

The Regional Cooperation and Development Policy
In Japan and China Postal Industry

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DECLARATION

I hereby declare that the report *The Regional Cooperation and Development Policy in Japan and China Postal Industry: Exploring Adaptation Measures* is the result of my original research effort and is conducted under the guidance of my academic supervisor. I have tried to cite all quoted theories and contents with proper referencing procedure.

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ABSTRACT:

Postal industry (including express services) plays an important role in present international and domestic trade. There are many cooperation experiences within international trade and state-owned postal groups. After postal reform, the private sectors occupy most of the domestic postal market share both in Japan and China. There are huge demands for private postal (express) enterprises to advance cooperation with each other and development support from governments. Japan and China already get start in postal cooperation but only within universal postal service and still have to promote substantial improvement. These two big Asian countries need to find a suitable cooperation mode, to implement and improve postal cooperation and give the lessons to other Asia-pacific countries. This paper tries to study the historical relationship between Japan and China Posts, use the SWOT analysis method to analyze the postal industry development policy, and find out the direction and mode of the postal international cooperation, which is good to push Japan and China postal reform and optimize postal regional cooperation continuously. There is a solid foundation and a bright future for two countries' postal cooperation. The relevant governments, associations and operators need to give efforts to create a good environment for postal cooperation and development, to establish good cooperation mechanism, and to push practical and substantial bilateral postal express business cooperation and development. It's also very important to establish sharing systems in all areas such as standards, technology, and resources, in order to effectively promote the long-term postal cooperation and common development between two countries.

KEYWORDS:

Postal, Cooperation, Policy, Japan, China

1. INTRODUCTION

1.1. Objectives

As we know Japan and China have had closer relationship in many aspects for long history, especially trade and economic cooperation during recent years, and both of them also have started an elementary cooperation in postal industry. How about the future of Japan and China postal cooperation and development under the present unstable political relation and sensitive competition in economic relations between Japan and China? Is it necessary to make effort to improve the postal cooperation policy between two countries? The purpose of this paper is to investigate postal reform and development in Japan and China, analyze their advantages and shortcomings for postal cooperation development, and provide possible guidance for future strategies and policies of postal cooperation and development between these two countries. The research provides a comparative analysis by utilizing the Strength, Weakness, Opportunity, and Threat (SWOT) matrix as an analysis framework by literature review. The paper will also collect data about postal policy making and environmental trends within Japan and China, and try to find out what's the direction and mode of the postal international cooperation, which is beneficial to push Japan and China postal reform and optimize postal regional cooperation continually. Since systematic research about the postal public administration, especially the postal regional cooperation policy in a globalized and market-oriented context between Japan and China, is still missing, to set up postal cooperation policies by studying and learning from the advanced experiences has practical significance to nurture mutual relationship and promote coexistence and sustainable postal development within the two countries.

1.2. Background

Traditional postal services have been playing an important role in domestic and international trade during the past centuries and the postal international organizations have greatly promoted the improvement of state-owned postal enterprises by supporting the international postal cooperation. The post office has more than 600,000 postal networks (UPU, 2014b). The UPU is not only the world's largest physical delivery network but also a vital infrastructure. In 2013, the global postal deliveries were approximately 350 billion, parcels were over 6 billion, and millions of financial transactions were processed (UPU, 2014b). Postal services continue to play a key role in the information and commodity exchanges. The postal international organizations, such as the Universal Postal Union (UPU) and the Asia Pacific Postal Union (APPU), as inter-government international organizations, have played a large role in promoting rapid development of world postal services. There are many cooperation experiences within state-owned postal groups.

During the past two decades, Asian countries have promoted postal reform and made progress within the postal (express) industry, accompanying with the global e-commerce growth, and thus the postal regional cooperation within Asia region becomes much more necessary. Especially there are huge demands for the postal cooperation from the postal (express) private sectors. Private express enterprises got great improvement after postal reform and occupied most of the postal industry. In Japan, the private companies, especially Yamato and Sagawa, which win the first and second place in Japanese internal postal and express industry, have occupied nearly 90% of Japan parcel market share during these 10 years (see Figure 1.1).

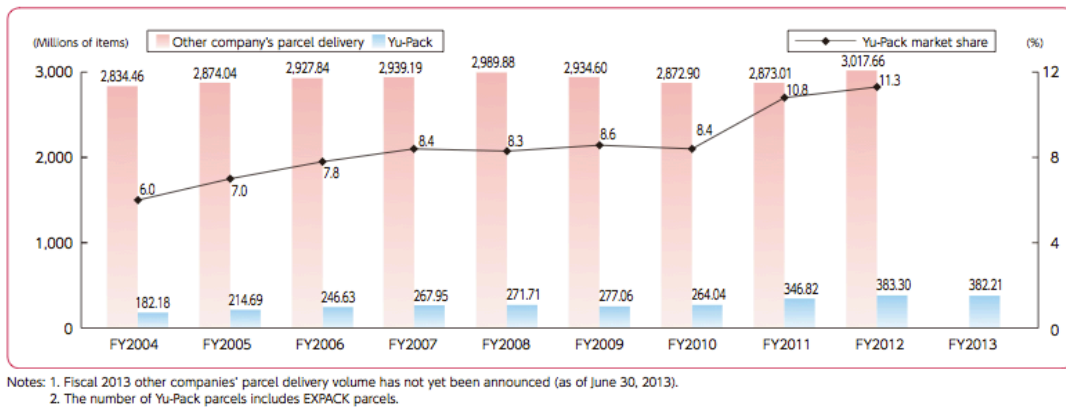


Figure 1.1: Japan Parcel Market Data (2004–2013)

(Source: Japan Post Annual Report 2013)

And it's quite similar in China, the express business increased greatly during the years after China postal reform (see Figure 1.2) and the private express sectors occupy most part of it after the express market opening. Till 2013, the total number of express enterprises was 10143, which got the postal service express business license by the State Post Bureau or the provincial postal administration (China Post State Bureau, 2014a). The total revenue of Shun Feng (S.F.) private express enterprise occupied more than one fifth of China's total express revenue and won the first place in China express market.

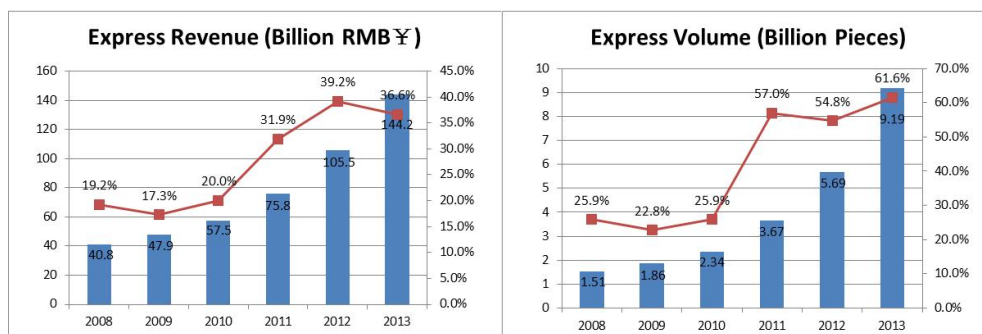


Figure 1.2: China Express Service Development (2008-2013)

(Source: China Statistics of the postal industry in 2013)

On the other hand, private express enterprises need to cooperate with other enterprises in other industries or in other countries to enlarge their market.

There is a bright future for Japan and China Postal affairs while there are still many problems for the Japan and China Post to implement an effective regional postal cooperation policy. The postal market became open steadily, and thus the traditional postal service level has improved and the express delivery services have rapidly developed. China's express delivery business amounted to 9.2 billion pieces in 2013, with an increase of 60% from the previous year (China Post State Bureau, 2014b). The total size of China's express industry ranks the second in the world, and 5 domestic courier enterprises are in the world's top 500. In addition, with the development of the Internet and e-commerce markets in recent years, the postal industry will also meet a new round of development in the following 10 years. While the commercialization process of State-owned Post is still very slow and the modern management system has not been established. The present postal cooperation systems are supporting the universal postal business, under inter-governmental cooperation. The private express enterprises, with high transportation fee and increasingly high labor costs, should not only concern about the domestic express business but also the international express market. But it's very difficult for them to find cooperators aboard and also difficult for them to enter the oversea express market, so they also need to enhance management, optimize uneven development, and improve cooperation relationship to find new markets oversea.

Along with globalization, regional cooperation has become an important choice as an efficient public policy. In recent years, the world economic center has shifted to the Asia-Pacific region. It is necessary to study the development trend of economic

globalization and the advanced experiences of Asia-Pacific cooperation, so as to provide references for China Post public policy cooperating with other Asia-Pacific countries such as Japan. Till now the international postal regional cooperation support was mainly between state-owned postal enterprises, like Japan Post Company and China Post Group. However, not only the postal cooperation within universal postal business has many problems to get improvement, but for the private sectors in both country, it's very difficult for the private postal enterprises to explore an oversea postal market by themselves and also hard to find a partner to develop their international postal business. Regional and international postal unions try to find solutions to help both state-owned and private postal enterprises to solve their problems but still could not find right solutions. There is a great demand for international cooperation organizations to promote the international postal cooperation and rapid development not only for government controlled but all of the worldwide private postal service suppliers. So it's necessary to study and improve the Asia-Pacific Economic Cooperation and public policy in postal industry development, especially between China and Japan, which are the first and second economic entities in Asia.

1.3. Japan's Post Policy

Japan has become one of the world's major economic powers as a consequence of process of modernization and industrialization that has taken place mainly in the twentieth century. However the simultaneous aging of the population and decline of the birth rate are bringing an unprecedented period of population decline. Continued internationalization is deepening links between Japanese society and foreigners who come here to conduct business, experience tourism and for other purposes here in

Japan (MLIT, 2005). Under this kind of environment, Japan government pushed Japan Post to be reformed.

In 2002, the Japan Post Law and the Postal Law gave the Ministry of Internal Affairs and Communications (MIC) broad authority to direct the provision of postal services. The MIC closely supervised postal operations, approving Japan Post's Postal Regulations and Operations Manual, approving changes in postage rates and determining matters such as maximum size of postal parcels, standards for ordinary mail, or methods of mail collection and delivery. The MIC could exempt charities from postage, exempt areas from nationwide delivery standards and provide for 'matters necessary to carry out this law other than those provided for in this law'. The Japan Post Law transformed Japan Postal Services into Japan Post Public Corporation (Japan Post). It's a public corporation staffed by civil servants and specifically authorized to provide both the letter post and parcel post services regulated by the Postal Law. The same organization also provided postal banking services and postal life insurance services, activities that wound up holding a quarter of personal financial assets in Japan.

In 2005, the Japanese government pushed postal reform following a privatization package, which was composed of six laws that provided for actions to take place during and before a 10-year transition period starting on 1 October 2007 and made consequential amendments to existing law. The Postal Privatization Law establishes the basic structure, procedures, and goals of the process, and provides for incorporation of the new Japan Post Bank Corporation and Japan Post Insurance Corporation.

In 2006, Japan Post was granted an approval on April 17, from the Minister of Internal Affairs and Communications for capitalizing on a cargo operator, a joint venture with some enterprises including All Nippon Airways Co., Ltd and implemented the postal privatization in October 2007. Japan Post is the designated universal service provider since parcel post delivery has been excluded from universal service from October 2007, after Japan government decided to approve the new company for entering into the international logistic business. Universal postal service in Japan is defined as the collection of mail items from post boxes seven days a week and delivery of all letters up to 4 kilograms to all households and companies six days a week. These services must be provided to “all the population without discrimination and at rates as low as possible” (Consumer Postal Council, 2013).

