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Major Decisions of the 2016 UPU Istanbul Congress and Implications for International Package Delivery Services

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Topics

Istanbul Congress decisions on

- **Reform of the Union**
- **Integrated Product Plan**
- **Remuneration: terminal dues, inward land rates, etc.**
- **Customs and Security**

Implications for International Package Delivery Services

Universal Postal Union - 26th Congress (since 1874)



- Held in Istanbul, 20 Sep to 7 Oct 2016.
- About 1500 delegates from 130 (of 192) countries.
- Approved the Universal Postal Convention and other UPU acts for the period 1 Jan 2018 to 31 Dec 2021.

The UPU – in brief

- **UPU is an intergovernmental organization of 192 member countries.**
 - Founded in 1874, second oldest IGO.
 - Each country has 1 vote.
- **UPU is dominated by the Posts.**
- **Posts are evolving in different directions.**
 - Industrialized Countries (ICs)*
 - 28 Posts: liberalized, corporatized/privatized, commercial enterprises
 - 83% of UPU documents; 58% of packages in 2014.
 - Net winners and losers among ICs.
 - Developing Countries (DCs)*
 - 150 +/- fairly traditional Posts, some liberalized.
 - 10% of UPU documents; 22% of packages in 2014.
 - E-commerce Countries (ECs)*
 - 3 to 6+ Posts led by China and Singapore.
 - 6% of documents; 20% of packages in 2014.
 - Rapidly changing patterns of international postal flows.

Top 30 Posts account for 92% of outbound letter post

| | % World outbd 2014 | Cumulative % |
|--|-----------------------|-----------------|
| United States, Great Britain, Germany, France, China | 54% | 54% |
| Austria, Netherlands, Switzerland, Canada, Belgium | 15% | 69% |
| Singapore, Spain, Italy, Australia, India | 11% | 80% |
| Czech Rep., Ireland, Denmark, Japan, Egypt | 5.4% | 85% |
| Sweden, Portugal, Slovakia, Luxembourg, Poland | 4.4% | 89% |
| Thailand, South Africa, Greece, Israel, New Zealand | 2.9% | 92% |

International delivery services market - in brief

| | Δ 2010-2014 | Vol 2014 |
|---|--------------------|------------|
| UPU documents (letters, flats) (mainly ICs) | -31% | 2.6 bil |
| Packages (small packets, parcels, EMS) | c. 45% | c. 2.0 bil |
| – UPU (mainly ICs and ECs) | +59% | 1.03 bil |
| – UPS | +26% | 0.29 bil |
| – FedEx | +11% | 0.15 bil |
| – DHL (non-UPU) | ? | ? |
| –TNT (non-UPU) | ? | ? |

- Posts dominate in documents and in volume of small packages
- Posts' share of e-commerce packages is increasing.
- Non-Posts dominate in revenue from international package services.

Source: Estimates by J. Campbell based on UPU statistics; annual reports by FedEx, UPS.

1. Reform of the Union

Why reform?

- **2012 Congress instructed CA and POC**
 - “To study ways to better structure and organize and improve the functioning of UPU bodies”
 - “to study all functions of the Council of Administration and the Postal Operations Council with a view to defining those of a governmental nature and those of an operational nature.”
- **Agreement that current decision-making is inefficient and slow**
 - Decisions must be approved in multiple levels of POC and CA committees and subcommittees which consider the same arguments repetitively.
 - Responsibilities of the POC and CA committees often overlap.
 - Work of POC and CA committees typically stretches over four years.

Current Organization of the Union

UPU Congress

Meets every 4 years

- Adopts Convention and other major UPU Acts.
- Elects POC/CA and adopts resolutions instructing them.

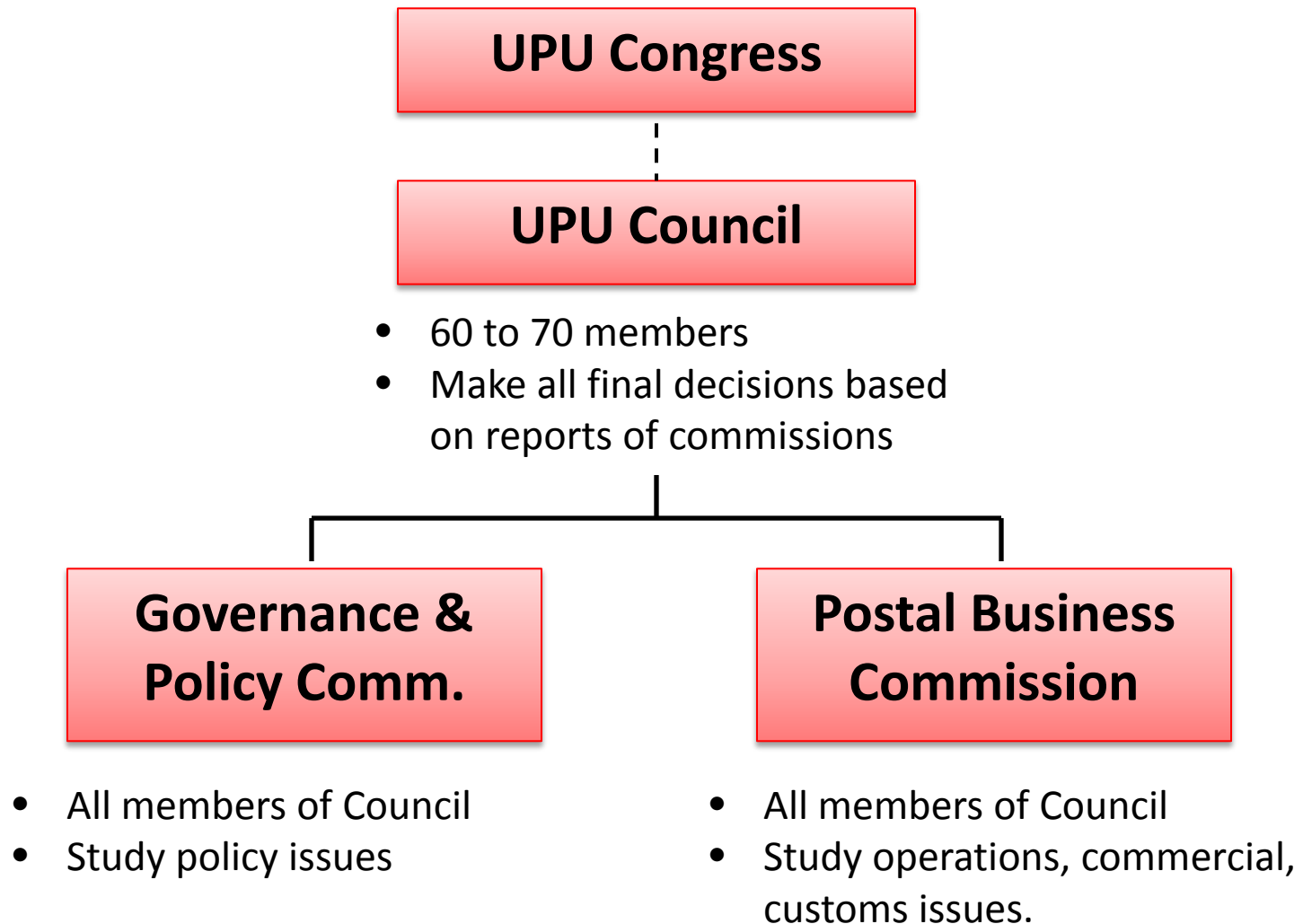
Council of Administration

- 41 Govts: 9 ICs, 32 DCs
- Policy issues (and business strategy)
- Develops some proposals for Congress.

