

**Statement of the Representative of the United States,
Ambassador E. Michael Southwick, at the
Final Session of the Beijing Congress of the Universal Postal Union
September 15, 1999**

Thank you for the opportunity to make a brief statement summarizing our view of the outcome of this Congress.

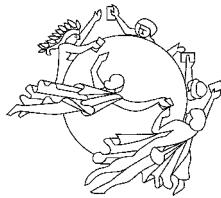
The Beijing congress will be remembered for many things. For those who participated, the most vivid memory will be the superb support provided by the Chinese Government and people. We are very grateful for their gracious hospitality. The Congress will also be remembered for how it dealt with the issues confronting the UPU and its member states.

On terminal dues, we moved ahead. But we should not let our work finish with this transitional agreement. We should work towards replacing it with a truly cost-based system no later than the year 2005, and substantially earlier for exchanges of mail between industrialized countries.

With regard to openness and stakeholder participation, this Congress found us, and perhaps leaves us, sharply divided. It is of great concern to the United States that the UPU is so far behind other organizations in the United Nations system in the way it deals with stakeholders.

On the positive side, this Congress has approved a mechanism, the High-Level Group, to address reform in a reasonable time frame. We believe there is wide-spread agreement among us that the UPU must move forward on reform. It will not be healthy for this organization to let the question of reform drift on for another five years. If it does, the Abidjan Congress, in our view, could take place in an atmosphere of disunity, with many states disaffected from the UPU. The best legacy of the Beijing Congress for Abidjan would be a strengthened and united UPU resulting from reforms adopted, and in place, well before 2004.

Mr Chairman, the United States values the UPU and its contribution over the decades to the ability of people everywhere to communicate with each other. The United States Postal Service, our universal service provider, has worked actively through the UPU and bilaterally to improve postal service worldwide. We are very proud of their record. Even though the United States policy in the UPU is now set in a broader, government-wide context, we want to build on this tradition.



Universal Postal Union

Letter Post Manual

Berne 2001

International Bureau of the Universal Postal Union

Article 47**Terminal dues. General provisions**

1 **Subject to article 52, each administration which receives letter-post items from another administration shall have the right to collect from the dispatching administration a payment for the costs incurred for the international mail received.**

2 **For the application of the provisions concerning the payment of terminal dues, postal administrations shall be classified as “industrialized countries” or “developing countries”, in accordance with the list drawn up for this purpose by Congress.**

3 **The provisions of the present Convention concerning the payment of terminal dues are transitional arrangements, moving towards a country-specific payment system.**

4 **Access to the domestic service**

4.1 **Each administration shall make available to the other administrations all the rates, terms and conditions offered in its domestic service on conditions identical to those proposed to its national customers.**

4.2 **A dispatching administration may, on similar conditions, request the administration of an industrialized country of destination to offer it the same conditions that the latter offers to its national customers for equivalent items.**

4.3 **The administrations of developing countries shall indicate whether they authorize access on the conditions mentioned in 4.1.**

4.3.1 **When an administration of a developing country states that it authorizes access on the conditions offered in its domestic system, that authorization shall apply to all Union administrations on a non-discriminatory basis.**

4.4 **It shall be up to the administration of destination to decide whether the conditions of access to its domestic service have been met by the administration of origin.**

5 **The terminal dues rates for bulk mail shall not be higher than the most favourable rates applied by administrations of destination under bilateral or multilateral agreements concerning terminal dues. It shall be up to the administration of destination to decide whether the terms and conditions of access have been met by the administration of origin.**

6 **The Postal Operations Council shall be authorized to amend the payments mentioned in articles 48 to 51 between Congresses. Any revision carried out shall be based on reliable and representative economic and financial data and take into account all the provisions on terminal dues in the Convention and the Letter Post Regulations. Any amendment decided upon shall come into force at a date set by the Postal Operations Council.**

7 Any administration may waive wholly or in part the payment provided for under 1.

8 The administrations concerned may, by bilateral or multilateral agreement, apply other payment systems for the settlement of terminal dues accounts.

