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# Briefing on Universal Postal Union issues

30 November 2005

U.S. Department of State, Washington, D.C.



**1.**

**Welcome**

**and**

**Introductions**

**2.**

**January 2005**

**Postal Operations**

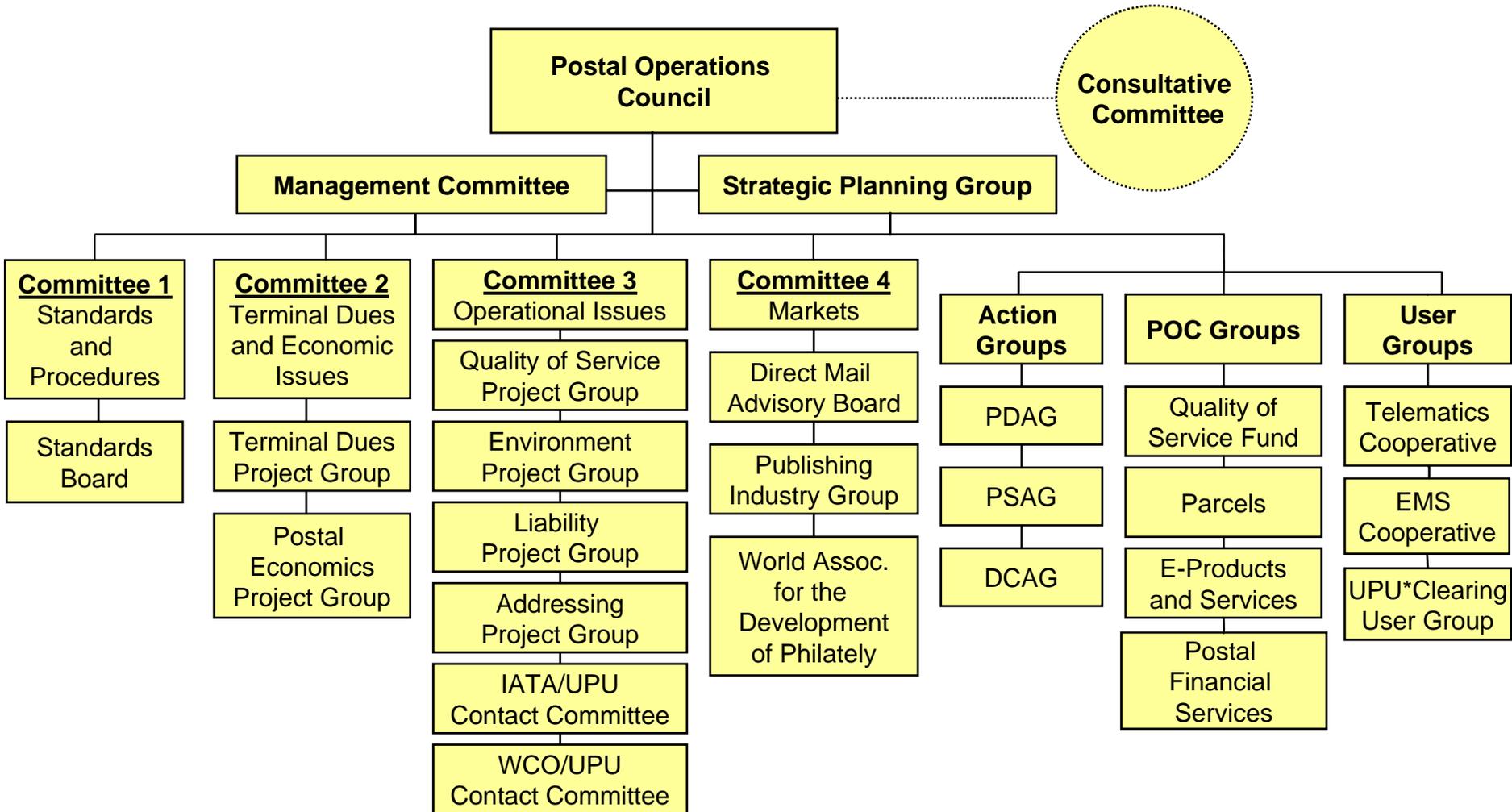