Postal Operations Council

- 40 Posts, 16 ICs, 24 DCs
- Terminal dues, customs/security, business strategy, operations
- Adopts Regulations binding on UPU countries.
- Develops proposals for Congress.

CA (DCs) proposal: UPU “Single Council”



German proposal: separation of functions

- **Independent external study as basis for decision in 2018 Congress**
 - “an external and independent analysis of the UPU Acts ... with the ultimate objective of clearly separating and distinguishing regulations of an operational, technical and commercial nature from regulations of a governmental and/or regulatory nature, with the resulting separation and distinction to be presented to the extraordinary mid-term Congress in 2018 for approval.”
- **Divest Posts of international legislative authority**
 - “The decisions taken by the future operators body shall as far as possible not be binding under international law.”
- **Reorganize the UPU bodies in 2020 Congress.**
- **PostEurop alternative proposal**
 - Independent expert study similar to German proposal.
 - Does not call for divesting Posts of legislative authority.
 - Add 4 DC members to POC in 2016.

Consideration by Istanbul Congress

- **Sep 28: In Committee 3, after a full session of debate, ICs moved for vote on the Single Council.**
 - Motion to vote is rejected 54 for, 72 against, 9 abstain (secret vote).
 - Ad Hoc Group formed to develop compromise.
- **Sep 30: AHG reports no agreement on compromise. DCs propose to postpone the issue to the Plenary.**
 - Motion to postpone approved: 80 for, 49 against, 6 abstain (secret vote).
- **Weekend negotiations**
 - ICs block super-majority needed to amend Constitution to create Single Council.
 - IB threatens to amend General Regulations to reduce authority of POC.
 - ICs threaten to deny super-quorum needed to amend General Regulations.
 - Compromise resolution drafted by AHG.
- **Oct 3: Compromise resolution adopted in 10 minutes by consensus.**

The “Compromise”: Congress Resolution C 27/2016

- To defer examination of reform to an Extraordinary Congress in 2018.
- “To establish an ad hoc group charged with studying and advising on the reform of the Union and submitting its conclusions to the Council of Administration before further consideration by the Extraordinary Congress in 2018”.
- Ad Hoc Group to be chaired by China (decided by CA).
- To limit POC and CA meetings to a 10 days for both committees, twice per year.

Postal Operations Council 2016 – 2020

Industrialized Countries (16)

Australia (5)
Austria (2)
Belgium (6)
Canada (6)
Finland (2)
France (6)
Germany (6)
Great Britain (6)
Italy (6)
Japan (6)
Netherlands (6)
New Zealand (6)
Portugal (5)
Spain (6)
Switzerland (6)
United States (6)

Developing Countries (24)

| | |
|-------------------|-------------------|
| Argentina (5) | Korea (Rep.) (5) |
| Azerbaijan (2) | Morocco (5) |
| Bangladesh (3) | Poland (3) |
| Brazil (6) | Romania (3) |
| Chile (2) | Russia (6) |
| China (6) | Senegal (2) |
| Cuba (6) | Singapore (4) |
| Egypt (6) | Tanzania (2) |
| Georgia (1) | Thailand (4) |
| Ghana (3) | Tunisia (5) |
| India (6) | Turkey (4) |
| Kenya (5) | Uruguay (2) |

Key: Parentheses = number of terms on POC since 1994.

Blue font = Member of every POC since 1994.

Council of Administration 2016 – 2020

Industrialized Countries (8)

Australia (4)

Belgium (3)

Germany (4)

Great Britain (4)

Italy (4)

Japan (4)

Spain (3)

Switzerland (2)

Developing Countries (33)

Algeria (3)

Barbados (4)

Brazil (4)

Bulgaria (4)

Burkina Faso (4)

China (5)

Costa Rica (4)

Côte d'Ivoire (4)

Cuba (4)

Dominican Rep. (2)

Ethiopia (2)

Georgia (1)

Indonesia (4)

Iran (3)

Kazakhstan (4)

Kenya (3)

Korea (Rep.) (5)

Malaysia (3)

Mexico (4)

Morocco (4)

Pakistan (4)

Paraguay (1)

Poland (4)

Romania (3)

South Africa (3)

Sudan (4)

Tunisia (4)

Turkey (4)

Uganda (4)

United Arab Emirates (4)

Uruguay (4)

Viet Nam (4)

Zambia (1)

Key: Parentheses = number of terms on CA since 1994.

Blue font = Served maximum number of terms since 1994 (limit is election to two successive terms).

In sum, on reform of the Union, the Istanbul Congress . . .

- **Made no meaningful progress.**
 - All decisions postponed until 2018 at the earliest.
- **Blocked a “developing country takeover”**
 - Left control of the POC in the hands of the IC Posts.
- **Convened Extraordinary Congress in Addis Ababa in 2018.**
- **Highlighted fundamental differences between ICs and DCs over the distribution of authority that seem likely to persist or deepen.**
 - Market forces are pulling IC Posts away from DC Posts.
 - Study procedure likely to lead to expansion of DC authority in 2022 and increased shift of IC Posts’ commercial activities outside of UPU.

2. Integrated Product Plan

IPP: Basic insight



UPU | UNIVERSAL
POSTAL
UNION

(ii) The world is changing – are we?



