

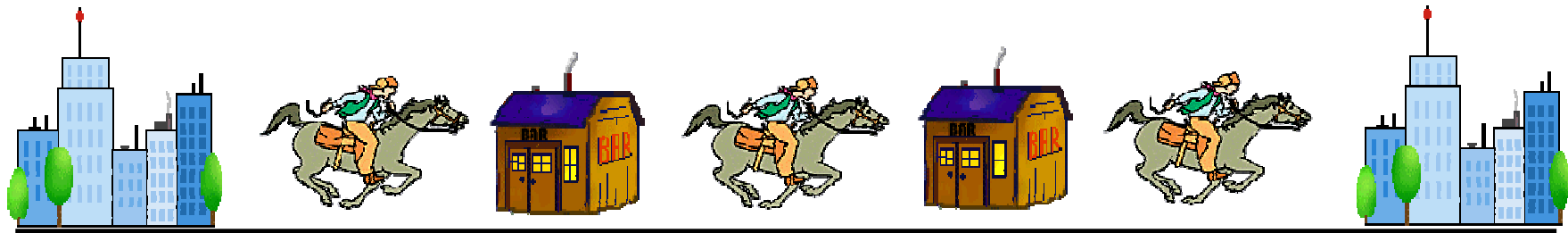
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Is the Mail Playing Field Level?

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I. A Brief History of Post Offices

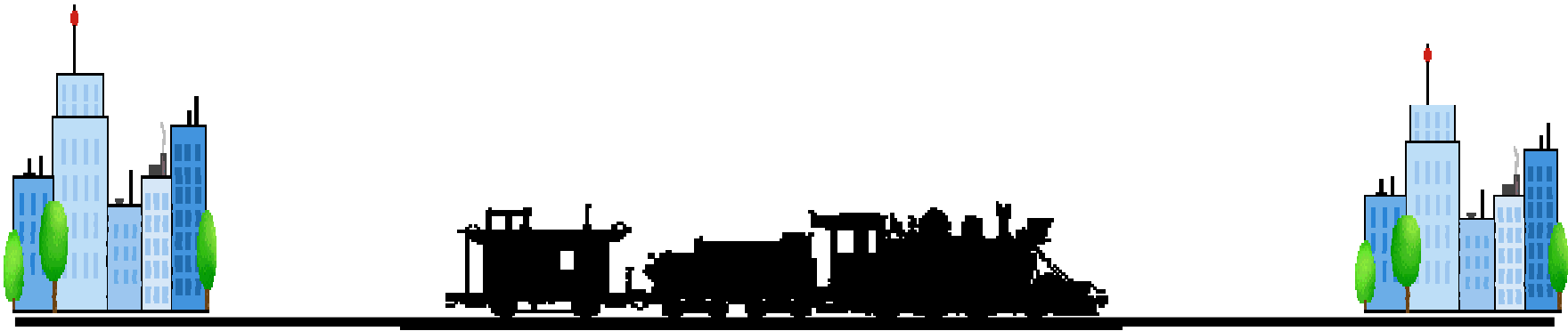
Pre-Industrial Post



Pre-industrial 17c to early 19c

- Technology: No regular long distance transport
 - Water transportation irregular
 - Land transportation irregular and difficult
 - Irregular demand, weather
- Post Office: long distance “postal” services
 - Connected cities
 - Horse / foot posts; later, stagecoaches, packet boats
 - Transmit letters, later newspapers
- Government role: security, taxation, unity

