

Comparative Study of Postal Privatization in Germany and Japan: From the viewpoint of an Imperfect privatization

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Financing Public Services

**Taxes, User Pay or Other Forms
of Service Delivery?**

Edited by
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Ian Macdonald,
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and Koichiro Agata

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Tokyo, Waseda University Press, 2013
3,400 Yen (about 26 Euro)

This book is a product of 11th
International Symposium on Public
Sector Management held at College
of Commerce, Nihon
University, Tokyo on October 16-17th
of 2011

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 - VI. Conclusion
-

I. Introduction

- a. Backgrounds
- b. Research Question
- c. Viewpoint

a. Backgrounds

1. Significance and Issue of Comparative Study on Privatizations

- i. public interest
- ii. Institution or Similarities: Globalization(Bartle, 2002)

2. Contrast of rail and postal privatizations in Germany and in Japan

- i. Dates
 - ii. Form
-

b. Research question

1. To compare the postal reforms in Germany and in Japan
 2. What factors make differences, especially concerning to public interest, here universal service obligation
-

c. Definition of imperfect privatization

1. Privatization as retreat of states

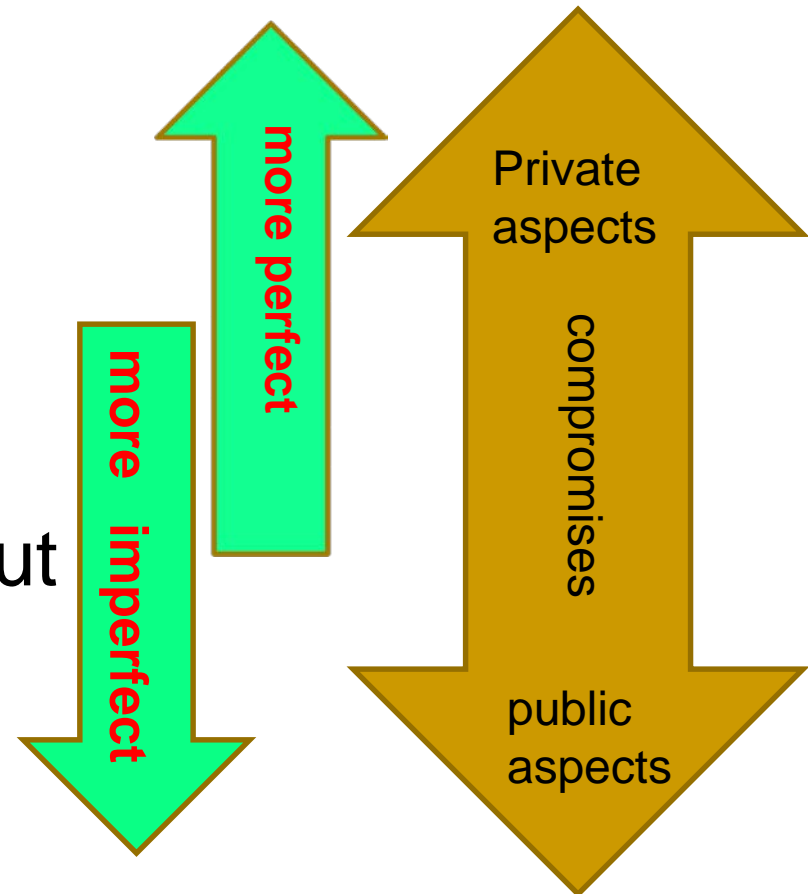
- i. A privatization means, in the broadest sense, the shifting of a function, either whole or in part, from the public sector to the private sector (Butler 1991, p.17)
- ii. Perfect and imperfect retreat

2. Forms of perfect and imperfect privatization

- i. formal privatization: shifting of legal forms from public enterprises into business companies, esp. business corporations
- ii. material privatization:
 - privatization with the shifting of disposal right or ownership right
 - privatization without such shifting.