■ **Commentary**

47.1 Congress adopted recommendation C 78/Washington 1989, inviting the governments of Union member countries to allocate the entire revenue derived from terminal dues to their postal service so as to enable the latter both to cover the costs of handling foreign-origin mail and to constitute the reserve funds required for replacing and improving its infrastructure.

47.2 The list of industrialized countries and developing countries is given in the Statistical and Accounting Guide published by the IB.

Article 48

Terminal dues. Provisions applicable to exchanges between industrialized countries

1 Payment for letter-post items, including bulk mail but excluding M bags, shall be established on the basis of the application of the rates per item and per kilogramme reflecting the handling costs in the country of destination; these costs must be in relation with the domestic tariffs. The rates shall be calculated in accordance with the conditions specified in the Letter Post Regulations.

2 For the years 2001 to 2003, the rates per item and per kilogramme may not be higher than those calculated on the basis of 60% of the charge for a 20-gramme letter in the domestic service, or exceed the following rates:

- 2.1** for the year 2001, 0.158 SDR per item and 1.684 SDR per kilogramme;
- 2.2** for the year 2002, 0.172 SDR per item and 1.684 SDR per kilogramme;
- 2.3** for the year 2003, 0.215 SDR per item and 1.684 SDR per kilogramme.

3 For the years 2004 and 2005, the Postal Operations Council shall set the final percentage of the tariffs appropriate to each industrialized country in line with the relations between the costs and tariffs of each country.

4 For the period from the year 2001 to the year 2005, the rates to be applied may not be lower than 0.147 SDR per item and 1.491 SDR per kilogramme.

5 For M bags, the rate to be applied shall be 0.653 SDR per kilogramme.

5.1 M bags weighing less than 5 kilogrammes shall be considered as weighing 5 kilogrammes for terminal dues payment purposes.

6 The administration of destination shall have the right to collect an additional payment of 0.5 SDR per item in respect of the delivery of registered items and of 1 SDR per item in respect of the delivery of insured items.

7 The provisions applicable between industrialized countries shall apply to any developing country which declares that it wishes to abide by them and would like to be considered an industrialized country for purposes of the provisions of articles 48 to 50 and those of the corresponding Letter Post Regulations.

Article 49

Terminal dues. Provisions applicable to mail flows from developing countries to industrialized countries

1 Payment

- 1.1** Payment for letter-post items, excluding M bags, shall be 3.427 SDR per kilogramme.
- 1.2** For M bags, the rate to be applied shall be 0.653 SDR per kilogramme.
- 1.2.1** M bags weighing less than 5 kilogrammes shall be considered as weighing 5 kilogrammes for terminal dues payment purposes.
- 1.3** The administration of destination shall have the right to collect an additional payment of 0.5 SDR per item in respect of the delivery of registered items and of 1 SDR per item in respect of the delivery of insured items.

2 Revision mechanism

- 2.1** An administration dispatching a mail flow of over 150 tonnes a year may have the rate given in 1.1 revised when, in a given relation, it establishes that the average number of items contained in 1 kilogramme of mail dispatched is less than 14.
- 2.2** An administration receiving a mail flow of over 150 tonnes a year may have the rate given in 1.1 revised when, in a given relation, it establishes that the average number of items contained in one kilogramme of mail received is more than 21.
- 2.3** The revision shall be carried out on the terms specified in the Letter Post Regulations.

3 System harmonization mechanism

- 3.1** When an administration receiving a mail flow of over 50 tonnes a year establishes that the annual weight of this flow exceeds the threshold calculated in accordance with the conditions set out in the Letter Post Regulations, it may apply to the excess mail the payment system provided for in article 48 provided that it has not applied the revision mechanism.

4 Bulk mail

- 4.1** The payment for bulk mail shall be established by applying the rates per item and per kilogramme provided for in article 48.1.

