

241122

**Goldner, Bob**

DEPT. OF TRANSPORTATION  
DOCKETS

2003 APR 23 P 3:08

**From:** Goldner, Bob  
**Sent:** Wednesday, April 23, 2003 2:21 PM  
**To:** 'Okun Steven (nat1sxo)'  
**Subject:** RE: Nike in Europe

Steve: As you are aware, we have an open docket on DHL Airways in which issues, such as that what you are addressing below, have already been raised. As you are also aware, the Department's rules require that I place a copy of your email, together with this response, in that docket.

-----Original Message-----

CST-02-13089-51

From: Okun Steven (nat1sxo) [mailto:nat1sxo@ups.com]  
Sent: Tuesday, April 22, 2003 10:12 PM  
To: Goldner, Bob  
Subject: FW: Nike in Europe

Bob: See below e-mail. How can Deutsche Post undercut our price from last year by 10%, when prices have gone up for all? Is it that DP is that much more efficient than us? No -- they have revenue from a postal monopoly to subsidize their competition, and receive other forms of state aid. I hope you can see why UPS has such a strong view that this is a serious public policy question that needs to be addressed as such. Steve

>  
>This is to advise you that we were informed yesterday by Nike that we  
>will lose all their European package volume on Standard, Express and  
>Returns. This is a loss of \$8,000,000 p.a. to UPS in Belgium.  
>  
>They have selected Deutsche Post as their new package carrier and will  
>begin implementing the change within the next 3-4 weeks. We expect that  
>over the following 3-4 months they will migrate all the volume away  
>from us.  
>  
>Nike confirm that this decision was taken purely on price and they have  
>been offered rates well below our 2002 rates (10%).  
>  
>We will meet with them again in a few weeks to agree an operational  
>plan which will attempt to ensure that the loss of this volume has a  
>controlled impact upon our operations and network.  
>  
>We intend to ensure that we part on good terms so that we leave the  
>door wide open for them to come back. They recognise that Deutsche Post  
>may be buying this business but intend to enjoy the good rates whilst  
>they can. They also realise that they can expect the service levels to  
>be below those that they have become used to with UPS but anticipate  
>that those issues can be managed.  
>  
>We will of course ensure that our operations continue to give the best  
>service that we can until the last package is shipped.  
>