

Section 9 Promotion of postal administration

1. Summary

(1) Initiatives so far

Since the establishment of postal services in 1871, the postal network that has been developed nationwide in Japan had over 24,000 offices before the privatization on October 1, 2007. Even after privatization, postal offices are intended to be established for widespread use

throughout the country.

The MIC is working to ensure the provision of universal services by postal offices and to utilize them as bases for public services in local communities.

(2) Future challenges and directions

In our country, the social environment has undergone significant changes, including an aging population, concentration of population in urban areas, frequent natural disasters, and the overall digitalization of society including the online processing of administrative procedures. Particularly in rural areas, the importance of postal offices as public infrastructure remaining in the community has increased due to the withdrawal of public enterprises fulfilling essential roles in daily life and the closure of local government branch offices providing administrative services.

Therefore, it is important for the Japan Post Group to ensure its performance as a private enterprise while maintaining the postal office network and universal services in the medium to long term. It is also crucial for

postal offices and the services they provide to contribute to the improvement of convenience for citizens and users, as well as to the local community.

The MIC continues to ensure the sound management of the Japan Post Group and fair and free competition, while also securing the stable provision of universal services by postal offices. Additionally, it is necessary to promote the improvement of convenience for citizens and users and the contribution to local communities through diverse and flexible service development and operational efficiency, while also responding to the advancement of digitalization in the new era, by effectively utilizing the network of approximately 24,000 postal offices.

2. Promotion of postal administration

(1) Ensuring universal service in postal business

A Review of postal rates

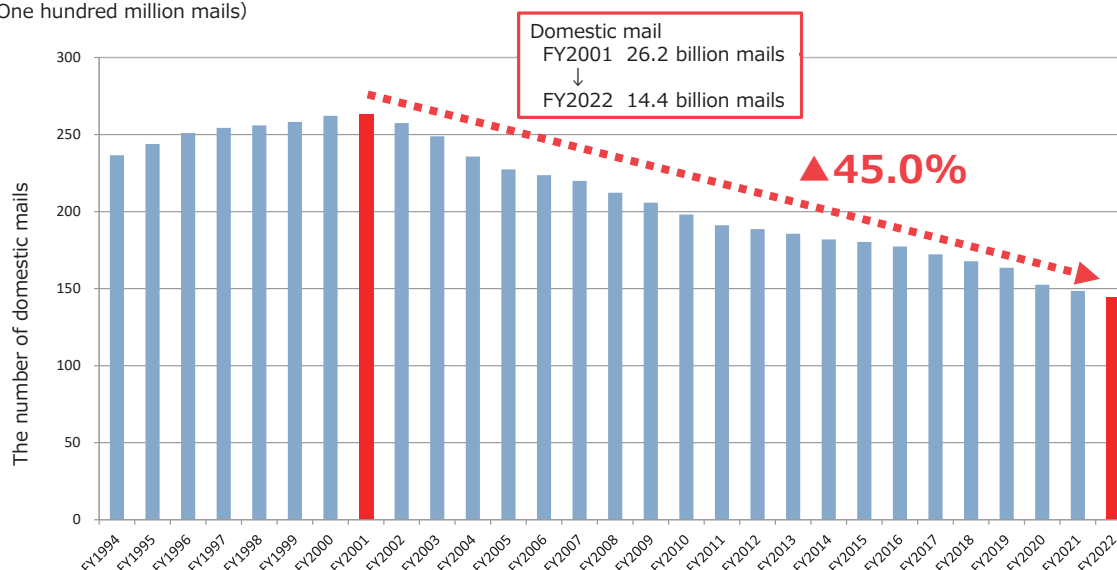
The volume of postal items has been decreasing annually since the peak in FY2001 due to the widespread use of the internet, social media, the advancement of web-based billing for various invoices, and a decline in personal communication, resulting in a reduction of approximately 45% for domestic mail by FY2022 (**Figure 2-2-9-1**). This decline in postal items, coupled with the impact of soaring fuel and other price increases, led to a deficit of 21.1 billion yen in the operating profit and loss of Japan Post's postal business for FY2022, marking the first deficit since privatization. Japan Post has been working on expanding postal usage and improving operational efficiency, and will continue to promote further

efforts. However, it is anticipated that the significant decrease in postal items will continue, making the outlook for the operating profit and loss of the postal business extremely challenging.