Fig.1 Perfect and imperfect privatization

- Total privatization
- Partial privatization
- Concession/contracting out
- Formal privatization



II. Processes of postal reform in Germany and in Japan

a. German

1. Post Reform I:1989
2. Post Reform II: 1994
3. Post Reform III:1996

b. Japanese

1. First stage: Transformation of Postal Administration into Japan Post Corporation
2. Second stage
 1. Plan of Privatization
 2. Liberalization
3. Third stage: remedy

1. Post Reform I: Division

- i. division of Deutsche Bundespost in three public enterprises
 - ii. Deutsche Bundespost POSTDIENSTE (German Postal Services),
 - iii. Deutsche Bundespost TELEKOM (German Telecom)
 - iv. and Deutsche Bundespost POSTBANK
-

2. Post Reform II: Privatization

i. Corporatization

- Deutsche Telecom
- Deutsche Post
- and Postbank

ii. Material privatization

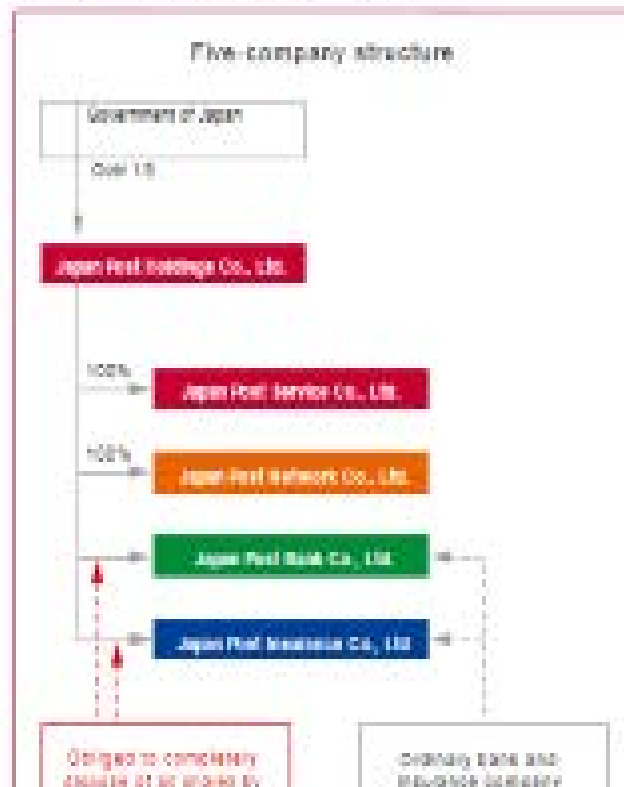
- Deutsche Post
 - and Postbank
-

3. Post Reform III :Liberalization

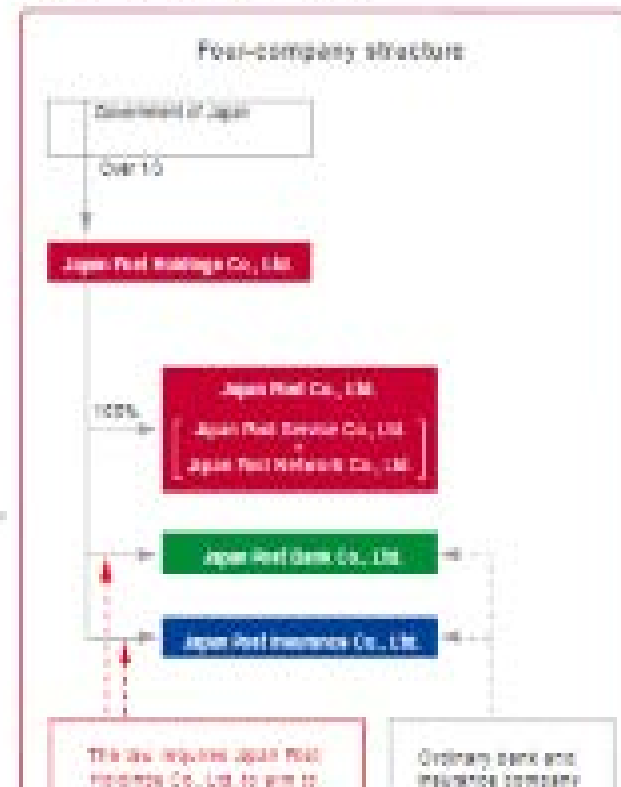
- i. Opening markets of postal services based on EU guidelines
 - ii. Graduation
 - setting of a reserved area
 - Reduction of the limit of the reserved
 - iii. Accomplishment: Extinction of the reserved area(2008)
-