In 2012, with the “Amendment of Japan Post Privatization Law” passed on April 28, Japan Post Group's organizational structure has changed and merged into a new Japan Post company since October.

1.4. China's Post Policy

China's development and reform of the post affairs have witnessed significant improvements in the past decade.

In 1998, the Post and telecommunications was separated and the State Post Bureau was set up, and it was subordinated to the former Ministry of Information Industry of the People's Republic of China. At that time the State Post Bureau functioned as both an administration and a utility enterprise.

In 2006, the Chinese government pushed forward post reform and separated the administration and business operation functions in the postal sector. In 2007, the State

Post Bureau was restructured and China Post Group was established to operate various postal services.

In 2008, the State Post Bureau was redirected to be under the administration of the Ministry of Transport of the People's Republic of China.

In 2009, The Postal Law of the People's Republic of China was amended. The revised postal law is to set up the universal postal service system at the legislative level for the first time and to protect the legitimate rights and interests of users. State-owned China Post has the obligation of providing universal service in China. China Post states that its universal services cover “letters, printed papers, parcels, and remittances” in addition to state correspondence, correspondence for the compulsory servicemen and other areas. The amended 2009 Postal Law of the People's Republic of China states that universal service shall include “delivery of correspondence, printed matters not heavier than 5 kilograms each and parcels not heavier than 10 kg each and the postal remittance” (CPGPRC, 2009). According to China's twelfth five-year plan for postal development, “China will have built a moderate and sustainable universal postal service system covering both urban and rural areas and benefiting the mass public” by 2015 (China Post State Bureau, 2011).

Express service is also an important part of the postal industry. The revised postal law expresses the legitimacy of the government supervision and the operation of express enterprises. The newly revised Post Law adds many new regulations for the healthy development of the courier service and express delivery services, and create a good legal environment.

In 2012, after all of the prefectural postal administrations have been set up and China has set up the three-level (national/provincial/prefectural) postal administration system according to the newly revised postal law and regulations in 2012 (UPU, 2015c).

Table 1.1: The Milestone of China Postal Developing History (1998—2012)

Year	Milestone
1998	<p>The Post and Telecommunications were separated.</p> <p>The China State Post Bureau was set up.</p>
2006	<p>The postal administration and business operation functions were separated.</p> <p>The State Post Bureau was restructured.</p> <p>China Post Group was established to operate various postal services.</p>
2008	<p>The State Post Bureau was redirected to be under the administration of the Ministry of Transport of the People’s Republic of China.</p>
2009	<p>The Postal Law of the People’s Republic of China (1986) was amended.</p> <p>The revised Post Law declared the legitimacy of the government supervision and the operation of express enterprises.</p>
2012	<p>The prefectural postal administrations were set up.</p> <p>The three-level (national/provincial/prefectural) postal administration system was put in place.</p>

2. DEFINITIONS AND LITERATURE REVIEW

2.1. Definitions

Nowadays, most people get confused about POST since they think that it is equal to State-owned postal services as mail or parcel delivery, while actually the content of POST has extended to a much larger range after postal reform in most of the counties. This section is to make it clear about some definitions within this paper, such as the relationship of post and express, the differences between inter-governmental cooperation and other kinds of cooperation, the postal cooperation and public policy.

Postal industry: For the United Nation's Central Product Classification (CPC) version2 (2013), postal and courier services is in the list of No. 68 belong to the same product category (UN, 2013b). The structure shows by the Figure 2.1 as follows:

Division 68	Postal and courier services	
681	Postal and courier services	
6811	Postal services	
68111	Postal services related to letters	5310
68112	Postal services related to parcels	5310
68113	Post office counter services	5310
68119	Other postal services	5310
6812	68120 Courier services	5320
6813	68130 Local delivery services	5320

Figure 2.1: The United Nation's CPC Division (2013)

The CPC notes have given the exact definition of all the related services. As appropriate, Members may clarify whether there is a relationship between activities scheduled under Postal and Courier Services, including Express Delivery, and those that may be listed under other categories, such as Transport Services. In World Trade Organization (WTO) 's services sector classification list published in 1991, both

Postal services (7511) and Courier services (7512) belong to the second sector communication services.

According to Chinese National Standard's definition, postal industry is a sector within transportation services, which applies the posting and delivery services and/or other related services to this category. According to the People's Republic of China newly revised "Post Law (2009)", the Post system not only includes traditional postal services such like mail, package, but also the express services/courier services.

When the Japanese Postal Law was revised in conjunction with the privatization of the postal services, parcel post and express post were removed from the category of "postal business", which was previously included by the Postal Law. Therefore, these two services are no longer the compulsory universal service, which was previously the responsibility of Japan Post (Japan Fair Trade Commission, 2006).

Universal Postal service : Universal postal service is also called as the traditional postal services, and is the monopoly area of postal business. The contents of universal postal services are much different in different countries according to different service capability. However, generally the universal postal services include the services related to letters, parcels and counter services, but different countries have different definitions.

Courier (express) services: are different from ordinary mail by speed, security, tracking, etc. Normally the courier/express services are faster and more expensive than standard mail services. According to UPU's definition, the courier/express services include collection, transport and delivery services, whether for domestic or foreign destinations, for letters, parcels and packages, as rendered by courier and

using one or more modes of transport, other than those rendered under a universal service obligation messenger services provided by bicycle couriers. This subclass does not include: collection, transport and delivery of letters, rendered under a universal service obligation (UN, 2013a). Courier services operate on all scales, from within specific towns or cities, to regional, national and global services. Large courier enterprises include DHL, FedEx, TNT, UPS and EMS International. They offer services worldwide, typically via a hub and spoke model.

Different countries have different conceptual definition of “Express Delivery Services”, such as United State: “Express delivery services are defined as the collection, transport, and delivery of documents, printed matter, parcels, and/or other goods on an expedited basis, while tracking and maintaining control of these items throughout the supply of the service. Express delivery services do not include maritime transport services or services to which the Annex on Air Transport Services applies”; or European Community: “Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit, and confirmation of receipt” (WTO, 2005).

Express Mail Service (EMS): is a global brand designating the postal product with the fastest delivery. Posts in around 200 countries and territories worldwide offer this premium end-to-end service for documents and merchandise. EMS takes priority over other postal service and is a service for domestic and international mail connected more than 190 countries and territories worldwide (UPU, 2015b). Since 1998, the international accelerated delivery services are governed by the EMS Cooperatives,

which belong to the Universal Postal Union. In most countries EMS governed by a country's own postal administration.

The total postal volume/revenue (China): is the total number or income of the universal postal services and other services (such as express services), which the postal enterprises provide for the society. The most part of total postal business in China is express service, which includes domestic within-city courier services volume, domestic cross-city express services volume, Hong Kong, Macao and Taiwan express services volume, international express services volume, and other express services volume.

The classification of domestic mail (Japan) includes letter post and parcel post. The letter post divides into four parts: first class (sealed letters), second class (post cards), third class (magazines, newspapers), four class (correspondence course, etc.), special handling mail (registered delivery, express). International mail is separated into four groups: EMS (Express Mail Service), Airmail, SAL (Surface Air Lifted/Economy air), and Sea mail.

Postal cooperation: The international and regional cooperation within postal industry mainly have two kinds of forms, one is intergovernmental cooperation that the postal cooperation is between state-owned post enterprises, and the other is non-governmental cooperation that the cooperation is between the state-owned postal enterprises and private courier (express) cooperative or within the cooperatives. Different cooperation has different operating system.

The Universal Postal Union (UPU): is the international postal organization of 192 postal administrations to deal with the international postal affairs. Its purpose is to promote, organize and improve international postal services, and provide technical

assistance to members, provide the multilateral cooperation and exchange platform for the national postal. It was established as “General Postal Union” in October 9, 1874 and the name was changed to UPU in 1878. Since July 1, 1978, UPU works as a specialized agency of the United Nations that coordinates postal policies among member nations (UPU, 2014a).

The Asia-Pacific Postal Union (APPU): is an inter-governmental organization of 32 postal administrations of the Asia-Pacific region. It is affiliated to the Universal Postal Union. Its purpose is to extend, facilitate, and improve postal relations between member countries and to promote cooperation in the field of postal services. The APPU was able to hold the conferences on the organization and implementation of the provisions of the APPU Convention. The idea of a regional union in this part of the world came up first in the late 1950s. In order to give a concrete shape to the idea, after informal discussions, the Philippines government sent through diplomatic channels invitations to 18 countries for a roundtable in Manila on 10 - 23 January 1961 (APPU, 2014). On September 6, 2013, Mr. Lin Hongliang from China Post was elected as Secretary-General of APPU, and it is the first time for Chinese to enter the APPU headquarters.

KAHALA Organization: It was set up in 2002. The organization includes postal departments from 5 countries like China, Japan, South Korea, Australia, and America, and one region as Hong Kong. The CEO summit was held in Hawaii Dongfang Hotel USA Kahala. They signed the meeting memo, which formed the “Kahala” post cooperation organization. It’s an international postal business cooperation project between post groups. “Kahala” holds annual meeting to strengthen postal international cooperation. On August 8th 2009, “Kahala” had a CEO meeting in

Kyoto, Japan, and started the service in Europe. Now it has total 10 members, including Britain, France, Singapore, and Spain. Its purpose is to improve service through increasing the quality and to introduce a common product - commitment service to launch an international courier services in these areas.

2.2. Literature review

There are many papers presenting the preliminary results of public administration and international cooperation aspects in globalization. They show that western countries have entered the government reform era characterized by breaking the traditional monopoly supply along with globalization, information technology and market-orientation. “Definitions of Globalization: A Comprehensive Overview and a Proposed Definition” studies the different definitions about globalization (Rodhan, 2006). “International cooperation as a stepping-stone to a world government” argues that international cooperation and global governance in their present form constitute a stepping-stone to a world government (Lengfelder, 2014). It tells that since the end of the Cold War, numerous cooperative agreements between nations have demonstrated that international cooperation is possible. Global governance is understood here as the institutionalization of international cooperation, which in the ideal case implies regulations aiming to solve global problems through agreement enforcement and accountability of the actors involved.

Since the Asia Pacific region has already become a new center of world economics, there are many articles doing research about Asia Pacific integration, especially East Asia cooperation studies. “Open Regionalism and the Asia Pacific: Implications for the Rise of an East Asian Economic Community” tells about the history of APEC and regional development in Asia Pacific (Sutton, 2007). “New direction in Asia Pacific

economic integration” tells the roadmap of Asia Pacific economic integration (Tang & Petri, 2014). Rethinking the East Asian Community: The path from the functional to the institutional path” studies the Japan and China cooperation situation from the normalization of diplomatic ties 40 years ago and the current deterioration of Sino-Japanese relations, which hindered business activities between enterprises, non-governmental exchanges and cooperation in various fields. Towards the end, the author gives some suggestion to overcome the crisis and establish peace in the regional security mechanism, it should be under the current crisis through institutional path (institutional approach) to overcome functional limitations path (Ishita, 2014). There are also many articles about the relationship between Japan and China. Most of them concern about the political and economic relation during the past years. “China and Japan: Economic Partnership to Political Ends” has a historic study of the Sino-Japan relation (Burns, 2000). “Japan-China Relations in East Asia: Rivals or Partners” discusses the two countries’ relation which stands at a turning point, and explores how the Chinese government considers its Japan policy in the context of its regional policy in East Asia (IIDA Masafumi, 2008). But there is no paper talking about the postal relationship between two countries.