From Letters to Merchandise

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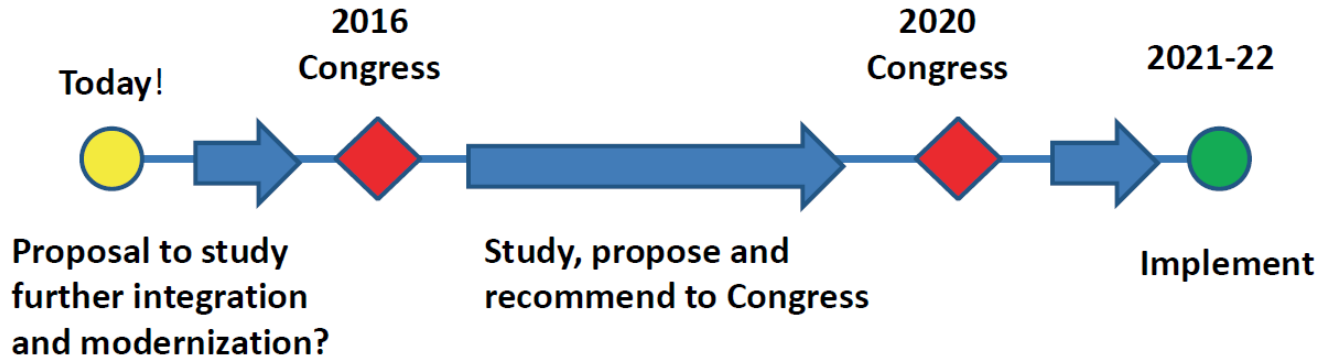
IPP: Need for speed



UPU
UNIVERSAL
POSTAL
UNION

(iii) Status quo carries risk!

Best case for driving change – under today's terms!



*Is 7 years too long?
What has happened in past 7 years?*

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IPP: Broad objectives

- **Reorganize into two products: Documents and Goods.**
 - Each with non-priority, priority, and premium service levels
 - Key change: Move small packets out of Letter Post.
 - Replace Letter Post, Parcel Post, EMS.
 - To provide clarity and simplicity for customers.
- **Combine remuneration systems (TD, ILR, EMS) into single system.**
 - To ensure quality of service by destination Post.
 - “Product driven integrated remuneration systems across the complete portfolio of physical UPU products”.
 - “Adequate remuneration that is commensurate with the costs of providing the services or value add-ons”. Cng Doc 39.
- **Advance electronic data filing for customs/security**
 - To ensure quick and consistent customs clearance.
 - “Electronic advance data (EAD) mandatory on all postal items containing goods.” Rule for documents unclear.
 - Data presumably defined by UPU.
 - Liability under national customs law unclear.

But IPP was divided into 2 steps by the POC prior to Congress

- **Step 1: 2016 – 2018**

- Resolution: commits UPU to develop plan for approval in 2018 Congress.
- Small packet NOT moved out of Letter Post.
- Constitution: “clarify” definitions
 - Jurisdiction of the UPU includes all items and international services defined by the Convention, Agreements, and Regulations.
- Convention: add definitions of “documents” and “goods”. Eff. 1 Jan 2018
 - Small packets remain in Letter Post subject to terminal dues.
- Regulations: recommend POC require S10 barcodes on goods beginning 1 Jan 2018.
 - No immediate consequences to use of barcodes.

- **Step 2: 2018 –**

- To be decided in 2018 Extraordinary Congress depending on studies in 2016-2018 period.
- Implementation probably delayed until 2020 – 2021.

Vote on IPP Step 1

IPP Step 1 approved after 2-day debate, 61 for, 53 against, 12 abstain

For

Australia
Argentina
Barbados
Belgium
Brazil
Canada
Chile
Egypt
Finland
France
Japan
Mexico
Norway
New Zealand
Poland
Saudi Arabia
Russia
United States
Vietnam

Against

Austria
China
Cote d'Ivoire
Spain
Estonia
Germany
India
Indonesia
Iran
Kenya
Korea (South)
Malaysia
Nigeria
Netherlands
Portugal
Singapore
South Africa
Switzerland
Thailand
Turkey
United Kingdom

Abstain

Denmark
Ireland
Kuwait
Slovakia
Sweden

Congress Resolution on IPP, C 15/2016

- **Congress instructs the POC:**

- Ensure “Step 1 to be implemented following the 26th Congress, from 1 January 2018, with a target for transitioning to implementation of step 2 from 1 January 2020”.
- Conduct “a comprehensive operational and accounting impact study to be completed in advance of the implementation of step 2.”
- “Ensure the development of a system of integrated remuneration driven by the requirements of the IPP”.
- “Develop services to meet customer needs in terms of speed, dimensions, reliability, price, etc., with the aim of modernizing the UPU's physical service portfolio to cover the different needs of each customer segment”.
- “Establish an integrated approach to issues related to the supply chain, including customs, security, aviation, transport, and operating standards, as the UPU network is vulnerable to external threats in this area and requires a globally coordinated UPU response”.

IPP definitions of Documents and Goods

UPU Convention Article 1

- 1.0quinquies. **documents**: a letter-post, parcel-post or EMS item consisting of any piece of written, drawn, printed or digital information, excluding objects of merchandise, whose physical specifications lie within the limits specified in the Regulations.
- 1.0sexies. **goods**: a letter-post, parcel-post or EMS item consisting of any tangible and movable object other than money, including objects of merchandise, which does not fall under the definition of "document" as provided in § 1.0quinquies above and whose physical specifications lie within the limits specified in the Regulations.

In sum, on the IPP the Istanbul Congress . . .

- **Made almost no meaningful progress.**
 - All significant decisions postponed until 2018 at the earliest.
 - Implementation postponed until 2020 at the earliest.
 - “Step 1” is little more than “planning for Step 2”.
- **Highlighted fundamental differences between MOPs (‘Market-Oriented Posts’) and non-MOPS.**
 - UPU is evenly split with major players on both sides.
- **Adopted definitions for “Documents” and “Goods” that could be significant for the future.**

