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versal development of the
Post

1ST UNI POSTAL WORLD CONFERENCE

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Introduction

We are living through a time of unprecedented change in the postal sector. An important public service which contributes to the social glue which holds communities together and which, world-wide, provides work for over five million people is coming under scrutiny as never before.

The postal service in many countries works well, so well that it can sometimes be taken for granted. The cross-border co-operation between postal authorities, represented by the coordination work of the Universal Postal Union, offers a model of how international partnership can work.

Sometimes the routine work of getting the post and the parcels delivered on time can seem a long way from the superficially more glamorous world of the internet, of electronic communication and e-commerce. But, as one academic observer on the sector puts it, 'Post still matters'¹. The post has a key role to play in the emerging information society, an indispensable bridge between the old and the new economies.

Change in the postal sector is inevitable, a reflection of today's fast-changing world, of the development of new information and communication technologies, and of our increasingly globalised economy. And whilst the idea of change may be threatening, it can also bring opportunities. Trade unions will welcome those changes, which combine better service for customers with better conditions for workers, including not just fair levels of pay but also better working conditions and the opportunities for more skilled work. A holistic approach is one, which looks at how the opportunities of change can be harnessed to benefit all those who have a stake in postal services.

Unfortunately, however, the postal sector is the latest in a series of industries to have been subject to strong ideological pressure for change from neo-liberalism, where the driving force is reduced to one thing only, investor return. We are seeing an ideological attack on the concept of public service which carries with it a threat to the idea of a universal postal service – and which, in the process, represents both a risk to workers' jobs and conditions of employment and to the level of service offered to customers.

This report looks in turn at a number of issues:

- Liberalisation and privatisation in the postal sector
- GATS
- Universal postal service
- The role of the World Bank and IMF
- Private consultancies and the postal sector
- Globalisation and the growth of multinational postal operators
- Postal services in the information society
- The implications of change in the postal sector on employment and working conditions

It ends with some conclusions and proposals for action, for both UNI and its affiliates.

¹ Robert M Campbell, *Regulatory and Governance Changes in Liberalized, Commercialized Postal Environments*

1. Liberalisation and privatisation in the postal sector

For the majority of its life the postal sector has had a twin sister, in telecommunications. In recent years this close relationship has fractured, and telecoms has been sent off into the world to make its own way.

How has it fared? The telecoms sector has experienced the full attention of neo-liberalist ideology, with extensive market liberalisation in many countries – a result of the 1997 World Trade Organisation agreement - and privatisation.

For a time telecoms shares were the darling of stock exchanges world-wide. But now the picture is different. The telecoms sector is attempting to escape a major crisis: major companies have faced serious trading losses, high levels of indebtedness and tumbling share prices. The Worldcom scandal in particular exposed the unsavoury face of fraud and corporate greed within the sector.

It is a sorry tale, which can provide a useful warning lesson for the post. The postal sector needs to guard itself against siren voices which would argue that it should rush to follow the same path as telecoms, towards a fully liberalised and privatised market-led future. This argument can be heard in the USA, in Europe and in Japan, and can seem particularly persuasive for developing countries and for those European and central Asian countries with transitional economies.

Those convinced that this is the only way forward should recall what the World Bank and UPU have said, in their joint booklet *The Postal Industry in an Internet Age*:

...There is no single path to postal reform... Specific economic conditions, traditions of corporate governance, and evolving market needs all require unique strategies and customized solutions.²

Corporatisation

There has been a long-established trend, observable in many countries around the world, towards the corporatisation of postal services, separating their management and strategic development out from the direct control of government. Corporatisation is increasingly seen as a model which creates sufficient management and financial flexibility, enabling postal service providers to offer a good-quality universal public service whilst benefiting from a more commercially orientated approach. The OECD, for example, talks of improvements in profitability, service quality, productivity and efficiency as among the advantages of such a change.³

The aims of corporatisation, if they are to provide better public services and a more efficient use of public money, are clearly ones which trade unions support:

The Australian postal workers union CEPU has supported the need for 'legitimate and appropriate change in the operations and regulatory framework of the postal service' and has accepted that corporatisation and commercialisation, provided they come with clear community service obligations and a commitment to public ownership, can deliver both profitability and improved employment conditions. The CEPU has attacked planned moves towards postal liberalisation and deregulation, however.⁴

² World Bank/UPU, *The Postal Industry in an Internet Age, Case Studies in Postal Reform*, second ed, June 2002

³ OECD, *Promoting Competition in Postal services*, Paris, 1999

⁴ See *Privatising Post*, interim report to the UNI (APRO) Post and Allied Service Sector conference, Hiroshima, Oct 2000

The British Communication Workers Union welcomed the UK Postal Services Act 2000 which gave the Royal Mail greater borrowing flexibility and allowed it to retain more of its post-tax profits. The CWU had argued previously that the business was being starved of the funds it needed to compete with other European postal operators.⁵

The caveat, however, is that any structural reform of a national postal service towards a corporate business structure needs to be undertaken in partnership with the trade unions. In particular, any moves which would result in post office employees losing civil service status need particularly careful discussion with and full agreement from the union side.

Plans to convert the Sri Lanka Post Office into a state-owned corporation with full operating autonomy and with commercial freedom were developed by the Sri Lanka government with World Bank support, but the process initially did not include consultation with postal workers' unions. It was only after some considerable difficulty that the union voice was heard.⁶

Liberalisation

Liberalisation (that is, the removal of state monopolies and the introduction of competition) is being driven at national level, at regional level (in particular by the European Union) and internationally, particularly in negotiations to extend the WTO's General Agreement on Trade in Services, GATS (discussed in detail below). Four countries (Sweden, Finland, New Zealand and Argentina) have chosen to completely liberalise their postal market.

In the European Union, the 1997 Postal directive allowed member states to maintain a monopoly only on domestic mail under 350 grams in weight and/or up to five times the price of a standard letter. This was followed in 2002 by a revised directive, which opens up to competition all letters weighing 100 grams or more (or costing three times the standard letter) and – subject to a derogation right, if states need the revenue from this to maintain universal service - all outgoing cross-border mail.

This step towards liberalisation is to be followed in 2006 by a further move, when the delivery of letters weighing more than 50 grams (or costing more than 2.5 times the standard letter) will be opened to competition. Finally, the European Union is to consider whether to move to total liberalisation in 2009.

Advocates of radical moves towards liberalisation argue that market competition brings down prices and offers greater consumer choice. But not all parts of a traditional national postal service are potentially commercially attractive to private sector operators. Liberalisation brings risks:

- 'Cherry picking' or 'cream skimming' – commercial operators compete with national postal operators for the particular profitable segments of the market (for example, bulk business mail, inter-urban mail), but not for less profitable services (deliveries to rural or poorer neighbourhoods). Counter services, particularly in rural or poorer areas, may be put under threat. Commercial operators seek to eliminate the element of cross-subsidy which is often implicit in a national postal service.