There are a number of articles, which studied the postal cooperation within European areas but not articles talking about regional postal cooperation in Asia Pacific area, to the best of the author’s knowledge. There are many related documents about postal cooperation history in UPU (Universal Postal Union) and APPU (Asia Pacific Postal Union) websites. “Action and innovation paving the way to Doha and beyond” tells about the international postal cooperation by Doha strategy (UPU, 2010). Many researches conducted studies on postal international cooperation, such as “Realizing Europe’s potential: e-commerce and the postal operators”, which talks about the

postal cooperation along with the development of e-commerce in Europe (IPC & Post Europ, 2015). International Post Cooperation (IPC) and Authority for Consumers and Markets (ACM) have many studies about the postal services cooperation within EU Member States, but most of them concern about the postal services cooperation for state-owned postal companies. “Development Status and Trends of Global Post” is a latest research to study the postal international development and cooperation strategy, but concerns only about state-owned postal companies (SJZPCTC, 2013). About postal development tendency, there are also many other analysis in the context of economic development tendency in Asia-Pacific region in various websites, and are also many earlier research papers about the postal business, including development strategy of postal letter, courier, and financial business provided by the State-owned Posts, especially related with e-commerce, from Asia-Pacific postal website and UPU report etc. “Main Developments in the Postal Sector (2010-2013)” is in a series of ‘Main Developments’ studies, which summaries developments in the sector pertaining to implementation of the regulatory framework, quality of postal service, economic and social issues, employment, and technological changes (Dieke, 2013). “E-commerce and delivery” analyses the postal development along with the e-commerce (Okholm & Thelle, 2013). “UPU annual report 2013” also tells the latest tendency of global postal development (UPU, 2014b).

Many researches have studied the postal reform in different countries and try to get some enlightenment to China Post, such as “Handbook of worldwide postal reform”, which edited postal reform situations within different countries (Crew & Kleindorfer, 2008), but most of them only concerned about state-owned post enterprise. Many other data relate to the strength, weakness, opportunity, and threat of China post development on websites. “The international business development and

international cooperation strategy of China Post” is the latest research about cooperation strategy for China Post Group (state-owned). It tells the overall status of China Post international business. It selected 10 representative national postal services and made research on the control and organizational structure, strategy, network organization, business, product and service innovation, and international business analysis of such national services as Deutsche Post and Japan Post. In the end it proposed objectives and strategies of the overall international business development and each business segment (Postal Planning Research Academy, 2013). There are also a few articles, which studied Japan Post reform and development. “Japan Post Case Study” has an overall perspective with the reform, services, operation and development of Japan Post Group (state-owned) (Chen & PPRA, 2013). As the previous researches have not studied the state-owned postal company and the private postal (courier) companies as a whole postal industry, so this paper is the first time to study the Japan and China Post Group together with other private companies, and try to learn from the advanced postal international cooperation experiences and use them to solve the problems within private postal market.

3. METHODOLOGY

The paper mainly uses the method of literature review, documentary review and historical narratives to understand Japan and China postal reform and development and tries to learn some good experiences in postal cooperation policy.

According to the historical analysis, the paper is using the SWOT to find out the present situations and to give some suggestions for policy-making. This SWOT framework is applied to detect internal and external factors that affect postal development in Japan and China. Internal assessment is conducted to illustrate strengths and weakness of an organization or a strategic plan. The external assessment is applied to discover opportunities and threats. Strengths stand for any available resources that can be used to advance the performance. Weaknesses are flaws, which may decrease competitive advantages, efficiency, or financial resources. Opportunities are external changes that could contribute to an additional development and threats are outside factors that may cause problems. In the postal management field, SWOT has been used to analyze postal services marketing strategy. However, this paper attempts to expand its application by employing the SWOT analysis to find out the postal cooperation policies and development in Japan and China, to find the strengths of postal cooperation, postal reform, postal development and postal cooperation history; to find the weakness of postal cooperation by studying postal development limitation, postal policies shortcomings; to find out the opportunities of improving postal cooperation from international economic trends, economic cooperation environment, and postal and E-commerce development; to find out the threats of postal cooperation including two countries' political situation, policies requirements and different postal development strategies.

4. SWOT ANALYSIS

This section is to use the SWOT to analyze the present situations of Japan-China postal cooperation and development.

4.1. Strengths

4.1.1. Great progress after postal reform

For both Japan and China post, they achieved great progress in postal business development after postal reform, and that's a good base for bilateral postal cooperation.

A reform on the Chinese postal system, worked out by the State Development and Reform Commission, the Ministry of Finance, the Ministry of Information Industry, and the State Postal Bureau, was set to start in the second half of 2005. The reform focused on separating the administrative functions from enterprise, strengthening governmental supervision, guaranteeing general services and special services and ensuring postal security. In the end China established the State Post Administration as the supervision organ and the China Postal Group Corp. to run all kinds of postal services including some core businesses such as mails, EMS, and logistics.

China's development and reform of the post affairs have witnessed significant improvements in the past decade (see Figure 4.1). Since the reform of China postal system, the total postal service volume increased from 90.8 billion Yuan (RMB) in 2008 to 369.6 billion Yuan (RMB) in 2014, by twice within 7 years and with an average annual growth of 26.4%. The annual growth rate climbed from 19.7% in

2008 to 35.6% in 2014. The total postal service revenue increased from 96 billion Yuan (RMB) in 2008 to 320.3 billion Yuan (RMB) in 2014, more than twice within 7 years and with an average annual growth of 22.2%. The annual growth rate climbed from 14% in 2008 to 28.6% in 2013, down slightly to 25.7% in 2014.

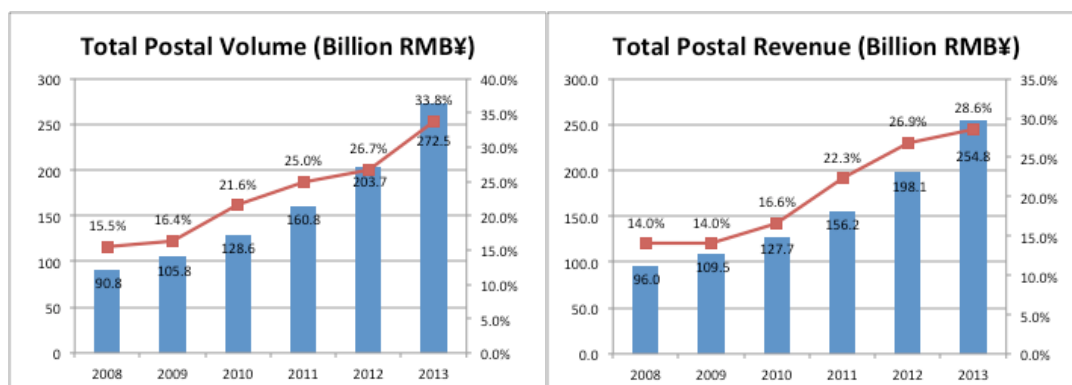


Figure 4.1: China Postal Industry Development (2008-2013)

(Source: China Statistics of the postal industry in 2013)

The twelfth five-year plan for postal development (2011–2015) outlines three major development objectives for the postal sector: to accelerate development: expand the scale of the sector, double business revenue and increase its contribution to the national economy; to improve the service level: optimize the postal and express delivery network layout, provide quality and efficient service, and satisfy the demands of socio-economic development and the general public; to enhance competitiveness: promote the transformation and upgrading of the sector, help businesses grow bigger and stronger, and cultivate the sector into a new growth point in the modern service industry” (UPU, 2015c).

At the same time, the reform and privatization of Japan Post - Japan’s largest bank, insurer and public employer, as well as its postal service - has been a central issue in Japanese politics for more than a decade. The restructuring and privatization of Japan

Post was a central element of the Prime Minister Koizumi’s reform agenda in the early 2000s. The Postal Privatization Law passed in late 2005. As called for under the law, Japan Post was split into four companies in October 2007 (Goodman & Parker, 2012).

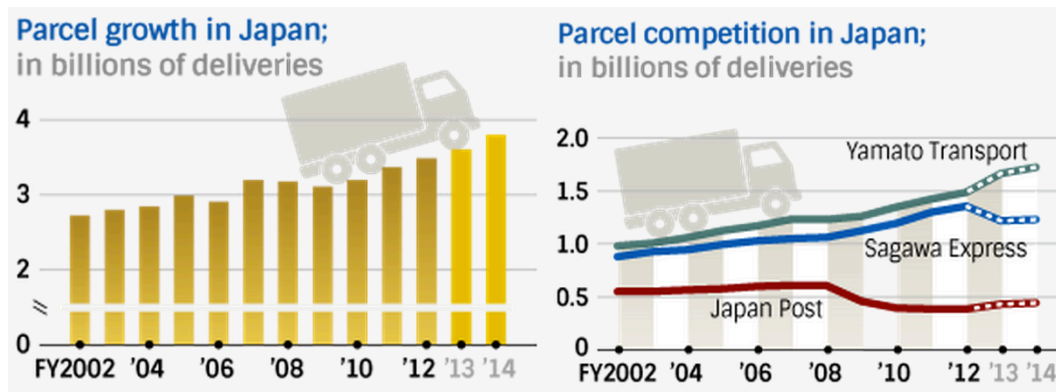


Figure 4.2: Parcel Competition and Growth in Japan (2004-2012)

Japan postal industry has made great improvement especially after Japan Post Group implemented the postal privatization in 2007 and the Amendment of Japan Post Privatization Law in 2012. Not only the Japan Post business but also the whole Japan postal industry expanded in accordance with the progress after postal privatization came into effect in October 2007 (see Figure 4.2). According to Yamato annual report, Yamato delivery service income was 8.67 billion Yen in 2004; Yamato delivery service income was totally 10.99 billion Yen in 2013, with annual growth rate of 27% during these ten years. According to Japan Post’s results for the FY 2013 (FY-end is March 2014), Japan Post has achieved a successful turnaround, by stabilizing failing mail volumes and introducing new products and services to support e-commerce growth. Over an 11-year period from 2003 to 2013, although Japan Post mail volumes fell by a year on year average of 2.9% from 24,889 million ordinary mail pieces in 2003 to 18,572 million ordinary mail pieces in 2013 (see Figure 4.3), its Yu-mail &

Yu-pack volumes increased from 678 million pieces in 2003 to 3752 million pieces in 2013, and sales of Yu-pack items increased annually by 12.1% and Yu-mail items by 7.2 % (Communication Logistic Specialist, 2015).