Article 50**Terminal dues. Provisions applicable to mail flows from industrialized countries to developing countries****1 Payment**

- 1.1 Payment for letter-post items, excluding M bags, shall be 3.427 SDR per kilogramme.**
- 1.1.1 The terminal dues stemming from application of the rate given in 1.1 shall be increased by 7.5% under the head of a fund to finance improving quality of service in developing countries.**
- 1.2 For M bags, the rate to be applied shall be 0.653 SDR per kilogramme.**
- 1.2.1 M bags weighing less than 5 kilogrammes shall be considered as weighing 5 kilogrammes for terminal dues payment purposes.**
- 1.3 The administration of destination shall have the right to collect an additional payment of 0.5 SDR per item in respect of the delivery of registered items and of 1 SDR per item in respect of the delivery of insured items.**

2 Revision mechanism

- 2.1 An administration receiving a mail flow of over 150 tonnes a year may have the rate revised when, in a given relation, it establishes that the average number of items contained in 1 kilogramme of mail received is more than 21.**
- 2.2 The revision shall be carried out on the terms specified in the Letter Post Regulations.**

3 Bulk mail

- 3.1 Administrations which do not authorize access on the conditions offered in the domestic service may request for bulk mail received a payment of 0.14 SDR per item and 1 SDR per kilogramme.**
- 3.2 Administrations which authorize access on the conditions offered in the domestic service may apply to bulk mail received a payment corresponding to the domestic tariffs, increased by 9%, offered to national customers for items of the same kind, without being able to exceed the rates given in article 48.2.**

■ Commentary

- 50.1.1.1 The QSF is governed by statutes (Deed of Trust) approved by the POC. The QSF is managed by a nine-member Board of Trustees elected by the POC.**

Article 51

Terminal dues. Provisions applicable to exchanges between developing countries

1 Payment

- 1.1 Payment for letter-post items, excluding M bags, shall be 3.427 SDR per kilogramme.**
- 1.2 For M bags, the rate to be applied shall be 0.653 SDR per kilogramme.**
- 1.2.1 M bags weighing less than 5 kilogrammes shall be considered as weighing 5 kilogrammes for terminal dues payment purposes.**
- 1.3 The administration of destination shall have the right to collect an additional payment of 0.5 SDR per item in respect of the delivery of registered items and of 1 SDR per item in respect of the delivery of insured items.**

2 Revision mechanism

- 2.1 An administration receiving a mail flow of over 150 tonnes a year may have the rate revised when, in a given relation, it establishes that the average number of items contained in 1 kilogramme of mail received is more than 21.**
- 2.2 The revision shall be carried out on the terms specified in the Letter Post Regulations.**

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Prot Article XXIV

Terminal dues

1 Notwithstanding articles 49.1.3 and 51.1.3, the postal administrations of Egypt, Kuwait, Latvia, Oman, Qatar, Saudi Arabia, Syrian Arab Rep, United Arab Emirates and Viet Nam shall not be required to make an additional payment in respect of the delivery of registered letter-post items sent from their countries.

2 Notwithstanding articles 49.1.3 and 51.1.3, the postal administrations of Djibouti, Ghana, India, Nepal and Yemen shall not be required to make an additional payment in respect of the delivery of registered and insured letter-post items sent from their country.

3 Notwithstanding reservations made by any country in respect of articles 49.1.3 and 51.1.3, the postal administration of Australia will not collect a signature for registered items for which the additional payment in respect of delivery has not been made.

4 With respect to countries making reservations to obligations under articles 49.1.3 and 51.1.3 to make an additional payment for registered and insured items the United States of America reserves the right to handle such items as ordinary mail and not to pay indemnity for any such items lost, rifled, or damaged in its service.

5 Notwithstanding the reservations under article XXIV, the United Kingdom of Great Britain and Northern Ireland and the Overseas Dependent Territories of the United Kingdom shall reserve the right to fully apply the provisions approved by the Beijing Congress regarding supplementary remuneration for delivery of registered and insured letter-post items in their relations with other countries.

