

Major Decisions of the 2008 Geneva UPU Congress

U.S. Department of State
Presentation to the
Federal Advisory Committee
on International Postal and
Delivery Services

8 October 2008



Major decisions of the 2008 Geneva Congress

1. Elections of members of the Council of Administration, Postal Operations Council, Director General and Deputy Director General.
2. No change to UPU mission statement; clarifications to UPU role in trade issues and WTO deliberations.
3. Budget ceiling maintained for 2009-2010; increase of ceiling for 2011-2012 less than 1%.
4. Performance measurement: Adoption of "Global Monitoring System"; UPU Councils to decide on publication of UPU performance measurement results; survey on usefulness of certain UPU quality of service programs.
5. Terminal dues: adjustments to rates; maintenance of Quality of Service Fund; new five-category country classification system; more countries to join terminal dues target system.

Further decisions of the 2008 Geneva Congress

6. Approval of U.S. proposal to expand and accelerate use of EDI (electronic data interchange) for customs clearance of postal items and dispatches.
7. New organizational charts for UPU Councils; election of CA Chair (Kenya), POC Chair (Greece) and CA and POC Committee Chairs.
8. Principally private-sector Consultative Committee maintained; Chair and Management Committee elected.
9. Four-year strategic plan, the Nairobi Postal Strategy, adopted.
10. Study and related decisions on Extra-territorial Offices of Exchange approved.
11. A restructured UPU Postal Payment Services Agreement and plans to develop postal financial services approved.

... plus, most U.S. proposals to Congress adopted!

U.S. Election to UPU Councils

- Record votes in favor of U.S. in Council elections, after declines at 1999 Beijing and 2004 Bucharest Congresses.
- For the Geneva Congress, the U.S. delegation mounted an ambitious campaign for election to the CA and POC.
- All U.S. delegates participated in campaign, in which we lobbied for our positions on key issues, such as the mission statement, the UPU budget and terminal dues.
- In the CA, the U.S. received 132 votes, behind only Canada, Tunisia, China, Egypt and Germany.
- In the POC, the U.S. received 110 votes, behind only Japan, China, Greece, Egypt and Switzerland.
- Results demonstrate trust and position that the U.S. holds within the international postal community.

Defeat of a proposal to expand the UPU mission

- At its January 2008 session, the CA had approved a proposal to revise the UPU mission, in the Preamble of the UPU Constitution, to encompass “fostering trade and promoting social and economic development”. The proposal originated from within the UPU secretariat, which lobbied, even applied pressure, in support of its adoption.
- The U.S. campaign against proposal employed diplomatic channels and personal contacts with delegates in Geneva.
- As a change to the UPU Constitution, the proposal required a 2/3 majority of member countries with the right to vote, or 114 positive votes.
- On July 30, the proposal (10.0.1) won 97 votes in favor, 28 against, and 17 abstentions. About 30 countries were absent or did not vote. The proposal therefore failed.

U.S. proposals on the UPU mission and WTO

- The compromise U.S. proposal to study the UPU mission statement over the coming four-year period passed, with 74 votes in favor, 41 against and 27 abstentions.
- Some countries that voted *for* the revised mission statement voted *against* the U.S. proposal to study the mission statement over the next four years.
- A U.S. proposal that would limit the observer status of the UPU in WTO deliberations was also approved by Congress by a vote of 82 to 14, with 9 abstentions.
- Resulting resolution clarifies that the UPU shall not *seek compatibility* between UPU and WTO decisions (e.g. regarding the relation between terminal dues and most favored nation principles), but shall “provide information” to UPU member countries regarding compatibility of these rules.

UPU budgetary decisions

- After frequent statements about the constraints applied by the policy of zero nominal growth in the UPU budget, the UPU secretariat put forward a budget ceiling proposal that adheres closely to ... zero nominal growth.
- For 2009-2010, budget ceiling remains 37 million Swiss Francs.
- For 2011-2012, annual budget ceiling increases by 450,000 Swiss Francs, or by a little more than 1/2 of 1%.
- Decisions adopted will (supposedly) make it easier for member countries to make voluntary contributions to fund UPU activities under the so-called "Pillar C". ("Pillar A" represents mandatory assessments, while "Pillar B" represents voluntarily funded groups, such as the Cooperatives).
- Congress, however, referred U.S. proposals on voluntarily funded groups to a CA study. Status quo, though, remains in place.

