

# NATIONAL POSTAL STRATEGY

Towards an Efficient and  
Modern Postal Industry

Enabler Of Economic Viability



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# FOREWORD

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The Government of Malaysia is committed to promote greater access to postal services for its population by creating a conducive postal regulatory and development policy framework. Our aim is to make Malaysia well connected both in urban and rural areas and to enhance the people's productivity and quality of life. The development of a modern and ubiquitous postal and courier service network that results in excellent service quality and innovative products by industry players are thus essential.

In the digital and borderless communication age, the consumption of postal and courier service will continue to grow. E-commerce will be a key driver in the growth of postal and courier service with more and more people buying and selling through the Internet. People and business still require postal articles and goods to be moved efficiently from one place to another anywhere within the country as well as overseas. Thus, an integrated development strategy for the postal and courier sector is timely as digital and physical communications are likely to complement each other.

The Government also recognises that the postal market is undergoing profound changes. Mail volumes in most part of the world are declining which is threatening the sustainability of universal postal service provisioning. To meet this challenge, postal operator must step up its effort to modernise postal network, innovate and diversify its product portfolio, deliver high quality of service and develop human capital to ensure that it remains relevant to the customers in the market place.

I would like to congratulate all parties involved in developing the inaugural **National Postal Strategy (NPS)**. Although we will endeavour with all our efforts to achieve the targets set in this document, the success of the NPS also depends on the support and participation of everyone involved.

A handwritten signature in black ink, belonging to Dato' Seri Utama Dr. Rais Yatim. The signature is stylized and fluid.

**DATO' SERI UTAMA DR. RAIS YATIM**

*Minister of Information Communication and Culture Malaysia*

# CHAPTER 1

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## Introduction

Effective postal and courier services which meet commercial and social needs of the country are important to both competitiveness and social cohesion. As such, the Government intend to promote a vibrant postal and courier market, an efficient Post Office network to meet the country's present and future needs, and quality and affordable postal service for everyone in Malaysia.

The NPS lays an aggressive and coherent development agenda for the postal and courier sector in Malaysia. The agenda is designed to meet the changing needs of customers, market and operating environment driven mainly by the information revolution, globalisation, and changing economic climate.

As the postal and courier sector is becoming more complex and dynamic in future, a high level of collaboration, coordination and commitment by all players involved are essential in realising the NPS objectives. This document will be reviewed and updated at relevant intervals as the economic and business environment continues to change.



## CHAPTER 2

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### Overview of the Malaysian Postal and Courier Sector

**The postal and courier service is essential to the efficient functioning of the economy and society as a whole. Very few sectors in Malaysia come close to the level of physical connectivity with households, businesses and retail network across the country like the postal and courier sector.**

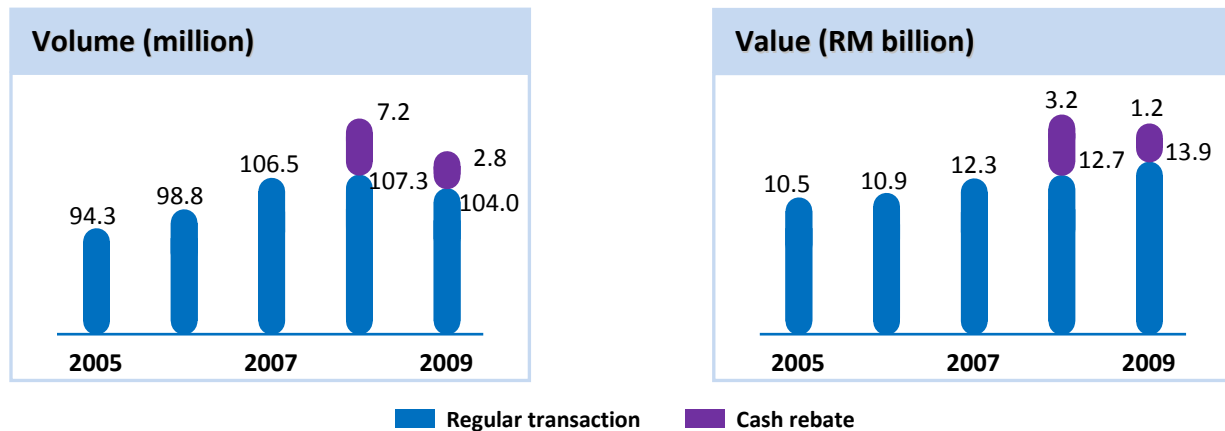
Each day postal and courier services deliver more than 3 million pieces of items in various forms such as letters, small packages, parcels and magazines. More than 20,000 postmen and couriers dedicate themselves for this cause. These items are reliably and securely delivered to more than 6.3 million addresses nationwide, both in urban and rural areas.

The Post Office network is an important national infrastructure. It provides convenient access to various Government and commercial services at more than 1,000 outlets nationwide. Even though competition is getting intense for the Post Office in the digital era as a result of online transactions in particular, it remains an important facility for the nation. The number of transactions at the Post Office nationwide continues to grow. In 2009, more than 100 million transactions took place at Post Offices around the country valued at more than RM15 billion.

The postal and courier sector is a multi-billion industry. It has a market size of nearly RM3 billion in terms of revenue in 2009. The sector continues to be labour intensive as volume continues to grow as a result of economic expansion, rising population and online shopping trend. The sector in 2009 employed more than 34,000 people.

**Exhibit 1** below demonstrates Postal Office over the counter transactions volume and value trend from 2005 to 2009.

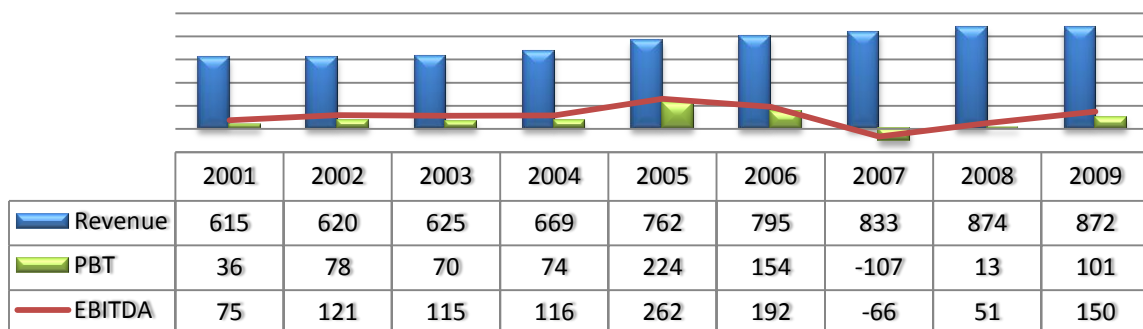
### Exhibit 1: Post Office remains popular