6 Notwithstanding the reservations made under article XXIV.1 and 2, the following member countries shall reserve the right to fully apply the provisions approved by the Beijing Congress regarding supplementary remuneration for delivery of registered letter-post items in their mutual relations with the countries having signed this reservation: Austria, Bahamas, Barbados, Belize, Benin, Bolivia, Brazil, Bulgaria (Rep), Burkina Faso, Cameroon, Canada, Cape Verde, Chile, Costa Rica, Côte d'Ivoire (Rep), Cuba, Czech Rep, Dominica, Dominican Republic, Egypt, El Salvador, Estonia, Finland, France, Gabon, Greece, Grenada, Guatemala, Guyana, Haiti, Honduras (Rep), Iceland, Italy, Jamaica, Japan, Liechtenstein, Malaysia, Mali, Mauritania, Mexico, Moldova, Morocco, Netherlands, Nicaragua, Peru, Poland (Rep), Saint Christopher (St Kitts) and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Singapore, Slovakia, South Africa, Spain, Sudan, Suriname, Sweden, Switzerland, Trinidad and Tobago, Tunisia, United Kingdom of Great Britain and Northern Ireland, Overseas Department territories of the United Kingdom, Uruguay and Venezuela.

7 In resolution C 46/1999, Congress instructs the Postal Operations Council to work out, before the year 2002, the methodology for converting the domestic tariffs and/or costs of postal administrations into terminal dues rates, and to define the definitive percentages of domestic tariffs for the years 2004 and 2005. If this instruction is not implemented in due course, Germany reserves the right to define itself the percentages pursuant to article 48.3 for the years 2004 and 2005 in accordance with the principles laid down in that article.

8 In resolution C 46/1999, Congress instructs the Postal Operations Council to work out, before the year 2002, the methodology for converting the domestic tariffs and/or costs of postal administrations into terminal dues rates and to define the definitive percentages of tariffs for the years 2004 and 2005. Notwithstanding article XXIV.7, reserving the right to define unilaterally the percentages pursuant to article 48.3 for the years 2004 and 2005 if the POC has not implemented the instruction of resolution C 46/1999 in due course, the Netherlands, the United

Kingdom of Great Britain and Northern Ireland and the United States of America reserve the right to continue applying terminal dues rates based upon the methodology and percentages for converting domestic tariffs into terminal dues rates in effect for the years 2001 to 2003, unless agreement has been reached to apply different terminal dues rates on a mutually agreeable basis or unless the POC has otherwise determined the new percentages of domestic tariffs to be applied for the years 2004 and 2005.

9 The postal administration of Germany reserves the right to administer itself the financial resources provided for the Fund financing the improvement of quality of service in developing countries under article 50.1.1.1 until the principles and criteria laid down by the POC regarding the administrative, financing and procedural structure of this Fund have been implemented.

10 The United States of America supports the terminal dues system enacted in articles 47 to 51. Nonetheless, with respect to members of the World Trade Organization, the United States of America reserves the right to implement these terminal dues agreements in accordance with the provisions adopted in future negotiations involving the General Agreement on Trade in Services.

11 Notwithstanding the reservations made under article XXIV, the following member countries shall reserve the right to fully apply the provisions approved by the Beijing Congress regarding terminal dues in their mutual relations with the countries having signed these reservations: Austria, Bahamas, Belize, Benin, Bolivia, Brazil, Bulgaria (Rep), Burkina Faso, Cameroon, Canada, Chile, Congo (Rep), Costa Rica, Côte d'Ivoire (Rep), Cuba, Czech Rep, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Gabon, Greece, Grenada, Guatemala, Guyana, Haiti, Honduras (Rep), Italy, Jamaica, Kenya, Liechtenstein, Mali, Mauritania, Mexico, Moldova, Morocco, Netherlands, Nicaragua, Peru, Poland (Rep), Portugal, Saint Christopher (St Kitts) and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Slovakia, South Africa, Spain, Sudan, Suriname, Sweden, Switzerland, Trinidad and Tobago, Tunisia, Uruguay and Venezuela.