**Council**

# January 2005 Postal Operations Council

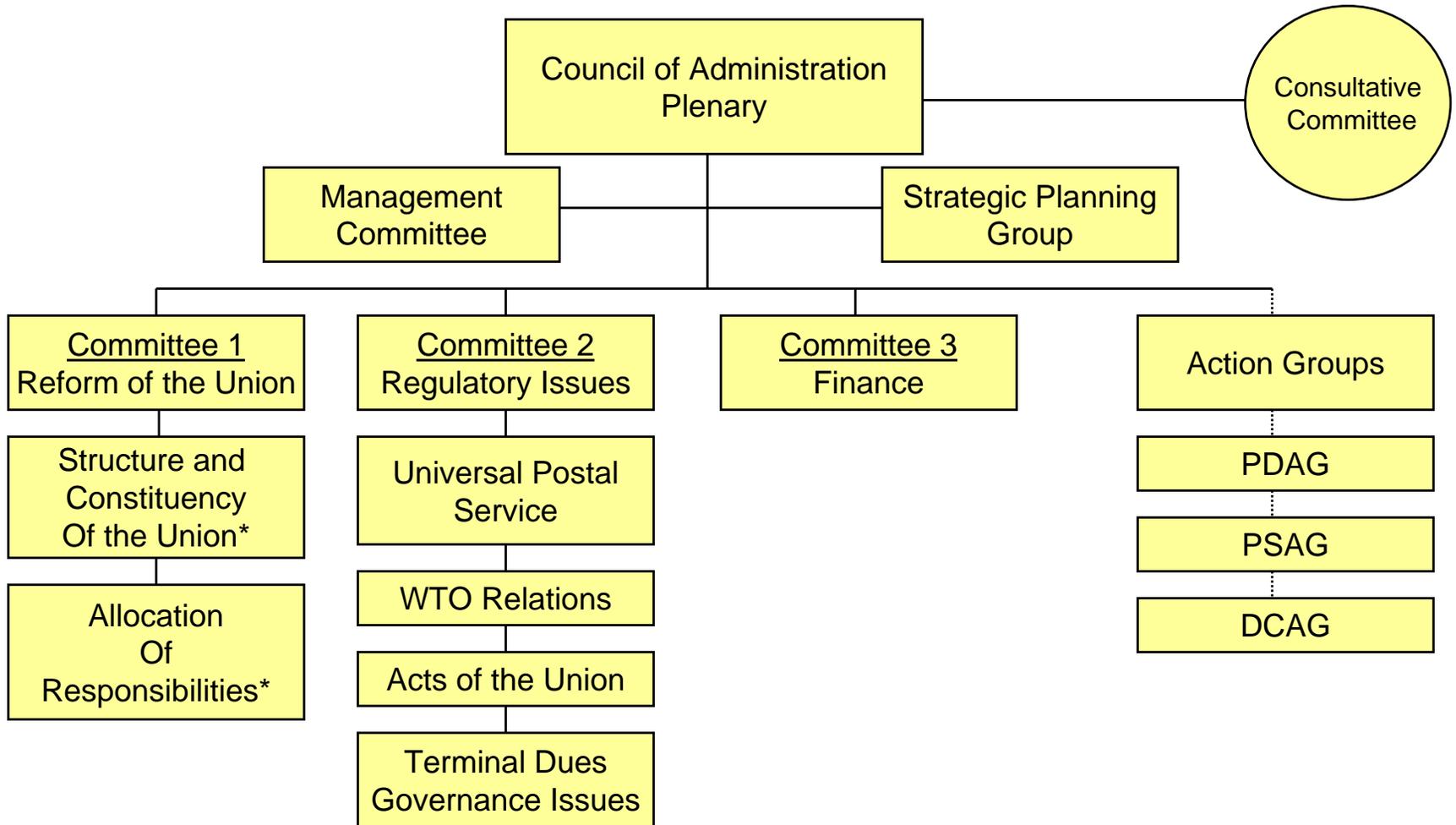
- ▶ Examined over 400 proposals to amend UPU regulations originally submitted to Bucharest Congress
- ▶ 16 of 19 U.S. proposals adopted by POC; three proposals concerning liability referred to study
- ▶ Confirmed structure of POC and formation of Committees and working groups