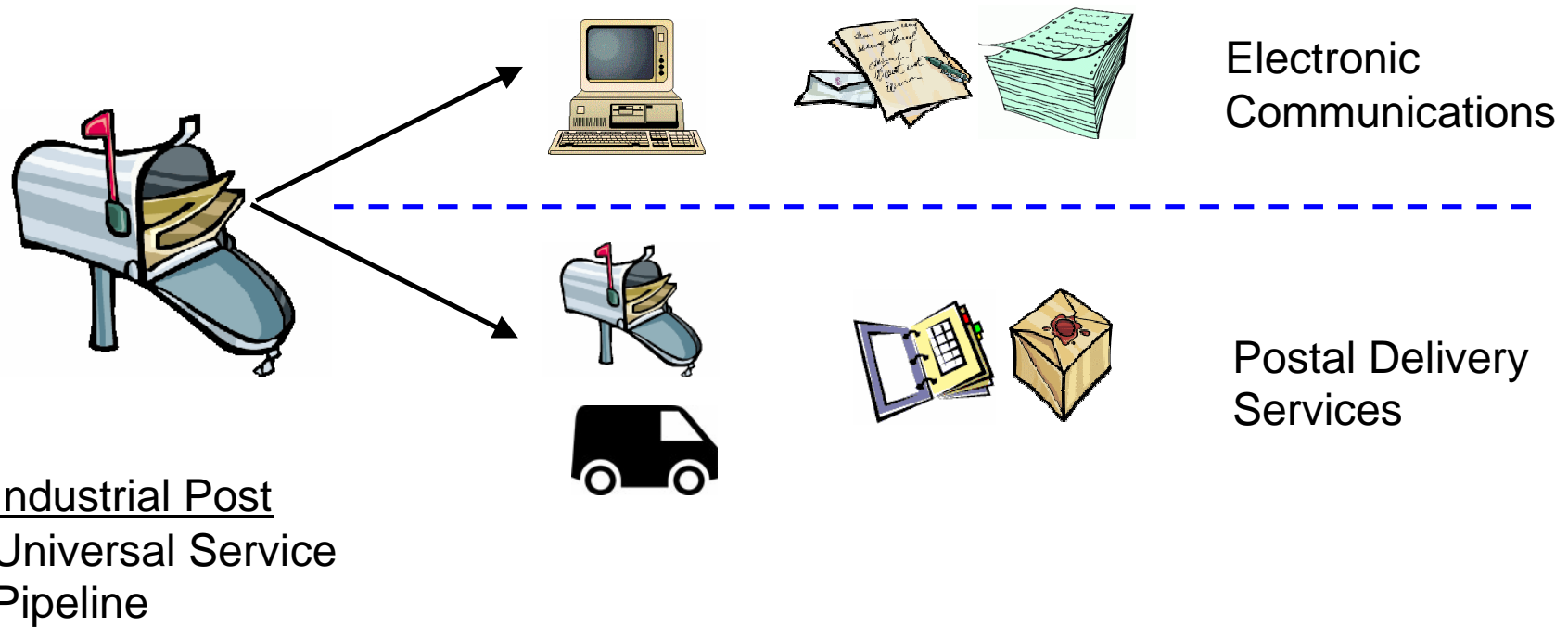
Industrial Revolution



Industrial Post: 19c - 20c

- Technology: Regular long distance transport
 - Railroad and steamboat
- Post Office: collection and delivery services
 - Intracity services
 - “Postal” system abandoned; long distance secondary
 - Transmit letters, bills, advertisements, parcels
- Government role: national unity
- Lesson: Ind. Rev. fundamentally changed Post

Information Revolution



Information Revolution: Impact?

“Competition from other physical carriers is a small part of the challenge facing posts - the real threat ... comes from changes in mailers’ communications and distribution processes; from electronic substitution and broader technological trends.” (Mailers Manifesto, 2007)

“The Information Revolution is now at the point at which the Industrial Revolution was in the early 1820s” (Peter Drucker, 2000)

Information Age Post: 21c

- Technology: global electronic and delivery networks
 - Local delivery networks

- Post office:
 - Government role:
- } ?

II. Some Modernization Strategies

Strategies

1. Normal Market (NZ)
2. Integrator Incubator (DE, NL)
3. Letter Post Regulator (UK, SE)
4. Universal Service Regulator (EU)
5. Pay or Play Monopoly (FI, JP)
6. Last Mail Monopoly (US)
7. Universal Service First (UPU)

1. Normal Market (NZ)

- No monopoly
- Post Office corporatized/privatized
 - Operates like normal business
- No Regulation
 - Statutory consumer protection and national security rules apply to all operators
- Universal Service by contract

2. Integrator Incubator (DE, NL)

- Monopoly phased out slowly
- Post Office corporatized/privatized
 - Extension to non-postal activities encouraged
 - Global expansion supported
- Regulation
 - Minister sets key rules
 - Regulator enforces rules
- USO non-burdensome
 - Excludes bulk mail

3. Letter Post Regulator (UK, SE)

- No monopoly
- Post Office corporatized/privatized
- Regulation
 - Strong and independent regulation
 - Letter post operators only (replaces monopoly)
 - Sector regulation
- Universal service
 - Provided in conjunction with letter post
 - Protected by regulator

4. Universal Service Regulator (EU)

Draft Directive announced Oct. 2006

- Monopoly phased out slowly
 - Monopoly to end 2009 (proposed)
- Post Office 18 of 25 corporatized/privatized
- Regulation
 - Universal service operators
 - Sector regulation
- Universal service - broad
 - Uniform rates limited to single-piece tariffs