Terminal dues decisions at Geneva

- Target System and Transitional System maintained. Set calendar for the most advanced transitional countries to join the Target System in 2010 and 2012.
- Cost to tariff ratio 70% for current Target System countries; ratio is 100% for countries entering Target system in 2010 and 2012.
- Rates over the coming four years in the Target System increase by 4% per year for countries at the cap and 2.4% per year for countries on the floor (such as the U.S.)
- New Target System countries will see their rates increase by 2.8% per year over the next four years, as will rates for Transitional System countries.
- Resolution on future work adopted that will, *inter alia*, examine a methodology to more closely align terminal dues with domestic rates.

Classification of countries

- 2004 Bucharest Congress instructed the CA to develop methodology for classification of countries for purposes of terminal dues and payments to and from Quality of Service Fund.
- Team led by Barbados developed methodology, which is based on both macroeconomic and postal-specific indicators. Main macroeconomic factor is Gross National Income (GNI) per capita. Postal indicators include letter volumes, staff numbers, geography and whether home delivery is provided. The classification remains in effect for four years.
- The methodology produced five Groups. In Group 1 are the Industrialized Countries, which now all belong to the terminal dues target system. In Group 5 are the Least Developed Countries, as defined by the UN. In 2010, 13 new countries in Group 1 join the target system; in 2012, 23 countries in Group 2 join.

Measuring performance and quality of service

- Congress endorsed the creation of the Global Monitoring System, which will use RFID technology to measure performance of destination operators in delivering inbound international mail.
- Congress approved a U.S. proposal that instructs both UPU Councils to decide the manner in which the results of these RFID-based measurements of the performance of destination operators shall be published. Assumption is that results will be made available to regulators, operators and possibly the mailers.
- Congress approved a U.S. proposal instructing the International Bureau to seek the views of member countries about which current IB quality of service programs should be eliminated or revamped. The U.S. view is that certain current programs managed by the IB, such as continuous and sequential testing and certification programs, are of little genuine value to member countries or mailers.

EDI transmissions for customs purposes

- The 2006 Postal Accountability and Enhancement Act requires that U.S. Customs and Border Protection apply U.S. customs laws in the same manner for similar (competitive) inbound international postal and private sector shipments.
- According to U.S. Customs officials, the way forward is to obtain more and better transmissions of advance electronic data interchange (EDI) data for individual postal items requiring a declaration. Practically all private-sector traffic is currently preadvised through advance EDI transmissions.
- The Congress approved the U.S. proposal, which calls upon the POC to promote, together with the World Customs Organization, the expanded transmissions of item-level data for customs purposes. Resulting resolution (C 56) also instructs the POC to develop a plan for this purpose and to continue its work in developing standards for EDI messages related to customs.