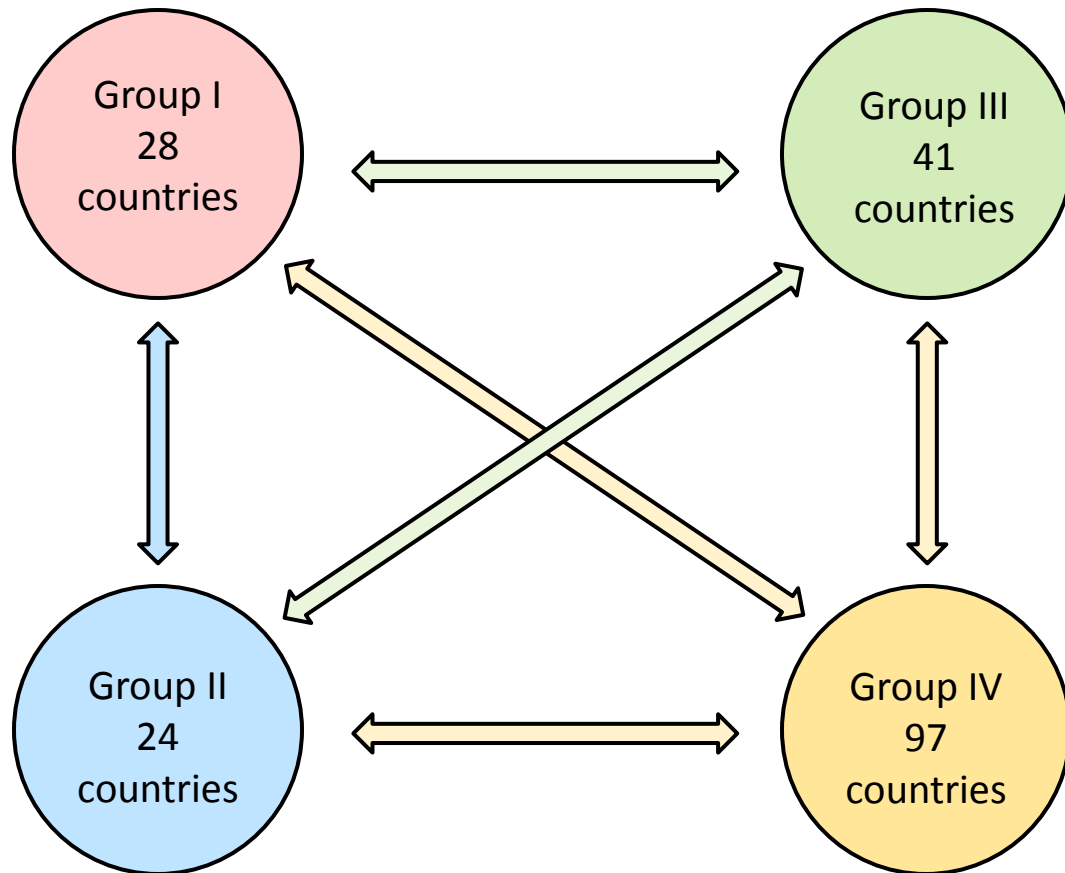
3. Remuneration: terminal dues, inward land rates, etc.

Terminal Dues Model: Base scenario (J. Campbell)

| | 2014-17 | 2018-21 |
|--|---------|---------|
| Annual change in – | | |
| – Domestic postage for Group I letters & flats | +4% | +3% |
| – Domestic postage for Group I small packets | +2% | +3% |
| – Volume of CN/SG/HK small packets | +30% | +20% |
| – Volume of Group I letters | -8.5% | -5% |
| – Volume of Group I flats | -12% | -8% |
| – Volume of Group I small packets | +10% | +10% |
| | | |
| Percent of domestic postage equivalent to TDs | 70% | 70% |