Fig.2 Postal reform in Japan

- Before Amendment
(Came into force on October 1, 2007)



- After Amendment
(Promulgated on May 8, 2012)



III. International characteristics of the postal reforms in Germany and in Japan

- a. A map of postal reforms in selected countries by Walsh (2000) and Der Präsident des Bundesrechnungshofes(2009)
 - b. Five models of postal reforms by Campbell (2002).
-

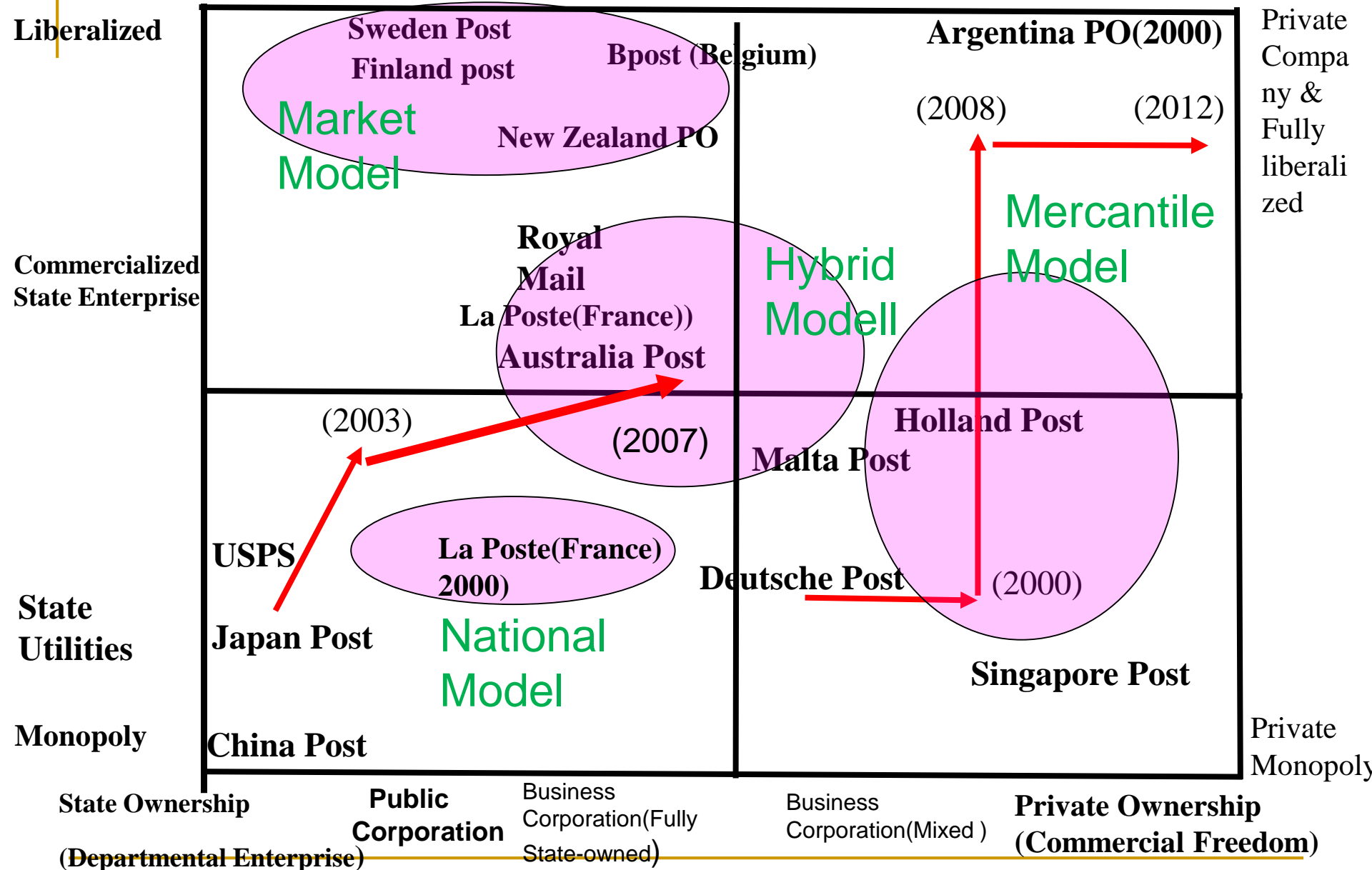
a. A map of postal reforms in selected countries by Walsh (2000)