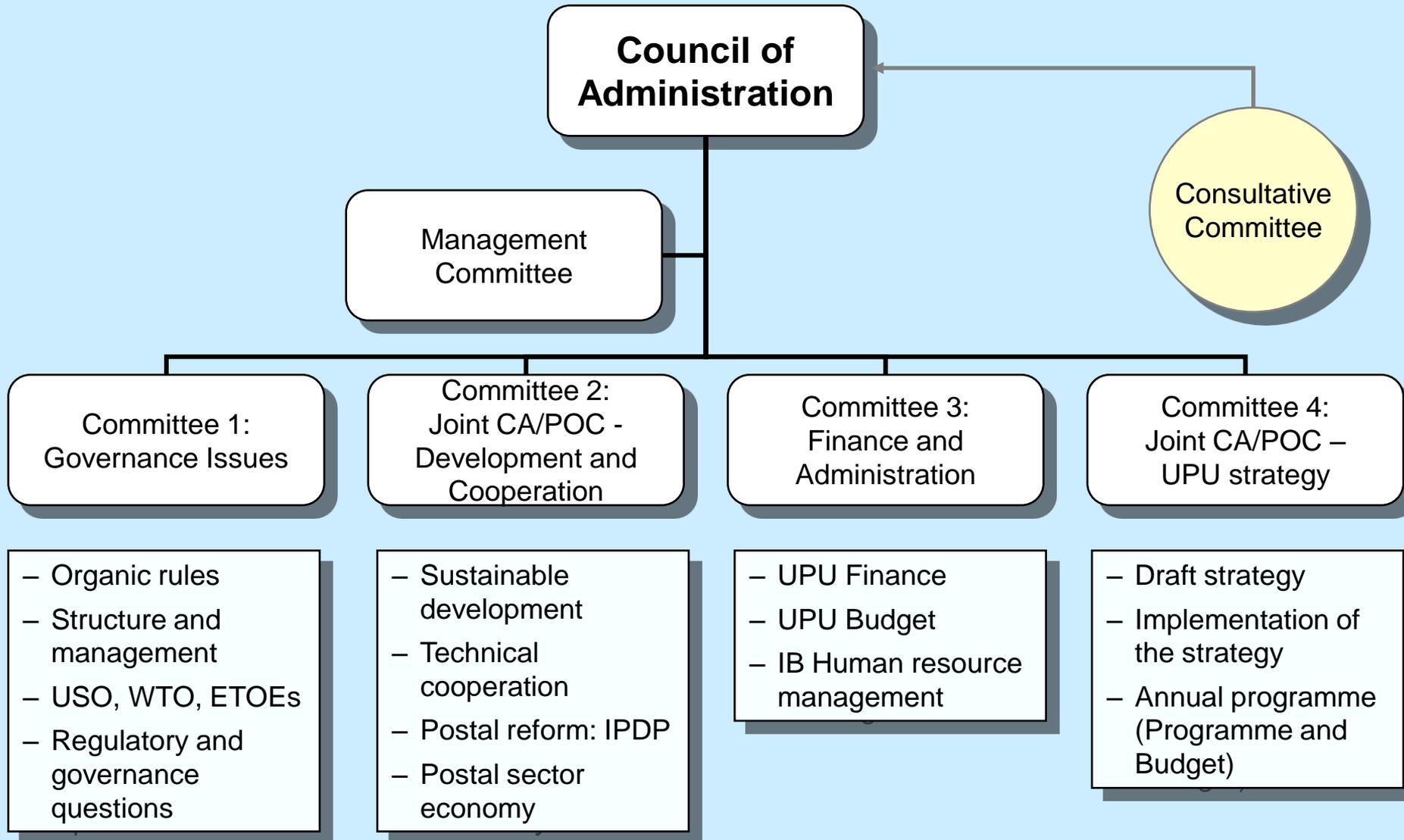
New structures for the CA and POC

- The CA team working on UPU reform (“Structure and Constituency of the Union Project Group”) proposed simplified organizational structures for the CA and POC, which the Congress adopted.
- Technical cooperation (called “development cooperation”), postal reform and strategic planning are now joint POC/CA responsibilities.
- The POC structure is driven by products, with committees on letter post, parcel post and postal financial services. The fourth committee will handle standards and technology issues. The cooperatives (EMS, Telematics and UPU*Clearing), Quality of Service Fund Board and other independent groups (Postal Security Group and Direct Mail Advisory Board) will report directly to the POC Plenary.