In light of this situation, the MIC has initiated the necessary procedures for amending the Ordinance for Enforcement of the Postal Act (Ministry of Internal Affairs and Communications Ordinance No. 5 of 2003) to set the upper limit for the rates of standard postal items weighing 25g or less. It is expected that postal rate revisions will be implemented in the future after Japan Post has taken sufficient measures to ensure widespread awareness and preparedness.

Figure 2-2-9-1 The trend of the number of postal items

(One hundred million mails)

**B Grant and contribution system to support the maintenance of the postal network**

In June 2018, a grant and contribution system was established to support the maintenance of the postal network and ensure the stable provision of universal postal services. The system began operation in April 2019. The Independent Administrative Institution Postal Savings and Postal Life Insurance Management Organization (hereinafter referred to as the “Postal Management and

Support Organization”) is responsible for the disbursement of grants and the collection of contributions. For FY2024, the amount of grants to Japan Post is approximately 303 billion yen, with contributions amounting to approximately 246.7 billion yen from Japan Post Bank and approximately 56.3 billion yen from Japan Post Insurance.

(2) Contribution of post offices to local communities**A Contribution of post offices to local communities in the digital society**

In our country, the aging population and declining birth rates, coupled with the spread of the COVID-19, have further exacerbated the exhaustion of local communities. As a result, there is increasing anticipation for the contribution of post offices, which are present throughout the country, to local communities. In this context, it is important to determine the role of post offices in contributing to local communities by leveraging the benefits of digitalization to overcome geographical and time constraints, as well as utilizing their usefulness as local hubs. In October 2022, the MIC consulted the Information and Communications Council on the contribution of post offices to local communities in the digital society, and discussions began in the Postal Policy Division of the same council. The division deliberated on various points, including (1) the collaboration between local public infrastructure and post offices, (2) the contribution of post offices to local communities through DX and data utilization, and (3) the role of post boxes (mailboxes) in the contribution of post offices to local communities. Subsequently, a preliminary report on the

contribution of post offices to local communities was compiled in May 2024, and a public comment was conducted from May 3 to June 6, 2024. The preliminary report proposed strategies for furthering the contribution of post offices to local communities, such as “the Realization of Post Offices as “Community Hubs” in the region” and “the Utilization of Data Held by Post Offices”. Particularly in regions where maintaining an independent local economy has become difficult, it is desirable to realize and promote “Community Hubs” at post offices, where some of the public services provided by local governments, organizations, and companies are offered, as well as to utilize a variety of functions and digital technologies to promote the revitalization of the regional economy and society through new collaborations with private enterprises and organizations. Additionally, the report outlined the role of post offices in realizing “Community Hubs” and the approach to the cost burden of stakeholders, and called for the MIC and the Japan Post Group to conduct studies toward the realization of “Community Hubs.”

B Utilization promotion as an administrative service window

Post offices handle various local government office tasks, such as issuing copies of resident registers and other public certificates. As mentioned earlier, the im-

portance of post offices as remaining public infrastructure in regions has increased as local government branch offices providing administrative services have

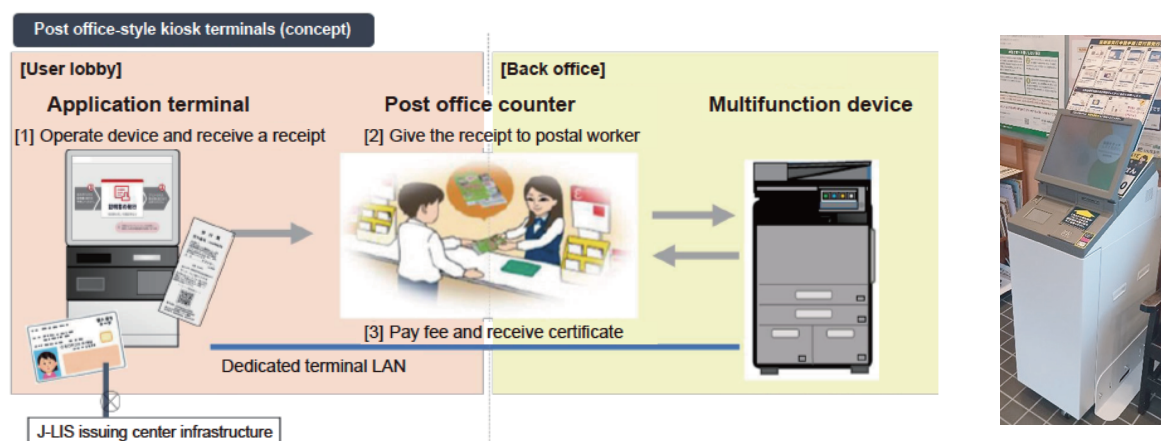
been abolished. In June 2023, Act on Handling of Certain Services of Local Governments at Postal Offices (Act No. 120 of 2001) was amended, expanding the specific affairs that post offices can undertake from local public entities to include new tasks such as accepting applications for the issuance of My Number cards.