1. Many European countries: liberalization and corporatization, not material privatization
 2. German: liberalization and full privatization
 3. Japanese: common features with the German, but imperfect
 - i. No competition
 - ii. No sell of shares
-

b. Five models of postal reforms by Campbell (2002).

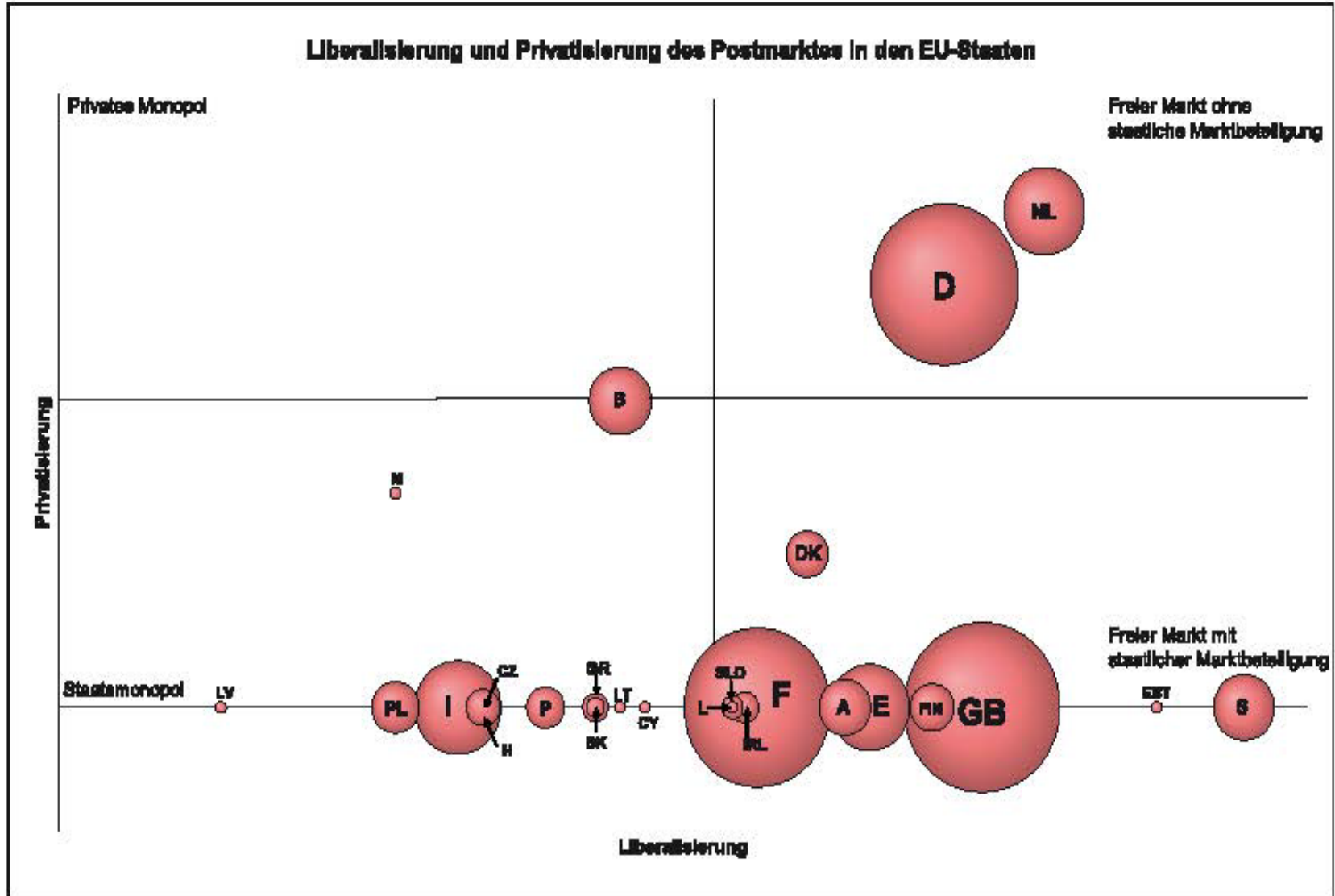
1. Mercantile mode: Germany and Netherland
 2. Market model: Finland, Sweden, and New Zealand
 3. National model: France, Denmark and Canada
 4. Hybrid model: UK and Australia
 5. Transnational model: UPU
 6. Japan?
-

