

Section 9 Promoting Postal Service Administration

1. Summary

(1) Initiatives so far

The postal service that started from the foundation of “shinshiki yubin” (new postal service) in 1871 celebrated its 150th anniversary in 2021. During this period, the universal postal service has been provided to every corner of Japan through post offices in step with the growth of the country, while at the same time changing its organization from state-operation to public corporation and then private corporation with the times.

MIC has been working to ensure soundness in management of the Japan Post Group and fair and free competition, to secure universal service by post offices and to use the post office network in the communities.

(2) Future challenges and direction

In terms of the financial condition of the Japan Post Group, operating income continues to decrease but ordinary profit and current net profit maintain a certain level. In the postal and physical distribution sector, the number of post offices has been around 24,000, and

postal matters continue to decrease while packages are increasing. In the financial (savings and insurance) sector, the balance continues to decrease or remain level.

As the social environment surrounding the Japan Post Group is changing, it is important that post offices and their services continue to improve users’ convenience and contribute to the communities, while at the same time the Japan Post Group secures the required performance as a private enterprise and maintains the post office network and universal service in the medium- to long-term.

It is necessary for MIC to continue to ensure soundness in management of the Japan Post Group and fair and free competition, and secure stable universal service by post offices. Moreover, MIC needs to promote improvement of users’ convenience and contribute to the communities through diverse and flexible services adapted to the new era and digitalization, and streamlining of operations by effectively using the network of 24,000 post offices.

2. Promoting post office administration

(1) Securing universal postal service

i Subsidy/contribution system to support maintenance of the post office network

In order to ensure stable provision of universal postal service, a subsidy/contribution system to support maintenance of the post office network was established in June 2018 and its operation started in April 2019. The Organization for Postal Savings, Postal Life Insurance and Post Office Network delivers subsidies and collects contributions. In fiscal 2022, the amount of subsidy to Japan Post was about 280.8 billion yen, while contributions were 230.7 billion yen from Japan Post Bank and

50.2 billion yen from Japan Post Insurance.

ii Review of postal services by partial amendment of the Postal Act, etc.

The Act Partially Amending the Postal Act and Act on Letter Service by Private Business Operators (Act No. 70 of 2020) was enforced in May 2021 to review the services related to delivery days of the week for ordinary mail, the number of days required for delivery, and pertinent conditions. In Response, Japan Post partially reviewed its postal services in order since October 1, of the same year. The review includes no delivery on Saturdays and later delivery (**Figure 4-9-2-1**).

Figure 4-9-2-1 Partial review of the postal service implemented since October 2021

<p>(1) No delivery on Saturdays</p> <p>Implemented from Saturday, October 2, 2021 <small>*Limited to ordinary mail. Normal post cards for election campaign are delivered on the day before the voting day.</small></p> <p>(2) Later delivery (on the following day -> the day after next)</p> <p>Stepwise implemented from Friday, October 1, 2021 <small>*Limited to ordinary mail. No change to express, registered mail, Letax, Yupack, etc.)</small></p> <p><To destinations where mail used to be delivered on the following day if the mail was posted before 17:00></p> <table border="1"> <thead> <tr> <th rowspan="2">Date of acceptance</th> <th colspan="4">Delivery day of week</th> </tr> <tr> <th>Past</th> <th></th> <th>From October 2021</th> <th>From January 22, 2022</th> </tr> </thead> <tbody> <tr> <td>Mon</td> <td>Tue</td> <td></td> <td>Tue</td> <td>Wed</td> </tr> <tr> <td>Tue</td> <td>Wed</td> <td></td> <td>Wed</td> <td>Thu</td> </tr> <tr> <td>Wed</td> <td>Thu</td> <td></td> <td>Thu</td> <td>Fri</td> </tr> <tr> <td>Thu</td> <td>Fri</td> <td></td> <td>Fri</td> <td>Mon</td> </tr> <tr> <td>Fri</td> <td>Sat</td> <td></td> <td>Mon</td> <td>Mon</td> </tr> <tr> <td>Sat</td> <td>Mon</td> <td></td> <td>Mon</td> <td>Tue</td> </tr> <tr> <td>Sun</td> <td>Mon</td> <td></td> <td>Tue</td> <td>Tue</td> </tr> </tbody> </table>		Date of acceptance	Delivery day of week				Past		From October 2021	From January 22, 2022	Mon	Tue		Tue	Wed	Tue	Wed		Wed	Thu	Wed	Thu		Thu	Fri	Thu	Fri		Fri	Mon	Fri	Sat		Mon	Mon	Sat	Mon		Mon	Tue	Sun	Mon		Tue	Tue	<p>(3) Expansion of the offices accepting special mails within the ward (quantity discount)</p> <p>Mail needed to be brought to their delivery office in order to obtain discount. Discount is given also to mail brought to local dividing offices in charge of the delivery office.</p> <p><Commencing time></p> <p>-Bringing more than 100 pieces of mail at one time: from October 2021 -Bringing more than 1,000 pieces of mail at one time: from April 2022</p> <p>(4) Lowering express delivery fee</p> <p>Express delivery fee is lowered about 10% from Friday, October 1, 2021 <small>*The fee is lowered considering the change in the delivery days of ordinary mail.</small></p> <table border="1"> <thead> <tr> <th>Weight</th> <th>Fee up to Sep. 30</th> <th>Fee from Oct. 1</th> </tr> </thead> <tbody> <tr> <td>Up to 250g</td> <td>290 yen</td> <td>260 yen</td> </tr> <tr> <td>Up to 1kg</td> <td>390 yen</td> <td>350 yen</td> </tr> <tr> <td>Up to 4kg</td> <td>660 yen</td> <td>600 yen</td> </tr> </tbody> </table>	Weight	Fee up to Sep. 30	Fee from Oct. 1	Up to 250g	290 yen	260 yen	Up to 1kg	390 yen	350 yen	Up to 4kg	660 yen	600 yen
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Note: from (1) to (3) above are implemented based on the partial revision of the Postal Act (enacted on November 27, 2020 and enforced on May 1, 2021)