⁵ See Andrew Bibby, Post Modern, CWU, 2000

⁶ See Privatising Post, interim report to the UNI (APRO) Post and Allied Service Sector conference, Hiroshima, Oct 2000

The complete liberalisation of the post in New Zealand, introduced in 1998, was linked to a plan to charge more for deliveries to rural addresses. This controversial idea has now been withdrawn.⁷

One result of the complete liberalisation of the Swedish post is that the main national operator Posten has lowered prices for large mailings to the nineteen largest urban areas. By contrast, the cost of ordinary first class post increased by about 30%, well above inflation, in 1997.⁸

- Regulatory authorities may focus simply on means of increasing competition, at the expense of other factors (such as ensuring investment in long-term development, and maintaining jobs and employment conditions). This is a criticism which UNI Telecom has levelled at regulatory authorities in the telecom sector.
- Ill-thought out and hasty steps to liberalisation can leave established postal operators obliged to make immediate cost savings, regardless of longer-term strategy. This in turn can mean unnecessary loss of jobs and loss of good quality working conditions.

In France, the CGT has warned of this risk: "With the opening up to competition, as required by the EC's directive, there is a risk that the European posts will practice social dumping on a large scale," said Patrick Bourgeois, head of CGT's postal sector, in a recent interview with the trade magazine Postal Technology International.⁹

- Private companies have limited liability; societies have no such protection when things go wrong. In other words, private postal companies can walk away from markets or avoid their liabilities through bankruptcy; society as a whole must clear up after the mess.

A number of postal operators have already gone out of business in Sweden. One operator failed to take down its letterboxes, whilst at least one other company was unable to buy back stamps it had sold to customers.¹⁰

In general, trade unions are not adopting a dogmatic rejection of liberalisation per se, but rather an approach which stresses that any moves towards a more liberalised postal environment should be measured and incremental.

In the United Kingdom, for instance, the Communication Workers Union has attacked plans by the industry regulator Postcomm which the union says would "open up too much of the market, too soon, in the wrong form and at the wrong time".¹¹

In Germany, ver.di was successful in 2002 in ensuring that the post office Act approved by Germany's Bundestag (lower house of parliament) was not sabotaged by the right-of-centre majority in the upper house. As the union has pointed out, "The impending threat to umpteen thousands of postal workers' jobs as a result of over-hasty liberalisation of the postal market has been averted. The liberalisation measures offer Deutsche Post AG a sound basis on which to plan for the necessary adjustments to the requirements of growing competition in the postal market, while taking into account its social responsibility for its workers and for postal services in Germany".¹²

⁷ See ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

⁸ See Canadian Union of Postal Workers (CUPW), Your Public Post Office: More than Just the Mail, More than Just the Quebec-Windsor corridor, June 2000

⁹ Forum: A Point on arbitration, Postal Technology International, September 2002

¹⁰ Source: Omega Partners, Study on the Impact of Certain Aspects of the Application of the Directive 97/67/EC on the Postal Sector, August 2001

¹¹ CWU, Time to rein in the regulator

¹² UNI, Germany: Common sense triumphs on postal policy, statement, 5 July 2002

Privatisation

Postal services can be profitable, and investors are interested in benefiting from profits. Not surprisingly, therefore, some people look to link liberalisation with moves to privatise postal operators.

Unlike the telecoms sector, the majority of the public postal service providers currently remain publicly owned bodies. The only two exceptions of any significant size are the Dutch-based TPG and Deutsche Post, where in each case partial privatisation has taken place (these two companies are discussed further below). Currently, the Dutch government holds about 35% of TPG's shares; about 69% of Deutsche Post's shares remain publicly owned.

The express parcels ('courier') side of the postal business developed outside the traditional national postal service framework, and is dominated by private sector companies, notably FedEx and UPS. Two other courier companies, TNT and DHL, have now been acquired, respectively by TPG and Deutsche Post.

It is relevant to remember that national postal operators which remain publicly owned do nevertheless frequently enter into trading partnerships with private sector companies.

2. GATS

The importance of the World Trade Organisation's General Agreement on Trade in Services (GATS) cannot be over-emphasised. The current trade negotiations to extend the coverage of GATS (the so-called Doha trade round) are the chief arena in which the international battle over the future direction of the post internationally is being played out.

UNI has already warned, in its year 2000 Briefing Paper on the WTO's General Agreement on Trade in Services, that "GATS is going to have a profound impact in workers in all services." Further information from UNI about GATS is available in UNI's recently revised Qs and As on GATS. Both documents, and other information, can be accessed on the special website www.union-network.org/UNIsite/News_Info/GATS.html.

The Doha trade round – if all goes to plan - should be completed by January 2005. The trade round operates rather in the way that children might negotiate to swap stamps from their collections: countries begin by requesting from other countries those particular markets which they would like to see opened to international competition under GATS. This is followed by a period when states respond by announcing their *initial offers* – in other words, those services markets which they are prepared to open for competition. Hard bargaining, behind closed doors, follows. As with children bartering, there is no guarantee that the process will end up in an acceptable outcome to both parties. (Meanwhile the rest of us look on, with little opportunity to make our own views heard).

The current GATS, which provides a set of global, legally enforceable rules covering international trade in services, has been in effect since 1995. Under it, WTO members agree to a number of general principles on international trade, including the so-called 'most favoured nation' principle by which a commitment to grant access rights to domestic markets to one foreign service provider must be extended without discrimination to *all* foreign service providers, regardless of nation. Individual WTO members can choose which services they open to competition.

Postal services were not a major feature of the original GATS but they are now very much on the agenda for the Doha round. Negotiating positions are struck by governments, not individual companies, but nonetheless government positions may be strongly influenced by private-sector lobbying. In particular, there is strong commercial pressure from the major private courier companies to liberalise postal services.

UNI is concerned that, in the postal sector as elsewhere, the GATS process will be used by commercial interests as a mechanism to lead to the destruction of public services. In principle, GATS excludes services which are 'supplied in the exercise of governmental authority', when these services are not supplied on a commercial basis or in competition with other providers. However, this wording makes ambiguous the extent to which traditional postal services are outside the GATS embrace: it is probably best not to assume that GATS could not apply.

GATS agreements are highly dependent on the way in which particular services are classified. Since the present classification system happens at present to offer some incidental extra protection for public postal services¹³, the courier industry is focusing on reclassifying postal and courier services as a strategy for increasing GATS coverage. It is not surprising to find this demand already raised in a number of early submissions, including those from the USA and European Union.

¹³ For an explanation of this point, and a very useful overview of other GATS issues as they affect the postal sector, see Scott Sinclair, *The GATS Implications for Postal Services*, remarks prepared for UPU seminar, Berne, 9 April 2002

Private-sector companies are also using GATS to actively push to prevent cross-subsidisation of postal services, for example the subsidising of courier services by monopoly domestic mail. The aggressive entry of the part-privatised Deutsche Post into the US courier market through its recent acquisition of Airborne has the effect of making *all* public sector postal operators more vulnerable to this kind of charge. UPS has already tried to use NAFTA free trade obligations against Canada Post, in a similar cross-subsidisation row. As Scott Sinclair has pointed out, "This is not simply a trade dispute; it is an attempt to use a trade agreement to change Canadian domestic public policy to suit a single set of interests"¹⁴.

UNI supports the concept of multilateral trade, and a retreat to protectionist trade policies is unlikely to help either growth in the world economy or improvements in working conditions. Nevertheless unions have numerous difficulties with the current process under which GATS trade agreements are negotiated. Firstly, the bartering process is conducted privately, not only beyond the reach of trade unions and other representatives of civil society but also of other UN agencies, such as the ILO and the UPU. The WTO has not accepted the UPU's request for observer status.

