment of this doubtful concession contract: “to obtain immediate collection of the guarantee duly set up relative to the insurer;” the National Government should opt for “concession contract termination,” or otherwise “carry on with the performance of the concession contract whereby the party shall be required to set up a new guarantee to ensure compliance with future obligations.” Furthermore, the National Government should “claim monies owed as damages, and applicable interest incurred as a result of concessionaire’s failure to perform and accrued up to the date of filing for bankruptcy proceedings,” and, concerning “fixed charges accrued subsequent to the date of filing for bankruptcy proceedings (including 30% destined to the National Social Security Administration - ANSES) and interest, where applicable (...) the Government shall claim payment within the scope of bankruptcy proceedings.”

Nevertheless, speaking “in favor” of regulatory rules according to which only Universal Postal Service (22) prices were regulated—although there was no legal rule authorizing it—the company “converted postal rates into dollars” for mail sent overseas(23) while keeping rates (pursuant to almost the only applicable postal rate regulation) for the domestic service (0.75 cents for regular mail weighing 20 grams), with one unusual feature: changes were introduced in letter weight (in other words, “in the past, a heavy letter was cheaper”)(24). Nonetheless, the official post office’s market share in private hands continued falling (in 2003, the last year of private ownership, it dropped to a scarce 37.5% - see Table No. I.2.).

In addition, in January 2003, clearly exercising abuse of dominant position, the company increased by 750% the rate of the P.O. Box service which was, and still is, in many areas inland Argentina a service that is exclusively provided by the official post office. The absence of any regulation thereof and official omission relative to the provisions of the Competition Defense Act (No. 25156) indicated, yet again and for some time, government lack of concern for systematic law infringement.

The protracted—and, to certain extent, confusing—relationship between the granting authority and the concessionaire in terms of contract renegotiation was finally resolved in November, 2003 (under Dr. Kirchner’s administration), with the passing of Executive Orders No. 1074/03 and 1075/03. The former set forth the rejection of all “claims, petitions, appeals and/or complaints” filed by CASA relating to the concession contract, whereas the latter provided for concession contract rescission “by fault attributable to the concessionaire,” fixed the provisional resumption of the official post office operation (Section 5 created an Administrative Unit for such purposes), and the Ministry of Federal Planning, Public Investment and Services was instructed to “proceed to calling a national and international competitive bid for the purpose of re-privatizing the public postal service”(25) over a specified term.

Coupled with the start of the delayed and undefined resolution about future (public or private) management, Executive Order No. 721/04 provided for the incorporation of the Argentine Official Post Office under the scope of the Communications Secretariat reporting to the Ministry of Planning: “its purpose shall be the provision of the Official Postal Service, comprising all postal, money and telegraphy services as duly provided by ENCOTESA (...) including the UPS.” The capital stock of this new public company responsible for service provision was made up as follows: 99.0% in the hands of the Ministry of Federal Planning, Public Investment and Services, and the remaining 1.0% in the hands of the then Ministry of Finance and Production.

Therefore, the present situation (beginning of 2009) is, on the one hand, uncertain from a formal standpoint in terms of government strategic definition about the future of the official post office, without even a hint of social or parliamentary debate on the matter. Even more so, although presumably CORASA will be the public company that might remain as post office operator, legislative vagueness and the systemic recurrence, for almost five years now, to new extension terms from the original ones set up for the new service privatization would also indicate a lack of public resolve or definition by government authorities.

On the other hand, the shaky scenario of formal uncertainties as to the company’s future goes against the company’s own management efforts, both regarding the medium and long-term strategy design and the signing of national or international contracts or agreements whose effectiveness should go beyond the (recurrent six-monthly postponement) official period extension for calling a national and international tender for the privatization of the official post office.

In any event, in light of the characteristics and deficiencies posed by the official postal service private operation, and despite international experiences in the subject-matter, postal services are likely to remain under the control of the public sector, the only player that is able to guarantee universal services in a country like Argentina, which is exceedingly large and deeply diverse in terms of demographic concentrations.

II. IMPACT OF LIBERALIZATION AND PRIVATIZATION ON THE POSTAL LABOR MARKET

II.1. Postal Labor Market

Traditionally, employers have used the workforce as a leading adjustment variable, with the explicit aim of ensuring that fewer workers should operate the same number of production means and provide the same volume of service, or to put it another way, that the same number of workers should be used to increase the scale of output and services. However, what markets seek by these means is to maximize their profits.

The Argentine postal market is no exception, particularly if it is borne in mind that labor is a substantial component of the value of the service, as it is a labor-intensive activity. According to official data(26), in 1997, the year in which the privatization took place with the granting of the official postal service on concession, that is to say, with an entirely private postal market, 40,049 workers processed around 808 million postal pieces; three years later, in 2000, 31,985 workers dispatched close to 1.053 billion pieces.

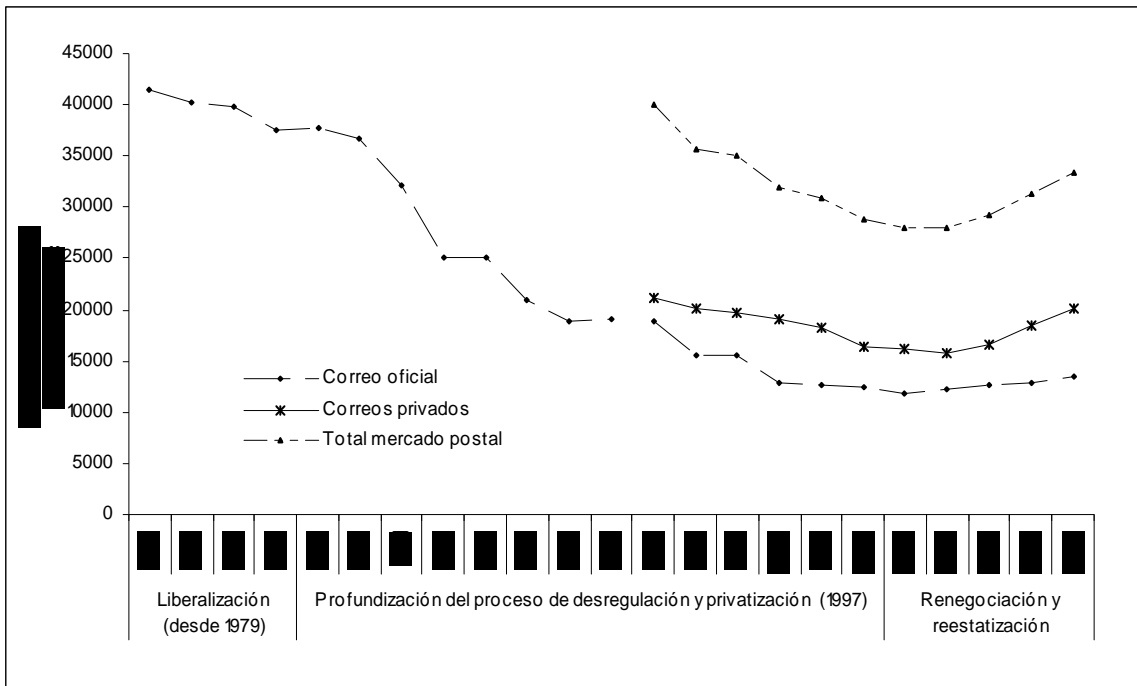
Notwithstanding the figures presented, net job destruction began years earlier(27), following the opening-up of the postal market that caused a drop in employment in the official post office. In particular, during 1987, when the public services provided by state-owned companies were demonopolized and the private sector was allowed to compete in the postal business, the headcount of the official post office totaled 39,815, a figure which by 1996—the year prior to privatization—had fallen to 19,000, i.e. a net destruction of 20,815 jobs.

Chart No. II.1 illustrates the evolution of employment in the Argentine postal market. It should first be noted that in the whole period under analysis the official post office recorded a loss of 28,061 jobs, equivalent to 67.6% of its workforce in 1985 and twice as much the number of employees in the official postal service in 2007.

Trend analysis shows two periods of abrupt decline in the official post office, namely: the 1990-1992 period when, as a result of the first steps in the formulation of the guidelines for privatization of the service, 11,578 workers were laid off, and then the period between 1997 and 2000, when the private company CASA cut 5,997 jobs.

These personnel reductions took place in the form of “voluntary redundancies,” (28) which functioned as covert dismissals. According to Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (FEJEPROC), “voluntary retirement began during the Menem administration, under postal administrator Abel Puchetti; later, under Cavallo and postal administrator Grisanti, downsizing increased, because privatization was already being planned. Then they began to offer a “voluntary retirement package” that was more “beneficial” for workers because they were given more money, but they lost their jobs.”(29)

Chart No. II.1. Argentina. Employment in the postal market by operator type 1985-2007 (in absolute terms)



Source: Own creation prepared on the basis of information from 1990 SIGEP Report, company financial statements filed at the IGJ (1991-1998) (30) and the C.N.C. Annual Postal Market Report, 2007.

Cantidad de ocupados – Valores absolutos = Number of workers employed – Absolute values

Correo oficial = Official post office

Correos privados = Private postal services

Total mercado postal = Total postal market

As regards the evolution of employment in the private postal service, for which information is available only as from 1997, it can be seen that the downward trend extended from that year until 2004, the year in which the recovery in employment was more marked than in the official post office, particularly in the 2006-2007 period. In absolute terms, during the 1997-2004 period private postal service payroll dropped by 5,378 workers, despite an increase in production of 220.7 million pieces (see Table I.1). On the other hand, in the 2004-2007 period, a total of 1,261 jobs were created, increasing output by 183.5 million pieces (see Table No. I.1).

Although private operators dismissed workers at lower rates, it must be remembered that “this sector has seen an increase in “precarious” employment (whether in the form of unregistered or “informal” jobs or intermediate modalities), based on a competitive logic grounded in price rather than quality.”(31)

In short, if the overall postal labor market is considered, the existing evidence speaks for itself: a net destruction of 11,209 jobs between 1997 and 2002, equivalent to 39% of the entire postal workforce for this latter year. As a result “the incorporation of technology, competition and increased productivity brought about a crisis in the human resources structure of the Official Post Office and a progressive impairment of working conditions for private operator employees.”(32)

In effect, based on the above it is clear that the process of liberalization and privatization of the Argentine postal system had a negative impact on postal workers, while the deregulation stage anticipated

the strategy that would be later implemented by both the successful bidders of the official post office contract and private service operators.

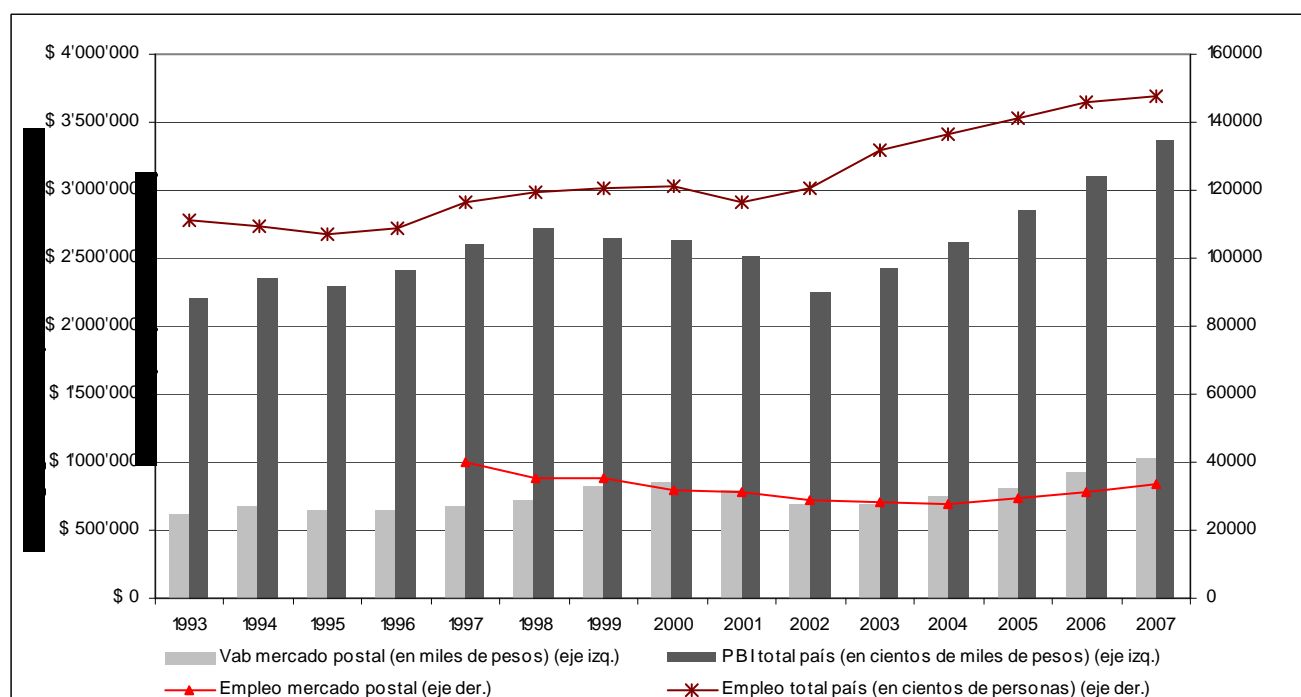
With the aim of providing a broader view of the economic and employment situation in the Argentine postal sector, there follows a detailed account of the evolution of added value and its relationship with employment for the post office and postal activities in particular as well as the Argentine economy as a whole.

Chart No. II.2 shows that in the 1990s economic growth peaked in 1998, followed by a sustained economic downturn at the turn of the century. Although the ups and downs of economic activity show some correlation with the number of active employees in absolute terms, it should be noted that during these years there was “a qualitative leap in the level of worker exploitation, with a severe and sustained expulsion of labor that affected millions of wage earners and resulted in unprecedented levels of unemployment and underemployment.”(33)

In this context, economic activity in the postal sector has shown slight variations in the period under review that, to some extent, relate to the economic development of the country. It can be seen that there were two growth peaks, one in 1999 and 2000, and another, with even greater intensity, in the 2006-2007 period, in line with the renationalization of the service.

Paradoxically, this similarity in economic behavior was not observed in the evolution of employment levels. Although there was some correlation between the number of employed workers and economic activity at the national level, the postal labor market recorded an uneven behavior: during the early years of economic growth, 1999 and 2000 (privatization), 3,089 jobs were cut, equivalent to 10% of the postal market workforce in 2000; on the other hand, during the 2006-2007 growth period (renationalization) job numbers increased by 2,175, that is to say, 7% of the postal workforce.

Chart No. II.2. Argentina. Gross added value (at 1993 constant prices) and total employment in the economy and the postal market, 1993-2007 (in absolute values)



Source: Own creation based on data from the National Bureau of National Accounts (INDEC) and the C.N.C. Annual Postal Market Report, 2007.

Valor agregado bruto en precios constantes de 1993 = Gross added value in 1993 constant prices

Nivel de empleo (valores absolutos) = Employment level (absolute values)

Vab Mercado postal (en miles de pesos) (eje izq.) = Postal market gross added value (in thousands of pesos) (left axis)

Empleo mercado postal (eje der.) = Postal market employment (right axis)

PBI total país (en cientos de miles de pesos) (eje izq.) = Total country GDP (in hundreds of thousands of pesos) (left axis)

Empleo total país (en cientos de personas) (eje der.) = Total country employment (in hundreds of individuals) (right axis)

In the nineties, the behavior of the postal labor market was linked to the economic liberalization model (both financial and commercial), with limited state regulation and a greater influence of market forces via the restructuring or privatization of state-owned companies: “numerous workers in state-owned companies had to leave their jobs, either voluntarily or not, as their presence represented an impediment both for securing higher future profitability for those who took over the companies, as well as for productive and technical organization reasons(34).” Specifically, “in 1985 there were 234,354 workers in the selected state-owned companies; in 1998 the selected privatized companies employed a total of 75,770 workers(35).” The labor growth in the postal service in subsequent years (2003 onwards) coincided with a period of increased state protectionism, where the economic growth period was accompanied by a high level of job creation.

From this it is possible to infer that the process of liberalization and privatization of the postal market in Argentina was part of a broader strategy to reduce State participation in the economy that had negative effects on the level of employment.

II.2. Mobility and Make-up of Postal Sector Employment

As seen above, both types of operators (public and private) got rid of workers during the privatization of the postal service. During that period the State saw a deterioration in both the quantity and quality of its workforce: “A large portion of the employees who left in the ‘90s did so through voluntary redundancy schemes, under which those wishing to leave received special severance payment. As part of this process, many companies tempted highly skilled workers to take their knowledge and contracts to the private sector.”(36)

As far as mobility is concerned, there is no evidence available to show the transfer of workforce from one operator to another. Nevertheless, on the basis of interviews and earlier surveys, it can be said that the switch of postal workers to the private postal services took place for two reasons: in the first place, the transfer of personnel from the official post office to the new companies as a consequence of the takeover of postal markets by private companies, leaving certain areas of the official post office over-staffed(37), and in the second place, low wages paid to skilled staff in the official post office compared to those paid to ranking personnel in private postal companies(38).

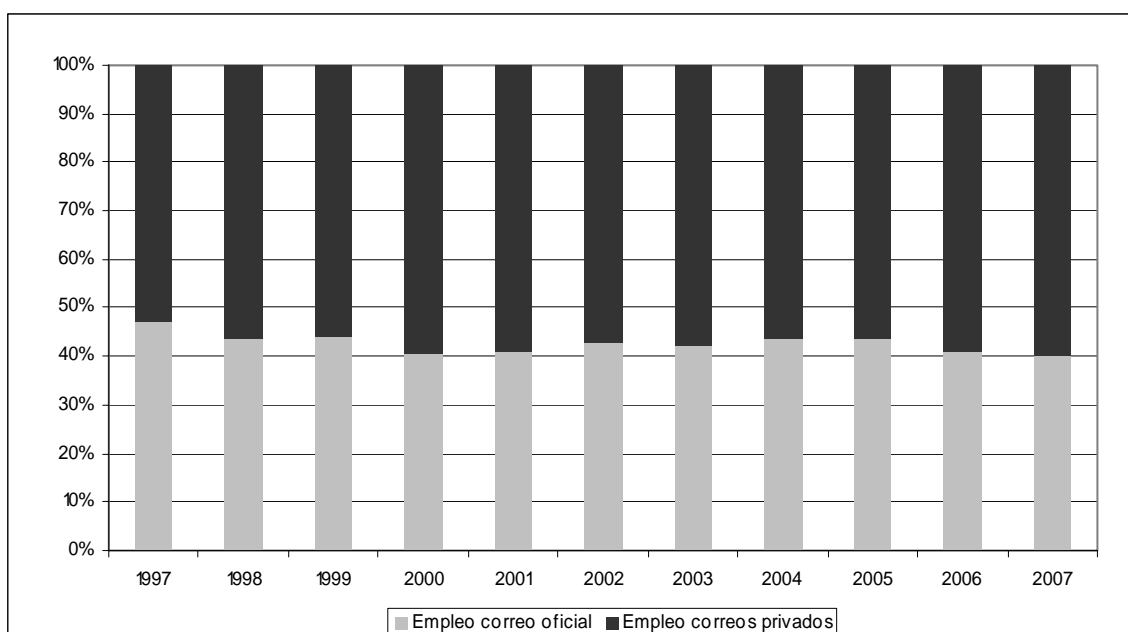
Despite the lack of empirical evidence, it is possible to estimate personnel mobility by looking at the relative make-up of worker totals according to whether they were employed in companies in the private

sector or in the official postal service.

Chart No. II.3 shows a steady increase in the relative participation of private postal companies in the postal labor market over the course of the period studied: from 52.7% in 1997 to 59.9% in 2007. In contrast, the official post office went from employing 47.3% of the postal workforce in 1997 to 40.1% in 2007. It should, nevertheless, be noted that the official operator continues to maintain a significant presence in the sector.

In trend terms, it can be seen that the share held by the official postal service declined at the end of the '90s, reaching its lowest point in 2000-2001 (40.4% and 41.1%, respectively), and after a slight recovery in the first years after renationalization (43.6% in 2004), its relative share of postal market employment fell once again.

Chart No. II.3. Argentina. Percentage distribution of postal market employment by operator type, 1997-2007 (in percentages)

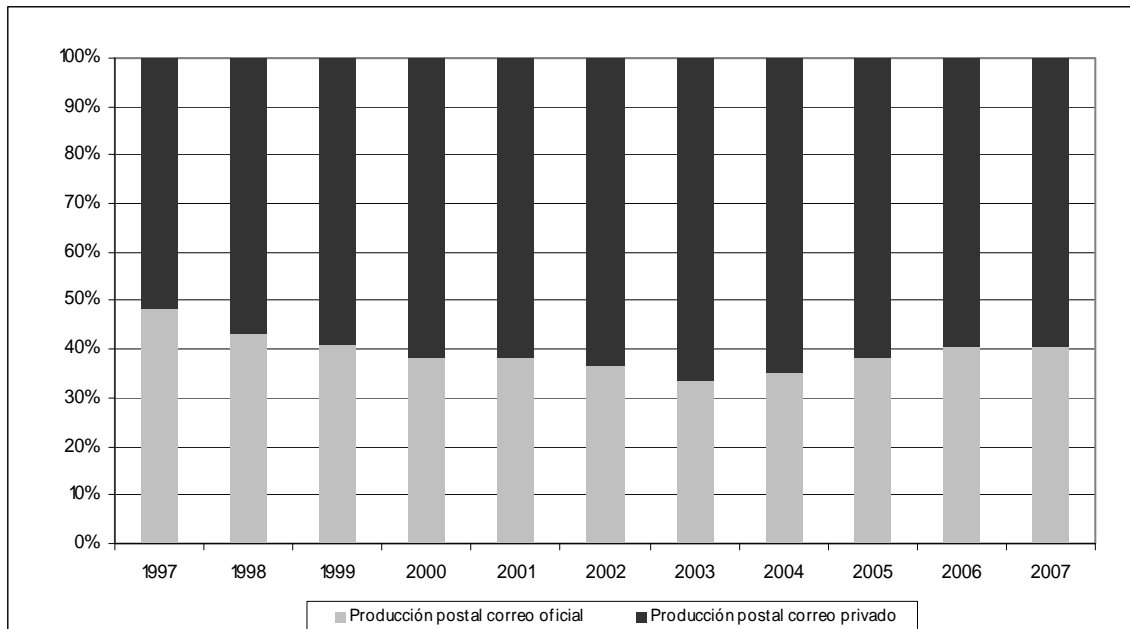


Source: Own creation based on data from the C.N.C Annual Postal Market Report, 2007.

Empleo correos privados = Employment in private postal services

Empleo correo oficial = Employment in official post office

Chart No. II.4. Argentina. Percentage distribution of postal production by operator type, 1993-2007 (in percentages)



Source: Based on data from the C.N.C Annual Postal Market Report, 2007.

Producción postal correo privado = Private postal service output

Producción postal correo oficial = Official post office output

In such an employment context, where private sector operators have tended to absorb greater proportions of workers, it should be stressed that the lower share of employment by the official postal service is matched by an even smaller relative share of postal market output: if the difference in employment was of 6.9 percentage points between 1997 and its lowest point (2000), output share drops by 10.3 percentage points in the same period, and by 15 percentage points if 1997 is compared with its lowest postal production share level (2003). In 2007, on the other hand, its production performance improved (to 40.5%) in a similar manner to the number of workers it employed (40.1%).

Therefore, although it is not possible to establish postal worker mobility according to operator type precisely, it is significant that during privatization the operational aspect of the official postal service was doubly harmed, as it accounted for a lower relative share of postal sector employment and its market presence was reduced by an even greater extent.

III. ARGENTINE POSTAL MARKET. LIBERALIZATION, PRIVATIZATION AND QUALITY OF EMPLOYMENT

III.1. Changes in Working Conditions. Deregulation, Privatization and Casualization. Introductory Comments

The consolidation of the postal market demonopolization brought about by Executive Order No. 1.187/93 led to a new situation that was to affect postal workers in different ways, not only, as was seen in the previous section, in terms of the elimination of jobs, but also in terms of the conditions in which they were to perform their tasks.

The deregulated postal market facilitated the proliferation of private undertakings for which there were not many specific labor regulations; therefore, compliance with existing legislation was irregular. The operation of a significant number of clandestine postal services meant an increase in informal employment in the sector, thus degrading working conditions. Furthermore, as explained later in Sections 2 and 3 of this chapter, the wages of private sector postal workers were significantly different from those of the employees of the historical operator. This difference was notably negative in the case of unskilled workers. In addition, the category of casual worker for door-to-door delivery included in Collective Bargaining Agreement No. 40/89 that regulates the rights and obligations of private postal service workers encouraged temporary hiring, and therefore, precarious employment.

In the case of the historical operator's workers, the mass intake of temporary labor began in 1993, that is, prior to the concession award. That same year the unions signed a new Collective Bargaining Agreement with the company (CCT No. 80/93) laying down the conditions governing labor relations within the company. As indicated in Section 3 of this chapter, this agreement was to be modified on numerous occasions throughout the '90s, and particularly during the period the official postal service was operated by private capital on a concession basis (1997-2003). As a result of the changes made, working conditions in the official post office were affected by, among other measures, the introduction of multi-tasking and functional flexibility of job positions, an increase in working hours, and the elimination or reduction of the leave of absence, time off and special payment items.

It should however be pointed out that this behavior in the postal sector formed part of a broader process of labor market deregulation in Argentina in which unemployment, underemployment and informal and precarious employment were to reach unprecedented levels and forms.

III. 2. Wage Differences according to Role, Rank and Operator Type

In the postal business, the wage variable is an essential element in company cost structure, because unlike other activities, its specific nature means that it involves a low level of fixed capital and technology. The wage mass stood at over 30% of total postal sector revenue in the 1997-2007(39) period.

Table No. III.1. Argentina. Evolution and percentage variation in average wage (nominal and real) in the postal market, 1997-2007 (in Argentine pesos, base index 1997 = 100 and percentage variation)

	Nominal average wage	Real average wage ⁽¹⁾	Index (real wage) base 1997 = 100	Percentage variation in real wage compared to previous year
1997	619	613	100.00	-
1998	766	751	122.62	22.62
1999	792	786	128.28	4.61
2000	780	781	127.54	-0.58
2001	738	747	122.03	-4.32
2002	764	615	100.32	-17.79
2003	915	649	105.87	5.54
2004	1,164	790	129.00	21.85
2005	1,296	803	131.05	1.59
2006	1,489	832	135.75	3.59
2007	1,710	878	143.26	5.53

⁽¹⁾ The real average wage arises from deflating the nominal average wage by the Consumer Price Index. This eliminates the influence of price variations on wages.

Source: Own creation based on information from the National Bureau of National Accounts (INDEC) and the C.N.C. Annual Postal Market Report, 2007.

According to available information (see Table No. III.1), the average nominal and real wage for the postal market as a whole shows significant variations concentrated in three stages, as follows:

The first one was a nominal wage increase of \$147 between 1997 and 1998 representing an improvement in the real wage of \$138, that is, equivalent to 22.62% of the wage purchasing power. This wage increase was in line with the increase in revenue in the sector: between 1997 and 1998 sales of postal services rose by 94 million pesos (see Table No. I.2). Two issues should be pointed out, however: as part of labor flexibilization in that period, wage increases were not fully incorporated to the basic wage, so that postal business employers could keep some control on labor costs (40). In addition, this wage increase could have been influenced by the increase in the number of management positions in the official postal service and their salaries, which grew significantly during the concession of the service(41).

Another aspect to be taken into account when evaluating the wage increase in 1997-1998 is the strategy adopted by Correo Argentino S.A. to diminish the specific weight of trade union groupings, particularly those of management cadres, as they negotiated wage increases higher than those laid down in the collective bargaining agreements in exchange for remaining excluded from them(42).

Lastly, during the final years of the concession of the official post office to private hands, the purchasing power of postal workers gradually declined, recording a drop in the nominal wage in 2000 and 2001. According to Héctor Di Paola, a FOECYT union leader, "between 1999 and 2000 some special payment items were modified, but this was an act of solidarity, because it was a way of saving the jobs of 3,304 workers who were going to be dismissed because the company could not pay them, so this deal

was reached. As an example, I was making 1000 pesos, but then I received 950; the basic pay did not change, just the additional payment items.”(43)

During 2002, the second period of substantial change in the average income of workers, there was a negative variation of 17.79 percentage points in the average real wage, specifically explained by the devaluation of the local currency, which eroded the purchasing power of all workers in Argentina.

Lastly, the third significant variation in wages was seen in 2004, when the nominal wage went up \$249 and worker purchasing power rose by 21.85% compared with the previous year. This increase was part of a long period of recovery in postal worker wages that extended between 2003 and 2007 and coincided with the economic growth phase throughout the country, as well as with the renationalization of the official post office.

However, when analyzing the wage differences existing in the postal market on the basis of interviews and various press reports, it can be seen that there were wide wage gaps between the historical operator and the private operators, with the wages of unskilled workers being higher in the official postal service while those of management levels were higher in the postal private sector.

As to the grassroots level, Víctor Jerez, FEJEPROC General Secretary, indicated that: “In general, [private postal service workers] earn less than the workers in the official postal service. (...) During that period [privatization] our workers earned 700 pesos per month (equivalent to 700 dollars), while private sector workers had to work 14 hours a day to earn that much. Their basic wage was 390 pesos, while ours was 600 pesos, but for 8-hours’ work.”(44)

In contrast, the wage ratio is inverted in the case of management-level employees, because those in the official postal service saw their earnings lag behind during privatization, when private sector management salaries were increased considerably, so that their income level would be similar to that in force elsewhere in the private sector. “To give an idea of this situation, while managers earn, on average, salaries in excess of US\$10,000 per month, the highest level of senior personnel does not even get US\$1000. It is to be assumed that skilled workers on the payroll will emigrate to the private sector in search of better wages.”(45)

To sum up, postal worker wage levels performed unevenly, reflecting the various stages the postal companies, and the official post office in particular, went through. After a first period of wage increases, in the concluding years of privatization wages returned to the value in real terms for the year in which the concession of the service began. It was precisely during the renationalization of the postal service that postal workers began to earn the highest real average wage for the entire period under review.

III.3. Collective Bargaining Agreements in the Postal Market and their Fragmentation

The Argentine trade union model was built up and legitimized in the middle of the 20th century. Its “pivotal point” has always been the creation of a single national union at an industry level to represent all that industry’s workers in collective bargaining negotiations. Nevertheless, labor relations in the postal industry are regulated by different Collective Bargaining Agreements (hereinafter CCTs), de-

pending on whether the private operators (CCT No. 40/89) or the historical operator (CCT No. 89/93) are involved. This differentiation in the instrument that governs and regulates postal labor relations is a consequence of the proliferation of union organizations in the sector. As analyzed in Chapter V, workers in the official post office are represented by three federations and one association, while private sector workers are mainly affiliated to the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers.

For this reason the CCTs need to be examined separately first to interpret the legal manner in which the workers in the postal sector are incorporated to the sphere of the truckers' union, and second, to analyze in depth the official postal service CCT and its changes during the privatization of the service, as this is naturally the agreement that is specific to the industry.

Collective Bargaining Agreement No. 40/89, as indicated in point 2.2. "Personal and Territorial Scope," applies to all workers employed in road freight transportation in all areas of national territory, including within this scope "the branch of bank clearing and postal freight transportation" (point 5.2.). This branch consists of the transportation and distribution of correspondence, business and private documentation, bank papers and securities for clearing houses, postal freight, parcels, and postal distribution of newspapers and magazines.

Now, while it might be understandable for postal service "drivers" to be among the personnel covered by CCT No. 40/89, it is paradoxical that the rest of the occupational categories should be governed by it (46). Point 5.2.2. "Personnel Covered", reads: "b) Household Delivery Employee (*distribuidor domiciliario*): a worker regularly assigned to the sorting, distribution and household collection of a) parcels weighing no more than 15 kilos, unless provided with some auxiliary means to handle parcels of a greater weight; b) small bags or sacks of letters, business or private documents and all other postal shipments and similar documents. Tasks will be performed on foot or using means provided by the company, or by public transportation means, as instructed."

In addition, the same Agreement includes the categories of "service operator" (*operador de servicios*), whose job consists in coordinating and taking receipt of renderings of the tasks of the specialty; "first level operating clerk" (*auxiliar operativo de primera*), who performs operational and administrative tasks, and "second-level operating clerk" (*auxiliar operativo de segunda*) responsible for listing, stamping, affixing postage, folding, enveloping—either manually or automatically—organizing dispatches, filing tasks and data searches, and all other internal tasks relevant to the operational aspects of the activities of the companies in the sector that do not require specialization.

In effect, all personnel employed by the private postal companies is formally represented by the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers(47), and is governed by the collective bargaining agreement signed by the Federation, which among its terms includes the following:

- **Work Day:** 44 hours per week, which can be distributed into 8 hours per day from Monday to Friday and 4 hours on Saturday, or from Monday to Saturday, the working day not exceeding 8 hours 45 minutes.

- **Overtime:** Payable with a 50% surcharge when work-day limits are exceeded. Hours worked after 1:00 pm on Saturday, as well as on Sundays or holidays, are to be paid with a 100% surcharge.
- **Meals:** Workers are to receive a meal payment of \$21.22 for each day effectively worked.
- **Special travel per diem:** For each day effectively worked, workers are to receive a per diem allowance of \$10.63.
- **Work clothes:** Employers shall have the obligation to provide all their operations and workshop personnel with two summer shirts and two pairs of summer pants, and two winter shirts and two pairs of winter pants per year.
- **Death of family members:** In the event of death of spouse or child resident in the country, workers shall have the right to 3 consecutive days of paid leave, plus a subsidy equivalent to 8 days' pay for the category in which the worker is employed. Should the death be of a parent or sibling, the worker shall have the right to 2 consecutive paid leave days plus a bonus payment of 4 working days. In the case of grandparents and in-laws, two days' paid leave shall be granted.
- **Birth of child:** Two day's paid leave shall be granted.
- **Marriage:** Extraordinary 10-day paid leave shall be granted, which may be taken together with the worker's annual paid leave.

Furthermore, the greatest benefits are to be found in the wages laid down in the Agreement and their additional payment items. As an example, Chart No. 161 of CCT No. 40/89 establishes the pay scale in effect as from February 1, 2009, according to which category 1 drivers are to receive a basic wage of \$1,744.52, category 2 drivers are to receive \$1,712.01, and category 3 drivers are to receive \$1,679.46. Service operators earn \$1,893.99, household delivery employees \$1,716.63, first level operating clerks \$1,769.45 and second level operating clerks receive a wage of \$1,680.21 per month. In addition to these basic wages, above average for Argentina, one should consider various extra payment entitlements, such as the 1% added for each year of seniority.

Nevertheless, it is not all benefits for workers in the private capital postal system. In the first place, CCT No. 40/89 establishes the possibility of hiring temporary workers for household deliveries if required given the specific nature of the work (48). However, the ambiguity contained in "the nature of the work" makes it possible to at least formally hire workers for specific periods of time. Secondly, the heterogeneous nature of the private postal market, made up of a few large companies, a large number of small businesses and a proliferation of clandestine postal concerns with almost no public control, suggests that a considerable proportion of workers in the postal market are deprived of any form of union representation(49).

In 1993, the then president in office resolved to eliminate the postal service monopoly by means of an executive order, while creating the National Registry of Postal Service Providers. That same year also saw the signing of **Collective Bargaining Agreement No. 80/93 "E"** (hereinafter, CCT No. 80/93 "E")

that currently governs the official postal service activity. This new agreement replaced the one signed by the unions and the then Empresa Nacional de Correos y Telégrafos (ENCOTEL) in 1973. The parties to the Agreement were, on the one hand, Empresa Nacional de Correos y Telégrafos Sociedad Anónima (ENCOTESA) and on the other, the Post Office and Telecommunications Workers' Federation (FOECYT.), the Argentine Association of Telegraphists, Radiotelegraphists and Related Workers (AATRA) and the Federation of Senior and Professional Personnel of ENCOTEL (FEJEPROC).

Although many of the sections of the agreement signed in 1973 are reproduced in the new one, there are some significant differences. On the one hand, CCT No. 80/93 "E" does not include the section explicitly guaranteeing job security for company workers (50). On the other, it introduces the principle of functional multi-tasking. Section four states that:

The occupational categories listed in this collective bargaining agreement or functions to be incorporated to it subsequently should not be interpreted as strictly restricted, for functional purposes, to the definitions indicated in each case.

These must be supplemented by the principles of multi-tasking and functional flexibility in order to achieve greater productivity.

Multi-tasking and flexibility imply the possibility of the Company assigning, through its Management, workers functions and tasks other than those that would in principle correspond to them, for purposes of achieving operational efficiency.

In addition to this general principle, and in order to meet the common goal of Service increased efficiency and quality, priority is to be given to the tasks of Customer Service, Sales, Receipt, Routing, Sorting, Transportation and Distribution.

For this reason, for the purpose of solving problems derived from the service, the Company may allocate such tasks to a company employee or officer, whatever his/her role or function, as long as this is not manifestly arbitrary.

In the event that the worker feels his/her rights have been undermined, he/she must perform the new tasks or functions he/has has been charged with while his/her claim is resolved in the manner established in Sect. 50 of this Agreement.

In addition to these differences, it is important to point out that during the '90s, CCT No. 80/93 "E" was to be modified on numerous occasions. The most significant modifications related to, among other aspects, the conditions established for the work day; the leave of absence, justified absence and permissions regime; employer pension contributions, and the creation of numerous monitoring and evaluation committees made up of workers and company representatives.

The vast majority of these changes took place during the time the company was operated as a concession (1997-2003), when the changes were the result of the signing of various accords between the unions and Correo Argentino S.A. Nevertheless, as indicated by Ramón Higinio Barrios (51), changes were also made unilaterally by the company. These changes were mainly aimed at dismantling the various committees through which workers participated in the management of the company and took part in the settlement of internal disputes. The Joint Permanent Commission for Interpretation and Arbitration (CCPIA), formed by six full members and three alternates appointed by the company's top authority, six full members and three alternates from FOECYT, two representatives from AATRA and one from FEJEPROC, ceased to operate shortly after the new agreement was signed. Although the decisions of this

commission were not mandatory, it had the power to:

1. Interpret and apply the Collective Bargaining Agreement with a general scope.
2. Discuss changes in technology and the new work systems arising from them.
3. Recommend changes to the Agreement in all those cases where new rules were required.
4. Adopt the necessary measures to prevent and solve collective disputes.
5. Submit to the Board of the Company the technical conclusions of the Committee for the Interpretation, Evaluation and Classification of Occupational Categories (which operated as a sub-committee of the CCPIA with the aim of evaluating new tasks and recommending their classification, so that each worker could be assigned a category).

Further, the Health and Safety Committee (created to enhance prevention and protection of the life and physical and mental health of workers and made up of three representatives of the employer and three representatives of the workers) was also eliminated, as was the Committee for Service Promotion and Development (set up with the aim of promoting and advertising the services provided by the company, expanding its market and attracting new customers, formed by three representatives from FOECYT, two from AATRA and one from FEJEPROC). These unilateral changes, carried out in 1993, were made possible by a clause included in the Agreement that authorized the company to evaluate the performance of the committees and determine the advisability of their continued existence.