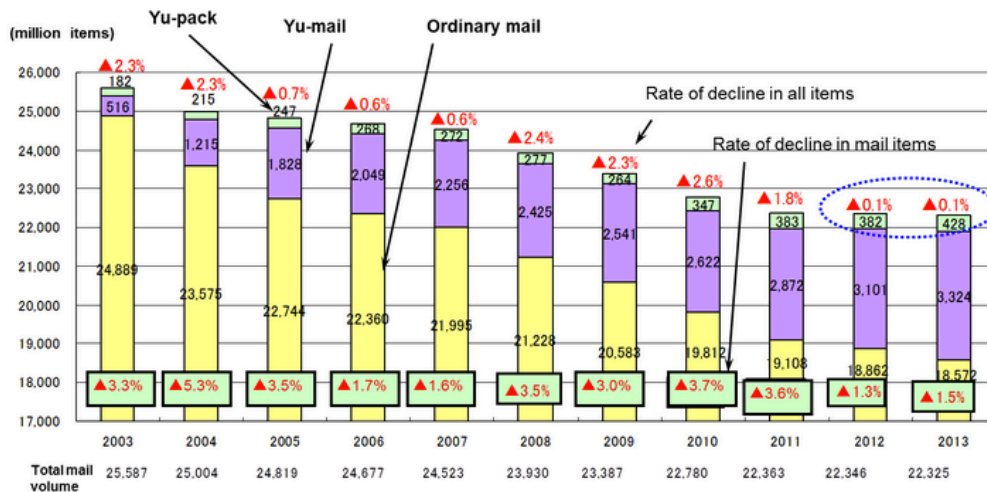


Figure 4.3: Total Japan Post mail volumes (2003-2013)

(Source: Japan Post presented at the 7th International Postal Symposium, May 2014)

4.1.2. Experiences of Japan's postal companies

In Japan, the couriers (express) have opened their free market more than 30 years ago. As the leader of Japanese domestic delivery industry, Yamato and Sagawa have already set business in Shanghai and gained experiences of exploring the overseas postal market.

For Yamato, the number one in Japan parcel delivery market, it supplies a non-stop logistic network, providing swift value-added services 24 hours a day, 365 days a year. It's a cloud-based network, which is unrestrained by shipping location, shipping format, and shipping volume. Yamato's network is the world's first integrated delivery network of international refrigerated packages, initiated by International

Cool TA-Q-BIN, and its seamless digital information enabling both senders and receivers to visualize logistics from shipment to arrival, and innovation satisfying the needs of both purchasers and suppliers (Yamato, 2014).

Especially for the brand strength stemming from the Yamato Group's TA-Q-BIN services, big customers' trusts in its quality are precious assets of the Group. They began expanding TA-Q-BIN business in Asia in 2000. In January 2010, they took advantage of the economic growth potential of Asia by launching their own businesses in the region, starting with Shanghai and Singapore. As of March 31, 2014, they had developed the TA-Q-BIN delivery business in Hong Kong and Malaysia. Demand for delivery services is steadily rising in these locations. Courier enterprises with a "last mile" delivery network in Asia are few and far between globally. Yamato is convinced that this unique delivery network is a strong advantage in capturing the market for borderless logistics, extending the reach they have with customers in the countries in which they already operate, and promoting a plan linking the regions and countries they serve with an integrated international transportation service. Moreover, their long-term DAN-TOTSU Management Plan 2019 was formulated in January 2011, based on this philosophy. Since then, they have developed their businesses along the theme of striving for "more globalization" while remaining "in close touch with the lives of local residents." In doing so, they have endeavored to become Asia's No. 1 solution provider in distribution and lifestyle support by fiscal 2020, when they will be celebrating 100th anniversary (Yamato, 2014).

4.1.3. Importance of China's postal industry

In China, the postal industry has become the connecting link between the industries, the regions, and urban-rural areas, therefore Chinese government has already

concerned about postal industry and try to make many useful policies to push postal development.

The postal market became open steadily and postal market vitality was stimulated, and thus the traditional postal service level has improved and the express delivery services have rapidly developed. The proportion of the total postal service revenue in GDP increased from 0.3% in 2008 to 0.5% in 2014 increased 0.05 percentage points compared with 2013. The postal industry in the national economy has improved and further forwards to the international advanced level. Postal business has played a positive role in promoting the consumption, serving the logistics and being convenient to people's livelihood. In 2014, the whole postal industry provides delivery services nearly 400 billion pieces and the average daily volume is 1.1 billion. In accordance with the national population of 13.6 billion, the annual per-capita delivery volume is about 30 pieces. Among them, the annual per-capita express usage is 10.3 pieces, 10 times of 2008; the annual per-capita express spending is 150.4 Yuan (RMB), 5 times of 2008 (Chinese Postal Express Newspaper, 2015).

In 2014, according to the annual statistics, the express business volume is 14 billion with a growth of 52% and ranks the first place in the world. The maximum volume of daily express processing capacity is more than 1 billion. The total express business revenue is 204 billion Yuan (RMB) with a growth of 42% compared to the same period of the previous year. It is worth noting that the express industry plays a more and more important role in the process of industry's joint venture. Throughout the year the express industry supports the domestic e-commerce trade, which exceeded 2 trillion Yuan (RMB), accounting for portion of more than 7% in the total income of consumer goods retail sales (Logistics Times, 2015). In addition, as the Internet and

e-commerce have been developed during recent years, the postal industry will also meet a new round of development in the following 10 years.

4.1.4. Improved postal cooperation

Along with the China postal reform and development, the Chinese international postal cooperation has been improved over the years.

China's postal international cooperation mainly has two kinds of form: One is inter-governmental cooperation that the postal cooperation is between state-owned post enterprises, which is the major form of the China postal international cooperation at present. The other is non-governmental cooperation that the cooperation is between the state-owned postal enterprises and private courier (express) cooperatives or within the private cooperatives, which will become a more and more important form of postal cooperation in the future.

For the intergovernmental postal cooperation, the state-owned China Post Group already has many good experiences. Its cooperation includes global, regional or multilateral cooperation, and bilateral cooperation. For the global cooperation, China has achieved international mail exchanges in the global scope with 192 countries and regions worldwide through UPU. At the same time, China Post Group is also a member of the international EMS cooperative, which was founded in 1998 and has 173 members, accounting for 85% of global EMS operators. For the regional cooperation, China Post is also a member of the APPU. China Post has also launched the international EMS commitment service and economic products (enhanced air parcel). At the same time, it's still developing some new services, which the members in Kahala organization could apply and use. For the bilateral cooperation, China Post

has major cooperation with the US, the UK, Canada, Australia, New Zealand, Hong Kong and Russia.

Along with the development of international postal business, Japan and China Post got an agreement about bilateral international courier and logistics business in 2007. The international courier business between China and Japan expanded to Beijing and Guangzhou in addition to Shanghai. In 2010 Japan and China Post once again signed a cooperation agreement of online postal business, while the agreement failed to commence specific consultations because of the cooling China-Japan political relation and other problems. On March 26, 2014, Japan Post Company has reached to an agreement with China Post Group to strengthen cooperation in the field of online purchases postal delivery. On September 2, 2014, the sixth Japan-China postal policy dialogue was held in Shanghai. Annual Japan-China postal policy dialogue is an important mechanism of regular communication on postal reform and development between Japan and China postal administrations.

For the non-governmental postal cooperation, not only the China Post Group but also the private express enterprises have developed the business cooperation to explore their overseas postal market. At present, the China Post Express Logistic Company, which belongs to China Post Group, has developed medium speed express services and other products together with TNT (Europe), Sagawa (Japan), Aramex (Middle-east Asia), to support express delivery of the international business mails within Europe, Japan, the Middle East Asia etc.

4.2. Weaknesses

4.2.1. Cooperation limitations

For both Japan and China Post, the cooperation within inter-governmental and non-governmental areas is still at a starting stage. For now, the main channel for Japan and China postal cooperation is inter-governmental cooperation under UPU operation system, but there are two main shortcomings for two countries' postal cooperation and development.

First, for inter-governmental cooperation, the postal channels quality binding is very different. At present most of the international small products delivery are within the framework of cooperation with UPU. Since the relevant provisions of UPU are quite broad, mutual restriction between different countries is not so strong, resulting in poor binding of service quality. One of the problems is that the information of delivery uploaded isn't always on time. The other is poor execution of standards and long cycle of the compensation processing. Still there are other problems. The postal channels cannot support one service including more than one piece. There are restrictions on the weight of the goods for the export tax rebate and business customs. The multilateral consultation mechanism has a low efficiency. With regards to EMS, which Japan Post currently provides, domestic collection and delivery is taken care of by Japan Post, while the collection of delivery of the mail in the addressee country will be handled by its postal agency. Thus, EMS is the collaborative service provided via the postal network of each country. Because of this, the service quality and locating of goods depend on the postal network of the addressee country (Japan Fair Trade Commission, 2006).

Second, as the paper mentioned before, wherever in Japan or China, the postal private sector has occupied the most part of the postal industry. While there are nearly more than 10 thousand of express enterprises in China, only several of them such as S.F.

express, Shen Tong (S.T.) and Yuan Tong (Y.T.) have developed the international postal business, and they only operate in American, Japanese, Malaysian, South Korean and Singaporean express markets. The cooperation link of non-governmental or non-postal channels is very single and only a small portion of international postal services used it. For China Post, there are mainly non-postal three channels with TNT, Sagawa and Aramex. During 2010-2012, business income between China Post and Sagawa only accounted for 2.10%, 3.43% and 3.07% of China Post Group international business income for each year during that period. And the cooperative mode is that China Post gives the delivery of the goods to its partner company in the designated port, and its partner is responsible for all of the export customs clearance, international transportation, and import customs clearance and destination delivery. The combination of this cooperation mode is not a close link and also not good for two countries future cooperation.

4.2.2. Problems of inter-governmental cooperation

The inter-governmental postal cooperation is mainly supporting the postal universal services and EMS between state-owned postal enterprises, so for China state-owned post group, the international cooperation is still within a narrow business area. There are also many other problems for China Post Group exploring international postal market such as the business operation, customer management, quality of operations and service, network and channel, international cooperation and development, which have affected the long-term and stable development of the postal business.

For the state-owned China Post Group, the management functions are decentralized and the centralized control force is weak. Since the international cooperation department, postal service bureau, and express logistics enterprise have different

management responsibilities of international postal service, it lacks of an international mail service comprehensive management department and coordination mechanism at group level. Therefore China Post Group lacks of international postal business management and source-centralized responsibilities. It's difficult to form a join force from different departments and it's bad for the business development.

Except the IT's system inadequate functions and insufficient integration, the more serious problem for China Post Group to explore the international business is the shortage of management and professional human resources. The international mail management personnel is less in the headquarters of the China Post Group, while in the local postal company, the organizations and the staffs of international postal business and the normal business are in an integrated model. That means no full-time and special staffs making long-term planning and deployment strategy for international postal business. In addition, they lack of qualified professionals with customs, security and other relative knowledge and skills. The marketing team strength was inadequate to develop and maintain international customers and the lack of professional marketing personnel makes it hard to guarantee dynamical international market development.

4.2.3. Shortcomings for private cooperation

At the same time, for the China postal private sector, there is still a long way to go to catch up with the high-level international express service cooperation. The private express enterprises need to enhance management and optimize uneven development, in order to deal with the market development and technology upgrade to overcome the high transportation fee and increasingly high labor costs, and to find a new market overseas.

Firstly, the enterprises product marketing system is not perfect. Not like domestic delivery product positioning, the private express enterprises still don't find their suitable products choices in international market. At least more than half of the customers account for the international freight forwarders. It is very difficult to master high quality customer resources, and it's unfavorable to maintain and improve business quality and long-term development.

Secondly, the commitment time in important market is significantly behind the leading commercial express enterprise like DHL、UPS、FedEx and TNT. Along with the high-speed development of the target market, the phenomena of backlog and delay often occur during the process of the international products processing and shipping. The domestic express enterprises lack of domestic processing ability and export capacity, therefore there are many problems of domestic and foreign customs clearance and the processing in destination country, especially in peak season.