In the negotiations on postal services, UNI's goals should be to protect the interests of universal service providers and to ensure that the views of unions and the national postal services are taken into account in the negotiations. The best way to achieve these goals in the short run is to support the application for observer status at the WTO made by the Universal Postal Union.
(UNI Briefing Paper on the WTO's General Agreement on Trade in Services)

The principle of non-discrimination in trade, which is a cornerstone of GATS, is also problematic, since this can be used by companies which violate basic labour standards or which have poor environmental practices to assert their right to compete directly with other companies with much better records.

The Global Unions have adopted a comprehensive statement for WTO reform, which will be presented to the WTO Ministerial Conference in September 2003. This calls for protection of the fundamental rights of workers against unscrupulous governments or companies. It also calls for measures to safeguard public services.¹⁵

In the meantime, UNI is advising affiliates to oppose proposals by their home governments to offer access to markets in the field of public services. If offers are made, they should be accompanied by social preconditions, for example an obligation to abide by the ILO Fundamental Principles and Rights at Work.

Affiliates are advised to oppose any proposals by their governments to offer market-opening in the field of public services and other services of general interest. Policies on these issues are at the heart of democratic debate and decision-making, which should not be pre-empted by negotiations and deals made at the WTO.
(Letter from Philip Jennings, UNI General Secretary, to affiliates 20 Nov 2002)

¹⁴ *ibid*

¹⁵ UNI, Qs & As on the WTO's General Agreement on Trade in Services, 6 May 2003

3. Universal Postal Service

How should we respond to the pressures internationally on governments and national postal operators, both from the GATS trade round and more generally from the neo-liberalist thrust towards commercial liberalisation? One vital defence measure is to stress the importance of the concept of universal postal service.

The post is not just another service which is there simply to generate profits. It is a significant feature in the social glue which holds a community and a nation together. Postal services, in the words of the European Commission, are 'crucial to social cohesion'¹⁶.

Furthermore the post will continue to have a key role to play in an information-based society. Now, as much as in the past, the role of public postal services in delivering high-quality postal services at uniform, affordable prices is vital to help reduce social inequality and regional disparities, and to provide a foundation for economic development.

Universal postal service is not simply an internal issue for countries. As the delegates at the 1997 Postal Summit put it, "The socially and economically vital mission of postal administrations is to continue to provide universal services to be shared by every citizen in every country throughout the world."¹⁷ The UPU itself adopted a general universal service obligation to the universal postal convention, at its meeting in 1999.

However, as we have seen, the concept of universal postal service is under threat where postal services have been subject to liberalisation moves. Even where this has not occurred the postal operator may have had to cope with attacks from commercial interests. This has certainly been in the experience for the United States Postal Service, where (as UNI has documented¹⁸) UPS and other courier companies have led ferocious assaults on its work.

UNI-Europa Postal has described the basic principles of the universal postal service as follows:

- to deliver to every home and business at regular, usually daily, intervals at tariffs which are both uniform and affordable
- to provide easy access to a varied range of postal services through near and accessible offices owned or franchised by the postal administration¹⁹

UNI has also asserted firmly that the best way for this to be made possible is for the core postal service to be kept as a viable whole, as a defined reserved service area²⁰.

It is, of course, possible to develop other models for maintaining a universal postal service. Several countries are considering mechanisms for funding those elements of the universal service which are considered non-profitable through state subsidies. This approach involves a multi-stage approach: calculating the element of cross-subsidisation which is inherent in a national postal service (for example, the extra cost of delivering mail to remote rural houses compared with urban deliveries), and then reimbursing operators who undertake these more

¹⁶ European Commission, Proposal for further opening of postal service markets, frequently asked questions, 30 May 2000

¹⁷ Declaration of Postal Summit in Tokyo, 12-13 May 1997, quoted in ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

¹⁸ See UNI, US Postal Service rivals attack on three fronts, 3 May 2000

¹⁹ UNI, development of European Postal Services, 18 February 2000

²⁰ UNI World Executive Board, Statement, 19-20 July 2000: The Universal Postal Service: A basic human right threatened by deregulation and liberalisation

expensive operations from public funds, with these funds perhaps in turn obtained by a levy on all postal operators.

There are a number of reasons for viewing this sort of approach with considerable scepticism. First, it involves an approach which emphasises the individual rather than the collective good. It replaces a service which can be easily understood by all as operating for the common benefit of a community with a set of accounting mechanisms which are only meaningful to specialists. Once a public service available to all has been redefined in this way as an 'unprofitable' facility which requires injections of public money, the political space is open for further pressure towards commercialisation, and for the diminution of the public service element.

By providing ammunition to those commercial interests who want to see a rapid dash towards liberalisation of postal markets, it also leaves the existing national postal operators vulnerable to the sort of sudden upheavals which could see mass redundancies and major attacks on working conditions. As we have seen above, unions are not alone in arguing that the process of liberalisation must be a *gradual* one.

A universal postal service has been identified by UNI as a basic human right. We need to remember, however, that the sort of efficient postal service which is often taken for granted in developed countries does not necessarily operate in all parts of the world. As the report *Privatising Post*, written for UNI-APRO Post, points out:

While industrialised countries on average have achieved universal service for the populations, this is not the case with developing countries in which large sections of the population have no access to the postal service. The World Bank states that low income countries, on average, are able to provide the postal service to only 66% of their population. This implies that, given the very low telephony penetrations in these countries, that approximately 34% of the population may have access to no communication medium²¹.

An element of cross-subsidisation is at present extended internationally, through the UPU's agreement for terminal dues (ie, the sharing of income for cross-border mail), which often means that post offices in developing countries benefit from the delivery of inward international mail. Rules on re-mailing (ie, restrictions on companies in country A using country B to send mail back to customers in country A) help to defend the present UPU arrangements. However, these multilaterally agreed rules are being challenged by commercial operators who want to move to exploit profitable segments of the market. Worryingly, there is also a suggestion that the UPU rules could be deemed to be in conflict with GATS's most favoured nation (MFN) principle, and as such open to legal action under the WTO procedures²².

²¹ *Privatising Post*, interim report to the UNI (APRO) Post and Allied Service Sector conference, Hiroshima, Oct 2000

²² See Scott Sinclair, *The GATS Implications for Postal Services*, remarks prepared for UPU seminar, Berne, 9 April 2002

4. The role of the World Bank and IMF

Market liberalisation and privatisation have been key features of the ideological agenda of the World Bank and the International Monetary Fund for much of the past two decades. The 1996 World Bank report *Redirecting Mail: Postal Sector Reform* criticised the postal service for being 'one of the last bastions of the old order', and the Bank has recently been pushing its agenda through activities in more than thirty countries worldwide, with major operations in for example Algeria, Honduras, Jordan and Morocco.

The Bank works with governments to undertake comprehensive sector reform, with the aim of transforming the post into 'modern enterprises' which can be financially viable and competitive²³. Unfortunately, its approach has been riddled through with an ideological commitment to privatisation (indeed it was the Bank's Privatisation Services Group which first initiated the Bank's interest in postal sector reform)²⁴.