# POC Organizational Chart



# CA Organizational Chart



\* Newly proposed groups

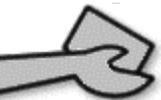
## UPU Groups that the U.S. chairs

POC Chairman	
Consultative Committee (Private sector)	CA Acts of the Union Project Group
Postal Security Action Group	Terminal Dues PT 2 on Statistics and Accounting
Standards Board	SPG Subgroup on Results- based Management
Standards Board Physical Encoding Group	SPG Subgroup on Scenarios
Standards Board Data and Code Definition Group	Parcels PT 2 on Services

**3.**

**Major UPU issues  
for the U.S.  
in 2005**

# Developments in major issues during 2005

- 
- ▶ Terminal dues
    - Postal economics and cost accounting/pricing
    - Organization of terminal dues work and work plan
    - Country classification
    - Quality of Service Fund
  - ▶ Quality of service and performance measurement
  - ▶ Consultative Committee



# Cost Accounting Systems

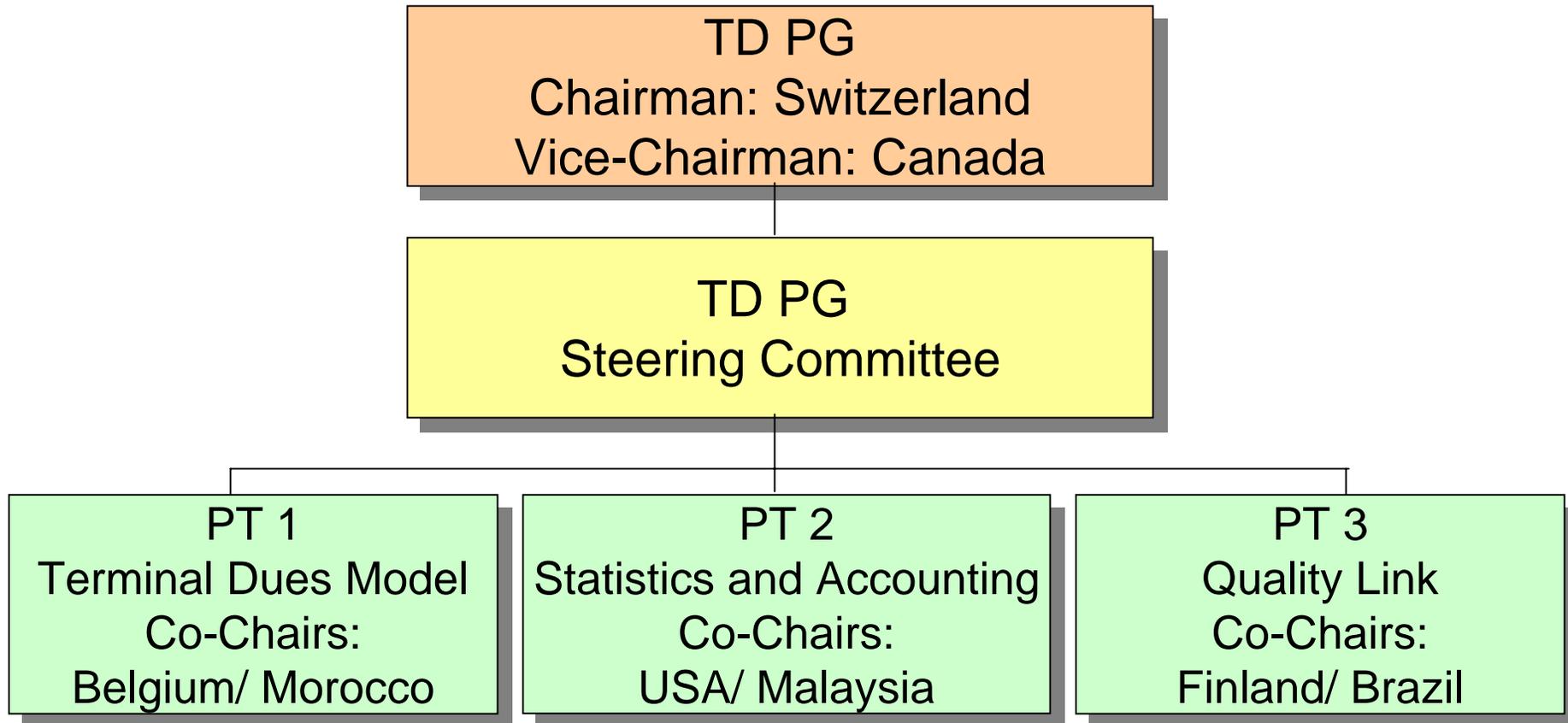
- 
- ▶ Bucharest Congress resolutions on implementation of cost accounting systems in postal administrations
  - ▶ Goal of resolutions is to enable postal administrations, especially those of developing countries, to develop costs of individual postal products to determine profitability
  - ▶ Concept has high visibility within UPU's strategic plans
  - ▶ Senior IB official selected to head implementation process