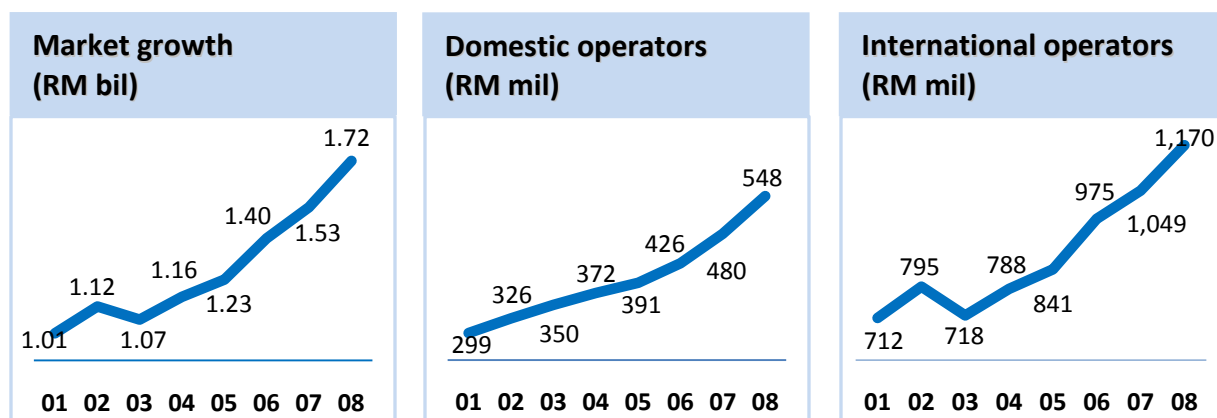
The postal and courier sector has grown steadily over the period between 2001 -2009 in terms of revenue. Pos Malaysia Berhad (PMB) recorded an annual average growth of 5.2% over that period while the courier sector recorded annual average growth of 10% as shown in the following charts.

### Exhibit 2: Financial performance of PMB

#### Revenue, Profits Before Tax (PBT) and Earning Before Interest, Tax, Depreciation and Ammortisation (EBITDA) (RM mil)



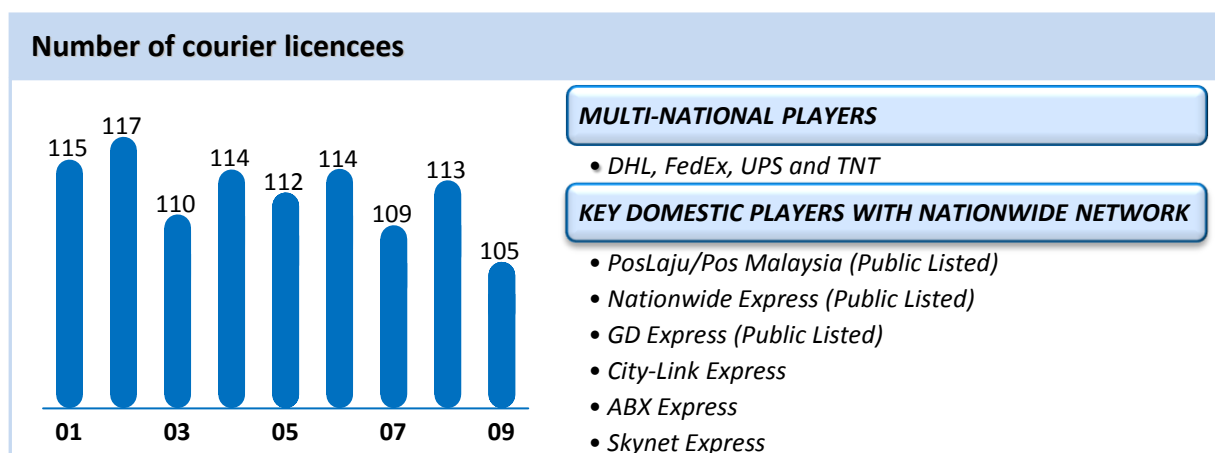
### Exhibit 3: Steady up-trend of courier industry market growth



**NOTE:** Key international courier operators are DHL, FedEx, UPS and TNT

As at to date, SKMM has licensed more than 100 courier operators in Malaysia. The number fluctuated between 105 and 117 over the last eight years as shown in **Exhibit 4** below. About 30 of them have been operating for more than 15 years.

### Exhibit 4: The number of courier licences has stabilised over the years



These operators are a mix of international players like FedEx, UPS, DHL dan TNT, and homegrown domestic players such as

Nationwide, City-Link, ABX, Skynet and GD Express which provide essential service for the nation across all sectors of the economy. Through these interconnected networks, manufacturing goods, packages and important documents can efficiently reach the destinations in Malaysia and major cities of the world in the expedited manner.

The international courier service is critical for the high-end manufacturing such as Electrical and Electronic (E&E) industry which is the leading contributor to Malaysia's industrial development. According to the Ministry of International Trade and Industry (MITI), during the Industrial Master Plan (IMP) 2 period, the E&E industry had moved up the value chain into manufacture of high-end products such as fabricated wafer, mobile phones, telecommunication equipment, and computer notebooks and servers. The total export of E&E industry had grown from RM99.3 billion in 1996 to RM227.8 billion in 2009. The courier sector which provided the market reach and integrated express logistic solution has been recognised as an enabler of this impressive growth.

The postal and courier sector plays important role in the digital economy. The parcel service for instance, recorded an impressive growth in the last few years as a result of e-commerce and online shopping worldwide. As more individuals and enterprises have the tools to buy and sell at their finger tips, the postal and courier sector will continue to grow and prosper. This trend indicates that the Internet is not necessarily a threat to the postal and courier service. Instead, the Internet complements it.

Bulk mailers continues to play a major role in the development of mailing services. Their function is essential since the majority of mail items are business mails (80% of the total mail volume) and these types of mails do not start from the street letter boxes but are processed by the mailing houses who provide efficient mailing solutions for major companies in the financial, utilities and Government sectors. The innovative collaboration between the bulk mailers and postal operator have created a sustainable growth of mail volume in the past.



The future of mail will require a higher level of collaboration between both players in particular as the communications market is increasingly more competitive and dynamic.