Article RE 1007

Calculation of the rates of terminal dues applicable to exchanges between industrialized countries

1 The payment of terminal dues between industrialized countries shall be based on the charge for a 20-gramme letter as in RE 209 in the domestic service in force on 1 February 1999. In principle the priority service will be used as the basis. Administrations of industrialized countries shall notify this charge, expressed in local currency, to the International Bureau, the rates provided for in article 48.4 of the Convention shall apply.

2 The International Bureau shall annually convert the value notified into a rate per item and a rate per kilogramme, expressed in SDR at the latest available

UNITED STATES OF AMERICA

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Create the following new article XXbis:

Article XXbis

Terminal dues

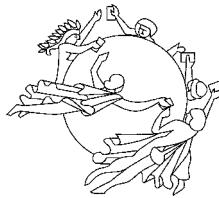
7 The United States of America supports the terminal dues system enacted in articles 44 through 44quinquies. Nonetheless, with respect to members of the World Trade Organization, the United States of America reserves the right to implement these terminal dues agreements in accordance with the provisions adopted in future negotiations involving the General Agreement on Trade in Services.

Reasons. – In practical terms, the United States of America intends to implement the terminal dues system enacted in articles 44 through 44quinquies. It does not intend to invoke the most-favoured-nation (MFN) principle of the current GATS to seek access to industrialized countries' delivery services at developing country rates. It respects the right of other countries to seek relief from demonstrated injury in accordance with the MFN principle. It also strongly supports article 44, paragraph 1ter, which makes clear that this system is a transitional arrangement moving towards a country-specific payment system.

The United States of America is aware, however, that some member countries of the World Trade Organization are considering the inclusion of postal services and express delivery services in the new round of General Agreement on Trade in Services (GATS) negotiations that will be launched in Seattle in November 1999. Because of the growing blur between private delivery services and competitive services of the postal operators, the exact scope of the talks is still unknown. In the view of the United States of America, its negotiators participating in the Seattle meeting need flexibility to negotiate without being limited by the decisions on terminal dues taken at the Beijing Congress.

Should the next round of GATS negotiations require different terminal dues arrangements from those adopted by the UPU, in the view of the United States of America such new arrangements will apply only to members of the World Trade Organization that have accepted them. The United States of America has no intention of imposing any such new arrangements on other countries by means of this reservation. Any such changes will have to be the result of bilateral negotiations or acceptance of developments in GATS.

It is also the view of the United States, however, that the UPU must monitor closely developments in the WTO and in GATS and take these developments into account as it continues with its own further examination of the terminal dues system. It believes that important steps have been taken at the Beijing Congress toward the introduction of a more economically sound and cost-based terminal dues system. Nevertheless, further work is urgently needed to help developing countries participate in economically sound terminal dues arrangements and in eliminating market distortions and compensation inadequacies still inherent in the new UPU terminal dues structure.



Universal Postal Union

Constitution General Regulations

Resolutions and decisions
Rules of procedure
Legal status of the UPU

With commentary
by the International Bureau of the UPU

Berne 2000

International Bureau of the Universal Postal Union

Declarations made on signature of the Acts of the 1999 Beijing Congress

I

On behalf of the Argentine Republic:

“Argentina reiterates the reservation made on ratification of the Constitution of the Universal Postal Union signed in Vienna, Austria, on 10 July 1964, by which the Argentine Government expressly stated that article 23 of the Constitution neither referred to nor included the Islas Malvinas, South Georgia, the South Sandwich Islands or Argentine Antarctica. The Argentine Republic therefore reaffirms its sovereignty over those territories which form an integral part of its national territory. It also recalls that the United Nations General Assembly adopted resolutions 2065 (XX), 3160 (XXVIII), 31/49, 37/9, 38/12, 39/6, 40/21, 41/40, 42/19 and 43/25, in which the existence of a dispute about sovereignty is recognized and in which the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland are requested to enter into negotiations with a view to settling the dispute and finding a peaceful and final solution to the problems outstanding between the two countries, including all questions concerning the future of the Islas Malvinas, in accordance with the Charter of the United Nations.