## Cost Accounting Systems (2)

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- ▶ UPU garnering support of senior postal officials in developing countries and raising awareness of need for systems by holding seminars worldwide (Africa, Asia and Latin America)
  - ▶ IB already installed costing systems in Burkina Faso, El Salvador and Niger; also currently installing system in Togo
  - ▶ Fifteen Asia-Pacific countries committed to installing systems
  - ▶ Morocco, Tunisia, and Nigeria using own resources to acquire systems

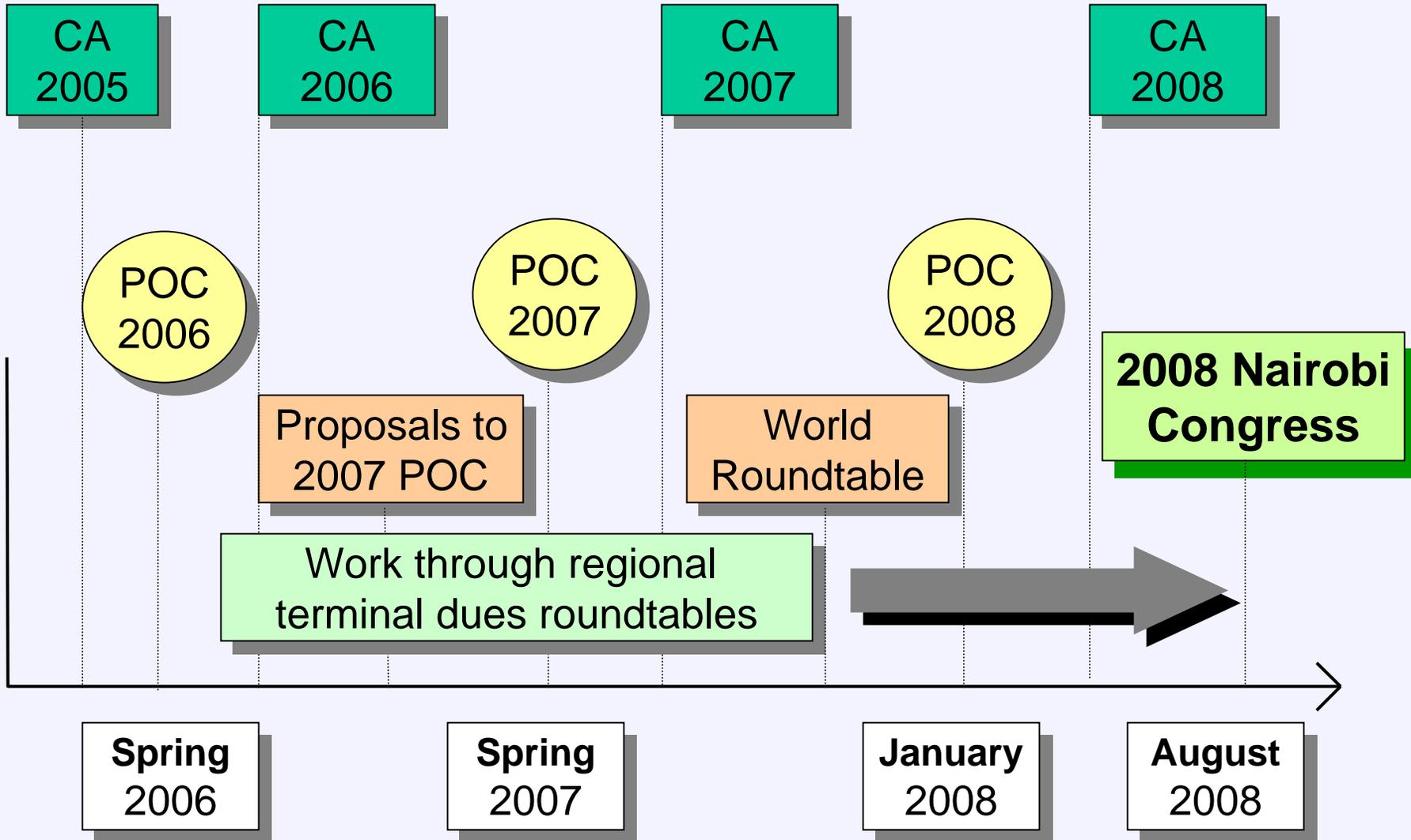
# Terminal Dues Project Group and Project Teams