The MIC conducted a demonstration of the development of “Post Office-type My Number Card Usage Terminals” (post office kiosk terminals), which can digitally issue certificates, as part of the FY2021 supplementary budget (Figure 2-2-9-2). As a result of the “Subsidy for the Installation of Certificate Issuance Service Terminals” in FY2022 second supplementary budget, support

was provided for the introduction of certificate issuance service terminals, including the post office kiosk terminals, mainly in municipalities without convenience stores, resulting in their introduction in 20 local governments and 36 post offices (post office kiosk terminals were introduced in 15 local governments and 28 post offices.).

Furthermore, to enhance resident services using My Number cards, local governments have been implementing special grant tax measures (at a rate of 0.7) from FY2023 to cover the expenses of introducing certificate issuance services at post offices and other locations.

Figure 2-2-9-2 Post office kiosk terminals



C Collaboration between post offices and the public infrastructure of local communities

The MIC has been conducting demonstrations under the “Post Office Activation Promotion Project (Post Office × Local Public Entities × ICT)” from FY2019 to FY2021 to promote the utilization of the strengths of post offices and to address various regional issues and improve user convenience. In January 2022, the “Post Office Monitoring Service using Smart Speakers,” developed through these demonstrations, was launched as a service for local governments by Japan Post. By May 1, 2024, this service had been entrusted by a total of 18 local governments.

Additionally, from FY2022, the MIC has been conducting demonstrations under the “Promotion Project for Collaboration between Post Offices and Public Regional Infrastructure” (Figure 2-2-9-3) to promote the resolution of regional issues by leveraging the power of digital technology through collaboration between post offices, which have bases throughout the country, and local public entities and other public infrastructure in the region. In FY2023, demonstration projects were conducted, including the utilization of data held or acquired by Japan

Post in the local community (Nagaoka City, Niigata Prefecture), the first implementation of online medical consultations at post offices nationwide in response to the revision of the system by the Ministry of Health, Labour and Welfare (Nanao City, Ishikawa Prefecture), the provision of information on disaster victims by post offices during disasters (Atami City, Shizuoka Prefecture), and the use of post office monitoring services for disaster prevention using digital technology (Yusuhara Town, Kochi Prefecture), to understand the issues and expansion of implementation (Figure 2-2-9-4)¹. In FY2024, based on the challenges and insights obtained from these demonstration projects, it is planned to further disseminate and expand the results nationwide and conduct demonstration projects such as smart water meter reading using postal delivery vehicles and the provision of necessary services in the region by utilizing post offices as “Community Hubs,” continuing to create model cases for solving regional issues through collaboration between post offices and the public infrastructure of local communities.

¹ Promotion Project for Collaboration between Post Offices and Public Regional Infrastructure: <https://www.soumu.go.jp/yusei/kasseika.html>

Figure 2-2-9-3 Promotion Project for Collaboration between Post Offices and Public Regional Infrastructure