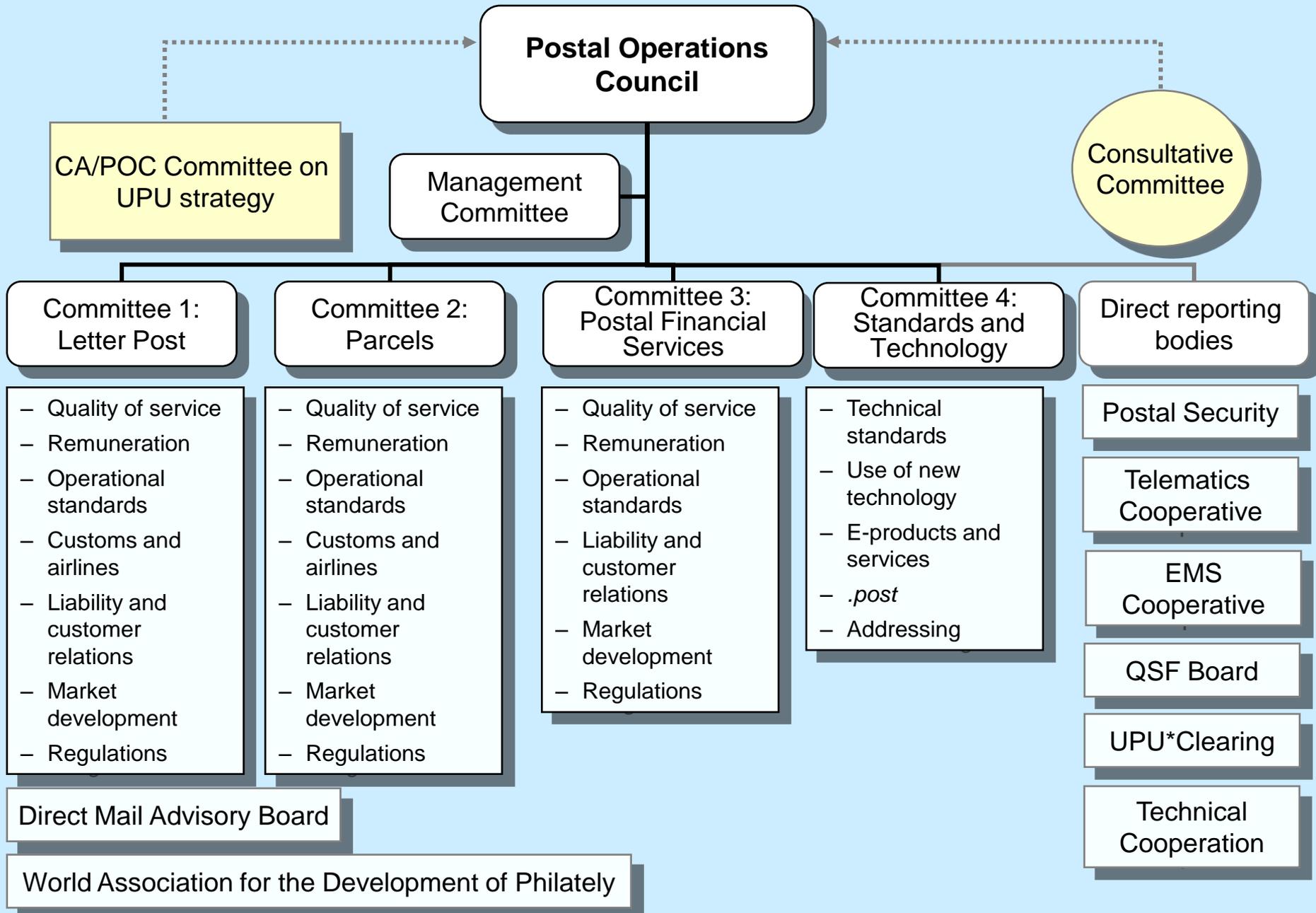
Chairs of the CA, POC and Consultative Committee

- Ambassador Bishar Hussein of Kenya, the original host country for the 24th UPU Congress, was designated to chair the CA.
- On August 8, Andreas Taprantzis, CEO of the Greek postal operator, ELTA, was elected Chairman of the POC. In the 2nd round of voting, Mr. Taprantzis defeated Murray Buchanan of Royal Mail by a vote of 22 to 18.
- Charles Prescott of the Direct Mail Association was reelected Chairman of the Consultative Committee in Geneva; Murray Buchanan of Royal Mail was elected Vice Chair.

Structure of the UPU Councils



Structure of the UPU Councils



CA Committee Chairs and Vice Chairs

Council of Administration
Chair: Kenya
Vice Chairs:
Great Britain, Qatar, Trinidad and Tobago, Ukraine