Thirdly, IT system support capability is the short slab of the private express enterprises to develop international postal market. Nowadays, for the domestic products processing, the IT system capability in most of the leading private express enterprises is getting higher and higher, while for supporting the international products processing, there are still some problems such as imperfect functions and insufficient processing capability. Especially the IT system does not achieve exchange and sharing the information of the customs, taxation and airlines between express enterprises. For example, the lack of the product accurate information results in a longer customs clearance time; the lack of the product departure point information results in tracking and tracing system within the domestic territory of segment uncompleted information collection; insufficient control ability of

overseas network results in missing information collection point (such as customs clearance, shipping information collection points), and the existence of tracking “black hole” . In addition, there is still some phenomenon that the query information feedback delays within outside territory.

4.2.4. Difficulties for entering international postal market

It's hard for the private enterprise to enter other country's postal industry since it's a network business and needs much more supporting systems, and that's why it's necessary to find cooperation partner in oversea market.

S.F. express is the biggest private express enterprise in China postal market at present. However, its two Japanese branches, one of which was set up 4 years ago in Tokyo and the other was one year later in Osaka, still meet many problems in market exploration because of fierce market competition in Japan express international business market. It's hard for S.F. Japanese branches to gain Japanese clients by themselves and also difficult for them to find cooperation partners since there are not efficient international policy and mechanism supporting their business. It's difficult for them to find right customers, although in fact there are many Japanese enterprises use S.F. delivery and logistic services within Mainland China. But the most difficult thing for them is the custom regulation policy in China and matching processing systems especially for the Business-Customer and Customer-Customer products delivery. That's why they still have a very small market share in Japan express industry till now.

For now, there are many Japanese enterprises entering China, while most of them invested in the logistics field. In express delivery industry, only Sagawa Logistics

Co. Ltd operates the distribution delivery business for TV shopping, while Yamato Transportation Company Limited operating cold chain distribution business registered and set headquarters in Shanghai several years ago, but their international delivery business went on not so well during the days after they entered the Chinese market.

There are many failure cases of the famous international express enterprise entering other country's postal industry. For DHL, it entered into American express market by purchasing the Airborne Express Company in 2003, but got a loss of one billion dollar in 2007 since it lacked of understanding the local laws and met with the domestic strong competition, and DHL had to quit from USA domestic express market. DHL encountered the same situation in China. It entered Chinese domestic express market by purchasing three domestic express enterprises, but had to give up in 2011 because of the cutthroat competition. The express company is hard to enter other country's domestic express market since it's hard for them to set up a local integrated network, and has to adapt to the local situation like culture, regulation and laws after purchasing local enterprises. There is a huge pressure for them to compete with the local express enterprises.

4.3. Opportunities

4.3.1. Good economic environment

For Japan and China, Asia-Pacific is a good economic environment for the postal oversea business cooperation and development.

Japan and China belong to the Asia-Pacific Region. Nowadays, the global economic center has shifted to this area and Asia-Pacific regional economic cooperation is an important part of the process of economic globalization in today's world. All the

participating members, covering a wide population, the large economies of scale, the developed economies and developing economies, despite the complex integration mechanisms, are attracting world attention. At present, the Asia Pacific Economic Cooperation (APEC) has grown to become a dynamic engine of economic growth and one of the most important regional forums in the Asia-Pacific. Its 21 member economies are home to around 2.8 billion people and represent approximately 57 per cent of world GDP and 47 per cent of world trade in 2012. As a result of APEC's work, growth has soared in the region, with real GDP doubling from just USD 16 trillion in 1989 to USD 31 trillion in 2013. Meanwhile, residents of the Asia-Pacific saw their per capita income rise by 45 per cent (APEC, 2014). Both Japan and China are the members of APEC and it is a great opportunity for them to develop bilateral business cooperation.

The emerging markets and developing countries play a more and more important role in the world economy gradually and also become the focus of the international postal market. Although the emerging economies and developing countries are witnessing economic growth slow down, influenced by the whole world economic environment since 2008, the economic development still maintained a strong momentum, compared with developed economies. Their proportion of global GDP increased year by year. The world's largest financial information service provider Bloomberg points out that 27 Asian developing economies accounted for a rising proportion of world GDP. Developing Asia has been the main source of global growth since the crisis. Although there was the global financial crisis in 2009, the region contributed 2.3 percentage points to global GDP growth—nearly 60% of the world's annual 4.0% pace. Eight economies in the region posted growth exceeding 7.0% in nearly every year of the post-crisis period (Asian Development Bank, 2015). It forecasts the Asian

developing countries will account for the world GDP share of 22.1% in 2019, ranking first in the world, and China GDP will be equal to the amount of 17-euro zone added together (IMF, 2014).

The emerging market and developing countries will play a greater influence in the future global economic growth. In recent years, emerging economies and developing countries have become the main targets of expanding the international postal market. Germany, Britain, Japan, Canada, France, Switzerland, Singapore and other posts had expanded in emerging Asian markets, especially China, into their future development strategy as the focus of their future business development. For Deutsche Post (DHL), its Asian market growth rate amounted to 40% in 2010; achieved 37.18 billion euro with a growth rate at 10.7% in the Asia Pacific region in 2011; increased the share of investment to the Asia Pacific market, especially China, to further consolidate its dominant position in 2012; plans to increase its market share from 1/5 to 1/3 in 2017. FedEx and UPS received China domestic express license in 2012. FedEx plans to invest 1 billion \$ in construction of Shanghai international express and freight center which has clearance ability in the Shanghai Pudong International Airport. Its sorting capacity is expected to be over 900 million packages and documents each year. In addition, Singapore Post purchased the Disifang express company; Royal Mail established the cooperation relationship with Zhaijisong; Swiss Post operated small package business using non-postal channels. All of these show that overseas posts have been aiming at the Chinese postal market(Postal Planning Research Academy, 2013).

Japan and China have a close economic relationship since long time ago although sometimes it's not stable. According to present global economic situation, China

becomes increasingly important market for Asian countries and for Japan. From the Washington Post report in 20th Feb 2015, “The number of tourists coming to Japan from China went up 83 percent, compared with the year before. That put China in third place, behind only Taiwan and South Korea, as a source of visitors”. Of all the visitors, the Japan Tourism Agency estimates that Chinese tourists are the biggest consumers. They shelled out about a quarter of the \$17 billion that foreign tourists spent in Japan last year — or about \$2,000 by each visitor. An estimated 450,000 Chinese flew to Japan during the holidays, spending somewhere between \$941 million and \$959 million (Chang, 2015).

4.3.2. National strategic supports

Nowadays the Chinese national strategy of developing “Cross-boarder E-commerce Express” gives an opportunity for both countries’ postal enterprises to improve their business cooperation and development.

With the development and popularization of Internet and e-commerce, cross-border e-commerce has become the new focus of international trade and has become one of the new means of accelerating foreign trade development transformation mode in China. Cross border e-commerce, as technical basis to promote global economic integration and trade, has important significance for the development of international trade. Cross border e-commerce is not only to break the barriers between countries; at the same time also is the transformation of the mode of economic development.

According to the China Ministry of Commerce, "Foreign Trade and Development five-year plan" shows that the average annual total import and export growth is about 10% and will reach about \$ 4.8 trillion in 2015 (China Ministry of Commerce, 2012). During "Twelfth-Five Plan" period, China is trying to promote the depth and breadth

of foreign trade development and push the Chinese enterprises to participate in international cooperation and competition. Xinhua News Agency reported on 15 March 2015, the Ministry of Commerce announced its predicts that the amount of import and export of Chinese cross-border business would grow to 6.5 trillion Yuan (RMB) in 2016 in its global trade report, with an annual growth rate over 30%. Analysts believe that compared to the downturn of the traditional foreign trade, cross-border e-commerce could remodel the international industrial chain, and promote the transformation of foreign trade development mode, strengthen the international competitiveness, and is the commanding height of the future competition and the new engine of driving the Chinese economy.

The e-commerce development drives the global goods delivery business's strong growth. In recent years, e-commerce market developed rapidly and more and more customers tend to buy goods and services online, regardless of national boundaries. This international e-commerce has become a trend. Cross-border business is regarded as one of the new growth points of express industry. International e-commerce transactions in China amounted to 2 trillion Yuan (RMB) in 2012, an increase of 25% over the previous year. According to incomplete statistics, in 2013, China's foreign trade e-commerce turnover is expected to exceed 3.1 trillion Yuan, and in 2016, it will increase to 6.5 trillion Yuan, with an average annual growth rate of nearly 30% (Wang, 2014). Further improvement and promotion of cross-border e-commerce is the implementation of a more active and open go-out strategy, which will promote the development of China's equipment, technology, capital, products, and other services.

For express industry, it's a good opportunity to develop its cross-border business scale. This strategy is to encourage domestic leading express enterprises to explore

cross-border e-commerce bonded zone delivery mode, encourage domestic enterprises to explore the full range of cross-border e-commerce integration of logistics services, explore one-stop cross-border e-commerce service platform in the bonded area, and encourage enterprises to establish cross-border e-commerce experience shop in the bonded area. In this context, there are many express/courier enterprises, which have to speed up the layout of the overseas markets, and to establish cross-border business platform and logistics system.

4.3.3. Express association establishment

Comparing with the advanced long-term development of the postal/express service related associations in Japan, such as Japan Express Association (JEA), whose name was changed to The Conference of Asia Pacific Express Carriers (CAPEC Japan) in September 2005, Japan Federation of Freight Industries, (JFFI, founded in 1990), and Japan International Freight Forwarders Association (JIFFA, established in 1979), China postal/express association development is just getting started.

In China, the third parties like express association play more important role in promoting international cooperation along with the postal system reform. After the first China express association, Guangdong Province Express Industry Association was set up in 2007; the country's 31 provinces (area, city) have established express delivery associations. In Feb 2009, China Express Association was founded in Beijing, which accepted operational guidance and supervision and management from Ministry of Transportation, the State Post Bureau and the Ministry of Civil Affairs. It has five departments: the department of general affairs, the department of member management, the department of industry development, the department of quality management, and the department of training department. Chinese express has

established the express and e-commerce committee and plans to set up a number of professional committees in the future.

China Express Association is participated by express service enterprises, which should have certain qualifications and provide express service nationwide, non-governmental organizations, individuals and other organizations related to express service. There are 270 members at present in the association. It has state-owned express enterprises such as China Postal Express Logistics Company, Civil Aviation Express, China Railway Express, and private express enterprises such as S.F., S.T., Y.T., ZJS, and includes four international express delivery enterprises UPS, FedEx, DHL and TNT.

According to the provision of “People's Republic of China Postal Law (revised in 2009)”, the enterprises which operate express business establish association, in accordance with the Laws, administrative regulations and the articles of association, to formulate the regulation and standards of express, to strengthen industry self-regulation, to provide information, training and other services to member enterprises, and to promote the healthy development of the express industry. This provision clearly outlines the characteristics, role, and tasks of China Express Association. Therefore the core function of China Express Association is service, self-discipline, and coordination, and it should play an important role in improving the postal cooperation between Japan and China.

4.4. Treats

4.4.1. Unstable political relationship

For Japan and China, the political reasons are the most sensitive factors, which will influence the bilateral cooperation in postal industry. Any cooperation between two countries needs a stable political platform. Because of its long historical particularity, Post industry has a certain symbolic significance of national sovereignty, so the unstable China and Japan political relations will also be prone to inconvenience to postal exchanges between these two countries.