The World Bank's practice in demanding the liberalisation and privatisation of the postal sector was criticised by the UNI World Executive at its meeting in July 2000, and it has also been subject to a more detailed critique in the UNI-Apro report mentioned in the last section. As the authors point out:

The World Bank's postal 'reform' program specifically endorses a push for labor rationalisation. Based on the assumption that postal administrations are 'generally over-staffed to start with', the World Bank argues that commercial imperatives –such as providing the best service at minimal price – require a reduction in overall employment levels within postal administrations... Due to the fact that many developing countries have extremely limited social protections with respect to unemployment (which the World Bank makes no commitment to assist in improving), these proposals have the capacity to cause enormous social dislocation throughout the developing world.²⁵

This message is, of course, not specific to the postal sector. A recent report published by the Center for Global Development concluded that "at least initially, and on average, privatization has worsened wealth distribution and income distribution"²⁶, whilst a feature earlier this year in *Le Monde*, looking specifically at the experience of privatisation in Africa, suggested that the fruits of privatisation in terms of economic efficiency were not obvious, with privatisations often leading to monopoly situations.²⁷

The World Bank has recently begun to modify its message. Its president James Wolfensohn told a high-level trade union delegation in October 2002 that his institution is 'no longer dogmatic on the question of privatisation'. Meanwhile the World Bank/UPU joint report *The Postal Industry in an Internet Age* was careful to point out that market liberalisation should be a gradual process, and it also pointed out the importance of defining universal service obligations.

This subtle change of emphasis by the Bank is welcome, and in part a sign that trade union and NGO criticism of the Bank has begun to be effective. Nevertheless, unions' experience suggests

²³ Mieux connaître le secteur postal pour attirer plus d'investisseurs, UPU Union Postale, Jan-March 2003

²⁴ Privatising Post, interim report to the UNI (APRO) Post and Allied Service Sector conference, Hiroshima, Oct 2000

²⁵ *ibid*

²⁶ Center for Global Development, *Winners and Losers*, May 2002, quoted in ICFTU, Statement by Global Unions to the 2003 Spring Meetings of the IMF and World Bank

²⁷ Alain Faujas, Les privatisations coûtent cher à l'Afrique, *Le Monde*, 1 April 2003, summary Costs of Privatisation in Africa available on UNI website, http://www.union-network.org/UNIsite/In_Depth/Interna_Relations/World_Bank.html

however that an ideological predisposition to privatisation persists in some sections of the Bank. According to the Spring 2003 statement from the Global Unions:

Affiliates of Global Unions frequently report that they have great difficulty in obtaining meetings with Bank staff engaged in the privatization or restructuring of the services or enterprises where they work. When they do obtain meetings, they are told that discussions have to be limited to certain modalities concerning the privatization; any questions about the decision on whether or not to privatize are considered invalid or out of bounds.²⁸

If the World Bank is showing some signs of retreating from dogma, the same unfortunately cannot be said yet of the International Monetary Fund. As the Global Unions have pointed out, "For an institution that has stated that privatization is not one of its 'core areas of expertise' and that privatization as a loan condition is being 'streamlined' out, the IMF still manages to devote a lot of attention to ensuring that governments keep up the pace of privatization".

The specialist UN agency the Universal Postal Union, created in 1874 to oversee a single global 'postal territory', has also been dragged in to the ideological battles over the future of the post. Aspects of the UPU system, especially the rules on terminal dues and remailing restrictions, have come under concerted attack from, for example, the International Express Carriers Conference, the trade association of private operators, who have called for complete reform of the UPU. Other voices have also been raised, calling for the UPU to be transformed into a body actively supporting the commercialisation of the post. The 2004 Universal Postal Congress in Bucharest will provide an opportunity for these arguments to be advanced. UNI Postal will monitor these developments closely and will be present at the UPU Congress to voice its opinions. UNI Postal will provide to the UNI Postal World Conference a separate document on relations between the UPU and UNI Postal.

²⁸ ICFTU, Statement by Global Unions to the 2003 Spring Meetings of the IMF and World Bank

5. Private consultancies and the postal sector

The drive to transform postal services so that they are concerned simply with a single 'bottom line' – with just the level of profits which can be extracted – is in danger of being reinforced through the services offered by consultancy companies.

The last ten years have seen a dramatic increase in the number of companies offering advice to postal operators. As Drew Stein, managing director of Transend Worldwide (formerly New Zealand Post International) has said, "The postal industry is only following the experience of other utilities such as electricity, gas, etc, which when faced with the same issues of deregulation, corporatisation, etc, relied heavily on consultants to restructure and redirect their operations".²⁹

The major players in the consultancy market come from two directions. On the one hand, some national postal operators (most notably New Zealand Post and Canada Post, but also Deutsche Post and Royal Mail) have moved to develop international consultancy arms. Canada Post, for example, has undertaken contracts in Guatemala, Chile, Brazil, Lebanon and China, to give just a handful of examples. The large generic international consultancy companies have also entered this market: they include such familiar names as Accenture and PricewaterhouseCoopers. The US management firm Arthur D Little has reported that about 100-150 of its 3,000 staff are now working or dealing with postal matters³⁰.

The fashion for using consultants is set to grow. Transend's Drew Stein, for example, talks of an 'unprecedented rate' of growth in the consulting market in the next five years. The director of Deutsche Post's consulting arm also talks of the high potential for growth of his business³¹.

There is, of course, nothing necessarily wrong in itself with postal operators using consultancies, and this can be a legitimate way to acquire expertise or advice. What can be problematic, however, is when consultants bring with them a private sector mentality which, combined with World Bank and IMF neo-liberalist inspired principles, can propel national postal operators in a direction which may not necessarily be of their own choosing.

Developing countries are particularly vulnerable to the allure of the consultants. The experience of the South African Post Office with the consultancy firm New Zealand Post International/Transend offers a salutary tale in this respect. This deal, 'the largest postal contract ever tendered internationally' according to New Zealand Post, was controversial from the start after it was revealed that the \$125,827 a month fees being negotiated by NZ Post for one of its consultants were six times the amount paid to South Africa's president Thabo Mbeki³². NZ Post was contracted to reform the South African post, ensuring that the loss-making concern quickly broke even. In reality, losses tumbled from R271m to over R800m. Maanda Manyatshe, CEO of the South African Post Office, has commented that at least 25 of the 31 projects associated with the consultancy involved a negative return on investment. As one commentator says, "It appears that all the promises laid out by Transend and the Strategic Management Project did not, and according to Manyatshe were never going to, address the wider socio-economic problems which were preventing the post from becoming a commercially viable beast³³." The Transend consultancy with the SAPO has now been terminated.

²⁹ Forum: consultancy, Postal Technology International, March 2001

³⁰ The Growing Concern of Consultants, Postal Technology International, March 2001

³¹ Forum: consultancy, Postal Technology International, March 2001

³² UNI, Changes in the Postal Industry – Multinationals, Technology, New Trends, 3 May 2000

³³ Marie Turrell, Cloudburst, Postal Technology International, December 2001

The major consultancy companies see their role in the postal sector, however, as considerably more extensive than simply that of external agencies providing strategic advice or management support. The trend is towards becoming much more directly involved in the business, for example through provision of outsourcing services. The comments of Chris Brennan, head of global postal practice for Accenture, are particularly revealing in this respect:

Our role has changed in all the industries we serve. Our intent is to move from traditional consulting to a position where we become part of the fabric of the industry. Through joint ventures and equity investments in more than 180 companies, to date, we now have an extensive network of inter-related businesses to better serve our clients across a full range of consultancy and outsourcing services. We see increased potential for various types of innovative arrangements with our postal clients...³⁴

³⁴ Forum: consultancy, Postal Technology International, March 2001

6. Globalisation and the growth of multinational postal operators

When the Postal sector of Communications International met in 1999, shortly before the creation of UNI, one of the documents for discussion was entitled *Multinationals in Postal Services*.