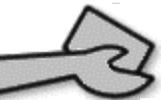
Working Groups under PT 1:  
Studies, Calculation Methods,  
Policy Questions and Domestic Access

# Terminal dues work plan

Goal: move to country-specific, cost-based terminal dues by January 2014



# Quality of Service Fund: work done

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- ▶ QSF Board of Trustees have drafted needed proposals for adaptation of Deed of Trust resulting from Bucharest Congress decisions
  - ▶ Revisions made to Project Management Manual and Financial Management Manual: Revisions aimed at simplifying procedures for project proposals
  - ▶ Initiated communications plan to inform stakeholders about QSF work and challenges; first QSF workshop held in Bern in October
  - ▶ Board is exploring reliable, global measurement systems and evaluation methods to gauge success of QSF projects

# Current Beijing QSF system: Who pays whom

Pay to ►

	ICs	DCs
ICs	-	7.5%
DCs	-	-

... % in addition to terminal dues payments at the rate of 3.427 SDRs per kilogram ...

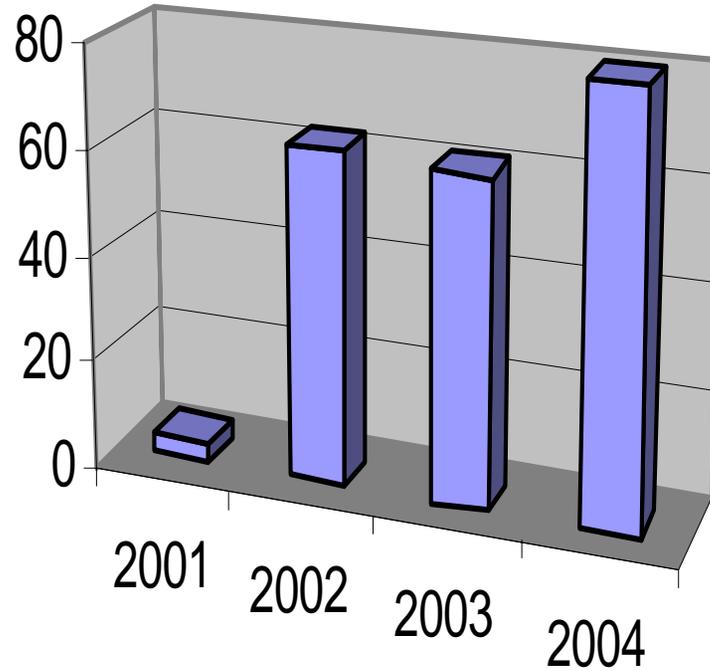
# Bucharest QSF system starting January 2006

Pay to: ▶ ▶ ▶

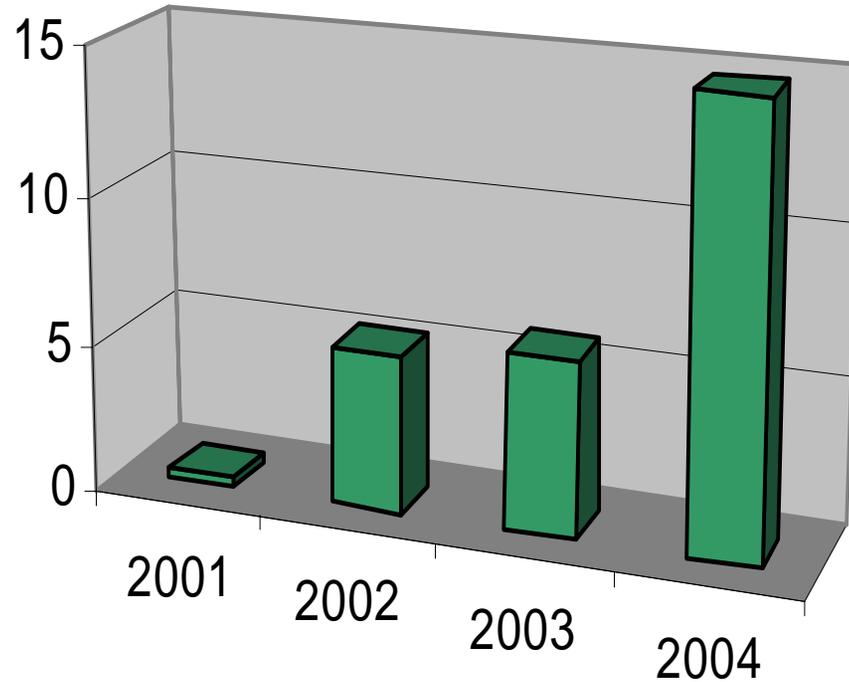
	ICs	NCCs	DCs	LDCs
ICs	-	1%	8%	16.5%
NCCs	-	-	-	16.5%
DCs	-	-	-	16.5%
LDCs	-	-	-	-