Terminal Dues System for 2018 – 2021

4 Schedules of TDs depending on economic development



Target system

Group I TDs

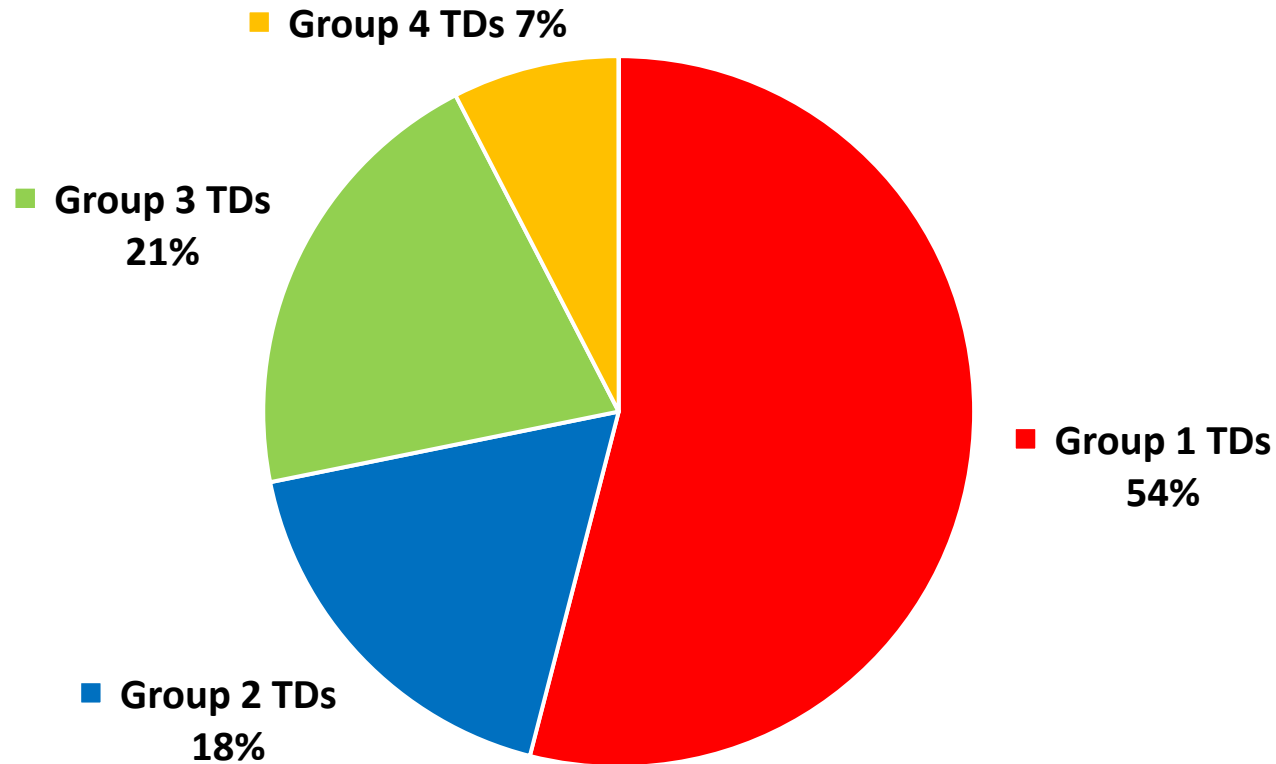
Group II TDs

Group III TDs

Transitional system

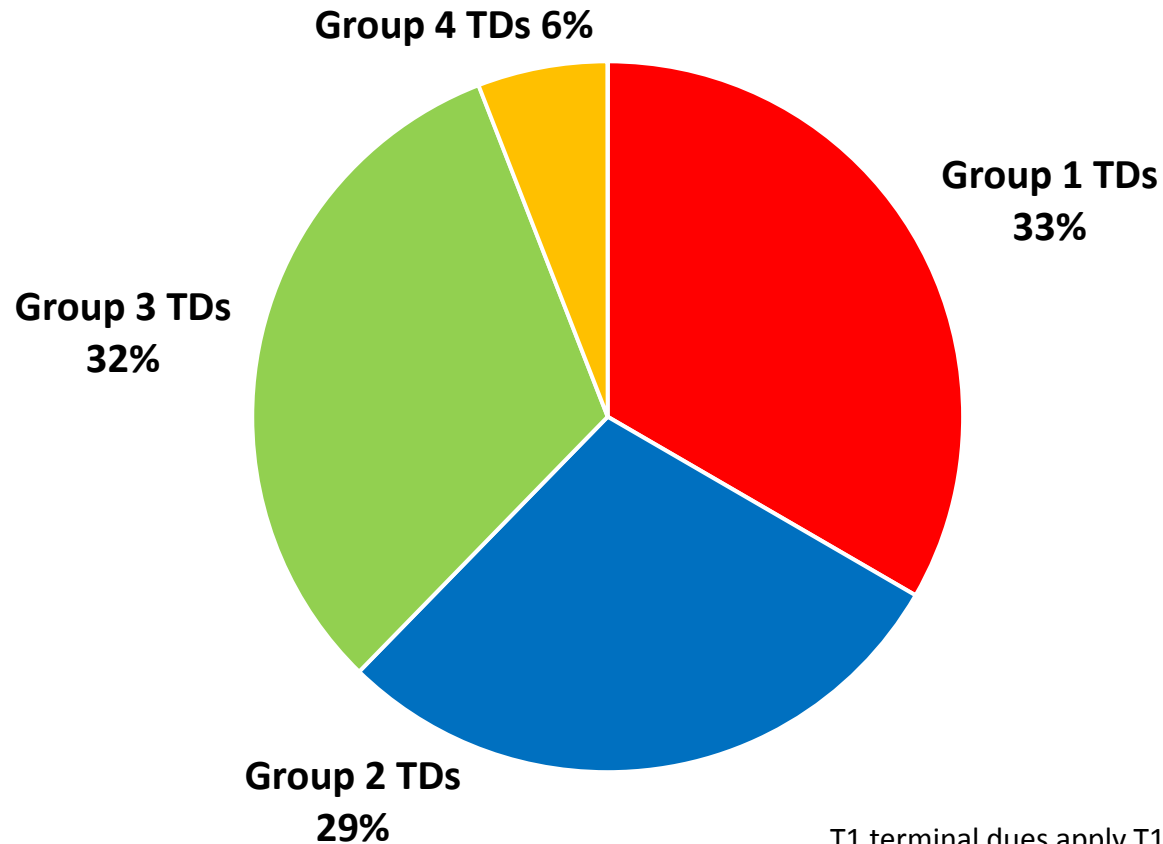
Group IV TDs

TD regimes by volume, 2018 (est) – Letter post



T1 terminal dues apply T1 to/from T1.
T2 terminal dues apply T1 to/from T1 and T2.
T3 terminal dues apply T1 to/from T1, T2, and T3.
T4 terminal dues apply T4 to/from World.

TD regimes by volume, 2018 (est) – Small packets



T1 terminal dues apply T1 to/from T1.
T2 terminal dues apply T1 to/from T1 and T2.
T3 terminal dues apply T1 to/from T1, T2, and T3.
T4 terminal dues apply T4 to/from World.

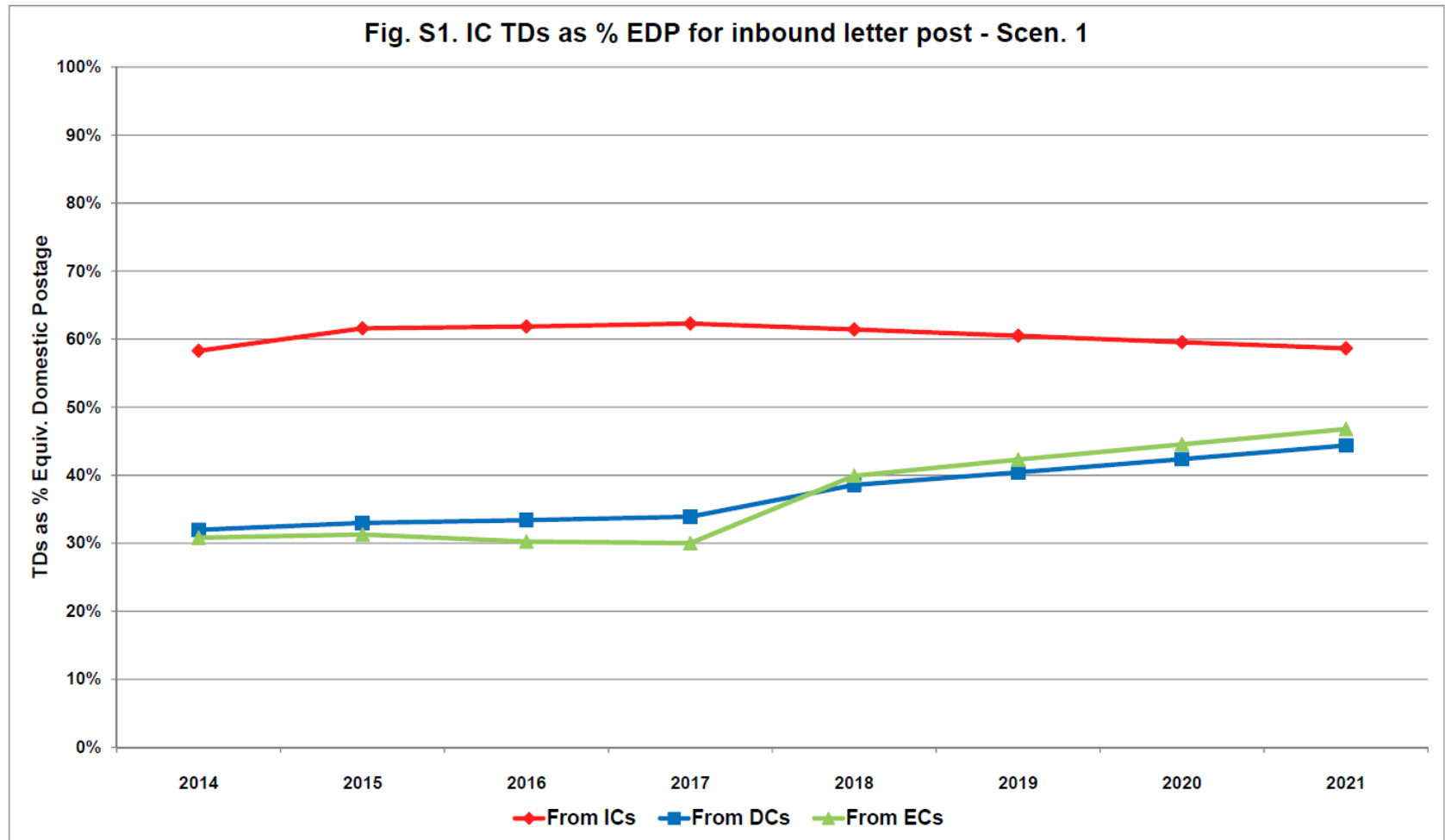
Major changes in Terminal Dues System

- Different TDs for (1) letters/flats and (2) small packets.
- TDs for Groups II and III increase to close to Group I.
- **Complex rules obscure basic simplicity**
 - Most rates are set by an agreement on “caps”.
 - Formula roughly relating TDs to domestic postage rates applies in only 7 to 10 of 192 countries.