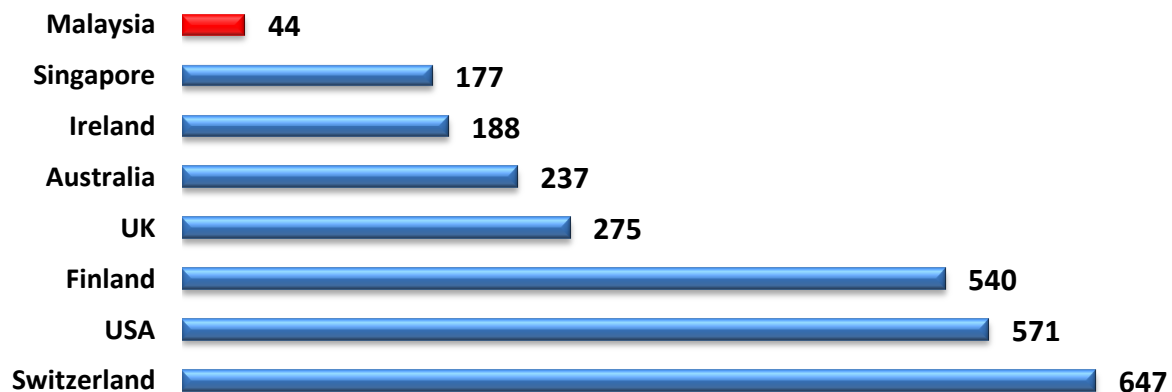
Bulk mail operators like Datapos, Efficient Lettershop, SR Express and Pro Office are some of the key players in this segment with estimated market size of about RM200 million. Currently, there are about eight major bulk mailer operators in the country which are equipped with sophisticated mailing machines. They contribute about 50% of the total volume of mail. Hence, the worksharing arrangement and collaboration between these bulk mail operators and PMB must be further nurtured. There is room for growth in the mailing segment even though e-mail and short messaging services have been the preferred communication channels in the digital era.

Malaysia, for instance, has yet to effectively develop direct mail services. This has been a source of growth in developed markets such as the USA, Switzerland and the United Kingdom for the last decades. With less than 50 mails per capita, Malaysia possesses potential for growth. Most developed markets generally have more than 200 mails per capita. **Exhibit 5** below shows the mail per capita of different countries.

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#### Exhibit 5: Malaysia has a growth potential in direct mail service

Estimated Mail per capita of different countries (2008), Source : Universal Postal Union



As the nation grows and adapts to the new challenges, the postal and courier service will continue to play an essential role to the smooth functioning of the economy and society as a whole. However, the future operating environment has changed from the present with many great challenges driven by the following factors:

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#### **Exhibit 6: Changing scenario that will shape the postal and courier industry**

- Challenging economic scenario
- High fuel prices
- Changing customer behaviour
- Greater liberalisation in both postal and courier market worldwide
- Technology will continue to provide both positive and negative impact to the sector
- Globalisation of postal and courier service
- Climate change
- Population increase and urbanisation

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These changes present new challenges and opportunities for the Malaysian postal and courier sector and have been incorporated into the process of defining the strategies for the years ahead. **Annex 1** contains detailed analysis of the key environmental trends that impact on the Malaysian postal and courier sector.



# OVER 105 COURIER SERVICES IN MALAYSIA



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## CHAPTER 3

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### National Postal Strategy

The NPS sets out a roadmap for the Malaysian postal and courier sector to maintain the relevance of the sector in the overall development of the nation. They are formulated to ensure a balanced and orderly development in the future taking into consideration the opportunities and challenges facing the sector.

The NPS is organised around the five strategic thrusts in **Exhibit 7** as follows:

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#### Exhibit 7: Five propulsion thrusts in NPS (2010 – 2014) roadmap

##### ***Sustainable universal postal service***

- The objective is to stimulate a sustainable universal postal service which is adapted to the social, economic and technological environment.

##### ***Improve service quality***

- The objective is to ensure the provision of timely, reliable delivery and improved customer service across all access points.

##### ***Improve productivity***

- The objective is to improve productivity through human capital development, process innovation and mechanisation.

##### ***Foster industry growth***

- The objective is to foster the growth of the physical, electronic and financial dimensions of postal and courier markets.

##### ***Enhance international development***

- The objective is to enhance international development of postal and courier services.



**Exhibit 8** below illustrates the high-level objectives of NPS which take into account the needs of the nation, customers, employees and environment.

**Exhibit 8: Balanced NPS's objectives**





The NPS covers the three dimensions of the sector namely physical dimension as well as the electronic and financial service dimensions which are increasingly important growth areas for the sector in future. The three dimensions are as the following **Exhibit 9**.

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#### **Exhibit 9: Three dimensions of NPS**



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These three dimensions must be nurtured as the sector can no longer focus on only one segment of business. Product and service diversification and innovation are key strategies to overcome the challenging economic cycles and reap the opportunities from the digital economy.

The Commission will focus its effort in the area of interconnection, development and governance of all three dimensions of the postal and courier sector.

An interconnected postal and courier network is critical for the seamless flow of mail, parcel and courier items through various means of conveyance i.e. by road, by sea, by air, and by cyberspace.

Governance is key to ensure an orderly development of the postal and courier sector as economy, society, technology and demography change. The universal postal service which has been the centre of the postal policy must be safeguarded and enhanced to ensure the achievements of its objectives in the changing environment. Further, the Commission must ensure fair competition amongst all operators in the market.

Development is a continuous process as the nation strives to be a high-income nation. Improving rural postal service and postcode system, facilitation of international trade and exchange, sustainable development and international cooperation are key development areas which will require the intervention by the Government.

# CHAPTER 4

## Strategy Framework

VISION				
The postal and courier sector – an essential component of the Malaysian economy				
MISSION				
To drive the development and growth of a robust postal and courier sector in line with the economic and social needs of the nation				
THRUST 1	THRUST 2	THRUST 3	THRUST 4	THRUST 5
Universal Postal Service	Quality Of Service	Improve Productivity	Industry Growth	International Development
OBJECTIVES				
Stimulating a sustainable universal postal service which is adapted to the social, economic and technological environment	Providing timely, reliable delivery, and improved customer service across all access points	Promoting balanced productivity growth through human capital development, process innovation, mechanisation and sustainable development programmes	Fostering the growth of postal and courier market	Enhancing international development
PROGRAMMES				
Develop a universal postal regulation and criteria	Develop quality of service performance standard and measurement system for the postal and courier services	Stimulate the use of technology to improve productivity	Promote fair competition through appropriate regulation whilst fostering cooperation among industry stakeholders	Play leadership role in the Universal Postal Union (UPU) and Asian Pacific Postal Union (APPU)

PROGRAMMES				
Develop a robust tariff regime	Enhance consumer satisfaction	Promote network sharing	Foster growth via development of new products and services	Leverage on the Free Trade Agreements
Establish a funding model for universal postal service	Stimulate the use of technology to improve service performance	Nurture human capital development and capacity building	Expand the courier service coverage nationwide	Escalate Malaysia's standing in international fora
Improve access to the postal outlets nationwide	Enhance security and trust	Improve national postal addressing and postcode system	Develop robust licensing regime	Strengthen Malaysia's connectivity to the international postal and courier network
Improve mail delivery service coverage in rural areas		Protect the environment and promote sustainable development	Increase involvement in electronic commerce and service	
		Promote health and safety culture	Promote development of national philately	



**Thank You** . At the meet and greet session with the Prime Minister, YAB Dato' Sri Najib Bin Tun Haji Abdul Razak with Pos Malaysia staff at Putrajaya.



