CPC International Postal Update

By: John Cicchitti   **April 7, 2022**

Russia's invasion of Ukraine has been met head on by Ukrposhta, Ukraine's postal service. Ukrposhta continues to deliver mail and packages, including vitally important monthly pension payments. And it is delivering international aid throughout the country, including to parts in Ukraine's east, closest to Russia.

Outside Ukraine, Belgium arrested logistics executives, numerous posts are struggling with financials and privatization, and other posts are expanding their logistics and ecommerce footprints. We review these stories and more in our quarterly update below.

Russia's Invasion of Ukraine

Ukrposhta Keeps Aid, Mail Moving

In an interview with the Lexington Institute, Julia Pavlenko, Director, Department of International Operations for Ukrposhta, talked about the post's actions to deliver medical supplies, medical equipment, and food to affected Ukrainians.

Ukrposhta's work has included delivering more than 80 percent of pensions during the war, which are vitally important to the elderly, while also providing assistance to Ukrainians that have had to flee their homes. After initially suspending flights to the United States, Ukrposhta resumed delivering products from Ukrainian businesses to the U.S. in early March. The flights leave with e-commerce shipments, from Ukrainian merchants, and return with humanitarian aid.

Fellow Posts Assist Ukraine

The European postal community has responded to Ukraine's plight with solidarity. The Universal Postal Union discussed actions by more than a dozen posts to deliver aid to, and otherwise help, Ukraine.

For example, Austrian Post (Austria), PostNord (Denmark & Sweden), Georgian

Ukrainian refugees cross into Poland. Some posts are stepping up to help those fleeing the war and in Ukraine. Source: Wikimedia.

Post (Georgia), Posta Romana (Romania), Gibraltar Post Office and Posta Slovenije (Slovenia) all are delivering humanitarian parcels to Ukraine free of charge. Other countries, including Poland, France, Luxembourg, Slovakia, and Spain, are helping by sending humanitarian aid themselves or offering free services to Ukrainians. Ireland's An Post is offering free SIM cards to Ukrainian refugees arriving on the island.

Various Troubles for Posts

PostNL Belgium Chief Arrested, Belgium Alleges He Led Criminal Organization

Rudy Van Rillaer, the CEO of PostNL Belgium, was arrested in late March on charges of leading a criminal organization, human trafficking, and forgery, reported _NL Times_. Also arrested with Van Rillaer was operations manager John de Bruyn. NL Times claims that PostNL "has been a target of the Belgian authorities for some time because of alleged abuses related to undeclared and part-time work."

After a judge ordered them released, an appeal from the government kept the arrested executives in jail, according to _Post & Parcel_. PostNL denies the charges against its executives. PostNL Belgium is a subsidiary of PostNL, which is based in the Netherlands.

Chinese COVID Fears Extend to International Mail, Packages

A testing checkpoint outside a Beijing metro station. Source: Wikimedia.

As much of China locked down in response to growing COVID-19 numbers, China Post took extreme measures to combat the virus. _The Hill_ reported that China encouraged residents to avoid buying goods from overseas and to open international packages while wearing masks and gloves. The Chinese government also required all inbound international mail and packages to be disinfected before entering the country. Experts told _The Hill_ that the risk of COVID transmission from mail and package surfaces are low.

Greek Postal Service Hit by Cyberattack

The Hellenic Post, Greece's postal service, saw operations disrupted by a cyberattack in late March, reported _The National Herald_. The post was not immediately aware of how extensively hackers penetrated data, and investigations were ongoing. This is the latest

in a series of cyberattacks on Greek entities. Greece suffered a cyberattack on government websites that originated with Turkish hackers in January 2020. Greek shipping companies were similarly attacked in late 2021, *The National Herald* said.

Financial and Privatization Struggles

Israel's Postal Service Trying to Stay Afloat

The Israel Postal Company is struggling under mounting financial loses, and it requires a massive rescue plan, according to *Globes*. Over the past two years, the service has lost nearly $250 million as it prepares to privatize. A rescue plan could cost as much as $500 million. Additionally, the service will lay off approximately 30-40% of its workforce.

South African Politicians Fight Over Postal Privatization

South African opposition members are calling for South African Post Office (SAPO) to be privatized, with the service struggling financially, reports *BusinessTech*. Members of Democratic Alliance said that the postal service is at risk of closing due to huge losses.

In a letter sent in September 2021 and made public in February 2022, former SAPO CEO Mark Barnes proposed a public-private partnership. This would have seen private shareholders, including himself, purchase between 60-75% of the organization. Under the proposal, SAPO would have remained "an organ of state" as long as the "government retains 25%-40% of the post office." The governing coalition refused to sell the organization to Barnes, according to *Eye Witness News*.

SAPO once occupied this Johannesburg building, which was designated a national monument in 1978. Source: Wikimedia.

Royal Mail Lays Off 700 Managers

The Omicron variant lowered Royal Mail's profit projections and led the United Kingdom's mail service to lay off 700 managers, *The Guardian* reported in January. Unite, the union that represents Royal Mail managers, "said it would fight the plans after the company handed £400m to key shareholders in November." At the beginning

of the pandemic, Royal Mail laid off thousands of managers, an issue CPC covered in a prior edition of our quarterly update.

Acquisitions, Growth, and Reform

Poste Italiane Acquires New Companies

Italy's postal service, Poste Italiane, acquired LIS Holding S.p.A., a digital payment company, and Plurima, a health logistics company. In a statement, Poste Italiane announced that the acquisition of LIS would "increase Poste Italiane's exposure to the fast-growing payments market, creating value for all stakeholders." Postepay, a subsidiary of Poste Italiane that deals in electronic payments, completed the LIS buy.

Poste Italiane purchased a 70% stake in Plurima to take control of the company, reported Nasdaq. Plurima helped Poste Italiane distribute COVID-19 vaccines during the pandemic, according to Nasdaq.

Pakistan to Open 100,000 Digital Post Offices

Murad Saeed, Pakistan's Federal Minister for Communications and Postal Services, announced the opening of 100,000 digital franchise post offices. *Daily Times* reports that this development will "revolutionize the e-commerce and cash-on-delivery business in the country; offering quick and reliable payments for goods sold by e-commerce merchants," according to the minister.

Estonia to Reform Postal Service

Estonia's government is preparing to update its Postal Act, "ensuring accessible and convenient postal services for the user, and reducing the administrative burden and costs," *The Baltic Times* reports. It is the first time in 15 years the government is reforming the Postal Act. Andres Sutt, Estonia's Minister of Entrepreneurship and Information Technology, said falling letter volume made the update necessary. Estonians would prefer to collect mail via parcel machines, he said.