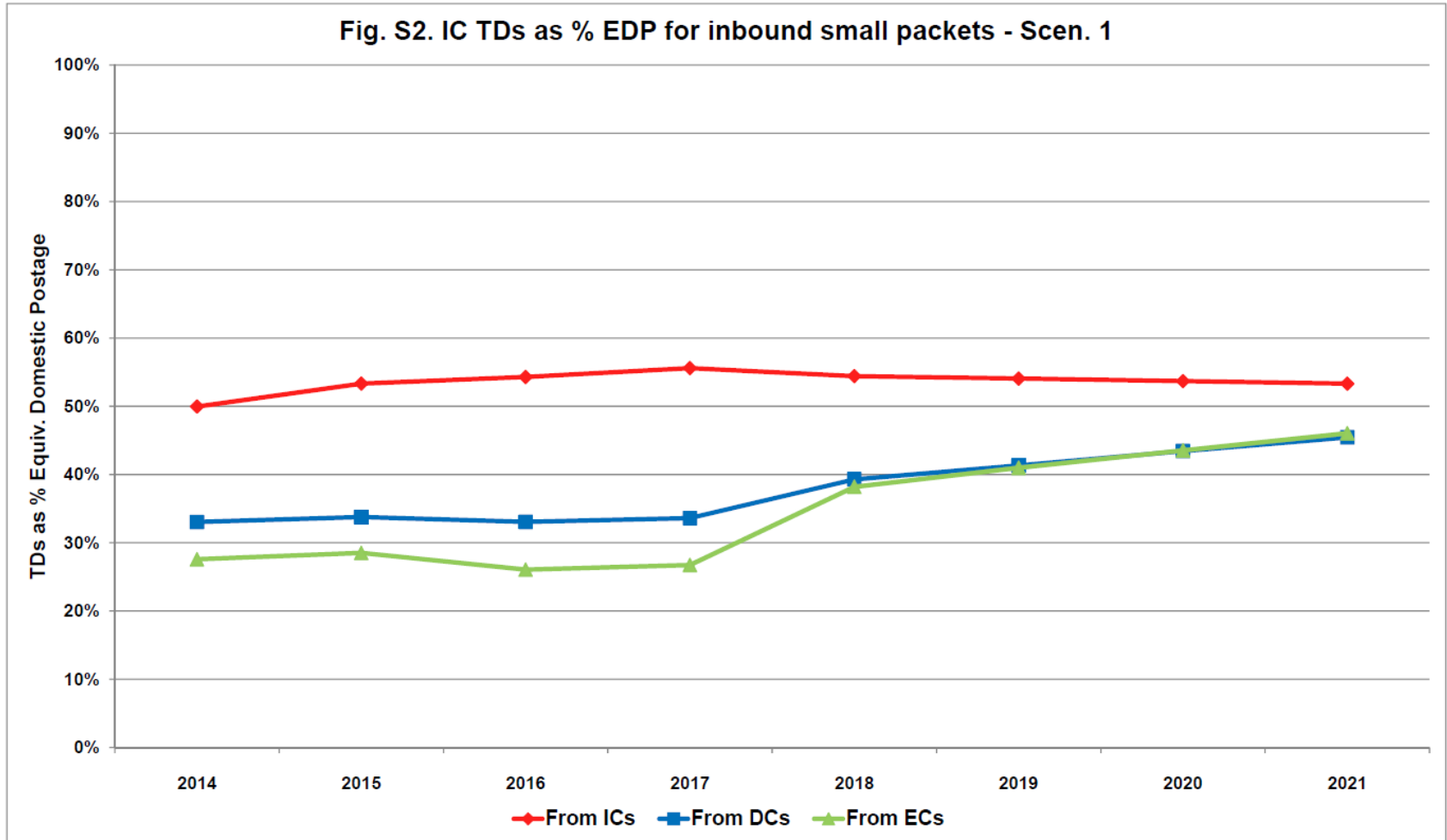
Cap TD rates

| | Docs 2018 | Annual Δ | Sm packets 2018 | Annual Δ | Flows < 75 t | Annual Δ |
|---------|-------------------------|-----------------|-------------------------|-----------------|--------------|-----------------|
| Grp I | SDR 2.294/kg + 0.294/pc | 3.0% | SDR 1.584/kg + 0.705/pc | 3.0% | SDR 5.890/kg | 3.0% |
| Grp II | SDR 2.064/kg + 0.264/pc | 6.0% | SDR 1.313/kg + 0.584/pc | 9.6% | SDR 5.289/kg | 7.7% |
| Grp III | SDR 1.831/kg + 0.234/pc | 6.0% | SDR 1.198/kg + 0.533/pc | 13.0% | SDR 4.753/kg | 9.5% |
| Grp IV | SDR 1.774/kg + 0.227/pc | 2.8% | SDR 1.089/kg + 0.485/pc | 2.8% | SDR 4.472/kg | 2.8% |

