

Rep. Marcy Kaptur
U.S. Representative
September 9, 2008
“Competition in the Package Delivery Industry”

Chairman Conyers and Ranking Member Smith:

Thank you for giving me this opportunity to bring to you and the Committee's attention the devastating deal that DHL, a German government-owned corporation, and its competitor, UPS are hatching. I also thank my colleagues, Representatives Turner and Sutton and Senators Brown and Voinovich for continuing to shine light on this issue and the harm it might do.

Should the United States allow this de facto merger between DHL and UPS to go through without scrutiny -- more good Ohio jobs are likely to be lost, communities to be washed out, and consumers across the country, and potentially the world, subject to higher prices because of reduced competition. This deal is being constructed as an attempt to escape regulatory oversight to expedite the consolidation of an already heavily-consolidated industry.

Ohio has already lost hundreds of thousands of good paying jobs with benefits since the implementation of NAFTA and other such deals, all of which that corporate greed drove. The proposed UPS-DHL deal is merely one more corporate slap in the face to the workers and communities that are the backbone of the American economy.

If this deal goes through, at least 8,000 jobs are on the short list for elimination, but the deal is also putting tens of thousands of supporting jobs in Wilmington, Ohio and the surrounding counties at risk. Wilmington itself is a town of only about 13,000 people. It may not survive the fatal blow of an abandoned facility.

Indeed, as we examine the history of this deal, we see that job losses and abandoned facilities are likely. When UPS acquired Emery Worldwide operating at the Dayton airport, they left the facility vacant and 1,200 people unemployed, without wages or health insurance. When DHL acquired Airborne Express, they left Cincinnati Airport with unused facilities.

If these two package giants merge, we can expect that the Wilmington facility will suffer a similar fate, despite the hundreds of millions of taxpayer dollars DHL asked Ohio to invest.

In addition, not only will the good people of Southwestern Ohio be hit hard, but also so will consumers nationwide, and perhaps worldwide. Eliminating DHL from the express overnight shipping market leaves just two companies: UPS and FedEx. This reduces competition, resulting in higher prices for you, me and everyone. Furthermore, the possibility that this alliance will extend to Asian and European operations is possible, bringing an international perspective to this possibility.

I urge this committee to examine this deal both in terms of the anti-trust implications but also the impact it will have on Wilmington and the State of Ohio as a whole. If we allow these types of business arrangements, with little regulation or regard, we can expect that other companies will feel comfortable abandoning communities, all in the name of higher

corporate profits.

We must show executives of these and other transnational corporations that they cannot ignore their duties to fulfill promises, such as those DHL made to the City of Wilmington and the State of Ohio; they promised to be a long-term presence and enhance competition, not detract from it. Corporate deals like this make it more difficult for states like Ohio to attract businesses, especially when we can no longer count on corporations keeping their word or our ability to ensure a return on our investments. If we create this precedent, others will ask for the same -- the ultimate result will be a greatly diminished state and nation. Is that what we really want? I think not.

Congress's most important responsibility is to represent all Americans--not just those interests of major corporations like UPS but also those workers who will be forced out of jobs and left without healthcare, those students whose schools will be under-funded because of lost tax revenue, and those communities who will be harmed by facility closures.

I thank you again, Mr. Chairman, for giving me the opportunity to bring to your and the Committee's attention the plight of our people and communities who will be abandoned if DHL is allowed to break its commitments to the State of Ohio and to the people of Wilmington.

Thank You.