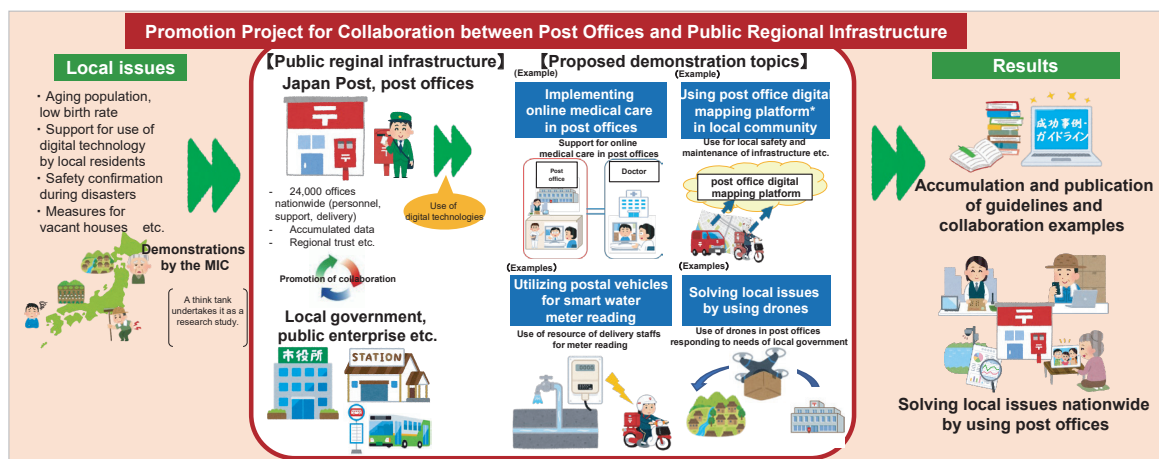


Figure 2-2-9-4 Regional demonstration

Implementing online medical care in post office
(Nanao City, Ishikawa Prefecture)



Using postal office monitoring service for disaster prevention
by use of digital technologies
(Yusuhara Town, Kochi Prefecture)



(3) Utilization of data acquired and held by post offices

The MIC is promoting the effective use of data acquired and held by post offices while ensuring the appropriate handling of the secrecy of correspondence, the secrets of others known through postal items, and personal information. Since December 2022, the ministry has been holding the “Post Office Data Utilization Advisory Board” to obtain advice from experts and others for the implementation of initiatives by Japan Post and the MIC. As a specific initiative for the utilization of post office data, in January 2024, during the Noto Peninsula Earthquake in the same year, the MIC closely collaborated with Ishikawa Prefecture, Japan Post, and relevant ministries and agencies. As a result, Japan Post improved the accuracy of the list of persons whose safety was unknown by comparing it with resident data held

by Japan Post and sent notifications to those who had moved out of the disaster area based on the information from change of address notifications to ensure that administrative information reached the affected individuals. Additionally, since June 2023, when a bar association inquired with Japan Post about the new address information of the opposing party in cases where it was difficult to ascertain the new address of the opposing party without changing the resident register (limited to cases where the bar association did not find any connection to domestic violence, stalking, or child abuse), Japan Post provided the new address information of the opposing party to the bar association. The Ministry will continue to work on the utilization of post office data, taking into account the needs of public institutions and others.

(4) Response to new initiatives by Japan Post Insurance and Japan Post Bank

In May 2023, the MIC and the Financial Services Agency granted approval to Japan Post Insurance for the “Ownership of an Investment Subsidiary” based on the Postal Services Privatization Act. Additionally, in Octo-

ber 2023, Japan Post Insurance submitted a notification² based on the Postal Services Privatization Act regarding the “Underwriting of Ordinary Whole Life Insurance with a Single Premium Payment Option.” This ordinary

² In June 2021, following the sale of more than half of its shares in Japan Post, Kanpo Life transitioned from a licensing system for new business to a notification system.

whole life insurance has been available at Japan Post Insurance and post offices nationwide since January 2024.

Japan Post Bank is promoting a new corporate business (Σ Business) that supports the growth of local businesses with growth aspirations by providing capital funds, thereby contributing to the revitalization of the regional economy from a medium- to long-term perspective. In February 2024, the MIC and the Financial Ser-

vice Agency received an application from Japan Post Bank for approval based on the Postal Services Privatization Act to own a subsidiary engaged in investment management operations and a specialized investment company under its umbrella, with the aim of advancing private equity investment management and operations in this business. Approval was granted in May 2024.

