



CPC International Postal Update

By: John Cicchitti

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There have been many international postal news developments for the quarter ending March 31, 2023. Several posts had major labor and workforce issues. Afghanistan's postal service is navigating life under Taliban rule, and the United Kingdom is dealing with the repercussions of a ransomware attack. Meanwhile, sanctions are hitting Russia's postal service hard. These issues and more are covered in our quarterly update below.

Geopolitical Risks for Postal Services

Afghan Postal Service Adapts to Taliban Rule

According to [TOLO News](#), an independent news agency in Afghanistan, Afghan Post, the country's postal service, has adapted to rule under the Taliban. The service's capacity and revenue has increased in recent months. "Before the [Taliban] we made approximately 80, 90, and 100 million Afs in income, and after the [Taliban] we made nearly two hundred million," one official told TOLO.

According to TOLO, some Afghans were calling on the Taliban government to replicate Afghan Post's practices to improve other government functions. TOLO also reported that the government assigned management of telecommunications operations to the postal service.

Russian Postal Service Announces First Loss in Nine Years

Pochta Rossii, the Russian postal service, announced in March that it lost money in 2022, [BNE IntelliNews](#) reported. This is the first annual loss in nine years and likely reflects the impact of global sanctions on Russia's economy. According to the report, a sharp decrease in revenue resulted from "a reduction in international mail flows, caused



A Pochta Rossii transport plane. Source: Wikimedia.

by payment difficulties, transport restrictions and the suspension of global brands in Russia.”

Royal Mail Hit by Ransomware Cyberattack

The United Kingdom’s Royal Mail suffered a cyberattack in early January, when a Russian-connected hacking group locked files related to international shipments. [The Guardian](#) reported that hackers demanded \$80 million from Royal Mail to unlock the systems. The postal service attempted to negotiate the release of the files, but the asking price was too high.

Six weeks after the attack, Royal Mail had [resumed](#) regular operations without paying the hackers. Over 10,000 post offices could not process international shipments during that time because of the attack.

New Technology for Posts

Polis: Poste Italiane’s New Digital ID Service

In late January, Poste Italiane launched “Polis,” a new service to bring digital IDs to thousands of small Italian communities, according to [Biometric Update](#). The new service will allow users “to access several online services, such as requesting registry and civil status certificates, electronic ID cards, passports, tax codes (codice fiscale) for newborns, and social security and judicial certificates.” The digital IDs grant citizens easier access to these services.

Ultimately, these upgrades will cost \$863 million. Poste Italiane drew the funds from the European Union’s COVID recovery investment plan.



*Part of Austrian Post’s green fleet.
Source: Austrian Post.*

Vienna, Austria Delivery to be Carbon-Free

[Post & Parcel](#) reported in February that Austrian Post anticipates that its Vienna delivery operations will be carbon-free by 2025. Austrian Post has already deployed 3,000 electric vehicles to further its green delivery efforts. But the service is planning even more green options for Austria’s capital city: “1,200 deliverers will be on duty for the Viennese every day on foot, with e-bikes, e-mopeds or e-vans.” The service also expects this trend to expand nationwide: “By 2030, [Austrian Post] will deliver

all parcels, letters, print media and advertising mailings throughout Austria emission-free.”

Labor and Business

Japan Post Bank Parent Stock Sale

Japan Post Holdings announced in late February that it would sell a significant portion of its stock holdings in Japan Post Bank, reported [Reuters](#). While it previously owned almost 90 percent of the stock, Japan Post Holdings will cut its ownership to 65 percent.

Prior to the announcement, reports about the impending sale triggered a [fall](#) in the share price of Japan Post Bank, with the stock dropping 6 percent in one day.



A joint post office and postal bank in Japan. Source: Wikimedia.

Postal Workers in Europe Get Hefty Pay Increases

Two European posts recently announced significant pay raises for postal workers. In March, Germany’s Deutsche Post agreed to pay employees more, according to [DW](#). Verdi, the trade union representing the workers, originally requested a 15 percent average pay increase, but that request was rejected. German postal workers will instead see an average pay increase of 11.5 percent, with some seeing more and others less. For instance, parcel sorters will see their wages increase by more than 20 percent. The new collective bargaining agreement is effective April 1, 2024.

Similarly, Bulgarian Posts AD agreed with two trade unions to what will ultimately be a 19 percent pay increase for postal workers, according to [BTA](#). Originally demanding 25

percent, the unions agreed to the lower increase but also won a retroactive 11 percent pay increase for work already performed in 2023. That 11 percent increase will remain in effect until the end of June. Starting July 1, 2023, workers will reap the fruits of the 19 percent increase for all wages.

Both pay increases preempted potential strikes.

Some Posts Cut Staff

In late January, PostNord announced that it would lay off 100 employees in Denmark, according to [The Local](#). The cuts will mainly happen in production and distribution, the report said. And they follow 125 administrative layoffs in 2022, *The Local* added. The report stated that rising costs were behind the need to reduce its workforce: “The company cited energy and fuel prices, inflation and declining consumer activity as key factors driving up costs.” PostNord is a postal company serving Sweden and Denmark.

Likewise, [The Brussels Times](#) reported in February that PostNL, which serves the Netherlands, announced it would cut “200 to 300 full-time jobs” in 2023. The service expects cuts to save over \$80 million in the next three years.

The South African Post Office (SAPO) similarly announced “its intention to [lay off] 6,000 workers,” [TimesLive](#) reported. For years, SAPO has suffered a “decline in its financial position.” The service’s chief executive denied that this restructuring was unexpected, even though unions described it as a “bombshell.”

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