In the four years since then, the sector has moved on. What were then embryonic global postal multinationals have engaged in an active process of acquisitions and alliances. We are by no means at the end of this process, but we can already see how a number of major operators are positioning themselves in preparation for this future.

One strategy is for postal operators to turn themselves into 'total distribution companies', able to offer a complete range of delivery and logistical services to their customers. The recent trajectories of two European postal operators, Deutsche Post and TPG, demonstrate this process in action.

Deutsche Post (the company has added the tag 'World Net' to its name, to demonstrate its global credentials) has the natural advantage of servicing the largest home market in Europe but sees its future as extending far beyond the boundaries of the German state. Its CEO Klaus Zumwinkel has called internationalisation a key pillar in the company's strategy³⁵, and under Zumwinkel's leadership it has embarked on a \$5bn spending spree. Its most high-profile acquisition has been DHL Worldwide Express, the large US-based courier company, which Deutsche Post initially acquired in partnership with Lufthansa but now owns as a full subsidiary. DHL is one of a long string of acquisitions, which include GlobalMail, Airborne, YellowStone, Danzas and Securicor among many others. Deutsche Post's moves have been controversial, and UPS has accused the company of funding its international adventures from cross-subsidisation from its monopoly postal business in Germany. The \$1.05bn takeover of Airborne Inc this year is also facing US opposition.

The Dutch-based company TPG has also expanded aggressively. The company has two brands, Royal PTT Post, under which it operates the domestic postal business in the Netherlands, and TNT, the courier business which the former post/telecoms predecessor of TPG acquired in 1996. TPG has successfully diversified away from an over-reliance on its relatively small home market and now employs 150,000 people in 62 countries. It divides its business into three divisions, mail, express and logistics.

TPG's former chief executive Ad Scheepbouwer is on record as predicting that the European postal market will be based around alliances focused on four major players: Deutsche Post and TPG, and the French and British operators La Poste and Royal Mail. "These are probably the only alliances that will be capable of riding on the back of the new economy," he said³⁶. Whilst less high-profile in their approach, both La Poste and Royal Mail have also been working to make acquisitions and alliances to extend their global reach. TPG and Royal Mail, together with Singapore Post, jointly launched Spring, a major cross-border business mailing company which began trading in mid-2001.

In the United States, the largest postal operator in the world USPS is currently under examination from a presidential commission, which some see as an attempt to push forward an agenda for privatisation. The USPS itself, in its Transformation Plan presented last year to US Congress, rejected both privatisation and the pre-1970s model of a heavily subsidised government agency, and instead argued that it should operate as a 'commercial government enterprise'. The USPS

³⁵ Deutsche Post press release, 19 April 1999

³⁶ Ad Scheepbouwer, Rearrange the scenery or build an entirely new theatre?, speech, 18 May 2000

Postmaster General John Potter has maintained that this would 'place the Postal Service on a businesslike footing and enable it to operate with full use of the managerial tools and commercial flexibility' of a private company, whilst maintaining its nature as a public body³⁷.

[On the US President's Commission:]

I think it's a political approach to the underlying attempt to privatize the Postal Service. That's [the Bush administration's] ultimate goal. I don't think they'll achieve that, now, but it gives the right wing the opportunity they've been seeking for years to privatize the Postal Service. I think the presidential commission is just a mask of that effort to change the very nature of government services.
(William Burrus, American Postal Workers Union)³⁸

USPS, as has been mentioned, has come under strong attack from the private-sector courier companies, particularly UPS. The growth of the 'express' courier market was a feature of the 1990s, with UPS, FedEx, DHL and TNT four of the major players (the latter two, as we have seen, have now been acquired by Deutsche Post and TPG). UPS and FedEx, although their home base is the USA, operate globally and both claim to have a presence in more than 200 countries. Analysts see both companies as having an important future role to play in the evolving world of global postal sector operators. FedEx gave an indication that it was thinking ahead when it announced a strategic alliance with La Poste in 2000.

Of other potential major players in a globalised postal market, the Japanese postal service has just been taken through the process of corporatisation, with a new Public Postal Corporation launched this year. Canada Post's active engagement in international consultancy has been mentioned above, and the business has also developed a powerful head-start in terms of electronic services and delivery solutions.

Trade unions in the postal sector will have to learn to respond to the increasing globalisation in the industry, a process which will involve looking beyond national boundaries and strengthening international structures. Some of this work is already beginning to happen. In the European context, for example, UNI-Europa Postal is a partner with the employers' body PostEurop in formal European-wide sectoral social dialogue. This committee has discussed, among other matters, issues of training and equal opportunities, and has also worked to prepare for enlargement of the EU.

The Committee played a major role in influencing the decisions which resulted in the Postal Directives in 1997 and 2002. The cooperation with PostEurop and CERP (European postal regulators) has been fruitful for UNI-Europa Postal in influencing European postal policies and developments. Both of the two European associations cover all of Europe's 43 countries.

There is also a need to build strong European Works Councils (EWCs) for the major cross-border postal companies, such as TPG and Deutsche Post World Net. Presently an EWC is in place within TPG. The German union ver.di has been taking the lead in the creation of the Deutsche Post World Net Forum (EWC) in bringing together employee representatives from the European countries where the company has operations. A special negotiating body led by ver.di and including trade union and employee representatives from its subsidiaries in the EU and EEA countries as well as from UNI-Postal and the ETF have been negotiating for more than two years with DPWN's central management to conclude an EWC agreement. The negotiation has recently progressed more quickly and an agreement is expected to be signed in July/August 2003. As in

³⁷ Dialogue avec John E Potter, Union Postale, UPU. April-June 2002

³⁸ Federal Times, William Burrus, Supporting Postal Workers in Turbulent Times, May 12 2003, <http://federaltimes.com>

other sectors, the ultimate aim in the postal sector must be to move towards Global Works Councils.

- UNI sectors and UNI multinational alliances should increase their efforts to extend the concept of works councils to representation on a global basis, drawing on the experience of the European works councils, and include subsidiaries and companies controlled by the particular multinational corporation.
- UNI should develop resources for affiliates to utilise in the efforts to establish regional and global works councils.
- UNI should use the agreed UNI-Europa policy on European Works Councils as a basis wherever possible for improving the role of unions in EWCs and the European Directive on EWCs.
- UNI should publish a list of works councils and global agreements.

(Extract from resolution 'Networked solidarity: multinationals and workers' capital', UNI World Congress, Berlin 2001)

However, the most significant 'Postal Global Works Council' under way is the creation of a new structure within the UPU: the UPU Consultative Committee. This is intended to become UPU's third competent body in addition to the Council of Administration (CA) and the Council of Operations (POC). The Consultative Committee is proposed to consist of members of the CA and the POC and other stakeholders in the postal sector, including private postal operators' associations and UNI Postal. This will be a forum where UNI Postal in principle will face all 189 national postal operators and regulators as well as the private employers in the sector.

UNI Postal is expected to become a member of the UPU if (or rather when) the UPU Congress decides on its new structure at its Congress in 2004. As mentioned earlier in this report, a separate document on this matter will be provided to the UNI Postal World Conference.