Consultative Committee
Chair: Charles Prescott (DMA)
Vice Chair: Great Britain

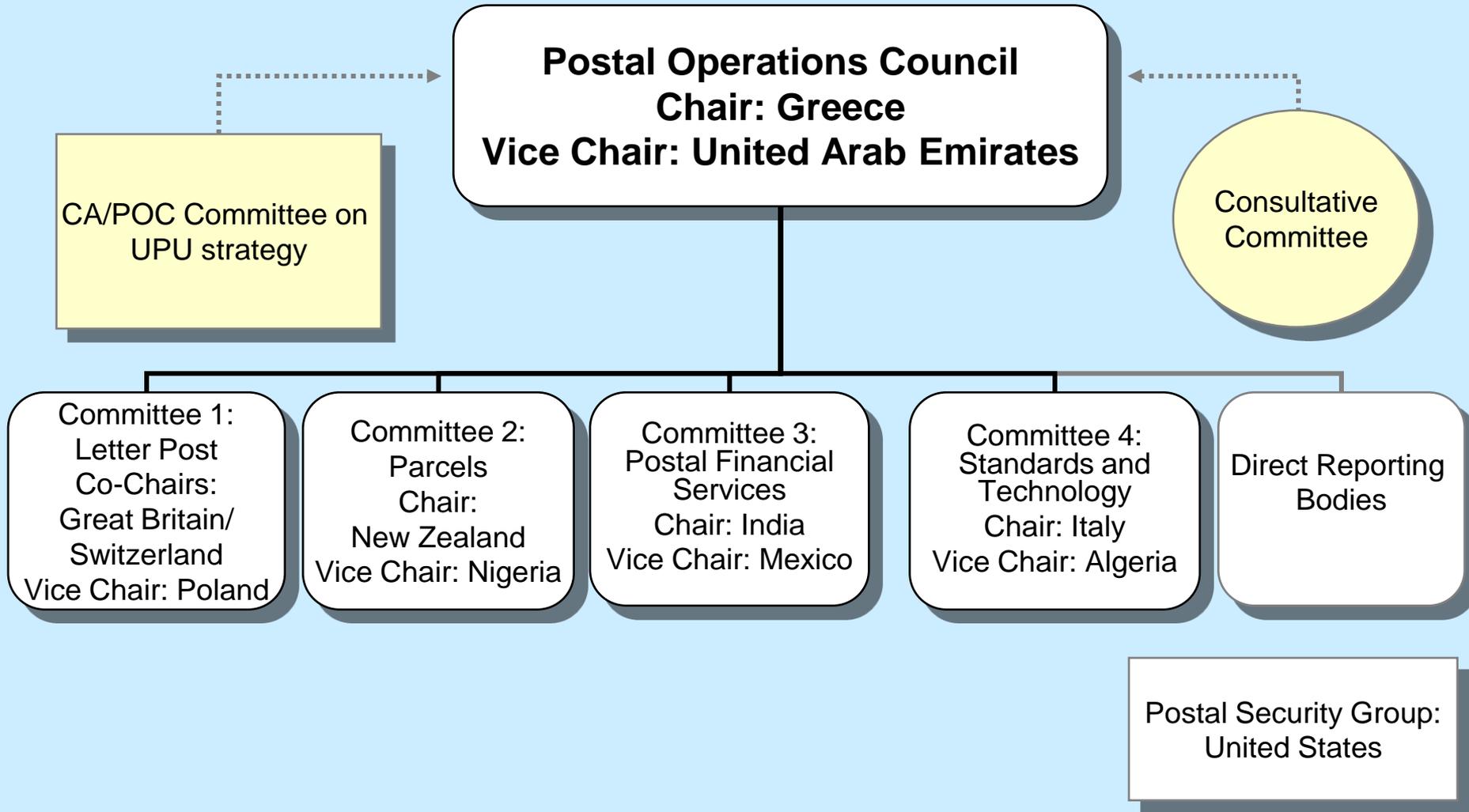
Committee 1:
Governance Issues
Chair: Germany
Vice Chair: Argentina

Committee 2:
Joint CA/POC - Development and Cooperation
Chair: China
Vice Chair: Spain

Committee 3:
Finance and Administration
Chair: Tunisia
Vice Chair: United States

Committee 4:
Joint CA/POC – UPU strategy
Chair: Canada
Vice Chair: India

POC Chairs and Vice Chairs



CA and POC groups of interest to the U.S.

Council of Administration

- All the issues in Committee 1 (Governance) and Committee 4 (UPU Strategy)

Postal Operations Council

- Standards Board Chair
- Remuneration Group (Terminal Dues) Vice-Chair
- Quality Improvement Group Chair
- Quality Improvement Group – Global Monitoring System Steering Committee
- Customs issues

... plus, U.S. already holds seats on the EMS Cooperative, Telematics Cooperative, Operations and Accounting Review Group, and Quality of Service Fund Board

Consultative Committee endorsed

- Congress endorsed continuance of the Consultative Committee, which now has 19 private-sector members. Congress recognized Committee's work in downstream access and addressing.
- The main Congress resolution (C 57) on the Committee encourages voluntary in kind or financial contributions from Committee members and greater integration of Committee members in the work of the UPU.
- A related resolution (C 19) instructs the CA and POC to encourage member countries to seek advice and expertise of Consultative Committee members and promotes the launching of public/private partnerships.
- Member countries on Committee are: Costa Rica, Egypt, Great Britain, Japan, Netherlands, Saudi Arabia, Spain and Sweden.
- Management Committee elected: PostCom, Global Express Association, FEDMA, Egypt, Netherlands, Saudi Arabia and Spain.