Antagonistic political relations with relatively stable economic relations between the two countries during the Koizumi administration have been improving and moving in the direction of establishing “mutually beneficial relations based on common strategic interests” since Koizumi’s successor Prime Minister Shinzo Abe paid a visit to Beijing and met Chinese President Hu Jintao in October 2006. Chinese foreign policy toward Japan has swayed between agreeing to promote a strategic partnership and refusing to engage in a dialogue with the Japanese leader during the last decade. In this respect, unstable directions and abrupt changes characterize China’s Japan policy (IIDA Masafumi, 2008). Japan-China relations have been improving but this trend is not ensured to continue smoothly. After the return of Abe as a Prime Minister three years ago, his visit to Yasukuni Shrine caused another difficulties on bilateral relations. There are still many difficult problems reducing diplomatic flexibility of both governments when the Japanese and Chinese governments fail to manage these controversial issues.

Especially for the East Asian cooperation, since there are many different views regarding the concept and architecture of East Asian cooperation because of their different acknowledge of their common interests, Japan and China’s relationship is more like rivals in this region. China sees a “harmonious East Asia” as its desirable

regional order, in which China breaks U.S. dominance and increases the influence of developing countries headed by Beijing. On the other hand, Japan strives to construct a regional order based on universal values, such as democracy, freedom, human rights and the rule of law, supported by the steady presence of the U.S. in East Asia. So, it is hard for Japan and China to cover the cleavage because the difference bases on their political systems (IIDA Masafumi, 2008).

For postal cooperation, whether intergovernmental or non-governmental cooperation, since most of the express enterprises explore their oversea postal business along with other trade, service or production industry development, it's very hard for the postal enterprises in both countries to make a business decision and find a strategic partnership within such kind of political cooperation environment.

4.4.2. Sensitive and competitive economic relationship

The economic relationship between Japan and China is shacking at present and they become more like competitor than cooperator. Japan-China trade dependence declines and economic relationship between Japan has shown signs of cooling with the Chinese economic developing progresses. These all will threaten the postal industry cooperation, especially for the postal inter-governmental cooperation.

The economic and trade exchanges between China and Japan before the “the diplomatic normalization of the Sino-Japanese relations” were not official but informal. In 1972, the two countries resumed formal diplomatic relations, and bilateral economic and trade relations also turned from the previous “semiofficial, semi people” into “both the government and the people”. In 1978, the “Sino-Japanese Treaty of peace and friendship” was signed, and Chinese and Japanese trade has entered a new stage. In 1978 the volume of trade between China and Japan was \$5.08

billion, in 1987 the trade volume increase to \$15.65 billion, which means that during 10 years trade volume increased 3 times. In 2003, 11 years ago, Japan was China's largest trading partner, but the position has been replaced by the European Union and the United states. According to Japanese trade statistics; China (including Hong Kong and Macao) in 2004 became Japan's largest trade partner by replacing the USA.

But recently, China's dependence on the trading with Japan declined and economic relationship between Japan has shown signs of cooling, and cold economic relations are caused by cold politics. From the analysis of the bilateral level, bilateral economic and trade relationship development are relatively slow; Japan's economic assistance was reduced sharply; trade frictions were seen in recent years continuously, and cooperative process is obviously lagging. From the perspective of Japan-China as the major trading partners, the mutual trade dependence was substantially reduced, and trading intensity is cooling down. Analyzing from the Japanese point of view, the two sides' trade sustained rapid growth, and the trading volume of Japan with China (including Hong Kong and Macao) has exceeded the scale of America, which indicates that the current bilateral trade is still warming. However from overall view on the China's trading trends, the future may be "less heated but cooling more" and overall development trend is cool. This situation makes the two big Asian countries face more and more direct competition.

4.4.3. Problems of domestic economy

Respectively, both Japan and China have their problems on domestic economic development, which brings more and more uncertainty on the two countries' cooperation. According to the uncertainty of the global economic development, Japan

is trapped into a long-term economic recession, and China also enters an adjusting period of its economic development. Not so clear future for both countries' economy is also a big treat for future postal cooperation.

For Japan, in the post-war period Japan's economy grew rapidly, averaging annual growth of 10% during 1955-1970, and around 5% in the 1970s and 1980s. Large bubbles developed in the property and stock markets in the late 1980s, the collapse of which led to sluggish growth in the 1990s, known as the "lost decade". Lingering effects of this were still felt in the 2000s, as a modest economic recovery in the mid-2000s gave way, as in much of the world, to a deep recession in 2008-2009 (Harari, 2013). Recovery was set back by the March 2011 earthquake and tsunami. The Japanese economy, the world's third economy, currently faces three main problems: first is the weak growth over the past two decades, caused partly to structural problems; second is the deflation (falling prices) which has become entrenched since the late 1990s and has had a harmful effect on the economy; third is the financial reform weakened the yen, and the Japanese enterprises to expand overseas market actively setback.

For China, since adoption of the policy of "Reform and Opening up" in 1978, and especially since around 2000, China has experienced remarkable economic growth driven by the usage of foreign investment, combined with participation in WTO. However, after a period of long-time high-speed economic development, there are a number of risks surrounding future sustainable growth of the Chinese economy, such as the problem of income disparities, excess production, and over-investment. Furthermore, China's current economic growth over reliance on investment and net exports may become another risk for the future. The manufacturing industry is big but

not strong, struggling in the low end of the industry chain, and the innovative and high value-added products are still less. Some local destruction of ecological balance and environmental pollution are serious. The rapid increase in energy demand has an effect on the world energy supply and demand, and caused environmental problems. For Japan, China has enormous weight in terms of both trades and investments, but in the developing market economy in China there are still various problems including obscure legal systems and intellectual property infringement etc.

4.5. Summary

Broadly speaking, Japan and China cooperation and development has had a long history and their political and economic relationship was not so stable during the years, but for postal industry, the strengths and opportunities of postal cooperation are getting stronger, especially in the recent years.

According to the present global economic tendency, Asia-Pacific, the region where these two countries locate, is becoming the new center of the global economics. The international e-commerce also gives postal industry a huge opportunity to look for cooperation and development. For both Japan and China, postal industry have made big progress after postal reform and they already have some experiences in postal cooperation and good basement for the future postal cooperation and development. Although both of them will encounter the unstable political and economic environment, under their stronger wills, experiences and technology basic condition, the postal cooperation relationship will get improved if they take some real action immediately. The postal industry in these two countries will get progress if they make good policies to overcome the weaknesses and threats and grasp the opportunities for postal cooperation and development.

5. POLICY MAKING

The purpose of this paper is to explore how the Japanese and Chinese governments consider and encourage related organizations to improve postal policy. On the basis of SWOT analysis of postal cooperation between two countries, this section tries to find a suitable postal cooperation mode and give some suggestions to set up a feasible cooperation policy to improve both countries' postal industry.

5.1. About Japan-China postal cooperation mode

5.1.1. International cooperation types

International cooperation has become the commonest way in international public administration and there are different types as different choices.

Along with globalization, International Public Administration emerged together with international governance, international organization, public good and international cooperation. In the studies of public administration, as in other study areas, ramification of specialized divisions has been proceeding together with the emphasis on international cooperation/collaboration. Traditionally the study of public administration focused on the function of public administration in a nation state (sovereign jurisdiction), its mechanism including the relations between central government and local government, bureaucracy and others, and cross national comparison. However, in a contemporary world, reflecting globalization, cross border movements of people, goods, money and information have been widely seen, which necessitates international cooperation in public policies beyond national jurisdiction. International cooperation has especially been used in the literature on international

relations that has debated how cooperation emerges and persists in an anarchic international system. A standard definition is that cooperation occurs when “actors adjust their behavior to the actual or anticipated preferences of others” (Lengfelder, 2014). Therefore, (international) cooperation describes interactions to achieve common objectives when actors’ preferences are neither identical (harmony) nor irreconcilable (conflict).

There are different types of international cooperation in economic areas. The most popular type is “Inter-governmental Cooperation”. The agents who officially represent their countries conduct bilateral and multilateral inter-governmental cooperation. A typical case is the negotiation and adoption of an international treaty creating legally binding rules (international hard law) that are subsequently implemented within domestic political systems. The other type is a “Trans-governmental Network”. Broadly speaking, the particularity of trans-governmental networks is that actors with a role predominantly in domestic public policy interact directly with their foreign counterparts, circumventing actors traditionally charged with conducting foreign policy. They play a crucial role in global policy-making and have been considered to shape a “new world order”. Trans-governmental networks have established dense webs of cooperation and communication structures in many areas associated with the modern regulatory state such as competition policy, financial regulation and environmental protection. They perform an important role in rule making, standard setting and the definition of best practices. Trans-governmental networks can occur as part of international agreements and be embedded in international organizations. As a part of formal structures, they prepare and often pre-determine decision-making that leads to hard law adopted according to the intergovernmental mode of cooperation (Sebastian Paulo, 2014). The

third type is “Transnational private governance”. Private governance is rule making without governments. The defining characteristic of transnational private governance is that it “potentially organizes political spaces equivalent to the effects that public steering mechanisms have”. Therefore, private governance excludes other forms of (market) interactions between private actors. In other words: private governance “gives rise to institutional arrangements that structure and direct actors’ behavior in a specific issue area. These structuring effects resemble the ‘public’ governing functions of states and intergovernmental institutions, and for this reason the notion of governance, and indeed authority, has been applied to private actors” (Sebastian Paulo, 2014).

5.1.2. Diversified postal cooperation

Along with the global postal reform the international postal market competition and cooperation came to be diversified.

As the relaxation of postal market regulation and the opening of the domestic postal market, the main bodies of the global postal market competition tend to be diversified. The National Posts face multiple competition pressure from domestic and overseas. In the postal market, the state-owned postal monopoly status was gradually weakened, and the situation that “traditional postal bureau is the only one national post” has been transformed to mutual diversified competition among the domestic state-owned post company and private express enterprises, the foreign post and cross-border express enterprises. In traditional postal services market, the negotiation of terminal fee is becoming increasingly fierce, and the developed countries have requested to improve postal terminal fee, which led to its lower profits. In the global scope, postal cross-border operation has become a trend with

the development of network and information technology. The international express delivery giants (UPS, FedEx, DHL and TNT) have sped up the global expansion; all of them proceed to the layout of the future postal market and seize the opportunity, and the competition of postal services become intensified.

At the same time, the postal market cooperation shows many new characteristics. The cooperation between the national posts and non-national postal enterprises becomes closer. Cooperative objects are seen more widely. The postal cooperation is not only inter-government but “trans-government”, such as the UK, Singapore, and Sweden Posts cooperate closely with other country's post by sharing their processing center and postal networks; Holland, Germany, and French Posts cooperate all-roundly with international private express logistics enterprises. They cooperate in a variety of ways, not only by signing a cooperation agreement, but also through merger and acquisition ownership, and even the national postal business merger or company merger to carry out cooperation mechanism. Sweden and Denmark Posts merged to form a new postal venture; French Post and Swedish Posts merged two countries' postal mail business. France and Germany Posts expanded their international postal market through merger and acquisition. The field of postal cooperation becomes much wider than before. In addition to the postal cooperation in EMS, air parcel, customer database, and e-commerce, they also cooperate within many other fields such as express delivery, logistics and business mail. Multi-field cooperation makes the Posts expand the postal market to find a new growth point. At the same time, they could reduce the cost, further improve the market competitiveness, and increase the enterprise social image by introducing technology and talents.

5.1.3. Mixture cooperation mode choice

According to Japanese and Chinese current situation, which they have good base of inter-governmental cooperation but much more demands for the private cooperation, it's better to choose a mixture cooperation mode to develop bilateral postal channels.