Another useful objective for UNI Postal will be to encourage postal operators developing global reach to negotiate Framework Agreements establishing core labour and trade union rights for their workers in all parts of their operation. Framework agreements have recently been negotiated between UNI and multinationals in other sectors, including telecoms where the agreement with Spanish-based Telefónica is a notable example.

Globalisation... raises concerns about accountability and control, particularly when multinational companies show little sense of corporate social responsibility or of social partnership. UNI therefore supports initiatives which encourage responsible business practices. One important benchmark is the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, agreed by government, employer and workers' representatives. In its recently revised form, the Declaration calls on multinationals, governments and social partners to follow the ILO's lead in promoting decent work by contributing to the realisation of the ILO Declaration on Fundamental Principles and Rights at Work. (UNI submission to the UN World Summit on the Information Society)

The growing coalescence between traditional postal operators and express courier services also calls for a close working relationship with transport unions. UPS employees, for example, tend to be represented by transport unions affiliated to the International Transport Federation. In this respect, UNI Postal's 2001 agreement to work closely with the European Transport Federation is a timely initiative. Closer relations with the ITF that will lead to joint activities and actions were agreed upon between John Pedersen, Head of UNI Postal, and ITF representatives at the ITF's Road Transport Section's annual meeting in London on 7 May 2003.

7. Postal services in the information society

To what extent does the rapid rise in the importance of electronic means of communication pose a threat to postal operators? At first sight, an industry based on shifting pieces of paper or physical goods from one place to another would seem to have much to fear, given that electronic communication can take place instantly and effortlessly without thought of distance or international barriers.

The extent to which traditional post is suffering from 'electronic substitution' is still open to debate. The OECD has reported that the US Postal Service lost about 35% of its business-to-business first class mail to e-mail, teleconferencing and faxing³⁹. However a recent comprehensive European study was more equivocal. It suggested that 'electronic substitution may account for a proportion of the slowing in volume growth, or even of the reductions in certain mail segments', but it did not find a radical decline in EU-wide mail volumes. "A gradual electronic substitution trend is probable," it concluded⁴⁰.

The point which has been made by many organisations is that e-commerce and electronic forms of communication offer opportunities as well as threats for postal service companies. According to the UPU, "By combining the traditional strengths and 'reach' of postal services with the flexibility and speed of electronic media, a whole new range of products can be developed... Some of these applications, such as electronic bill presentation and payment, trusted third-party certification, electronic stamps, directory services, and secure e-mail already exist⁴¹".

Canada Post, for example, signed a partnership agreement with IBM Canada to research and evaluate the potential of e-commerce back in 1996 and since then has developed its innovative Electronic Post Office (EPO) service. This allows business users to send out consumer bills en masse electronically to Canada Post, to be either e-mailed on to individual EPO subscribers or printed out and mailed by conventional post to end customers. Canada Post has also developed, with USPS and La Poste, an encryption service called PosteCS, and an eParcel service for customers ordering via the internet⁴².

In Singapore, SingPost's virtual postal service (vPost) describes itself as the 'electronic postman', offering both companies and consumers a range of services including electronic bill delivery and payment, e-shopping, e-banking and e-commerce fulfilment⁴³. Japan Post has developed an e-commerce service, based on terminals installed in major post office branches.

Similar examples can be found from across the world of postal operators who are exploring the range of services which can be generically described as e-Post. As the World Bank has said, postal operators provide an invaluable bridge across the digital divide, offering a connection between the old economy and the new⁴⁴.

Trade unions naturally welcome developments like these if they help to develop employment and growth in the postal sector. There are, however, important issues of privacy and security to be addressed.

³⁹ OECD, Promoting competition in the postal sector, 1999

⁴⁰ PLS Ramboll, Employment trends in the EU Postal sector, Final report, October 2002

⁴¹ Thomas E Leavey, Director General, International Bureau, UPU, in World Bank/UPU, The Postal Industry in an Internet Age, Case Studies in Postal Reform, second ed, June 2002

⁴² See Canadian Union of Postal Workers (CUPW), Your Public Post Office: More than Just the Mail, More than Just the Quebec-Windsor corridor, June 2000

⁴³ www.vpost.com.sg

⁴⁴ World Bank GICT (Global Information and Communication technologies Department), <http://info.worldbank.org/ict/policyPostalService.html>

Quite simply, our communications system of the future is too important to be left in the hands of corporations that put profiting from our personal information over our basic right to privacy. While fines may provide some protection, they are currently not an impediment to large companies and not an adequate solution for people who want to ensure that the basic right to privacy is maintained.⁴⁵
(Canadian Union of Postal Workers)

This is an issue which UNI has raised in its submission to the forthcoming UN World Summit on the Information Society:

There is an urgent need at international level to develop minimum standards to control the holding and use of personal data in electronic form. One safeguard would be to ensure that personal information on the internet generated for one purpose is not permitted to be used for an unrelated purpose, or disclosed without the individual's informed consent. Individuals need to have a mechanism for reviewing information held about them, and correcting any inaccuracies.

Postal operators' interest in e-based services can be linked to other developments in the sector. As mentioned above, recent years have seen a process of coalescence between traditional postal (including post and ground-based parcels) and express courier-style operators. Companies have also sought to develop in logistics, a business area which has become of increasing importance with the development of just-in-time business production. It will be recalled, for example, that TPG has separated its business into three divisions, mail, express and logistics: TPG's strategy is to attempt to extend the range of its services at both ends of the distribution and delivery process, in order to offer potentially more profitable and higher added-value information-based services. This amounts to a move to decrease the significance of physical handling of goods compared with the provision of virtual services – what TPG's former chairman once described as being “an IT factory as much as a trucks company”⁴⁶. Specialist logistics companies have featured on the shopping lists of TPG, Deutsche Post and other major postal operators in the past few years.

What of the other traditional aspects of a post office operation? The network of post office branches provides a valuable service to communities, and should be viewed as being as important for social cohesion as the universal regular delivery of letters. Regrettably, the overall size of the post office network is being reduced in a number of countries, primarily as a cost-saving measure. In the US, for example, nearly a quarter of permanent post offices are reported to have been closed between 1994 and 1998.

UPU global statistics show a steady decline in the overall numbers of permanent post offices during the 1990s, with a decline from 686,000 to 660,000 offices between 1990 and 2001. The fall in industrialised countries was somewhat greater, from 201,000 to 185,000⁴⁷. However, the picture is mixed, and several countries have taken steps to ensure that offices in rural or socially deprived urban areas remain open. There is scope to make more use of the post office network, for example by using it as a base for internet access and e-commerce. One interesting example, quoted by the World Bank and UPU, is that of Costa Rica, where computer booths have been installed by Correos de Costa Rica in many of their post offices⁴⁸.

⁴⁵ Canadian Union of Postal Workers (CUPW), *Your Public Post Office: More than Just the Mail, More than Just the Quebec-Windsor corridor*, June 2000

⁴⁶ *Financial Times* (IT review), Dutch-based company knows about volume, 6 September 2000

⁴⁷ UPU, *The Post in 2001*

⁴⁸ World Bank/UPU, *The Postal Industry in an Internet Age, Case Studies in Postal Reform*, second ed, June 2002

The branch network also offers potential for the development of postal financial services. Although post-office based banking and savings services have generally received less attention than other aspects of the post in discussions on liberalisation of the post, there is a strong case for arguing for *universal financial counter services* to be included as an element of a universal postal service.