The “Nairobi Postal Strategy”

- Congress adopted the Nairobi Postal Strategy, UPU’s quadrennial strategic plan. The Strategy was drafted by team led by Belgium; overall Strategic Planning Group was led by Russia.
- First such plan for which member country views of member countries and the Consultative Committee were sought to set strategic priorities.
- Four fields of concentration:
 - Quality of service (includes measurement and standards)
 - Universal postal service
 - Remuneration (includes postal reform and sustainable development)
 - Markets (plus stakeholder cooperation).

UPU Strategic planning: Challenges ahead

- CA must devise methodology for linking strategic priorities, as expressed by member countries, to priorities for the individual programs in the biennial UPU Programme and Budget.
- Priorities in the Nairobi Postal Strategy are at a high level and do not encompass all the programs in the Programme and Budget. Coherence needed between the Nairobi Postal Strategy and the Programme and Budget.
- These are uncharted waters: there are no models to follow in the UN system for setting strategic or budgetary priorities.
- CA must also refine “report cards” for measuring attainment of the goals in the UPU Strategy by individual countries and postal operators. Here the publication of performance of the operators of destination in delivering inbound letters assumes importance.

Extra-territorial Offices of Exchange (ETOEs)

Series of decisions on ETOEs in Congress resolution C 63:

- Confirmed Bucharest Congress decisions on ETOEs (that traffic exported by ETOEs are not covered under UPU Acts unless legislation of destination country states otherwise).
- Regarding the International Bureau's registration of International Mail Processing Centers:
 - Operators designated by UPU member countries may obtain IMPC codes.
 - Governments must make application for IMPC codes for other IMPCs established on their territory.
 - Issuance of IMPC codes to private companies temporarily suspended pending further study.

POC and CA work on Extra-territorial Offices of Exchange

Congress also decided that:

- The POC must study and recommend adjustments to the structure of IMPC codes to achieve greater clarity about the identification of the origin and the operator (that is, owner) of the traffic.
- The POC is to study the operational problems caused by ETOEs.
- The CA shall conduct a comprehensive study of ETOEs and International Mail Processing Centers to include “organization of domestic postal markets and the effect of national or regional policies” on the UPU Acts.
- Member countries should review and notify the IB of their national policies regarding ETOEs, and respect the national policies of other member countries.

Postal Financial Services

- Congress adopted an entirely redrafted, restructured Postal Payment Services Agreement. The new Agreement, in whose drafting the U.S. delegation actively participated in the lead up to Congress, provides for the exchange of electronic and paper postal payment orders. The Agreement contains many new provisions related to security of these services, e.g., to combat money laundering.
- In Geneva, the U.S. delegation did not sign the Agreement, which enters into force on January 1, 2010. The U.S. will consider acceding to the Agreement over the coming year.
- The Congress also adopted a resolution (C 74) on future UPU work to develop postal financial services – and concurrently rejected a U.S. proposal that would have eliminated reference to development of “new financial services” and “account-based postal financial services”.

Additional decisions of the 24th UPU Congress

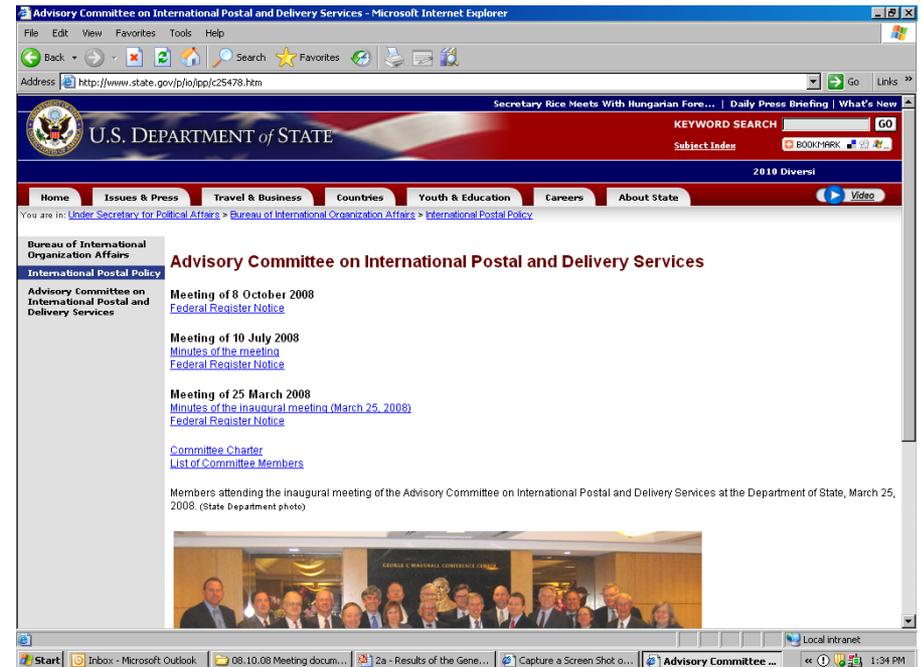
- Definitions: the term “postal operator” or “member country” generally replaces “postal administration” in the UPU Acts.
- C 16: Further reform of the UPU.
- C 25: Continuance of the Operations and Accounting Review initiative (the “paper to data” project proposed by the U.S. at the Bucharest Congress aimed at computerizing processes and procedures related to the exchange of international mail).
- C 32: Strategy for address quality.
- C 37: Combatting pirated and counterfeit items in the post.
- C 41: Promotion of postal regulatory best practices.
- C 66: CA study on the voluntarily funded groups and UPU’s extrabudgetary activities (follow-up to the U.S. proposal).