## CHAPTER 5

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### Thrust 1 – Universal Postal Service

#### OBJECTIVE

To create the conditions for sustainable and dynamic universal postal service that is adapted to the social, economic and technological environment.

#### DESCRIPTION

The goal is to ensure sustainable universal postal service provisioning in Malaysia. This is a complex issue and central in the postal policy worldwide. The universal postal service model may need to be evolved over time as the customers demand changes and new technologies are available. Thus, in formulating the universal postal service policy, full consideration must be given to the changing environment surrounding postal service, including technology development, increased competition and, more importantly, the role of postal service in promoting national economic and social development.

#### KEY CHALLENGES

A number of key trends will impact on the provision of sustainable universal postal service over the next five years:

- Broadband penetration will reach 50% of households by end 2010 and penetration is expected to increase to 75% in the next few years. Ultimately, broadband service will be ubiquitous. The usage of internet-based service such as online billing and payment is growing and it is the single greatest challenge facing postal service as the transactional mail volume, in particular, is likely to decline.

- On the other hand, the Internet also provides many positive impacts to the postal and courier sector as online shopping and e-commerce will continue to grow steadily. Technology development also allows the operators to offer new innovative products and process innovation like track and trace service.
- The Malaysian population is expected to reach 29 million by year 2010 from 23.5 million in the year 2000. The proportion of population living in urban areas will rise from 62% in the year 2000 to 63.8% in the year 2010. This will impact on the viability of universal postal service as the population will continue to grow while the mail volume is expected to decline due to the e-substitution.

## DEVELOPMENT PLAN

To be successful in this area, focus will be given to the following initiatives:

NO	PROGRAMME	ACTIVITIES
1	Develop a universal postal regulation and criteria	<ul style="list-style-type: none"> <li>• Safeguard the provision of universal postal service through legislative means.</li> <li>• Review current scope of universal postal services, taking into consideration international trends and national requirements.</li> <li>• Develop an economically viable model for the provision of rural postal services.</li> </ul>
2	Develop a robust postal tariff regime	<ul style="list-style-type: none"> <li>• Conduct studies to accurately determine cost of Universal Service Obligation (USO).</li> <li>• Establish cost-based pricing regime over time.</li> </ul>

NO	PROGRAMME	ACTIVITIES
3	Establish a funding model for the USO	<ul style="list-style-type: none"> <li>• Through legislation, or other means, balance the need to promote competition with the requirement of safeguarding the sustainability of universal postal service, such as liberalising the postal market whilst maintaining reserved areas for postal services.</li> <li>• Create the USO Fund through legislative provision.</li> <li>• Seek Government assistance to improve rural postal service where appropriate.</li> </ul>
4	Improve access to the postal service nationwide	<ul style="list-style-type: none"> <li>• Expand the postal outlets nationwide including Post Offices, automated postal machines, Pos Mini, Mobile Post Offices, and Postal Agents especially in rural areas.</li> <li>• Leverage on technology to further reach customers.</li> <li>• Pursue alliances where partners can help speed development and reduce shared costs.</li> <li>• Allocate rural postal outlets in telecentres where possible.</li> <li>• Improve the Pos Mini programme.</li> </ul>

NO	PROGRAMME	ACTIVITIES
5	Improve mail delivery service in rural areas	<ul style="list-style-type: none"> <li>• Mandate mail delivery services within 5km radius from each Post Office especially in rural areas.</li> <li>• Increase the number of P.O Box facilities in Sabah and Sarawak.</li> <li>• Review the existing rural mail carriers scheme and model.</li> <li>• Expand the Rural Community Mail Box Facilities.</li> </ul>

## PERFORMANCE MEASUREMENT

INDICATOR	END OF YEAR				
	2010	2011	2012	2013	2014
Safeguard the Universal Postal Service through licenced conditions/legislative provision		✓			
Review postal tariff	✓				
USO costing study		✓			
USO Fund			✓		
Universal postal service regulation		✓			
Home delivery service coverage nationwide (USO)	77%	-	-	-	95%
Postal outlet* per population nationwide (USO)	22,400	-	-	-	15,000
New Postal Services Act		✓			

\* Postal outlet includes Post Offices, Mobile Post Office, Pos Mini, Postal Agents and automated postal machines.

# CHAPTER 6

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## Thrust 2 – Quality of Service

### OBJECTIVE

To strengthen the quality of postal and courier networks, providing customers with reliable, secure and efficient services.

### DESCRIPTION

The programmes and strategies to be carried out under this objective will focus on enhancing the trust and quality of the postal and courier service. Postal and courier services should be received in a consistent, prompt manner and accessible to the public throughout the country. They should be transported and received safely, with respect for privacy. All connecting points in the value chain between the sender and receiver, including collection of the goods and messages, their processing, transport and delivery, should be functioning seamlessly.