The award of the concession to Correo Argentino S.A. (CASA) in 1997 marked the beginning of a period of strong employer pressure on workers and their representatives. One of the main objectives of the new company was to sharply cut labor costs, which at the time of the concession accounted for 80% of total annual revenue (52). In this context, a series of agreements were reached between the unions and the company that resulted in the reform of certain sections and clauses of CCT No. 80/93 "E". As indicated above, these changes were implemented by means of numerous accords signed between the end of 1997 and 2000.

- **Working conditions** in CCT No. 80/93 were modified several times. On December 11, 1997, Carlos Alberto Rossi, General Secretary of the Federation of Official and Private Postal Service Workers (FOECOP) signed an agreement with Correo Argentino S.A. under which FOECOP undertook first to extend the trial period to 180 days in accordance with the terms of Sect. 92 bis of the Labor Contract Law, for all new hires coming from the labor exchanges run by FOECOP and the associations affiliated to it. Second, it agreed on the creation of two new job categories: Entry Level for Delivery (*empleado inicial para distribución*) and Entry Level for Counter Service (*empleado inicial para ventanilla*). The basic wage for these two categories included all the additional payments detailed separately in CCT No. 80/93 "E"; nevertheless, workers entering in these new categories could remain outside the categories provided for by CCT No. 80/93 "E" for a term of no more than 24 months. It was made clear that the headcount in these categories could not exceed 30% of the company's permanent payroll. Third, a 48-hour work week was established, with an 8-hour increase in the maximum stipulated in the Collective Bargaining Agreement. In addition, it was agreed that when a worker performed tasks for a working week of up to 48 hours, an additional remuneration should be paid proportional to the hours worked in

excess of 36 hours, without this forming part of the “basic wage” or of the basis for calculation of the remaining additional payment items. This accord was modified by a new one, also signed by Carlos Alberto Rossi and others on February 12, 1998, when it was agreed that the company would grant workers on extended work days food vouchers as per Law No. 24,700 for a value proportional to the extended working time.

Through this accord signed by the company, FOECYT General Secretary Ramón Antonio Baldassini and Jorge Dionisio Soria (General Secretary of the Argentine Association of Communications Workers - AATRAC) on January 15, 1998, the federations replied to the agreements signed by FOECOP.

On December 30, 1997 Victor Eduardo Jerez, FEJEPROC General Secretary, signed an accord with the company whereby it agreed to extend the trial period to 180 days under the terms of Sect. 92 bis of the Labor Contract Law for all new hires coming from the labor exchanges run by FEJEPROC and/or the trade union organizations affiliated to it.

Lastly, on January 24, 2000 the company and the general secretaries of FOECYT and AATRAC agreed to extend (53) the term laid down for the hiring of workers for the mentioned categories (Entry Level for Delivery and Entry Level for Counter Service) for an additional period of 18 months in exchange for the payment of certain additional items to these workers. On the same date, FOECOP, through its general secretary, added his signature to the agreement signed by FOECYT and AATRAC.

- The **Leave of Absence, Justified Absence and Permissions Regime** also underwent some changes during this period. On March 12, 1998 the company signed an agreement with FOECYT General Secretary Ramón Antonio Baldassini and AATRAC General Secretary Carlos Juárez. They agreed to the elimination of the premium paid to holders of university degrees and a change to Sect. 34 cl.5 of CCT No. 80/93 “E”, so that the premium paid to holders of high-school certificates would only be due if such qualification was required for the role performed by the worker. In addition, it was made clear that personnel joining the company after the date of the agreement would not be entitled to this benefit nor would they have the right to any compensation for that reason.

In the third section of the accord they agreed to adjust the ordinary leave of absence regime to the legal provisions in force on the matter, eliminating the regime established by the Collective Bargaining Agreement. This change meant that personnel employed at the date the accord was signed had the right to supplementary economic compensation consisting of a sum equivalent to the number of days they would have been entitled to under the previous Agreement system (Sect. 17 CCT No. 80/93 “E”) in excess of the current benefit regime (Labor Contract Law).

Section 4 established that the seniority bonus (Sect. 34 cl.2 of CCT No. 80/93 “E”), payable to personnel employed by the company at that date would be maintained as a fixed monthly sum for two years, regardless of any seniority acquired during that term. At the end of the two-year term the conditions laid down in CCT No. 80/93 “E” would be restored. It was agreed that in the event of a change in category and/or basic wage during the expected term, this would not alter or increase the additional payment in question. At the same time, it was agreed that personnel joining the company after the date of the accord would be entitled to collect this additional payment once they had accumulated two years of seniority in the company, that is to say, as from the third year.

Section 5 of the accord established that the parties agreed that Sect. 34 3) of CCT No. 80/93 “E” (*additional payment for hardship postings*) would not apply to personnel joining the company on the date of the accord; such personnel would be paid the percentages and amounts laid down in current and future national legislation as additional amount for hardship postings.

In section 6 the parties agreed to modify the conditions for the payment of the Attendance Bonus provided for in Sect. 35 of CCT No. 80/93 “E,” so that workers became entitled to receive a monthly 5% of the basic wage for their category (instead of the 15% laid down in the CCT).

Section 8 of the accord suspended the application of Sect. 31 of CCT No. 80/93 “E” (*leave on grounds of illness or non-culpable accident*), so that the terms of the Labor Contract Law took effect.

As per section 9, the company undertook to inform the accord’s signatories in the event of certain services being outsourced, assigning priority to undertakings set up by workers in any contracting carried out.

Lastly, in section 10 the signatory trade union organizations undertook to take the necessary steps to recognize the increased costs that should be incurred in order to carry out the business transformation required for company modernization, productivity improvement, competitiveness, and technical adaptation, until the government was to issue regulations or measures compensating for these effects and bringing economic and financial stability to the concession, thereby securing future profits to be shared by the staff through the Employee Shared Ownership Program (see Chapter I).

On March 17, 1998 FEJEPROC, through General Secretary Víctor Eduardo Jerez, signed a memorandum with the company confirming acceptance of all the conditions described.

- Section 55 of Collective Bargaining Agreement No. 80/93 “E” provided for the creation of a **Special Fund** with a contribution of 2.5% of wages subject to pension contributions to be made by the company to the trade union organizations, which were expected to use this percentage for cultural and leisure activities or other social needs of the company’s personnel. On December 11, 1997, FOECOP, through its General Secretary Carlos Alberto Rossi, signed an agreement with the company whereby the parties agreed to annul the 2.5% contribution on the wages of personnel represented by FOECOP, thus repealing the terms of Sect.55 of CCT No. 80/93 “E” in the case of the workers represented by this federation.

For its part, FEJEPROC, through its General Secretary Víctor Eduardo Jerez, signed an accord with the company on December 30, 1997 according to which the parties agreed to repeal the company’s contribution provided for in Sect. 55 of CCT N° 80/93 “E.” In an accord entered into on the same date between the same parties, the company committed to pay FEJEPROC a monthly sum of \$30,000 (for cultural, leisure and other social needs of the company’s personnel represented by FEJEPROC). In addition, it was established that this obligation was to be temporary, covering the period from official approval of the agreement up to and including June 30, 1998, it being agreed that the payment would not have its validity extended beyond the period laid down in the minutes.

On November 10, 1998, by means of Executive Order No.1.327/98, it was established that the National Social Security Administration (henceforward ANSES) under the wing of the Ministry of Labor and So-

cial Security would be responsible for the payment of complementary benefits due to the beneficiaries of the **Complementary Social Security Fund for Personnel under the Communications Jurisdiction** (hereafter, CAPRECOM) retroactively from September 1, 1997. Until then, as per the provisions of CCT No. 80/93, this was the responsibility of the company and implied a transfer of approximately AR\$14,500,000 annually (54). In addition, section 2 of the same order added that “as a consequence of the terms of the previous section, it is made clear that the expense required for its implementation shall have to be included in the budget allocations foreseen for the National Social Security Administration (ANSES) for fiscal years 1998 and 1999.”

Anticipating the issue of this resolution, on December 11, 1997 FOECOP, through General Secretary Carlos Alberto Rossi, signed an agreement with the company establishing that in the event of a transfer to ANSES of the personnel receiving these benefits, the parties agreed to eliminate as from the transfer date the company’s contributory obligation (this amounted to 6% on the wages of the personnel covered by FOECOP and its member unions) allocated to CAPRECOM, as laid down in Sect. 56 of CCT No. 80/93 “E”. In the same accord, FOECOP undertook to convene a committee to analyze the guidelines for the transfer of beneficiary personnel from the existing CAPRECOM, particularly as regards the continuity of personnel contributions intended to finance it, and the groups of workers affected, such as: a) current beneficiaries; b) working personnel; c) working personnel with a limited number of contributions and remote possibility of qualifying for any social security benefit. It was indicated that the committee should also examine the establishment of a voluntary and optional individual contribution by each individual worker and/or change the current guidelines of the CAPRECOM regime to transform it into individual capitalization accounts.

For its part FEJEPROC, represented by its general secretary Víctor Eduardo Jerez, signed an agreement with the company on December 30, 1997 under which the company undertook to arrange for the transfer to ANSES of both the beneficiaries of the complementary benefits held by CAPRECOM at the moment the transfers took place, as well as those benefits due to personnel that had acquired the right to them at the date of the transfer. It was also agreed that ANSES should issue the corresponding resolutions committing to the payment of the complementary benefit to such beneficiaries in the same conditions and terms as was done by CAPRECOM. Further on, once the transfer assumption had taken place, the parties agreed that the employer contribution payable by Correo Argentino S.A. provided for in Sect. 56 of CCT No. 80/93 “E” was to be eliminated for as long as Correo Oficial de la República Argentina (former ENCOTEL; former ENCOTESA) was under a service concession contract.

Lastly, on February 15, 1998 FOECYT General Secretary Ramón Antonio Baldassini and AATRAC General Secretary Jorge Dionisio Soria signed an accord with the company agreeing that the latter would cease its contribution to CAPRECOM once the Government had absorbed all the beneficiaries collecting benefit at the date of the takeover. The payment by the State was not to be lower than that received at that date by the retirees and pensioners. Until that time the company would continue to act as withholding agent for worker payments to CAPRECOM under the terms of the existing collective bargaining agreements. It was indicated that the company contribution being eliminated by the accord was the 6% contribution on total wages paid to company personnel.

Undoubtedly, these changes to CCT No.80/93 represented a considerable impairment in the working conditions of official post office personnel. In some cases, the changes were aimed at aligning worker rights as established by CCT No.80/93 with the conditions laid down in the national Labor Contract Law (in many of its sections, this law set out general conditions giving rise to various interpretations), or ensuring a series of working conditions that coincidentally differed significantly from those acquired by postal service workers under CCT No. 80/93.

One way or another, the changes to this collective bargaining agreement ensured a transfer of millions of pesos in revenue to the concessionaire to the detriment of the State and the company's workers. The new conditions that were agreed on do not appear to have been reformulated after the government rescinded the official service concession granted to Correo Argentino S.A. (CASA).

III.4. The Postal Market and Outsourcing as a Cause of Increasingly Precarious Working Conditions

Outsourcing or subcontracting tends to be considered by the business world as a cost saving mechanism. That is, the aim is to cut labor costs, but fundamentally the intention is to lower the "risk" represented by the hiring of wage-earning personnel, transferring such responsibilities and costs to other companies. This latter aspect, rather than the former, added to certain irregular business transactions, is a key element for understanding the behavior of this phenomenon in the Argentine postal market, particularly in the case of the historical operator.

The subcontracting of official post office services began with the liberalization of the market, and, to some extent, it formed part of the deregulation strategy. During the second half of the '70s, based on claims of insufficient service coverage, the post office demonopolized the market, allowing private capital (*permissionarias*) to operate in peripheral regions, that is to say, in those areas lacking postal distribution. Nevertheless, far from absorbing virgin markets, they developed into official state operator competitors in the more profitable areas (55).

Whether deliberately or accidentally, this situation gave rise to a gradual reduction in the official postal service vehicle fleet and led to subsequent subcontracting of transportation services. In April 1983 EN-COTEL issued public call for tender No. 6/83 for the provision of ground transportation services nationwide; this was awarded for a 5-year term to Villalonga Furlong S.A. (Resolution No.1440-E/83). On this point, Antonio Sidero claims that "just days before the transfer of the government to democratically-elected authorities, military dictatorship officials signed unfair transportation contracts, with excessive costs and requirements for the contracting party, from which Villalonga Furlong benefited, as the company was paid seven times more for the same quality of transportation. Later, similar contracts were to be signed with other companies such as OCA, OCASA, SKY CAB and ANDREANI."(56)

In addition, by means of the awards to Villalonga Furlong S.A. and OCASA (awarded the pre and post air transportation monopoly nationwide) the same business group (linked to Alfredo Yabrán) controlled the postal transportation system in its totality. In the opinion of General Secretary Víctor Jerez, "this was a transfer of funds from the state-run post office to that businessman. In other words, he gained control

over all postal transportation by means of the contract with Villalonga Furlong and the pre and post air transportation contract with OCASA, so his companies carried out all postal transportation. We suffered from this, not only because the prices paid bore no relation to those that the post office had been paying previously for transportation, increasing our costs, but also because our own correspondence was pillaged (...) and a major looting of the post office as a whole and a total loss of prestige began to take place.”(57)

As a result of the serious irregularities claimed by administrator Ignacio Efrain Ortiz(58) appointed during the democratic administration of Raúl Alfonsín, Resolution No. 1266-E/85 established the termination of the contract that had been awarded and was being performed until then by the awardee, for the following reasons: a) defects in the call for tenders; b) irregularities in the bid by Villalonga Furlong S.A., and c) culpable non-compliance with duties by the latter.

Subsequently, during the privatization of the official post office, a new stage of subcontracting and spinning-off of activities began to be implemented by the official service operator, giving rise to the creation of “satellite companies” responsible for various functions, such as the strategic transportation and logistics system (Logística de Avanzada S.A.)(59), IT system maintenance (Itron S.A, and later, with the merger of the Macri Group and Siemens in 1999, Siemens IT Solutions and Services S.A), and the temporary work agency (Byton S.A.).

It was established that the Labor Exchange operated by FOECYT should be used for hiring temporary personnel(60). Specifically, in 2000, in the context of a crisis prevention process, an agreement was signed between Correo Argentino S.A. and FOECYT, which was officially approved by Resolution No. 158/00 issued by the Office of the Undersecretary of Labor Relations (File No. 1.031.488/MTEySS/2000).

However, the massive intake of temporary personnel had already begun in 1993, before the historical operator was awarded on concession. Arturo Puricelli, president of ENCOTESA, told the House of Representatives Communications Committee in 1996 that the company’s payroll in March 1996 totaled 20,393 agents, 5,100 fewer than in 1993, but he also indicated that since 1993, 5,584 agents had been hired. In other words, the company dismissed or enabled the retirement of 11,604 employees in the last six years, and in exchange incorporated another 5,941 workers, either covered by the collective bargaining agreement (841), outside it (1,230) or hired on a temporary basis (3,503)(61).”

Lastly, it should be pointed out that as mentioned previously, Logística de Avanzada S.A. provided the mail ground transportation service during the time of the postal service concession, and then not only renewed the terms of its contract once the post office was renationalized, but also, as per Open Request No. 4400000049, dated December 3, 2004, added vehicle custody and satellite tracking services.

A report on Correo Oficial de la República Argentina S.A. by the Office of the Auditor-General dated April 23, 2007 indicates in its concluding remarks that: “The procurement procedures of the audited company present a reasonable degree of adherence to the legal principles of publicity, equity, transparency, efficiency, efficacy, economy and competence as applied to the matter. For optimization purposes it is desirable that the use of exceptions should be regulated, and that there should be greater formal-

ization of decisions and their grounds. Along these lines, analysis of the economic reasonableness of the prices offered and control of the obligations undertaken by the awardee of the contract for ground transportation of correspondence, vehicle custody, and satellite tracking (Logística de Avanzada S.A.) have been identified as the most relevant aspects requiring regulatory effort.”

Indeed, the outsourcing of services had various negative impacts on the economic and functional dynamics of the official post office. Nevertheless, the most harmful effect was the inability to participate in various public tenders because of the inclusion of restrictive clauses that required, among other things, “ownership of transportation fleet, no subcontracting being allowed.” As a result, the historical operator lost business competitiveness in large-scale business operations.(62)

IV. REGULATORY FRAMEWORK, UNIVERSAL SERVICE AND REGULATORY AUTHORITY

IV. 1. Postal Market Regulatory Framework

Although in 2000 there was a major debate in Congress on a bill for a new regulatory framework for the postal service, getting as far as the calling of a public hearing to consider the matter (Executive Order No. 233/00) and the submission of various bills(63), the loss of parliamentary status of the latter and the failure to make a decision on the former eventually resulted in the continued validity of the regulations passed in the '90s at the time of the institutional shock associated with the structural reforms of a clearly neoliberal imprint and, in the specific case of the sector, in a context of demonopolization, market deregulation and privatization of the official post office.

Indeed, as analyzed in Chapter I, the main regulations in force providing the operating framework for the postal activity drew on Laws No. 20,216 (1973) and 22,005 (1979) and fundamentally on a series of executive orders (No. 214/92, later replaced by Executive Order No. 1,187/93, No. 2,247/93 modifying two articles of the preceding order, No. 115/97 establishing the regulatory framework for the postal market, and No. 265/97 calling a public tender for privatization by means of a concession of the official postal service and setting the conditions for a Basic Universal Postal Service), which in many cases partially modified some of the regulations that preceded them. Naturally, they were later supplemented by a series of orders that determined the “temporary” nature of the provision of the official postal service by a public company (see Annex).

As indicated in Chapter I, the strategic orientation supporting these specific executive orders tended towards market demonopolization, deregulation and liberalization, with the eventual higher aim of privatization of the official post office. It is nevertheless paradoxical that once the official post office reverted back to public company management following the rescission of the concession contract, the regulatory scaffolding did not undergo any major changes. In fact, the “transient” nature of the service provision takeover by state-owned company CORASA (temporality that has been renewed for more than five years now) would seem to reflect a lack of firm political decision in relation to the future of the official postal service, and in such a situation, the decision to maintain the regulatory status-quo of the '90s unaltered.

This is also reflected in the fact that most of the executive orders mentioned above and described in Chapter I have as their legal basis the State Reform Act (Law No. 23,696), which provided the regulatory framework for the vast and accelerated privatization program carried out in Argentina as from the late '80s.

Here it is appropriate to recall the comments by J.M. González Moras(64): “On the one hand it is clear that postal matters are within the overall competence of Congress; on the other, Congress has virtually not been involved in the design of the new legal framework (it participated indirectly, if we consider that the above-mentioned executive orders took the State Reform Act – Law No. 23,696 as basis to modify Postal Law No. 20,216, which did not specifically make any provisions regarding postal activity). The new design was actually developed by the Executive Branch.”

In this context, as it has already been explained, following the passing of pioneering Law No. 22,005 at

the end of the '70s—which introduced the possibility of delegating postal services to third parties—and Executive Order No. 1,842/87 on demonopolization of public services provided by state-owned companies, private operators under the form of licensees of former state-owned company ENCOTEL began to enter the scene. Undoubtedly it was not until 1993, more exactly with the passing of Executive Order No. 1,187/93 (price liberalization, creation of the National Registry of Postal Service Providers, implementation of UPS), that the regulatory framework of the sector made the presence of private postal services viable, and even encouraged it, ensuring a very low market entry cost (payment of 5,000 pesos annually and compliance with excessively lax rules, and, as will be analyzed later, limited government control).

The subsequent succession of executive orders was in keeping with the official post office privatization process and the incorporation of certain specifications or changes to the definition of the Basic Universal Postal Service (changes made by Executive Orders No. 115/97 and 265/97 to section 8 of Executive Order No. 1,187/93).

It should be noted that the definitive wording (still in force) of the latter Executive Order is as follows: “Throughout the territory of the Republic of Argentina, Correo Argentino, as the official provider of postal, telegraphy and money services, shall provide without exclusivity and in an obligatory manner the Universal Postal Service for regular letters of up to 20 grams per unit; regular telegrams of up to 20 words, and post office wires for up to \$1,000. The rate for these services shall not be able to exceed rates currently charged by ENCOTESA, which for a regular letter of up to 20 grams amount to seventy-five cents (\$ 0.75). These maximum prices are to be reviewed every three years, starting from the granting of the post office concession, in order to lower them in proportion to the reduction in concessionaire’s costs.”

In relation to this latter service, a series of digressions are required. In the first place, mention should be made of the limited nature of the services covered by the universal access requirement (at an affordable price for all users)(65). In the second place, note should be taken of the rates, which have in fact been in effect for over 14 years. Therefore, although the regulatory framework indicates that the provision of the Universal Postal Service by the official post office is “not exclusive,” in practice it ended up becoming practically a monopoly for cost reasons. This in turn leads to consideration of another particular characteristic. At the end of July 2007, the Board of CORASA decided, on the basis of “the verbal approval of the national authorities,”(66) to modify the rate schedule for the services provided by the official post office. Among the rates that were changed were those for regular mail weighing up to 20 grams, for which the rate was increased by 33% (totaling AR\$1). The rates of registered and express mail and recorded delivery mail were also increased by an average of around 33%.

In the third place, the whereas clauses of Executive Order No. 187/93 indicated that ENCOTESA “should provide postal services of a universal nature, for which it is to receive compensation from the National Treasury to cover the costs arising from such services.” Nevertheless, the current wording of the executive order itself, as well as subsequent regulations in relation to postal services and the role of the official post office, make no mention of the matter. In this regard, as can be determined from statements made by Dr. Di Cola, chairman of the Board of CORASA: “The fact that it is possible for a state-

owned company to compete on an equal footing with the private sector is quite scary. As a country, this is a gigantic leap, and having a leveled playing field and not having to ask for money from the *National Treasury* is very important for us. The post office does not have to make a profit, but there is also no reason for it to **show** a loss. It must provide a reasonable and efficient service at lower rates than those of the private sector. Therefore we also play an important role as a benchmark company, because if a regular letter sent by private mail costs three or four times as much as ours when we hold down prices, how much would it cost if the Argentine Post Office did not exist? (...) In the retail sector we are absolute leaders, with more than 90% of the market. This is supported by the huge network formed by the post office with its 1,500 branches and over 5,000 franchise outlets nationwide. We guarantee the universal postal service, but at the same time, we compete with the private sector. Logically, this competition takes place in those portions of the market where there is the possibility of a profit, because that is where the private operator is, in the large cities, in major urban centers; in the rest of the country, we are alone” (italics are author’s inclusion)(68).

In the fourth place, taking as a reference parameter the control audits carried out in 2007 by the CNC (see next Section), the quality standards in the provision of the UPS by CORASA, at least in the case of regular mail, seems far from the standards that might be expected, and even from those that should be required from the public utility providing them.

IV.2. Postal Market Regulator

The first Section of this paper described the formal aspects of the changes made to the institutional role of the competent public authority for the postal market. Originally this was the National Post and Telegraph Commission (*Comisión Nacional de Correos y Telégrafos - CNCT*), within the sphere of the then Ministry of Economy and Public Works and Services, through the Office of the Undersecretary of Communications, which in turn reported to the Secretariat of Public Works and Communications. Subsequently, with the creation of the National Communications Commission (*Comisión Nacional de Comunicaciones - CNC*), it became a decentralized agency of the Communications Secretariat at the Office of the President that took over the competence, powers, rights and duties of the CNCT, among other entities. At present, the Communications Secretariat reports to the Ministry of Federal Planning, Public Investment and Services. Although the matter will be dealt with later, the responsibility for appointing the officials of the two Commissions fell directly on the National Executive Branch.

Nevertheless, over and above these formal aspects, some detail needs to be provided regarding, first, the respective roles assigned to the CNCT and the CNC through the Postal Services Management Office, and secondly, the difference between an agency for control, oversight and punishment and what the literature on the subject-matter recognizes as a regulator.

Both Commissions were considered, at their respective times, as the enforcement authorities for the system, and notwithstanding the strictly institutional modifications (originally to the CNCT, and later to the CNC in its capacity as postal services manager), at present they should not be considered as regulatory agencies or regulators. Originally, when the CNCT was created (Executive Order No. 214/92, particularly section 4, as well as Executive Order No. 1,187/93), the inclusion of a regulatory function

was considered. With the creation of the CNC (Executive Order No. 660/96), as a result of the merger of the National Telecommunications Commission (*Comisión Nacional de Telecomunicaciones - CNT*), the Federal Broadcasting Commission and the CNCT itself, and more specifically, when the operation of the CNC was regulated (Executive Order 80/97), the role of the CNC in the postal market was explicitly laid down.

In effect, section 4 of Executive Order No. 214/92 described the role of the CNCT as “the regulatory framework enforcement authority for all postal activities covered by Law No. 20,216” such as the following: “setting minimum rate schedules for the various services,” “putting forward changes or other initiatives connected with the postal regulatory framework,” “interpreting postal regulations,” “reviewing concessionaires’ annual investment plans to determine whether they meet the service targets laid down in the terms of the concession granted.” In other words, at least in their definition, the institution was potentially a postal market regulatory agency.

For its part, section 8 of Executive Order No. 80/97 establishes that the CNC “in postal matters shall exercise policing powers, controlling effective compliance with laws, executive orders and regulations, and overseeing the activities carried out by the official post office and the private postal service providers, ensuring service quality and observance of the principles of regularity, equality, generality and continuity(69) in the development of the activity and postal inviolability and secrecy”. Furthermore, the role of the CNC in postal matters is defined in its own website as follows: “The CNC exercises policing powers in postal matters and is the enforcement authority for the Official Post Office Control Regulations and the Postal Service Providers Regime. To this end, the CNC shall act via the Postal Services Management Office to:

- * Monitor compliance by the Official Post Office, Postal Service Providers and other players in the postal market with the rules in force on the matter.
- * Administer the National Registry of Postal Service Providers.
- * Monitor compliance by the Official Post Office with the obligations arising from Executive Order No. 1075/2003 establishing the rescission of the Concession Agreement signed between the National Government and Correo Argentino S.A. and the temporary assumption of the operations of the Official Postal Service.
- * Audit compliance with the quality standards and conditions of the postal services provided.
- * Handle the application of the penalties contemplated in current postal service regulations.
- * Prevent unfair competitive behavior in the postal market and promote penalties if such behavior is detected.
- * Assist the Regulatory Authority in the promulgation of postal regulations.
- * Assist the Communications Secretariat in its representation of the State before relevant international organizations as well as in the drafting and negotiation of treaties, agreements or international conventions related to postal activity.
- * Prepare studies and reports on the postal market and, in particular, the Annual Postal Market Report.

In short, and unlike the roles originally assigned to the CNCT, the current CNC is limited to exercising control, oversight and punishment powers (some of these matters will be analyzed later). In this regard, the current attributes of the CNC do not include any regulation-related task as such, nor does the CNC have the power to intervene in central aspects of the service provision process (for example, by exercising some type of anti-monopoly control—based on sectoral particularities and in a coordinated manner with the body responsible for the protection of competition—, or calculating and setting the rates for the UPS, defining and/or reviewing or authorizing the official post office investment plan, etc.).

This does not seem to be much different from other local experiences in relation to deregulation, and fundamentally, privatization of public utilities. Indeed, it is not a phenomenon isolated from the overall imprint of the domestic privatization program and, in particular, of the role assigned symbolically and outwardly to public regulation. The following words by former Minister of Justice Rodolfo Barra illustrate the field of action envisaged by the Executive Branch for these bodies: “The less it regulates, the better the regulator will fulfill its purpose. In fact, within the spirit of the State reform, these bodies should be called ‘deregulators’, as they must finish dismantling the regulatory anti-market machinery constructed as from the 1930s. From this standpoint, we should encourage the disappearance of some of these entities rather than their growth, in so far as the activity on which they have an impact returns to the full realm of the market.”(70)

In this context, at a secondary level of analysis, mention should be made of the appointment of Commission authorities and their degree of connection with or dependence on political power. In principle, according to the terms of Executive Order No. 660/96 the Commission was to be led by a Board made up of eight members appointed by the Executive Branch. Therefore, it was to have limited autonomy from political power. However, its short institutional history shows numerous instances in which the Executive Branch took control of the Commission. For example, its current status dates back to the beginning of 2002, when the Executive Branch issued Executive Order No. 521/02 whereby it took control of the Commission (section 3 of the executive order states: “The National Communications Commission is hereby placed under the control of the Executive Branch for the term of Law No. 25,561 on Public Emergency and Reform of the Exchange Regime as from the date of issue of this Order”) and entrusted the administrator with the exercise of the roles and powers conferred on the Chairman and the Board of the body. This is still in force at the present time.

Recently, by means of Executive Order No. 125/09, the Executive’s control was extended until December 10 of this year, on the grounds that “the reorganization process initiated under the control of the Executive is currently under full development and involves fundamental aspects concerning the reformulation of audit procedures and control over telecommunications and postal matters. In order for the administrator to successfully fulfill his/her tasks, there are sufficient functional and operative grounds establishing the need to continue with the policy of control over that body.”

In short, from a functional and institutional point of view, the degree of autonomy of the CNC is almost non-existent, and it is actually an “instrumental” department of the Communications Secretariat.

In addition to these general considerations linked, on the one hand, to the Commission’s role as a control body rather than a regulator and, on the other, to the appointment of authorities, it is necessary to

share a few thoughts about the activity carried out by the Commission, or more precisely, the Postal Services Management Office.

In this regard, in terms of operating capacity for the purpose of control and oversight, there are two main aspects to be considered: activities linked to the receipt and handling of complaints made by service users, and activities related to its role as a service quality controller; in both cases, the analysis is based on 2007 information provided by the Management Office.

As can be seen from the information contained in Table IV.1, the number of complaints filed with the CNC is, generally speaking, relatively low when compared, for example, to the number of postal dispatches recorded in the same year (for example, 450 complaints in 2007, against almost 1.4 billion pieces of official mail). Although this could be taken to mean that the quality and services offered by the postal service provided in Argentina are such that the filing of claims with the CNC is not justified, it would seem that this has far more to do with the limited information available to users and/or their lack of interest in resorting to the service control authority.

Table No. IV.1. Argentina. Situation with regard to CNC complaints and penalties in the postal market, 2007 (absolute values and percentages)

	Official Post Office		Private postal services		TOTAL	
	Number	%	Number	%	Number	%
Complaints outstanding as of 12/31/06	123	38.3	198	61.7	321	100.0
Complaints filed in 2007	323	71.8	127	28.2	450	100.0
Complaints settled in 2007	263	73.5	95	26.5	358	100.0
Complaints outstanding as of 12/31/07	183	44.3	230	55.7	413	100.0
Outstanding as of 2007 vs. 2006	148.8		116.2		128.7	

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2007.

Although from the information provided by the CNC we cannot derive accurate indicators regarding the nature of the claims and the way they were resolved, it is surprising that on the one hand almost three-quarters of the complaints recorded in 2007 were related to the official post office and, on the other, that the management capacity of the Commission was such that it was not even able to keep pace with the low level of user complaints (by the end of the year barely 358 complaints had been resolved, compared with the 450 new complaints recorded).

Although, as indicated earlier, the CNC does not provide much in the way of information on the matter, the most common complaints concern: 1) failure to deliver regular mail with a due date. These are utility bills and credit card statements that arrive at their destination after the date they are due. However, as this is regular mail pushed under the door, the CNC considers that it is not possible to determine the reason for the problem, and requests the mail service concerned to carry out a “household control”; 2) complaints regarding the removal of content. In the opinion of the CNC these are very frequent in the case of dispatches to be delivered with the customer’s consent (plundered in some cases and in others showing no signs of plundering), where the presence of “clandestine” companies has been detected; 3) considerable delays in delivery, when the service provider fails to comply with the stipulated delivery time. In the words of the CNC “as legislation does not contemplate user compensation in the case of delays, if such delay is considerable, the service provider is ordered to give back the amount paid for the service to the user.”

In any case, perhaps the most significant indicator of the CNC’s role as controller of postal service provision is its concern for quality standards. During 2007, only nine audits were carried out, all on the basis of a sample of 240 pieces, in all cases consisting of regular mail. Four were carried out in the province of Mendoza, another four were performed in Tucumán, and the last one was conducted in the Autonomous City of Buenos Aires. Five of them focused on official postal services, while the remaining ones covered the two principal private operators (OCA and Andreani). In total, the audits looked at a sample of 2,160 postal pieces out of a total number of 212.5 million regular letters posted during the year. Before analyzing the findings, it should be noted that only the three largest companies in the sector were subject to control, which in principle denotes a bias that potentially implies an overestimation of mean service quality (whereas it would be reasonable to assume that lower quality standards are more likely to be found in the remaining business segments, which are smaller and have operational deficiencies).

Nevertheless, as indicated in Table IV.2, despite the restricted and biased nature of the control by the CNC, the findings reveal serious shortcomings.

Thus, as to “reliability”, 8.1% of postal pieces in the (excessively limited) sample controlled did not reach their destination, while 0.6% were returned to sender, with no significant difference being determined between the results for the official postal service and those obtained from the audits of the private post offices.

Table IV.2. Quality controls performed by the CNC in 2007. Service reliability, speed, irregularities and efficiency. (Absolute values and percentages)

	Reliability			Speed			% ir-regular.	% efficiency
	Delivered.	Lost	Returned	Delay in days (I)	Standard (II)	(I)/(II)		
COT*	209	30	1	3.69	2.34	1.58	56.5	36.3
OCAT	228	12	0	3.95	2.20	1.80	49.1	26.7
COM	223	17	0	5.25	3.16	1.66	59.2	23.8
OCAM	204	30	6	4.06	2.26	1.80	38.2	28.9
COM	234	6	0	4.58	3.83	1.20	55.1	35.5
CAM	222	18	0	3.24	0.99	3.27	35.1	19.8
COT	192	46	2	4.01	2.09	1.92	75.0	29.2
CAT	231	6	3	3.19	1.31	2.44	35.9	17.3
CO-CABA	229	11	0	1.86	1.20	1.55	46.7	79.0
Ave.	219.1	19.6	1.3	3.76	2.15	1.91	50.1	32.9
%	91.3	8.1	0.6					

* COT: Correo Oficial Tucumán, OCAT: OCA Tucumán, COM: Correo Oficial Mendoza; OCAM: OCA Mendoza; CAM: Correo Andreani Mendoza; CAT: Correo Andreani Tucumán, and COCABA: Correo Oficial Ciudad Autónoma de Buenos Aires.

Source: Own creation based on data from C.N.C. Annual Postal Market Report, 2007.

Another indicator considered is that of delivery speed as it relates to average standards according to the origin and destination of the postal pieces. Within a context of widespread delays exceeding those agreed or expected, the relative performance of the official post office is better than that of the private postal services, with the greatest deviations from standard recorded in Andreani (in the two samples selected for that company, delays exceeded the corresponding standards by one or two days). Regardless of these differences, it should be noted that, on average, the actual delay is almost two times the standard.

In the case of service “irregularities,” the results are equally discouraging from a service quality point of view. More than half of the pieces controlled evidenced some kind of irregularity. On average, the largest percentages belong to the official postal service. Indeed, in the four audits performed on private operators, irregularities were below the 50% rate, although they were significant.

Although it is not possible to determine exact averages, most irregularities had to do with misdated or “illegibly postmarked” pieces, although there was a considerable percentage of “no postmark” irregularities.

Lastly, and always in relation to the standards committed to by the various postal services audited, aggregate service “efficiency” percentages are quite alarming (32.9%) with notably low coefficients found for Andreani (under 20%) and OCA (under 30%).

In summary, notwithstanding the shortcomings in the controls carried out by the CNC (as regards number of audits and samples, focus on the country's largest operators, etc.) the results obtained reveal the existence of a low to medium overall quality postal service in Argentina.

V. THE ROLE OF UNIONS IN THE LIBERALIZATION AND PRIVATIZATION PROCESS.

From a union standpoint, the introduction of the various laws and executive orders deregulating the postal market in Argentina resulted in the grouping of workers in the official post office separately from the private postal service workers. Around 80 union organizations operate within the historical operator grouped into three federations and one association. Private operator workers are (mostly) affiliated to the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers.

In the case of union representation of the official post office workers, the Argentine Association of Telegraphists, Radiotelegraphists and Related Workers (AATRA), founded on February 3, 1943, is considered the oldest (second-tier) trade union organization in the sector. Initially highly influential, it began to lose strength as telegraphy and radiotelegraphy systems were modernized. In 2002 through a decision by the Ministry of Labor it changed its name to Argentine Association of Communications Workers (hereafter AATRAC); this enabled it to widen the horizon of potential members. In addition to this change, the union developed a series of social services for postal workers that have helped it maintain a higher membership rate than other federations.

The Post Office and Telecommunications Workers' Federation (hereafter FOECYT) began its activities on April 1, 1957 with the aim of bringing together all the workers of the state-run post office and telecommunications company. For many years it was the leading union force, until the early '90s, when due to differences among its leaders, a group of workers formed the Federation of Official and Private Post Office Workers (hereafter, FOECOP). Although as its name indicates this new federation sought to represent not only workers in the official postal sector but also those in the private sector, in practice its main base can be found among the employees of the historical operator, with very little influence within the private postal service.

On June 7, 1969 the Federation of Senior, Technical and Professional Personnel of the Official Post Office and Empresa Nacional de Correos y Telégrafos (hereafter, FEJEPROC) was founded. Initially created with the aim of grouping together the various organizations representing hierarchical, technical and professional workers at the National Communications Secretariat, the union-run Health Care Plan (*obra social*) and the Broadcasting Service, in quantitative terms it is the federation with the fewest members.

Both the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers and the above-mentioned organizations played a leading role in the negotiations following the introduction of Executive Order No. 187/93 which, as analyzed in Chapter I, fully liberalized the postal market.

In November 1994 the Senate passed a bill on the privatization of the official post office by means of a concession license. Since then, and until April 1995—when the final bill was submitted to realize the privatization—there was much debate in and outside Congress on the concession of the historical operator and the drafting of a regulatory framework for the postal market. The role of foreign capital in the domestic postal market, the responsibilities and obligations of the official postal service on concession, and the characteristics and requirements imposed by the proposed regulatory framework on the 250 private postal companies were the topics that provoked the most heated discussions. In this context,

the unions adopted different attitudes in each case.

From the outset, FOECYT expressed its support for the concession project through its General Secretary, Ramón Baldassini(71). In the face of the danger from privatization, which meant the sale of the company in its entirety, this union considered that a concession was the only way to preserve the company(72). Consulted in June 1995 by the House of Representatives Committee in charge of reviewing the concession bill passed by the Senate in November of the previous year, FOECYT representative Ramón Higinio Barrios—the secretary for trade union affairs replacing Ramón Baldassini at that moment—confirmed the support of his federation for the concession proposal and described its advantages. In his opinion, the concession was the most appropriate alternative for both the postal workers and the future of the post office, as it opened the possibility of the post office reverting to State ownership at some time in the future(73).

The decision to openly support the concession bill gave rise to serious conflict of opinions within FOECYT that resulted in the departure of a significant number of unions, and the consequent birth of FOECOP(74). Thus, FOECOP joined FEJEPROC and ATTRAC and together they formed a common front to work towards the cancellation of the various concession projects(75). This front had to deal with a society that sympathized with privatizing ideas and stigmatized those who questioned the neoliberal policies being implemented. For this reason, the room for maneuver of the federations that resisted the concession plans was basically limited to debate within the National Congress(76).

In turn, from the beginning FEJEPROC adopted a position that was contrary to the various bills put forward to grant the official post office on concession, declaring its interest in a fully state-owned system in opposition to the privatization model being promoted. From this standpoint, the federation argued that the service provided by the post office was a social service and not a business(77). Víctor Jerez, its general secretary at that time, held talks with many lawmakers from different parties throughout the negotiation period in an effort to block the concession initiative. Faced by the final bill submitted by the House of Representatives Communications Committee, the general secretaries of FEJEPROC, FOECOP and ATTRAC met with Raúl Alfonsín, the president of the National Committee of the leading opposition party *Unión Cívica Radical* party (UCR), and gained his support as well as that of the entire block of UCR representatives(78).

As result of both the actions carried out and the strong opposition led by FOECOP and FEJEPROC, the various bills on the concession of the post office submitted between 1994 and 1996 did not obtain the necessary quorum for adoption(79).

More concerned about the characteristics and conditionalities of the new regulatory framework than about the success or failure of the official post office concession, the leader of the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers, Hugo Moyano, told the House of Representatives Committee that in June 1995 reviewed the bill submitted by the Senate in November 1994 that he was not an expert on regulatory frameworks and requested guarantees from the lawmakers that the new regulation would prevent the entry into the postal business of venture capitalists looking to do business but not willing to invest(80).

During 1997, as a result of the repeated failure to agree on a law that would allow the Legislature to

award the official post office on concession, the then president of Argentina, Carlos Saúl Menem, signed Executive Order No. 265/97 calling for a national and international tender for the concession of the services provided by the official post office along with Executive Order No. 840/97, which awarded the concession to Correo Argentino S.A. (CASA).

Under these new circumstances, the strategies adopted by each of the unions would differ, in part, from those followed during the debates and discussions on the concession law. In light of the inevitable signing of the concession executive order, FEJEPROC, headed by General Secretary Víctor Jerez, made contact with some of the business groups likely to be awarded the service(81). Furthermore, a few days before the signing of the executive order, Víctor Jerez together with Secretary for Trade Union Affairs Rubén Spedaletti published a paid announcement in *Página 12* newspaper stating that the procedure for awarding the concession of the official post office was unconstitutional and raising the need to keep the company's 20,000 workers employed (and in the same working conditions). In addition, they called on the full members of the Universal Postal Union to play a greater role in the concession process and in the subsequent administration of the post office(82).

The text of the concession executive order contemplated, among other things, the award of 14% of the shares of the company granted on concession to its workers. This recourse was used in most of the privatizations of utilities carried out during this period. With the creation of an Employee Stock Ownership Plan operated by two representatives of the government, two representatives of the company and two representatives of the unions, the government proposed that the unions should receive profits proportional to their shareholding (14%) for distribution among the workers throughout the term of the concession. Although this program was never actually implemented, at the time it came in useful for negotiating the concession terms with the unions. This proposal was welcomed by both FOECYT and FOECOP. The two federations demanded job security for all post office workers, including the 3,000 contract workers that were working for the post office at that time(83).

During the period the official post office was on concession, on numerous occasions the federations reported irregularities in company management. Both asset stripping and changes in the quality of service and employment were the topics repeatedly appearing in the complaints filed by the various unions. Along these lines, in 2003 the four federations filed a joint complaint with the Labor Ministry against the concessionaire. In their report the unions stated their opposition to the disciplinary measures introduced by the company, which in their opinion were mainly intended to accentuate worker vulnerability (making dismissals easier) and the closing of unprofitable post offices(84).

As described in Chapter III of this paper, the various federations carefully analyzed the changes that took place as from the passing of the first few laws on the demonopolization of the postal service. One has to go back to the '70s to find the seeds of the decadence of the state-owned postal service(85). During the military dictatorship that ruled Argentina between 1976 and 1983, the state-owned postal service lost geographical coverage to the rise and consolidation of private postal operators(86). In other words, the shrinkage of the state-owned postal service began in the '70s and intensified in the early '90s during the Carlos Menem government with voluntary redundancies that, as indicated in Chapter III, affected more than 10,000 workers from the official post office(87). With these measures the govern-

ment sought to prepare the ground for final privatization(88). All these changes had an impact on the various unions, since although they attempted to put up resistance to the personnel cuts, the voluntary redundancy mechanism limited the unions' potential for any powerful, collective response(89). The measures implemented from the government were in turn accompanied by the signing of Collective Bargaining Agreement 80/93 "E". As pointed out in Chapter III, the signing of this new agreement implied, among other things, the loss of job security for official postal service workers.

After being granted the concession, the business group imposed a series of changes on the Agreement that cut the company's labor costs in half(90). Additionally, the concessionaire introduced a series of administrative and logistic reforms with the aim of saving business costs and increasing profits, where (once again) voluntary redundancies were implemented in a violent and indiscriminate manner (91). Moreover, the company's organizational chart was redesigned, and deep changes were made to the logistics structure that resulted in lower service quality(92). These changes led to stagnation and the end of careers in administration within the company(93).

A longstanding desire of the post office concessionaire was that of reducing the four federations and dealing with a unified trade union organization. In particular, an effort was made to diminish the power of FEJEPROC by offering hierarchical personnel the possibility of switching to a contract employee status not covered by the Collective Bargaining Agreement (with higher pay). As a result, the company was able to achieve a considerable reduction in the membership of this organization(94).

Lastly, with the rescission of the concession contract by the government in 2003, three of the four union federations formed a unified telegraph and postal front and issued a document addressed to "the brothers in Correo Oficial de la República Argentina (Correo Argentino)" and signed by the general secretaries of each organization—Jorge Soria (AATRAC), Ricardo Ferraro (FOECOP), and Juan José Halm (FEJEPROC)—backing the decision made by Argentine president Nestor Kirchner to rescind the official postal service concession contract and requesting "participation of workers in the sharing of the profits generated by the Official Post Office, which shall imply an essential wage improvement, the restoration of the benefits lost during the concession, and lastly, a consensus on the definition of the rules regulating the postal, telegraphy and money transfer activities."(95)

Annexes

Liberalization, Demonopolization, Regulation, Privatization and Renationalization in the Argentine Postal Market. Main Regulations

Regulation	Main content
<i>Background</i>	
Law No. 19,654 (May 1972)	Creation of ENCOTEL (Empresa de Correos y Telégrafos) as a state-owned company under the form of a monopoly in public law.
Law No. 20,216 (March 1973)	Change in Law No. 816 dated 1876, establishing the general regime for the postal service and maintaining the state monopoly.
Executive Order No.1,749/79	Changes to the by-laws of ENCOTEL in relation to conditions for hierarchical positions within the company.
Law No. 22,005 (May 1979)	Introduces for the first time the possibility of delegation of postal services to private parties, whether domestic or foreign.
Executive Order No. 1,842/87	Demonopolization of public services provided by state-owned companies. Unrestricted participation by the private sector.

<i>Privatization and Deregulation</i>	
Law No. 23,696 (August 1989)	State Reform Law. Declares all state-owned companies subject to privatization, including ENCOTEL.
Executive Order No. 2,074/90	Stipulates that the services provided by ENCOTEL should be granted on concession and sets a term of 190 days for the drawing up of bidding terms and conditions and the call for public tender.
Executive Order No. 214/92	Creation of the National Post and Telegraph Commission (CNCT) as the enforcement authority for the regulatory framework of the postal activity, and creation of ENCOTESA (Empresa Nacional de Correos y Telégrafos S.A.).
Executive Order No. 1,163/93	Appoints the Board of CNCT and declares the winding-up of ENCOTEL.
Executive Order No. 1,187/93	Demonopolization of the postal business, creation of the National Registry of Postal Services Providers, free pricing for the local and international markets.
Executive Order No. 2,075/94	Approval of the transfer of assets and liabilities of ENCOTEL to ENCOTESA.
Executive Order No. 660/96	Merger of the CNCT with the National Telecommunications Commission and the Federal Broadcasting Commission, giving rise to the National Communications Commission (CNC).
Executive Order No. 115/97	Sets the regulatory framework for the provision of postal services and establishes the universal postal service.
Executive Order No. 265/97	Issues a national and international call for tender for the concession of the services provided by ENCOTESA.
Executive Order No. 840/97	Awards the concession for the services provided by ENCOTESA to Correo Argentino S.A. (CASA).

Renegotiation and Renationalization:	
Law No. 25.561 (January 2002)	Establishes the renegotiation of all the contracts with public utilities and the de-dollarization and de-indexation of rates.
Executive Order No. 1,534/02	Establishes that the renegotiation of the contract with CASA will not take place within the sphere of the Commission created under Law No. 25,561 and Executive Order No. 293/02.
Executive Order No. 1,075/03	The concession contract granted to CASA is terminated because of the concessionaire; section 4 sets the term for a new call for tender for the concession of the service.
Executive Order No. 721/04	Correo Oficial de la República Argentina S.A. is set up to take over responsibility for the provision of the service on a temporary basis.
Executive Order No. 635/05; No. 1,758/05; No. 1,087/06; No. 1,477/07 and No. 2,346/08	Successive annual delays in the term set by Executive Order No. 1.075/03, with Executive Order No. 2.346/08 currently in force until July 31, 2009.

Endnotes:

1. Reference is made to Law No. 20216 passed in March 1973, two months prior to transient regaining of democracy, where the then government monopoly on postal service provision (Section 2) for the first time—almost a century after Law No. 816 came into force—introduced certain exceptions to such exclusivity rights in Section 3 (between districts where no postal service was available, or if one of such districts had none, or where dispatches were issued by judges, etc.), and Section 4 (due to force majeure “individuals may provisionally be entrusted to perform those services either in whole or in part”).

2. See González Moras, Juan M.: “Servicios postales. Su actual regulación y desmonopolización”, University of Belgrano, Working Paper No. 66, Buenos Aires, May 2001.

3. In those days, some of the larger companies burst into the postal market and later on became the main competitors of the official postal service. Such was the case of OCA. They originally acted as official agents (*permisionarias*) through an authorization granted by ENCOTEL when outsourcing some of its activities—for geographic or logistic reasons—within the scope of Section 4 of the law: “Due to force majeure or other reasons impacting postal service provision, the Post Office Administration shall provisionally entrust individuals to perform those services either in whole or in part. Furthermore, it shall authorize third-parties to admit, transport and deliver communications or dispatches subject to postal monopoly pursuant to the provisions of Section 2 of this Act, when such services require special treatment that cannot be provided by the former through its general services. These authorizations must ensure the Postal Administration an income the amount of which shall result from applying to authorized third-party dispatches the rate the official post office sets for enclosed communications not subject to control or special services.” See Sidero, Antonio: “El negocio postal. La entrega del Correo. Denuncias de corrupción y de mafias. Puja salvaje de intereses por un mercado de 1.500 millones de dólares. Caso único de un país sin correo oficial.” Buenos Aires, 1997.

4. See Williamson, John (ed.): “Latin American Adjustment: How Much Has Happened?” Institute for International Economics, Washington, 1990. The author points out the main economic reforms that “the powers residing in Washington recommended to Latin American countries” for growth, called “The Washington Consensus.” It describes ten fundamental principles public policies should uphold: budgetary discipline; changes in public spending priorities (from less productive areas to health, education and infrastructure); fiscal reform geared toward searching for broad tax bases and moderate marginal rates; financial liberalization (especially for interest rates); searching for and maintaining competitive exchange rates; trade liberalization; opening-up to direct foreign investment; privatization; deregulation; and guaranteeing property rights.

5. This mainly refers to the process of “economic deregulation” formalized in Executive Order No.2284/91. It was equally known for its asymmetries and, essentially, for the transfer of regulatory power over the markets to those that already held hegemonic positions in such markets. Furthermore, although not specifically pertaining to the postal market topic, see Azpiazu, Daniel (compiler): “La desregulación de los mercados. Paradigmas e inequidades de las políticas del neoliberalismo: las industrias lácteas, farmacéutica y automotriz,” Grupo Editorial NORMA/FLACSO, Buenos Aires, 1999.

6. A concept established by State Reform Act No. 23696, Chapter III, whereby employees of privatized companies were able to acquire a percentage of shares of stock of those companies. Actually, it was one of the preferred mechanisms used to avoid confrontations with trade unions involved, and even achieve their support. See Artana Daniel, Navajas, Fernando and Urbizondo, Santiago, among others; "Governance and Regulation in Argentina: A Tale of Two Concessions", in Savadorf, W. and Spiller, P. (eds); *Water, Institutional Commitment in the Provision of Water Service*, Inter-American Development Bank, 1999. Yet, in the specific case of the official post office, this program never reached the implementation stage (see further in Section 1.3).

7. Just as in other privatized areas (especially hydrocarbons, and the subsequent transfer into private hands of YPF, the largest state-owned company), previous deregulation or liberalization of the appropriate market—until then monopolistic—arose as an economic policy decision aimed at mitigating the monopolistic power of the company or service to be privatized. As to the oil issue, see Bravo, Víctor and Kozulj, Roberto: "La política de desregulación petrolera argentina. Antecedentes e impactos;" Centro Editor de América Latina, Buenos Aires, 1993.

8. See especially Castellani, Ana and Cobe, Lorena A.: "Instituciones y desarrollo: el caso del correo oficial de la República Argentina," Argentine Association of Economic History, National University of Tres de Febrero, 21st Sessions on Economic History, Caseros, September 2008; and Castellani, Ana: "Instituciones y desarrollo en América Latina: el caso del correo oficial de la República Argentina," June 2008, Mimeo.

9. See National Communications Committee (CNC), Annual Postal Market Reports, several years.

10. According to Victorio Pereyra, trade union Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) (interview on February 19, 2009), some of those clandestine post offices even use the official postal services to dispatch cargo or parcels they themselves capture. In other words, they charge higher prices than those of the official post office and use the latter's services given their own illegal status and logistic shortcomings.

11. It is very likely that the enactment of Executive Decree No. 115/97 regulating the legal framework for postal service provision may have acted, in turn, somehow curbing the burst of new operators into the market. Furthermore, it spelled out the duty of private postal services to report their fiscal, labor, and social obligations quarterly.

12. See Abeles, Martín, Forcinito, Karina and Schorr, Martín, among others: "El oligopolio telefónico argentino frente a la liberalización del mercado. De la privatización de ENTEL a la conformación de los grupos multimedia", FLACSO/National University of Quilmes/IDEP, Argentine Political Economy Collection, Buenos Aires, 2001; Azpiazu, Daniel and Basualdo, Eduardo M.: "La siderurgia argentina en el contexto del ajuste las privatizaciones y el Mercosur," IDEP-ATE, Buenos Aires, 1995; Azpiazu, Daniel: "Las privatizaciones en la Argentina. Diagnóstico y propuestas para una mayor equidad social," CIEPP/OSDE/Miño and Dávila, Buenos Aires, 2003.

13. For the purpose of illustration, in November 1994, the National Senate passed a bill for the privatization —by concession of all services—of the official post office. Due to strong confrontations generated by the discussion of the bill in the House of Representatives, the initiative was postponed for an indefinite time period. Finally, and after accusations flew back and forth in which even the then Ministry of Finance, Domingo Felipe Cavallo took part, in April 1996 the House of Representatives Communications Committee submitted a new bill which, too, never generated the necessary consensus for approval. Both business as well as trade union pressures played a paramount role during the whole period prior to postal service privatization.

14. As mentioned, the official post office example arises as the only privatization example where such program was unable to be implemented. This was the result of insurmountable difficulties found at the core of trade unions operating in the sector and, to a certain extent, in the Government's own indifference towards imposing or creating consensus in terms of the Employee Stock Ownership Plan (P.P.P.).

15. Reference should be made to some atypical facts in the bid awarding process. Six bidders appeared at the call for tenders. When the first envelope was opened, containing the technical specifications sheet, three bidders were ruled out—the consortia comprising the local economic group Roggio; the one "orchestrated" by Andreani who appeared jointly with the Brazilian company Vasp, local businessman Spadone and the Bank of Chubut; and the Dutch ING Baring—for not having complied with the condition of having the technical assistance of a post office belonging to the Universal Postal Union (UPU)—as required by the tender specifications sheet. Indeed, it was almost impossible to abide by this condition within the tender's deadline. The majority of UPU members are state-owned postal services so, to take on such commitment, they had to seek the authorization of their respective Senates in their own countries. Consequently, only three bidders were left—after the opening of the first tender envelope—all of which had the technical support of an active Universal Postal Union member: the consortium comprising, in equal parts, Citibank, Telefónica and the local group Wertheim, the latter through the Caja de Ahorro, with 33.3% each and the technical assistance of the New Zealand Post Office; next the group organized around Samuel Liberman (local businessman with a strong presence in the main cable TV companies), the company T.A.C. (Cuyo Automotive Transportation Cooperative - Cooperativa de Trabajo Transportes Automotores Cuyo), and the local carrier Román, with the technical support of the Ger-

man Post Office, and finally the local group SOCMA, with minority participation of Banco de Galicia y Buenos Aires and the technical assistance of the British Post Office. Following second envelope opening—financial offer—one of the parties offered an annual fixed charge offer of 60 million; the group led by Liberman offered 98 million pesos per year, while that of SOCMA surpassed both (102.6 million). Considering the clause in the tender documents stating there should be at least a 5% difference between the offers of the first and second bidder in order to grant the bid to the first tenderer, the decision was made to go on to a second round. At that point in time, the consortium Correos Argentinos S.A. (CASA) offered 103.2 million pesos whereas the remaining bidders kept their original proposals. Thus CASA became the successful bidder and was awarded the concession.

16. Despite the fact that “Argentina is one of the most expensive domestic postal services in the world”, as stated by Spiller, P.T. (renowned consultant in regulation and privatization matters in the USA and several Latin American, European and Asian countries. At present, the consulting firm he leads, LECG, Inc., is a witness to various foreign companies providing public services that filed a lawsuit against the Argentine State before the World Bank arbitration tribunal ICSID –International Center for Settlement of Investment Disputes between States and Nationals of other States): “La regulación propuesta para los correos no sirve para el sector,” *El Cronista Comercial*, February 28, 2001. In 2000, company accounting losses accounted for more than half of shareholders’ equity.

17. On this matter, the Office of the Auditor General’s authoritative opinion comes to mind: “Resolution SC 18496/99 approves, as investments made by the Concessionaire, compensation applicable to the Personnel Voluntary Retirement Plan, charged as Tangible Assets in the balance sheet and included in the company’s Investment Plan Account. In accordance with the National Public Investment Bureau’s opinion, in its capacity as the agency in charge of the National Public Investment System, amounts tendered by the Concessionaire for compensation as provided for in the Personnel Voluntary Retirement Plan must not be considered as investments made within the setting of Concession Contract clause 6.4”. See National Auditor General, Management Office for Regulatory Agency and Privatizations Control: “Correo y mercado postal: principales auditorías sobre órganos de control y empresas adjudicatarias de procesos de privatización. Síntesis y Conclusiones,” 1993-2003, Buenos Aires, October 2003.

18. For illustration purposes, the case of the Argentine water company Obras Sanitarias de la Nación (O.S.N.) serves as a truly paradigmatic example. See Abdala, Manuel and Spiller, Pablo, among others: “Instituciones, contratos y regulación en Argentina,” Editorial Temas, 1999; Case 2, “Aguas y saneamiento,” Azpiazu, Daniel and Forcinito, Karina: “Historia de un fracaso: la privatización del sistema de agua y saneamiento en el Área Metropolitana de Buenos Aires,” in Azpiazu, Daniel; Cate-nazzi, Andrea and Forcinito, Karina: “Recursos Públicos, negocios privados: agua potable y saneamiento ambiental en el Área Metropolitana de Buenos Aires”, Series on Research Reports No.19, National University of General Sarmiento, Los Polvorines, March 2004; Inter-American Development Bank: “Salida de operadores privados internacionales de agua en América Latina,” Washington D.C., 2007; García, Américo: “La renegociación del contrato de Aguas Argentinas (o cómo transformar los incumplimientos en mayores ganancias),” *Realidad Económica*, No. 159, October-November 1998.

19. As was the case with national road corridor concessions, railway concessions, or the national airport system concession. See, for instance, Arza, Camila and Gonzalez García, Angelita; “Transformaciones en el sistema vial argentino. Las concesiones por peaje,” FLACSO-Economics and Technology Area, Working Paper No. 3, Privatization and Regulation Project in the Argentine Economy (National Agency for Scientific and Technology Promotion-ANPCyT), Buenos Aires, February 1998; Gutiérrez, Andrea: “Crónica de una renegociación anunciada. La historia “no oficial” de la concesión de los servicios ferroviarios urbanos de pasajeros,” *Realidad Económica Magazine* No.158, Buenos Aires, August- September, 1998; Serafinoff, Valeria: “La renegociación de los contratos de las privatizadas: la regla de la incertidumbre. El caso de las concesiones viales (o cómo transformar los incumplimientos en mayores ganancias).” *Realidad Económica Magazine* No. 221, Buenos Aires, July-August 2006.

20. In terms of subsequent implications of this ministerial resolution, a short digression is worthy. The resolution argued that in light of “various administrative and jurisdictional claims filed by concessionaires Correo Argentino S.A. and Aeropuertos Argentina 2000,” the Ministry of Finance “has requested the heightened opinion of the National Treasury Legal Advisory Council,” and until the latter expresses an opinion, “it is advisable to postpone the terms set forth in Section 5 of Resolution ME No. 20/02 relating to concessionaire companies Correo Argentino S.A. and Aeropuertos Argentina 2000.” In addition, always stemming from this Ministerial Resolution No. 64/02, which apparently led to interpretations alien to its explicit contents, in the case of the postal service, Executive Order No.1534/02 set forth that “bearing in mind that rates the Concessionaire collects do not arise from foreign currency adjustment clauses or from price indexing—referred to by Section 8 of Law No. 25561—the provisions of the latter part of Section 8 are not applicable to the case, nor is the proceeding provided for in Section 9. Thus the alluded concession is deemed to be outside the scope of the provisions of Executive Order No. 293/02.” In short, this was a true legal and institutional confusion ultimately aimed at dodging the treatment of both contractual renegotiations by the Committee that had been created for that purpose by the Emergency Act itself.

21. The National Treasury Legal Advisory Council’s opinion No. 351 (September 25, 2002) stated that, in accordance with the case filed with the Federal Court hearing Criminal and Correctional matters of the City of Buenos Aires No.11, and thereby reporting the debt Correo Argentino S.A had with the National Government (300 million pesos), and applicable investigation

presided over by Judge Claudio Bonadio, “the Chief of Cabinet should refrain from signing any instrument that would alter the original terms and conditions of the concession contract entered into between Correo Argentino S.A. and the National Government, until such investigation is completed.”

22. The only services with regulated rates based on “cap prices” are: regular mail up to 20 grams, telegrams up to 20 words and money orders up to 1,000 pesos. In these three cases, rates cannot be increased without prior Government approval.

23. On account of this, the National Communications Commission (responsible for regulating the activity) opened up a dossier while the National Ombudsman’s Office filed a report to investigate the issue. As a result of the study initiated by the Commission, by mid April 2003, through CNC Resolution No. 742/03, the company was required to lower international rates (between 22% and 47%) to levels consistent with those arising from international commitments assumed by the country regarding surcharges, and, because it had failed to request the appropriate authorization for rate increases applied as from the beginning of November 2002. This decision by the National Communications Commission was challenged by the Concessionaire, who continued charging the rates already established in November 2002 without prior authorization. See Azpiazu, Daniel and Schorr, Martín: “Crónica de una sumisión anunciada. Las renegociaciones con las empresas privatizadas bajo la Administración Duhalde,” Siglo XXI/FLACSO, Buenos Aires, 2003.

24. See issue of *La Nación* newspaper dated May 20, 2002.

25. In this regard, a 180-day term was established. It was continuously postponed by Executive Orders No. 721/04, 635/05, 1758/05, 1087/06, 14777/07 and 2346/08 until the last one on July 31, 2009.

26. National Communications Commission (C.N.C.), Annual Postal Market Report, 2007

27. According to Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional), speaking in an interview on February 27, 2009: “At one time there were 54,000 workers in the postal service, but the post office formed part of the Communications Secretariat and Radio Nacional, which meant that this was the total for the three entities. Later, when ENCOTEL was created (1972), the Communications Secretariat was separated from the post office as was Radio Nacional, leaving the post office on its own with 44,000 employees. As from then the post office began to experience a natural process of attrition as employees left and were not replaced, and in this process our loss was from 44,000 employees to 37,000.”

28. A large portion of public sector employees that departed in the nineties did so under voluntary retirement schemes. Specifically, “between 1991 and 1999, by means of dismissals and voluntary retirement packages, the federal, provincial and municipal workforce lost 200,000 workers, 10.2% of the total.” Navarro, Roberto, “En mal Estado”, in *Página 12* newspaper, Cash supplement, July 27, 2008.

29. Interview on February 25, 2009 with Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional).

30. Duarte, Marisa: “Los impactos de las privatizaciones sobre el mercado de trabajo: desocupación y creciente precarización laboral”, in Azpiazu, Daniel (publisher): “Privatizaciones y poder económico” FLACSO/National University of Quilmes/IDEP, July 2002.

31. Castellani, Ana (2008), Op. cit.

32. Castellani, Ana (2008), Op. cit.

33. Basualdo, Eduardo (2002): “Sistema político y modelo de acumulación en la Argentina. Notas sobre el transformismo argentino durante la valorización financiera (1976-2001)”, UNQ, FLACSO, IDEP, Buenos Aires.

34. Rofman, Alejandro (2000), “La privatización de los servicios básicos y su impacto en los sectores populares en Argentina,” World Bank, NGO Working Group: “Privatizaciones e impacto en los sectores populares”, Ed. Belgrano, Buenos Aires.

35. Duarte, Marisa, “Los efectos de las privatizaciones sobre la ocupación en las empresas de servicios públicos” in *Realidad Económica* magazine No.182, Buenos Aires, 2006.

36. Navarro, Roberto, “En mal Estado”, in *Página 12* newspaper, Cash supplement, July 27, 2008.

37. “Payroll numbers fell, and declined sharply in the final days of the Isabel Perón government, and particularly during the military dictatorship, because the National Post Office Act was modified and other postal services such as OCA, and later OCASA were allowed to participate in the market (there were two or three of these companies). That was when the workforce grew too large, and threats were made along the lines of “you better leave or you will be fired one day” and then workers apparently left for other postal companies.” Interview on February 25, 2009 with Héctor Di Paola, Union Auditor of the Post Office

and Telecommunications Workers' Federation (Federación de Obreros y Empleados de Correos y Telecomunicaciones - FOECyT).

38. "Senior management levels (...) receive salaries that are in line with those paid to the private sector, but other hierarchical levels are paid well below. To give an idea, whereas managers earn on average salaries in excess of US\$10,000 per month, the highest level of senior personnel does not even get US\$1000. It is to be assumed that skilled workers on the payroll will emigrate to the private sector in search of better wages, unless they prize the high level of job security derived from belonging to a state organization." Castellani, Ana, Op. cit.

39. Estimate made on the basis of information from the National Bureau of National Accounts (INDEC).

40. According to Ramón H. Barrios, Press, Minutes and Technical Studies and Statistics Secretary of the Post Office and Telecommunications Workers' Federation (FOECYT) (in an interview on February 25, 2009): "there were general nationwide agreements between the privatized companies and the State. There were agreements for example, for a 12% increase, but 3% or 3.5% of this amount was not included in the basic wage."

41. "The organic structure of ENCOTEL had nearly 45,000 employees and 105 senior management positions (high confidentiality) and a ranked personnel structure with a lower hierarchy. When the official post office was under concession, it had 20,000 workers and 600 senior managers and 2,000 managers not covered by the collective agreement. To dilute the impact on the group of managers with extremely high salaries, they would include people who were paid wages within the bargaining agreement scales but were considered as not covered by the agreement." Interview on February 25, 2009 with Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional).

42. In the opinion of Victorio Pereyra, Secretary of Trade Union Affairs of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) of the Communications Secretariat and Empresa Nacional de Correos y Telégrafos (in an interview on February 19, 2009): "Union law establishes that with a minimum of 50 members we can continue to operate, otherwise we lose our legal standing. So they tried to leave unions without members. What did they offer people? To exclude themselves from the collective bargaining agreement by paying them a higher wage, that way we had one less member (...) We had more or less 2000 members, and the total dropped to around 400 nationwide. Today there are many outside the agreement, about 1500 have been excluded, and they are all in management positions."

43. Interview on February 25, 2009 with Héctor Di Paola, Union Accountant at FOECYT.

44. Interview on February 27, 2009 with Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional)

45. Castellani, Ana (2008), Op. cit.

46. In the opinion of Héctor Di Paola, Union Accountant at FOECYT (in an interview on February 25, 2009), "In the case of the private postal service, some workers were represented by the Truckers' Union while others were in the Commerce Workers' Union. First they were in the Commerce Workers' Union, but later (Truckers leader Hugo) Moyano took them away, if I can put it like that, because he said that logistics and transportation was theirs. Then they included the word "caminante" (pedestrian) in their by-laws, to include postmen: pedestrian truckers."

47. As a result, CCT No. 40/89 expanded the scope of representation outlined by the General Secretary of the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers, Hugo Antonio Moyano: "From the moment private postal companies began to arise, drivers and household delivery personnel began to join our union." See Sidero Antonio (1997), Op. cit.

48. Point 5.2.3 "Specific work modalities and conditions" reads: "d) Given the nature of the activity, which experiences an eventual and/or cyclical increase in service only in the case of household delivery employees, and which is repeated in a given period in the case of this specialty, the parts shall in these cases adapt their relationship to the terms of the Labor Contract Law."

49. In the opinion of Hugo Antonio Moyano (General Secretary of the National Federation of Freight, Logistics and Services Road Transportation Workers and Truckers): "These pseudo-businessmen should not be allowed to enter the market, as they are just trying their luck or looking for a quick personal profit, as was the case with many of these new service providers who registered themselves and began to work under the protection of current legislation, and shortly after doing so were removed from the Registry because their businesses dried up or because they found that one cannot improvise in the transportation business, and far less so when a specific transportation service such as that of mail is involved, or what is worse, because

they realized there was no profit for them in acting within the law, so they opted to return to clandestine operations, which were more profitable." See Sidero Antonio (1997), Op. cit.

50. "Job security is the major difference between the previous Agreement and the one signed in 1993. In the previous one, the guarantee was explicit, but now it is not ..." Interview on February 25, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) of the Communications Secretariat and Empresa Nacional de Correos y Telégrafos (FEJEPROC) between 1990 and 2004.

51. "The CCT was discussed in 1993 (...) and we were gradually deprived of participation in the day-to-day running of the company. For example, under the Agreement we were to form a permanent committee to handle all union and labor procedures with the aim of improving working conditions. This special committee, which had company participation, ceased to work (...) Grisanti and Cavallo took away from us the possibility of having this committee. Then we had a service monitoring committee that tried to attract more customers, improve working conditions, among other things, but they did not want it either during Cavallo's time or during the Macri concession (...) These clauses took away many things from the administrative role of workers..." Interview on February 25, 2009 with Ramón Higinio Barrios, Press Secretary of the Post Office and Telecommunications Workers' Federation (FOECYT).

52. "When Macri took charge of the Post Office, labor costs accounted for 80% of the company's sales, whereas today they are barely around 40%." Statements by Ramón Baldassini to *La Nación* newspaper. *La Nación*, April 30, 2000.

53. As from the date of the accord (January 24, 2000).

54. "(...) we signed an agreement annulling the payment by the compensating fund (an annual amount of \$14.400.000 for the pensioner complementary benefit that the Government assumed responsibility for)." Statement by Ramón Baldassini to *La Nación* newspaper. *La Nación*, April 30, 2000.

55. "The excuse was that the growth of populated areas had left peripheral areas without postal distribution, as they were considered to be outside delivery areas. (...) As a result, Encotel permit-holders (*permisionarias*) entered the market to make deliveries in those locations, but far from actually doing so, the permit-holders began to capture market in the central areas of major cities, as they were more profitable, leaving those outside the area of official coverage almost in the same situation as they had been before." Antonio Sidero (1997), Op. cit.

56. Antonio Sidero (1997), Op. cit.

57. Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

58. An internal memorandum stated: "The reasons adduced to justify the contract were grounded in a fallacious argument that induced the interpretation that the purpose of the contract was solely to cover emergencies of an occasional and temporary nature, and related only to twenty transportation lines to provide a specific, special service in the Province of Buenos Aires (...) to keep costs down they said that only 26 vehicles would be used, so the expenditure budget—the total cost of the tender—was based on that number of vehicles; nevertheless, during the execution of the contract a total of 195 service orders were issued requiring over 200 trucks per day (...) The technical specifications, specific clauses and the changes introduced to the bidding terms and the specimen contract—mandatory for this type of contracting—were subtly adapted by means of imprecise and ambiguous grammatical constructions, intentionally enabling the subcontracting of the majority of the vehicles—77% of the services—which in numerous cases were allocated to previous ENCOTEL contractors now at the service of Villalonga Furlong S.A., which received an exorbitant sum for the service, well in excess of the amount received until the day before by the ENCOTEL carrier." See Antonio Sidero (1997), Op. cit.

59. In the opinion of Víctor Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) in an interview on February 27, 2009: "There was evidently some business deal involved. In the case of transportation, we were informed by the Ministry of Labor that a strategic alliance had been formed with OCA, and that they were going to perform the service jointly, and this alliance consisted in that there would be a single transportation company for postal distribution (...) and on the basis of this alliance they created LDA (Logística De Avanzada S.A.), which the 'bad guys' christened 'Logística Don Alfredo,' today transportation continues to be carried out by LDA."

60. According to Héctor Di Paola, FOECYT Union accountant (in an interview on February 25, 2009), "The hiring of personnel through employment agencies began with privatization. Among the changes that took place to the collective bargaining agreement during the concession (...) FOECYT was granted the labor exchange for certain categories of postal workers and the power to appoint personnel when needed. (...) Suppose that they paid the workers 10 and they charged the post office 20. All were on temporary contracts."

61. Sidero Antonio (1997), Op. cit.

62. According to statements by the then Minister of Economy, Domingo Cavallo, during his formal denunciation before the House of Representatives of the mafias embedded within the post office: "When Cucchietti was president of Encotel I asked him why the company did not submit bids at tenders called for by the State. It turned out that the terms were written in such a way that Encotel was unable to take part. For example, a previous operator sold all the company's vehicle fleet and contracted the fleet used by its competitors. The terms of the tenders called by the DGI, Banco Hipotecario, etc. required the company to have its own fleet, so Encotel was unable to take part." See Sidero Antonio (1997), Op. cit.

63. Such as those submitted by Congresswoman Margarita Stolbizer and others (file 0874-D-04; T.P. No. 14); Congressman Federico Pinedo (file 2237-D-04; T.P. No. 41); and Congressman Mario Cafiero and others (file 4369-D-04; T.P. No. 93).

64. See González Moras, Juan M., Op. cit.

65. As an example, they are minimal when compared to those in force in Spain (Law 24/98 on the Universal Postal Service) or those in Italy's Legislative Decree No. 261/99, always within the framework of European Union directives on the matter.

66. As informed by Dr. Guillermo Mónico, external advisor to the Board of CORASA .

67. In this regard, it is interesting to note that in its original wording, later modified by Executive Orders No. 115/97 and 265/97, section 8 of Executive Order No. 1.187/93, stated that "Empresa Nacional de Correos y Telégrafos (ENCOTESA) shall receive compensation annually payable by the National Treasury for the provision of postal services of a universal nature, which shall be in proportion to the total amount of value-added tax on the sale of postal services declared by the companies included in the registry created by this Executive Order in the immediately preceding calendar year. The Ministry of Economy and Public Works and Services will set the amount of the mentioned compensation."

68. Taken from Castellani, Ana; Op. cit., from an interview in *Actitud*, August 1, 2007

69. In fact this is a fairly inaccurate definition, as the market included at the same time an official post office (in private hands between the end of 1997 and 2003, when it became a public company once again) and private providers, and which in the final instance included firm obligations for the official post office (such as the UPS) and a competitive regime (oligopolistic in the rest of the market segments). Therefore, there is no real differentiation between services that end up being monopolistic, like the UPS within the sphere of the official post office, and services provided "under competition."

70. See *Clarín* newspaper, November 24, 1998.

71. See Sidero, Antonio (1997), Op. cit.

72. "We were defending the State's post office, and in fact the only alternative that was left was granting it on concession". Interview on February 25, 2009 with Ramón Higinio Barrios, Press Secretary of the Post Office and Telecommunications Workers' Federation (FOECYT).

73. "In our understanding, of all the various possibilities that exist for the privatization of the post office, the concession of the services is the one that offers workers the most guarantees. In a concession, the State establishes the conditions that the interested parties must observe by means of stipulations in the bidding documents and the concession contract, and it has sufficient powers to include conditions that provide for the preservation of the company's current workforce. In addition it should be considered that the concession mechanism is also more adequate because given its nature it is always possible to revert back to the State at some stage, which provides the community of workers with the guarantee of being able to count on the backing of the State, to which they have devoted all their efforts in their daily tasks carried out all over the country." (...) The concession system will also allow the State to require the concessionaire to submit an investment program—as laid down in the proposal—with the aim of modernizing the Post Office obsolete structure, contributing to the training of workers and the reorganization of operating tasks leading to work being carried out in cleaner, safer and more agile environments, resulting in increased efficiency. It will be possible to incorporate new mail sorting methods such as those currently operated by other postal services around the world, both public and private, with the consequent development of the company and its personnel." Taken from Sidero, Antonio (1997), Op. cit.

74. "In Argentina there were historically three unions: FOECYT, ATTRAC (radiotelegraph operators) and the hierarchical and professional personnel union of which I was a leader. FOECYT, and in particular the unions most senior authority, were publicly in favor of the privatization of the post office. Some colleagues in FOECYT disagreed so the union eventually split in two and FOECOP was created. Interview on February 27, 2009 with Víctor Eduardo Jerez, Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

75. "Therefore, when we had to confront this situation, FOECOP, FEJEPROC and ATTRAC acted jointly". Interview on February 27, 2009 with Víctor Eduardo Jerez, Federation of Senior, Technical and Professional Personnel of the Official Post

Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

76. "During this period it was difficult to deal with so much opposition, because we had the whole of society against us, and there was the belief that efficiency would only come from private businesses. Still, we fought through political channels in Congress and did not allow the post office law being promoted by businessman Yabrán to be passed." Interview on February 27, 2009 with Víctor Eduardo Jerez, Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

77. "We were totally opposed to privatization. Under a state ownership system we felt we were fully recognized in terms of labor legislation, to begin with. We know that the private sector logically has other criteria when it comes to interpreting labor laws, but it also adopts a different criterion regarding the operation of certain services. That is because they see public services such as the post office as a business. They do not see it as having a social purpose, while the State considers that, profitable or not, it has a social purpose. There is a need to ensure continuity of service, regardless of whether it is profitable or not." Interview on February 19, 2009 with Victorio Pereyra, Secretary of Trade Union Affairs of the Federation of Hierarchical and Professional Personnel of the Secretariat of State for Communications of Empresa Nacional de Correos y Telégrafos (FEJEPROC).

78. "I was busy trying the patience of the UCR lawmakers. At a meeting with them on July 10, 1996 the UCR lawmakers confirmed their rejection of the privatization bill. It was an epic struggle (...) I managed to get an interview with Dr. Raúl Alfonsín at the national committee, he was president of the national committee and was an opponent of the post office privatization. When I went to the meeting I took with me the three general secretaries (at that time I was assistant secretary), I went with the general secretary of my union (FEJEPROC), and the general secretaries of FOECOP and ATTRAC. Then Alfonsín supported us and asked me to go the following day to speak to the group of UCR congressmen. Well, the following day they confirmed and restated their opposition to the bill". Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

79. "This began in 1994, when a start was made on passing a law on the post office in Congress. This law was being pushed mainly by a businessman named Yabrán; we put up strong opposition mainly from FOECOP and FEJEPROC." (...) It was thanks to the efforts of the union leaders at that time that the law was not passed in the period between 1994 and 1996." Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

80. See Sidero, Antonio (1997), Op. cit.

81. "When it was certain that the concession executive order would be issued, we met with Macri. We did not meet with Citibank because we did not have any contacts there." Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

82. See Sidero (1997), Antonio, Op. cit.

83. See Sidero, Antonio (1997), Op. cit.

84. File No.1.056.995/02 and additions 1.057.208/02, 1.057.677/02, 1.064.150/02 and 1.073.165/02 (S.T.).

85. "The number of workers began to decline and fell far more in the final days of the government of Isabel Perón, and particularly during the military dictatorship, because changes were made to the National Post Law and several postal services, two or three of them, such as OCA and later OCASA were allowed to participate in the market". Interview on February 25, 2009 with Héctor Di Paola, Union Auditor of the Post Office and Telecommunications Workers' Federation (FOECYT).

86. "Since the time of the military, the post office suffered from a public sector hiring freeze, which meant it was not possible to take on new workers. With the military in power, the first thing their economy ministers did was to freeze public sector jobs, so you could not even hire a letter-carrier and the post office could not employ new workers. As a result permits were granted to private companies, which far from resolving a problem added to it, because the highly profitable mail that circulated in densely-populated areas began to be taken away from them. Meanwhile, the problems persisted in unpopulated areas: mail was left outside the delivery radius, and the addressees had to go to the post-office to pick up their mail." Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

87. "At this point there was a downsizing that deepened when the private concessionaire took over, but by then the payroll had already been cut. During this period under the Carlos Menem government, the post office administrator was Abel Puchiatti, and this is when the voluntary redundancies began, and then with Cavallo and Grisanti as the post office administrator, the personnel reductions increased, because they were already planning the privatization." Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post

Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

88. "And in the nineties, before privatization, 10,000 workers left, under Cavallo... the ground was already being prepared, they were doing the dirty work." Interview on February 25, 2009 with Héctor Di Paola, Union Auditor of the Post Office and Telecommunications Workers' Federation (FOECYT).

89. "It was very hard for us to fight against the voluntary redundancies because it was an individual rather than a collective decision. Afterwards, all those who accepted them started up all kinds of micro-undertakings (such as candy and cigarette stores, paddle-tennis courts), and ended up going bankrupt." Interview on February 19, 2009 Victorio Pereyra, Secretary for Trade Union Affairs of the Federation of Hierarchical and Professional Personnel of the Secretariat of State for Communications of Empresa Nacional de Correos y Telégrafos (FEJEPROC)

90. "When Macri took charge of the post office, labor costs were 80% of the company's turnover, whereas today they are in the order of only 40%," Baldassini stated. See *La Nación*, April 30, 2000.

91. "There were transfers, pressure; they cold-shouldered you to get you to sign up for voluntary redundancy." Interview on February 19, 2009 Victorio Pereyra, Secretary for Trade Union Affairs of the Federation of Hierarchical and Professional Personnel of the Secretariat of State for Communications of Empresa Nacional de Correos y Telégrafos (FEJEPROC)

92. "But there was a serious impact on services, the population was deprived of basic postal services (...) the number of post-office branches was cut (...). In small towns there were postal agencies that offered all services with just a single person to receive and dispatch letters, and even make money transfers. There was virtually a 90% cut in these outlets, small agencies in small populations, in poor townships (...). Interview on February 25, 2009 with Ramón Higinio Barrios, Press Secretary of the Post Office and Telecommunications Workers' Federation (FOECYT).

93. "(With Macri) administrative careers came to an end; there were no more promotions. For example, among delivery workers there were young men old enough to be moved to another area within the post office." Interview on February 25, 2009 with Héctor Di Paola, Union Auditor of the Post Office and Telecommunications Workers' Federation (FOECYT).

94. "Placing workers outside the Agreement meant that the company could pay wages in excess of union scales to those workers when it considered it advisable. It was a way of weakening hierarchical personnel, telling them that if they were on the side of the company they would be better off; they put a lot of pressure on them. This was an unfair practice categorized by the Trade Associations Law. Through Dr. Recalde's legal firm we were able to win a lawsuit in a court of first instance as well as on appeal, and the company had to pay one million dollars in legal fees and Labor Ministry fines. This lawsuit began in 1998 and by 2000 we had won it. This saved our union. We lost a lot of members, we were the union that most suffered. At the national level we used to have 2400 members, and we ended up with 458 in the post office, plus those in Radio Nacional." Interview on February 27, 2009 with Víctor Eduardo Jerez, General Secretary of the Federation of Senior, Technical and Professional Personnel of the Official Post Office and the National Radio Station (Radio Nacional) between 1990 and 2004.

95. See *Crónica Sindical*: <http://www.cronicasindical.com.ar/notas/centralcorreo.htm> (March 12, 2009).

Canada

By the Canadian Union of Postal Workers (CUPW)

Liberalisation Process:

When was (will be) the postal market liberalised in your country? There is no schedule for liberalisation.

Is the market fully liberalised? Is there still a reserved area?

Yes. Under the terms of the Canada Post Corporation Act the corporation has the exclusive privilege of collecting, transmitting and delivering letters to the addressee thereof within Canada. Competitors are prohibited from delivering letters weighing less than 500 grams unless they charge at least three times the postage rate set by Canada Post for a 50 gram letter (\$.98) At the current 2009 rate of postage competitors must charge \$2.98 (CAN) per piece if they wish to enter into competition with Canada Post for the delivery of addressed letters. Since the current rate of postage charged by CPC for a letter ranges from 54 cents for a letter up to 30 grams to \$2.75 for a letter up to 500 grams, Canada Post has an effective monopoly on addressed lettermail.

Did (will) the liberalisation process take place in various phases or not? NA

Did the privatisation of the historical postal operator take place at the same time or is it still to take place?

NA

What impact did liberalisation have on the historical operator? (office closures, diversification of services...)

NA

Level of employment:

What impact did the liberalisation of the postal sector have on the level of employment, has it decreased, increased?

NA

Have jobs been transferred from the historical operator to the new competitors, if so in what proportion?

NA

Quality of employment:

What impact did the liberalisation of the postal sector have on working conditions, in the historical operator as well as in the new competitors collective?

NA

What about wages, have they increased, decreased? Are they similar/different between the historical operator and the new entrants?

NA

What about collective contracts, have some new ones been signed in new entrant companies?

NA

Has there been more/less subcontracting or outsourcing?

NA

Are there more part-time and/or temporary workers?

NA

Universal Service (US):

What is the definition and scope of the US in your country?

While it is generally accepted that Canada Post offers universal postal services to the entire population, there is no clarity as to what exactly comprises the USO. Most, but not all, households receive delivery five days per week. Since 1982 most new suburban areas have been serviced with community mailboxes (CMBs) instead of door to door delivery so that now fully 15% of residences are serviced by CMBs.

How is it financed?

Canada Post is financially self reliant and has been so for 13 years.

By whom is it provided? Historical operator, new entrants...?

What about the quality of the US? Has it been impacted by the liberalisation? If so, how?

NA

Regulation:

When was the regulatory institution set up?

There is no regulatory agency, but there is a regulatory mechanism. Canada Post Corporation has an agreement with the government to maintain postage rate increases at less than the rate of inflation. This price cap is spelled out in a regulation attached to the Canada Post Corporation Act. There are other regulations. Most were adopted in 1982, with some amendments since this time.

What were the main changes in the regulatory framework in the context of the liberalisation process?

NA

What are the regulations for new entrants on the market? (Entry mode and requirements, network access)

NA

How many companies entered the market once it was liberalised? Are there more/fewer today?

NA

Are the regulation similar for the historical operator and for the new entrants (eg: provision of US, VAT exemption...) or are there differences (level playing field)?

NA

Are regulations in terms of employment in the postal sector similar for the historical operators and for the new entrants? (social level playing field)

NA

How active is the regulator, many/few interventions?

NA

How is it linked to the government?

NA

How does the regulator fix the prices? What impact has the liberalisation process had on prices?

NA

Role of unions:

How has your union responded to the liberalisation process? (Information sharing with members, research on potential impacts, government/parliament lobbying, discussions with companies...)

Yes. We have produced fact sheets, a powerpoint, bulletins, a video, a brief to the Canada Post Corporation Strategic Review, and other materials all available at our website.

About 600 municipalities have passed resolutions opposing postal deregulation. Many NGOs and labour organizations submitted briefs to the Canada Post Corporation Strategic Review supporting our position.

Have you been organising in new entrants?

We are organising, primarily in the courier sector.

We contacted many organizations (major mailers, small business, rural, seniors, first nations, etc.) concerning the Strategic Review. We regularly meet with the opposition parties.

Gender and equal opportunities

Any specific information on gender issues as well as on anti-discrimination practices you may have would be most useful, for any of the above mentioned subjects.

We are very interested in the impact deregulation has on equity seeking groups including women, differently-abled people and first nations people.

We used the fact that rural areas and women would be hardest hit to argue against deregulation during the strategic review (86.9 per cent of rural counter workers are women and 71.5 per cent of rural route mail delivery staff are female). The union is hoping to do an audit of postal service involving first nations.

Germany

By the Vereinte Dienstleistungsgewerkschaft (ver.di)

The Liberalisation Process in Germany

The opening up of the German letter post market was initiated in 1998. Liberalisation marked the final stage in the government's far-reaching project to reform the postal sector which was pursued with determination since the middle of the 1980s by the Conservative-Liberal coalition government. Since 1 January 2009 there is no longer a reserved area.

While consultations were underway in Germany on the new Postal Act, the EU began in 1997 to lay the foundations for the creation of an internal market for postal services.

Germany was keen from the very outset to take the lead in introducing competition into the postal sector and thus opened up the German letter post market faster and more sweepingly than was ever required by the EU Postal Services Directive.

As early as 1998, the monopoly enjoyed by Deutsche Post (exclusive license) was limited to all letter items not exceeding 200 grams.

Under the Red-Green coalition government (Social Democrats + Greens) the timetable for the next stages in the liberalisation process was adapted to the speed adopted by the EU.

In 2003, the exclusive license given to Deutsche Post was cut to letter items under 100 grams, and in 2006 to 50 grams. Thus, as of 2006, half of the German letter post market had already been opened up to competition.

In spite of the existence of these weight limits, certain mail items that were below these thresholds were still allowed to be carried by other service providers, even though they fell within the scope of the reserved area. Of particular importance, because of their impact on limiting the exclusive license up to 50 grams, were the so-called high value services which have increasingly become a bridgehead that has allowed new competitors to operate in the reserved area.

The German government once again decided to press ahead with the last stage of liberalisation faster than required by the EU. As a result, the exclusive license of Deutsche Post was ended on 31 December 2007, whereas most of the other EU countries only have to open their postal markets as of 2011.

When the debate on the Postal Act first got underway in 1997, one of the questions that played a significant role was whether competition was likely to have a negative impact on the quality of jobs in the sector. In view of the fact that the opening of the parcel market in Germany had been shown to have initiated a downward spiral in working conditions, the SPD (Social Democratic Party) – which at the time was in the opposition – expressed its deep reservations regarding the German government's original postal services bill. According to the bill, the letter post sector was to be opened up to competition at any price, and virtually no attention whatsoever was given to the social consequences of market liberalisation. SPD politicians at the time expressed the justified fear that Deutsche Post's competitors – and even Deutsche Post itself – would come to rely more and more on employees in limited part-time employment who fall outside the scope of the collective agreements and are not covered by social security. It was argued that such a development would have disastrous consequences for the persons concerned, that it would remove their social security benefits and undermine the whole social security system as well as the principle of fair competition. This was something that needed to be stopped, they said. It was only when the discussion moved to the Conciliation Committee of the Bundestag and Bundesrat (the lower and upper houses of the German parliament) that a compromise was reached which can be summarised as follows: Yes to competition, No to social dumping. This consensus was introduced into the bill by the addition of a social clause in the Postal Act, the aim of which was to prevent wage and social dumping resulting from market liberalisation. The clause in question is inserted under Article 6, paragraph 3, 3rd sentence. It gives the regulatory authority (the Federal Network Agency) a potentially strong instrument to the extent that the grant of a license to new operators is made contingent on their compliance with the standard working conditions for the industry. However, the Federal

Network Agency has in practice rarely availed itself of this instrument, and in spite of cases of wage dumping it has never refused to grant a license.

Employment Levels

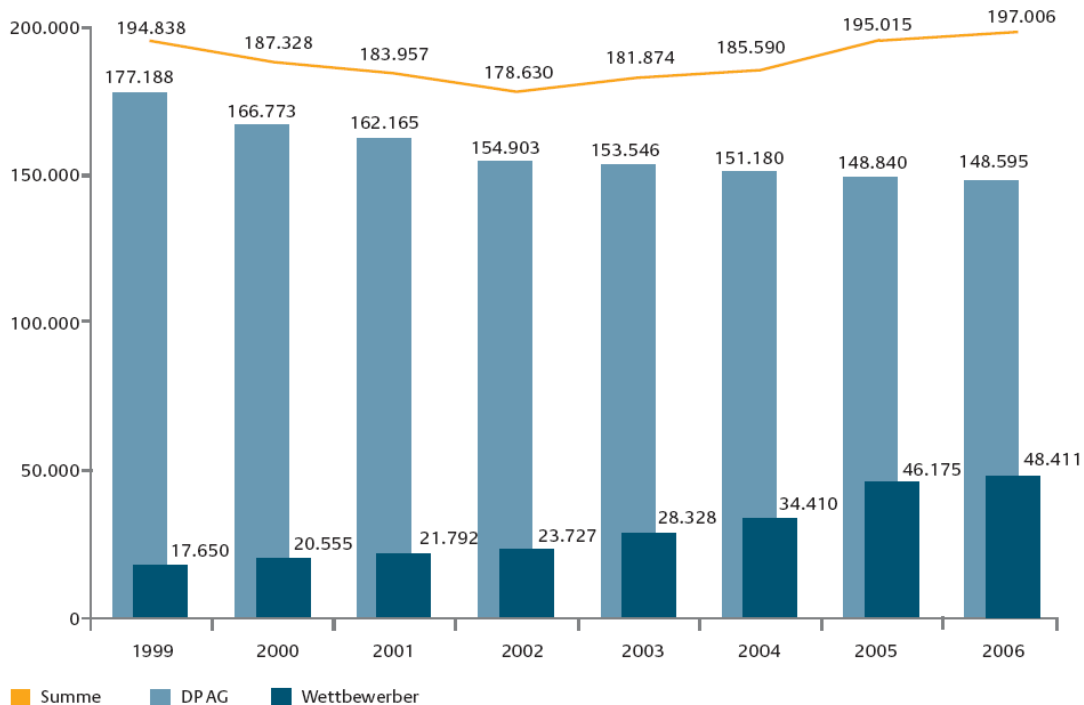
The level of employment has fallen sharply in the wake of the progressive liberalisation of the letter post market.

More than 30,000 full-time and part-time jobs were lost at Deutsche Post between 1999 and 2006. Deutsche Post cut more than 21,000 full-time and more than 12,000 part-time jobs between 1999 and 2006. In 1999, Deutsche Post had 114,343 full-time employees; by 2006, that number had fallen to only 92,913. The number of part-time employees fell from 62,507 to 50,116 (source: Annual Report of the Federal Network Agency 2007).

According to the Federal Network Agency, competitors created 48,000 jobs up to 2006. In 1999, competitors had 2,300 full-time employees, a figure which rose to 8,620 by 2006. The number of part-time employees hired by competitors rose from 4,160 in 1999 to 11,626 in 2006. However, in 2006, competitors employed 27,928 persons in so-called marginal jobs (also known as mini jobs which are not subject to social security contributions). This means that only 18% of the employment created by Deutsche Post's competitors are full time jobs; more than 24% of employees have part-time contracts and 58% work in precarious mini jobs (low-paid mini jobs pay less than an average of € 400 per month).

Thus, 80% of the jobs created by competitors do not provide a living wage. The jobs that did pay a decent wage at Deutsche Post have been edged out and replaced by precarious jobs among the competitors in the wake of market liberalisation.

Arbeitsplatzentwicklung DP AG – Wettbewerber (Vollzeit-, Teilzeit- und Arbeitsplätze mit geringfügiger Beschäftigung)



Beschäftigte nach Arbeitszeitmodell im Jahresdurchschnitt 1999 und 2006

		Vollzeit	Teilzeit	geringfügig Beschäftigte/ Minijobs	geringfügig Beschäftigte / kurzfristige Minijobs	Summe
DPAG	1999	114.343	62.507	338	nicht extra erhoben	177.188
	2006 ¹	92.913	50.116	3.543	2.023	148.595
Wettbewerber	1999	2.300	4.160	11.190	nicht extra erhoben	17.650
	2006	8.620	11.625	26.966	960	48.411 ²

¹ Wegen der Vergleichbarkeit mit den Vorjahreszahlen werden die Beschäftigten der DPAG ohne die 2006 erstmals anteilig ermittelten 21.500 Beschäftigten im Verwaltungsbereich dargestellt.

² inkl. 240 Auszubildende und Praktikanten

Statistics – Graph: Federal Network Agency (2007 Annual Report)

Long-term jobs subject to full social contributions are the exception rather than the rule among the new letter post operators.

Among the new operators, the percentage of employees who are hired on a mini job contract (i.e. earning less than € 400 without social security benefits) stands at almost 60%. The problem is further exacerbated by the increase in the number of employees on fixed-term contracts. Thus jobs are characterised by uncertainty, instability and dependency. According to a study carried out by Input Consulting GmbH in 2007, only 3.5% of all companies that are required by law to have a works council among the new letter post companies actually have some form of staff representation. This situation is due to the fact that management often does everything it can to prevent trade union organisation work and the establishment of works councils.

Job Quality – Collective Bargaining Activities – Minimum Wage

Collective Wage Agreement at Deutsche Post AG

When the state-owned Deutsche Bundespost was privatised and transformed into a joint stock company to become Deutsche Post AG on 1 January 2001, the collective agreement that covered Deutsche Bundespost was replaced by a collective wage agreement for Deutsche Post AG. As a result, the collective bargaining system which operated during the time of the Deutsche Bundespost – and which was used as a basis for determining the wage structure of the entire public service sector – had to be replaced by a private sector pay agreement (which was applied to the North Rhine Westphalian logistics and express delivery sector). The change in the type of collective agreement was rendered necessary because jobs used to be classified as a rule on the basis of the job classification system used for civil servants. Civil service jobs are classified and remunerated according to a public sector pay scale. Using civil service pay structures was no longer possible once the company was privatised. Once the Deutsche Post AG came into being, employees were graded according to the actual work they were required to perform based on the job description. In practice, this meant that average pay was cut by approximate 30%. For employees who were already on the payroll of Deutsche Post AG at 31 December 2000, a detailed assessment was made of acquired rights, and those rights are increased pro rata in line with each percentage increase in pay. As a result, since 1 January 2001, Deutsche Post AG has been applying the collective conditions and wage levels that are the standard for the industry.

Salary Levels Paid by Deutsche Post's Competitors

At the beginning of 2007 a study was carried out by Input Consulting GmbH (http://www.input-consulting.com/download/200612_Liberalisierung-Prekarisierung-Briefmarkt_Input.pdf) which showed that in the wake of market liberalisation, a growing number of new postal operators had sprung up who were responsible for a rapid increase

in the number of precarious jobs. The study also showed that the opening up the postal services market had led to cut-throat competition with wage and social dumping, and that market success was no longer determined by the quality of the services provided, but rather by low wage costs. This could set in motion a downward spiral which, if allowed to continue unchecked, will spell the end of job security and compliance with standards set by collective agreements.

According to Input Consulting, the hourly wage rate in 2007 paid by the new postal operators to postal delivery workers amounted on average to only € 7 in western Germany and an even lower € 5.90 in the eastern part of the country. Gross monthly wages for a 38.5 hour week thus amount to € 1,169 in western Germany and € 985 in eastern Germany. In 2007, Deutsche Post paid its postmen a starting wage of € 1,698 in addition to a holiday allowance (€332.34), a Christmas bonus (amounting to an extra month's pay) as well as a variable performance-related bonus. Thus, on average, employees who work for the new postal operators earn 40% less than their colleagues at Deutsche Post in western Germany and 50% less in eastern Germany.

Minimum Wage to Combat Precarious Employment

Because of the precarious working conditions described above, the Federal government decided to include the letter post market in the Posted Workers Act. This provided the legal basis for a minimum wage agreement to be negotiated between the employers and the unions, which was subsequently decreed binding on the entire industry by the Federal government.

At a special meeting organised in Meseberg on 23 - 24 August 2007, the government agreed that in preparation for the full liberalisation of the postal markets on 1 January 2008, it would adopt the Posted Workers Act in 2007 in order to include the letter post sector, provided that the social parties submitted a request to this effect.

Final Statement Issued by the German Government Following its Special Meeting on 23 - 24.08.07 (Meseberg)

"In conjunction with the liberalisation of the postal markets as of 1 January 2008, the Posted Workers Act shall be extended as of 2007 to include the postal services sector provided that the social partners present a joint request to this effect. The government bases its position on the assumption that over 50% of employees in the postal sector are covered by a collective agreement. The exemption from VAT for the nationwide provision of the universal service shall remain in force".

Minimum Wage Agreement with ver.di

The Postal Services Employers' Association (Arbeitgeberverband Postdienste e.V.), the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di), as well as representatives from the Christian Union Postal Services and Telecommunication (Christliche Gewerkschaft Postservice und Telekommunikation) and the Association of Postal Services and Communications Employees (Kommunikationsgewerkschaft DPV) signed a joint letter on 11 September 2007 asking that the Posted Workers Act be extended to the postal sector and they signed a minimum wage agreement. The collective agreement only covers "companies and independent operating divisions whose business is predominantly geared to the conveyance of letter mail on a commercial or profit-oriented basis for third parties".

On 14 December 2007, the German Bundestag (lower house of parliament) adopted in a roll-call vote the 2nd law modifying the Posted Workers Act. This introduced an extension to Article 1, paragraph 1, 4th sentence, which paves the way for "collective agreements for postal services provided that the business of the company or independent operating division is predominantly geared to the conveyance of letter mail on a commercial or profit-oriented basis for third parties".

The Ministry of Labour and Social Affairs published a draft ordinance implementing the minimum wage agreement negotiated by the Postal Services Employers' Association and ver.di in the Federal Gazette on 8 November 2007.

The vast majority of the members of the Bundestag approved the extension of the Posted Workers Act in the third reading. During a roll-call vote, 466 MPs voted in favour of the government bill, 70 against and 16 abstained. All the parliamentary groups supported this amendment with the exception of the centre-right liberal FDP party. According to the agreement, the minimum wage for employees who work as sorters or drivers is € 8 in eastern and € 9.80 in western Germany. The Bundesrat (upper house) also approved the law on 20 December 2007. For the

minimum wage to be effective as of 1 January 2008, the ordinance had to be promulgated. This was done by the Ministry of Labour and Social Affairs on 29.12.2007.

The Confederation of German Employers' Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände), the Employers' Association of the New Postal and Delivery Services (Arbeitgeberverband Neue Brief- und Zustelldienste) and the Federal Association of International Express and Courier Services (Bundesverband Internationaler Kurier- und Expressdienste e.V.) opposed the ordinance.

Postal Operators Attack the Minimum Wage

Not only did the Employers' Association of the New Postal and Delivery Services (AGV NBZ) issue a statement objecting to the new law, it also teamed up with the GNBZ union (Union of New Postal and Delivery Services Workers) on 11 December 2007 and signed an agreement on minimum working conditions for value-added letter services with minimum wages set at €6.50 to €7.50 an hour.

On 14 December 2007, the day on which the Bundestag reached its decision, the AGV NBZ and the GNBZ submitted a request that their collective agreement be declared generally binding for the industry.

The German Ministry of Labour and Social Affairs held that the collective agreement that had been submitted to it for approval was legally irrelevant because

1. GNBZ did not have the capacity to conclude collective agreements,
2. the collective agreement was a bogus agreement,
3. the collective agreement did not comply with the so-called predominance principle requiring majority representation in the letter delivery sector.

GNBZ as a Ghost Union

GNBZ is a ghost union which was set up in the autumn of 2007 by the competitors of Deutsche Post AG. There is evidence to show that GNBZ was financed by the new postal operators, primarily Pin AG, in order for them to have a compliant negotiating partner.

The German public prosecutor's office in Cologne is currently investigating whether to bring a breach of trust case against the chairman of the PIN Group and TNT.

The Industrial Tribunal of Cologne decided on 30 October 2008 that GNBZ was not a trade union and therefore was not entitled to conclude a collective agreement.

As of 1 January 2008, Pin Mail Berlin has been paying the statutory minimum wage. TNT, on the other hand, still refuses to pay its employees the statutory minimum wage. It currently has a company agreement with CGPT (the Christian Union of Post and Telecommunication Workers) according to which the hourly rate is fixed at between €6.50 and €7.50.

Collectively Agreed Wages Between €8 and €9.80

Pin Mail and TNT regularly complain that the minimum wage of between €8 and €9.80 is unusually high and that its only function is to deter competition. The argument is however baseless.

Tarifverträge Speditionen-Logistik Stand 2009	
	KraftfahrerIn
Thüring/Sachs/S-Anh	8,33 - 9,03 €
Hamburg	9,30 - 9,94 €
Schleswig-Holstein	9,54 - 10,18 €
Niedersachsen	8,91 - 8,99 €
Bremen	9.62 €
Berlin	10.50 €
Brandenburg	9.58 €
NRW	10.36 €
Hessen	10.16 €
Baden-Württemberg	12,13 - 12,63 €
Südbaden	11,31 - 12,21 €
Bayern	10.73 €
Saarland	11.25 €
Rheinland-Pfalz	9,20 - 9,47 €

A comparison of the wages set out in the national collective agreement shows that drivers are all paid over €8 and €8.40 in eastern and western German respectively.

The contractual wage for postmen is always over €9 in eastern, and €9.80 in western Germany.

Berlin: €10.08 (€10.50 delivery with a vehicle)

Brandenburg: €9.18 (€9.58 delivery with a vehicle)

Hamburg: €10.04 - €10.67

Schleswig-Holstein: €9.85 - €10.52

The minimum wage is thus significantly lower than the contractual wage that Deutschen Post pays its postmen!

Other Bargaining Activities

In 2006, a list of job characteristics for postmen was added to the collective agreement for the logistics sector in Berlin, Brandenburg, Hamburg and Schleswig-Holstein. The purpose of this modification was to encourage the postal operators to join one of the employers' federations and thus to agree to be bound by the collective agreement for the sector. Had the operators agreed to become a member of one of the employers' federations, they would have had a say in determining wage levels. There has not been a single case of a new operator joining in the collective bargaining process.

Starting in February 2007, ver.di attempted to negotiate a company agreement with the PinGroup AG, which is the largest of the new postal operators. The negotiations broke down in July 2007 because the Pin company refused to react to the written request submitted by ver.di for a basic hourly wage for postmen to be set at €10. As a result, no real negotiations got underway.

Decision of the Administrative Court of Berlin and the Higher Administrative Court of Berlin-Brandenburg Regarding the Minimum Wage

Deutsche Post' competitors filed a complaint with the Berlin Administrative Court against the minimum wage ordinance promulgated by the Federal Republic of Germany.

They argued in substance that the Federal Labour Minister had exceeded his authority by extending the minimum wage for the letter post sector to all workers employed in the sector.

The three plaintiffs,:

1. PIN Mail AG Berlin
2. BdKEP – the Federal Association of International Express and Courier Services
3. TNT Post Regioservice GmbH,
4. Ridas Sicherheits- und Handelsgesellschaft mbH (a TNT company),

decided to sue the German government over the minimum wage.

In their complaint, they stated that because the Labour Minister had exceeded his powers by extending the minimum wage to all workers in the sector, the ordinance had to be declared invalid.

Decision of the Berlin Administrative Court of 7 March 2008

The Berlin Administrative Court held that the ordinance of the Ministry of Labour and Social Affairs was invalid as the collective agreement negotiated between Deutsche Post and ver.di had been extended to cover all employers and workers not covered by the collective agreement but falling within the same sector. As a result, the Court claimed that the Minister had exceeded his legal authority which is limited to the imposition of an ordinance on employers and workers who are not covered by a collective agreement.

The Berlin Administrative Court based its decision on the Posted Workers Act, and in particular Article 1, paragraph 3a) 1st sentence, which states that in order to be in conformity with the Constitution, an ordinance is only valid if it applies the legal provisions of a collective agreement on all employers and employees who are not covered by any collective agreement. The minimum wage ordinance, however, extends the collective agreement to all employers and employees who are not bound by the collective agreement in question. According to the Posted Workers Act, Article 1, paragraph 3a), 1st sentence,

(3a) If a request is made to declare a collective agreement binding on an entire sector in accordance with paragraph 1 or paragraph 3 (1st sentence), the Ministry of Labour and Social Affairs may, under the conditions specified therein, issue an ordinance without the approval of the upper chamber of Parliament (Bundesrat) that the statutory clauses of the collective agreement shall apply all to all employers and employees who fall within the scope of this afore-mentioned agreement but who are not bound by a collective agreement.

As the government filed an appeal, the decision does not yet come into force.

The Higher Administrative Court of Berlin heard the appeal on 18 December 2008 and only partially modified the decision of the lower court.

The first point made by the Higher Court was that appeal of the German state against the complaints filed by plaintiffs Pin Mail AG, TNT Post Regioservice GmbH and Ridas Sicherheits- und Handelsgesellschaft mbH (TNT subsidiary) was receivable. The complaints filed against the minimum wage ordinance were rejected as inadmissible (but not unfounded). The point as to whether employees were entitled to claim a minimum wage had to be determined by the Industrial Tribunals and not by the Administrative Court.

However, the Higher Administrative Court rejected the appeal of the federal government against the complaint of the BdKEP – the Federal Association of International Express and Courier Services. Basically, the Court upheld the decision of the court of first instance.

The Court confirmed the view of the Berlin Administrative Court that the federal government had exceeded its authority by adopting a minimum wage decree covering letter post services because according to Article 1, para-

graph 3a), 1st sentence of the Posted Workers Act, an ordinance may only be applied if the statutory provisions of a collective agreement are extended to include all employers and employees who are not covered by a collective agreement – in other words to the non-parties to the agreement.

New Version of the Posted Workers Act

In February the Bundestag and the Bundesrat approved a new version of the Posted Workers Act. According to this new version, which reflects the decision of the Administrative Courts, the right for the German government to issue an ordinance has been extended:

Article 7 Ordinance:

(1) Within the meaning of this paragraph, if the government receives a request for a declaration of general applicability, the Federal Ministry of Labour and Social Affairs may adopt an ordinance without requiring the approval of the upper house (Bunderat) extending statutory provisions of this collective agreement to all employers and employees who fall within its scope and who are not bound by said agreement.

As a result, a solution which offers greater legal certainty has been found to allow the Federal Labour Minister to impose a minimum wage for the letter post sector.

Currently, the minimum wage is only applied in exceptional circumstances. The practical application of the minimum wage is constrained because the monitoring authority for illegal employment (FKS), which is responsible for sanctioning cases of non-compliance, has been waiting for a resolution of the conflict surrounding the applicability of the minimum wage ordinance. In order to enforce the minimum wage in the letter post sector effectively, we believe it is essential that a new ordinance be promulgated which establishes a minimum wage of €9.80 on the basis of the modified Posted Workers Act. Postal operators must be prevented from imposing dumping wages on hard-working employees just to be able to increase their profits.



Japan JPGU

By the Japan Postal Group Union (JPGU)

Process of Postal Privatization

Private mail act enacted in April 2003 liberalized Japan's postal market. The law gives special permissions to private mail business companies full with certain conditions to enter to mail market in Japan. As for Japan Post (former Japan Public Postal Corporation), the company is regulated by postal law which enables postal company to monopolize letters.

Full postal liberalization has not been carried out yet. Private postal mail law controls postal market by posing certain entry conditions on private operators.

That law admits two types of entry. First one is "[t]he General Correspondence Delivery Service." Mail items weigh 250g or less; and mail items that, in principle, are to be delivered within 3 days of being mailed. Entry conditions are obligated as follows; (i) nationwide delivery services; (ii) placing approximately 100,000 collection boxes across the nation; (iii) delivering mail items 6 days a week and more. Second one is "[t]he Special Correspondence Delivery Service." This service provides high value added service. This service shall deliver any of the following mail items only: (i) dimensions totaling more than 90cm or weight over 4kg; (ii) to be delivered within three hours of being mailed; (iii) to be charged 1,000 yen or over. At the same time, businesses are able to enter to exclusively designated areas.

Entry conditions have not been revised since that mail law was good in 2003. However, no company has participated in the General Correspondence Delivery Service since the enactment of mail law in 2003. The government is now considering taking deregulatory measures for the competition of promotion. The final report submitted by the government study group on June 2008 presented recommendations on; (i) calling for full liberalization of postal market,(ii) making a quick examination of how a new type of universal service can be secured and what entry regulation should be. In wake of this report, a new study advisory group set up by the government is scheduled to make conclusions on how to measure the USO cost and how should the USO be financed.

In Japan, last few years saw reorganization of the traditional postal operator of Japan Post. First, in April 2001, postal operator was cut off from the government and became Japan Postal Agency which was an external body of the General Affairs Ministry. Next, in line with postal liberalization implemented in April 2003, Japan Postal Agency was transformed into Japan Postal Public Corporation fully owned by the Japanese government. Furthermore, in October 2007, Japan Postal Public Corporation was privatized and broken into 4 companies under the holding company. The mail delivery unit of that public corporation was reorganized into Japan Post

Service. The postal saving division turned to Japan Post Bank; postal life insurance to Japan Post Insurance; counter division to the Japan Post Network. Today, these four companies form “Japan Post Group” and are doing integrated business activities.

In wake of postal liberalization, private postal operators have started to provide their own businesses. Up to these days, postal liberalization allowed new entrants only to the General Correspondence Delivery Service; local designated services and high value added services. Thus these new entrants have not given a big impact on the incumbent. The market share of new entrants is about 0.1% in 2007. In fact, the emergence of competitors has inspired incentives to business effectiveness and business actions of the incumbent.

In addition to new entry by private postal law in Japan, currently the law for truck transportation enables truck transportation companies to make home deliver service of DMs and booklets. That is “private mail delivery” expanding its market share in letter. About 8% of letter market is occupied by “private mail delivery” as of 2007. Mail items handled by these transportation companies are not viewed as “letters” by postal law and private postal law. Thus, universal service and privacy of correspondence have been endangered, the result of which casts dark shadow to the incumbent.

Employment

Full time workers in mail delivery business have been down from approximately 120,000 to 109,000 by approx.11,000. Its main factor is resulted from business streamlining and mechanization, not from postal liberalization. However, in the meaning of building up competitiveness, it is believed that this figure shows indirect influence in the meaning of building up competitiveness. Privatized mail delivery company’s workers are about 96,000 as March 2008.

No employment shift has happened from the incumbent to competitors.

Quality of Employment

Postal liberalization has not led wage changes to mail delivery workers due to the fact that labor-management agreement blocks to cut wage levels of postal workers. Considering the climate of wage levels across Japan’s industries, mail business performance, and future mail business outlook, annual labor management decides wage levels. Last few years saw little wage increase due to poor mail business performance linked with slowing down of demands.

Serious employment problems are increasingly shifted employment patterns from full time workers to part time workers. Atypical employment involves part timers, agent workers, and re-employment of retired aged workers. Today, Japan Post Service holds about 130,000 irregular workers. The reality is that there are more irregular workers than regular workers in that unit. Irregular workers are fixed-term employment placed in unstable employment meaning no promise to renew employment contracts. Simultaneously, working conditions are lower than that of regular workers. In general, irregular workers are used to adjust labor supply and demand by companies. This is true to postal industries. This is a big challenge for trade unions in general in Japan. Currently, JPGU has been organizing irregular workers, 20% of which workers are now unionized.

New entrants into Japanese market target specialized geographical areas and specialized services. New entrants tend to be small-sized players. Thus, JPGU is unable to collect detailed data of those companies on whether labor-management agreement exists or not, and wage levels is unavailable now. From the viewpoint of general Japan's employment practice, most new entrants tend to employ part-timers placed in unstable employment. As results, wage levels of workers are lower than those of the incumbent.

Universal Postal Service

The Postal Law stipulates to promote the welfare of the people by the provision of postal services at the lowest possible charges, on a nationwide scale and in a manner fair to all.

The object of the universal service is as follows;

- Domestic Mail; up to 4kg of post cards and letters, up to 1 kg of periodicals and others. Special service (registered, certification of delivery service, certification of contents, and others)
- International Mail; up to 2kg of letter, and up to 30kg of parcel (including EMS)

Cost of universal service is cross-subsidized in Japan Post Service. It has received neither tax money nor tax break from the government. In order to block cherry-picking practice, certain conditions are placed on new entrants. See #1

Japan Post Service has exclusively provided universal service since the start of postal privatization in October 2007. Private postal law shall impose USO on "general entrants into nation-wide market," however, so far there is not a single company entering into this market. Thus, universal service is now offered by Japan Post Service.

Six days a week delivery is basically guaranteed by universal service obligation. Mail items, in principle, are to be delivered within 3 days of being mailed. In fact, mail items are to be delivered within 2 days of being mailed. In terms of service quality, there is no influence from the postal privatization.

Regulation

The Bureau for Postal Administration of General Affairs Ministry manages postal service. When postal privatization started in April 2003, the role as a regulator and an operator was clearly separated. As for the current regulatory law, there are two laws; first is postal law which regulates the incumbent (Japan Post Service); second the law controlling new mail entrants. The regulator above stated supervises the incumbent operator of Japan Post Service and new private entrants.

Regulator allows would-be new entrants to start their own delivery services, and entrants to quit their services. The regulator strictly controls service provisions, privacy of correspondence, and so on. As the result of partial deregulation related with the incumbent, the way of pricing system has changed from approval system to notification one.

As for network access, private postal law shall require would-be operators to create their own network as a prerequisite for being the General Correspondence Delivery Service. Each operator shall exclusively use its own network, not allowing other operators to access different networks. Thus, Japan Post Service is unable to access other networks established by other operators. However, some believe that network access among players should be admitted for stipulating postal market. Currently, the government is dealing with what network access like (access rules and access charges) should be.

Only 41 new entrants were in the special delivery market since the liberalization started in 2003. 159 delivery companies in Fiscal Year 2005; 263 companies in FY 2008. In proportion to increase in mail items accepted, incomes have grown. The end of FY2006 handled 343 million items and produced 2.2 billion yen in the special delivery market. Yet, due to the fact that service provision is limited, it is hard to compare this market to that of the incumbent (billion items; 21.1, income; about 1.2 trillion yen) in size.

No special social regulation on employment of new entrants, wage level of workers, and others are taken into account. As for employment and pay level, general employment rules and labor rules are applied to these workers.

The Role of Trade Unions

Regarding of process of postal liberalization, trade union have been lobbying Diet members and government ministries by using its political power. As postal liberalization is especially big impact on universal service, trade union pressures relevant organs to control the scope of liberalization and its speed.

Mail business has an aspect of public nature. So when the nature of its service is talked of, the viewpoint of customers and all levels of Japanese citizens should be more focused on than that of the trade union. Thus, postal union should conduct various surveys and policy proposals to gain supports and understandings from every citizen and every local.

Media has covered postal situations in local areas and anti-postal privatization campaigns done by consumers and NPOs. Actions covered by media have affected national politics largely. Especially, resolutions and opinions made by heads of local communities and local assemblies have the political effect of policy making. Therefore, it is necessary to arrange these actions effectively.

Unionizing workers of new entrants has not yet been carried out. Many of private companies dealing with “private mails” have enterprise-based unions. Information exchanges and meetings have been held through these unions.

Morocco

By the Fédération Nationale des Postes et Télécommunications - Union Marocaine du Travail (FNPT-UMT)

Liberalization process:

So far, "Poste Maroc" still remains a public State-dependent institution that is directed by a Governing Body (presided by the Prime Minister) and outlined by law # 24-96 (Annex 1).

However the market is open to some national or multinational private-sector companies in the field of mail and logistics such as Chronopost, TNT, CTM, DHL, Moroccan Transport Company.

Even with regards to financial services, it is semi-open where orders can be sent through Moroccan banks, whether inside Morocco or through those coming from abroad, in addition to the multinational companies that are operating in the field of money transfer at the international level such as Money Gram and Western Union. There is a dispute arising from bill # 07-08 which aims at transforming "Poste Maroc" from a public institution to a limited company. It is entitled "privatization in the horizon of liberalization" and is currently presented before the Committee on Finance, Equipment, Planning and Regional Development at the first chamber of the Moroccan Parliament – Advisory Board – (Annex 2).

A Ratification of the bill by both chambers of the Parliament – God forbid – is considered a great gateway towards liberalization and privatization.

Legally, "Poste Maroc" enjoys the monopoly of 1 kg with regards to normal letters and 5 kg with regards to parcels and logistics. However, this monopoly is being violated and assailed in various forms depending on the company concerned:

- Concerning CTM, the Moroccan Transport Company operating in the field of passenger transportation, which also operates in the field of logistics transportation, is swindling in the transportation and distribution of parcels - the weight of which is less than 1 kg - by increasing the weight of the parcel through the addition of salt for example (salt parcels) so as to exceed the weight of 1 kg. This is a swindling of the postal monopoly.
- With regards to REDAL, a water and electricity distributing company that is directed by VEOLIA, it directly distributes the monthly consumption invoices, the weight of which does not exceed 10 grams, in a manner that fully challenges the laws.
- As for DHL, it only has headquarters in the following big cities: 1) Casablanca, 2) Rabat, 3) Tangier, 4) Marrakesh, 5) Safi, 6) Agadir, 7) Fes/Meknes, i.e. in seven locations only and hence cheats by using the network of "Poste Maroc" to send parcels that are distributed inside Morocco in the midst of areas that are devoid of the company's offices or in remote areas. This is also true for TNT.
- As for Chronopost, it is a subsidiary branch of "Poste Maroc".

Regarding the current project, there is a clear intention to simultaneously liberalize and privatize "Poste Maroc", especially if we take note of Article 4 of bill 07-08 (the same thing occurred with Morocco Telecommunications). During the negotiations that are currently taking place with the Moroccan government/Ministry of Industry, Trade and Modern Technologies/"Poste Maroc" and in light of the combative movement led by the National Federation of Posts and Telecommunications and the Moroccan Labour Union which has taken various forms, we started to hear from the Director General of "Poste Maroc" and from the Minister of Industry, Trade and Modern Technologies that they are ready to sign with us a document indicating that the current bill 07-08 will be amended so as to formulate our claims in it such as having the Government/"Poste Maroc" Management commit themselves to maintaining all existing post offices and increasing their number so as to develop the network, preserve employment stability, guarantee the maintaining of public services, and preserve the social feature of "Poste Maroc". So far this is only talk.

"Poste Maroc" Management restructured the institution without abiding by the Moroccan Labour Law which imposes on it to negotiate with us since we are trade union representatives. Following strikes we led, a common agreement was reached through which a programme was laid down to review the policy of a negotiated restructuring (Annexes 3 and 4).

Employment level

In view of the current phase through which "Poste Maroc" is going and considering that it is still a public institution, you will see in the memorandum issued by the National Federation of Posts and Telecommunications/Moroccan Labour Union the stages through which the sector went since the first indications of the foundation of "Poste Maroc" (Annex 5).

	02	03	04	05	06	07	08
Principle agencies	661	671	680	681	695	712	746
Affiliated agencies	145	151	160	167	157	173	172
Village agencies (*)	789	801	813	825	834	841	841
Total	1595	1623	1653	1673	1686	1726	1759

Evolution of the number of employees

2002	2003	2004	2005	2006	2007	2008
8699	7843	7920	8032	8176	8393	8700

Important note: Included in the network of "Poste Maroc" are the Rural Postal Agencies symbolized by (*) the number of which were "845" in 2008, i.e. 845 agency managers, and yet it does not count this number among the number of employees.

There is an important increase and evolution in postal services resulting in huge work pressure within all sectors (mail, logistics and financial services). In addition, the number of employees is very low in comparison with the population density which forces employees to work extra hours on a daily basis and without pay (a battle is currently taking place on this question) and to work on Saturdays and during annual holidays in a way that all post-

men and women and box office assistants in the four sectors especially in the production sites do not regularly benefit from these holidays.

As for the changes seen in the composition of employees, these are due to pensioning-off or voluntary departure or low job levels in comparison with the needs.

Employment quality

Concerning wages:

Managers of Postal Agencies, through whom "Poste Maroc" ensures providing public and universal services in remote areas, only receive 450 dirham (= 45 euro) which is a fifth of the minimum wage applied in Morocco.

They are neither entitled to retire nor to enjoy holidays or health coverage. They have the right to no rights!!!

Combative struggles are taking place on this matter and there are promises to settle this case.

- Contractual frameworks benefit from very high imaginary wages in comparison to statutory frameworks.
- There have been general increases in wages due to combative struggles in 2004 and the increase was about:

300 dirham (about 30 euro) for steps 1 to 12

450 dirham (about 45 euro) for steps 13 to 16

650 dirham (about 65 euro) for steps 17 to 20

1100 dirham (about 110 euro) for steps 21 to 24

1400 dirham (about 140 euro) for steps 25 to 28

In 2006, the employees benefited from a monthly increase of 150 dirham (about 15 euro) divided into three years, i.e. 50 dirham (about 5 euro) but it was refused by the National Federation of Posts and Telecommunications/ Moroccan Labour Union and we entered into combative battles for a year and a half after which an agreement was made with the Administration to another additional increase of 250 dirham which is about 25 euro (Annex 11).

Negotiations are under way for another increase and we know that the intention of both the Administration and the Government is to grant this increase but in exchange of having the Federation ease up and allow for the acceptance of the bill 07-08 which aims at transforming "Poste Maroc" into a company.

The minimum and maximum wages in the "Poste Maroc" institution are:

Step 1: 2700 dirham (about 270 euro) _____ step 28: 15'200 dirham (about 1520 euro).

As for retirees, it is about 60'000 dirham (about 6000 euro).

There is no collective agreement within "Poste Maroc" because the Moroccan government has not ratified the international convention which allows for collective agreements in the public service and in public institutions. Because the sector is organized in the form of a public institution there is both:

- A common declaration that was signed on the 15th of February 2005 under the auspices of the government; and
- A common contract that was signed on the 19th of December 2007 (Annex 11).

Yes, subcontracting is taking place with regards to work that constitutes the core-speciality of “Poste Maroc”, i.e. the essence of the work carried out by postmen/women such as distribution and work within logistics and there is a strong fight to impose the respect of the law and we have confidence in our combative struggles and that we will impose it. This matter no doubt requires your solidarity and that of all those engaged in UNI Postale.

- There are Permanent Temporary Agents who are confirmed in their functions after seven years – the Moroccan Labour Code made an achievement which allows this category to be confirmed in their functions after only three months of work and we are fighting to ensure that the basic law of “Poste Maroc” is compatible with the Moroccan Legal Organization and international laws at the International Labour Organization (Annex 7).
- There are marginal temporaries and we have succeeded in confirming the functions of about thirty of them. However, there still remain about 150 of them. A struggle is being undertaken to settle this question from within the common contracting referred to above.

Universal Service

The basis of “Universal Service” is to provide postal services in their general form to all citizens within any population density and which are in need of more development by upgrading the Postal Network. Since the post office is the only gateway to benefit from the various services entrusted to “Post Maroc”, its domain comprises therefore all the regions within the national territory.

“Post Maroc” is currently the institution entrusted with providing “Universal Service” since it is the historical operator and hence the only one that finances this service.

The quality of “Universal Service” is currently ranked as “B” according to the international standards of the Universal Postal Union (UPU) after having been ranked as “C” and we are exerting pressure today and there is also a desire by “Poste Maroc” to upgrade it to the level of “A”.

Regulation

Liberalization/Privatization has not taken place yet and therefore there is no regulating authority so far such as that found in the field of telecommunications at the National Agency for the Regulation of Telecommunications (ANRT).

Role of Trade Unions

Since 2004, we have started to perceive - through some discussions and expressions voiced by certain responsible officers of the institution or by certain ministers - that something is secretly in the making for the institution. We have started to try and predict the events by provoking the officers for example to say that “we are against privatization or liberalization” especially during the official occasions which brought us together with them (on the 15th of

February 2005 and on the 19th of December 2007 or during the Parties' meetings). We have issued statements in this regard and also during gatherings at local/regional branches or during national meetings ... national councils.

We also provide organizational platforms with internal bulletins and similarly the whole sector with notifications/statements, press articles and all documents we obtain from UNI Post & Logistics or through research on web-sites. We have also made use of some study and research centres such as the Aziz Bilal Centre for Studies and Research (CERAB) and benefited from some former postal authoritative persons such as Professor Mourad Aklai who was a central Director at the Post's administration (Annex 6). In addition, we have proposed to establish a national front to face the privatization of the institution and to preserve public, social and universal services through the memorandum we presented to the Moroccan government and to the management of "Poste Maroc" (Annex 5). And this is a matter in which we have been successful since a national instance for the defence of public services was established. The first case it will be working on is the "Post Maroc" case in view of bill # 07-08. This instance includes, in addition to the National Federation of Posts and Telecommunications and the Moroccan Labour Union, legal and civil associations (ATTAC Maroc, associations to protect the consumer, associations to combat expensive living standards, associations to combat the increase in prices) as well as five political parties and institutes for studies. We are still working on widening the scope of this front.

This came as a result of a continuous campaign undertaken by both the National Federation of Posts and Telecommunications and the Moroccan Labour Union among all the components of the Moroccan political, legal and academic spheres and which culminated in the Study Day organized on the 24th of January 2009 by the Progress and Socialist Party and by the Aziz Bilal Centre for Studies and Research with the active participation of the National Federation of Posts and Telecommunications/Moroccan Labour Union. One of the recommendations that came out of that Day was an invitation to establish this front/instance and to work on preparing the National Federation of Posts and Telecommunications/Moroccan Labour Union platform/memorandum.

We exerted strong pressure on the government and the parliament through a national strike which led to the halting of the discussion on the bill no 07-08 in the parliament and to the organization of a national dialogue – for which we are still preparing – in addition to the letter that was addressed by UNI post & Logistics to the Moroccan Prime Minister.

As for the obstacles, there is a governmental intention to bypass the content of the national dialogue which opposes the attendance of international experts on our side and refuses to open the dialogue to Moroccan parties and associations of the civil society and seeks first to secretly discuss bill no 07-08 in the parliament. But we are standing against it with determination from within the parliament.

As for DHL, it has been organized within the Moroccan Labour Union and we are now in the process of attracting the workers of TNT and Chronopost for example.

As a result of this pressure, which we will no doubt need to increase at the national level, we are in this regard seeking to expand it to the international level through you and through UNI Post & Logistics. No doubt we might be able to make a model out of the Moroccan experience in order to:

preserve public services that have a social character;

preserve the universal service;

strengthen civil rights as well as social, economic and cultural rights for both employees and users;

preserve State monopoly through "Poste Maroc" in terms of current mail and parcel weight sizes, internal financial transfers and the development of international financial transfers by expanding the network of international postal contracting in the context of the IFS.

Matters related to gender and anti-discrimination

Concerning gender relatedness with regards to the daily struggle carried out by the National Federation of Posts and Telecommunications/Moroccan Labour Union:

- at the organizational level of the National Federation of Posts and Telecommunications/ Moroccan Labour Union:

We have important percentages of sisters at the national leadership level of the National Federation and at the level of regional and local branch offices;

Five General-Secretaries for five local branches (1- Ben Jarir branch, 2-Satat, 3-Tamarra, 4- Azro, 5-Midelt).

We are in the process of establishing a forum for post-women.

- at the level of demands, there are professional requests purely related to post women some of which we have achieved and others we are in the process of achieving;
- At the professional structural level, there are post women who occupy positions of responsibility at the level of Directors of post offices including the main offices and they are also heads of services or sections and there is a head of one sector but at a contractual basis and we have our positions with regards to this last category because they enjoy special prerogatives in comparison with the rest of the statutory employees.

Observations:

“Post Maroc” has obtained a limited banking authorization called “Al Barid Bank” with a capital of 200 million dirham through the decree no 2.08.258 issued on the 5th of June 2008 and published in the official paper (issue 5640 dated 19th of June 2008) despite the fact that “Poste Maroc” is still a public institution that is organized by law 24-96 (legislative text).

Among the challenges we face is the acute lack of equipment and of logistic and material means which limits our continuous and combative movements (till this hour we have no site on the internet for example).

The management officials in “Poste Maroc” are still restricting trade union rights and freedoms.

The Netherlands

By AbvaKabo FNV

General information

TNT Post is a subsidiary of the TNT Group. The TNT Group has 160,000 employees worldwide. Roughly 70,000 of these are employed in the Netherlands. TNT Post is primarily active in the postal sector: the collection, sorting, transport and distribution of letters and parcels. TNT Post also specialises in data and document management, direct mail, e-commerce and international post. TNT Post employs more than 80,000 people worldwide, roughly 40,000 of whom work in the Netherlands. Turnover (in the Netherlands) in 2005 was 3.9 billion EUR (2007: 4.2 billion EUR). TNT's total turnover was 9.3 billion EUR in 2005 (2007: 10.2 billion EUR). Profits before tax were 1.1 billion EUR (2007: 1.2 billion EUR). (<http://www.tntpost.nl/overntpost/bedrijf/geschiedenis/>)

The company's postal operations in the Netherlands have been shrinking steadily, while at the same time it has been expanding rapidly abroad. Services have been expanded to include logistics, parcel services and express services. In the Postal division, the number of employees has dropped from 60,000 (in 2001?) to 42,000 (in 2007).

Liberalisation process

History

1970-1980 – Commercial policy

In the 1970s, the image of postal services started to change: originally considered a government service 'for the public good', postal services increasingly began to be seen as a profit-oriented business. By the late seventies, TPG Post began to pursue a commercial policy, offering tailor-made products and services to meet customers' needs. A distinction was drawn between the business and private markets. In all probability, the postal sector's return to profitability in the late eighties would not have been possible if this commercial policy had not been followed.

1989 – Independence (privatisation)

On January 1, 1989, the PTT, a state-owned enterprise, was transformed into the NV Koninklijke PTT Nederland ('Royal PTT Netherlands plc' – KPN), the main operating companies of which were the TPG Post BV ('TPG Post Ltd') and PTT Telecom BV ('PTT Telecom Ltd'). KPN was granted two exclusive concessions by law. One of these dealt with the postal sector. Under this concession, the company was required to provide domestic and international transport (both to and from abroad) of letters and other addressed mail weighing no more than 10 kg. TPG Post BV was required to respect the guidelines established by the Ministry of Transport, Public Works and Water Management. In return, the company was granted the exclusive right to transport letters not exceeding 100 g, as well as the right to place letter boxes along public roads and issue stamps bearing the image of the monarch and/or the word "Nederland".

In 1994, KPN went public.

1993 – Post offices go independent

Already in the previous century, post offices had grown to become important "one-stop shops" offering a range of public services. By the 1980s, post offices needed to adapt to the changing needs and wishes of their customers, and so TPG Post decided to completely overhaul its approach, a process which is still ongoing today. The increasing use of electronic options has translated into fewer customers at post offices. In response to this, TPG Post decided to offer its products and services in outlets placed in existing shops. This led to the closure of all post offices. At the same time, 1,400 new service outlets were opened.

In 1993, TPG Post converted its Post Office Division into an independent company: Postkantoren BV ('Post Offices Ltd'), a joint venture of TPG Post and Postbank NV ('Postbank plc'). Post offices currently offer the products and services of TPG Post, Postbank and other business partners.

1996 – Splitting of post and telecoms

In December 1996, Koninklijke PTT Nederland (KPN) took over the Australian company Thomas Nationwide Transport (TNT) and merged it with its operating company PTT Post. In June 1998, PTT Post and PTT Telecom were split up. Together with TNT, PTT Post became a subsidiary of the TNT Post Groep ('TNT Post Group' – TPG). PTT Telecom continued as an independent company and became the Koninklijke KPN NV ('Royal KPN plc'). In 1998, the TPG part was split from KPN and obtained a separate listing on the stock exchange.

2002 - PTT Post becomes TPG Post

On May 1, 2002, PTT Post changed its name to TPG Post. Largely due to its international ambitions, the company needed a name that would allow it to position itself on foreign markets. The name Koninklijke TPG Post (known abroad as Royal TPG Post) offered more opportunities in this respect. The abbreviation PTT still had historical connotations in many countries (state-owned, bureaucratic, etc.) that did not suit the modern and innovative postal operator that TPG Post had become.

2006 – TPG Post becomes TNT Post

On October 16, 2006, TPG Post changed its name to TNT Post. The reason behind this change had to do with increasing competition, both domestically and abroad. The choice was therefore to use a global brand to strengthen the company's position, both domestically and abroad, over the long term. The name change is being phased in over a period of several years. (<http://www.tntpost.nl/overtntpost/bedrijf/geschiedenis/>)

The first step to complete liberalisation of the national postal market was taken in 1997. This was the year of the application of the European Postal Directive in the member states of the European Union. Under this directive, national postal operators were required to provide a number of services in return for a monopoly over part of the postal market. For TNT Post, this meant that they were required to carry all letters and parcels not exceeding 10 kg at affordable and uniform rates, independent of the origin and destination within the Netherlands. They were also required to collect and deliver postal items not exceeding 2 kg 6 times a week and guarantee next-day delivery of 95% of domestic mail. In return, TNT Post was granted the monopoly for concession mail not exceeding 50 g. Unlike in most neighbouring countries, direct mail does not fall under the monopoly rights in the Netherlands.

Privatisation of the state-owned enterprise PTT officially took place on January 1, 1989. However, the state has always remained a shareholder in the company. Current estimates are that 18% of TNT Post's shares remain in state hands.

In June 2007, the Lower House of the Dutch Parliament passed the new Postal Act, an act which marked their approval of the cabinet's proposal as to how full liberalisation of the postal market should take place. The Upper House has not yet given its approval of the Postal Act, partly because developments abroad are not keeping pace, but also because the working conditions for letter carriers have not been properly dealt with. The Act should have entered into force on January 1, 2008, but this was postponed (initially until July 1, 2008, then until January 1, 2009, and then indefinitely). However, the postal market must be fully liberalised by the deadline set by the EC, which is January 1, 2011.

Recent developments in the postal market and TNT Post

The Minister of Social Affairs and Employment recently issued an Administrative Decree applying to the Postal Act. For the four years following the liberalisation of the market, postal operators without a collective labour agreement (CLA) are obliged to work solely with labour contracts and not commission contracts. For companies with a CLA, a phasing-in model applies, which provides for the conversion of commission contracts into labour contracts. With this decision, the Minister has shown that he accepts the conditions for complete liberalisation of the postal market, which the ABVAKABO FNV have been demanding for years now.

Peter Wiechmann (Director of Postal Affairs at ABVAKABO FNV): *“We are pleased that the Minister has realized that when it comes to opening up the postal market, we need a big stick in the form of an Administrative Decree. Furthermore, we have been able to convince the other parties to the CLA of the wisdom of applying a phasing-in model before complete liberalisation. This represents the end of the undesired legal form of the commission contract and the start of the creation of decent working conditions for letter carriers at new postal operators.”* *“If we have to have full liberalisation, then it is better to introduce it sooner, with the phasing-in model and the Administrative Decree, than later, without these conditions. If the cabinet should decide to postpone liberalisation, then it is the government itself that will have to establish the necessary grounding in the form of working conditions.”*

The cabinet decided on February 20, 2009 that the postal market would be fully opened up on April 1, 2009.

Employment

The whole privatisation and liberalisation process has led to job losses. In the field of mail delivery, the number of jobs has dropped from 60,000 to 42,000, and it is predicted that another 7000 jobs will be lost by 2011. 2500 post office jobs have also been lost. Granted, 20,000 people have been hired to work for the new postal operators, but they are all working for piece rates and do not have a labour contract, but rather a “commission contract”.

At TNT Post, the number of full-time equivalent (FTE) jobs has dropped from 40,000 to as few as 24,000. There is practically no hiring of full-time employees any more. Everyone is hired under a part-time contract. The number of jobs that have disappeared at TNT Post is most likely linked to the arrival of the new postal operators. A large amount of business mail (magazines from companies) is now delivered by the new postal operators. They can offer lower rates because they only deliver once or twice a week. In addition, the volume of mail has dropped, which has also led to job losses.

Quality in employment / working conditions

TNT collective labour agreement

1989 was the year of the first CLA for KPN. As of May 1, 2005, this became the CLA for TNT, which includes the following subsidiaries: Koninklijke TNT Post, TNT Innigt BV, TNT Express Road Network (ERN), TNT Nederland BV, TNT Headoffice BV, G3 Worldwide Mail NV, G3 Worldwide Netherlands BV, G3 Worldwide Europe BV, TNT Real Estate BV and Privver Nederland. Following the split-up in June 1998, the CLA for KPN continued to be valid until April 1, 1999 and the SBR was even maintained until January 1, 2001. Both arrangements applied in full to the two 'new companies'. And another also applied for the pension arrangements and other (group) regulations. Subsequently, within the ABVAKABO FNV there was a lengthy debate on the future of the collective labour agreement structure within Post/Postkantoren and Telecom. On April 1, 1999, two separate CLAs were signed: one for TPG and one for KPN.

Even before the splitting up of KPN, there was already some necessary movement being seen on the postal and telecoms market. The takeover of TNT helped Post assure itself a better position in 'competitive markets' such as courier services and international postal traffic. The increased importance of this type of service in the postal business also meant that PTT Post was able to argue (even more) in favour of 'market conformity' for working conditions when engaging in collective bargaining. And ABVAKABO members knew by now what employers meant

when they said they wanted 'market conformity': it meant they wanted surrender. Pressure on negotiations ended up affecting even that part of the business which (still) enjoyed a protected position (at the time, letters up to 500 g).

In the postal sector, we saw competition being stepped up considerably in some areas, for instance, in the battle for the postal order business. Working conditions, the working environment, and social policy for select freight were clearly worse and therefore cheaper elsewhere.

The KPN collective labour agreement was initially drawn up in the protective environment of a state-owned enterprise, which had officially been privatised but which was still not facing much competition back in 1998. From that point onward, however, the competition started to get progressively stiffer, and the company increasingly came to the collective bargaining table with the argument that the working conditions did not reflect 'market conformity'. And this meant, and continues to mean for the company, not only that the hourly wages needed to be lowered, but also that more flexible working conditions were needed. Supplements for irregular and overtime work were placed under pressure, and there was also sustained pressure on the point of opening hours (including the idea of extending them).

ABVAKABO FNV wants to continue to offer its members a quality service. Advocacy work to defend individual interests is essential. But collective bargaining remains our main duty. All workers consider the full package of working conditions (collective labour agreements, pensions, social policy) and job security to be important. The negotiating structure has allowed us to exert major influence on the development of this package of working conditions. This is a fact that has not changed over the past ten years.

TNT employees covered by the TNT collective labour agreement cost 22-24 EUR per hour. TNT employees covered by the collective labour agreement for letter carriers cost 12 EUR per hour.

After the takeover of TNT in 1996, a limited differentiation was introduced in the first subsequent KPN collective labour agreement, which entered into force on April 1, 1997. Different working conditions apply to employees in the Transport service unit of the Production and Parcel Service business units of Koninklijke TNT Post BV, TNT Innight BV, TNT ERN BV, TNT Nederland BV, TNT Headoffice BV and the G3 subsidiaries.

Specifically, these different conditions are as follows:

Working times are 37 or 39.25 hours per week, although in this case the monthly salary is adapted to reflect this (so there is no effect on the hourly wage).

Breaks of one hour or less between 22.00 and 06.00 count as working time for the non-differentiated group.

Between 00.00 and 06.00, and between 22.00 en 24.00 lower percentages apply to the allowances paid for unusual working times (TOT); 30% instead of 40% in the former case and 20% instead of 40% in the latter.

From Monday 00.00 until Friday 24.00, the percentage paid for overtime is 35% instead of 50%.

Before the takeover, the TLN CLA applied to the TNT employees.

In 2002, within the framework of the master plans, TPG presented proposals for additional differentiation. TPG wanted to have six separate CLAs reflecting 'market conformity', for TPG Post, letter carriers, Parcel Service, TNT (Express) Nederland, TNT Innight and Cendris. For Parcel Service, Express and Innight, the reference framework for market conformity was the TLN CLA, and for Cendris, it was the CLAs for ICK and WGCC. The package for TPG Post was to remain unchanged. In the case of letter carriers, the idea was to have a separate CLA. Accord-

ing to TPG, this was necessary to deal with threats from competition and drops in volume. This led to a conflict that lasted several months, during which TPG indicated it would only negotiate if the trade unions accepted a number of basic premises (including necessary cuts in labour costs, which translated into €104 million in savings solely for the Distribution BU, as it was known at the time). This was considered unacceptable to ABVAKABO FNV. Members showed massive support for this stance, and through protests managed to prevent a deterioration in working conditions. One year later, however, TNT came back to the collective bargaining table with the following demand: either accept poorer working conditions or jobs would be lost. According to TNT, working conditions had to be made 25% cheaper to allow it to compete with the new postal operators and avoid compulsory redundancies. Currently, negotiations are under way for a CLA for Production (employees in the lowest four pay scales), which must be made cheaper than the existing TNT CLA.

In addition to the TNT CLA, the company applies a separate CLA to letter carriers and another CLA for delivery workers on Saturdays. Through the application of a "flat line" (no pay raise) in 2006-2007, the minimum hourly wage for letter carriers dropped below the legally permitted minimum wage. This has been rectified in the most recent CLA. The minimum wage for letter carriers at TNT is now identical to the minimum wage permitted by law.

Sandd and Selekt Mail

Following a market analysis, the investment company Trimoteur Holding BV decided in the summer of 1999 to start up Sandd (sort and deliver). Anticipating further liberalisation of the postal market, Sandd developed into a new, innovative organisation and became an important player on the Dutch postal market. After an initial preparatory phase lasting several years, Sandd has now reached a phase of rapid growth. In 2006, Sandd delivered 320 million postal items. Sandd has approx. 1000 employees working for it, and about 12,000 additional workers delivering Sandd post. In 2006, Sandd had a market share of 12% and aims to capture a market share of 20-25% by 2011. Sandd offers 100% domestic coverage to all Dutch addresses, i.e. all physical addresses and post office boxes. Their services do not include delivery to international addresses.

Deutsche Post World Net, in a joint venture with Koninklijke Wegener, brought Selekt Mail onto the Dutch market in 2002. It delivers business mail through its own country-wide network. Selekt Mail's objective is to capture a 20% share of the postal market within two to three years following full liberalisation. Like Sandd, Selekt Mail has a small core of employees and approx. 10,000 delivery workers.

Sandd and Selekt Mail are different from conventional postal operators in the way they are organised. They claim to be different because of the flexibility of their services. Their delivery workers work on the basis of commission contracts and are paid piece rates. The delivery workers have no employee insurance or pension coverage. The hourly rate ranges from 5 to 8 EUR. If a minimum hourly wage were to be paid, it would have to be 11 EUR.

In 2008, other trade unions signed an agreement in principle with these new postal operators. ABVAKABO FNV did not sign this agreement, because it considered the agreement to be too 'soft': it offered its workers absolutely no prospects for a labour contract, or even payment of the minimum hourly wage. This gave the State Secretary grounds to postpone further liberalisation (from July 1, 2008 to January 1, 2009). Further to this, the trade unions (once again with the exception of ABVAKABO FNV) signed a collective labour agreement in November 2008. This CLA was also considered to be too flimsy and insubstantial for ABVAKABO FNV: not a single employee was to be covered by it. The new postal operators only wanted to agree to 80% of employees receiving a labour contract within 3.5 years after liberalisation, but without stipulating any form of sanction or binding conditions that would apply, should this goal not be achieved. This in turn led to a further postponement of liberalisation, and led the Minister and State Secretary to consult with trade unions, including ABVAKABO FNV, about the conditions to be met for further liberalisation.

Netwerk VSP

Netwerk VSP delivers unaddressed print advertising and addressed mail throughout the Netherlands. With some 22,000 flyer delivery workers and a rapidly growing number of letter carriers, Netwerk VSP distributes roughly 5.5 billion flyers, magazines, mailings and catalogues per year, while focussing on quality, efficiency and innovation. In addition to sorting and delivery services, Netwerk VSP specialises in automatic sealing and delivery to selected addresses and market segmentation. Netwerk VSP is a subsidiary of TNT Post. (http://www.netwerkvsp.nl/zakelijkgeadresseerd/netwerkvsp/de_organisatie/)

Initial created as a 'flyer delivery service', VSP's activities were expanded by TNT to include delivery of addressed mail on January 1, 2007. This was probably intended as a reaction to the loss of market share to Sandd and Selekt Mail, which were experiencing rapid growth in the postal market at the time. The fact that VSP is a subsidiary of TNT complicates talks with TNT. Is the company speaking with a forked tongue? Claiming to want to offer good working conditions to TNT's letter carriers, while at the same time shifting the workload over to VSP, where delivery workers are also paid less than the legal minimum wage?

Universal service provision

Universal services

The Postal Act establishes what are to be considered universal services (see below). The idea is to ensure that a basic package of postal services are provided at a specified quality level and available and accessible to all, at prices that are uniform and affordable. The universal service provider TNT is required not only to deliver all letters not exceeding 50 g (at no more than two and a half times the standard rate of 44 eurocents), but must also offer what are known as 'other mandatory services'. These other services are open to competition.

Domestic

- letters and printed matter not exceeding 2 kg each;
- parcels not exceeding 10 kg each;
- Braille deliveries not exceeding 7 kg;
- registered mail;
- delivery of writs;
- post office box services.

International

- letters, printed matter and small, letter-shaped parcels not exceeding 2 kg each;
- books not exceeding 5 kg;
- parcels not exceeding 20 kg;
- Braille deliveries not exceeding 7 kg.

The quality of the postal services is also described in the Postal Act. According to the legal requirements, TNT must ensure next-day delivery of 95% of the letters for which it enjoys a monopoly. Furthermore, the number and distribution of postal establishments is also described. Finally, the Act also stipulates the maximum increases in postal rates.

(...)

Regulation

On August 1, 1997, the Independent Postal and Telecommunications Authority (*Onafhankelijke Post en Telecommunicatie Autoriteit* – OPTA) was created. The OPTA Act, the Postal Act and the Telecommunications Act establish what the OPTA can and must do.

The OPTA regulates the communications markets. The aim of this regulatory activity is to ensure the creation of competitive markets. This ultimately is advantageous to both business customers and private consumers. After all, competition plays an important role in ensuring the provision of a high-quality service at the right price.

The first step in the regulatory process is to analyse whether certain providers have significant market power. If this is the case, it can stand in the way of competition. The OPTA defines the obligations that will apply to market participants in this position. This is known as 'ex ante' regulation (in contrast to 'ex post' supervision, such as that carried out by the Dutch Competition Authority) and takes the form of periodic market analyses carried out by the OPTA. In addition, the OPTA supervises the market participants' fulfilment of their obligations.

The OPTA's regulatory activities complement the European telecommunications regulations and the national implementation thereof, as found in the Telecommunications Act. In this respect, the OPTA consistently tries to strike a balance between the promotion of competition on the one hand and the need to encourage investment on the other. Regulation must stimulate innovation, after all.

Post

Roughly 5 billion postal items are delivered every year. This figure does not include unaddressed mail. TNT has the legal obligation and the exclusive right (monopoly) to deliver all letters not exceeding 50 g (at no more than two and a half times the standard rate of 44 eurocents) both internationally and within the Netherlands. TNT is also required to place letter boxes along public roads. Almost half of all postal items fall under TNT's legal postal monopoly. The other half of the postal market is open to competition.

Service providers

In addition to TNT, there are three companies active on this market in the Netherlands: Sandd, Selekt Mail and Network VSP (a subsidiary of TNT). These operators deliver mail twice a week and target the business market. Thanks to its monopoly position, TNT is able to deliver mail six times a week and still remain profitable.

Future developments

Liberalisation is being extended in many European countries. In the Netherlands as well, it is important that the postal market be completely opened up in order to promote the development of further competition. Liberalisation leads to lower prices and more choice for private consumers and the business market. By December 31, 2010 at the latest, the entire postal market in Europe must be liberalised. This has been set out in the new European Postal Directive 2008/6/EC. The intention is to open up the Dutch postal market even earlier than is prescribed in the European Postal Directive. No date for this has been set, however.

The OPTA's supervision of universal services

The OPTA supervises TNT's fulfilment of its legal obligations as a universal service provider. For instance, it determines whether rate changes are permissible. In addition, the OPTA must rule on disputes concerning access to TNT post office boxes.

Archives:

Website publications on postal matters are published annually and can be accessed using the following keywords: (Postal) concession reports (public version from TNT, ruling of OPTA, peer review);

Delivery times;

Rate changes

And in a few years there will also be information on:

Postal establishments (policy);

Approval of calculation system of TNT's revenues and expenditure;
Postal market monitor
Postal Act feasibility test (2008);
Postal decision feasibility test (2007).

[\(http://www.opta.nl/nl/wat-doet-opta/markten/post/\)](http://www.opta.nl/nl/wat-doet-opta/markten/post/)

OPTA is an autonomous administrative authority

An autonomous administrative authority is a government body that operates independently of a ministry. The OPTA is such an authority. This means that the Minister of Economic Affairs has no direct control over the decisions taken by the independent OPTA board. However, the Minister bears the political responsibility for appointing the OPTA board, approving its budget and ensuring the OPTA's continued existence. In this respect, it is set out in the OPTA Act that the Minister is required to carry out an assessment of the OPTA's performance every four years. This regular assessment serves as the basis for determining whether the OPTA is continuing to work effectively and efficiently, and if the OPTA is to remain in place for a further four years. The first such assessment of the OPTA is scheduled for 2009.

No price increase for the mailing of letters has been linked to liberalisation. Nor has a drop in prices been demonstrated. The prices offered by the competition for business mail (exceeding 50 g), which is open to competition, are not known. In any case, they must be lower than TNT's prices, considering the number of businesses which have switched provider.

Role of trade unions

ABVAKABO FNV is the trade union for TNT, previously the state-owned enterprise PTT. Since liberalisation and the arrival of new postal operators, FNV Bondgenoten ('Comrades TUC') has also become active in the postal sector. There are currently talks about pursuing some form of cooperation or joint venture between the two, leading to a single FNV Bond ('Union TUC') for the postal sector. These talks are not going well. FNV Bondgenoten has the interests of the (employees at the) new companies at heart, whereas ABVAKABO FNV defends the interests of TNT's employees. This has led to diametrically opposed positions on liberalisation: ABVAKABO FNV has always been against liberalisation, whereas FNV Bondgenoten has always been in favour of it.

ABVAKABO FNV has been working for years to prevent compulsory redundancies at TNT. So far, its efforts have proved successful. Compulsory redundancies have been avoided throughout the downsizing process at TNT. Our efforts are aimed at obtaining a good collective labour agreement for the entire postal sector, the elimination of 'piece work' (a practice followed in the new companies: also referred to as commission contracts), the use of labour contracts and the payment of at least the minimum hourly wage. ABVAKABO FNV has always argued in favour of postponing the final phase of liberalisation, and has so far been successful. Our demands, as described above, have the support of the majority of members of the Upper House. This has led to talks with the Minister of Social Affairs and the State Secretary for Economic Affairs about how the Postal Act should be amended to include guarantees for workers. We are currently waiting for these amendments to be made to the law.

Gender and Equal Opportunities

TNT and the new postal operators are currently offering part-time contracts only. This means that a large number of new employees are women. Mostly students work for the new postal operators.

In the social schemes at TNT, employees with contracts under 25 hours/week are excluded from rules governing outplacement, severance payments, etc.

New Zealand

By the NZ Engineering Printing and Manufacturing Union Inc (EPMU)

Beyond the Propaganda – Postal Deregulation in New Zealand.

The New Zealand experience of Postal deregulation is best understood when viewed in context as part of a programme of massive state, social and economic legislative reform. The catalyst, an economy in crisis, the drivers being the reformists, and their Washington Consensus inspired belief 'that structural problems were all automatically solved by the cannons(1) of the consensus and by the unimpeded operation of the free market-price mechanism(2).

The period of legislative reform was begun under the two term(3), Fourth Labour Government (1984 – 1990) and continued and intensified under the next three terms of the National (conservative) Government (1991 – 1999).

On coming to power the 1984 labour government was confronted with an immediate and serious economic crisis which has been well documented. Shortly after the election the government convened an Economic Summit Conference (ESC) of business, labour and community interests. The ESC was an important step in consolidating the governments mandate for reform. In the final communiqué (ESC 1984) unanimously 'accepted the need for change to meet the goal of higher living standards(4). By 1986 a major review of the New Zealand Post Office was taking place (Mason/Morris review). In April that year the Post Master General wrote 'We have a hard working staff whose efforts are frustrated by a nineteenth business structure' and so began the propaganda campaign for radical change.

In 1987 legislation was enacted to enable the establishment of State-Owned Enterprises (SOE's). (5) The reform agenda was wide ranging and also included changes to (in 1987), and later, the deregulation of New Zealand industrial relations legislation (1991).

In the same year, under Labour, a new requirement of the Industrial Relations Law was for Unions to have a minimum 1000 member base. Government philosophy seeking efficiency and economies of scale for the various state sector activities was imposing the same on the Union movement. In a 1985 speech the minister of finance said;

"There is scope for improving efficiency in the public sector. This will increase our ability to reduce the government deficit, lower taxes, and provide income support and social services for those least able to help themselves. In the case of trading operations inefficiency can represent a tax on their customers. The essence of the problem is that the public sector needs to be adapted to meet the management needs of a modern economy. The present environment can be frustrating not only for those who have to deal with public sector organisations but also for those who have to work in them."

During 1985 and 1990 through mergers and amalgamations (and cessation) trade union numbers dropped from 259 to 104. Between 1991 and 2004, under the Employment Relations Act, union registration once again became mandatory and a minimum membership base of 15 was set. At December 2005 there were 152 registered unions (6).

The largest 10 Unions account for 75% of total Union membership (7). The largest union is the epmu. Postal Industry workers (5000) represent 10% of the epmu member base.

The reform era

In 1987 Stan Roger, Minister of State Services on the lead up to the decision to turn New Zealand Post into a State Owned Enterprise was quoted as saying "So at the end of the financial year that this particular Post Office business plan applied to, it was to the shock and horror of all that they reported that they had over-expended by something like \$130 million more than we had set and had, to the best of my recollection, something like 1800 more staff. I absolutely went off my head!"

The Government's initial approach to reform of the State sector was based on the three concepts of corporatisation (or commercialisation), deregulation, and privatization(8).

The then government department was split into three publicly-owned corporations: New Zealand Post Limited, PostBank Limited and Telecom Corporation of New Zealand Limited. The following year these new 'state owned enterprises' ('SOEs'), were fully commercial organisations, not statutory corporations, and were governed by generic, rather than by sector or company-specific, legislation.

SOEs are expected to be 'as profitable and efficient as comparable businesses that are not owned by the Crown (9), and there is specific legislative provision for transparent subsidies to be paid in the event that the government requires an SOE to act in a non-commercial way. PostBank and Telecom were later sold to private interests, but New Zealand Post remains in Crown ownership today. ^(Harford 2003)

Since April 1987 the principal objective of every State enterprise has been to operate as a successful business and to be:

- o as profitable and efficient as comparable businesses that are not owned by the Crown;
- o a good employer;
- o an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Furthermore, managers were to be allowed to control inputs, while pricing and marketing would be matters for the board of each State owned enterprise, made up predominantly of people with relevant commercial experience and skills. State owned enterprises would pay tax, and pay dividends to the Government as shareholder, as returns on the Crown's investments. Where the Government required "social good" outputs from enterprises these would be supplied under contract, in a normal supplier/customer transaction(10).

Redundancies between 1984 -1990 as a direct consequence of the reforms were huge. Across Mining, Forestry, Communications (Post and Telecommunications), Railways and electricity as well as industries producing goods in competition with imports from which protection by tariff and import control was removed, numbered up to 70,000 (11).

In 1987, New Zealand Post took over the previous postal network of 1244 post offices, of which 906 were full post offices and 338 were postal agencies. As 600 post offices were identified as uneconomic, the Government retained the title to these premises and paid subsidies to New Zealand Post and Post Office Bank Ltd to maintain existing services. The subsidies ceased on 5 February 1988 and 432 post offices were closed to become "post only" agencies. At the remaining 168 locations, agencies were closed to become postal delivery centre or stamp retail outlets. Currently there are 995 retail outlets, of these some 150 are Corporate PostShops of the 323 Post-Shops, with a unionised workforce of 1000 Retail and banking workers and managers.

Postal Network	1998	2005
PostShops (incl franchises)	297	323
Post Centres	705	672
Total retail outlets	1002	995

Source NZ Post

During the period between 1987 and 1989 the combined staff numbers of the three entities making up the New Zealand Post Office had fallen from 40,000 to an estimated 33,000 (12). Post Staff numbers declined by 43 per cent from 12,006 at 1 April 1987, to 6892 full-time equivalent staff at 31 March 1997. However as at January 2006

these levels have risen to 7,500 ftes. Actual numbers, including full and part time employes are 10,500(13). The rise in staff in recent years is not attributed to increased mail volume but a reflection of the diversification of New Zealand Posts commercial activities. New Zealand Post (2005) reports its total staffing levels including full and part time are estimated across all business activities (including subsidiary companies) to be 17,500.

In 1991 the newly elected National Government repealed the 1987 industrial relations legislation and replaced it with the anti union 1991 Employment Contracts Act. The word 'Union' was completely removed from the legislation, and replaced, in keeping with the freefalling free market philosophy with a new term, 'Bargaining Agent'.

Anyone without a criminal conviction could call themselves a bargaining agent and act in that capacity for one or more workers. The effect of this legislation was to undermine unions, the organization of labour and collective bargaining and to reduce the status of worker to that of a commodity.

The Award (collective agreement) system was abolished. Existing multi employer (industry based) Awards which had provided a level playing ground for agreed wages and conditions of work, were to run to expiry and be replaced by new 'employment contracts', the majority of which would be enterprise based. This placed an enormous strain on the N.Z. union movement who were for the most part, ill prepared and not very experienced at other than centralised wage negotiations.

On April 1 1998 The New Zealand government passed legislation removing NZ Post's exclusive privilege to deliver standard letters. The post office has not been privatised. The government also signed a new "Deed of Understanding" with NZ Post in 1998 to assure the public that universal service would be maintained after deregulation. The Deed obligates the post office to fulfill social obligations, such as: holding the price of a standard letter to no more than 45 cents for the next two years, maintaining a network of at least 880 Post Shops and Post Centres, continuing to provide at least, a six-day-a-week postal service to more than 95 % of addresses, and not reintroducing the rural delivery fee.

The Deed of Understanding is in effect for an indefinite period although it will be reviewed. NZ Post continues to be NZ's official postal administration, in return for meeting the social obligations outlined in the Deed of Understanding. To date it retains the exclusive right to issue postage stamps. The government says it will review this exclusive arrangement and may add postal operators. This has not yet happened nor has it been signaled.

Administering the new entity

New Zealand Post has no specific third-party regulator. There is however a clear separation of the government's ownership and regulatory interests. In order to assist it to carry out its 'ownership' and 'shareholder' responsibilities in relation to the diverse range of SOEs, the Government established the 'SOE Unit', which has become the Crown Company Monitoring Advisory Unit. CCMAU provides ownership monitoring advice to both the Minister of State Owned Enterprises and other Ministers responsible for Crown Companies. Other forms of Crown company, such as Crown Health Enterprises and Crown Research Institutes are also monitored by the Advisory Unit.

For New Zealand Post this operates as follows: New Zealand Post is registered as a limited liability company under New Zealand's Companies Act 1993. The Ministers of Finance and State-Owned Enterprises hold the shares in New Zealand Post on behalf of the Crown, and are advised by the Treasury and the Crown Company Monitoring Advisory Unit (CCMAU). The Minister of Communications (advised by the Ministry of Economic Development) is responsible for regulatory issues. Thus there is a clear division of responsibility in order to avoid any conflict between the Crown's dual roles.

In addition, the postal sector is subject to competition law, which is administered in New Zealand by the independent Commerce Commission.

New Zealand Post Limited also has a board of directors, appointed by the shareholding Ministers, and drawn from the New Zealand community. Each financial year the Board and the shareholding Ministers are required to agree on a Statement of Corporate Intent (SCI) for the current, and two succeeding financial years.

The SCI details the specific information required under the State-Owned Enterprises Act 1986, including the objectives of the company, the nature and scope of its activities, and the financial performance targets for the three-

year period. The agreed SCI is tabled in Parliament, as is the Annual Report and Financial Statement of the company.

New Zealand Post Limited is also subject to the key agencies and legislation which review public sector activities. These include the Controller and Auditor-General (which is responsible for audits); the Official Information Act 1982 (which relates to the release of official information); and the Ombudsman Act 1975 (which provides for review of Government activities).

Pricing

There have been only three price changes (including a reduction) since deregulation. The price of a basic postage stamp went up to 45 cents in 1991(14), but was reduced again four years later to its previous level. The price reduction was intended to put pressure on potential competitors entering the market in the future, and to keep mail competitive in the face of threats from other media. The move in fact boosted mail volumes by 1-2 per cent. In early 2004, the decision was made to increase the basic retail stamp price again by five cents from 5 April 2004, to bring it back to its 1991 level. This price increase did not affect bulk mail customers, who achieve discounts for pre-sorting and meeting certain addressing standards. The prices of basic postal services in New Zealand, therefore, have been relatively stable since 1987. In real terms, they have fallen by more than 50 per cent over the period. For items larger than a standard letter, the price reductions have been even more significant. An earlier system of up to four weight steps was replaced by pricing based on three formats (later reduced to two). It is particularly interesting to note that in the 1989-2001 period where a formal price cap was in place on the Standard Post letter, the nominal price was always at least 10 per cent lower than the level of the cap (Harford 2003)

The Competition (letters)

Since the April 1 1998 deregulation the New Zealand Postal Industry has remained completely deregulated. Postal Operators are required to register with the Ministry of Economic Development. Anyone can carry on business as a postal operator (i.e. collect, carry or deliver letters) Postal operators must fulfill certain criteria and follow the provisions of the Postal Services Act. The Act only applies to those persons involved in the collection, carriage or delivery of *letters*.

A letter is defined in the New Zealand Postal Services Act as:

- a) any form of written communication, or any other document or article,
- (i) that is addressed to a specific person or a specific address; and
- (ii) that is to be conveyed other than by electronic means; and

for which a charge of not more than 80 cents (inclusive of goods and services tax) is made in respect of carrying, taking charge of, or sending it; and

- (b) includes an envelope, packet, package, or wrapper containing such a communication, document or article.

Where a person or company plans to carry out business as a postal operator, registration is normally automatic unless the applicant, or any person concerned in the management of the business, has been convicted in the previous ten years of a specified criminal offence.

People who are not required to register as Postal Operators.

- deliver letters other than in order to carry out a business (e.g. a company or local authority delivering its own mail);
- carry letters only as an employee or agent of a postal operator; or
- carry letters under a contract for services with a postal operator.

Postal operator Obligations

operators are required to contact the appropriate Government authority where it is discovered that a postal article or letter has been posted in contravention of any law;

- operators must keep a record of all postal articles detained or opened and provide the Chief Executive of the Ministry of Economic Development with access to the record;
- operators are required to notify recipients that a postal article will be, or has been opened, and the reasons for the opening of the article (although such notice must be delayed where a postal operator believes that the giving of such notice may interfere with law enforcement investigations);
- postal articles which have been detained by a postal operator must be kept safely pending their disposal;
- operators must ensure that the Chief Executive of the Ministry of Economic Development is informed of changes in any of the details maintained on the register of postal operators;
- postal operators must identify mail accepted by them by marking each postal article with that operator's postal identifier;
- when a postal operator ceases business as a postal operator, that operator is required to remove or disable all public letterboxes; and deliver all postal articles in that operator's possession; and
- to assist in carrying out the provisions of the Trade in Endangered Species Act and to prevent the importing or exporting of any endangered, threatened or exploited species (other than in accordance with that Act).

No-one except a postal operator designated as a Universal Postal Union (UPU) administration for New Zealand is allowed to issue official New Zealand stamps - i.e. a stamp bearing the words "New Zealand" (or any abbreviation). However, any postal operator can issue other unofficial stamps for the mail they carry. Under the Postal Services Act, New Zealand Post Limited had the sole right to UPU designation for a period of five years following the commencement of the Act.

The Minister will therefore would not consider applications from other companies with an interest in UPU designation before 1 April 2003. To date as far as the writer is aware no other companies have registered an interest in joining UPU.

The Postal Network

There are approximately 25 mail processing facilities operating in New Zealand. These will be consolidated over the next five years into six major facilities, two smaller strategic geographical facilities and a number of very scaled down regional (local) operations. Some 2500 workers are employed in mail processing. It is estimated up to 650 jobs will disappear in the next 5 years.

Delivery operations at NZ Post have also been under going consolidation with the emergence of 'maxi branches' mainly urban operations amalgamating local delivery branches into a single centralised branch. Since deregulation, delivery points have been increasing, the majority of which enjoy six day delivery.

Up to 50% of all NZ Posts mail goes to business and household delivery points, the bulk of the remaining 40% – 50% of mail goes directly to Box Lobbies. Box Lobbies are the exclusive domain of NZ Post.

National Network - Delivery Points 2005 (source NZ Post)

	Delivery Points	6 day	5 day	1-4 day
Residential	1,319,017	1,315,207	3,732	78
Business	114,773	107,985	6,697	91
Private Box:				
- Farmers	5,451	4,490	957	4
- Business and Individuals	200,191	182,156	18,015	20
Counter and Community Mail Boxes				
	13,501	9,149	4,352	
Rural	200,673	175,441	23,453	1,779
TOTAL	1,853,606	1,794,429	57,206	1,972

Competitors

NZ Post at a discounted rAs at Jan 2006 there are 28 Registered Operators including NZ Post. Since Deregulation there have been a total of 54 operators competing with NZ Post, over time some 30 of these have been removed from the register or in the case of one or two have merged with each other. Of the 27 current NZ Post letters competitors, four are considered significant by NZ Post and have 'access agreements with postage rate discounts' with NZ Post. New Zealand Post estimates that it holds 90% of the letters Market versus the combined competitors 10%.

The Deed of understanding ensures that New Zealand Post must provide competitors with 'access to its network on terms and conditions no less favourable than those offered to equivalent customers'. Competitors can provide nationwide service through New Zealand Post's network.

According to Harford 2003: "Access agreements can offer a discount off retail postage tariffs for non-bulk mail. No addressing or pre-sorted standards apply, and there is sometimes no avoided cost. No other customers posting this kind of mail receive such discounts. These arrangements have given rise to a wholly unforeseen business model whereby some operators engage in competition with New Zealand Post only at a retail level. This can involve acceptance of posted product before it is passed back to New Zealand Post for delivery, or a prepaid agreement whereby customers buy stamps from the private operator but insert them directly into the New Zealand Post network. In some cases, this model appears to have arisen so that the competitor can leverage the postal business to support other activities (such as retail sales, or the sale of stamps as philatelic products). Effectively, this has meant the existence of two distinct markets: that for the acceptance of postal articles, and that for delivery. "

Competitors gain access to the NZ Post through NZ Post street receivers and the use of mail processing and delivery services. Some competitors use their own street receivers and take mail to NZ Post processing facilities. Giving access to the NZ Postal network to competitors is favourable as it offers a fixed cost capability to the competitor that in turn acts as a disincentive to set up competing networks (mail processing and national delivery).

This is entirely intentional. Many of the smaller competitors deliver locally, some competitors have network arrangements with each other. Only NZ Post is required to document its arrangements, the competitors are not.

The larger competitors use a range of options in order to move their mail. They either lodge mail with NZ Post to get access to the NZ post delivery service or deliver their own mail. Generally they deliver their own mail in 5 geographical regions and use NZ Post's service for the remainder.

Evolution of letters competition and the postal industry

The nature of the competition has not changed much over time. The number of small players has fluctuated as new ones join and others go (about 30). The four larger players continue on, all competitors still represent only 10% of the market place (15).

Couriers and Logistics

The Postal Courier Sector has experienced a great deal of volatility over the last decade. This sector has been open to private competition for many years, indeed before letters deregulation. Consumers have a variety of choices. Services are chosen on cost and quality and service offerings basis. The Courier side of the industry is highly competitive and a major factor in NZ Post actively seeking an international partner in the form of DHL. In the years prior to the joint venture NZ Post (operating in this sector as CourierPost and Contract Logistics) had bought or taken over several smaller courier operators (Sky road, PACE, XP, Ansett).

NZ Post also estimates it holds 42% of the Courier and Logistics Market. There is one other significant player in the Courier and Logistics Market also estimated to hold a 42% Market share.

In April of 2004 NZ Post went into a 50/50 joint venture with DHL, resulting in the eventual transfer of 550 NZ Post staff to the new company 'Express Couriers Limited' (ECL).

As at the time of drafting this paper the new Collective Agreement has not been signed, however the collective employment agreement has been ratified after many months of protracted and at times heated negotiations. The new Company had claimed many claw backs and lower terms and conditions of employment on the grounds that its courier competitors 'paid less and paid fewer cost bearing condition of work entitlements.

A survey conducted by the employer reported a 19.5% difference in wage rates between ECL and their main competitor. The main competitor workforce is not unionised and high levels of part time workers are used to cover peak work periods, penal rates are avoided, a \$1.00 night rate applies and no pension plan is offered.

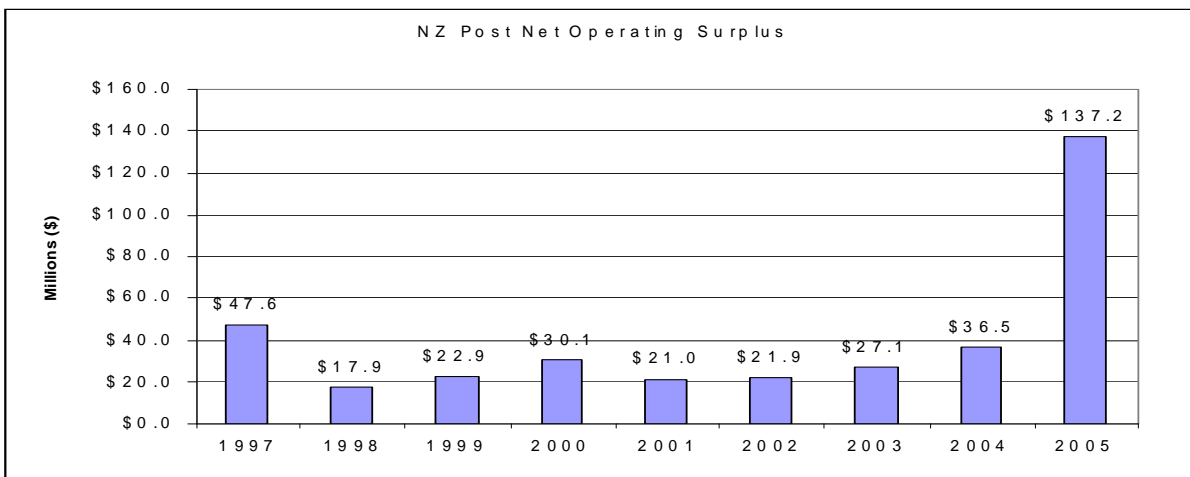
The EPMU negotiated ECL Collective Agreement as it stands today, has set a new benchmark for courier industry collective agreements. New workers who first joined the Company after 1 April 2004 (some 350 plus workers) were not offered pension plans, had a night rate of \$1.00 per hour (now \$2.50), a range of work patterns, problems with securing regular hours and or permanent work and no ability to influence the employer. Today, following a campaign of uniting the unionised and non unionised workers the new collective agreement reflects many of the parent company terms and conditions of employment. The new agreement includes pension plan provisions, deduction clauses for union fees and access to the credit union, Post Office Welfare Trust and NZ Post based rates of pay, over time and penalty payments, night rates, service allowance and superior leave entitlements (better than other companies, and better than the minimum legal requirements). In contrast to the bulk of the NZ courier industry which is not unionised. ECL is over 90% unionised and it covers the largest number of workers in the Industry (880). It is also the largest unionised workforce in the freight handling industry in New Zealand.

Postal Transport

The employment benefits do not extend to owner operator (contractor) courier drivers who make up the bulk of the drivers in the industry. Owner operator drivers are prohibited from forming unions as they are private contractors. During deregulation the bulk of road transport work transferred to owner operator private contractors, this was also the case in New Zealand Post.

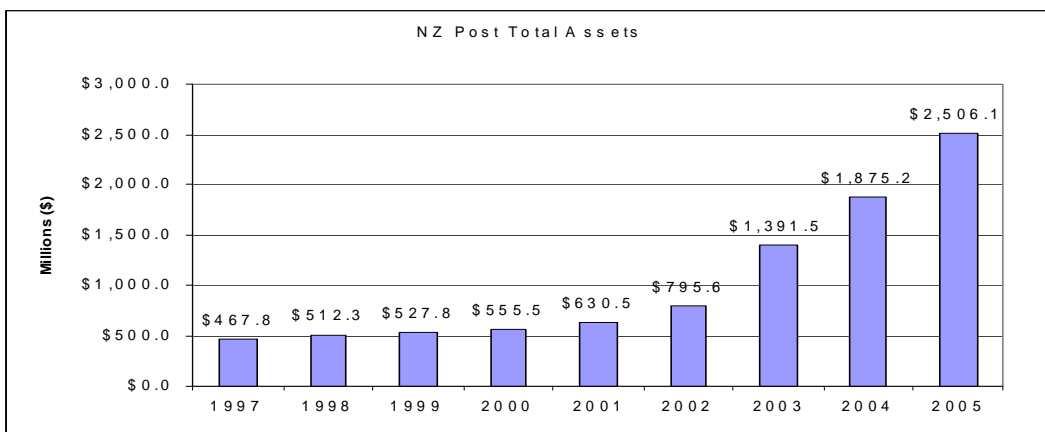
Under deregulation NZ Post transferred some of its operations into new business entities. The franchise business 'Books and More' and 'Kiwimail which became LetterBox Channel' (the circular distribution business, employing a staff of some 5000 mostly children and is in 2006 in the process of becoming franchised) are two examples. The Unions early experiences in transitioning members from the Parent Company (NZ Post) to the new entity was not successful, if success by union standards is to be measured in terms of collective agreement outcomes. Workers did lose jobs, those that stayed lost conditions, and in the early days of deregulation, lost significant conditions including pension plans, redundancy entitlements, penal rates and paid education leave to name a few. Allowances and holiday entitlements were also affected in some instances. In the years that have followed some of these losses have been regained in subsequent negotiations where workers have retained union membership.

Throughout however, New Zealand Post Limited has made impressive gains in profitability since establishment as a State-Owned Enterprise (SOE). It moved from a loss of \$37.9 million in 1986/1987 to a \$47.7 million after-tax profit in 1996/1997. Since that time the Organisation has continued to deliver after tax profits regularly.



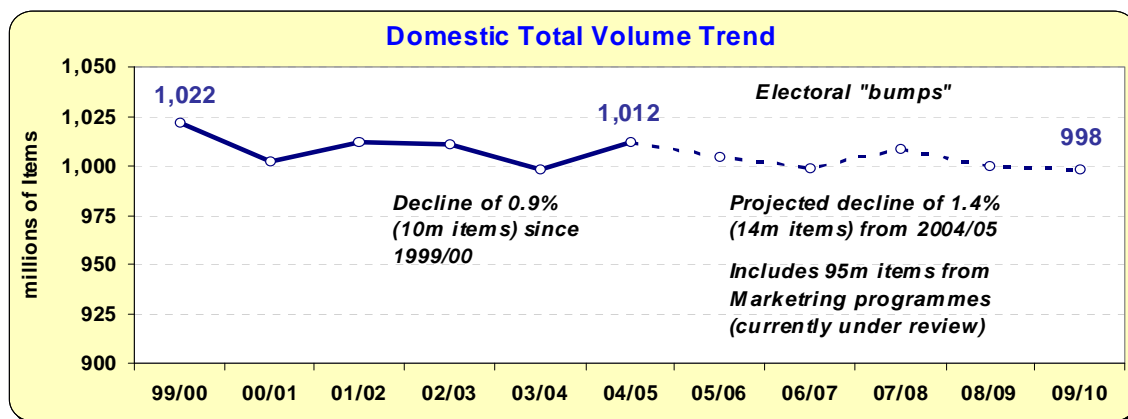
Source NZ Post Annual reports fig 1 operating surplus growth
 Note: The 2005 'jump' reflects a DHL 58 million dollar contribution to the establishment of the joint ECL venture.

According to NZ Posts supporters the company's improved overall position since corporatisation has been founded mainly on productivity improvements and better management systems (16). Whilst the union agrees success has been founded partially on these activities, it has also been enhanced by the strategic decisions to build a diverse asset base. (see Fig 2)



Source NZ Post Annual reports Fig 2 Asset Growth

Like many other postal operators, NZ Post has experienced fluctuation in mail volumes. Annual reports in recent years note increases in volumes for small parcel and packets. The overall domestic trend shows a 1% decline over the last 5 years and projects another drop 1.4% in the next five years.



Source NZ Post

In the 2005 NZ Post Annual report, NZ Post Chairman of the Board, the Rt Hon Jim Bolger wrote: 'As a State-Owned Enterprise the New Zealand Post Group is owned by all New Zealanders. To ensure we create value for New Zealand and our shareholders, we have an imperative to operate as a successful business. Under our Statement of Corporate Intent we have the following objectives: to operate an efficient, effective and profitable business and provide to the owners a commercial return on the capital employed; to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate and by endeavouring to accommodate or encourage these when able to do so; and to be a good employer. The New Zealand Post group continues to meet and exceed these requirements year after year.'

In corporate terms NZ Post is successful, it is seen as a good employer, it continues to grow and provide a range of services to the community it serves and above all delivers welcome dividends to the shareholder (government). It has broadened its operating portfolio through a strategic plan of diversification which has seen a return to banking and a strategic joint venture with DHL, linking into the global courier and logistics network whilst enhancing its local operation. In 2005 Kiwibank showed a maiden profit. The Corporate Postshop and franchise networks have expanded to provide agency services for over 60 organisations, are the 'frontline face' of the bank and have branched into retailing stationary, magazine and novelty products and extended operating hours into weekends.

New Zealand Post operates and owns seven distinct business streams, the Bank, Retail and Customer Service Centre, Postal Services (processing and delivery), Couriers and Logistics, Datamail (business bulk mail and printing services), Enterprise Group, which includes international mail, a magazine circulars distribution business, and the NZ electoral enrolment service, the seventh stream is Group Services which support the organisation in the form of HR, corporate management, admin and support.

New Zealand Post during the period of deregulation has also experienced the deregulation of industrial relations. The union journey. During the earlier deregulation years, the then Post Office Union (POU), took the decision to merge with the Communication and Energy workers Union (CEWU). The basis for this lay in the anticipated belief that just as the Postbank had been privatised, Telecom and Post Services would be next. The preferred choice was to join with a private sector union.

In 1996 The CEWU, one of the largest private sector unions in NZ went into financial collapse. The deregulation years had taken their toll. In the weeks leading up to that event the CEWU had been in amalgamation discussions with the largest private sector union, the Engineers Union (EU, today the Engineering, Printing and Manufacturing Union, the epmu). The Engineers Union worked with the staff of the CEWU and a number transferred into the EU. Organisers immediately set to work recruiting Telecom and Post Office workers into the EU giving assurances that union coverage and collective agreements could be maintained. At the same time high level discussions with NZ Post took place. Both NZ Post and the Union shared a view that industrial stability was desirable. Neither the employer nor the Union relished drawing attention to the organisation as each sought to advance their very differ-

ent consolidation and growth agendas. The same could not be said for the unions experience with Telecom. Total coverage today of union members in the telecommunications industry numbers a mere 1000. The industry, fragmented across a range of companies including Telecom, has continued to obstruct the organisation of labour and embraced contracting and individual employment agreements which are often minimalist. Whereas NZ Post had remained more or less populated with senior or ex civil servants at the lead, Telecom had not. The senior ranks of management had been drawn from the private sector and industrial relations were fraught from the start.

Today there are three Unions operating inside NZ Post and its subsidiaries. The epmu represents some 5000 workers, the minor unions mostly operate in delivery (680 members) and have (150) members in mail processing. One has members in two small subsidiaries, (less than 50 workers). All unions operating in NZ Post emerged out of the CEWU demise.

The epmu has tended to engage with the employer on the basis of a strategic relationship (not partnership). The union has taken a conservative path in line with the conservative membership it has recruited. Collective employment agreement settlements have largely held terms and conditions in place for epmu postal workers covered by the main collective agreement (as have the other unions). A comparison of wage movements shows that whilst wages have just kept pace with inflation for NZ Post workers over the last nine years, the epmu has fared better in its traditional industries.

% Increase of NZ Inflation, NZ Post Wages and NZ Wage and Salary Average & Median

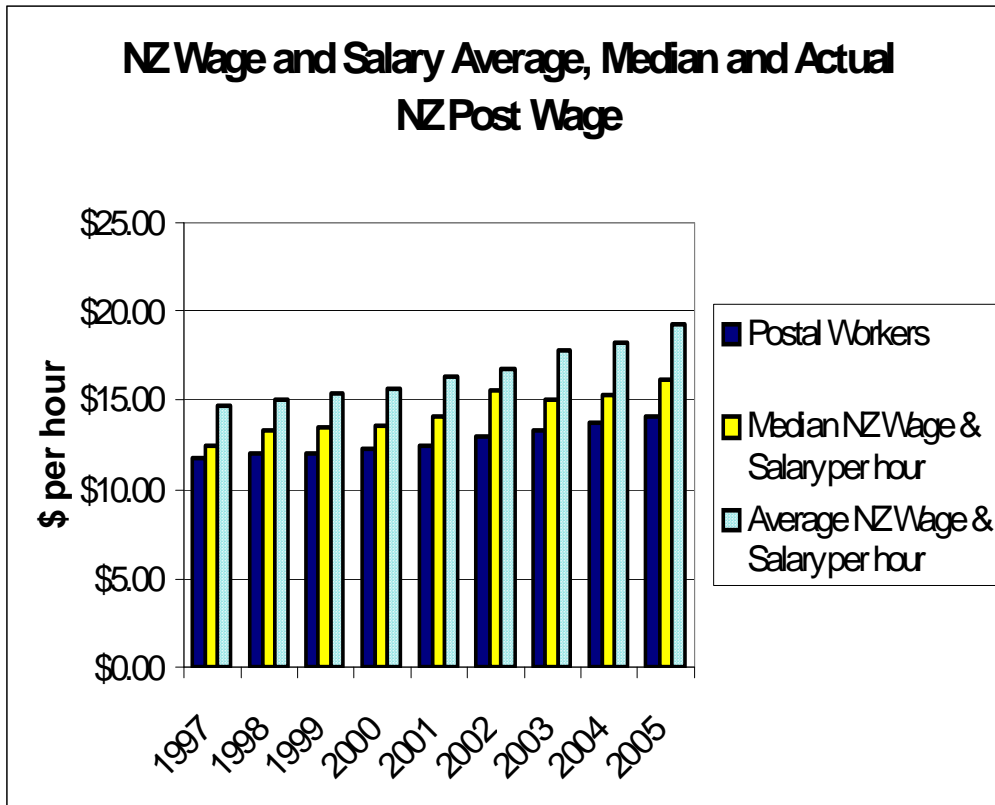
Year	NZ Annual Inflation (%)	NZ Post Wage % Increase	Average NZ Wage & Salary Increase (full time and part time workers)	Median NZ Wage & Salary Increase (full time and part time workers)
1997	1.00%	2.50%	N/A	N/A
1998	1.70%	2.00%	3.21%	5.98%
1999	-0.50%	0.00%	1.99%	0.98%
2000	3.00%	2.00%	1.56%	1.27%
2001	2.40%	2.00%	4.67%	3.09%
2002	2.60%	3.00%	2.02%	10.56%
2003	1.50%	3.00%	6.95%	-3.23%
2004	2.50%	3.00%	2.18%	2.27%
2005	3.40%	2.50%	5.75%	4.95%

Source: Dept of Statistics and epmu

NZ Wage and Salary Average, Median and Actual NZ Post Wage

Year	Postal Workers Actual Pay Rate – Top of Scale	Average NZ Wage & Salary per hour (full time and part time workers)	Median NZ Wage & Salary per hour (full time and part time workers)
1997	\$11.83	\$14.63	\$12.55
1998	\$12.07	\$15.10	\$13.30
1999	\$12.07	\$15.40	\$13.43
2000	\$12.31	\$15.64	\$13.60
2001	\$12.55	\$16.37	\$14.02
2002	\$12.93	\$16.70	\$15.50
2003	\$13.32	\$17.86	\$15.00
2004	\$13.72	\$18.25	\$15.34
2005	\$14.06	\$19.30	\$16.10

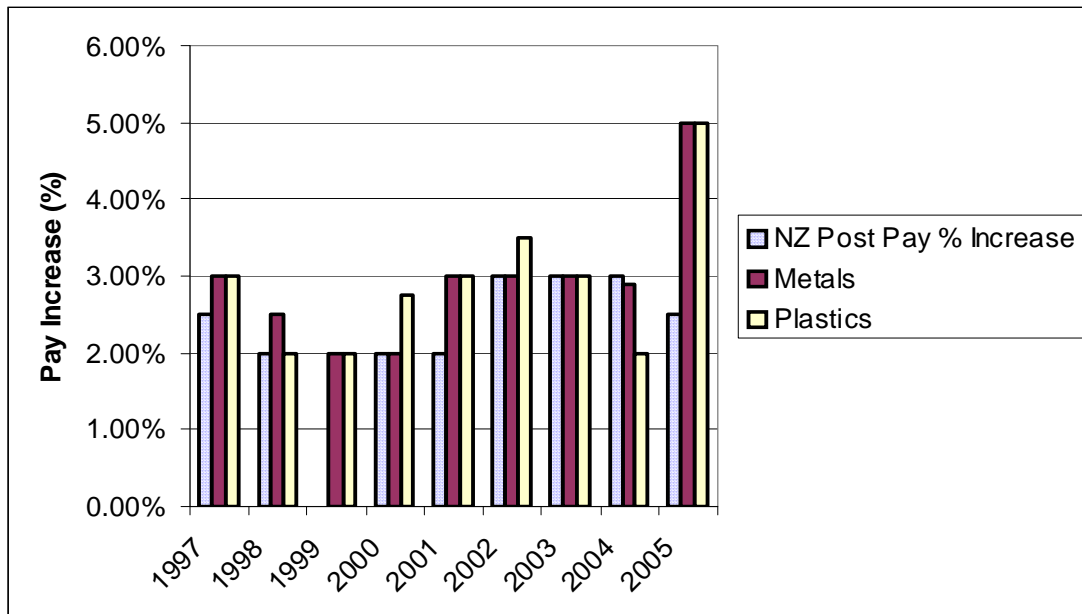
Source: Dept of Statistics and epmu



METALS	PERCENTAGE					ACTUAL			
	Agree- ment % Increase	Engin- eering trades- person	Machinist grade 2	Process Worker Grade 1	Furnace Person	Engin- eering trades- person	Machi- nist grade 2	Process Worker Grade 1	Furnace Person
1996	----- --					\$9.82	\$8.67	\$8.19	\$8.39
1997	3.00%	4.53%	4.51%	4.52%	4.52%	\$10.27	\$9.06	\$8.56	\$8.77
1998	2.50%	2.56%	2.56%	2.56%	2.56%	\$10.53	\$9.29	\$8.78	\$8.99
1999	2.00%	2.00%	2.01%	2.03%	2.01%	\$10.74	\$9.48	\$8.96	\$9.17
2000	2.00%	2.23%	2.01%	2.00%	2.01%	\$10.98	\$9.67	\$9.14	\$9.35
2001	3.00%	2.99%	3.04%	3.00%	2.95%	\$11.31	\$9.96	\$9.41	\$9.63
2002	3.00%	3.01%	3.01%	2.98%	3.01%	\$11.65	\$10.26	\$9.69	\$9.92
2003	3.00%	3.00%	3.02%	2.99%	3.02%	\$12.00	\$10.57	\$9.98	\$10.22
2004	2.90%	2.92%	2.93%	2.91%	2.94%	\$12.35	\$10.88	\$10.27	\$10.52
2005	5.00%	5.10%	4.96%	4.97%	5.04%	\$12.98	\$11.42	\$10.78	\$11.05
% in- crease (97 – 05)						26.41%	26.09%	25.93%	26.07%

PLASTICS	PERCENTAGE			ACTUAL			
	Agreement % In- crease	5A	3A	1A	5A	3A	1A
1996	-----				\$12.37	\$11.23	\$9.06
1997	3.00%	2.99%	3.03%	2.98%	\$12.74	\$11.57	\$9.33
1998	1.80%	1.57%	1.73%	2.14%	\$12.94	\$11.77	\$9.53
1999	1.80%	1.55%	1.70%	2.10%	\$13.14	\$11.97	\$9.73
2000	2.75%	2.74%	2.76%	2.77%	\$13.50	\$12.30	\$10.00
2001	3.50%	3.48%	3.50%	3.50%	\$13.97	\$12.73	\$10.35
2002	3.00%	3.01%	2.99%	3.00%	\$14.39	\$13.11	\$10.66
2003	3.00%	2.99%	2.97%	3.00%	\$14.82	\$13.50	\$10.98
2004	2.00%	2.02%	2.00%	2.00%	\$15.12	\$13.77	\$11.20
2005	5.00%	5.03%	5.01%	5.00%	\$15.88	\$14.46	\$11.76
% increase (97 – 05)					24.65%	24.98%	26.05%

Between 1997 and 2005, the cost of living in NZ increased by 17.8%, whereas NZ Postal workers' pay rates increased by 18.9%. The average NZ Wage and Salary increased by 31.9% during the same period, and the median NZ Wage and Salary increased by 28.3%. The wage increases between 1997 and 2005 for the Metals MECA(17) and Plastics MECA was approximately 26% and 25% respectively.



So Did the 1984 Economic Summit Conference hit the mark when they unanimously 'accepted the need for change to meet the goal of higher living standards'? (18)

Twenty two years later, the thousands of workers made redundant by deregulation have found work. Many, in sectors where unionised labour has significantly declined concurrently with terms and conditions of employment. Current levels of unionised labour density have dropped from 33.9% in 1991 (introduction of the anti union Employment Contracts Act) to 21.1% at December 2004.

In the Postal Sector, the largest enterprise operator is NZ Post. An estimated 60% to 65% blue collar workers have remained unionised holding their collective agreements largely intact since deregulation. The majority of workers working for competitors in the industry do not have collective agreements, are on individual employment agreements and are by and large on minimum terms and conditions of employment, and in some instances required to provide their own bicycles for delivery rounds. Where the employers, and in NZ Posts case, the shareholder have benefited in greater profitability, the standard of living has moved slowly and only marginally for many (but not all) NZ Post postal workers. Gains for postal workers have not been commensurate with the Company's commercial success.

In 2006 New Zealand is enjoying its lowest unemployment levels ever. Employers are complaining about the labour shortage. Economists are advancing the notion that unemployment levels be 'encouraged' to rise. Epmu NZ Postal workers will, in 2006, be participating in the epmu led '5% fair share campaign'. And in 2006 a major technology upgrade within NZ Post commences. Over the next five years some 550 to 650 jobs will disappear. Productivity will improve, labour costs will come down, profit will go to the shareholder. All the while the possibility that NZ Post in part, or in total, will go private never goes away.

Concluding remarks

The era of deregulation which began in 1984 has transformed one of the worlds most regulated countries into one of the most deregulated. Inflation is relatively stable, unemployment levels as noted earlier are low. The reform years did widened the gap between rich and poor, many employment conditions, including monetary were eroded and have not been regained. Longer working hours, multiple jobs, two earner households help fill the breach.

Of industry sectors, NZ Post has joined forces with DHL, and in that sense it has 'gone global'. Almost all New Zealand Banks are owned by overseas interests, as is much of New Zealand Telecom. The Postal Service is still in crown ownership but as each general election approaches, rightwing politicians invariably raise the possibility of selling the 'bank' and or privatising parts of the postal service.

We are entering times which demands that unions plan evermore proactively and Strategically, and there is growing recognition of the need to organise locally and globally with our union counterparts.

In 2004 the epmu sent two 'missions' to Australia to research the Australia Post Future Post programme which began in 2000! The information of the Australia Post journey, shared by consultants Kate Nash and Neil Watson, and that of our Australian sister Union the CEPU, as well as Australia Post management was invaluable in assisting the epmu postal leadership and senior delegates to evaluate and prepare a strategic plan and response to changes that will affect our membership in mail processing under the NewZealand Post Future Post Programme.

As a Union we have learnt bitter lessons from our Telecom experience, and experienced better from our postal industry engagement. These models have taken us on two very different journeys.

The key lesson: That there is no room for complacency, not in the 'good times' not in 'the bad'. The work of organised labour is to organise labour vigilantly, to build knowledge and understanding within our ranks about the changing environment in which we are operating. To consult, and to evaluate and choose wisely from the range of strategic responses we can take. To so influence outcomes to the benefit of those we represent, beyond the workplace, the industry, in to our communities across unions and globally.

We must organise, educate and advocate.