(2) Ensuring soundness in postal service management

i Notification and approval of new services of Japan Post Bank and Japan Post Insurance

MIC and the Financial Service Agency approved “personal loan service (including direct handling of Flat 35)” in April 2021 and “intermediary operations for conclusion of investment blanket contract” in March 2022 based on the Postal Service Privatization Act.

In June 2021, Japan Post Holdings disposed of more than half of the shares of Japan Post Insurance. As a result, new businesses of Japan Post Insurance are made subject to notification instead of approval in the past and “revision of special medical contract” was notified in November of the same year.

ii Ideal Postal Services in the Digital Age

Since November 2020, MIC held a “Roundtable Conference on the Ideal Postal Services in the Digital Age” (hereinafter the “Conference”).⁵⁹ The Conference released a final report of recommendations on: utilization of data at the Japan Post Group and post offices; contribution by the Japan Post Group to regional revitalization; enhancement of the compliance and group governance at the Japan Post Group; and contribution by the Japan Post Group to SDGs and its efforts for ESG (environment, society and governance) in July 2021.

Considering the recommendations of the final report, with the aim of promoting effective utilization of data held by the Japan Post Group while at the same time protecting privacy of correspondence and personal information, since October 2021, MIC has held a “Study Group on Utilizing Post Office Data and Ideal Privacy Protection” to study balancing of utilization of data held/acquired by post offices and privacy protection.⁶⁰

iii Promoting monitoring of the Japan Post Group

Since 2018 there have been misconducts inflicting a loss to customers in the Japan Post Group, which include inappropriate sale by Japan Post Insurance and fraudulent use of cashless service in Japan Post Bank. To address this situation, MIC as the supervising ministry of Japan Post Holdings and Japan Post provided guidance and took administrative dispositions as necessary, and monitored their recurrence prevention measures. However, there were still frequent misconducts that damaged public trust in postal services, which included embezzling of a large amount of money by postmasters and abandonment of a mass of postal matters, etc.

Based on the study result of the “Roundtable Conference on the Ideal Postal Services in the Digital Age - Compliance Working Group,” MIC put together a basic approach for its supervision, and formulated and released “the Guidelines for Supervision of Japan Post Holdings Co., Ltd. and the Guidelines for Supervision of Japan Post Co., Ltd.” In August 2021. In February 2022, MIC set up a postal administration monitoring meeting, which aims to strengthen MIC’s supervision system in postal administration and promote proper monitoring of the business sector with the advice of experts.