Fig.3 Mapping of postal Reforms in selected countries



Source) Made by Walsh(2000), p.506 and 4 postal reform models of Campbell(2002).

Fig.4 Privatization and Liberalization in EU countries



Source: Der Präsident des Bundesrechnungshofes als Bundesbeauftragter für Wirtschaftlichkeit in der Verwaltung(2009), p.110.

IV. A comparison of the Universal Service Obligation in Germany and in Japan

- a. Common measures of a comparison of USO
 - i. Post offices(PO)
 - ii. Letter boxes(LB)
 - b. Development of PO and LB in Germany
 - c. Development of PO and LB in Japan
 - d. A comparison
-

b. Development of PO and LB in Germany

1. Decreasing in the number of PO after the Post Reform II (1994)
2. Legal confirmation of such decreasing by Postal Universal Service Ordinance(PUDLV)on December 15th of 1999
3. A little increases in the number of PO by the Amending of PUDLV on January 30th of 2002, but again decreasing
4. a drastic reduction in the number of LB from 13 thousand to 10 thousand in 2004
5. Continuous decreasing to almost zero in the number of direct managed and owned by DP

3. Development of PO and LB in Japan

- i. Decrease in the number of PO and LB after the post reform on October 1st of 2007
 - ii. A little increase in the number of PO and LB after 2009 by the amending of the postal reform that intends to strengthen the postal network.
 - iii. Decrease in the years 2010 and 2011 affected by East Japan Earthquake , but also by the privatization
-

4. A Comparison

- i. Common feature: the decreasing trend after corporatization or privatization
- ii. Different feature: the degreasing speed
 - PO in number
 - Germany : 590 pro year
 - Japan : 110 pro year
 - Average number of inhabitants served by a PO
 - Germany: 3,654(1992) to 6256(2005)
 - Japan: 5 ,118(1992) to 5,182(2005)
- iii. Public elements remain much more in Japan than in Germany

Postal Universal Service Ordinance on December 15th of 1999

■ 1. Scope of universal service

- ☐ Letter items of which weight does not exceed 2,000 grams
- ☐ Addressed parcels of which weight does not exceed 20 kilograms
- ☐ Newspaper and magazines

■ 2. Post offices (fixed-location facilities)