The time has come to go back to our tradition. The time is ripe for the reintroduction and revitalization of Postal Financial Services.

(UNI-Apro Post and Allied Services Sector, Postal Financial Services sub-committee report, October 2000)

At a time when issues of social banking and access to micro-credit are taking on increasing importance, both in the developed world and in developing countries, the opportunities to utilise the Post Office networks for financial services should be explored more actively. This may involve postal unions working more closely with their sister organisations serving the banking and insurance sectors; for UNI, it will also mean close liaison between the Postal and Finance sectors.

8. The implications of change in the postal sector on employment and working conditions

Well over five million people depend on the postal services for their livelihood. According to the UPU, the total number of employees world-wide was approximately 5.2m in 2001, of which about 2.6m worked in industrialised countries and 2.6m in developing countries. The numbers have declined since 1990, when equivalent figures were 2.7m and 3.4m.

Nevertheless, these figures need to be treated with some caution, and a slightly different picture is painted by other studies. Firstly a distinction needs to be made between employees working for public postal operators and those working in the postal sectors as a whole. It is also useful to distinguish whether the statistics refer to actual employees or to *full time equivalent* posts.

The ILO, in its 2002 report on the postal and telecoms sectors, reports that *public* postal operators in developed countries have experienced substantial job cuts, but that "employment levels in postal services in other countries have remained stable in recent years and do not seem to have been dramatically affected by the changes under way"⁴⁹. Job creation in commercial postal operators has to some extent evened out the picture in industrialised countries: the ILO reports a slight increase between 1990 and 1999 in the US and Japan, for example.

A series of very detailed studies of employment in the postal sector have been conducted for the European Commission, as part of its work in developing liberalisation of the sector in the EU. The latest of these, conducted by the consultants PLS Ramboll, reported in October 2002⁵⁰. Unfortunately, however, the Ramboll study's findings are less useful than might have been hoped. Both UNI-Europa Postal and PostEurop have contested the methodology used, much of the data and not least the conclusions of the study. A joint statement is expected to be adopted by the EU Postal Social Dialogue committee (UNI-Europa Postal and PostEurop) at its plenary session in July 2003, stating among other things that the two social partners cannot and will not take any responsibility for the result or the conclusions of this study, since the Social Dialogue committee, despite requests, was never involved in the research process. The draft statement adds that, based on an examination of the study, the social partners cannot recognise it as being used as the basis for any further discussions or decisions concerning employment issues in the European postal sector, due to the report's poor credibility with regard to important data and conclusions.

With this significant caveat in mind, we can briefly mention that Ramboll suggests that the numbers employed (full time equivalent posts) in universal service providers in the EU remained almost stable between 1995 and 2000 whilst total employment in the sector (adding in other postal companies) grew by nearly 5% during this time, from 1.64m to 1.72m. Looking ahead to 2005, it suggests that total direct employment will remain stable; however, this projection hides a marked decline (9%) in the number of jobs in universal service providers, offset by a significant rise in employment in other postal companies. The Ramboll study also looks at 'indirect employment' in post in the EU, bringing in such things as postal regulators, mail order companies, direct mail advertising companies and firms supplying inputs to the industry, such as paper and ink. Here employment growth (full-time equivalents) of about 4% is identified between 1995 and 2000, with a further significant increase projected for the years to 2005.

⁴⁹ ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

⁵⁰ PLS Ramboll, Employment trends in the EU Postal sector, Final report, October 2002

It is fair to conclude that the postal sector, mainly because it is a labour intensive industry, has seen fewer job losses than those brought about as a result of liberalisation in the telecoms sector. There have however been some significant job losses in some major public operators: USPS, for example, cut 30,000 jobs in 2001 and 2002. Whilst new jobs being created in private sector companies may balance out lost jobs in public service operators, this can be challenging for trade unions, most of whose members tend to work for the latter. Organising and recruitment in the new postal companies (and redoubling efforts in poorly-organised courier companies such as FedEx) is an important priority for the future for trade unions.

Changes in the sector affect the employment conditions of postal workers. One significant effect of corporatisation of postal services in many countries has been a decline in the number of postal workers with civil service status. According to the PLS Ramboll study, the percentage of employees with civil service status at La Poste fell from 87.8% in 1995 to 75.8% in 2000; in Germany, the percentage fell from 47.7% to 41.6%; in Denmark, the decline was from 64% to 51%; curiously, though, PLS Ramboll report that the percentage of employees with civil service status at Sweden's Posten actually increased from 8.7% to 14.5% during this period⁵¹. Belgium, Ireland, the Netherlands and the United Kingdom are among those countries with no civil servants in their public postal operators⁵².

It is dangerous to generalise, therefore. Nevertheless, any moves by postal operators to change the status of postal employees (including new entrants to the industry) should be subject to proper social dialogue, and unions will need to ensure that the loss of civil service status does not have knock-on negative effects in areas such as pension entitlement. One positive benefit of a move from civil service status, on the other hand, may be that employees gain the right to take industrial action.

In Italy, a new collective agreement for the postal sector agreed in 2001 after two years of negotiation deals with the switch from public to private sector employment, and includes a new bargaining structure, flexible working time arrangements, pay increases linked to productivity and the introduction of a supplementary pension fund.

An SLP-CISL union spokesperson commented that "the agreement meets workers' needs without hindering company reorganisation". For SLC-CGIL, "There was a need for new rules able to protect and reward the role of labour in this phase of organisational change".
(Source: European Industrial Relations Observatory⁵³)

Moves towards a more liberalised and more commercialised postal environment can be associated with pressure for more flexible forms of working. In some circumstances, workers can appreciate and welcome greater flexibility - if for example it enables them to cope with family and childcare responsibilities more easily. However, too often, flexibility is imposed on employees, simply to meet business demands.

One example, quoted by PLS Ramboll, comes from Finland (where, as already mentioned, the postal service is completely liberalised):

According to the Unions there is a current trend in which Posti is successfully increasing the number of temporary jobs and making greater use of students. From an employer perspective this has several advantages. It allows Posti to make use of the most flexible working form (on-call contracts)...

⁵¹ PLS Ramboll, Employment trends in the EU Postal sector, Final report, October 2002

⁵² ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

⁵³ www.eiro.eurofound.ie/print/2001/02/inbrief/IT0102174N.html

The flexible working time agreement which recently came into force is another example of the strong bargaining position of Posti. The agreement states that the working day can vary between 6 and 10 hours. Over a 12-week period, however, the average weekly working hours should not be exceeded... According to one union, which is extremely unhappy with the deal, it seems that flexibility is only a one-way street and mainly means that if Posti wants part-time employees to stay longer and work full-time on a particular day, they cannot refuse to do so... This flexibility requirement creates obvious problems for part-time employees who have more than one job or children to collect⁵⁴.

Trade unions will want to ensure that management proposals for more flexible working arrangements are designed in such a way that they genuinely benefit the workers as well as the company.