... % addition to terminal dues payments at rate of 3.727 SDRs per kg ...

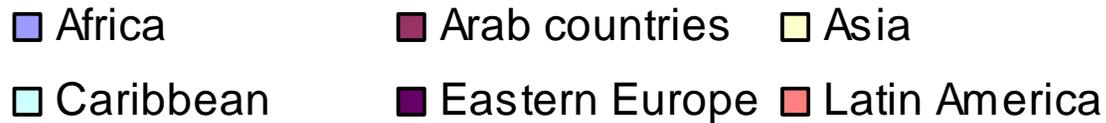
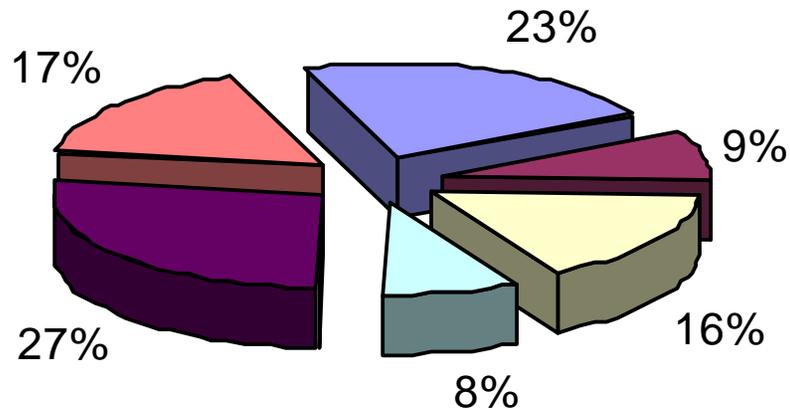
# Number of QSF projects worldwide



# Value of QSF projects worldwide (millions of U.S. \$)



## QSF projects by region 2001-2005



Total number of QSF projects 2001-2005: 233

# Quality of service measurement: progress made

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- ▶ IB has contracted a consultant to design report cards for letter post and parcels (Bucharest resolution C 48 based on U.S. proposal)
  - ▶ Proposal calling for seven large-volume developing countries (e.g. Brazil, China and Russia) to join IC-IC terminal dues monitoring system in July 2007
  - ▶ Quality of Service Monitoring subgroup continues to refine placement of RFID gates in IC administrations
  - ▶ UPU works to improve its quality of service certification program ... but Quality of Service Project Team faces funding shortfall

# Consultative Committee work plan



Overall Consultative Committee focus through 2008:

- ▶ Quality of Service Fund
- ▶ Performance measurement
- ▶ Customs clearance
- ▶ WTO and trade issues
- ▶ Security
- ▶ Regulatory issues
- ▶ Training
- ▶ Further reform of the UPU

# Consultative Committee specific projects



Consultative Committee, with 19 member private-sector members and 6 member countries, has taken on following projects:

1. Access models (Lead is Royal Mail)
2. Effect of postal reform on private sector stakeholders (GEA)
3. Data collection project for making better use of UPU's "Postal Statistics" (Direct Mail Association)
4. Training of postal employees (Unipostal)
5. Further reform of the UPU (IMAG with PostCom)

