Postal developments abroad

European Union

The European Union (EU) has pushed back by two years, until December 31, 2010, the directive that will eliminate the monopoly on letter delivery in member nations. The deadline had been January 1, 2009, just 16 months away.

It's likely the drive toward a single market eventually will result in major consolidations in the EU service sector. National postal operators as well as private rivals are expected to merge or be bought out by the strongest competitors, such as Deutsche Post, the now-privatized German post office.

Postal privatization is part of a larger effort to open the entire service sector to competition. Critics note, however, that foreign firms operating in EU countries will be allowed to operate under the rules of their "country of origin." This invites firms from nations with poor labor protections to undercut the jobs of workers in nations with higher standards, creating a "race to the bottom."

The countries most strongly objecting to this rule in 2005 were France and Germany, where strong labor protections exist. However, new conservative leaders have since come to power in both nations.

Meanwhile, the EU is now determining the future definition of the Universal Service Obligation, which includes a guarantee of five-day delivery. Other standards are expected to slip as well.

United Kingdom

The British government rushed to embrace competition in its postal services ahead of the original EU deadline. Workers are already being pressured to accept job cuts, poor contract terms and the privatization of many postal installations.

In response, the Communication Workers Union began staging selective strikes to protest stalled bargaining. On June 29, the union closed down a few targeted installations. CWU Secretary General Billy Hayes said, "The strength of support (for the June 29 job actions) has proven that postal workers are resolutely determined to fight against cuts in the public service, against job cuts and for decent basic pay."

Royal Mail's final contract offer included a 2.5 percent raise—less than inflation—or a lump sum of £600 (about $1,200), with no increase in base wages.

The strikes continued on July 2, as the workers took action at 465 postal offices. The unrest is expected to continue.

Workers unite at Japan Post

The two unions at Japan Post agreed to merge into what will be the nation's largest labor union, with around 220,000 workers. Together, they also aim to represent the 120,000 non-regular workers.

Japan Post is undergoing its own privatization. Unlike the EU, the main targets in Japan's are the enormous postal bank and insurance firms that have long been part of Japan Post. While they will be spun-off, no one is certain of the effect on postal delivery operations.

Despite a history of disagreements, both unions fought these privatization plans. Working together seems to have improved relations to the point where this merger became possible.

NAFTA loss for UPS

More than six years ago, UPS sued Canada under the provisions of NAFTA—the North American Free Trade Agreement. The U.S.-based shipping firm claimed Canada's publicly funded network of mailboxes and post offices provided Canada Post with an unfair advantage.

The suit was precedent-setting in three ways:

- It was the first to argue that delivery of public sector services represented unfair competition.
- It was the first suit to target a cultural program (subsidies for Canadian publishers).
- It charged a breach of workers' rights spelled out by the International Labor Organization (ILO)—but damages were to be paid to UPS, not the workers allegedly harmed.

On June 13, a special NAFTA tribunal dismissed all of UPS's claims. This suggests it will be harder for private companies to use NAFTA to attack public services. ✉