Unions will also need to closely watch moves by postal operators to outsource work, including work which ends up being undertaken by self-employed workers. The private postal and courier sector has hundreds of small companies, many of which draw on many self-employed 'associates'. This use of self-employed contractors is also a feature of some of the big operators: for instance, the FedEx US Home Delivery service launched in 2000 made use initially of several hundred 'owner-operators' each of whom had to provide their own vans; they were reimbursed only on the basis of the volume of goods they delivered. As UNI has pointed out, "That arrangement, which serves to prevent unionisation, will keep costs very low compared to UPS and perhaps even to the USPS"⁵⁵. The agents are effectively taking on much of the risk of FedEx's business, as well as the responsibility for making their own sickness and holiday pay arrangements, without having direct control over the flow of work they take on.

In a time of rapid change, it is particularly important to ensure that employees working in the postal sector have the skills and training they need to meet changing work requirements. The importance of employability within the postal sector was highlighted by the ILO in the tripartite sectoral meeting held in Geneva last year. As the ILO's background report for this event put it, "Training for employability is fundamental for postal services – and should form an integrated part of comprehensive human resources development and corporate growth policies and programmes"⁵⁶.

This message was reinforced by PLS Ramboll in their European study, which worryingly found that expenditure on training programmes by public postal operators had appeared to have decreased slightly in the second half of the 1990s. Ramboll stressed that European postal operators needed to invest strategically in increased training of their workforce in order to remain competitive. Training should be available as much to workers in low-skilled areas as to management. "It is in the interest of postal operators to supply training on a continuous basis in the context of lifelong learning, allowing employees to adapt to the new skills requirements and to the increasing emphasis on flexibility in the work place in order to meet customer demands," Ramboll concluded⁵⁷.

The issues of employability and training are ones where trade unions are ideally placed to play a major role in social dialogue with employers. As the ILO has said, "The social partners should strengthen social dialogue on training, share responsibility in formulating education and training policies, and engage in partnerships with each other or with governments for investing in,

⁵⁴ PLS Ramboll, Employment trends in the EU Postal sector, Final report, October 2002

⁵⁵ UNI, Market wars: How postal service rivals are clambering for position in the US, 3 May 2000

⁵⁶ ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

⁵⁷ PLS Ramboll, slide presentation accompanying report, Employment trends in the EU Postal sector, Final report, October 2002

planning and implementing training⁵⁸. In this context, we can note that UNI-Europa Postal is already engaged in dialogue with PostEurop on issues associated with training in the sector.

The ILO background report for the 2002 tripartite meeting also considered issues of equal opportunities in the postal sector. It found that “Gender segregation is apparent in postal services – international comparisons indicate that women are proportionately under-represented among letter carriers, but more likely to work in offices, and that there has been little change in this over time”⁵⁹.

In the US, the 1999 Equal Employment Opportunity Commission report on the US postal service reported that women made up 35% of the USPS workforce, and were well represented in most job categories, except managerial positions. The same survey found that 61% of the total USPS workforce were from ethnic minority groups; again, this group was under-represented in senior management positions and over-represented in unskilled occupations⁶⁰.

Despite many trade unions’ best efforts, therefore, there remain some significant equal opportunities issues to address in the postal sector, and no room for complacency.

⁵⁸ ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

⁵⁹ *ibid*

⁶⁰ US Equal Employment Opportunity Commission, EEO-1 Aggregate Report on SIC 431: US Postal Services, quoted in ILO, Employment, employability and equal opportunities in the postal and telecommunications services, Geneva 2002

9. Conclusions and proposals for action

The challenge for UNI Postal and its affiliates is to distinguish those elements of change which we can support - and indeed actively welcome - from those which need to be resisted.

We can identify a number of pointers to guide us:

- There is no one 'right' solution, no one model for the organisation of the postal service which all countries should adopt. Diversity of structure is natural.
- Change should be introduced incrementally. Radical transformation risks major damage to a valued service.
- The post must continue to be a *public service* (in the sense of providing social benefits to the community), even if aspects of it are being delivered by the private sector. In other words, the interests of investors and shareholders must never be allowed to take precedence.
- Change is introduced more easily through social partnership, with trade unions playing their full part. Trade unions' own members' interests are often best defended when the parent company is successfully adapting to changing market situations.
- Unions should avoid embracing an entirely passive, defensive stance. Instead we should be looking for new technology and new services to deliver a better quality of jobs, improved skill levels for workers in the industry and more job satisfaction
- The post, when well managed, can be profitable. These profits should remain in the community and country where they have been generated, and reinvested to develop services - not repatriated abroad.

More specifically, we can identify the following action points for UNI Postal and for its affiliate unions.

1.

Unions should promote the importance of the postal service as a public service, crucial to social inclusion and a strong sense of community.

2.

Any further liberalisation of the post should be gradual and controlled. Over-hasty moves towards liberalisation should be resisted.

3.

Unions should defend the concept of the universal postal service. This means, at minimum, regular deliveries to every home and business at tariffs which are uniform and affordable, and easy access to a varied range of postal services through convenient, accessible post offices.

4.

Unions should oppose the development of a 'postal divide' within countries, whereby people living in rural or less prosperous urban areas receive a poorer or more expensive postal service.

5.

Postal unions should defend the post office branch network.

6.

Postal unions should support the role of post offices in delivering financial services, especially services tailored to the needs of socially and financially excluded parts of the population.

7.

In seeking to defend a public service orientated postal service, postal unions should actively seek to build alliances and partnerships with community-based and civil society organisations sharing these objectives.

8.

Postal unions in developed countries should offer support and solidarity to sister unions in developing countries, in order to help the postal services there develop to meet the same universal postal standards enjoyed in the West, and in order to help them resist pro-liberalisation and pro-privatisation pressures from bodies such as the World Bank and IMF.

9.

Postal unions should concentrate more resources on organising and recruitment. Internationally, unions should work together to target poorly unionised companies, such as FedEx.

10.

Unions in the postal sector need to look beyond their national borders, and to build strong relationships with sister unions in other countries. The role of UNI, as the Global Union federation for the sector, needs to be strengthened.

11.

Postal unions should develop mechanisms for sharing information with each other. UNI Postal should coordinate this work. The UNI website offers a convenient forum for information exchange.

12.

Strong European Works Councils are needed in those postal operators operating cross-border within the European Economic Area. UNI and its affiliates should be working towards the ultimate aim of building strong Global Works Councils.

13.

UNI should seek to negotiate Framework Agreements with multinational postal operators.

14.

UNI-Europa Postal should aim to strengthen the established social dialogue process in Europe, to increase the visibility of the European Social Dialogue Committee, and to extend the range of issues under discussion.

15.

UNI Postal should assemble information on best practice by unions in relation to training and equal opportunities initiatives.

16.

Given the coalescence between traditional postal and express carrier services, postal unions should work as closely as possible with transport unions. UNI Postal should deepen its relationship with the European Transport Federation and the International Transport Federation in this area. Postal unions should also work closely with finance sector unions, in order to support the development of post office-supplied financial services.

17.

Postal unions and UNI Postal should campaign to ensure that electronic communications are subject to the same requirements for privacy and confidentiality as traditional postal communications.

18.

Postal unions and UNI Postal should monitor developments in the Doha GATS trade round closely. Unions should aim to ensure that their national governments respect domestic democratic procedures and consult appropriately before making requests or offers under GATS.

19.

Postal unions should encourage their governments to make as few market-opening commitments under GATS as possible. Unions should resist moves to change the current classification system for the postal services.

20.

Postal unions should aim to ensure that, if market-opening offers are made under GATS, they are accompanied by social preconditions tied to the ILO Declaration on Fundamental Principles and Rights at Work.