Concerning political and economic relationships and different economic systems between Japan and China, they can't directly copy the trans-government cooperation mode of the western developed countries'. Trans-government mode is hard to predict since it depends on the attitude of two governments. Till now two countries' postal regional cooperation support was only the inter-governmental cooperation between state-owned postal enterprises, Japan Post Company and China Post Group, because they are the members of UPU and APPU. While this cooperation is in a narrow area even now, it can't help the Japan and China Post Group's new services and market development, and the regional and international postal unions have tried to find solutions to help both state-owned and private postal enterprises to solve their problems but still could not find right solutions.

Nowadays, Japan and China Post Group still play an important role in the international postal business and they should improve bilateral cooperation on the base of UPU and APPU cooperation framework. So broadly speaking, for Japan and China whole postal industry, in the near future, they need to strengthen and optimize the inter-governmental cooperation and try to establish long-term transnational private governance during 5-10 years. In the specified future, the "Transnational Private Governance" mode is more suitable for both countries because of the sensitivity and instability of their political relationship. For the "Transnational Private Governance" cooperation mode is low risk, high flexibility, and easy starting, and is a more familiar channel of development pattern for the express logistics enterprises. After fully

understanding of cooperative enterprises, they could choose to set up joint ventures to enhance efforts on the core and key way of business exploration strategy. For two countries' private sectors, it needs a little longer time to set up a transnational private governance mode to improve bilateral cooperation. But two governments should give effort to support establishment and implementation of cooperation between private sectors.

5.2. About Japan-China postal cooperation policy strategy

To improve the postal cooperation between Japan and China is not only within the postal administration sector, but also combined with other related industry. It's not only the responsibility of the administrative departments but also the associations and postal enterprises. Japan-China postal cooperation policies include government policy guidance to set up a good business environment, and also need the associations' participation to give support to postal cooperation practice, so this paper tries to find the policies for Japan-China postal cooperation and development, considering about two countries' government, association and also the postal operators, mainly from Chinese side.

5.2.1. Government participation to set up a good cooperation environment

According to previous SWOT analysis, there are still many problems within inter-governmental or private cooperation between Japan and China post. It needs two countries' postal administrations and other related government organizations to make some policy to support postal cooperation and development.

In Japan, MIC is a government institution responsible for matters concerning the administration of the postal service and postal financial services. In order to engage in

import and export customs clearance and manage cargo, the international express delivery operator should hold required financial resources to install and use the system terminal needed for customs clearance by Nippon Automated Cargo Clearance System (NACCS) ; be required to keep foreign goods in the bonded area and to prepare a ledger containing the name, quantity, and the date of the entry of the goods which entered the bonded area; and submit required documents to and get an approval from the customs chief. In contrast, as the simplified processes for importing and exporting international mails such as EMS are set forth in Article 76 of Customs Law, customs declaration in the bonded area and import and export approval are not required (Japan Fair Trade Commission, 2006). Japan’s postal industry institutional changes could be seen in Figure 5.1.

		Japan Post	Private operators
Letter (letter and postcards)	Correspondence delivery	Postal Law (Mail post, "Yu-Pack", booklet parcel, International mail, EMS)	Correspondence Delivery Law (See note), Truck Business Law, Freight forwarding Business Law
	Non-correspondence delivery		Truck Business Law, Freight forwarding Business Law (Parcel delivery business, mail delivery business)
Parcel			
International letter/cargo	Correspondence delivery		
	Non-correspondence delivery	Truck Business Law, Freight forwarding Business Law (Express delivery)	

From October 1, 2007

		Postal Service Company	Private operators
Letter (letter and postcards)	Correspondence delivery	Postal Law (Mail post), Truck Business Law, Freight forwarding Business Law	Correspondence Delivery Law, Truck Business Law, Freight forwarding Business Law
	Non-correspondence delivery		Truck Business Law, Freight forwarding Business Law (mail delivery business)
Parcel		Truck Business Law, Freight forwarding Business Law ("Yu-Pack"/booklet parcel)	(Parcel delivery business/mail delivery business)
International letter/cargo	Correspondence delivery	Postal Law (International mail, EMS), Truck Business Law, Freight forwarding Business Law	(Express delivery)
	Non-correspondence delivery		Truck Business Law, Freight forwarding Business Law (International logistic business)

Figure 5.1: The Japan Postal Industry Institutional Changes

In China, the State Post Bureau is responsible for developing strategies, plans, policies and standards for the postal sector, and for drafting the laws, administrative rules and regulations governing the sector. The State Post Bureau has the regulatory responsibility of promoting the establishment of a universal postal service system, overseeing market access issues, ensuring the monopoly of the letter delivery business, examining the selection of stamp themes and regulating the postal market by law. The State Post Bureau participates in the activities of international postal organizations and handles intergovernmental postal affairs on behalf of the state. It is also responsible for developing and implementing policies on external cooperation and exchanges. The State Post Bureau is responsible for the supervisory function. There is no independent supervisory organization (UPU, 2015c). China's postal industry present related laws and regulations are in the Table 5.1.

Table 5.1: China Postal Law and Regulation (2015)

Content	Relative Laws and Regulations	
Postal enterprises	Postal Law of the People's Republic of China	Law newly revised in 2012.
Postal enterprises	Rules for the implementation of the postal law of the People's Republic of China	Administrative regulations Came in force in 1990.
Administrations	Postal administrative law enforcement and supervision methods	Department rules and regulations came in force in 2014.

Postal enterprises	Measures for the postal industry safety supervision and management	Department rules and regulations newly revised in 2013.
Postal enterprises	Measures for the administration of postal industry statistics	Department rules and regulations newly revised in 2013.
Stamps printed manufacturers, distributors	Measures for the supervision and administration of the issuance of stamps	Department rules and regulations newly revised in 2013.
Philatelic enterprises	Measures for the administration of the philatelic market	Department rules and regulations newly revised in 2013.
Express enterprises	Measures for the administration of the courier business license	Department rules and regulations newly revised in 2013.

So, for both countries, the international postal operators should obey the Post Law, the basic institution in postal industry, and also have to adjust to the Civil Commercial Law, Contract Law, Administrative Law, Traffic Law, Tax Law, Customs Law and other relevant laws and administrative regulations. So the administrative department in charge of postal service needs to coordinate with other relevant government organs like transportation, trade commission, and custom etc.

For China, although the postal business, especially express delivery business, is developing rapidly, the relevant international standards, national standards, industry standards and enterprise standards still need to be perfected; while security system, credit system, standard system and traceability system have yet to be established, which will be relevant in the industry chain enterprises facing problems. Still there are other problems the express enterprises encounter, such as the difficulty for the vehicles to enter into the city. How to find an appropriate transport for the express delivery business has been a persistent problem. There is another prominent problem of energy saving. As the railway resources are relatively closed, express enterprises can't use it frequently. In addition the form of express delivery employment is more special, and also needs to be retention by relevant policies. All of these problems need to be solved by the government making practical policy.

5.2.2. Association development to set up supporting systems

As SWOT analysis mentioned previously that both Japan and China have set up express associations to support the postal enterprises business development, the express associations need to play the role to set up related closer cooperation systems by learning from the UPU inter-government postal cooperation experiences.

According to UPU, the posts worldwide employ more than 5 million people and process and deliver 350 billion letters and 6 billion parcels, in addition to providing many financial, logistics and electronic services, to support the international postal cooperation (UPU, 2014a). The UPU consists of 4 bodies and 2 cooperatives: The Congress, The Council of Administration (CA), The Postal Operations Council (POC), The International Bureau (IB), Telematics Cooperative and EMS Cooperative (UPU, 2015d).

The Universal Postal Congress is the most important body of the UPU. The main purpose of the quadrennial Congress is to examine proposals to amend the Acts of the UPU, including the UPU Constitution, General Regulations, Convention, and Postal Payment Services Agreement. The Congress also serves as a forum for participating member countries to discuss a broad range of issues impacting international postal services, market trends, regulation and other strategic issues. The Council of Administration (CA) consists of 41 member countries and meets annually at UPU headquarters in Berne. The Council ensures the continuity of the UPU's work between Congresses and supervises its activities and studies on regulatory, administrative, legislative, and legal issues. The Postal Operations Council (POC) is the technical and operational mind of the UPU and consists of 40 member countries elected during Congress. The body elects its own chair and meets annually at the UPU's headquarters in Berne. The POC's work program is geared towards helping Posts modernize and upgrade their postal products and services. It deals with the operational, economic, and commercial aspects of the postal business. The body also makes recommendations to member countries on standards for technological, operational or other processes within its competence where uniform practices are necessary (UPU, 2015c).

The International Bureau - the UPU's headquarters - is located in Berne (Switzerland). It has a staff of about 250 employees drawn from about 50 different countries. Fulfilling a secretariat function, the International Bureau provides logistical and technical support to the UPU's bodies. In recent years, the International Bureau has taken on a stronger leadership role in certain activities. These include the application of postal technology through its Postal Technology Centre, the development of postal markets through potential growth areas such as direct mail and EMS, and the monitoring of quality of service on a global scale. Regional coordinators in the field strengthen the International Bureau's ability to assist Posts of developing countries in the most effective manner. They oversee the planning, preparation, implementation and follow-up of postal development projects in their regions. Through its Postal Technology Centre, the UPU has established a number of regional support centers in different parts of the world to support its information technology activities. These centers manage the deployment and support of UPU technology applications, products, and services within their respective regions (UPU, 2015a).

So for Japan and China postal cooperation, it needs an organization to establish similar systems, which support postal business across two countries. It should be a trans-governmental organization and works across the borders, which includes the relevant members within two countries' postal industry. So it's the responsibility of relevant associations within these two countries' postal/express industry. The operation department should establish management cooperation system, business cooperation system, technology cooperation system, etc., to lay down the international postal service rules which shall provide for details necessary for the operation of the international postal service between the two countries; to maintain contacts with postal administration to improving the postal service; to make necessary

steps to carry out administrative acts with the agreement, to serves as a medium of liaison, information, inquiry, and training for the cooperation partners.

5.2.3. Postal companies' self-ability to increase cooperation opportunities

Good policies to create a good postal development environment are very important for the postal operators to make their business decisions, while it's more necessary to implement these policies by postal enterprises.

Along with the emergence of new business, it brought a lot of business opportunities for the whole postal industry, but also many problems such as increasing operation cost are rapidly rising. For the postal enterprises, there are both opportunities and challenges. They should continue to strengthen infrastructure construction, actively develop and introduce new and high technology, constantly improve the level of automation, optimize the network construction to achieve the product process monitoring, and provide high quality, diversified, all-round services for the customers.

To improve postal business between two countries should improve the cooperation to form a more in-depth joint management body from two aspects. First is to improve services cooperation. Enterprises should provide diversified and integrated services together for customers by deepening bilateral cooperation of international postal services. Second is to improve operation cooperation. It needs application of technology to improve the quality of service and create value for customers. It is not only responsible for front-end sales, and collection within their own countries separately, but also needs to participate in the following operation stages, such as customs declaration, transportation, customs clearance and delivery distribution.

For example, especially for the international postal operations and services related to the e-commerce, for Japan Post and China Post group, they have to discuss and actively promote the e-commerce products and services under the Kahala projects in the 2011 CEO conference. They concern mainly about the tariff calculation, payment of duties and return, and small and light enhanced EMS product development. In bilateral cooperation, they must strengthen cooperation through the promotion of international business to express specific way of postal service level channel. Japan Post boosts the international growth in e-commerce parcel services, and extensive sales activities have been conducted, including discounts on registered airmail small packet items being delivered to customers using Japan Post's web application to print labels over the Internet. Following its successful introduction and positive feedback from e-commerce retailers, in particular SMEs, Japan Post has encouraged and strongly supported the development of a new postal service, which reflects the growth in e-commerce services (Communication Logistics Specialists, 2015).