(5) Review of operations at the Organization for Postal Savings, Postal Life Insurance and Post Office Network for the refund of fixed-term postal savings deposited before postal privatization

The Postal Management and Support Organization, Postal Life Insurance and Post Office Network, which inherited fixed-term postal savings deposited before postal privatization, has been implementing operations to respond to refund claims for savings that have been treated as rights extinguished³ under certain criteria. If it is determined that there were truly unavoidable circumstances for not making a refund claim after notification, the organization has been responding to such claims.

Given that this operation has been in place for over ten years, the MIC requested the organization in Sep-

tember 2023 to review its operations to make the process less burdensome for claimants, including ensuring that the confirmation of circumstances is conducted in a manner that is more considerate of depositors⁴.

Subsequently, the organization announced a review of its operational criteria on December 20, 2023, and began implementing the new criteria in January 2024. Under the new criteria, the method of confirming truly unavoidable circumstances has been revised, and responses are now based on the content of the claim form rather than requiring the submission of certificates as a general rule (Figure 2-2-9-5).

Figure 2-2-9-5 Points of review of operations at the Postal Management and Support Organization

	Before review	After review
Subject to repay	<p>Five instances where it is deemed that there were truly unavoidable circumstances (※)</p> <p>※ Even after receiving a demand, cases where it is impossible to request a refund due to circumstances such as disasters, accidents, or illnesses.</p>	<p>Broadly categorized into three items (subject to any of the following being judged as truly unavoidable circumstances)</p> <ol style="list-style-type: none"> ① Not recognizing the existence of the saving. ② Not recognizing the existence or content of the demand notice. ③ Not making a claim for refund. <p>Additionally, newly exemplify in the standards cases such as "having to care for or nurse a relative."</p>
How to check situation	<p>Certificate is necessary for fact-checking</p>	<p>Check based on contents in statement</p> <p>Additionally checking situation even if the content is only "I did not know the rule".</p>

³ According to the provisions of the former Postal Savings Act (Act No. 144 of 1947), which is deemed to be in effect, if 20 years have passed since the maturity date and no claim for repayment is made within two months after a reminder is issued, the depositor's rights are considered to be extinguished.

⁴ Request for review of the handling of refunds for fixed-term postal savings deposited before the privatization of postal services: https://www.soumu.go.jp/menu_news/s-news/01ryutsu16_02000066.html

3. Promotion of postal administration in the international field

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

The Universal Postal Union (UPU), a specialized agency of the United Nations, was established in 1874 with the aim of developing the global postal network and services, thereby contributing to international cooperation in cultural, social, and economic fields by improving the convenience of international mail. The UPU will celebrate its 150th anniversary in 2024. In recent years, despite the challenging situation where the total volume of international mail has not recovered post the COVID-19 pandemic, the UPU is increasingly expected to play a significant role in the development of international logistics by formulating appropriate international postal frameworks in response to the expansion of cross-border e-commerce.

In this context, since January 2022, Mr. METOKI Masahiko from Japan has been serving as the Director-General of the UPU (term: one term of four years, with a maximum of two terms), and it is expected that he will lead various initiatives within the UPU.

The MIC is actively supporting Director-General Metoki's leadership and aims to further contribute to the UPU. Based on the Memorandum of Cooperation with the UPU, MIC supports the implementation of cooperation projects among UPU member countries, such as efforts to build a disaster-resilient postal network, initiatives for the economic and social utilization of the postal network, and climate change measures through the construction of an environmentally friendly postal network. In June 2023, the Memorandum of Cooperation was updated to expand the implementation projects, including strengthening collaboration with external organizations.

Additionally, as part of the cooperation projects, in October 2023, Japan provided support to the postal sector in Morocco affected by an earthquake through contribu-

tions to the UPU's Emergency Solidarity Fund (ESF⁵). Through such support, Japan aims to contribute to the further development of the global postal network and services and actively participate in the formulation of fair and open rules for international mail within the UPU.

In October 2023, the 4th Extraordinary Congress was held in Riyadh, Saudi Arabia. Under the leadership of Director-General Metoki, discussions were held on expanding the involvement and collaboration of more diverse postal stakeholders (including private operators) in the postal sector, and the increase in the annual budget ceiling was realized. Japan actively participated in these deliberations, contributed to consensus-building, and, as the chair of the First Committee, summarized the committee's discussions and reported the results to the plenary session of the Congress, significantly contributing to the operation of the Congress.

