



Ohio Takes On DHL

ARI NATTER

16 June 2008

[Traffic World](#)

Add a few more names to the list of people fighting [DHL Express'](#) proposed deal with UPS: Ohio's entire congressional delegation.

"Usually when a company is losing money they fire someone, not a whole town," Rep. Michael Turner, R-Ohio, wrote in a guest column for a local Ohio newspaper.

Turner, along with Ohio's other lawmakers, is concerned the \$10 billion deal will result in thousands of lost jobs. They are doing all they can to make sure the deal doesn't go through.

That includes the unusual step of seeking federal assistance for a German company, consulting with the Department of Labor and calling for an antitrust investigation by the Justice Department.

"As a result of meetings that Ohio members have had with representatives at DHL, it is our understanding that DHL has confirmed that their proposed strategic relationship with UPS in the U.S. may extend into other markets," Ohio's 18 U.S. representatives and two senators said in a June 5 letter.

"Because of local, national, and international implications, it is our hope that the Department of Justice employ a high level of scrutiny when analyzing the proposed transaction between the [United Parcel Service](#) and [DHL Worldwide](#)."

Lawmakers aren't the only ones fighting against the deal, a 10-year venture that would outsource DHL's domestic U.S. air transportation to rival UPS and end its relationship with ABX Air and ASTAR, the airlines that currently handle that business from DHL's hub in Wilmington, Ohio.

Local officials in Wilmington - a town of roughly 13,000 people - are fighting against the deal as well, which is estimated to cost the town 8,000 jobs.

City Mayor David Raizk - who received the news about the outsourcing deal while visiting [DHL Express](#) parent company [Deutsche Post](#) World Net in Germany - created an "economic task force" to help contain the aftermath of the deal.

"It was quite a shock," Raizk told Traffic World. "I think it was a shock for everybody."

State and local officials are working to stop, or at least slow down the deal, but "Plan B" includes gaining control of the airpark facility and turning it into an intermodal transportation hub, Raizk said.

Others rallying against the deal - which would likely lead to the abandonment of DHL's Wilmington hub facility - include Ohio Gov. Ted Strickland and the Air Line Pilots Association.

But industry observers say their efforts, while gallant, are most likely futile.

"I think in the end [Deutsche Post](#) has to do what's right for its shareholders, and unfortunately Wilmington is going to join the list of basically well-appointed facilities looking for tenants," said Brandon Fried, executive director of the **Airforwarders Association**.

[DHL Express](#)' restructuring, which has yet to be finalized, comes as it tries to par a \$1.3 billion operating loss in the United States.

"We do not believe the proposed agreement for UPS to provide domestic airlift raises any antitrust issues, it's simply a vendor relationship and a replacement of one set of air carriers with a single provider," said DHL spokesman Jonathan Baker.

"Obviously it's a situation where the company has taken tremendous losses ... and is now faced with having to make a drastic decision and unfortunately Wilmington, Ohio, is a casualty of that process," said Fried.

Some customers, like Mike Hess, vice-president of strategic planning for air forwarder Associated Global, which does \$100,000 a month in business with DHL, said they aren't too concerned.

"It's really just a change in air carriers," Hess said. "DHL will still make their own pickups, and then give it to UPS to handle."

Still, Ohio's lawmakers plan to keep on fighting.

"We certainly want to do everything we can to protect those jobs, because in Ohio right now our economy is struggling," Rep. Dennis J. Kucinich said. "DHL has made some corporate decisions and we have to see if there is anything we can do to influence them to look at it again."