- ☐ A minimum of 12,000 across the country of which a minimum of 5,000 fixed-location facilities operated with the company's own staff until 31 December 2002(2007)
- ☐ Reviewed by 31 December 2005(2007), taking demand into account
- ☐ One fixed-location facility at least in every community of more than 4,000(2, 000) inhabitants;
- ☐ In urban areas, customers are not farther than 2,000 meters from their nearest fixed-location facility.
- ☐ One fixed facility within 80km² in all districts (Landkreis)

■ 3. Letter box

- ☐ A letter box that customers in urban areas will not need, as a rule, to travel more than 1,000 meters to reach one.
- ☐ Clearance times are to be indicated on the letter boxes, also the next clearance time

■ 4. Delivery

- ☐ 80 per cent on average delivered on the working day following the day of mailing and 95 per cent by the second working day (except a minimum 50 items per mailing)
- ☐ A minimum of one delivery per working day

Tab.1 Development of post offices in Germany

year	post office	of which direct managed by DP
1987	17,463	—
1989	17,359	—
1991	25,922	—
1992	22,000	—
1993	20,500	20,000
1994	20,200	19,200
1995	16,971	13,983
1996	16,604	12,000
1997	15,331	10,095
1998	14,482	7,946
1999	13,948	5,956
2000	13,663	5,590
2001	12,818	5,331
2002	12,683	5,030
2003	13,514	5,513
2004	13,019	5,379
2005	12,685	5,638
2008	12,476	—
2012	13,216	612

Tab.2. Development of post offices and letter boxes in Japan

FY	post offices	of which contracte d out	letter boxes
1985	23,633	4,385	148,586
1990	24,107	4,567	160,952
1999	24,768	4,579	175,570
2003	24,715	4,470	186,200
2005	24,631	4,410	191,423
2007	24,523	4,299	192,157
2008	24,176	3,987	192,213
2009	24,280	4,053	188,326
2010	24,137	4,041	186,753
2011	24,222	4,069	185,409

V. Different Relationship between postal services and postal savings as one factor making closures of post offices different

- a. Factors that could explain the difference(decreasing speed of PO closures) from our analytical results above mentioned
 - b. Another important factor: Different Relationship between postal services and postal savings
-

a. Factors that could explain the difference from our analytical results above mentioned

- strategy of Deutsche Post to set importance on logistics rather than mails
 - stronger behaviors of Deutsche Post for profit to reduce personnel and material costs
 - stronger competitive pressure on Deutsche Post from the liberalization policies of EU
-

b. Another important factor: Different Relationship between postal services and postal savings

1. Common relationship
2. Different relationship

1. Common relationship

- I. Theoretical: to utilize scope of economy
 - II. Historical: to start postal check and savings from early stages(Germany: 1875 and 1935, Japan 1875) , in order to complement underdeveloped private capital
-