Committee also working actively to increase its membership

**4.**

**October 2005**

**meetings in Bern:**

**Issues of interest**

# Issues of interest during 2005

- 
- ▶ Customs Support Group
  - ▶ Postal Security
  - ▶ Strategic planning, performance measurement and the Bucharest World Postal Strategy
  - ▶ Work of the Cooperatives: Telematics, EMS and UPU\*Clearing
  - ▶ Structure and Constituency of Union
  - ▶ Acts of the Union: “postal administration” to be replaced by “member country” and “designated operator”



# Work of the Customs Support Group

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- ▶ Update on FDA prior notice requirements implemented under 2002 Bioterrorism Act
  - ▶ Monitor changes proposed to European Union Customs Code:
    - Guidelines for an “Authorized Economic Operator” that will allow qualifying entities access to simplified EU customs procedures
    - Requirement of entities in EU to provide customs data electronically on cross-border traffic, including postal items (implementation planned for 2009)
  - ▶ Capacity-building: assist in efforts to develop IT systems and EDI standards to help postal administrations capture and transmit data required for customs clearance

# Postal security and the Cooperatives

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- ▶ Postal Security Action Group: Focus on combatting terrorism; combatting money laundering and fraud; expanding use of eMaria system to track mail loss and damage; airport mail security reviews; and postal security training
  - ▶ Telematics Cooperative: Improvement and continued deployment of IPS and IFS
  - ▶ EMS Cooperative: Stricter performance requirements for members and wider member participation in EMS Pay-for-performance Plan
  - ▶ UPU\* Clearing: U.S. Postal Service now a member

# Structure and Constituency of the Union

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- ▶ CA Structure and Constituency of the Union Project Group active during 2005
  - ▶ Consensus of UPU members: UPU is an intergovernmental organization ... nevertheless, roles of each body and the Consultative Council should be examined closely
  - ▶ UPU recently issued survey on mission, functioning and structure of UPU bodies



**5.**

**Issues for U.S.  
stakeholders**

# Developments in major issues during 2005

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- ▶ Electronic manifesting of international mail by air carriers
  - ▶ New U.S. Government concern about illegal mailing of anabolic steroids to the U.S.
  - ▶ Extra-territorial Offices of Exchange (ETOEs)
  - ▶ Latest developments concerning postal and express delivery issues at WTO

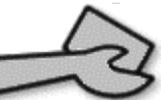
## UPU survey on members' policies towards ETOEs

Replies from 86 countries: U.S. policies on ETOEs consistent with those of the majority of UPU member countries

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1. Does your country agree to apply the UPU Acts to inbound items received from ETOEs?  
**NO:** 42 countries (55%)    **YES:** 34 countries (45%)
2. Does your country's legislation or national policy authorize the establishment of ETOEs on your territory?  
**NO:** 55 countries (75%)    **YES:** 19 countries (25%)
3. Does your country's legislation or national policy authorize the use of UPU documentation for ETOE operations relating to outbound items from your territory?  
**NO:** 74 countries (87%)    **YES:** 12 countries (13%)

# Extra-territorial Offices of Exchange

- 
- ▶ U.S. reply to survey indicated that under U.S. policy, ETOEs are considered to be commercial operators
  - ▶ In March 2005, Interagency group adopted policy for outbound ETOE traffic from U.S.
  - ▶ According to U.S. policy, ETOEs should use commercial documentation (airway bills), not UPU documentation, USPS equipment or customs forms for outbound traffic

## Extra-territorial Offices of Exchange (2)

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- ▶ Inbound traffic from ETOEs is to be entered as domestic mail after commercial customs clearance
  - ▶ In mid-October, State Department published U.S. Government policy towards ETOEs on its website
  - ▶ Website indicates addresses of ETOEs currently in operation in U.S.

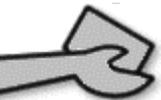
# ETOE Operators in the U.S.