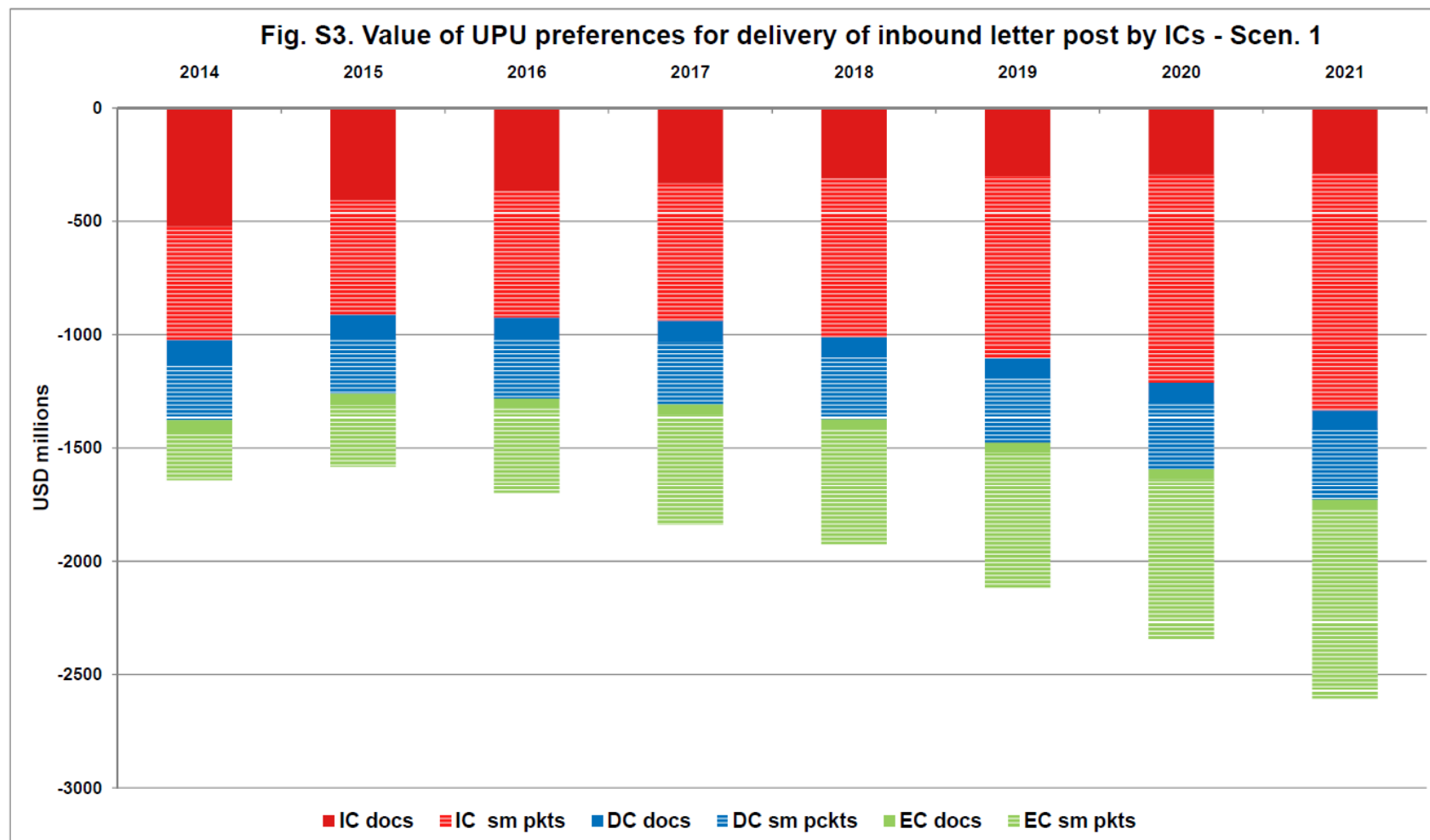
Group I countries: % discounts for inbound LP



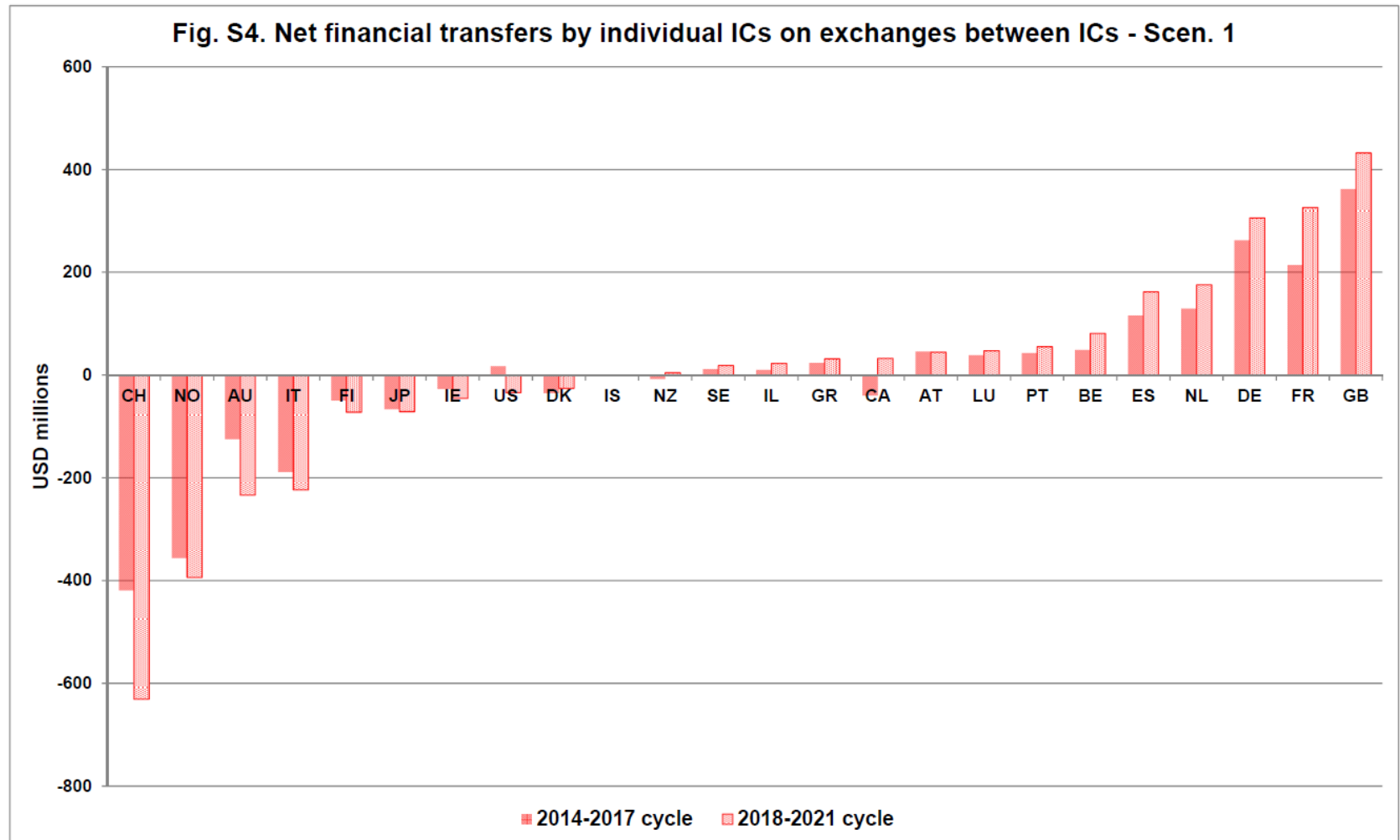
Group I countries: % discounts for inbound sm pkts