### KEY CHALLENGES

A number of key trends will impact on the service improvement plan over the next five years:

- Customers have increased expectations for postal and courier service without necessarily giving up the benefits of low cost. Convenience is an important service factor in accessing and receiving products and services.
- Customers expect postal and courier operators to provide value for money whilst at the same time provide innovative features such as track and trace of mails and parcels



## DEVELOPMENT PLAN

All stakeholders share equally important tasks in meeting this objective. In particular, greater emphasis will be placed on the following strategies:

NO	PROGRAMME	ACTIVITIES
1	Develop quality of service performance standard and robust measurement system	<ul style="list-style-type: none"> <li>• Establish and measure service standards and performance for basic postal services.</li> <li>• Measure the performance of key courier delivery players performance.</li> <li>• Acknowledge and reward operators with excellent service performance.</li> <li>• Publish quality performance results.</li> </ul>
2	Enhance consumer satisfaction	<ul style="list-style-type: none"> <li>• Conduct customer satisfaction survey.</li> <li>• Establish complaint handling mechanism for the postal and courier sector.</li> <li>• Establish code of practice for the courier industry.</li> <li>• Ensure operators publish service performance standards.</li> <li>• Conduct consumer awareness.</li> </ul>
3	Stimulate the use of technology to improve service performance	<ul style="list-style-type: none"> <li>• Enhance tracking and tracing of postal and courier items across the industry.</li> <li>• Promote the use of technology like RFID, hand-held terminal and digital map wherever appropriate to improve the quality of postal and courier services.</li> </ul>

NO	PROGRAMME	ACTIVITIES
4	Enhance security and trust	<ul style="list-style-type: none"> <li>• Develop disaster recovery plan for critical postal and courier infrastructure and network.</li> <li>• Develop security policy for the sector including non-mailable items, integrity of postal employees, and preventive measures.</li> <li>• Promote consumer awareness on security related matters.</li> <li>• Detection of harmful postal items.</li> </ul>

## PERFORMANCE MEASUREMENT

INDICATOR	END OF YEAR				
	2010	2011	2012	2013	2014
Compliance with domestic ordinary mail quality performance					
Note:					
- Average minimum performance standard of 88% for D+1 (local service) and D+2/4 (National service depending on the postcodes)	✓	✓	✓	✓	✓
- 2009 performance for single piece mail (71%)					
Compliance with ordinary parcel quality performance	Baseline	✓	✓	✓	✓
Courier quality performance	Baseline	83%	85%	88%	90%

INDICATOR	END OF YEAR				
	2010	2011	2012	2013	2014
Courier service performance award	✓	✓	✓	✓	✓
Conduct customer satisfaction survey for the postal and courier sector	✓		✓		✓
Mandate track and trace features on courier licensees			✓		
Postal security guideline and disaster recovery plan		✓			
Review domestic mail service standard		✓			



Malaysian Information, Communication and Culture Minister  
YAB Dato' Sri Utama Dr. Rais Yatim during the launch of  
**PELAN TRANSFORMASI POS SABAH DAN SARAWAK**,  
Sabah state level at Pulau Banggi, Sabah.



## CHAPTER 7

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### Thrust 3 – Improve Productivity

#### OBJECTIVE

To promote balanced productivity growth through human capital development, process innovation, mechanisation and sustainable development programmes.

#### DESCRIPTION

The programmes and strategies under this objective are designed to continuously enhance the sector's productivity. The postal and courier sector is labour intensive with more than 30,000 employees. As the cost of labour is expected to rise sharply in future, the sector must continuously improve its productivity level through the adoption of technology such as mechanisation and tracking system, process innovation and human capital development to remain competitive.

#### KEY CHALLENGES

A number of key trends will impact on the productivity improvement planning over the next five years:

- The sharp rise of labour and fuel costs will require operators to accelerate innovative collaboration and productivity improvement to remain competitive.
- The postal and courier sector is going to remain labour-intensive. Hence, enhancement of human capital is critical in improving the productivity level.



## DEVELOPMENT PLAN

All players should take necessary steps to improve productivity in particular, greater emphasis will be placed on:

NO	PROGRAMME	ACTIVITIES
1	Stimulate the use of technology to improve productivity	<ul style="list-style-type: none"> <li>• Improve the automation level in the processing of mail and packages.</li> <li>• Enhance new forms of access to postal and courier service such as the internet and self-service terminal.</li> </ul>
2	Promote network sharing and innovative collaboration	<ul style="list-style-type: none"> <li>• Review the 'work sharing' policy for mailing services<sup>1</sup>.</li> <li>• Encourage the establishment of independent postal and courier retail shops.</li> <li>• Promote network sharing among operators at all levels where appropriate.</li> <li>• Support the development of technical standard for effective postal operations and interconnections.</li> </ul>
3	Nurture human capital development and capacity building	<ul style="list-style-type: none"> <li>• Organise best practice training sessions and seminars through the SKMM Academy.</li> <li>• Promote industry dialogues, seminars and conferences on postal and courier sector.</li> </ul>

<sup>1</sup> Postal worksharing activities generally involve mailers preparing, barcoding, sorting or transporting mail to qualify for reduced postage rates i.e. worksharing rates. The rates are reduced based on the costs that the postal operator is estimated to avoid as a result of such worksharing activities. Currently, in Malaysia, the worksharing activities are limited to bulk pre-sorted mail service whereby the rate is 8% -13% lower than the rates of postage.

NO	PROGRAMME	ACTIVITIES
4	Improve national postal addressing and postcode system	<ul style="list-style-type: none"> <li>• Review the national postcode system.</li> <li>• Improve postal addressing system in rural areas.</li> </ul>
5	Protect the environment and promote sustainable development	<ul style="list-style-type: none"> <li>• Measure carbon emission of Malaysian postal and courier sector.</li> <li>• Reduce the sector carbon footprint overtime.</li> <li>• Provide incentives to the sector to reduce carbon emission.</li> </ul>
6	Promote health and safety culture	<ul style="list-style-type: none"> <li>• Collaborate with other agencies to promote road safety culture.</li> </ul>

## PERFORMANCE MEASUREMENT

INDICATORS	END OF YEAR				
	2010	2011	2012	2013	2014
Level of automated mail processing in the national mail and parcel hub	10%	15%	30%	35%	50%
Review postal work sharing and operational discount policy for mailing services				✓	
Postal technical standard study – Electronic Data Interchange (EDI) etc.				✓	
Best practices seminars through SKMM Academy	✓	✓	✓	✓	✓
Review national postcode system				✓	

INDICATORS	END OF YEAR				
	2010	2011	2012	2013	2014
Develop a pilot project on rural postal addressing				✓	
Awareness campaign on the use of standard postal addressing format		✓		✓	
Establish sustainable development policy			✓		
Road safety awareness campaign		✓		✓	

# CHAPTER 8

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## Thrust 4 – Industry Growth

### OBJECTIVE

To foster the growth of postal and courier market.

### DESCRIPTION

The postal and courier players are operating in a dynamic environment and facing intense competition. Hence, all players must become mindful and responsive to the new needs of the customers they serve. In the challenging economic scenario and intense competition, the postal and courier sector must continue to innovate and diversify products and services to storm the challenges and create new opportunities for a long term growth of the sector.