## Operators

## Locations

Belgium Post International	New York, Los Angeles
Deutsche Post AG	Chicago, Los Angeles, Miami, Newark
La Poste, France	Philadelphia
New Zealand Post Ltd.	Chicago, Los Angeles, New York
Posten AB (Sweden)	Chicago, Los Angeles, Miami, Newark, San Francisco
Royal Mail Great Britain	Chicago, Farmingdale
Suriname Post (Skypostal)	Miami
Swiss Post	Chicago, New York (These offices will close in December 2005)
TPG Post (Netherlands)	Miami, New York
United Arab Emirates	Chicago, New Jersey

# WTO developments

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- ▶ WTO negotiations face logjam caused by disagreements over agricultural issues, particularly EU inability to respond adequately to requests to reduce subsidies and market access limitations
  - ▶ December 2005 WTO Ministerial meeting in Hong Kong will work toward breakthrough and set agenda with target deadline at the end of 2006
  - ▶ Services negotiations will ramp up in early 2006
  - ▶ Sectors to be addressed include postal, express delivery, logistics, transportation, and distribution services, among a host of others

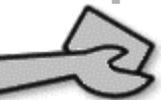
# U.S. Ratification of the Bucharest UPU Acts

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- ▶ Certified copies of Bucharest Acts (French original and certified English language translation) recently received
  - ▶ State Department's Office of the Legal Advisor preparing ratification documents for Presidential signature
  - ▶ No approval of UPU Acts by U.S. Senate required

**6.**

**Strategic  
planning**

# Bucharest World Postal Strategy



## Five major objectives:

1. Universal postal service
2. Quality of service and efficiency of the network (includes performance measurement, standards, tracking and IT systems, terminal dues and security)
3. Markets and responding to customer needs
4. Postal reform and sustainable development
5. Cooperation and interaction among stakeholders

.....Problem is, projects within Strategy are not prioritized and not all projects lend themselves to quantifiable measurements

# SPG: Results-based Management Subgroup

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- ▶ U.S. chair of SPG Subgroup on Results-based Management
  - ▶ Results-based Management subgroup to concentrate on principles for use by UPU in setting priorities, identifying quantifiable measurements, and measuring success in attainment of goals
  - ▶ Nairobi Postal Strategy expected to order its priorities and goals accordingly: i.e., to recognize *measurable* goals
  - ▶ Foster a “culture of measurement” at UPU

# SPG: Scenarios Subgroup

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- ▶ U.S. also chair of SPG Subgroup on Scenarios
  - ▶ Subgroup to focus on marketplace and postal sector industry trends within UPU member countries
  - ▶ Work of Subgroup to include study of key issues and drivers, regional distinctions, and factors based on level of development; identification of implications, challenges, and opportunities for Posts through scenarios for 2012
  - ▶ Questionnaire issued earlier this month; results of broad range of questions to assist in developing scenarios and may provide inputs to Nairobi World Postal Strategy

# U.S. Strategic plan for the UPU

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- ▶ U.S. continues to focus on moving forward its own Strategic Plan for the UPU, which is published on the State Department website
  - ▶ Plan's top three priorities are economic issues (terminal dues and related subjects), performance measurement and further integration of private sector into work of the UPU (Consultative Committee)
  - ▶ Other priorities concern customs clearance, ETOEs, postal security, the UPU Cooperatives, Standards Board, parcels, Postal Development and Direct Mail

# U.S. Strategic plan for the UPU: a way forward

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- ▶ The Strategic plan is ambitious; possibly not all tasks will be accomplished in next 1-2 years
  - ▶ Some tasks in Plan may require only U.S. monitoring of work done by the UPU; others may not progress without serious U.S. intervention
  - ▶ Stakeholder agencies are currently studying Plan to determine which individual tasks should take priority during calendar year 2006
  - ▶ U.S. agencies will soon determine tasks to be undertaken in 2006

**7.**

**A dozen challenges  
for the UPU -  
from a U.S.  
perspective**

# First half-dozen challenges: the U.S. perspective

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1. Make progress towards country-specific terminal dues rates based on costs
  2. Deploy cost accounting systems in developing countries worldwide
  3. Refine and deploy tools and systems to measure quality of service worldwide
  4. Design and develop report cards for quality of service of letter post and parcels
  5. Expand pay-for-performance arrangements
  6. Introduce airline performance measurement

# Second half-dozen challenges: the U.S. perspective

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7. Further integrate private sector into UPU decision making
  8. Make progress to bring postal customs clearance more into line with commercial customs clearance procedures for like items
  9. Seek further opportunities for UPU reform
  10. Produce statistics on international mail losses or damage
  11. Redraft UPU Convention and Regulations to make computerized operations the norm and paper-based procedures the exception
  12. Bring results-based management to the UPU

**8.**

**Date of next  
public meeting  
on UPU issues**

# Thanks for attending!