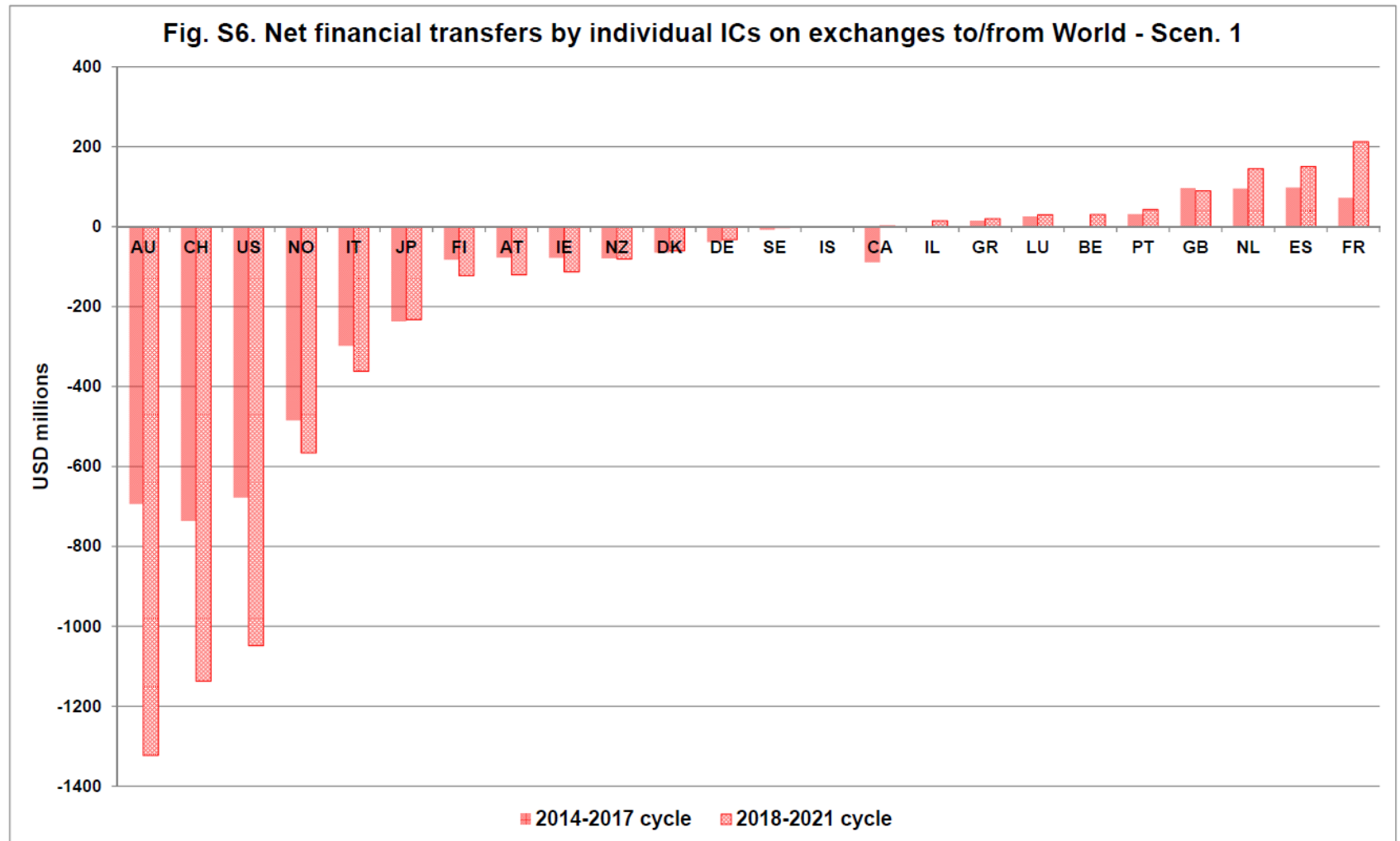
Group I countries: total discounts for inbound LP



Group I countries: net winners/losers, IC to IC flows



Group I countries: net financial transfers



World: top net winners

Millions of USD

Net transfers 2018-2021

| Rank | | Origin Country | TDM TD Grp | LP | E | E % LP | To/from ICs | To/from DCs | To/from ECs |
|------|----|-----------------|------------|-------|-------|--------|-------------|-------------|-------------|
| 1 | CN | China | T3E | 1,185 | 1,118 | 94% | 1,222 | -24 | -13 |
| 2 | HK | Hongkong, China | T2E | 911 | 844 | 93% | 925 | -22 | 8 |
| 3 | SG | Singapore | T2E | 668 | 619 | 93% | 679 | -16 | 5 |
| 4 | CZ | Czech Rep. | T2 | 289 | 265 | 92% | 285 | 1 | 3 |
| 5 | FR | France | T1 | 213 | 257 | 121% | 326 | -78 | -35 |
| 6 | PL | Poland | T2 | 196 | 182 | 93% | 193 | 1 | 3 |
| 7 | SK | Slovakia | T2 | 168 | 153 | 91% | 169 | -2 | 1 |
| 8 | ES | Spain | T1 | 150 | 105 | 70% | 162 | -13 | 1 |
| 9 | NL | Netherlands | T1 | 145 | 131 | 91% | 176 | -24 | -7 |
| 10 | TH | Thailand | T3 | 131 | 113 | 86% | 100 | 4 | 27 |
| 11 | EG | Egypt | T4 | 99 | 50 | 50% | 80 | 5 | 14 |
| 12 | ZA | South Africa | T3 | 92 | 80 | 87% | 84 | 4 | 3 |
| 13 | MY | Malaysia | T3 | 90 | 79 | 88% | 58 | 5 | 27 |
| 14 | GB | Great Britain | T1 | 90 | -4 | -5% | 432 | -188 | -154 |
| 15 | UA | Ukraine | T3 | 77 | 64 | 83% | 64 | 7 | 6 |
| 16 | BR | Brazil | T3 | 73 | 63 | 87% | 48 | 11 | 14 |
| 17 | HU | Hungary | T2 | 57 | 50 | 89% | 58 | -1 | 0 |
| 18 | HR | Croatia | T2 | 56 | 52 | 93% | 56 | 0 | 1 |
| 19 | BY | Belarus | T3 | 54 | 51 | 95% | 43 | 6 | 5 |
| 20 | IN | India | T4 | 50 | -7 | -15% | 94 | -9 | -35 |
| 21 | SI | Slovenia | T2 | 46 | 41 | 87% | 45 | 0 | 1 |
| 22 | RU | Russia | T3 | 44 | 39 | 88% | 39 | 3 | 3 |
| 23 | PT | Portugal | T1 | 43 | 33 | 76% | 55 | -10 | -2 |
| 24 | CY | Cyprus | T2 | 37 | 33 | 90% | 35 | 1 | 1 |
| 25 | JM | Jamaica | T3 | 32 | 30 | 93% | 28 | 2 | 2 |
| Sum | | | | 4,997 | 4,442 | 89% | 5,457 | -338 | -123 |

World: top net losers

Millions of USD

Net transfers 2018-2021

| Rank | | Origin Country | TDM TD Grp | LP | E | E % LP | To/from ICs | To/from DCs | To/from ECs |
|------|----|----------------|------------|--------|--------|--------|-------------|-------------|-------------|
| 1 | AU | Australia | T1 | -1,323 | -1,309 | 99% | -234 | -155 | -935 |
| 2 | CH | