The postal sector and the global recession

A briefing note for UNI Post and Logistics

UNI
global
union

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April 26 2009
version 4.0

1. Introduction

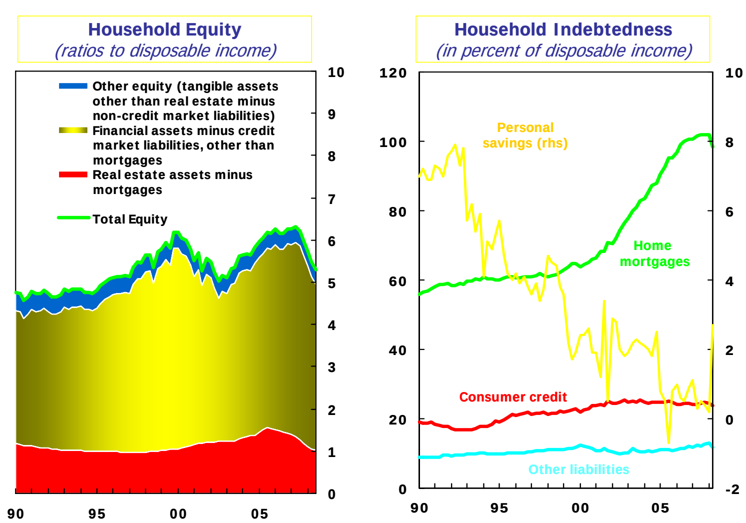
A global economic crisis, such as much of the world is currently experiencing, leads to a reduction in business activity and threatens jobs and prosperity.

The present problems may have begun in the finance and banking industry, but the downturn has spread to other sectors of the economy. Unfortunately the postal and logistics sector will not escape unscathed.

The UPU has produced an initial assessment in its report *The Global Economic and Finance Crisis: initial insights into its impact on the postal sector,* presented to a UPU international conference on the crisis held early in April (at which UNI was represented). The UPU's overall view is perhaps best expressed in the headline to its subsequent press release: "Postal sector feeling the pinch, but financial crisis not all doom and gloom"[1]. (The Report Executive Summary is attached as Appendix One. A full copy can be viewed in English & French at; http://www.upu.int/postal_economics/en/the_global_economic_and_financial_crisis_en.pdf)

A vital piece of insight into one of the root causes of the financial crisis was delivered by the International Monetary Fund (IMF) representative at the UPU international conference on the subject. Emmanuel van der Mensbrugghe, Assistant Director, IMF Offices in Europe, said that one of the most significant causes of the crisis had been a long period of at least 10 years of stagnation of middle incomes, while at the same time, the cost of housing and mortgages had increased significantly (Detailed in the following chart)[2]. This he said had meant that the savings of middle income earners had plummeted while their debt levels had increased significantly. This increase in debt levels with an increasing inability to pay for them had been one of the prime causes of the crisis. He also said that this has lead to lower wealth of middle income earners and a loss of confidence. Without some improvement of that situation there is not going to be the necessary bolstering of demand that is need to increase consumption and provide more jobs.

Rising U.S. Household Leverage and Declining Savings



In respect of the postal industry itself, the UPU press release from the international conference goes on to comment: "Results of the survey conducted among fifteen of the world's largest posts and private courier companies show that the sector is certainly feeling the effects of the crisis, but it is not showing signs of an economic depression like other sectors". The UPU stresses the value in times of crisis of the familiarity and trust which many customers feel towards their postal services. It suggests that "numerous opportunities [are] opening up for Posts in these difficult times".

Nevertheless, the detail of the UPU survey does suggest that complacency would be highly unwise. A decline in business activity has a direct effect on the quantity of mail sent, and therefore on revenues. John Potter the US Postmaster General made this point when he told the US Senate in January, "Our experience over many years has shown that mailing activity is a leading indicator of changes in broader economic cycles…Continued deterioration of the economy may depress mail volume and revenue even further than we expected, for a longer period than we expected[3] Potter's fears have been born out in the USA where mail volume contracted by 15% in the first two quarters of fiscal year 2009, twice the rate of decline in US GDP." ECORYS[4] has also identified the 'strong link' between economic activity and mail volumes.

In this context, it is significant that the vast bulk of mail sent today comes from business, rather than from individuals. In Europe, for example, only about 15% of mail sent originates from individuals, with businesses originating the remaining 85%. Business-to-consumer (B2C) mail is much the largest category of mail sent[5], and advertising by direct mail is an important part of this market segment. A number of studies have pointed to the particularly important role in direct mail played in recent years by financial services companies[6]. Mail shots to consumers from financial companies have added to recent growth in mail volumes in developed countries; we have to anticipate that this trend will now go into sharp reverse. (Already this is emerging: direct mail from credit cards in the US fell by 28% in the third quarter of 2008 compared with 2007[7].)

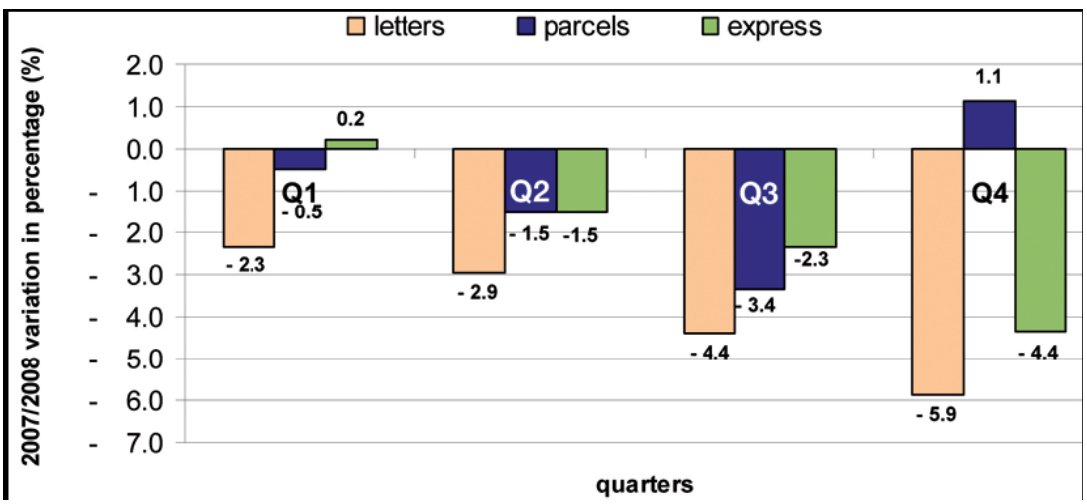
We are beginning to get some real evidence of the direct effect of the economic climate on postal and courier operators, though the full position is unlikely to become clear until later in the year (or indeed until 2009 trading performance emerges next year). The story, unfortunately if predictably, is often one of cuts in revenue and cuts in jobs. Some of this evidence is reported in the next section of this report.

In the gloom, there may however – as the UPU suggests – be opportunities. Most importantly for UNI, there may be the opportunity to challenge the neoliberal approach to the postal sector which has taken root, particularly in Europe, in recent years, and to reassert the value of a reliable, efficient and reasonable postal service as a *public* service. As the UK Communication Workers Union has memorably put it, how can a government justify privatising the postal service when it is at the same time taking many of its country's leading banks into public ownership? The old paradigm, as exemplified by the EU Commission's report, that the future for post is one of deregulation and market liberalisation is now much more open to challenge, when the limitations of leaving everything to market forces have become so dramatically apparent in other sectors of the economy.

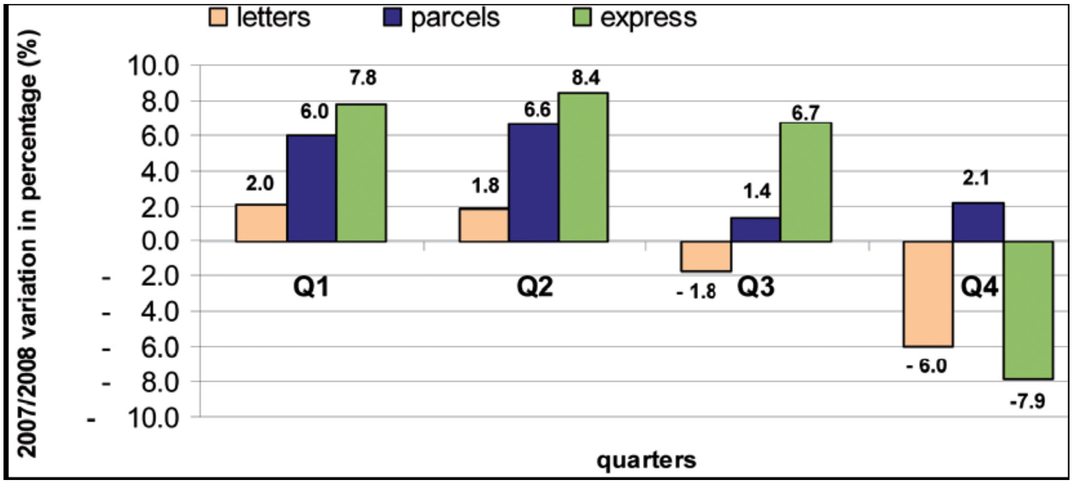
2. The present situation

The picture already emerging from around the world of the effects of the economic crisis on postal operators is not a reassuring one.

The UPU has recently issued statistics comparing postal volumes and revenues for 2008 compared with 2007. The table below, for example, looks at domestic growth rates in letters, parcels and express services, and as is apparent it shows negative figures for most quarters and most categories. (The operators surveyed represent 66% of total worldwide letter post domestic traffic and 88% of parcel post domestic traffic. Express domestic traffic is estimated between 50%-75% and includes two private courier operators).



The UPU has also compared postal and express *revenues* on a similar basis. This table (below) shows increases in revenues until the start of the third quarter of 2008, when the trend began to change abruptly towards negative growth rates.



The UPU says that the revenue data cover 62% of total letter post revenues worldwide, 48% of parcel revenues and between 50%-75% of express revenue.

The UPU's survey *The Global Economic and Financial Crisis* contains further detailed data on traffic and revenue volumes.

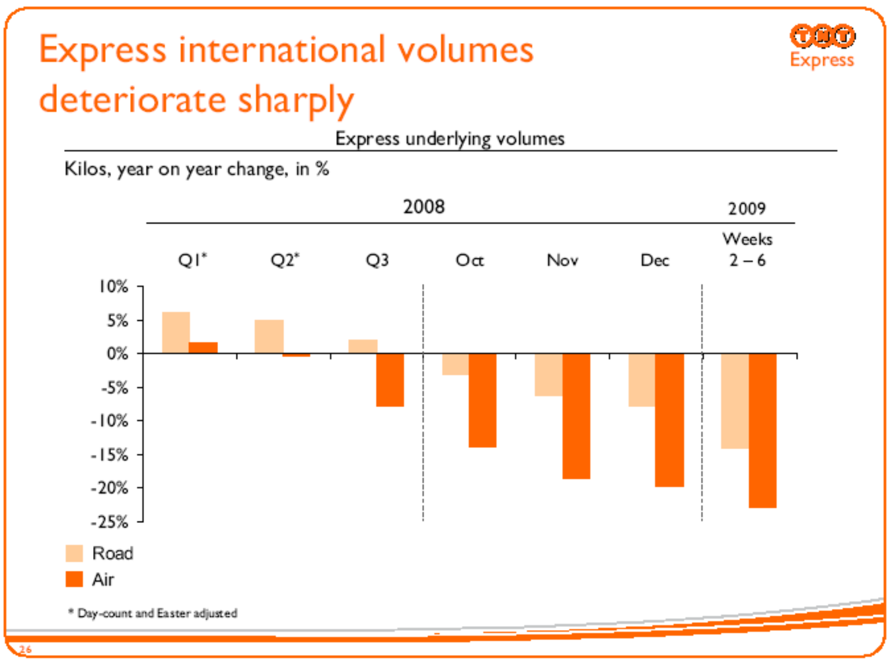
Data are also becoming available for particular markets and operators. In the US, for example, the US Postal Service experienced a fall of more than 4.5% in mail volumes in its 2008 fiscal year. Nine and a half billion fewer items of post passed through the system last year, compared with the previous year.

The USPS head John Potter has talked openly of "the extraordinary nature of the challenges we are facing". For 2009, he has commented: "We expect no improvement… volume is now expected to plunge by some 12 billion to 15 billion pieces… If current trends continue, we could experience a net loss of $6 billion or more this fiscal year.[8]" Another USPS manager has been reported in the press as saying, "We're facing the biggest decline since the Great Depression"[9]. The USPS, which recorded a net loss of $2.8 bn in 2008, is responding by seeking to eliminate 100 million workhours this year (doubling the savings made last year) as well as looking for federal government support.

The large multinationals are also reporting difficult trading conditions. UPS reported its results for the final quarter of 2008 in February this year, announcing a 3.7% decline and 5% lower revenue compared with the same quarter in 2007. Its US package volume decreased 4.5%, with the premium Next Day Air business down by over 10%, the result according to the company of a shift away from premium products. UPS's Chief Financial Officer is quoted in a company press release as saying: "The year will undoubtedly be one of the most difficult in UPS's history. Since economists do not expect any meaningful recovery until 2010, earnings in 2009 will suffer. Lower volume levels and reductions in package weight will put further pressure on margins." UPS's CEO Scott Davis talks of taking the 'tough decisions necessary to adapt', including changes in organisational structure and pay[10].

An early example of these changes came in April when UPS announced a cut of 300 pilot jobs and called on the company's pilots Union to reopen its contract with UPS for renegotiation. The company is expected to demand pay reductions.

TNT's comparable fourth quarter results for 2008 were also released in February, and the story here is broadly similar. The company reported as follows: "The first few weeks in 2009 have shown a volume decline in International and Economy express products of 23% and 14% respectively." TNT released a number of data graphs, including the one reproduced below. This shows express international volumes falling dramatically from the situation in the middle of 2008, both for air and for road deliveries.



TNT has also announced that its home mail market of the Netherlands will see an 'increasing rate of decline'.[11] UNI's partner, the International Transport Workers Federation has warned that the company is set to axe around 1000 jobs as part of its measures to cut costs; 300 of these will go in the UK, with the remaining 700 job losses affecting countries such as France, Germany and Italy. TNT is aiming to make cost savings of around €400 million this year.[12]

ITF also warned in January of major job losses among the other global delivery companies. It said that more than 500 Fedex freight jobs in the US were to go, and added "Fedex Corporation has also put a freeze on new jobs, cut working hours and slashed pay and benefits. Salary reductions will follow.[13]" In December, Fedex cut its predicted earnings for 2009 by 17%.[14]

Deutsche Post World Net is also looking to cut costs and shed employees. Carl Schelfhaut, Senior Vice President, told the Asian Pacific Postal Union conference in March that "2009 and possibly beyond will be a year of hardship for the logistics industry as a whole, including mail 'as we know it'"[15]. The company reported in January that it was continuing to focus on further cost reductions. DPWN has already cut back its DHL operations in the US, a move that cost at least 15,000 jobs[16] . The German media have suggested further major job losses in the DPWN group[17] (small job losses have already been announced by DHL for Ireland, Hong Kong and the Czech Republic, according to the ITF[18]).

The Asian Pacific Postal Union Congress heard another speaker talk of the effect of the financial 'tsunami' on the postal sector in the region, where drops in mail volume in the final quarter of last year ranged from 9.5% to 12%. Declines in exports and internet sales, as well as cutbacks in marketing budgets, were identified as leading the decline in mail volumes[19].

Elsewhere the 2008 financial accounts from La Poste (France), for example, show a 3% fall in letter post (offset by stronger parcels and express operations) but a significant decline in overall profits[20]. The Royal Mail (UK) reports a 4% fall in addressed domestic mail in the six months to October last year[21]. (An independent survey in the UK suggests that UK direct mail volumes in 2008 have fallen by an average of 8.5%[22]).

Postal operators facing tough trading conditions have effectively two approaches they can take, that of working in social partnership with trade unions in a negotiated approach to tackling the difficulties, or a unilateral approach which seeks to transfer the pain on to the heads of the workforce.

UNI Post and Logistics and its affiliates will naturally be using all their resources to ensure that any changes are introduced through negotiation. In New Zealand, for example, UNI affiliate EPMU is concerned about NZ Post restructuring proposals driven by a fall in mail volumes. Its national postal organiser Anna Kenny has summarised the union's approach as follows: "Our first job as a union is to try and protect as many of our members' jobs as possible. We'll be casting a very critical eye over the company's figures and looking at where we can use optimal use of rostering hours of work and redeployment across the NZ Post Group as an alternative to redundancy. Ideally there will be no job losses, but if at the end of the process there have to be redundancies we're determined to make sure our members get not just their union redundancy entitlement but financial assistance to retraining and job placement."[23]

In the US, UNI affiliates NALC and APWU have already had experience of working with the postal operator to find an agreed way forward through times of change. The USPS and NALC recently concluded an interim agreement which establishes a new process for evaluating and adjusting delivery routes, resulting in a quickly implemented one-time adjustment to reflect workload loss.[24] The NALC strategy is to ensure that career employees do not lose their jobs, even if their duties are reassigned. The NALC has ensured that the USPS now bans the use of contract delivery, using poorly paid, non-union contractors, in all offices where city letter carriers work[25]. Although these negotiations pre-date the financial crisis, they do demonstrate an approach to change management through social partnership, rather than by imposition.

The APWU has also advised its members that the economic slump and the fall in mail volumes is likely to lead to possible changes in working conditions, including relocation and reassignment. APWU President Burrus has warned, "Until mail volume returns to previous levels, postal employees should anticipate that many, many changes will be imposed.[26]"

Where unions are less strong, one danger is that the use of flexible labour and atypical working arrangements may increase. The European Foundation remarked in 2007 of the perceived trend towards atypical forms of contracts: "Greater use is made of temporary agency work or other kinds of temporary labour…The development of alternative solutions to traditional post offices has produced new categories of postal workers who do not depend formally on the large companies in the sector.[27]" As ECORYS mentions, UNI affiliates AbvaKabo FNV and FNV Bondgenoten have been active in trying to negotiate with Sandd, Selekt Mail and Netwerk VSP, all of whom have been using workers on atypical contracts, for permanent contracts for delivery workers. TNT itself, whilst employing employees under traditional contracts, has introduced the concept of mail deliverers, who are employed on more restricted terms than conventional postal workers[28]. (An agreement was reached at the end of 2008).

The global financial crisis is, of course, coming on top of pre-existing moves by postal operators in Europe to enforce cuts, as a result of the market liberalisation process. In Austria, Österreichische Post wants to reduce significantly its workforce over the medium term[29]. Czech Post has a restructuring strategy, involving the loss of 2500 employees and the closure of 179 post offices[30]. Posten Norge has negotiated a reduction of 340 support staff positions this year, with a further 30 to follow next year: UNI's Norwegian affiliate Postkom warns its members to expect "a new period of change and uncertainty"[31].

3. Post Offices and banking services

The present crisis has been led by the unprecedented collapse or near-collapse in many major countries of mainstream banks, the result of their rush to find profits in complex financial products and derivatives not properly controlled by the regulators (and probably not properly understood by the banks themselves).

There is great public disillusion with the conventional banks, not helped by the extraordinary bonuses and pay awards which bankers continue to award themselves, even when their businesses are failing. In many countries, people are looking for safe homes for their savings and money. In this context, there are new opportunities to rebuild the postal service banking tradition.

In recent years the fashion has been to dismiss postal financial services as not 'core business', and to hive off post office banks off as an element of the liberalisation process. The current example has been the sale of Deutsche Post's banking operation to Deutsche Bank.

Nevertheless, for many postal operators financial services constitute a major part of their business and revenue income. The UPU points out that the Japanese Post is the world's largest savings bank.[32] For Poste Italiane financial services are *the* core business, contributing 66% to revenue in 2006. For La Poste (France), financial services contribute almost a quarter of total revenue; for SwissPost (Switzerland) it is a fifth.[33]

The UPU has highlighted the encouraging recent performance of many Postal banks: "Postal financial institutions are experiencing tremendous growth since the crisis began. Some European operators, such as Swiss Post and Deutsche Post, are experiencing annual growth rates above 50% in the number of postal deposits and savings accounts opened in 2008[34]," it says, adding that a similar phenomenon also occurred during the Great Depression of the 1930s.

Here is an opportunity to seek something of a renaissance of postal financial services. In the UK, where the post office Girobank was privatised in the early 1990s, UNI affiliate the Communication Workers' Union is leading an active campaign to create a new post office People's Bank, part of its broader campaign against the proposed part-privatisation of Royal Mail. As the union has put it, "Post Office is a unique trusted institution with unparalleled reach across 12,500 outlets and, through this network, People's Bank could offer a comprehensive banking service for all…The underlying irony here is that the failure in the banking system could provide the perfect opportunity to strengthen the post office network and revitalise it as the shop front for both government and mail services."[35] The CWU has enlisted the support from the Federation of Small Businesses and the national credit union association for its campaign.

In the US, the postal savings system was abolished as long ago as 1966. However, as the UPU has noted, interest in recreating the concept has recently resurfaced, most notably in an article in the New York Times late last year. The writer, Michael Lind of the New America Foundation, told his readers that "when the financial crisis is passed, Americans will need to rebuild our financial system. A new postal savings system should be part of the plan".

UNI Post and Logistics sector can work with UNI's finance sector here. UNI Finance has called for a banking system which remains diverse, not one consolidated into ever-bigger superbanks: "UNI Finance is in favour of a financial system that comprises small, medium and large companies; that comprises not only private institutions geared towards maximising profits but also public and cooperative ones. Such a pluralistic structure provides extra stability"[36].

This is also a need to reinforce UNI Post and Logistics' support for the UPU's international remittances network, the International Financial System (IFS). As the UPU points out, "Access to efficient, affordable financial services and international fund transfers is of the utmost importance, not least as a means of stimulating national economies and development and helping to reduce poverty around the world – one of the UN's principal Millennium Development Goals… The costs associated with international money transfers remain generally high, with charges of up to 20% levied on transactions."[37]

In the short term, the volume of transactions being processes through the UPU IFS arrangement is likely to decrease, perhaps significantly, as migrant workers return home. It will be necessary to ensure that the impetus behind developing the service does not falter: it is of direct benefit to the many millions of migrant workers around the world, particularly those from developing countries, and it also helps create an international postal service rooted in public service and public benefit. UNI has asked all affiliates to urge their governments to encourage postal operators in their countries to be part of the UPU's IFS system[38].

4. Liberalisation – and after?

Perhaps most importantly, there is a real prospect now that the appalling financial crisis which the world is facing may allow an opportunity to attack more successfully the neoliberal philosophy of the past two decades, which has been reflected in the postal sector by the drive towards market liberalisation.

As the European Trade Union Confederation said in its London Declaration last September, "The world financial crisis must be a turning point and cause a complete change… The dominant model of financial capitalism is close to collapse. This capitalism, liberated from long-standing restraints around 25 years ago, especially in the USA, has been used since as a role model for the rest of the world to follow. It has patronised the many whilst it exploited them for the benefit of the few, following years of exalting privatisation, deregulation and unfettered markets."[39]

The European Commission, in its 2008 report on the application of the Postal Directive, talked of the 'broad consensus' behind postal services being delivered through liberalisation and in a competitive market. In fact, there is good evidence that – even before the crisis – this has not been the view of many, particularly of ordinary people who have watched bewildered as a successful public service has been subjected to successive waves of attack.

There is evidence that liberalisation has not brought benefits to the public (even if it has benefited the companies themselves). Concerns are beginning to arise. Pitney Bowes' PostInsight service highlighted dissent within the ruling Liberal Democratic Party in Japan over full postal privatisation, for example, which came to the fore at a parliamentary meeting in November[40].

In the UK, the problems associated with outsourcing postal services to third-party businesses became very clear in January this year, when the franchise company running three post office branches went out of business; the Royal Mail had to step in, and put in its own management team to enable the post offices to reopen[41].

Unfortunately, there is no guarantee that the current rush towards market liberalisation will necessarily be halted. But there is an opportunity now to be grasped. The attempt has to be to re-establish the importance of the post as a fundamental public service, as an integral and key part of a well-functioning society – and not just as simply another profit-making business.

Indeed some advocates of postal liberalisation are seeing the crisis as a convenient excuse to argue for increased liberalisation. At the UPU international conference held in April, the CEO of TNT, Peter Bakker, said the answer to the crisis is more liberalisation, less regulation and a more open market. Of course this flies in the face of the evidence that one of the root causes of the crisis has been a lack of proper regulation in an increasingly deregulated market. Mr Bakker in his address also went on to say that the answer to falling revenues and cash flows of the postal operators, was to lower wages! A complete contradiction of course to the IMF representative at the conference who said stagnant middle incomes had been one of the main problems causing the crisis.

There is a clear message to communicate here, and it is one which is easy to understand. UNI Post and Logistics should make it a priority.

5. The UNI Global Union Response

UNI Global Union has already taken a strong response to the crisis, not the least of which has been naturally by the Finance Sector. At the recent G20 Summit held in London UNI has detailed its demands for the reform of the finance sector and the general governance of financial institutions. A full copy of UNI's G20 response and the Finance Sector demands is attached as Appendix Two. In addition, a number of other initiatives have been taken on behalf of unions in general by the ITUC, the Trade Union Advisory Committee to the OECD and a number of national centres. A review of the Corporate Governance Guidelines of the OECD is currently underway and UNI urges all affiliates to support the TUAC position with their governments (Detailed in Appendix Three)

UNI is also running the "UNI Financial Crisis Watch" This is a website dedicated to the financial crisis at; www.uniglobalunion.org/financialcrisis, affiliates will find on this blog; further UNI documents, assessments and demands of affiliates as well as the latest news on the crisis. The aim is to be a forum for trade unions worldwide to exchange information about the financial crisis and on ways to address it. Affiliates are asked to send news, their positions and actions regarding the financial crisis to the UNI Secretariat. All information can be sent to:
barbara.wettstein@uniglobalunion.org

To be kept updated on our news stories, you can subscribe to our RSS feed on the financial crisis at the following address: www.uniglobalunion.org/unifinance.nsf/crisis.rss.

In respect of financial services UNI Post & Logistics will be supporting the UNI Finance demands that;

- A new business model that is sustainable, long-term orientated and risk-conscious, as well as empowering customers and employees. Financial regulation and supervision must cover internal operating procedures and practices, including remuneration, incentives, sale practices, skills and working conditions of ordinary employees.
- Structured dialogue between unions and supervisors, regulators and management on these procedures and practices at all levels.
- Charters for the responsible sale of financial products for each financial institution covering these matters and being negotiated by management, unions and other stakeholders.
- Financial supervision that is comprehensive and takes account of a diverse finance industry.
- Comprehensive information and consultation of staff on restructuring measures at all levels – in multinationals ideally based on global agreements.
- Respect of core labour standards by governments and companies in tackling the financial crisis.

A number of individual postal unions have also taken action and given advice to their members on how to tackle the crisis. The New Zealand union, the EPMU, in a message to it's members which includes film they can view on "YouTube", has said;

"In this recession our job as a union is very clear. We've got to look after our members, keep people in jobs, and keep wages and conditions. We also need to set some bottom lines, so that workers don't take all the pain for a crisis they didn't cause.

"This film is about making sure we understand the recession, but equally about making sure we don't panic about it. There are a lot of employers out there who are trying to get workers to panic, and to use that to push through restructuring.

"We need to stand together as working people, and when employers approach us we need to be ready to talk to them, work through the issues together and make sure the burden of the recession is shared fairly."

Crunch Time can be found at the EPMU's YouTube channel at
http://www.youtube.com/user/NZAEPMU or at http://www.epmu.org.nz/crunch-time/

Indeed the EPMU is correct, there are a lot of postal and express mail employers who are using the financial crisis as an excuse to cut costs, downsize lower wages and down workers hours. Indeed as reported earlier in this paper, Peter Bakker, CEO of TNT has publicly stated that he believes the crisis means that companies should lower wages. This is unacceptable and UNI Post & Logistics will be working with unions to help them identify where the real losses are occurring and where it is just being used an excuse to cut wages and conditions.

Many economists think the reduction in workers incomes and the significant job losses that are occurring will increase the negative affects of the crisis. The IMF in their presentation to the UPU's international conference on the crisis, has said that what is need is to restore financial sector health; a bolstering of demand and that the fiscal stimulus should focus on increasing spending.[42]

In respect of postal services UNI Post &Logistics is increasing the intensity of its campaign against the liberalisation of postal services. In Europe where liberalisation is already a reality, UNI has just launched its Lobby Pack for affiliates, entitled "Regulate Deregulation". UNI post & Logistics demands that the crisis is not used as an excuse to further liberalise the postal market but is used as a lesson on why there is the need for strong and fair regulation with proper monitoring and enforcement mechanisms.

On the opportunities side of the crisis equation, UNI Post & Logistics Global Union is working closely with the UPU, several postal operators, governments and the World Bank to promote the use of the post office as a trusted financial network. It is clear from the data in this paper that the public has seen postal financial services as a safe haven for their banking and how this reflects in increasing use of the post office banking system for both migrant workers and low paid workers as a basic banking facility.

Therefore UNI will be promoting post office banking services and the use of the post office network for the immigrant workers to use for money transfer. The Universal Postal Union (UPU) has developed a secure and safe system for Post Offices throughout the world to use in the electronic transfer of money (IFS). The system offers major gains for migrant workers with lower fees and a safer and more secure way to transfer their money home to their families. It also offers the opportunity for Post Offices to run a more viable business model in developing countries and in rural and remote locations.

6. The UNI Post & Logistics Global Union Demands

UNI Post & Logistics demands that with respect to the global financial crisis and the post and logistics industry that;

- The financial crisis is a reason to rethink the failed policy of postal market liberalisation and that UNI Post and Logistics will make postal market regulation a priority.
- That the crisis is not used as an excuse to further liberalise the postal market but is used as a lesson on why there is the need for strong and fair regulation with proper monitoring and enforcement mechanisms.
- That governments and postal administrations move quickly to develop the post office network as a trusted basic banking facility financial network for both migrant workers and low paid workers.
- That governments support the development of the Universal Postal Union (UPU) secure and safe system for remittances throughout the world for the electronic transfer of money (IFS).
- The financial crisis not be used as an excuse for restructuring, lowering of wages, or enforced reductions of working hours.
- That there be comprehensive information and consultation of staff on restructuring measures at all levels – in multinationals ideally based on global agreements.
- Respect of core labour standards by governments and companies in tackling the financial crisis.
- There must be a new business model that is sustainable, long-term orientated and risk-conscious, as well as empowering customers and employees. Financial regulation and supervision must cover internal operating procedures and practices, including remuneration, incentives, sale practices, skills and working conditions of ordinary employees.
- Structured dialogue between unions and supervisors, regulators and management on these procedures and practices at all levels.
- That the OECD puts in place a new corporate governance paradigm based on accountability to society at large, and with binding regulation as a core principle of effective implementation.
- That the OECD Corporate Governance Guidelines must respect the diversity of corporate governance approaches, including mechanisms for worker information, consultation and representation.

Appendix One

"The Global Economic and Financial Crisis. Insights into its impact on the postal sector" - Report by the Universal Postal Union (UPU) April 2009

Executive summary

The financial turmoil currently causing havoc with the global economy has left its mark on the postal sector. However, as our survey reveals, the effects have not only been negative, but also positive. Unlike other sectors like the auto industry, the postal sector does not show characteristics of an economic depression. Interpretation of the survey results even suggests that postal networks are being increasingly trusted to serve e-commerce development and provide financial services. Its nature is defensive in relation to other sectors. The survey is comprehensive in part in that it encompasses not only postal designated operators (DPOs), but also other major private carriers.

The survey results, which focus on Q3 and Q4 2008, are as follows:

- The economic downturn was reflected in worsening postal performance figures for volumes and revenues, accelerating during Q3 and Q4 2008.
  - The fast pace of the crisis resulted in a rapid deterioration in growth rates, even for those operators and segments still experiencing positive growth.
  - In the segments benefiting from the positive effects of the crisis, the variations in performance between operators' were negligible. The opposite was true, however, when it came to negative effects.

- As regards volumes, postal operators worldwide felt the impact of the crisis strongest in the letter-post segment, with sharp domestic traffic declines of 5.9% during Q4 2008, compared with Q4 of the previous year.

- Express activities suffered the most from the crisis with lower revenues, dropping sharply by 7.9% worldwide in Q4 on a year-to-year basis.
  - This might be explained in part by consumers moving away from high-end services.

- Domestic parcel traffic volumes suffered the least from the crisis, displaying a strong resilience despite the deepening economic downturn in Q4, and even saw 1.1% growth during Q4 on a year-to-year basis.
  - This coincided with record e-commerce sales in a number of countries during Q4 2008.

- The aggregate domestic and international parcels traffic generated positive revenue growth throughout 2008, including a 2.1% growth in revenue worldwide during Q4, against the backdrop of worsening economic conditions.
  - The highest quarterly growth rates for international parcel volumes in Q2and Q3 coincided with the highest oil price ever.

- International market segments generally appeared more resilient in the economic downturn than domestic segments during 2008, though the deterioration in international postal traffic volumes from Q3 to Q4 was rapid and resulted in uncertain prospects for 2009.

- When confronting the crisis, operators performed more uniformly in the parcel segments than in the letter-post segments.

- Postal and express operators listed on stock exchanges followed a similar path with respect to their reference index and, in some cases, even outperformed their reference index.

- The sector has so far not matched its worst performance seen during the Great Depression in the 1930s, when postal revenues decreased by 12.3% in the United States between 1931 and 1932, and letter-post volumes declined by 16.6% in Germany between 1930 and 1931.

- The number of postal deposits and savings accounts grew at an extremely fast pace, with growth rates above 50% in some countries. A similar phenomenon occurred during the Great Depression.

Appendix Two

UNI Global Union Response to the G20, April 2009

Since the onset of the financial crisis, UNI Global Union has tirelessly worked for global financial reform. Our efforts are beginning to succeed.

The conclusions of the G20 Summit in London on 2 April set out a work plan for strengthening financial supervision and regulation that reflects many of the demands of the global trade union movement and more particularly of UNI Finance Global Union.

The G20 agenda has changed from promoting deregulation and short-termism to one aiming at a sustainable, risk-conscious financial system that serves society and the economy as a whole. In particular, we welcome the goal of the G20 to establish a strong and consistent global framework of financial supervision and regulation that sets high standards for financial markets and companies. In the view of the G20, a key purpose is to support sustainable growth and serve the needs of business and people. However, still not sufficient account is taken of the role of employees in ensuring a properly functioning finance industry. We will keep pursuing this theme.

UNI, together with its affiliates and the global trade union movement will now step up its activities to ensure that the G20 plans are followed up in a way which ensures trade union involvement.

UNI Global Union General Secretary Philip Jennings and UNI Finance Global Union President Allan Bang were part of the G20 global union delegation. The global unions met with several heads of government, including G20 host and UK Prime Minister Gordon Brown, at Downing Street; President Lula of Brazil; President Motlanthe of South Africa, and Prime Minister Rudd of Australia. Working sessions also took place with the heads of the International Monetary Fund (IMF) and World Trade Organisation (WTO), Strauss-Kahn and Pascal Lamy.

We have seen a sea change in the political agenda away from neo-liberalism. We will continue our work to address the policy challenges and re-direct globalisation. For UNI, the security of employment and the livelihood of employees are the paramount issue in the response to this economic and financial crisis.

UNI Finance Global Union Worldwide Week of Action on the Financial Crisis

Leading up to the G20 meeting on 2 April, UNI Finance organised a Worldwide Week of Action on the financial crisis (23 March-1 April). Affiliates were asked to organise meetings and make representations to governments on UNI Finance’s policies. UNI Finance participated in the demonstration in London/UK on 28 March. Affiliates also took part in demonstrations in France and Austria. Belgian and Italian affiliates organised meetings during the week of action.

UNI Finance conducted an international press conference on sales practices and the pressure on finance employees, with contributions from American, Brazilian, British and Danish colleagues.

A UNI Finance blog on the financial crisis was launched to provide information on the financial crisis by UNI Finance and affiliates.

UNI Finance Global Union Policies

UNI Finance has worked together closely with the ITUC, TUAC and the other global unions. For UNI Finance, the focus is on re-shaping the financial system and overcoming the financial crisis.

After consultation of affiliates, the UNI Finance Steering Group adopted a Key Issues Paper "For a Responsible and Sustainable Finance Industry" that addresses five separate but interlinked aspects:

- Employees at the Centre of a Responsible and Sustainable Finance Industry.
- A Bottom-up Approach to Supervision and Transparency.
- Restructuring and Remuneration.
- Stabilising and Reforming the Financial System.
- Financial Education.

The overarching message is: "Consumers have the right to good advice; finance workers have the right to give good advice."

Central demands of UNI Finance are:

- A new business model that is sustainable, long-term orientated and risk-conscious, as well as empowering customers and employees. Financial regulation and supervision must cover internal operating procedures and practices, including remuneration, incentives, sale practices, skills and working conditions of ordinary employees.
- Structured dialogue between finance unions and supervisors, regulators and management on these procedures and practices at all levels.
- Charters for the responsible sale of financial products for each financial institution covering these matters and being negotiated by management, unions and other stakeholders.
- Financial supervision that is comprehensive and takes account of a diverse finance industry.
- Comprehensive information and consultation of staff on restructuring measures at all levels – in multinationals ideally based on global agreements.
- Respect of core labour standards by governments and companies in tackling the financial crisis.

The work of UNI Finance has served as the foundation for our representations to international and regional institutions, governments, financial supervisors and regulators at all levels. It is also the basis for dialogue with banks and insurance companies around the world.

The Key Issues Paper builds on the work and decisions of UNI Finance since the beginning of the crisis in 2007. It has been sent to the heads of the G20, United Nations, International Labour Organisation (ILO), IMF, Financial Stability Board (FSB, the former Financial Stability Forum, FSF), World Bank, OECD, WTO and European Union (EU). Affiliates were requested to represent it to their governments.

The main elements of the document are summarised in a leaflet that is available in English, French, German and Spanish.

International Organisations

G20: UNI Finance's position is reflected in the statements made by the global unions to the G20 summit in March.

IMF: In January, as part of the dialogue meeting between the IMF and the global unions, UNI Finance met with IMF experts to start a dialogue on financial reform focusing on the roles of the IMF and finance unions. Separately, UNI Finance also discussed IMF aid to Iceland on behalf of the Icelandic finance union. We have taken up these issues directly with the head of the IMF, Strauss-Kahn, who has an open-door policy for the global unions and UNI in particular. The IMF has a new arsenal of funds arising from the G20. The trade union movement must have an influence on how this is spent in the industrialised countries. Strauss-Kahn claims that the IMF does not apply the same conditionality as in the past but recent experiences tell us otherwise.

FSB: The G20 enhanced the role of the FSB, which brings together regulators and supervisors from the G20 countries and beyond. The FSB will be at the centre of the global regulatory and supervisory framework for the finance industry. In a meeting in November with UNI, the then FSB was reluctant to establish structured dialogue with the union side. Repeated requests to provide the names of those finance companies for which the FSB is setting up international colleges of supervisors were denied. These colleges have the purpose to bring together the key financial supervisors for a multinational finance company and ensure proper cross-national supervision. The UNI General Secretary will meet the FSB in late April.

OECD: Together with TUAC, UNI Finance met with the OECD Council and presented its bottom-up approach on financial supervision in November. Subsequently, TUAC and UNI Finance submitted a joint statement on financial education in January. Closely linked to the financial reform process, we continue our work at the OECD, especially concerning corporate governance and financial education.

ILO

In February, the ILO organised a Global Dialogue Forum on the financial crisis. The social partners – UNI Finance and International Organisation of Employers (IOE) – as well as government representatives agreed joint conclusions. These include:

- that due account should be taken of the social and labour dimensions in the tackling the crisis and reforming the financial system.
- that the ILO together with the social partners should monitor and analyse reform activities in terms of the social and labour dimension and that it should be actively involved in the relevant discussion by the G20, FSB and other international bodies.
- that a focus of ILO activities over the next years should be the economic and financial crisis.
- that the ILO supports regional and sub-regional meetings of the social partners to follow up on the conclusions.

IOE and UNI sent a joint letter with these conclusions to the heads of the relevant international organisations (see above) – a first for such joint action. In their April meeting, the G20 acknowledged the role of the ILO in the reform process relating to the human dimension of the crisis.

European Union

At EU level, UNI Finance has raised its policies during the bi-annual consultation meetings with the EU Commission, Directorate General Internal Market. This is complemented by regular informal contacts to the Directorate General to discuss EU policy initiatives and UNI Finance's views.

UNI Finance has insisted since 2007 that systemic risks are also caused by remuneration and incentive systems for ordinary finance employees, as well as resulting sale practices. This concern is reflected in the De Larosière Report on financial supervision prepared for the EU and in the subsequent Commission's communication on financial reform of March.

UNI Finance presented submissions on the Commission's initiatives on:

- remuneration in the finance industry,
- financial supervision,
- retail investment products,
- financial inclusion,
- directors' pay.

Interventions have also been made with the European Parliament and the EU financial supervisory committees, such as CEBS.

After some reluctance, the European employers' organisations of the banking industry discussed the financial crisis with UNI Finance. At the meeting in January, it was agreed to continue the talks and exchange views. The financial crisis is also addressed bilaterally with the different employers' associations and within the framework of the banking social dialogue.

Next steps

In cooperation with the global unions, UNI Finance will continue its interventions *vis-à-vis* governments, regulatory and supervisory bodies at global and European level in light of developments and its policies.

One focus will be on influencing the IMF, FSB and the G20 on their recommendation and policies on the future supervisory structure and regulation of the finance industry. A key issue is the colleges of supervisors for multinational finance companies.

Another focus will be on the EU and its regulatory activities on these matters. UNI Finance will also monitor and intervene when necessary with other international bodies at global and regional level. In this context, it will coordinate activities with affiliates.

UNI Finance will push for a rapid implementation of the conclusions of the ILO Global Dialogue Forum on the financial crisis.

It will develop a model charter on sale of financial products and to this end reach out to finance companies and other stakeholders (e.g. the social rating agency Vigeo and the consumer organisation BEUC).

It will continue its exchange with employers' associations and companies at regional, European and global level. This also includes promoting global agreements.

At European level, several workshops are planned:

- on best practice in industrial relations and the financial crisis with 4 finance companies bringing together representatives of management, unions and European works councils.
- on diversity of the finance industry and financial crisis with representatives of trade unions, employers' associations and European institutions.
- on social dialogue and the financial crisis in Central and Eastern Europe with trade unions from the area.
- on social dialogue and the financial crisis in Central and Eastern Europe with 4 finance companies bringing together representatives of management, unions and European works councils.

UNI Financial Crisis Watch

On the website dedicated to the financial crisis www.uniglobalunion.org/financialcrisis, affiliates will find the blog mentioned above, further UNI documents, assessments and demands of affiliates as well as the latest news on the crisis.

The aim is to be a forum for trade unions worldwide to exchange information about the financial crisis and on ways to address it. Affiliates are asked to send news, their positions and actions regarding the financial crisis to the Secretariat. All information can be sent to: barbara.wettstein@uniglobalunion.org

To be kept updated on our news stories, you can subscribe to our RSS feed on the financial crisis at the following address: www.uniglobalunion.org/unifinance.nsf/crisis.rss

Appendix Three

OECD Review of Corporate Governance Guidelines: TUAC recommendations:

- The OECD Paper seems to be concerned about how to fix the 'old' model which is based on maximising shareholder value, a model that brought us to the crisis. Rather, a new corporate governance paradigm is required based on accountability to constituencies and to society at large, and with binding regulation as a core principle of effective implementation.
- The OECD should respect the diversity of corporate governance approaches, including mechanisms for worker information, consultation and representation.
- The OECD should investigate the procyclicality of shareholder remuneration policies that are based on the concept of "free cash flow".
- Beyond independence and competence, it is the accountability of the board to the core constituencies of the firm and to public authorities, and rights to relevant ex-ante information from management that need to be restored.
- The issue of executive remuneration is a vivid example that self-regulation has failed. The OECD should develop meaningful policies to regulate executive remuneration, based on objective criteria for defining the long term interest of the company, while requiring an equitable ratio between executive pay and that of the workforce.
- Risk management issues require that regulators and supervisors are given the necessary tools to ensure that no enterprise is too big to fail (top-down approach) while empowering employee representatives and other constituencies to be a countervailing force (bottom-up approach).
- A bottom-up approach to risk would expand the parameters of risk management to include worker representation mechanisms, and their unions.
- The crisis points the way for a new system of active shareownership. The OECD must begin that debate, including around improved governance structures for institutional investors. In dealing with active shareownership, a fundamental distinction needs to be made between asset owners and asset managers.
- Responsible activism requires first and foremost adequate regulation of the asset management industry (including obligation to disclose voting records on behalf of their clients) and of private pools of capital (including transparency and accountability of their internal governance).
- Active ownership is a means to an end, not an end itself. The OECD should qualify activism according to the intended goals, and whether the latter serve the long interest of the company, or alternatively fuel short-termism.

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