### KEY CHALLENGES

A number of key trends will impact on the growth of postal and courier sector over the next five years:

- Development of e-commerce translates into increased delivery requirements of small package and parcel service delivery both domestically and internationally.
- The service sector liberalisation and regional economic integration will further make the postal and courier sector competitive and put pressure on local players. The market consolidation, merger and acquisition activities are likely as a result of intense competition.
- The uncertainty in the world and national economic climate will impact on the potential growth of postal and courier sector.
- Opportunities for bulk and direct mail service since mail per capita in Malaysia is still low as compared to that of developed countries.

## DEVELOPMENT PLAN

All players should take necessary steps in promoting the development and growth of the postal and courier services more specifically in the following fields:

NO	PROGRAMME	ACTIVITIES
1	Promote fair competition whilst fostering cooperation among industry stakeholders	<ul style="list-style-type: none"> <li>• Monitor licensees for anti-competitive behaviour.</li> </ul>
2	Foster growth through new products and services	<ul style="list-style-type: none"> <li>• Liberalisation of postal tariff for products that can be provided competitively to promote innovation and product development.</li> <li>• Grow mail volume per capita towards the level of other post in the region by nurturing a direct mail eco-system.</li> <li>• Encourage letter writing habit among young people.</li> <li>• Enhance statistical data collection and reporting on postal and courier sector.</li> <li>• Organise national postal and courier conference.</li> </ul>
3	Expand the courier service coverage nationwide	<ul style="list-style-type: none"> <li>• Provide incentives for courier players that have ubiquitous network coverage e.g. 90% population coverage.</li> </ul>

NO	PROGRAMME	ACTIVITIES
4	Develop a robust licensing regime and criteria	<ul style="list-style-type: none"> <li>• Through legislation, differentiate clearly the USO and non-USO players.</li> <li>• Through licensing mechanism, differentiate the various categories of courier players and their entry criteria and conditions e.g. three - tier licensing scheme that differentiates the international, national and local players.</li> <li>• Promote Bumiputera participation.</li> </ul>
5	Increase involvement in e-commerce and services	<ul style="list-style-type: none"> <li>• Bridge the gap between electronic and physical communications, in particular on e-commerce and .post initiatives.</li> <li>• Promote development of electronic postal financial services.</li> <li>• Support the development of rural economy through e-commerce collaborative initiatives.</li> </ul>
6	Promote development of national philately	<ul style="list-style-type: none"> <li>• Develop dynamic philatelic programmes that appeal to customers and contribute to the positive image of postal services.</li> <li>• Archive the national philatelic materials.</li> <li>• Organise the national philatelic exhibition.</li> <li>• Promote national philatelic publication.</li> <li>• Review the Stamps Issuance Guideline.</li> </ul>

## PERFORMANCE MEASUREMENT

INDICATOR	END OF YEAR				
	2010	2011	2012	2013	2014
Availability of competition provision		✓			
Publication of industry facts and figures	✓	✓	✓	✓	✓
National letter-writing competition	✓	✓	✓	✓	✓
National postal and courier conference		✓		✓	
Combined courier delivery service coverage nationwide (percentage population)	-	Baseline	-	-	>90%
Availability of comprehensive postal and courier network database		✓			
New courier licensing guideline		✓			
New licensing regime (USO and non-USO licences)		✓			
Develop postal financial services compliance framework		✓			
Commencement of domestic electronic postal payment service		✓			
Review the stamps issuance guideline	✓				
National philatelic exhibition	✓		✓		✓
Stamps design award		✓	✓	✓	✓
National philatelic museum					✓



# CHAPTER 9

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## Thrust 5 – International Development

### OBJECTIVE

To enhance the international development of postal and courier service in view to the national economic expansion.

### DESCRIPTION

Enhancing Malaysia's connectivity and integration to the global economy and network is the critical aspect in improving national competitiveness. Postal and courier sector provides individuals, local businesses and exporters with global connectivity as well as act as a catalyst for trade and investment.

Hence, the programmes and strategies under this objective are designed to strengthen the domestic postal and courier industry vis-à-vis the international postal and courier market in Malaysia and to escalate Malaysia's standing in the regional and global postal and courier market place.

### KEY CHALLENGES

A number of key trends will impact on the international development over the next five years:

- The Universal Postal Union (UPU) cost based terminal due system will impact on the international mail business of developing countries like Malaysia.
- The postal and courier connectivity to the regional and global destinations and supply chain system remains critical for national competitiveness.

## DEVELOPMENT PLAN

All players should take necessary steps to strengthen and broaden the international cooperation in particular, greater emphasis will be placed on:

NO	PROGRAMME	ACTIVITIES
1	Leadership role in the UPU and APPU	<ul style="list-style-type: none"> <li>• Play active role as an elected member of the Council of Administration (CA) of the UPU.</li> <li>• Secure the Postal Operations Council (POC) seat at the UPU Doha Congress 2012.</li> <li>• Organise the ASEAN Postal Regulatory Roundtable.</li> </ul>
2	Leverage on the Free Trade Agreements	<ul style="list-style-type: none"> <li>• Develop a clear and inclusive liberalisation policy, including the definition and classification of postal and courier service.</li> <li>• Encourage Malaysian postal and courier companies to venture overseas.</li> <li>• Develop a compendium of the postal policy and regulatory regime in ASEAN countries.</li> </ul>
3	Escalate Malaysia's standing in international forum	<ul style="list-style-type: none"> <li>• Undertake an active role at the UPU level in achieving the vision and strategy of the UPU and worldwide postal sector.</li> <li>• Understand the impact of new Terminal Dues (TD) system and develop a plan for Malaysia's migration to the future UPU TD target system.</li> </ul>

NO	PROGRAMME	ACTIVITIES
4	Strengthen Malaysia's connectivity to the international postal and courier network	<ul style="list-style-type: none"> <li>• Support the UPU's efforts in strengthening and modernising a single postal territory.</li> <li>• Commence the international postal financial service network.</li> <li>• Encourage new international courier connectivity.</li> <li>• Maximise the use of UPU's Quality of Service Fund and Technical Assistance to improve the international postal service.</li> <li>• Maximise the benefits of Malaysia's competitive advantage in the international postal business.</li> <li>• Monitor compliance to the UPU's convention, agreement and regulation.</li> </ul>

## PERFORMANCE MEASUREMENT

INDICATORS	END OF YEAR				
	2010	2011	2012	2013	2014
Leading UPU CA Terminal Dues Governance Issue Project Group	✓	✓	✓		
Secure UPU Postal Operation Council (POC) seat at the UPU Doha Congress 2012			✓		
Participate in the UPU Council of Meeting (CA/POC)	✓	✓	✓	✓	✓
Develop a liberalisation policy for the postal and courier sector		✓			

INDICATORS	END OF YEAR				
	2010	2011	2012	2013	2014
ASEAN Postal Regulatory Roundtable		✓			
Compendium of postal policy and regulatory regime in ASEAN countries		✓			
UPU certification of international office of exchange			✓		
Commencement of international postal electronic remittance service	✓				
UPU RFID Global Monitoring System for international mail	✓				

# ANNEX 1

## Environmental and Global Trends

The following table contains some of the key environmental trends which may impact on the Malaysia postal and courier sector.

