

# Sharpshooting Shippers

## Will couriers stamp out Europe's post offices?

**T**omorrow is your grandmother's birthday. You're in Rome and she lives in Frankfurt. How do you send her gift?

(a) You entrust it to the Italian post office.

(b) You mail it from the Vatican, whose postal service is far more efficient.

(c) You hire an expensive private courier.

So many European consumers pick (c) that Europe's express-mail industry has shipped nearly 3 billion items last year, grossing \$17 billion and employing 332,000 people in the process. And the courier services—led by Federal Express Corp., United Parcel Service, DHL International Ltd. and TNT Skypak—project growth rates of about 20 percent for the next several years. Europe's single market will be "a great opportunity," says Michael Houthuys, a TNT executive in Brussels.

In the EC competition for less than a decade, the couriers are not only beating state-run post offices at their own game, but they're also offering specialized shipping services that have led many companies to scrap in-house delivery networks. In Britain, for example, TNT ships spare parts for such corporations as Sony and Volkswagen-Audi; it delivers goods to purveyors of items from food to furniture. Industry sources say such diversification among the couriers more than makes up for the business some lost to fax machines

EUROPE  
AFTER  
**1992**

in recent years.

The express services' overnight success is bad news for the EC's 12 national postal systems. They have surrendered all but 5 percent of the express market to private rivals—in spite of a panoply of protectionist tricks. In the 1980s France taxed the couriers heavily and

restricted their operations to the Paris region. Before 1985 Belgium kept competitors out of the country altogether. Until last year Italy required express services to stick postage stamps on the mail they handled even if the post office was not involved. As recently as last month, couriers in the Netherlands were still barred from offering discounts. Couriers have charged that Denmark's P&T and West Germany's Bundespost are similarly restricting their business; the European Commission is expected to rule in the Danish case next month.

**Good deal:** The private mail industry has overcome postal-service opposition with powerful support from the Commission's trustbusters—and their own ingenuity. For instance, even in Britain, the EC's most deregulated postal market, private services are required to charge at least £1 per piece of mail. To get around the restriction, DHL flies sacks of unstamped letters to Denmark for mailing back to Britain. Thanks to bulk and presorting agreements with the Danish P&T, DHL is able to charge customers about eight pence per letter—compared



JOHN VINK—VU-CONTRACT PRESS IMAGES

**Biting the mailman: A delivery in Brussels**

with the 20-pence fee levied by Britain's Royal Mail. The deal is so good that it has persuaded a British government agency to fire Royal Mail: the Department of Health and Social Security has hired DHL to deliver 5 million letters a year.

Many businessmen say the state-run post offices have only themselves to blame. "National postal systems have consistently failed to get their act together," says Martin White, an analyst with Coopers & Lybrand Deloitte in London. But the post offices are starting to fight back. The European Commission is examining proposals to set EC-wide prices on stamps and unify the fees that national postal authorities pay one another for delivering international mail—which could help abolish loopholes such as those exploited by DHL. Though the proposals stop short of suggesting that the 12 systems be merged into a

single network, the postal authorities are already teaming up. Last year they jointly launched UniPost, an overnight-delivery scheme for small parcels; now they plan to spend \$4 million to advertise the innovation.

In many countries, though, it may be too late. Italy's Posts and Telecommunications Ministry announced recently that it will soon hand over express delivery in 12 domestic cities to a private consortium. That was a wise move, if a visit last week to Rome's Piazza San Silvestro post office is any indication. Just 19 of the 65 windows were open—and the only *espresso* the clerks were paying attention to was the liquid variety.

PASCAL PRIVAT with  
JANE MORRISON in Brussels,  
DAVID MEHNERT in London and  
MARKOS KOUNALAKIS in Rome

## Hot From Berlin: Off-the-Wall Investments

**W**ho says Eastern Europe has nothing to export to the West? Last week East Germany's Limex trading company began selling chunks of the Berlin wall: not just the \$10 fragments retailers were peddling in December as Christmas gifts, but three-ton slabs that Limex hopes will fetch hundreds of thousands of dollars each. Buying a piece of the wall is an investment, claims Limex director Helge Möbius in true capitalist fashion. He could be right: just 480 meters of the

300-kilometer wall will be auctioned off, and each segment will come with a certificate of authenticity. "We've had offers of up to half a million marks for pieces from the Brandenburg Gate," boasts Möbius. Among the potential buyers are banks, museums and—according to rumors that Möbius doesn't deny—the Walt Disney Co.

East Germany has other relics of its totalitarian past to sell. For decades Western coaches have been intrigued by whispers about secret ma-

chines that were helping East German athletes bring home the gold. Now they can buy the machines. The mysterious Research Institute for Physical Culture and Sports in Leipzig is hawking such technological marvels as the "dynamometric platform," which measures and records the legwork of discus throwers. The institute also plans to sell the services of its sports scientists. Promises swimming expert Helga Pfeifer, "Everything will be made available, everything."