“Similarly, the Argentine Republic points out that the provision contained in article RE 1301 of the Detailed Regulations of the Universal Postal Convention on the circulation of postage stamps valid in the country of origin will not be considered obligatory for the Republic where any such postage stamps distort Argentina’s geographic and legal reality, without prejudice to the application of paragraph 15 of the joint Argentine-British Declaration of 1 July 1971 on communications and movement between Argentina’s continental territory and the Islas Malvinas, approved by exchange of letters between the two Governments on 5 August 1971.”

(Congrès-Doc 86)

II

On behalf of the Islamic Republic of Iran:

“The Islamic Republic of Iran reserves the right to use the term “charge on overdue payments” instead of “interest” in all UPU Acts and Regulations each time the question arises of payment of an additional charge for non-compliance with a payment deadline, in view of the fact that the practice of interest is contrary to the Islamic religion.”

(Congrès-Doc 86.Add 1)

VI

On behalf of New Zealand:

“New Zealand will apply the Acts and regulations adopted by this Congress insofar as they are consistent with its other international obligations, in particular, the General Agreement on Trade in Services.”

(Congrès-Doc 86.Add 5)

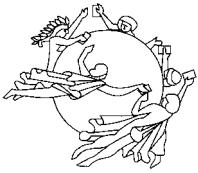
VII

On behalf of the United States of America:

“The United States of America supports the terminal dues system as adopted by the Beijing Congress, acknowledging it as a significant but incomplete measure that moves the system toward a sound economic basis for compensating postal administrations. It is the policy of the government of the United States of America to pursue vigorously further terminal dues reform, which will maintain a viable, efficient and universal international mail service, provide proper compensation to postal administrations for the delivery costs they incur, and review the need for article 40 restrictions. Further, the United States of America anticipates that such a system should be adopted no later than the year 2005, and substantially earlier for exchanges of mail between industrialized countries.

“The United States of America urges the Universal Postal Union to collaborate with the World Customs Organization on development of principles and standards for non-discriminatory customs clearance for both public and private operators. These principles and standards should respect the needs of both public and private operators to move goods expeditiously and without undue impedance and the needs of customs administrations to maintain border controls required to protect the public interest. The United States of America is further of the view that nothing in the Acts of the Union precludes member countries from establishing customs clearance procedures for private operators that are comparable to the procedures for public postal operators.”

(Congrès-Doc 86.Add 6)



Declaration made on signature of the Acts

On behalf of the United States of America

"The United States of America supports the terminal dues system as adopted by the Beijing Congress, acknowledging it as a significant but incomplete measure that moves the system toward a sound economic basis for compensating postal administrations. It is the policy of the government of the United States of America to pursue vigorously further terminal dues reform, which will maintain a viable, efficient and universal international mail service, provide proper compensation to postal administrations for the delivery costs they incur, and review the need for article 40 restrictions. Further, the United States of America anticipates that such a system should be adopted no later than the year 2005, and substantially earlier for exchanges of mail between industrialized countries.

"The United States of America urges the Universal Postal Union to collaborate with the World Customs Organization on development of principles and standards for non-discriminatory customs clearance for both public and private operators. These principles and standards should respect the needs of both public and private operators to move goods expeditiously and without undue impedance and the needs of customs administrations to maintain border controls required to protect the public interest. The United States of America is further of the view that nothing in the Acts of the Union precludes member countries from establishing customs clearance procedures for private operators that are comparable to the procedures for public postal operators."