NO	TRENDS	IMPACT
1	<p><b><i>ECONOMY</i></b></p> <ul style="list-style-type: none"><li>• The road to global economic recovery appears to be slow-moving. The International Monetary Fund (IMF) projects the world economy will slide into a deeper recession in 2009. IMF in July 2009 has revised its global economic forecast to -1.4% in 2009 while the World Bank projects a global contraction in 2009 of -2.9%. The IMF projects the world economy to recover to around 2.5% growth in 2010.</li><li>• The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial crisis and rapid deterioration in the global economic environment. The growth in the manufacturing sector turned negative growth due to the significant contraction in the export-oriented industries.</li></ul>	<ul style="list-style-type: none"><li>• The challenging economic environment with greater uncertainties in the global, regional and domestic economic and business scenario will impact on the growth prospect of the postal and courier sector as business sector is the major user of mail and courier services.</li><li>• Efficient and ubiquitous postal and courier networks would help improve the national competitiveness and support a new economic model, which will be based on innovation, creativity and high value which will lift the nation into the ranks of a high-income nation within the decade.</li></ul>

NO	TRENDS	IMPACT
	<ul style="list-style-type: none"> <li>• Bank Negara Malaysia projects the Malaysia's growth forecast for 2009 is between -1.0% - 1.0%.</li> <li>• The Government has pushed two stimulus packages amounting to RM67 billion or about 9% of GDP to be spent over two years to boost the economy.</li> <li>• Making a shift from a successful middle-income to a high-income economy is the priorities of the Malaysian Government as the nation aspires to be a developed nation by 2020.</li> <li>• A sharp rise in the cost of fuel is likely to continue as demand for fuel is growing.</li> <li>• The Malaysian economy has grown by an average of 6.5% per annum between 1957 - 2005. GDP per capita in current prices grew by 7% per annum during the same period which has translated into substantial improvements in the people's quality of life.</li> <li>• The Electrical and Electronic (E&amp;E) industry is expected to grow annually at the average of 7.1% during the Industrial Master Plan (IMP) 3 period.</li> </ul>	<ul style="list-style-type: none"> <li>• The postal and courier sector could benefit from the increased outsourcing activities as businesses trying to cut cost and improve their operational efficiencies during the economic downturn.</li> <li>• The cost of transporting mail will continue to increase.</li> </ul>



NO	TRENDS	IMPACT
2	<p data-bbox="289 310 402 342"><b><i>SOCIAL</i></b></p> <ul style="list-style-type: none"> <li data-bbox="289 405 836 615">• The Malaysian population including non-citizens is expected to reach 28.96 million by year 2010 from 23.49 million in the year 2000.</li> <li data-bbox="289 678 836 940">• Malaysian population can be described as ‘youthful’ with the median age of the population around 24 years. In the next decade Malaysia will still have a moderately ‘young population’.</li> <li data-bbox="289 1045 836 1434">• The proportion of the population living in urban areas will be increased from 62% in the year 2000 to 63.8% in the year 2010. This trend is expected to continue due to the rural-urban migration, job opportunities, a better quality of life and growth of new townships.</li> <li data-bbox="289 1497 836 1854">• According to the Ministry of Housing and Local Government, nearly 845,000 houses were built during the period 2001 - 2005. During the Ninth Malaysia Plan period, requirement for new houses is expected to be about 709,400 units.</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="868 405 1393 573">• Higher consumption of postal and courier services as a result of growing wealth of urban population.</li> <li data-bbox="868 678 1393 1024">• The increasing population will translate into more delivery points particularly in residential buildings. More investment will be required to innovatively expand the Post Office networks that meet the needs of the consumers.</li> <li data-bbox="868 1087 1393 1297">• Efficient and ubiquitous postal and courier networks would help promote balanced regional development and narrowing the rural-urban divide.</li> <li data-bbox="868 1360 1393 1665">• The concept and model of universal postal service need to be redefined in light of added pressure on the sustainability of universal postal services due to higher cost and declining volume.</li> <li data-bbox="868 1728 1393 1896">• A robust Address Management System need to be established in line with a major revamp of the Postcode System to reflect</li> </ul>

NO	TRENDS	IMPACT
3		<p>the changing demographic trends. The current situation of high volume of undeliverable mails warrants effective risk mitigation measures such as the Address Management and Postcode System.</p>
	<p><b>LIBERALISATION AND GLOBALISATION</b></p> <ul style="list-style-type: none"> <li>• Malaysia has autonomously liberalised the courier sector.</li> <li>• WTO Doha Round will continue its negotiation on services sector.</li> <li>• Malaysia has concluded the Free Trade Agreement (FTA) with Japan and Pakistan. FTA negotiations with the USA, Australia, New Zealand, India and Chile are on going.</li> <li>• At the Regional level, Malaysia and its ASEAN partners have established the ASEAN Free Trade Area. ASEAN has also concluded FTAs with China, Japan, Korea and India, as well as Australia and New Zealand.</li> <li>• ASEAN market for courier and logistic sector will be opened up to full competition to promote trade in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Postal players in Malaysia should seize opportunities from the impending liberalisation of postal and courier sector and at the same time, strengthen their positions regionally and globally to address the challenges of a liberalised market.</li> <li>• A clear and inclusive liberalisation policy, including the classification of postal and/or courier service needs to be formulated.</li> <li>• The manufacturing and services sectors will be progressively integrated into the global and production networks and supply chain. Postal operators need to accelerate integration into the supply chain.</li> <li>• Enhancing the robustness and efficiency of the courier logistic</li> </ul>