Endnotes

1. The cannons being : tight fiscal discipline, reducing govt activity, broadening the tax base by reducing special exemptions , reducing of marginal tax rates, finance market liberalization including opening of capital markets , trade liberalization, elimination of tarrifs, deregulation of markets and privatization of govt enterprises, entrenchment of private property rights (Harris p20 The new Politics a Third Way for New Zealand)
2. The new Politics, a third way for New Zealand, Chapter 4: Bryan Phillipot, New Zealand Structural Policies: Outcomes for the last 15 years and New Directions for the next
3. A normal term of office runs three years
4. The new Politics, a third way for New Zealand, Chapter 3, Paul Dalziel 'Third Way Economics: what might this mean in New Zealand?
5. Appendix 2 Information about SOE's
6. Source Department of Labour website www.ers.dol.govt.nz/union/registration.html
7. Unions and Union Membership in New Zealand: Annual Review for 2004, Blackwood, Feinberg-Danieli, and Lafferty. Industrial Relations Centre,Victoria University, Wellington, NZ
8. *New Zealand's State Sector Reform: A Decade of Change*, Chapter 2 State Services Commission, 1998
9. -
10. Ministry of Economic Development, Postal Services in New Zealand, May 1998
11. The new Politics, a third way for New Zealand, Chapter 4: Bryan Phillipot, New Zealand Structural Policies: Outcomes for the last 15 years and New Directions for the next
12. Bert Roth, 1990 Along the Line, 100 years of Post Office Unionism
13. Source NZ Post
14. On 1 December 1991, the level of the monopoly was reduced to letters weighing less than 200 grammes for which a charge of NZD 0.80 was made.
15. According to NZ Post estimates
16. Ministry of Economic Development, Postal Services in New Zealand, May 1998
17. Multi Employer Collective Agreement
18. The new Politics, a third way for New Zealand, Chapter 3, Paul Dalziel 'Third Way Economics: what might this mean in New Zealand

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Annex 1: New Zealand Post - Since 1986

1986	Under Labour Government, the New Zealand State-Owned Enterprises Act passed in December. Standard letter price rose from 30 cents to 40 cents on 1 February 1986.
1987	New Zealand Post becomes a State-Owned Enterprise (SOE) on 1 April. The old New Zealand Post Office split into three core businesses <ul style="list-style-type: none"> - postal services - telecommunications and - Retail banking. SOE Minister announces that 432 Post Offices are to close with 560 jobs to go (16 October). NZ Post records loss of \$37.9 million
1988	New Zealand Post announces a 25% cut in recurring costs. PostBank sold to ANZ Banking Group Mail re-classified by size not weight, with three price steps - medium, large and extra large envelopes (a world first for the postal industry). FastPost, the overnight mail delivery service, introduced. Datamail, a 50/50 joint venture direct marketing business established, offering business customers a bulk mail data processing and address labeling service. Government announces its intention to sell New Zealand Post and deregulate the postal market. End of year after tax profit - \$72 million
1989	Government advises New Zealand Post that it had "decided not to proceed to full competition in postal services." Instead, there would be a staged programme of deregulation. CourierPost and its innovative Track & Trace technology launched in August. End of year after tax profit - \$31 million.
1990	New Zealand Post establishes its own airline, Airpost, in a joint venture with Airworks (NZ) Limited. End of year after tax profit - \$53 million. New National Government elected to office
1991	Standard letter price rose from 40 cents to 45 cents. 1 December level of postal monopoly was reduced to letters weighing less than 200 grammes for which a charge of NZD 0.80 was made. End of year after tax profit - \$30 million.
1992	Rural Delivery fee doubled from \$40 to \$80 per year (1 April). The first of seven OCR - optical character recognition - machines were installed in Auckland, Wellington and Christchurch Mail Centres. End of year after tax profit - \$5 million
1993	Elmar Toime appointed chief executive. National Government pledges that Post would not be put up for sale in the foreseeable future. End of year after tax profit - \$37.4 million.
1994	End of year after tax profit - \$66.7 million.
1995	Rural Delivery fee abolished. The standard letter postage price reduced from 45 cents to 40 cents in October. End of year after tax profit - \$72.4 million.

1996	<p>Letter volume growth of 5% achieved for the fourth year in a row.</p> <p>New Zealand Post International Limited set up to develop an international advisory service.</p> <p>Free Post day resulted in a record 6.7 million letters posted on 1 July.</p> <p>Most Post Office and Telecom workers join Engineers Union following CEWU dmise</p> <p>End of year after tax profit - \$75.2 million.</p>
1997	<p>PostLink II roll-out to 296 PostShops.</p> <p>PostLink II is a revolutionary computerised point of sale system and was the first to introduce a fully integrated EFTPOS system in Australasia (February).</p> <p>All PostShops gain ISO 9000 accreditation.</p> <p>End of year after tax profit - \$47.7 million</p>
1998	<p>Acquisition of XP Group (NZ) Ltd in January (couriers).</p> <p>Deregulation of standard letter market from 1 April.</p> <p>End of year after tax profit - \$17.9 million.</p>
1999	<p>End of year after tax profit - 22.9 million</p>
2000	<p>Total mail volumes increased 5%, driven mainly by strong growth in unaddressed advertising mail, with letter mail volumes static over the same time the previous year.</p> <p>Ansett Express courier business was acquired.</p> <p>The Electoral Enrolment Centre maintained enrolment levels at 91%.</p> <p>End of year after tax profit \$30 million</p> <p>* Labour Government elected to office</p> <p>New (pro union) Industrial Relations Legislation introduced</p>
2001	<p>Domestic letter volumes fell by 1.6%.</p> <p>There was strong growth of 4.6% in unaddressed advertising mail.</p> <p>Service performance was above target at 95.7% of mail delivered on time.</p> <p>Shareholding Ministers approved the provision of equity to establish banking services. (Kiwibank)</p> <p>New Zealand Post purchased Australian courier business, Couriers Please.</p> <p>End of year after tax profit \$21.0 million.</p>
2003	<p>John Allen appointed as Chief Executive of New Zealand Post.</p> <p>Kiwibank customer numbers increased to 147,000, with 285 Kiwibank branches nationwide.</p> <p>New Zealand Post's retail network handled close to 19 million financial transactions on behalf of more than 60 of the country's major organisations collecting around \$2.75 billion in payments.</p> <p>End of year after tax profit - \$27.1 million.</p>

2004	<p>Service performance measure of on-time delivery of mail reached 96.8% - one of the best annual results achieved.</p> <p>New Zealand Post acquired WH Smith's 50% shareholding in Books & More, making it a wholly-owned subsidiary of New Zealand Post.</p> <p>Datamail acquired a 75% shareholding in Australian outsource company, Outsource Australia.</p> <p>The number of Kiwibank branches grows by 16 to 301.</p> <p>Kiwibank customer numbers exceeded 250,000 by 30 June 2004.</p> <p><i>The standard postage rate increased from 40cents to 45cents in April. First increase in 12 years. End of year after tax profit 36.5 million</i></p>
2005	<p>NZ Post Express Logistics group enters into 50/50 joint venture with DHL forming new business entity ECL. 550 NZ Post employees transfer employment to ECL December. New Collective Agreement negotiated. (break away from main collective)End of year after tax profit 137.2 million* * (includes DHL payment part of ECL establishment)</p>

Annex 2: State Owned Enterprise

State-Owned Enterprises in New Zealand (known as SOEs) are registered companies listed under Schedules 1 and 2 of the *State-Owned Enterprises Act 1986*. Most SOEs are former government departments or agencies that were corporatised. List of State-Owned Enterprises and Crown Entities: State sector organisations in New Zealand (listing of State-Owned Enterprises, Crown Entities and other Crown-Owned Companies here)

Function :Their function is to operate successfully as a business, as profitable as those not owned by the Crown. The section of the Act defining this is usually interpreted as meaning that SOEs are expected to ready themselves for privatisation, though this is not always the case.

Two Ministers of the Crown act as the shareholding ministers in the company. In the case of SOEs these are usually the Minister of State-Owned Enterprises and the Minister responsible for the particular company.

Crown Company Monitoring Advisory Unit

The Crown is assisted in the running of SOEs and other Crown-owned companies by the Crown Company Monitoring Advisory Unit (CCMAU) in The Treasury.

Well-known SOEs include:

- New Zealand Post Limited
- Meteorological Service of New Zealand Limited (MetService)
- Airways New Zealand (air traffic control and air navigation providers)
- Transpower New Zealand Limited
- Broadcast Communications Limited
- Mighty River Power Limited
- Meridian Energy Limited
- Genesis Power Limited.

Former SOEs

Former SOEs come in three forms -- [1] those removed from the Schedules of the Act and made Crown entities, [2] those removed and not privatised, and [3] those removed and privatised. Well-known SOEs that became crown entities include broadcasting companies Television New Zealand Limited (TVNZ) and Radio New Zealand Limited (RNZ).

Privatised SOEs include:

- Telecom Corporation of New Zealand Limited.
- Petrocorp
- Landcorp
- State Insurance Office
- Health Computing Service
- DFC New Zealand Limited
- Post Office Bank Limited (Postbank)
- New Zealand Shipping Corporation
- Air New Zealand Limited (albeit, the government later bought a controlling share in the company)
- Rural Banking and Finance Corporation
- Government Printing Office
- National Film Unit
- Tourist Hotel Corporation of New Zealand Limited
- Export Guarantee Office
- Government Supply Brokerage Corporation (NZ) Limited
- Bank of New Zealand (BNZ)
- New Zealand Rail Limited (NZ Rail)
- GCS Limited
- Terralink

and others

Companies that are still SOEs but are now shell companies, having had most of their assets privatised, include:

- Electricity Corporation of New Zealand Limited (ECNZ).

Source: The New Zealand Treasury

'Shell' SOEs

Some SOEs, such as ECNZ, are effectively small SOEs or shell companies. For example, ECNZ, formerly New Zealand's monopoly electricity generator, is now a shell company following its split into three further SOEs. Shell SOEs include

- Works and Development Services Corporation New Zealand Ltd which remained in state ownership after the sale of Works Civil Construction Ltd to Downer and Company Ltd.

'Revived' SOEs

In 2004, the Crown used the New Zealand Railways Corporation (now trading as ONTRACK) to buy back the railway infrastructure from Tranz Rail (now Toll Rail).

Sweden

By the Facket för Service och Kommunikation (SEKO)

Background

We would first like to give some background facts that are perhaps needed in order to put things in the right context.

Until 1993, the mail monopoly in Sweden only applied to the delivery of letters. The former Sweden Post (Postverket) held the mail monopoly. However, as a part of its operations it also provided parcel and cash services which were at that time and still are subject to competition. Hence, the replies to the questions deal only with the **liberalisation of the conveying of letters** – nothing else.

At the beginning of the 1990s, liberalisation was the prevalent political orientation which naturally played a decisive role in the developments in the postal sector. An interesting element in the stages leading up to the abolition of the mail monopoly and the coming into force of the Postal Services Act (Postlagen) was the challenge that Citymail (now Bring Citymail) posed to the legislation in force at the time. The company established its delivery service in Stockholm already in 1991 albeit only with pre-addressed mail items.

Today, fifteen years on, the postal market in Sweden consists of Posten AB and Bring Citymail, as well as a small number of minor local operators. When the market was first deregulated one hundred or so small postal companies were set up. They did not prove to be viable in the long term.

Concurrent with the liberalisation of postal services, the market underwent major **structural changes** that were based on an ever greater use of IT. Already at the beginning of the 1990s there were clear signs that developments within IT had had an impact on the delivery of letters in Sweden. Subsequently there was a(n):

reduction or stagnation in the volume of letters

surge from more expensive to cheaper postage (from A to B) which was reinforced by the competition coming from Bring Citymail

- increase in electronic mail
- increase in the advertising market
- increase in the share of DM.

Sweden is a highly computerised society, which means that both private individuals as well as companies are rapidly going over to the cheaper **electronic services** available. The number of letters being sent between private individuals in Sweden is today almost negligible - one percent of the entire volume of letters. Stamped letters are primarily used by small companies and associations.

The same applies to Posten AB's cash services. The demand for over the counter cash services has fallen dramatically. More and more people are using a substitute in the shape of for example electronic payments carried out via the Internet. The structural changes are the main explanation for the fact that Posten AB's network of post offices has completely disappeared.

One consequence of liberalisation was the demand for accessibility as regards the postal infrastructure. This includes the postcode system, post box system and the system for forwarding mail and changing address.

The new Postal Services Act, which was a prerequisite after liberalisation, also meant that the **postcode system** became a general service for all postal operators. Posten AB used to own the system. Today, Posten AB still manages the system in accordance with the licence terms and conditions.

Furthermore, the **post box system** owned by Posten AB, and through which Posten AB distributes mail, is now also accessible to all operators at a set price established by the supervising authority the PTS (The Swedish Post and Telecom Agency).

The changing address and forwarding mail service is managed by the company Svensk Adressändring AB which is owned by both Posten AB and Bring Citymail. Other operators have the possibility of joining the system.

Liberalisation Process: When was (will be) the postal market liberalised in your country?

The Swedish postal market was liberalised in three steps:

On 1st January 1993, through the abolition of the mail monopoly. Up until that time the former Sweden Post had the sole rights with regard to the conveying of letters.

On 1st March 1994, the Postal Services Act came into force. The Postal Services Act was introduced partly in order to secure access to a good postal service nationwide and partly to control that new postal operators manage their operations in a trustworthy manner. The Act has been amended on three occasions. On 1st January 1997, licence terms and conditions were introduced replacing the previous system whereby mail delivery companies had an obligation to register their operations. Moreover, newspapers and periodicals were defined as being part of a universal service. On 1st July 1998, the possibility of linking terms and conditions to the licence was introduced, and at the same time the legislation was adapted to the EC Postal Services Directive (Dir 97/96/EG).

On 1st March 1994, the former Sweden Post was converted into a state-owned public limited company, Posten AB. The aim was to give Posten AB the same operational conditions as its competitors. The first new postal company CityMail had already been operating in the market with postal deliveries in Stockholm and on Lidingö (an island municipality just outside Stockholm) since 1991. By converting the organisation into a company, Posten AB would be provided with the means to act fully on the liberalised postal market.

Source: PTS 2003:2 and the Ministry of Enterprise, Energy and Communications Factsheets

Is the market fully liberalised?

The Swedish postal market is fully liberalised, i.e. no part of the market is protected by a statutory monopoly.

Is there still a reserved area?

No.

Did (will) the liberalisation process take place in various phases or not?

See above

Did the privatisation of the historical postal operator take place at the same time or is it still to take place?

Posten AB, which held the monopoly prior to liberalisation, was privatised in 1994 (see above) and it is still a fully state-owned company.

A merger between Posten AB and Post Danmark A/S was announced on the 1st April 2008. According to the letter of intent a parent company owned jointly by the Swedish state, the Danish state and CVC Capital Partners (which has had a 22% shareholder stake in Post Danmark A/S since 2005) will be established consisting of both companies. The Swedish and Danish parliaments approved the deal in June 2008 on condition that definitive agreements are signed and the regulatory authorities have their say. On 2nd February 2009 the Swedish Government together with the Danish Government signed a share owner agreement and a combination agreement for the merger of Posten AB and Post Danmark A/S. The merger will be finalised after a formal approval has been granted by the Finance Committee of the Danish Parliament and after the EU has ruled on competition.

In conjunction with the merger negotiations, the Danish state has come to an agreement with CVC regarding the acquisition of CVC's Post Danmark A/S shares on condition that the merger between Posten AB and Post Danmark A/S is finalised. Together, CVC and Post Danmark A/S own half of the Belgian post office, De Post-La Poste. In conjunction with the merger, CVC and Post Danmark A/S have agreed that CVC shall acquire Post Danmark's shares in the Belgian post office.

Source: Posten AB Interim Report 2008 Jan-Sept, Press Release the Government 2nd Feb 2009

What impact did liberalisation have on the historical operator? (office closures, diversification of services...)

Changes to the number of post offices run by Posten AB

Posten AB has made a huge reduction in the number of post offices in the last twenty years. At the same time, the possibility of carrying out postal errands at a variety of different agents – supermarkets, petrol stations, news-agents etc – has increased.

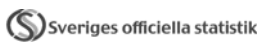
Since liberalisation in 1993, the number of post offices has decreased by about 1,100 offices or by 75%. Thus a quarter of the offices remain. On the other hand, the number of agents increased by about 1,440, the result being that the total number of service points has increased by about 300 or by 18%.

An explanation for the reduction in the number of post offices can be found in the way Posten AB's responsibility has changed with regard to the basic cash services and with the reduced demand for Posten AB's cash services. The post offices offered both financial services as well as a letters and parcels service. From 2002, the letters and parcels service was transferred to Posten AB's own business centres or to agents.

Since 2002, the cash services have been managed through a subsidiary to Posten AB, Svensk Kassaservice. Since Posten AB's responsibility for cash services and thus for Svensk Kassaservice has been phased out, post offices have all but disappeared – from 1st January 2009 there will be none left.

Supporting figures for Figure 1.2 Posten AB's service points 1988-2007

Year	Post of-fices	Agents	Total
88	2110	0	2110
89	2075	94	2169
90	1934	123	2057
91	1882	150	2032
92	1773	179	1952
93	1473	419	1892
94	1341	537	1878
95	1289	564	1853
96	1177	640	1817
97	1095	730	1825
98	1020	781	1801
99	922	853	1775
00	851	890	1741
01	840	900	1740
02	433	1800	2233
03	440	1800	2240
04	420	1818	2238
05	422	1812	2234
06	382	1801	2183
07	370	1821	2191



Source: SIKAs Postverksamhet 2007 (The Swedish Institute for Transport and Communications Analysis, Postal Operations) Excel file

Data on employment levels at Posten AB

Employment levels at Posten AB have decreased continuously since the beginning of the 1990s. Since liberalisation in 1993, the number of employees has decreased by 37 percent.

Year Employees

1985 54 000

1990 57 000

1993 50 000

1998 42 000

2002 39 000

2006 31 000 (average number of employees Jan-March for each respective year)

2007 31 700

2008 31 300

Source: A SEKO report, Mail for all – also in the future, SEKO's view on the postal services policy, 2003 (Post till alla – även i framtiden SEKOs syn på postpolitiken), Posten AB Interim Report Jan – Sept 2008

Changes in service levels

As regards access to postal services nationwide and the frequency of delivery, there have been no changes in Sweden.

Level of employment:

What impact did the liberalisation of the postal sector have on the level of employment, has it decreased, increased?

The number of full-time equivalents employed has decreased enormously and continuously in the postal companies. Compared to 1996, the level of employment decreased by almost 30 percent.

Number of full-time equivalents employed in companies with postal services 1996-2007

Postal delivery

Year	Number of full-time equivalents employed
------	--

1996	41246
------	-------

1997	39388
------	-------

1998	39291
------	-------

1999	38855
------	-------

2000	39455
------	-------

2001	36610
------	-------

2002	37091
------	-------

2003	34539
------	-------

2004	33257
------	-------

2005	32171
------	-------

2006	31268
------	-------

2007	29302
------	-------

Source: SIKÄ Postverksamhet 2007 (The Swedish Institute for Transport and Communications Analysis, Postal operations) and separate table 2.4 Number of full-time equivalents employed in companies with postal operations between 1996-2004

Have jobs been transferred from the historical operator to the new competitors, if so in what proportion?

The number of postmen has not decreased at Posten AB. In 1993 there were approximately 16,000 postmen at Posten AB – almost the same number as today. In addition there are approximately 15,000 employees at Bring Citymail and a few small local postal operators.

Even if the use of electronic substitutes like e-mail and hybrid mail has increased (particularly in SMEs), the number of physical mail items has remained fairly constant.

Addressed direct mail has increased to over half the volume of mail and even unaddressed direct mail has increased enormously. Bring Citymail's delivery concentrates on second-class letters. Bring Citymail does not deliver mail from private individuals.

However, the number of people working with postal services as a whole has decreased since there has been an enormous increase in productivity.

44.5% of the total number of mail items in 2007 were letters, addressed newspapers and addressed direct mail, while unaddressed direct mail and bulk mail stood for 54.7% and parcels 0.8%.

Number	Mail items												
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Letters, addressed newspapers and direct mail (million)	3,5	3,6	3,6	3,6	3,6	3,5	3,3	3,6	3,3	3,1	3,0	3,1	2,8
Parcels	48600	46908	43148	42111	43403	47784	42214	49957	42890	47242	42633	46385	49470
Unaddressed consignments and bulk mail (million)	1,5	1,6	1,8	1,9	2,0	3,0	3,0	2,9	3,0	3,4	3,5	3,6	3,5

Source: SIKA (The Swedish Institute for Transport and Communications Analysis), a more detailed table is appended

Quality of employment:

What impact did the liberalisation of the postal sector have on working conditions, in the historical operator as well as in the new competitors collective?

The increase in competition above all between Posten AB and Bring Citymail but even from the electronic media, and the structural shift in volumes of letters have led to enormous rationalisation pressures on the employees.

The consequence of this has been that the number of employees on either fixed time contracts or working on hourly rates has increased. This has also meant that more work has been pressed into working hours and that a number of functions have been replaced by new technology.

Wages, working conditions and the working environment have deteriorated. However, at Posten AB the old more advantageous state conditions still remain.

The differences in, for example, holidays and pensions as well as wages between Posten AB and Bring Citymail can be explained by a difference in age structures. The average age of the employees at Bring Citymail is substantially lower than at Posten AB. Moreover, Bring Citymail has a much higher turnover of staff.

Thanks to the fact that SEKO has concluded a collective agreement with the two dominant postal operators, it has been possible to avoid huge differences in working conditions.

What about wages, have they increased, decreased? Are they similar/different between the historical operator and the new entrants?

In general you can say that the wage development rate slowed down after liberalisation and for Posten AB after privatisation. This is something that has, however, been rectified in recent years.

Individual wage setting is used both at Posten AB and Bring Citymail. The differences in wages that can be seen between these two companies are primarily due to the difference in age structures.

What about collective contracts, have some new ones been signed in new entrant companies?

SEKO has concluded collective agreements with all the main companies: Posten AB, Bring Citymail as well as twenty-odd of the other postal operators. More agreements will be concluded in the near future.

Has there been more/less subcontracting or outsourcing?

There is basically no outsourcing in the letter delivery operations. However, Posten AB have outsourced certain administrative tasks, for instance accounting, staff issues, IT. The current trend is, however, going in the opposite direction. Operations which have been outsourced are being insourced again.

Since liberalisation at the beginning of the 1990s, the number of post offices run by Posten AB itself has decreased and the number of agents increased. All over the counter parcel and letter management for private customers is now being handled by supermarkets, petrol stations etc. As regards business mail there is still in each municipality a business centre run by Posten AB which companies can turn to.

Bring Citymail have a number of service offices for business customers.

Are there more part-time and/or temporary workers?

At Posten AB there are approximately 3,000 part-time workers. This figure is greater/smaller/constant?**** compared to the past. Bring Citymail does not currently have any part-time workers.

The number of workers either on temporary contracts or paid by the hour has as already mentioned tended to increase. Posten AB has currently approx. 2,500 workers on hourly rates. Normally, those on hourly rates work at the post office while they are studying for example.

At Bring Citymail there are approx. 1,000 workers on hourly rates. Compared to Posten AB, the difference is that for these workers their job is their main form of employment and source of income. They are often young and this is often their first job. According to our calculations Bring Citymail has 2,500 workers including those on hourly rates, according to the company itself they have 1,500 workers.

Universal Service (US):

What is the definition and scope of the US in your country?

The Postal Services Act stipulates that there shall be a nationwide postal service with the possibility for everybody to receive letters and other kinds of addressed mail items weighing less than 20 kg. Postal services shall be of good quality and it shall be possible for everybody to have such mail items delivered at reasonable prices. Furthermore, single letters shall be delivered at uniform prices. It shall be possible to insure mail and receive a receipt from the addressee confirming the reception of the item.

Source: The Postal Services Act

How is it financed?

According to the licence terms and conditions, Posten AB is responsible for the universal service and it is regarded as being able to finance this universal service via its ordinary business operations.

The state, via the PTS, acquires services for the disabled through public procurement. This includes an extended rural delivery service for the elderly and people with disabilities as well as the delivery of Braille mail items free of charge.

The Public Inquiry into the Postal Services (Postutredningen), proposed that the Postal Services Act should be amended to include that the universal service shall be acquired through public procurement if it is required taking the costs for providing this service into account. However, this is currently and in the present order of things not regarded as being required.

Source: The Public Inquiry into the Postal Services

By whom is it provided? Historical operator, new entrants...?

Through the licence terms and conditions, Posten AB has been given the task of providing a universal service. There are precise details in the terms and conditions with regard to national coverage and quality. Posten AB shall for instance provide a daily service to all households, companies and organisations. Normally there shall be a postal delivery service five days a week.

It would be possible to also give the universal task to other postal operators through their licence terms and conditions. However, Posten AB is currently the only operator that has nationwide operations.

Source: Posten AB's licence terms and conditions, The Public Inquiry into the Postal Service

What about the quality of the US? Has it been impacted by the liberalisation? If so, how?

According to the Postal Services Ordinance and Posten AB's licence terms and conditions, at least 85 percent of the letters which have been posted for overnight delivery before the stated latest point of time for posting shall, irrespective of where in Sweden they are posted, have been distributed within Sweden on the following working day. At least 97 percent of the letters shall have been distributed within the three following working days. According to the Public Inquiry into the Postal Service, Posten AB has more than fulfilled these requirements for a long time. As regards the requirements for cross border postal delivery services within the EU – 85 percent within three days, 97 percent within five days after having been posted – Posten lies well above these service requirements with the measurement methods used according to the Public Inquiry into the Postal Service.

Source: The Public Inquiry into the Postal Service

Regulator:

When was the regulatory institution set up?

The PTS (National Post and Telecom Agency) was established on 1st July 1992 but until 1st March 1994 was called the Swedish Board of Telecommunications (Telestyrelsen). The name was changed when Sweden Post was transformed into the state-owned company Posten AB and the responsibility for the exercise of public authority was transferred to the Swedish Board of Telecommunications. The Postal Services Act came into force at the same time.

Source: The PTS website

What were the main changes in the regulatory framework in the context of the liberalisation process?

In conjunction with the abolition of Posten AB's monopoly on the delivery of mail on 1st January 1991 and with new operators allowed to enter the market, a new licensing and supervising authority was required. Postal issues within Sweden Post's operations were previously regulated through the appropriation directions.(?)****

What are the regulations for new entrants on the market? (Entry mode and requirements, network access)

Anyone wishing to run a postal service – i.e. a regular delivery service of addressed mail items – must have a licence. Applicants can either be a physical person or a legal person. For a legal person a registration certificate shall be attached to the application which must be signed by the person authorised to sign for the company.

When an application is submitted, the PTS first decides whether the company is running a postal service in compliance with the spirit of the Postal Services Act. If this is the case, the actual licensing process is initiated. Against the background of the information included in the application, the PTS assesses the suitability of the applicant to run a postal service. Therefore this licensing process includes checking with the Swedish Patent and Registration Office's register of banned companies and with the Swedish Enforcement Agency.

A licence includes the inland delivery of mail and applies until further notice. A holder of a licence pays an annual fee that is based on the number of delivered mail items. The minimum fee is SEK 3,600.

Source: The PTS website

How many companies entered the market once it was liberalised? Are there more/fewer today?

Companies holding a licence

In 1994 there were four companies that were holders of a PTS licence to run a postal service. The number increased gradually in 1995 and 1996 to ten and then shot up during 1997 to 105 companies holding licences. In

the following years the number decreased continuously and between 2002 and 2007 there were between 35 and 40 licence holders. In 2008 there were 31 licence holders.

Companies running postal services

Not all the licence holders have been running postal services. Of the 105 companies holding a licence in 1997, 77 ran some kind of service. Of the 36 licence holders in 2003, 31 companies ran a postal delivery service.

The number of companies running a postal service:

Year Number of companies

1995	3
1996	29
1997	77
1998	74
1999	54
2000	55
2001	39
2002	39
2003	31
2004	31
2005	34
2006	34
2007	33

Source: The Public Inquiry on the Postal Service and SIKÅ, Postverksamhet 2007 (The Swedish Institute for Transport and Communications Analysis, Postal Operations 2007)

Are the regulations similar for the historical operator and for the new entrants (e.g.: provision of USO, VAT exemption...) or are there differences (level playing field)?

The licence terms and conditions for Posten AB differ from the other operators as regards the following requirements:

upholding a universal postal service

providing and managing the postcode system in accordance with the provisions in the Postal Services Act

safeguarding the community's need for a postal service during times of crisis and during a war

taking account of the special postal needs of the elderly and the disabled in accordance with the provisions of the Postal Services Act

Until the mid-1990s, the cost of a stamp was not subject to VAT. This is not the case today, the usual 25% VAT is now added.

Source: PTS Licence terms and conditions for Posten AB

Are regulations in terms of employment in the postal sector similar for the historical operators and for the new entrants? (social level playing field)

There are no regulations as regards employment for the postal companies.

How active is the regulator, many/few interventions?

For every annual report, the PTS goes through which supervisory measures have been carried out and any possible measures that have been taken in order to ensure the provision of the universal service and the quality of the postal operations in relation to the Postal Services Act and the goals set by the agency itself.

In Sweden it is not the regulatory authority that monitors the competition. That task is the responsibility of the Swedish Competition Authority. This is the authority that monitors the competition in all sectors. The Swedish Competition Authority has intervened on a number of occasions when it comes to the price setting of what?****

The PTS has, however, intervened in order to ensure that Posten AB lets post box facilities at a fixed price to other operators since the operators themselves failed to come to an agreement.

How is it linked to the government?

The PTS is a state agency reporting to the Ministry of Enterprise, Energy and Communications and is managed by a board appointed by the Government. The PTS' work is commissioned by the Government.

The PTS' ongoing work is funded by fees that are charged to all operators as well as companies and people holding a licence supervised by the PTS. In addition, the PTS receives appropriations for the procurement of special services for the disabled and for robust communication.

Source: The PTS website

How does the regulator fix the prices? What impact has the liberalisation process had on prices?

Background

The Postal Services Act stipulates that: the operator providing the universal service shall provide this service at prices that are cost-based.

the Government may prescribe that prices for services included in the postal operations may not exceed specified levels in the Postal Services Act.

Hence, the regulation of prices for postal services in Sweden applies only to Posten AB, the operator providing the universal service. The other postal operators are free to set their own prices.

The aim of the general price protection is that the basic postal service in the country shall be provided at uniform (however, this only applies to single mail items) and reasonable prices. Furthermore, there is also a price ceiling for overnight items up to 500g according to which the operator providing the universal service may not increase the prices for the delivery of single mail items within the country that are conveyed overnight and that weigh at most 500g by more than the consumer price index.

Source: PTS 2008:3 and PTS2008:10

Supervision

The PTS is the authority that is responsible for supervising that the provisions in the Postal Services Act and other provisions within the area are complied with and is the authority with the task of assessing whether Posten AB's prices for the universal service are cost-based or not. Therefore, the PTS carries out annual evaluations geared

towards the distribution of costs for individual services. For this the PTS has access to Posten AB's cost accounting system.

According to the licence terms and conditions, Posten AB is obliged to provide the accounts and calculations of costs for the universal postal service that make it possible to check that the prices charged for the service are cost-based and reasonable. Posten AB shall also keep a documented and transparent cost-estimate system for the costs and revenues of the universal service.

The PTS publishes an annual report on whether the state regulations in the postal sector have been complied with or not and whether Posten AB has fulfilled its obligations as regards the universal postal service. The report also highlights the situation and changes in the postal market in the last year.

Source: PTS 2008:18, Posten AB's licence terms and conditions and PTS 2008:10

Price development

In its 2003 report, the PTS stated that the universal service showed two trends: firstly, that the liberalisation of the sector had put pressure on prices and entailed decreasing prices on major deliveries and pre-sorted post above all in the city regions and secondly, that there was an increase in price differentiation taking account of differences in costs and the competitive situation.

The normal inland postage for a letter is price regulated in accordance with the Postal Services Ordinance. The current price regulation stems from 1998.

Only one price increase for stamped letters has been carried out between 1999 and 2008. The price increase for a stamped first class letter has stopped at 10 percent since 1999. The postage for letters being sent to Europe has, however, increased by 57 percent and letters to countries outside Europe has increased by 37.5 percent during the same period.

Source: PTS 2003:2 and PTS 2008:18

Role of unions:

When Bring Citymail was established in 1991 opinions were divided at SEKO on what perspective the union should take with regard to the establishment of a competitor to the national post office.

At the beginning SEKO's position with regard to Bring Citymail was very divided. On the one hand, there were strong reactions against the new order, on the other, there was the realisation that the mission of the trade union demanded the organisation of the workplace and the conclusion of a new collective agreement with the new company.

No to liberalisation

SEKO reacted strongly against the establishment of Bring Citymail and the liberalisation of the postal market. Members at Posten AB reacted strongly against liberalisation and opening up the postal market to competition.

The union carried out several major actions and campaigns, and called on the Government in order to try to prevent liberalisation. That was a struggle we lost.

Organising the workplace and collective agreements

At the same time SEKO felt obliged to strive to conclude a collective agreement with Bring Citymail. Among other things to ensure that none of the other competing trade unions would get there before us. An agreement was concluded in 19xx**** and we started recruiting members at Bring Citymail.

At the beginning, it was the SEKO elected representatives employed by Posten AB who carried out the task of recruiting members and organising the Bring Citymail workplace. The fact that Posten AB workers, albeit elected representatives but still employees, were working to set up a SEKO organisation at and negotiating with Bring Citymail was something that the company was able to use against SEKO.

The question that was put by Bring Citymail management was whether employees at Posten AB, a Bring Citymail competitor, could be credible representatives for employees at Bring Citymail.

Naturally the company was able to make use of the fact that SEKO had acted as an opponent to liberalisation. Was it possible for a union like SEKO to be a credible representative for the interests of the employees of Bring Citymail when SEKO did not want to see any competition in the market?

Despite this we managed to create a working trade union organisation at the company. A collective agreement was concluded, which to begin with was not, however, equal to Posten AB's agreement.

Problems also arose with regards to credibility not only with future members at Bring Citymail but also with existing members at Posten AB. Members at Posten AB felt that their union had let them down when SEKO concluded an agreement and created a SEKO organisation at Bring Citymail. Members at Posten AB had lived so long with Posten AB being the dominant company that they had trouble coming to terms with the fact that the market had been liberalised. You could add that at that time both Posten AB and members at Posten AB had the same interest in maintaining the old order.

New direction

However, it was necessary for the union to change both policy and strategy. Going from organising members at one company to organising members in a market with several companies required a change to our trade union work.

A very important issue was to ensure that Swedish postal legislation was designed in such a way that no company was given business advantages in the legislation. This meant prolonged and methodical work trying to influence the politicians.

In this respect the union can probably claim that it has been successful. Today we have legislation for the postal market that is relatively neutral and favourable.

The union's lobbying was geared towards political parties, members of parliament and government representatives. The Swedish trade union movement has also traditionally had good political contacts, primarily with the Swedish Social Democratic Party but also with others.

In Sweden, there is no tradition of working with other organisations on this type of issue, for instance consumer organisations. The Swedish trade unions enjoy a high level of affiliation and have many members which means that trade unions are a strong voice in society. Furthermore, Sweden does not really have a particularly strong consumer movement since consumers are used to being represented by the state through government agencies like the Swedish Consumer Agency.

It is also worth noting that Citymail has been very clever in its lobbying in Europe which has benefited an increased liberalisation of the postal market

Collective agreements with equal terms

In order to ensure a good relationship with members at both the two major companies it is important that the collective agreements do not give one company a competitive edge over the other. It is important to prevent the companies from competing over the employment conditions of our members. Instead it is better that the trade union strives to ensure that the employment conditions are the same.

Also in this respect you could say that the union has succeeded fairly well.

Today, SEKO has trade union officials employed at the union who manage contacts in the negotiation work with one or other of the companies so that SEKO cannot be accused in any way of giving a competitive advantage to one or other of the companies. However, the suspicion still remains above all at Bring Citymail.

What also remains is the historical problem particularly among workers in Stockholm where Bring Citymail first set up business. Many workers in Stockholm do not want to be members of SEKO since they believe SEKO primarily represents workers at Posten AB. The situation is better in Göteborg and Malmö, where the level of affiliation is high at Bring Citymail.

The ambition is to arrive at similar agreements for all postal operators. There is still some way to go before we get there since a prerequisite is that the postal companies must be able to sit at the same negotiation table as their competitors – they have not come that far yet.

The most difficult problem at Bring Citymail today is that the staff turnover is extremely high and that the absolute majority of workers are very young. This naturally creates a problem as regards the level of affiliation and a sense of continuity for the trade union elected representatives.

Finally, it is important to mention that there are a few small postal companies that work with deliveries at the local level. These companies usually only have 3-4 employees. SEKO has also concluded agreements with equal terms with these operators.

Finally

The liberalisation of the postal market was carried out in accordance with political decisions made in the Swedish Parliament. At that time SEKO decided to take a path which consisted of the following important requirements:

neutral legislation

neutrality in our own dealings with the postal companies in the market

competitively neutral agreements in order to prevent wage dumping between the companies.

The union strategy is to organise members and conclude collective agreements with all postal operators doing business. In this way it is possible to prevent the dumping of wages and working conditions between the companies.

Gender and equal opportunities

In the postal sector the balance between men and women is very even. In conjunction with the phasing out of Svensk Kassaservice (the cash service), the number of men in relation to women has increased. The cash services staff consisted primarily of women.

One aspect which is interesting to note is the action taken at Bring Citymail to create an open attitude towards homosexual employees at the company. As a relatively new company, it has been possible to establish a culture without the burden of old ingrained attitudes.

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6. PTS Tillståndsvillkor Övriga postoperatörer – Licence terms and conditions other operators
7. The PTS website www.pts.se
8. PTS-ER -2008:18 konsumentpriser för brev och paket, En internationell jämförelse – Consumer Prices for Letters and Parcels, An International Comparison
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10. PTS-ER-2003:2 Den samhällsomfattande tjänsten – The Universal Service
11. Posten AB Interim Report 2008 Jan-Sept
12. SIKA, Postverksamhet 2007 - The Swedish Institute for Transport and Communications Analysis, Postal Operations
13. SIKA (The Swedish Institute for Transport and Communications Analysis) Table 2.4 Number of full-equivalents employed at companies running a postal service between 1996 and 2004
14. SIKA Postverksamhet 2007 Excelfil - Swedish Institute for Transport and Communications Analysis, Postal Operations, Excel file
15. SEKO, Post till alla – även i framtiden SEKOs syn på postpolitiken, 2003 – Post for all – even in the future, SEKO's view on the postal services policy, 2003
16. Christer Rydh, Trade Union Official SEKO
17. Jens Saverstam, International Secretary SEKO

Number of items of mail													
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Letters, addressed newspapers and advertising	3 467 459	3 576 412	3 357 7 51	3 574 516	3 557 584	3 548 006	3 265 673	3 603 861	3 262 135	3 087 405	3 034 208	3 087 970	2 832 785
Parcels	48 600	46 908	43 148	42 111	43 403	47 784	4 214	49 957	42 890	47 242	42 633	46 385	49 470
Unaddressed items and bulk mail	1 520 700	1 575 157	1 755 547	1 864 762	1 953 823	2 960 693	2 997 232	2 867 884	2 950 464	3 362 459	3 547 246	3 563 384	3 485 914

Source: SIKA

Switzerland

By the Syndicat de la Communication

Preliminary Remarks

In the Swiss political system, changes to the law follow a well-defined political process: before making proposals to the parliament, the government sets out the objectives of the legislative revision and submits it for consultation to the country's political and economic players (cantons, employer organisations, agricultural associations, trade unions, and consumers, etc.) in order to have a more precise idea of the political forces affected by a particular project.