2. Different relationship

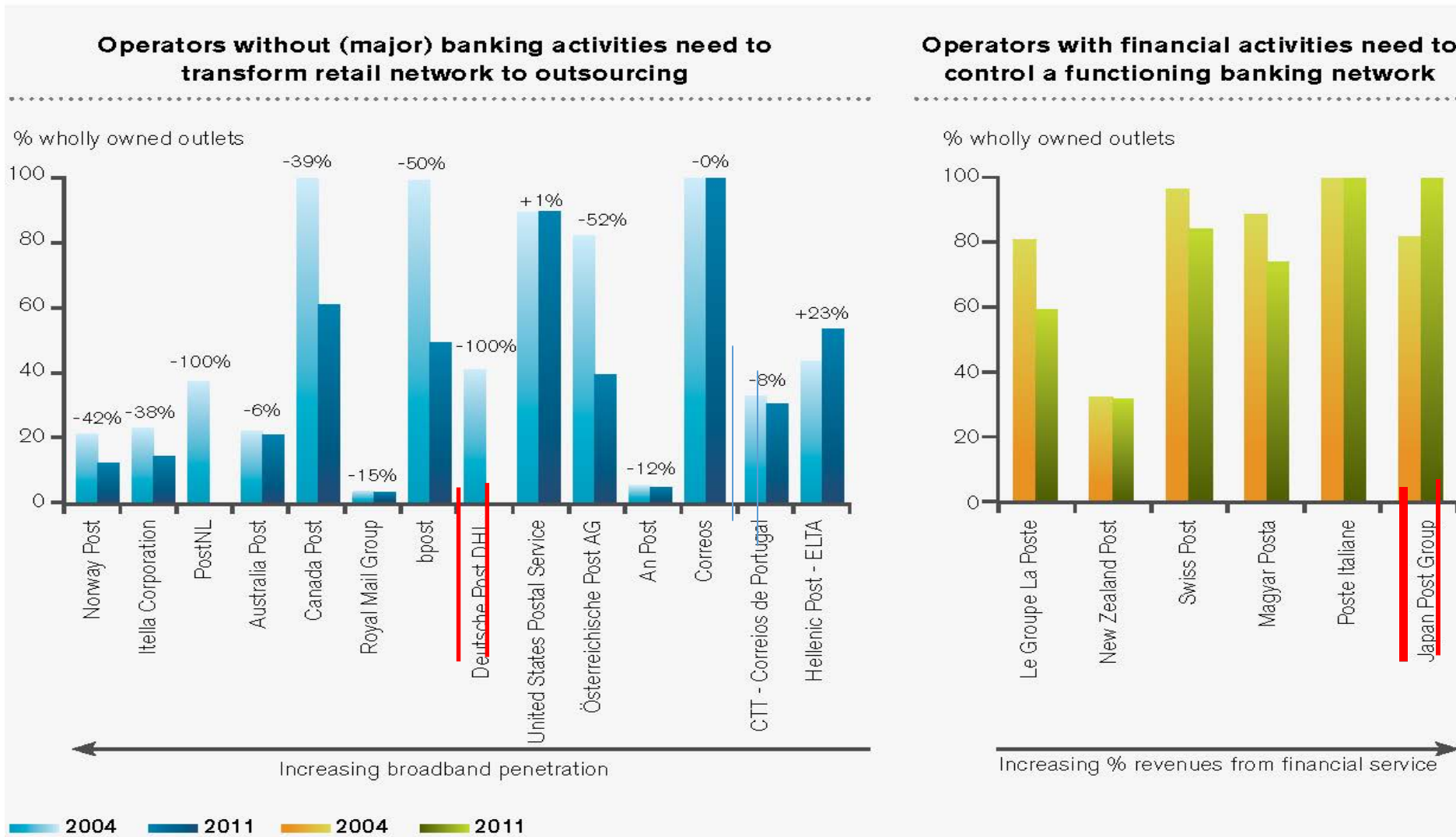
i. Germany

- More development of other public savings institutions
- Smaller in volumes of postal savings
 - 1990: 5.8% of all saving deposits
 - 2011: 14% in the number of deposit customers
- Divorce of Post Bank from Deutsche Post

ii. Japan

- No other public savings developed
- Bigger in volumes of postal savings
 - 1990: 30% of all domestic banking deposits
 - 2011: 29.7%
- Bigger weight of Postal savings and post office network in Japan Post

Fig.5 Changes of post offices in number



Source: IPC, BCG analysis

Source: International Post Corporation & The Boston Consulting Group(2012), p. 43(red lines added by Sakurai).

VI. Conclusion

- a. From the view point of imperfect privatization, the Japanese postal privatization is much more imperfect than the German.
 - b. The imperfect nature: lower decreasing post offices in number
 - c. Different relationship of postal savings to postal services
 - d. Importance of financial universal services as well as postal universal services
-

Thank you for your patience!

Vielen Dank für Ihre Geduld!

Aitäh jaoks oma kannatlikkust!

我慢強いご静聴、感謝いたします!