Furthermore, the UPU has established a close relationship with the World Customs Organization (WCO). In June 2023, the WCO-UPU Global Conference, co-hosted by the UPU and WCO, was held in Tokyo. In light of the expansion of cross-border e-commerce, discussions were held among postal operators and customs authorities from various countries on how to enhance cooperation between postal services and customs to ensure the proper and smooth flow of international mail, including the use of Electronic Advanced Data (EAD) and other digital technologies for advanced border inspections. The MIC announced that projects to promote cooperation between postal services and customs in various countries would be implemented through voluntary contributions to the UPU and contributed to the formulation of the "Joint Declaration (Tokyo Declaration)," which is the outcome of the discussions.

(2) Support for overseas deployment of Japanese postal infrastructure

The MIC is promoting the overseas deployment of the Japanese postal infrastructure system as part of the government's "Infrastructure System Overseas Promotion Strategy 2025"⁶ (June 2022 Supplement) and the "Ministry of Internal Affairs and Communications Overseas Promotion Action Plan 2025"⁷ (July 2022). This initiative aims to provide emerging and developing countries with Japan's excellent postal-related technologies, systems, and operational know-how to support the improvement of postal service quality and the optimization of postal operations in the recipient countries. While the focus has primarily been on Asia, in recent years, efforts have been made to expand into new regions such as Europe and the Caucasus. By acquiring peripheral businesses such as equipment used in sorting centers, understanding the needs and challenges related to the overall postal

business in the recipient countries, and exploring new business opportunities in areas such as e-commerce, digital transformation, and greening, the initiative encourages the entry of Japanese companies with relevant technologies and expertise.

In FY2023, pilot projects were conducted to promote DX in Vietnam Post, to introduce electric vehicles for collection and delivery in Indonesia Post for the purpose of decarbonization, and to optimize operations at a new sorting center in Azerbaijan Post. The MIC will continue to deepen cooperation projects with various countries and, through active participation in international postal conferences and basic research on the postal situation in various countries, will build relationships with postal operators in other countries and promote the overseas deployment of the Japanese postal infrastructure system.

⁵ The fund was established by the Universal Postal Union (UPU) to provide emergency assistance to member countries affected by disasters or other crises.

⁶ Infrastructure System Overseas Promotion Strategy 2025 (June 2022 Supplement): <https://www.kantei.go.jp/jp/singi/keikyoku/dai54/infra.pdf>

⁷ Ministry of Internal Affairs and Communications Overseas Promotion Action Plan 2025 (July 2022): https://www.soumu.go.jp/main_content/000842643.pdf

(3) Global Postal Strategy Task Force

In recent years, governments and postal operators of major countries have been addressing common challenges such as the stable provision of universal postal services. Additionally, they are also required to respond to new challenges such as digital transformation, sustainability, economic security, and other emerging issues. Furthermore, various business entities are strategically and proactively utilizing platforms such as the Universal Postal Union (UPU) to explore new business opportunities in the postal, logistics, and financial sectors in the post-pandemic era.

In this context, Japan is also working to promote service provision that benefits users and to strengthen col-

laboration among domestic and international stakeholders for the strategic overseas expansion of Japan's strong postal infrastructure. To this end, the "Global Postal Strategy Task Force" has been convened since December 2023, with plans to compile immediate strategies and specific policies by this summer, addressing both international initiatives such as the overseas expansion of Japan's postal infrastructure and international cooperation through the UPU, as well as domestic initiatives including maintaining universal postal services, promoting digital transformation, and enhancing regional contributions within Japan Post's postal business.

4. Trends in correspondence delivery

Under the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002), private operators are also allowed to engage in the letter delivery business. As of the end of FY2023, 596 operators have entered the specified letter delivery business, which provides services that do not interfere with the provision of universal postal services. These services include a circulating collection and delivery service that meets customer needs by circulating a fixed route and sequentially collecting and delivering letters at each

point, an express delivery service for relatively short distances or within limited areas, and a telegram-like service that delivers messages such as congratulations or condolences along with decorated paper.

The MIC is promoting understanding of the purpose and system of the letter delivery business and is raising awareness about the definition of letters and the letter delivery system to ensure that letters are sent appropriately.