This procedure is particularly justified by the existence in Switzerland of the optional referendum, which allows every person, group or organisation to contest any decision made by the parliament, to collect signatures and thus submit this decision to a popular vote. Without going into detail, we do, however, want to specify these two aspects of the Swiss political system because in the area of discussion on the liberalisation of the postal market and the privatisation of the incumbent postal operator, these two political tools (consultation and referendum) are important means for the unions to influence parliamentary decisions.

(If you deem it necessary, we can complete this chapter at your request.)

Liberalisation Process:

We understand this question to concern the sector of letters and all our responses will turn on this theme. If you desire particulars on the opening of the market of parcels or of fast courier service, we will voluntarily provide these at your request.

When was (will be) the postal market liberalised in your country?

The first step was made in April 2006 by the restriction of the postal monopoly to letters weighing 100 grams.

In 2008, the government held a consultation aiming to reduce the monopoly to 50 grams on 1 April 2009 by a simple decree (for which the government has the necessary authority) and to ban the monopoly in 2012 through a change in the law. Despite the parliament's repeated opposition to a rapid reduction of the monopoly to 50g, the government refuses to change its position and has announced its decision to introduce this reduction on 1 July 2009.

Is the market fully liberalised? Is there still a reserved area?

No, see above.

Did (will) the liberalisation process take place in various phases or not?

Yes, see above.

Did the privatisation of the incumbent postal operator take place at the same time or is it still to take place?

Yes, the incumbent operator's transformation from a public corporation to an undertaking governed by private law is scheduled to take place at the same time as the full liberalisation of the letter post, namely in 2012. In the case of this project, however, the state is not at this time planning to relinquish its majority holding in the stock of what is soon to become a private sector enterprise.

What impact did the liberalisation of the postal sector have on the level of employment? Has it decreased or increased?

It is more a case of the impact resulting from the incumbent operator's preparation for a limitation of the monopoly: savings measures in all sectors, the reorganisation and automation of the sorting process, restructuring the post office network, reducing services (openings, products) in peripheral regions, reorganising the distribution process.

Level of Employment:

What impact did the liberalisation of the postal sector have on the level of employment? Has it decreased or increased?

So far, there has been a recognisable decline in employment at the incumbent operator, which is explained by the measures taken with the perspective of the market opening (see above). Globally, on the other hand, the incumbent operator's staff has increased through the acquisition of companies in Switzerland and abroad.

Have jobs been transferred from the incumbent operator to the new competitors and if so, in what proportion?

If we take the example of a sector that has already been liberalised (parcels), employment has dropped at the incumbent operator, while the new operators have created jobs. The difference in proportion between jobs lost and gained is, however, difficult to evaluate.

Quality of Employment:

What impact did the liberalisation of the postal sector have on working conditions, in the incumbent operator as well as in the new competitors collective?

Automation and the transformation of various handling activities into industrial processes have resulted in the downgrading of job skills, a notable increase in part-time work and an increase in atypical schedules. These changes have also resulted in greater drudgery and increased stress (through an intensified pace and rhythm of work).

Have wages increased or decreased? Are they similar/different between the incumbent operator and the new entrants?

A marked pressure on wages has developed at the incumbent operator as a direct consequence of the changes outlined above. This pressure notably results from the fact that certain competitors have not yet implemented collective labour agreements.

Our union is working to apply these agreements to the sectors due to be liberalised in order to prevent distorted competition based on wages dumping. We hope thereby to avoid additional pressures on the incumbent operator's wages, which are comparatively good as they are based on a collective agreement applicable to public law companies.

Have some new collective agreements been signed by any of the new operators?

Yes, but unfortunately these are a minority. Most of the new operators are still not ready to negotiate collective labour agreements in order to retain a competitive advantage which is based on less favourable wages and conditions.

Has there been more or less subcontracting or outsourcing?

Yes, notably in the case of transport. On the other hand, the incumbent operator has also made a certain number of acquisitions in order to offer more product lines than the traditional postal service.

Are there more part-time and/or temporary workers?

Yes, *see above*.

Universal service:

You will find all answers relating to the Swiss definition of the universal service on pages 12 and 13 of the document entitled "Liberalisation of the Postal Market: an economic risk". We will not, therefore, repeat them here.

What is the definition and scope of the universal service in your country?

How is it financed?

By whom is it provided, the incumbent operator, new entrants...?

What about the quality of the US? Has it been impacted by the liberalisation? If so, how?

The quality of the universal service has not yet been impacted by the government's intentions to liberalise the postal market, but it is already the subject of attacks by some of the larger economic organisations. These organisations claim that the universal service must be financed, and able to be financed, by the incumbent operator (without a monopoly) and that it is therefore necessary to define it in terms conducive to attaining this objective. This will result in significantly reducing the universal service in terms of both quality and quantity.

Regulation:

You will find all answers to these questions in the regulatory authority's annual report, which you will find at www.postreg.admin.ch.

Please find attached the 2007 report, and we remain at your disposal should you require any additional information.

When was the regulatory institution set up?

What were the main changes in the regulatory framework in the context of the liberalisation process?

What are the regulations for new entrants on the market? (Entry mode and requirements, network access)

How many companies entered the market once it was liberalised? Are there more or fewer today?

Are the regulations similar for the incumbent operator and for the new entrants (e.g. provision of US, VAT exemption...) or are there differences (level playing field)?

Are regulations in terms of employment in the postal sector similar for the incumbent operators and for the new entrants (social level playing field)?

How active is the regulator? Are there many or few interventions?

How is it linked to the government?

How does the regulator fix prices? What impact has the liberalisation process had on prices?

Role of unions:

How has your union responded to the liberalisation process? (Information sharing with members, research on potential impacts, government/parliament lobbying, discussions with companies...)

During the consultation process organised by the government, we lobbied the organisations consulted in order to convince them of our arguments and to get them to support our position.

Through various formal and informal means, we have explained the risks linked to total liberalisation of the market, and more specifically to the financing of the universal service.

Please find attached the brochure we distributed to this end.

You will notice that we have focussed primarily on the financing of the universal service, as well as on the quality and quantity of postal services offered within the framework of the universal service for individual and business customers alike.

We have developed this strategy in response to the necessity of convincing a maximum number of citizens to support our position in the event of a referendum or popular vote.

A market study has shown us that we cannot win a popular vote if our position is based solely on defending the interests of employees. We have therefore had to integrate the expectations of consumers, businesses (especially with regards to small and medium-sized corporations) and remote and mountainous regions, in order to form a majority in the event of a popular vote.

We have met with a lot of support in the more outlying regions that are afraid of cherry-picking and different levels of universal service depending on where one lives. On the other hand, the politicians who comes from these areas are sometimes split between the interests of their electorate and the liberal viewpoint they defend politically.

What successes and challenges have you encountered in this process?

Have you recruited in the companies newly entered into the market?

With whom have you been strategising? (Consumer associations, NGOs...)

What are the major changes you have noted as a trade union with regard to the liberalisation process?

Gender and equal opportunities

Any specific information on gender issues as well as on anti-discrimination practices you may have would be most useful, for any of the subjects mentioned above.

You will also find interesting information on the following websites:

Our union: www.syndicatcommunication.ch (Postal market)

Incumbent operator: www.poste.ch

Alternative operators: www.kepmail.ch

Government: www.admin.ch

Regulator: www.postreg.admin.ch

Tunisia

By the Fédération Générale des PTT (FG-PTT)

Liberalisation Process:

The Tunisian postal market is currently a state monopoly. Indeed, the Tunisian post, the national postal service, is a state-owned enterprise. In the past five years, a small number of companies have started a parcel transport service on behalf of certain industrial corporations on a limited number of routes. This prompted the national post, as a public sector, likewise to offer this service and to compete with these companies in addition to providing the usual parcel and post service, as well to create new services, such as Rapid-Post.

Since 2005 the transport of mail has been subcontracted on certain routes, although a postal worker is always present. Subcontractors also provide a cash-in-transit service via a company specialising in this type of security service.

Data is also collected on various services, for example clients who have postal savings accounts, postal checks and information on magnetic cards.

Quality of employment:

The Tunisian postal service has 9300 employees, of which 9100 are permanent staff and 158 are on temporary contracts. The number of employees on temporary contracts is very low, and their recruitment is based on an agreement between the trade unions and the administration. Contract staff who have been employed for than 4 years are given permanent employment status.

Universal service:

The universal service is also a state monopoly and is responsible for transporting letters weighing less than 20 grams. The state finances the universal service to a certain extent, but there are 500 out of a total of almost 1150 post offices, particularly those in towns, which cannot even cover their running costs.

Regulation

In Tunisia there is no regulatory authority, though a code for the postal services was introduced in 2000. This code stipulates that only letters weighing less than 20 grams are under state (or postal service) monopoly, and it must be noted that a partnership exists between the post and DHL.

Role of unions:

On 25 January 2006, a one-day strike opposing subcontracting, and defending the public service, was conducted by more than 90% of postal workers in Tunisia. The postal code was intended to open the sector to competition, except for letters weighing less than 20 grams, but since there is currently no operator in competition with the post at the level of services, FG.PTT has launched a campaign against the subcontracting of postal activities, aiming to keep the sector in public domain, in order to preserve public services.

Gender and equal opportunities

Postal workers have the same rights, salaries and access to job positions regardless of their gender.

Fear

Our main fear is that the legal status of the post could be changed, by transforming it into a joint stock company. This in turn could spell partial or total privatisation, either by opening up the company to outside capital or by the partial or total abandonment of some of the activities that still remain the monopoly of the Tunisian Post.



United Kingdom

By the Communication Workers Union (CWU-UK)

Liberalisation Process:

When was (will be) the postal market liberalised in your country? 01/01/06

Is the market fully liberalised? Is there still a reserved area? Yes/No

Did (will) the liberalisation process take place in various phases or not? Yes

Did the privatisation of the historical postal operator take place at the same time or is it still to take place? No/
Proposed partial sale but requires Parliamentary approval

What impact did liberalisation have on the historical operator? (office closures, diversification of services...) This will be a separate report

Level of employment:

What impact did the liberalisation of the postal sector have on the level of employment, has it decreased, increased? Decrease

Have jobs been transferred from the historical operator to the new competitors, if so in what proportion? Only a marginal transfer/No accurate figures

Quality of employment:

What impact did the liberalisation of the postal sector have on working conditions, in the historical operator as well as in the new competitors collective? Worse/Cannot say

What about wages, have they increased, decreased? Are they similar/different between the historical operator and the new entrants? Increased/Cannot say

What about collective contracts, have some new ones been signed in new entrant companies? Not by CWU

Has there been more/less subcontracting or outsourcing? More

Are there more part-time and/or temporary workers? Yes

Universal Service (US):

What is the definition and scope of the US in your country? 6 day collection & delivery

How is it financed? By Royal Mail, no subsidy

By whom is it provided? Historical operator, new entrants...? Royal Mail

What about the quality of the US? Has it been impacted by the liberalisation? If so, how? Yes/Separate report

Regulation:

When was the regulatory institution set up? 2000

What were the main changes in the regulatory framework in the context of the liberalisation process? The regulator set the pace of the liberalisation

What are the regulations for new entrants on the market? (Entry mode and requirements, network access) They must apply to the Regulator for a licence

How many companies entered the market once it was liberalised? Are there more/fewer today? Separate report

Are the regulation similar for the historical operator and for the new entrants (eg: provision of USO, VAT exemption...) or are there differences (level playing field)? No/uneven playing field

Are regulations in terms of employment in the postal sector similar for the historical operators and for the new entrants? (social level playing field) Yes.....free collective bargaining.....not regulated by any institution only by the prevailing cross sector legislation which is very non specific and underpinned by a low minimum wage

How active is the regulator, many/few interventions? Very

How is it linked to the government? Allegedly independent but appointed by Government

How does the regulator fix the prices? What impact has the liberalisation process had on prices? Separate report

Role of unions:

How has your union responded to the liberalisation process? (Information sharing with members, research on potential impacts, government/parliament lobbying, discussions with companies...) Separate report

What successes, challenges have you encountered in this process? Separate report

Have you been organising in new entrants? Yes

With whom have you been strategising? (Consumer associations, NGOs...) Separate report

What are the major changes you have noted as a trade union in regard to the liberalisation process? Separate report

Gender and equal opportunities

Any specific information on gender issues as well as on anti-discrimination practices you may have would be most useful, for any of the above mentioned subjects. Separate report

United Kingdom

By Unite the Union (Unite)

Liberalisation Process:

When was (will be) the postal market liberalised in your country?

Full liberalisation took place in the UK from the 1st January 2006.

Is the market fully liberalised? Is there still a reserved area?

There is no reserved area.

Did (will) the liberalisation process take place in various phases or not?

The regulator, Postcomm, indicated in 2002 that a staged approach would take place for the liberalisation of the bulk mail market. However, this was reviewed and full liberalisation took w effect from 1 Jan 2006.

Did the privatisation of the historical postal operator take place at the same time or is it still to take place? **No.** Although following the Hooper Report published in December 2008, there is a proposition for Royal Mail to take on a strategic partner that has experience of managing change in the postal sector. We consider this to be privatisation.

What impact did liberalisation have on the historical operator? (office closures, diversification of services...)

Whilst we did not experience immediate closer of offices there became an ongoing serious of restructuring and re-organisations that are purported to be in response to the opening up of the market (competition). These changes have had an ongoing impact on our union membership

Level of employment:

What impact did the liberalisation of the postal sector have on the level of employment, has it decreased, increased? .

Since the full liberalisation of the mails market we have experienced a loss of xx union members, a percentage of yy/

Have jobs been transferred from the historical operator to the new competitors, if so in what proportion?

We have no real data on newly created jobs in the postal sector. We consider this to be minimal however.

Quality of employment:

What impact did the liberalisation of the postal sector have on working conditions, in the historical operator as well as in the new competitors collective?

In the incumbent Royal Mail we have seen a hardening of attitudes and a reduction in some terms and conditions for our members. Some parts of the redundancy agreement has been withdrawn by the company and other terms and conditions have been static for a number of years despite increases in the cost of living.

What about wages, have they increased, decreased? Are they similar/different between the historical operator and the new entrants?

We have no real data on this.

What about collective contracts, have some new ones been signed in new entrant companies?

Not appropriate in the UK as we adopt the voluntarism model of industrial relations. Agreements are not legally/contractually binding.

Has there been more/less subcontracting or outsourcing?

In the run up to liberalisation we saw an increase in outsourcing of catering, building maintenance and security, IT (part) and some other small parts of the organisation.

Are there more part-time and/or temporary workers?

Unite organises managers in Royal Mail and we have seen a slight increase in part time workers.

Universal Service (US):

What is the definition and scope of the US in your country?

One delivery to every address six days per week) five days for parcels) – Monday to Saturday.

One collection from 115,000 post boxes and 12,000 post offices per day six days per week.

Items must be delivered to the letterbox – health and safety or access issues excepted.

At an affordable price and on a Uniform Tariff

There are 12 quality of service targets set by the regulator

How is it financed?

The USO is funded through Royal Mail revenue. There is no additional funding streams available.

By whom is it provided? Historical operator, new entrants...?

The USO is provided by the historical provider, Royal Mail, through the licence awarded by Postcomm.

What about the quality of the US? Has it been impacted by the liberalisation? If so, how?

There is no empirical evidence that relates the reduction in quality of service directly to liberalisation but the two issues have coincided.

Regulation:

When was the regulatory institution set up?

The regulator was established out of the Postal Services Act 2000

What were the main changes in the regulatory framework in the context of the liberalisation process?

What are the regulations for new entrants on the market? (Entry mode and requirements, network access)

An application for a licence is made to Postcomm, who publish this and then take comment from interested parties, which is limited, and then set out the terms of the licence.

The requirements of the licence/s, which are issued for a rolling ten year period, are for the licensee to provide information to the regulator about its performance; to set up a system for handling customer complaints; to meet common standards for mails integrity and operational procedures.

Some licencees, those with a turnover of £10 million (GBP), have to pay an annual fee which is based on turnover.

In January 2008 the licensing arrangements were amended in the following areas..The annual fee was removed. This was previously 1,000 GBP, except those mentioned above with a turnover in excess of 10 million GBP

The application fee was reduced to 50 GBP from 1,000. The removal of the financial guarantee

How many companies entered the market once it was liberalised? Are there more/fewer today?

At the time of writing there are 22 licensed operators.

Are the regulation similar for the historical operator and for the new entrants (eg: provision of USO, VAT exemption...) or are there differences (level playing field)?

There is only one licence that has provision for the USO, currently held by Royal Mail. VAT exemption is also only open to the incumbent licence holder of the USO. The regulator regards this fundamentally as an issue for the Treasury and not Postcomm..

Are regulations in terms of employment in the postal sector similar for the historical operators and for the new entrants? (social level playing field)

There are no regulatory or statutory arrangements that apply in the postal sector.

How active is the regulator, many/few interventions?

Very active and interventionist

How is it linked to the government?

The regulator was established by the government and appointments are made by the Department for Business Enterprise and Regulatory Reform.

How does the regulator fix the prices? What impact has the liberalisation process had on prices?

Role of unions:

How has your union responded to the liberalisation process? (Information sharing with members, research on potential impacts, government/parliament lobbying, discussions with companies...)

What successes, challenges have you encountered in this process?

We have been lobbying other interested parties, briefing Members of Parliament and responding to consultations from the regulator on proposed changes. We have also met with the Regulator and Postwatch, the consumer body, to discuss areas of common interest and to raise our concerns about specific areas with which we have difficulty.

Have you been organising in new entrants?

Yes but with limited success so far. Other parts of our Union has membership in parts of some of the new entrants, more in their traditional area of activity.

With whom have you been strategising? (Consumer associations, NGOs...) **see above**

What are the major changes you have noted as a trade union in regard to the liberalisation process?

Nothing other than the inevitable consequence of different positions, policies and outlook on the liberalisation of the industry than others such as the employer and the regulator, et al. Relationships are strained but that is not a surprise.

Gender and equal opportunities

Any specific information on gender issues as well as on anti-discrimination practices you may have would be most useful, for any of the above mentioned subjects.

None that can be quantified but the major employer, Royal Mail, has refused to undertake a joint pay audit to establish whether there are any equal pay issues. We suspect that our women members, particularly at Senior Manager level, may have been disadvantaged over the years in respect of pay and bonus.

We also consider that the make up of the employer does not match the community which it serves in respect of women and ethnic minorities. Further we consider that this applies also to administrative and head office employees.



United States

By the National Association of Letter Carriers (NALC)

Introduction and Background

The United States Postal Service (USPS) is the second largest employer in the USA with 765,088 employees at the end of 2008. (Walmart is the largest.) It is an independent agency of the national government that has a corporate form, but without a shareholder structure. As such, it is owned by the people of the United States and operated as a public service, albeit according to business principles. It now functions as a for-profit enterprise with a limited and regulated monopoly and a universal service mandate. That mandate requires the USPS to deliver letter mail, periodicals, and packages to more than 149 million addresses (business, household and p.o. boxes) six days a week (Monday-Saturday). The USPS manages a network of nearly 37,000 post offices nationwide and deploys a fleet of more than 200,000 vehicles. In 2008, it generated revenues of \$74.9 billion and handled the delivery of 201.1 billion pieces of mail.

Brief history

The U.S. Post Office is older than the USA itself, having been created in 1775 by the British colonial authority. For most of its history, the Post Office was operated as a civil service agency financed in part by postage revenues and in part by taxpayer subsidies. As cabinet agency, the Post Office Department was a primary source of political patronage jobs. Most postmasters could be replaced with a change in government following presidential elections and the Postmaster General was often selected for political reasons -- indeed, the winning presidential candidate often chose his campaign manager for the post.

The political influence in postal matters was not limited to the executive branch. Congress determined service standards, made investment decisions, adjusted postage rates and set the pay and benefit levels of postal employees. The POD was heavily subsidized by taxpayer subsidies (23% of the postal budget in 1970) and postage rates were kept artificially low for political reasons.

The Postal Reorganization Act of 1970 removed the POD from the civil service and recast the agency as the U.S. Postal Service. The USPS is financially autonomous and receives no support from American taxpayers or the U.S. Treasury. A Board of Governors, appointed by the President of the United States, serves the same role as a Board of Directors in a private company. The nine-member Board chooses the Postmaster General who serves as the Chief Executive Officer of the enterprise.

In addition to ongoing oversight by Congress, the USPS is subject to regulation by the Postal Regulatory Commission (or PRC, formerly the Postal Rate Commission before 2007). The PRC regulates postage rates on Market Dominant services (letter mail, periodicals, and single piece parcels), oversees compliance with quality standards and investigates customer and competitor complaints against the USPS. The prices of these Market Dominant services are subject to a price cap, limiting increases each year to the rise in the Consumer Price Index over the prior year – though in exigent circumstances the USPS may request an above-inflation increase in rates. The prices of Competitive services (Express Mail, Priority Mail and bulk Package Services) are set by the Board of Governors, subject to the same anti-trust laws that apply to all American companies.

Postal employees

Although all employees of the Postal Service are employees of the federal government, the non-supervisory employees of the Postal Service – the letter carriers, clerks, maintenance staff, truck drivers and mail handlers -- are covered by private sector labor law. As such they enjoy collective bargaining rights under the National Labor Relations Act. These so-called “craft workers” have organized four unions, two delivery unions (NALC and a non-UNI affiliated rural carriers union), one multi-craft union (the American Postal Workers Union), and one laborers’ union (the National Postal Mail Handlers Union) for employees who work in major bulk mail centers. The four unions have individual collective agreements with the USPS that set the wages and terms and conditions of employment. However, most of the major fringe benefits of postal employment are set by the U.S. Congress since postal employees participate in all the major benefit programs that apply to other federal employees – including the main pension, health insurance and life insurance programs.

Managerial workers (supervisors and postmasters) do not have collective bargaining rights, though they have formed associations that have been recognized for purposes of “pay consultations.” In practice, changes in the pay and benefits of managerial workers follow the trends established by the four postal unions.

Liberalization Process

The Postal Reorganization Act of 1970 (PRA) created the USPS as an independent and financially autonomous agency. It also created the Postal Rate Commission to regulate rates and services. The USPS was mandated to cover its costs (break even) and the PRC set the rates for every class of mail with that non-profit goal in mind. Taxpayer subsidies were eliminated and the Postal Service achieved its financial mandate to break even while providing universal service.

The postal monopoly in the U.S. was developed in the 19th century and resulted from a group of laws known as the Private Express Statutes. These laws set the conditions under which a private company could compete with the Post Office. In practice, the monopoly only applied to addressed-to-recipient letter mail, so the delivery of magazines, flyers and parcels have been liberalized for decades.

The PRA did not change the postal monopoly, but PRC decisions and federal court rulings over the years prohibited the use of volume discounts or company-specific contract rates by the Postal Service – decisions that permitted private companies to gain dominant market shares in the parcel and express segments of the postal market. According to Colorography, a consultancy group that monitors the parcel industry, the Postal Service’s share of the U.S. parcel market stood at 12% in 2006 while its share of the express mail market was 6% and its share of the two-day (Priority Mail) market was 60%.

Over time, the Postal Service issued a wide variety of regulations to enforce the Private Express Statutes. Any liberalization that occurred in the postal market was determined by the agency itself through this internal rule-making process. In 1978, for example, the USPS voluntarily deregulated the delivery of express mail (overnight mail) under pressure from companies like Federal Express, which were lobbying Congress for broader deregulation. The USPS created an “urgent letter” exception to the Private Express Statutes. Any letter for which a private competitor was willing to deliver for a charge of at least \$3.00 or “double the normal postage” was considered an “urgent letter” to which the monopoly no longer applied. This urgent letter exception opened the way for FedEx to transform itself from a small freight airline into a multi-national express delivery firm in the 1980s and 1990s.

After a period of high inflation in the late 1970s and early 1980s, the neoliberal government of Ronald Reagan advocated privatization of the Postal Service and the deregulation of the postal market, but no legislation was

ever introduced. A Commission appointed by George W. Bush in 2003 studied the issue of liberalization and privatization. But its report, *Embracing the Future*, rejected privatization and called for only a modest liberalization of the postal market. This surprising result from a right-wing administration reflected the public support for the Postal Service and the public's opposition to privatization and deregulation (see Attachment 1 -- consumer-survey.pdf).

Reserved area slightly reduced

The *Postal Accountability and Enhancement Act of 2006* (PAEA), which was signed into law by President George W. Bush in December 2006, amended the Postal Reorganization Act but retained the PRA's basic framework for the Postal Service. The new law focused largely on the postage rate-setting process, expanded the powers of the independent regulator that was created in 1970 and reformed the financing of certain post-retirement obligations (pensions and health care) of the U.S. Postal Service (USPS).

The PAEA slightly reduced the range of products covered by the postal monopoly, shifting Priority Mail (defined as First-Class Mail weighing more than 12.5 ounces) from the reserved area to the competitive products area (which have never been covered by the monopoly). The so-called "double postage rule" was repealed by the PAEA and replaced with a price/weight definition of the monopoly. The new definition exempts the delivery of items by competitors to the USPS of all products that carry a charge of at least "six times the basic letter mail rate" or that weigh more than 12.5 ounces (approximately 350 grams). This change exposed less than 5% of the Postal Service's total mail volume to competition.

Under current law, there is no plan to further liberalize the postal market in the United States and the scope of the reserved area will rise along with rate of inflation since the price of First Class letters is effectively indexed to the Consumer Price Index.

Impact of limited liberalization

Less than a year after the enactment of the PAEA, the U.S. economy slid into recession. Mail volume has declined steadily since December 2007, so it is too early to assess the impact of the limited liberalization of the Priority Mail segment of the postal market -- at least independent of the impact of the recession. However, the Postal Service has indicated in testimony to Congress that its market share is actually growing as shippers shift from higher cost services to Priority Mail delivered by the Postal Service. This trend has also been aided by the exit from the U.S. market by DHL.

In general, the USPS has benefited from an emerging trend in the broader shipping services segment of the postal market. Private companies are increasingly turning to the Postal Service's Parcel Select product to take advantage of its low-cost, "last mile" delivery service. Under Parcel Select, private companies like UPS (UPS Basic) and FedEx (Smart Post) can drop-ship packages to post offices for same-day residential delivery by USPS personnel. Parcel Select has continued to grow even as the volume of parcels delivered by the Postal Service has declined in the face of the poor economy. The USPS does not release figures from this service that are disaggregated from their overall shipping service figures, (See Attachment 2 -- mailvol.arpmg.pdf – for data on mail volume from the 2008 Annual Report of the Postmaster General.)

Employment Trends

The partial liberalization has not had any measurable adverse impact on employment levels in the U.S. Postal Service. There is no evidence that such a limited liberalization has affected employment one way or another. The

change in the definition of the postal monopoly did not create any new competitors and the withdrawal of DHL from the U.S. market probably created jobs for the Postal Service since the USPS's prior corporate alliance with DHL placed it in the best position to pick up business from former DHL clients.

Of course, employment trends in the Postal Service have been largely negative because of economic and technological reasons. Weak mail volume growth and a shifting mail mix, with the gradual loss of high-value First Class Mail to electronic alternatives in favor of lower-value advertising mail, and the ongoing automation of USPS operations has reduced total employment in the USPS from 807,596 in 2004 to 765,088 in 2008 with most of the decline occurring among career employees (i.e., those with permanent, full-time jobs) – a category which declined by 44,247 workers. (Attachment 3 – operations.arpmg.pdf – provides data on employment from the Annual Report of the Postmaster General.) This downsizing was achieved through natural attrition and the substitution of career workers with “transitional” limited-term employees, hired to facilitate ongoing automation programs. (See the next section on employment quality for more information.)

Quality of Employment

The quality of employment in the Postal Service has not deteriorated as a result of the limited liberalization of the postal market in recent years. There have been no new entrants to the market and the modest changes in employment conditions experienced in recent years have more to do with general economic conditions and the ongoing automation of delivery operations.

Most career employees in the Postal Service have continued to receive excellent pay and benefits in recent years. The average pay of unionized postal employees is now \$US 51,331 annually. Most have permanent, full-time jobs. The last round of bargaining for the four postal unions largely preceded the passage of the new postal law (PAEA). The U.S. unions are less concerned about the impact of the liberalization than the impact of the Internet on traditional volumes and the effect of the global economic crisis on the U.S. Postal Service's business.

The real threat to job quality

Liberalization has not threatened job quality, but weak growth in the postal industry in recent years has posed a serious challenge. It led the U.S. Postal Service to aggressively pursue cost-saving strategies that diminished the quality of employment for new employees. It accelerated the planned automation of flat (large piece) sorting and sought to dramatically expand the use of sub-contractors. The NALC cooperated with the USPS on the introduction of further automation, but it fiercely resisted the outsourcing of delivery services.

Flats automation – which will allow the USPS to sort magazines, catalogues and oversized envelopes into delivery sequence as it already does with letter mail -- has a major impact on letter carriers since it reduces office time now used to complete the final sort of such mail. NALC agreed to facilitate flats automation by allowing the Postal Service to hire so-called transitional employees during the phased introduction of the Flats Sequencing System (FSS). Under the 2006 contract, the USPS gained the right to hire 8,000 Transitional Employees (TEs) to avoid hiring career letter carriers that would no longer be needed once FSS is fully implemented. TEs are non-career, limited-term employees who earn union wages, but who do not receive pension or health benefits. These workers clearly have less generous terms and conditions and are limited to two 359-day terms of service. However, they can bid on career jobs when vacancies arise.

On the issue of outsourcing, the Postal Service attempted to hire thousands of delivery contractors across the country in 2005-2007. These contractors were part-time, low-wage, no-benefit workers with no union representation. In response, NALC initiated a three-part campaign to prevent the subcontracting of carrier work. It declared

an impasse at bargaining for a new contract in early 2007 and prepared to take the issue to binding arbitration in mid-2007. It mobilized demonstrations and informational picketing across the country whenever the Postal Service attempted to hire contractors to do carrier work – steps that generated significant adverse attention from the news media. And it worked with allies in Congress to advance legislation to ban delivery outsourcing, legislation that generated majority support in the House of Representatives within weeks and considerable backing in the Senate.

In the face of this campaign, the Postal Service decided to return the bargaining table the parties reached an agreement that eventually prohibited the use of contract letter carriers in the United States over the next five-year term of the contract.

NALC conceded to a temporary reduction in the quality of employment with the use of Transitional Employees to facilitate automation, but it fought vigorously to prevent a long-term reduction in employment standards with its campaign against outsourcing.

Universal Service

The Universal Service Obligation (USO) in the USA is the exclusive responsibility of the U.S. Postal Service. It is only loosely defined in the PAEA. Rather, the terms of the USPS USO emerged from a number of laws and regulations enacted over the years.

Scope

The Postal Service's USO covers the full range of postal products, whether covered by the monopoly or not. In this sense, the Postal Service not only must deliver all addressed letter mail, it must also serve as the provider of last resort for the collection, sorting and delivery of magazines, books, parcels (weighing up to 70 pounds) and express mail.

In terms of delivery services, the USO requires the six-day delivery to every community in the country. However, the mode of delivery is subject to management discretion up to a limit. New deliveries may be served by centrally located community mail boxes, but the USPS may not change pre-existing door-to-door delivery or curbside delivery to ordinary mail boxes.

A unique feature of the postal market in the USA is the Postal Service's exclusive access to household mail boxes. The so-called Mailbox Statute prohibits private companies from placing any items in residential mail boxes – even items (parcels, periodicals express mail) that are not covered by the USPS's reserved area. This statutory ban is vital to enforcing the postal monopoly, ensuring the privacy of postal customers, and protecting the sanctity of their mail.

There is no definition of universal service as it applies to access to postal retail counters though the USPS is prohibited by law from closing post offices on purely financial grounds. That is, the USPS must prove to the Postal Regulatory Commission that it has compelling operational reasons for closing a post office, not just that the post office is losing money. (Typically, it must do this to overcome any objection filed with the PRC by communities seeking to keep their post offices open.) In practice this has meant a fairly stable number of post offices over the years. Of the 37,000 U.S. post offices, 27,000-plus are full-service retail outlets. Most of the remaining post offices are smaller stations and branches served by career postal employees, though some 3,000 contract post offices are operated under license by non-USPS personnel.

Financing the USO

Universal service is financed by the postal monopoly on addressed letter mail. The USPS relies almost entirely on postage collected from its customers to pay for its operations. It does not receive any subsidies from U.S. taxpayers, though the Congress does appropriate funds for free service for military personnel, the blind and the handicapped. These funds represent far less than 1% of total revenues.

Quality standards

Prior to the new postal law in 2006, the Postal Service was responsible for developing service quality standards. It contracted for quarterly audits of service quality by external monitoring services, but it got to set its own standards. Any changes to these standards were subject to review by the Postal Rate Commission, if any customers objected. In general, there is an overnight delivery requirement for letters destined for locations within 500 miles of the point of origination; a 2-day requirement for letters sent between 500 and 1500 miles; and a 3-day requirement for all other mail sent beyond 1,500 miles. The Postal Service's on-time delivery scores typically range between 90 and 95 percent.

Under the new law (PAEA), the PRC and the USPS are to jointly develop new service standards. That process is ongoing. Failure to achieve the standards will result in PRC sanctions on the USPS.

There has been no measurable impact on the quality of Priority Mail service since it was liberalized. In general, the Postal Service's quality scores have been near at all-time record highs in recent years.

Regulation of Postal Services

The Postal Regulatory Commission is the principal regulator of the Postal Service in the United States. Originally established as the Postal Rate Commission in 1971, its name was changed in 2006 when its functions were both expanded and curtailed by the PAEA. In general, the new PRC was given greater authority to monitor the finances of the Postal Service and enforce compliance with the new law, but its role in setting postage rates was significantly restricted with the adoption of price-cap regulation for Market Dominant services.

The PRC has no role in regulating the larger postal market in the USA – it regulates the USPS, but not FedEx, United Parcel Service or any other firm in the broader postal industry. Given the limited amount of liberalization in the U.S., there have not been any significant new entrants in the market. As a result postal reform has not affected the “social playing field.”

Change in regulatory framework

Prior to 2006, the Postal Rate Commission had a role in setting all postage rates for all the Postal Service's products, whether covered by the monopoly or not. The basic approach relied on cost-plus approach to rate setting. The USPS was required to demonstrate in significant detail the cost of each type of service and each product was required to cover all costs directly tied to their provision and also contribute something to offset the overhead costs of the USPS. Congress proscribed a complex set of standards for allocating overhead costs and the PRC conducted extensive hearings over many months, complete with extensive discovery and rebuttal litigation to arrive at proposed rates. The USPS could accept or appeal the rates set by the PRC or it could seek to implement

them over the objection of the PRC with a unanimous vote of its Board of Governors (a power that was rarely invoked by the Governors).

The process was expensive and time consuming as representatives of various types of mailers employed hundreds of lawyers and economists to contest any rate increase decision that adversely affected them. Often it took 10 months for the Postal Service to make simple changes in its rates.

The PAEA transformed this process. Market Dominant products (mainly First-Class and Standard letters, single-piece parcels and periodicals) are now covered by a price index system, which ties once-a-year increases in postage rates to the general rate of inflation in the USA (as measured by the Consumer Price Index calculated by the U.S. Department of Labor). The prices for competitive services (Express, Priority and bulk Parcels) are now largely set by the USPS Board of Governors, subject to a ban on cross-subsidies from Market Dominant services and to the taxation of any profits resulting from Competitive products. (The “tax” on these profits is transferred to the Postal Service’s general fund for regular mail services, not to the U.S. Treasury.)

The PRC now acts as a post-hoc review body on the rate changes made by the USPS and serves as a consumer watchdog. It is also required to prepare regular reports on postal policy issues for the Congress. Its most recent policy report was an analysis of the cost of the Universal Service Obligation in the USA. (See <http://www.prc.gov/prc-docs/home/whatsnew/USO%20Report.pdf>.)

Role of the Unions

NALC and the other postal unions were deeply involved in the debate over liberalization. The PAEA was enacted in 2006, but the debate over reform began more than 12 years earlier. The unions fought to maintain universal service financed by a regulated monopoly and provided by a publicly owned operator. They also fought to protect the collective bargaining rights of postal employees. The unions were largely successful in these efforts.

NALC has long used its associations in the 50 states to advance its legislative and political agendas. Every year, most state associations send delegations to Washington to receive training from the national union and to directly lobby their members of Congress on legislative matters. For more than a decade, postal reform legislation (dealing with liberalization and other matters) was the number one issue for these lobbying visits. Thousands of “member-lobbyists” took part.

In order to educate and mobilize its rank and file membership, NALC also built an e-mail based activist network through a program coordinated by the AFL-CIO, the national trade union center. Using its 15 regional offices and its Washington-based political field staff, NALC collected e-mail addresses from more than 140,000 members. This e-Activist network was invaluable for sharing information and coordinating actions to influence the debate in Congress. It was used to organize protest marches, informational picketing and to activate letter-writing campaigns and telephone banking. As the legislation advanced through Congress, NALC e-Activists sent thousands of letters and e-mails and made tens of thousands of phone calls to their members of Congress. This mobilization helped the NALC to defeat unfavorable amendments to the law (including one that called for testing privatization in twenty U.S. cities) and to support positive changes.

Finally, at the national level, the NALC, the APWU and the NPMHU formed a coalition with key postal stakeholders including the Direct Marketing Association, the Parcel Shippers Association, the Mailers Council, the Magazine Publishers Association and key vendors like Pitney Bowes to advance a consensus approach to reform. That approach focused on maintaining the monopoly but winning new commercial freedoms for the

USPS. The mailing industry agreed to stay away from changes in collective bargaining and the unions agreed to seek a more streamlined system for setting postage rates.

The PAEA -- pushed through by the anti-union Republican-controlled Congress and signed by anti-union President George W. Bush -- was far from perfect. For example, it required the Postal Service prefund its future retiree health insurance benefits over an extremely short period of time -- a requirement that is now unaffordable in the context of the global recession. But it was not an anti-union bill. In fact, it protected the workers' vital interests and complied with all the unions' key objectives.

Conclusion

The case of the United States illustrates that liberalization of the postal market is not inevitable. Thanks to strong unions and a high level of public support for the U.S. Postal Service, significant deregulation has been resisted successfully in the USA.

Of course, most union victories are provisional at best. The economic crisis of 2008 will likely require the unions to revisit many of the key issues debated over the past decade with regard to postal reform. Indeed, mail volume fell by nearly 5% in 2008 and has plunged by more than 10% so far in 2009 due to the collapse of the mail-intensive housing, finance and real estate industries. Postal demand is also depressed by the reduced budgets for direct advertising mail in response to declining consumer spending. The resulting financial losses -- \$2.8 billion in 2009 and considerably more in 2009 -- pose a serious threat to the long-term viability of the U.S. Postal Service. (See Attachment 4 on USPS finances in recent years).

Given the economic stress on the USPS, the fight against liberalization is likely to resume in the years ahead. But the lessons learned by the NALC and the other postal unions in the USA during the decade-long debate over postal reform will be invaluable in the future. Most important among these is the need to mobilize the union membership to protect universal service and high-quality postal jobs. These are goals shared by all of UNI's postal affiliates, in the United States and around the world.





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