5. Pay or Play Monopoly (FI, JP)

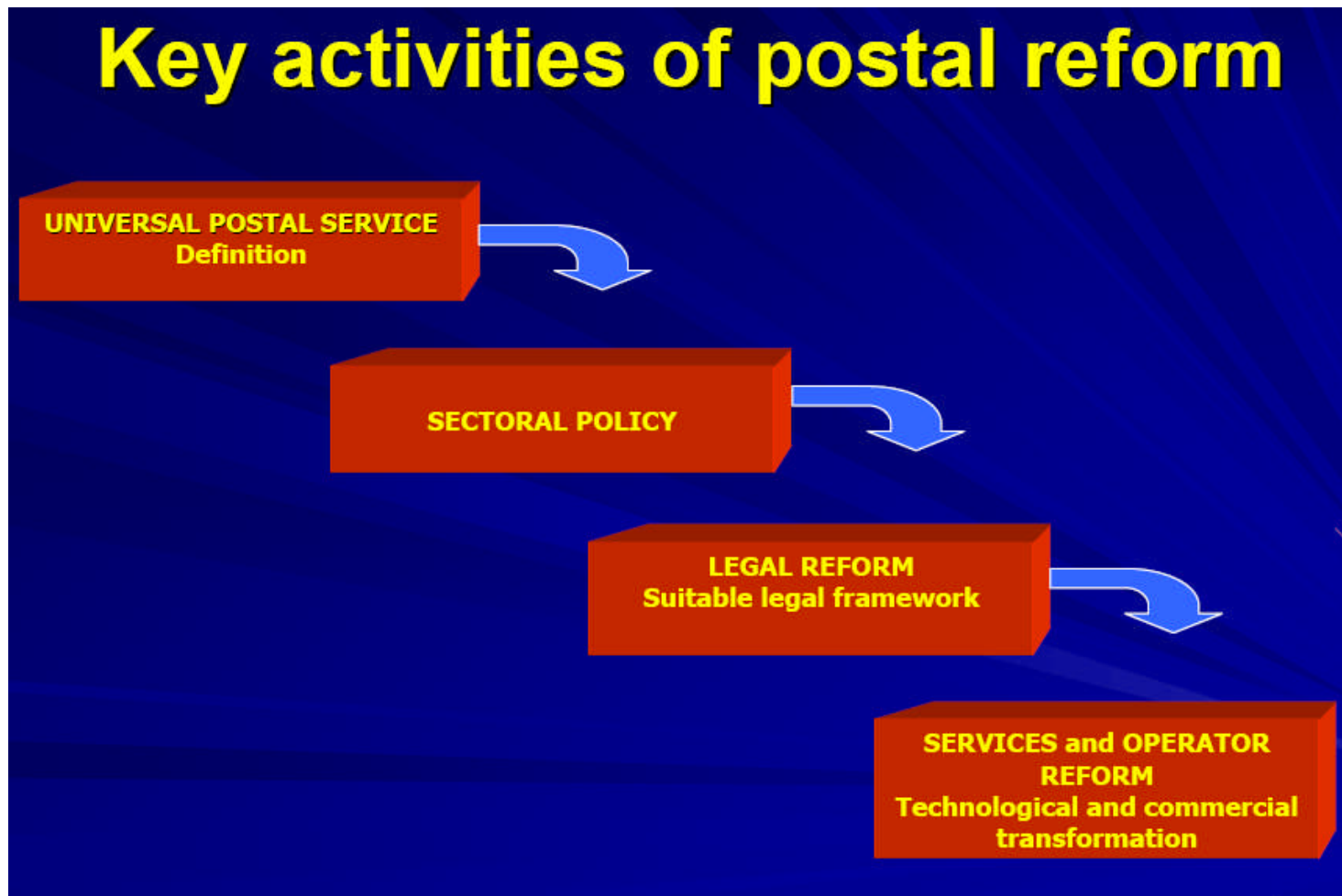
- Monopoly
 - Monopoly law is repealed
 - Monopoly is re-established by obligations and/or high tax on new entrants
- Post Office: ministerial or corporatized
- Regulation: ministerial
- Universal service: traditional

6. Last Mail Monopoly (US)

New postal law December 2006

- Monopoly on delivery
- Post Office: government department
 - Limited to postal services
- Regulation
 - Strong price regulation / weak service regulation
 - Different for monopoly v. competitive products
- Universal service: loosely defined

7. USO as a Human Right (UPU)



III. Final Questions

How Long Will Letters Remain in the Post?

Answer 1: Potential to increase letter volume with improved operations; decline will occur slowly.

Answer 2: Introduction of new technology takes longer than expected but has more profound consequences than expected.

Therefore: Future for letters is uncertain

How Long Does It Take to Reorganize the Postal Regulatory Framework?

Answer: 5 to 10 years or more.

Therefore: Reform measures must be adapted to the needs of society in 10 years, not the needs of society today.

Would any Industrialized Country Build an Industrial Post Office Today?

Answer: No.

Therefore:

- 1) Industrialized countries must move towards commercializing or winding up their PPOs.
- 2) Developing countries must be careful about investing in outmoded ideas.

Is the Mail Playing Field Level?

Answer: No -- with some exceptions -- but the most important fact is that the playing field is changing radically for all players.

Therefore: A level playing field is becoming in the interest of all players.