NO	TRENDS	IMPACT
	<ul style="list-style-type: none"> <li>• Postal markets have been increasingly liberalised in most developed countries especially in the European countries. Major postal operators are expanding outside their traditional domestic markets.</li> <li>• The Malaysian Government currently is formulating a national competition policy and law.</li> </ul>	<p>network will equip Malaysia with the competitive edge to tap the maximum potential of regional trade.</p>
4	<p><b>TRANSPORT</b></p> <ul style="list-style-type: none"> <li>• The transport sector is an essential vehicle of economic growth. In 2003, the transportation sector contributed about 11% of GDP in five ASEAN countries (Malaysia, Singapore, Thailand, Indonesia and Philippines) 2003. This is expected to grow in the future at the global and regional economy is increasingly integrated.</li> <li>• Globalisation reinforces the sensitive role of the transport system in maintaining the manufacturer-consumer link. In ASEAN context where Malaysia is a member, the liberalisation of logistic sector has been seen as essential to support the ASEAN economic integration initiative</li> </ul>	<ul style="list-style-type: none"> <li>• More commercial and strategic alliance between the postal, courier and logistics operators are likely as the ASEAN market becomes more integrated.</li> <li>• The postal, courier and logistic sectors are converging. Postal policy must take into consideration this development.</li> <li>• As ASEAN countries become more competitive, the competitiveness level of postal and courier operators must be enhanced.</li> <li>• Bad public image since the postal and courier sector could be regarded as a major polluter</li> </ul>

NO	TRENDS	IMPACT
	<p>and to enhance the competitiveness of an ASEAN production base through an integrated ASEAN logistics environment.</p> <ul style="list-style-type: none"> <li>• Increase in number of vehicles in general resulting in worse pollution.</li> <li>• A sharp rise in the cost of fuel is likely to continue.</li> </ul>	<p>because of its large vehicle fleet.</p>
5	<p><b>INFORMATION AND COMMUNICATIONS TECHNOLOGY</b></p> <ul style="list-style-type: none"> <li>• The broadband penetration in Malaysia is growing and will reach 50% household penetration in the next two to three years via various programmes such as the High Speed Broadband and Community Broadband Centre projects.</li> <li>• The mobile coverage has been ubiquitous and the user penetration has reached beyond 100% of population.</li> <li>• E-commerce will continue to grow worldwide. The delivery service of quality remains critical in domestic and cross border e-commerce.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of e-commerce translates into increased small packages and parcels. The postal and courier operators must position themselves in this market segment using their competitive edge particularly as regards to transport and delivery network both in urban and rural areas.</li> <li>• ICT could help develop a new means of delivering the universal postal service which could be fulfilled by both electronic and physical means such as hybrid and reverse hybrid mail.</li> </ul>

NO	TRENDS	IMPACT
	<ul style="list-style-type: none"> <li>• SMEs have the greatest potential for productivity gain through e-business. According to SMIDEC, in Malaysia, 90% of the businesses are categorised as SMEs.</li> </ul>	<ul style="list-style-type: none"> <li>• Postal and courier players need to invest in new technologies to improve efficiencies and effectiveness of products.</li> <li>• International electronic remittance service through the UPU network could become a new source of revenue for public postal operator.</li> <li>• Technology and communication convergence would make the post and telecommunication sector coming closer again.</li> </ul>
6	<p><b>SECURITY</b></p> <ul style="list-style-type: none"> <li>• Due to the emergence of threats such as terrorism, drug trafficking, biochemical weapons and money laundering, security of the postal network will be a key concern to ensure the interoperability of the worldwide postal network.</li> <li>• The combatting of counterfeit and pirated items sent through the postal channels is a major concern of international body such as World Intellectual Property Organisation (WIPO), WTO and UPU.</li> <li>• Security is one of the major</li> </ul>	<ul style="list-style-type: none"> <li>• A growing number of dangerous and prohibited items will be transported via the postal and courier network. Operators must build capacity on security issues including the investment in technology.</li> <li>• Security concerns need to be addressed and incorporated appropriately into all national policies.</li> <li>• Greater investment in certification and security solutions.</li> </ul>



NO	TRENDS	IMPACT
	<p>determinants of future internet developments.</p>	<ul style="list-style-type: none"> <li>• Postal operator could leverage its trusted brand into the digital economy.</li> <li>• “.post” as a trusted domain for the postal ICT based service is likely to be relevant.</li> </ul>
7	<p><b>INTERNATIONAL MIGRATION</b></p> <ul style="list-style-type: none"> <li>• According to the International Organization for Migration (IOM), the number of international migrants worldwide is approximately 200 million. This permanent phenomenon is growing steadily for various reasons such as employment, conflicts and natural disasters. In 2007, the remittance flow is recorded at USD337 billion worldwide and USD251 billion of which went to developing countries.</li> <li>• In 2005, there were more than 2.3 million non-citizens in Malaysia which included permanent residents, foreign workers with work permits, expatriates and foreign students.</li> <li>• The Government of Malaysia is a signatory to the UPU Postal Payment Services Agreement.</li> </ul>	<ul style="list-style-type: none"> <li>• The public postal operator could offer quality and secure payment services to customers at affordable prices. The public postal operator can leverage on the exchange of electronic payments through the UPU network.</li> <li>• Whilst the public postal operator is given the flexibility to implement international remittance arrangement with other service providers, the provision of the international remittance services should not be in conflict with any national laws and regulations.</li> </ul>

NO	TRENDS	IMPACT
	<ul style="list-style-type: none"> <li>During the Ninth Malaysia Plan, tourist arrivals to Malaysia is expected to grow an average rate of 8.4% per annum and estimated to reach 24.6 million by 2010 through various tourism programmes such as Malaysia My Second Home, Heritage and Eco-tourism.</li> </ul>	
<b>8</b>	<p><b>GLOBAL WARMING</b></p> <ul style="list-style-type: none"> <li>Global warming is one of the most important global issues of our times. The Government of Malaysia has also identified it as a national issue.</li> <li>The postal and courier network is an important producer of greenhouse gas emissions due to the heavy usage of vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>The postal and courier industry in Malaysia need to understand and institute practical measures to reduce carbon footprint of their respective organisations.</li> <li>Green technologies and products such as electric-powered, natural gas and hybrid vehicle, smart buildings and green products recycling mail are becoming increasingly important in the future of postal and courier industry.</li> </ul>

References:

1. Bank Negara Malaysia
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3. ASEAN Secretariat
4. International Organization for Migration
5. SMIDEC
6. Industrial Master Plan 3
7. The Ninth Malaysia Plan 2006 – 2010



Launching of Kempen Gagasan 1Malaysia Bersama KPKK, SKMM and AMEC (Association of Malaysian Courier Carriers) on 3<sup>rd</sup> April 2010 by YB Dato' Joseph Salang, Deputy Minister 1, KPKK