(3) Contribution to regional revitalization

i Supporting utilization of post offices

Under the “Post Office Revitalization Project (by post offices and local governments by using ICT)” that has been promoted since fiscal 2019, MIC implemented demonstration projects to promote monitoring and disaster countermeasures in communities (Miyoshi City, Hiroshima) and to support administrative procedures using digital technologies (Yatsushiro City, Kumamoto, and Ishigaki City, Okinawa) in fiscal 2021.

In January 2022, a “post office monitoring application

⁵⁹ https://www.soumu.go.jp/menu_news/s-news/01ryutsu14_02000095.html

⁶⁰ https://www.soumu.go.jp/main_sosiki/kenkyu/postaldata_privacy/

that uses smart speakers” that was demonstrated in these projects was launched as a service for local governments by Japan Post. MIC plans to spread the result of the project across the country, while at the same time creating model cases of collaboration of post offices and local governments, etc.

ii Promoting entrustment of municipal affairs

In May 2021, the Act on Handling of Certain Services of Local Governments at Postal Offices (Act No. 120 of 2001) was amended⁶¹ to add administrative processes including issuance and renewal of electronic certificates

of individual number cards to the services that post offices may be entrusted with (ex. issuance of public certificates such as copy of the certificates of residence).

MIC also implements a “program to promote use of individual number cards at post offices” using the fiscal 2021 supplementary budget. Under this program, demonstrations are conducted to expand usage of individual number cards at post offices as residents’ infrastructure rooted in the community. MIC continues to promote the spread of individual number cards toward further digitalization and regional revitalization.

3. Promoting postal administration in the international field

(1) Response to the Universal Postal Union (UPU)

The Universal Postal Union is a specialized organization of the United Nations and leads various cooperation projects and development of fair and open rules on international mail (ex. rules for handling expansion of cross-border e-commerce) for the purpose of global development of a universal postal service network to further improve convenience of international mail.

MIC makes voluntary contributions to UPU and conducts various cooperation projects, which include: (1) support for construction of a disaster-resistant postal network; (2) support for construction of a postal network with less environmental burden; (3) support for initiatives to use postal networks as infrastructure for social needs including watching over communities and new business development; and (4) raising added value of postal service network by using ICT and other cutting-edge technologies. Through these projects, Japan actively contributes to further development of the international postal network services and fair and open rule making regarding international mail at UPU.

Mr. METOKI Masahiko who served as Chair of the Postal Operations Council from October 2012 to August 2021 was elected Director General of UPU first from Asia at the 27th Universal Postal Union (UPU) Congress held in August 2021. He took up the position in January 2022. (The term of office is four years. One person may be elected up to two terms.)

(2) Supporting overseas development of Japanese postal infrastructure

As part of the “Infrastructure System Overseas Promotion Strategy 2025”⁶² (amended in June 2021) of the government, MIC promotes overseas development of Japanese postal infrastructure system. This initiative provides excellent postal technologies and operational knowhow of Japan to India and other emerging and developing countries in Southeast Asia and Eastern Europe to support modernization and upgrading of postal services of the countries. Taking opportunities of renewal or extension of sorting machines or other important postal infrastructure, MIC tries to grasp needs and challenges of overall postal services of the partner countries, explores business opportunities including e-commerce and digital transformation and promotes entry of Japanese businesses with technologies/knowhow in these fields, while at the same time working to win peripheral businesses including equipment to be used in sorting centers.

MIC continues to promote overseas development of Japanese postal infrastructure by advancing the existing cooperation projects with these countries, while implementing basic surveys on postal service conditions of individual regions to identify new partner country candidates.

4. Trends of correspondence delivery

The Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) allowed correspondence delivery service by private business operators. Specified correspondence delivery that provides services not impeding provision of the universal postal service is provided by 586 operators (as of the end of fiscal 2022). The services include: service to go rounds of a fixed route, receive and deliver correspondence at each point; express delivery service within a short distance

or limited area; and service similar to telegrams to deliver messages of congratulation or condolences together with a decorated card.

In order to promote understanding of the purpose and the system of correspondence service and ensure appropriate sending of correspondence, MIC disseminates information on the definition of correspondence and the correspondence delivery system.

⁶¹ The Act on the Arrangement of Related Laws for the Formation of a Digital Society (Act No.37 of 2021) and the Act to Prepare Related Laws for the Promotion of Reform to Enhance Local Autonomy and Independence (Act No. 44 of 2021)

⁶² Infrastructure System Overseas Promotion Strategy 2025: <https://www.kantei.go.jp/jp/singi/keikyoku/pdf/infra2025.pdf>