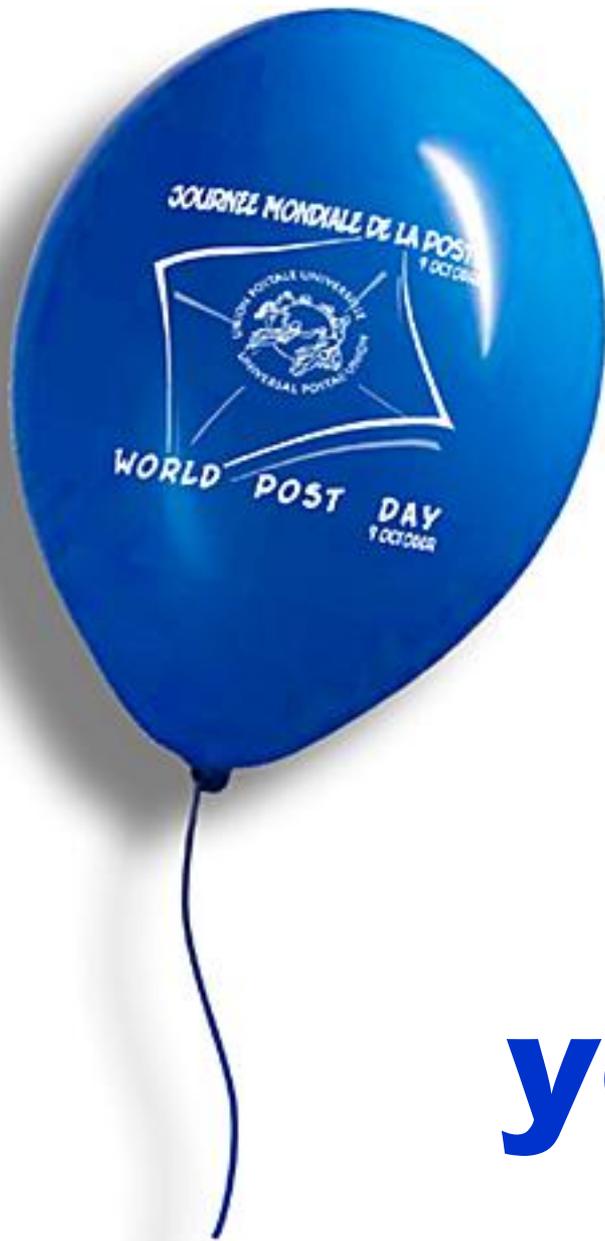
Scorecard on U.S. proposals to the Geneva UPU Congress

Total number of proposals submitted to Congress	26
Number of proposals adopted	16
Number of proposals referred for study	6
Number of proposals rejected	4

Accessing State Dept International Postal Policy Website

- From the State Department homepage (www.state.gov), click on the "About State" tab.
- On the next page, click on "Bureaus and Offices A-Z" link, then select "International Organization Affairs (IO)"
- The link for the International Postal Policy page can be found on the left menu. This page includes a section for the Advisory Committee on International Postal and Delivery Services.





***Thank you for
your attention!***