For the Chinese postal/express enterprises, there are still many things to do for the international postal services major initiatives in the bilateral cooperation. First is to enhance the quality of service. They need focus on information timely access (every other day), and the flexibility of delivery, create receipt and return value-added service efforts, and promote international parcel service quality. Second is to guarantee the stability of the entire time by deepening the postal service in customs clearance, internal processing, and delivery by cooperating with partners. Third is to increase route development of water over land from China to Japan, and to increase the service quality by bilateral cooperation between the postal/express enterprises in Japan and China.

5.3. About Japan-China postal cooperation steps

Considering comprehensively all of the present situation by SWOT analysis, both Japanese and Chinese governments and companies have strong will to improve the postal cooperation because of the bright future of postal industry, while there is a long way to go for both countries' postal companies to set up a sustainable cooperation mechanism since the political and economical relationship between Japan and China are unstable and sensitive, and the postal associations' construction is still at the starting stage. So, we should try to look for suitable postal business cooperation and development goals and strategies, and finally try to find out the implementation path to ensure the achievement of the objectives and strategy, and to effectively promote the long-term and steady development of international postal business within both countries, by the stable development of postal channels and the deepening of regional bilateral cooperation.

5.3.1. Short-term step

We should strengthen the institutional basis and improve practical cooperation within 3-5 years. For two countries' postal cooperation, there are several goals in the first step.

First is to introduce and implement policies to create a good environment for both countries' postal investors and operators, especially according to the e-commerce related postal business. Second is to set up a smooth channel for the relevant enterprises to have proper communication and find some key area in postal cooperation. Third is to help state-owned post companies such as Japan Post Group and China Post Group, and some biggest private express enterprises like Yamato, Sagawa in Japan, and S.F., S.T. Y.T. in China, to find some interested cooperation

business and improve the breadth and depth of postal cooperation among these operators.

Initial efforts should come from the government, to deepen the contents of the bilateral effective dialogues by creating more opportunities to the relevant industries to discuss with each other; to communicate and strengthen the contact of different government departments to study the policy to support postal cooperation and development, like airline, customs, and transportation, trade; to optimize the development environment by helping to set up credit system and give the guidance of the whole industry to self-organize.

For the future development, it will become the inevitable trend that the foreign enterprises enter Chinese market through the e-commerce development and Chinese enterprises expand to oversea markets by using e-commerce platforms. Many departments have been involved in the field of e-commerce, including many aspects of domestic trade, foreign trade, and legal and other multilateral and bilateral treaties. In promoting the development of express/logistics industry and the cross-border e-commerce providers and other related services in the field of trading in the future, the Ministry of Commerce, the Ministry of Transportation and other administrative government which are related to the postal e-commerce business, need to vigorously promote the international exchange and cooperation in e-commerce and logistics, and actively participate in relevant international rules and standards, and to create a favorable external environment for enterprises. At the same time it needs to speed up the pace of the opening up of the service industry, continue to adjust to the steady expansion of both exports and imports, and to promote balanced development of foreign trade.

Nowadays there are dialogues held only once a year by China Post State Bureau directly under China Ministry of transportation and Japan Ministry of land, infrastructure, transport and tourism. We should carry out multi-level, multi-channel, and full range of official business promotion activities to further promote the development of e-commerce and express or logistics coordination, and to promote international exchanges and cooperation in this field. We should cooperate with different organizations including national trade promotion organizations, industry organizations, professional organizations, and local governments, through the exhibition, business exchanges, information platform, training and other activities, and constantly improve the ability of enterprises to exploit the international postal and e-commerce market.

For China, China Post State Bureau will conscientiously implement the intention of the State Council on the express industry opening up to the world, to create a fair competition environment for both domestic and foreign express operators. China will fully liberalize the domestic parcel delivery market, according to the acceptance of the application of foreign enterprises, and permit additional branches. In accordance with national requirements of decentralization, especially for the business license of enterprise management, we will ask express enterprises to supply good qualities service according to the requirements for the simplified, integrated, quick and safe services to the public. The government will encourage innovation in the domestic express delivery supply, and support the foreign express delivery enterprises investing in China's high level express delivery services such as the cold chain delivery and supply chain management and guide the domestic enterprises to learn from the global advanced experiences and improve the service ability. All in all, the Chinese government tries to accelerate enterprises "going out" pace, and support qualified

enterprises' expansion of the international express networks, building a "going out" platform. The express enterprises will integrate and share the resources to expand overseas markets through self-construction, cooperation and mergers.

For both countries' postal related associations, the first step is to get contact and get a basic understanding of two countries' postal cooperation. Actually, there is huge demand of cooperation for both Chinese and Japanese postal/express enterprises to find cooperation partners within each other's postal market. So the associations need to have proper talks and try to improve the cooperation channel for both countries. For the postal enterprises, they need to find a suitable market position and find a cooperative partner, so they need to pay attention to key customers, accurate market positioning, then improve the quality of existing products, improve international cooperation, enhance postal cooperation channels and increase the service quality to meet with the customers' demands.

5.3.2. Long-term step

We need optimize cooperation mechanism and achieve the normalization of postal cooperation in the future.

In the context of the unstable political relationship between Japan and China and unpredictable economic trend, the best choice for long-term cooperation is transnational private governance in the future. The two countries' governments will not play the main role in improving the postal cooperation but only guide the associations and postal enterprises themselves to set up a series of systems to support a long and fruitful postal cooperation. The effective implementation path is to solve the existing problems in the process of development and the implementation of various measures under the premise of established development goals and strategies.

So the goals for the long-term postal cooperation should be as follows: First is to bring the associations into full play role in coordinating and encouraging the postal/express enterprises; Second is to help the postal operators to solve the main problems, which affect the postal cooperation and development; Third is to guide the whole postal industry to increase its capability and competition, which is the base of long-term postal cooperation and development.

For the postal/express associations (in Japan they are logistic related associations), they should play good service function to government, enterprises and customers; play good coordination functions to adjust the relationship between enterprises, governments, society and customers, to safeguard legitimate rights of consumers and enterprises, and to form the harmonious environment and social relations; play good self-discipline function to establish a good image of the postal fair competition, undertaking the social responsibility, and to establish a solid foundation for the sustainable development of the postal industry. The associations should drive the governments and enterprises to solve all kinds of problems and difficulties through various activities.

So the associations should improve themselves. China Express Association, as it has only been established for five years, still has a long way to go to strengthen itself. In the near future, it has to set up Standardization Committee, Information Committee, and Foreign Investment Committee as planned. Firstly it could guide members to seriously implement the national and industry standard, promote the standardization work of enterprises, and help enterprises to improve management, efficiency and service relying on the standardization. Secondly it should improve the application level of members of information technology; recommend the advanced and

economical information and technology products for the express development to members; recommend technology standards and audit technology; recommended qualification, adaptability, and operability of the suppliers' products; coordinate and solve problems in the use of information technology products. Thirdly it should play a positive role for the foreign member companies, strengthen the communication, and timely and accurately reflect the interests and legal rights of the foreign members.

Learning from the UPU advanced international postal cooperation experiences, it has well organized Post-Net and Postal System supporting the cooperation based on the UPU Acts. First, the UPU established a uniform flat rate system to mail a letter anywhere in the world. Postal authorities should give equal treatment to foreign and domestic mail, and each country should retain all money it has collected for international postage. Second, the UPU's EDI Network is a worldwide electronic postal communication network, which enables postal operators worldwide to exchange standard EDI messages. Third, the UPU's has a POST-Net network, a track-and-trace system, which provides monitoring services and an integrated warning system to signal problems. Fourth, the UPU has an International Postal System, an integrated international mail management system, which provides end-to-end tracking of items, receptacles and dispatches as well as automated processing of dispatches, track and trace, EDI messaging. Fifth, the UPU's International Financial System is a software application for international money order services, which is covered at every stage, from international standard billing to monitoring and quality-control measurement using an advanced data encryption technique supported by its own public key infrastructure (PKI). So in the long future, the express association also could act as an independent supporting organization to apply for the technology

services to cooperation partners, which are very important for postal business cooperation and development.

Nowadays, the main problems the Chinese postal/express enterprises meet with are the postal business positioning, the technology operating, and the labor and operation resources limitation. All of these need to be solved by operators themselves with the help from governments and associations in order to improve the future postal cooperation and development.

For the business positioning, the first-class postal enterprises are adhering to diversified business development, gradually gain a firm foothold in the market, and have certain competitive advantage. So in the near future Chinese postal enterprises should continue to adhere to the diversification strategy, not only the traditional business, and courier logistics business, but also the financial services, and e-commerce business. But different enterprises should have different emphases in above business according to their own competitive advantages, to enhance the anti risk ability and win more business for the enterprise growth by collaborative development. In order to meet the new requirements along with the people's life style changes in the digital age, the postal enterprises need to use new technology to develop new products, expand the service mode, improve production processes, improve work efficiency, open up new business areas, and expand the profit margin.

At present the express/logistic enterprises have put much effort to strengthen their infrastructure, bring in advanced information technology and equipment to improve automatic operation, and optimize the whole service network capacity. The advantages of using new technology have gradually emerged in some countries in the post management, such as the allocation optimization of the postal resources,

postal service and service transformation and upgrading by use the new technology in digital networking and intelligent service mode, service supply, operation mode, transportation, and delivery and insurance of the safety of postal services. For the multilateral or bilateral postal cooperation, the key link is control of receiving and sending goods across the customs. The enterprises should promote the construction of EDI prediction system and explore the implementation of “trust management” supervision mode, explore their business based on the establishment of credit guarantee system, and set up tracking system which focuses on pushing into the airline information exchange and docking with the other country’s postal information system. Through the construction and improvement of information sharing system, they could further improve the system support capabilities, information tracking ability, internal processing capacity, transport capacity, and service levels.

For the improvement of international postal business, the most important resource, which the postal enterprises are short of, is the human resource. Human resource is the key factor to promote oversea business development, so the postal/express associations and enterprises need to work together to improve the whole industry human resource reservation and development. The relevant associations should set up and increase professional human resource cultivation systems, which focus on training the human resources in different aspects such as service, technology and operation management in express industry. As for the enterprises, they also need to increase the introduction and selection of human resources, strengthen the combination of the internal and external human resources, and strengthen overseas training of the managers who are the backbone of business and develop their international visions. On the other hand, they should establish personnel reservation system, strengthen the personnel allocation, increase professional marketing team and

cultivate qualified engineers, and improve the assessment and incentive mechanism to inspire their work potential.

6. CONCLUSION

It's possible and necessary to get a better cooperation policy for Japan and China's postal cooperation. There are also a solid foundation and a bright future for two countries' postal cooperation. The relevant governments, associations and operators need to give efforts to create a good environment for postal cooperation and development, to establish good cooperation mechanism, and to push practical and substantial bilateral postal express business cooperation and development. It's also very important to establish sharing systems in all areas such as standards, technology, resources and personnel in order to effectively promote the long-term postal cooperation and common development between the two countries.

For the postal cooperation policymaking and implementation, the governments will play very important roles to push both sides to communicate deeper and discuss the details of the policy contents. However, the postal associations should be more active to improve the cooperation policy implementation. According to the present situation Japan and China postal industry meet with, the cooperation could be started from the state-owned postal companies, while it's urgent and necessary to push the state-owned and private enterprises to seat together and to improve the substantial development of bilateral postal cooperation at the operation level.

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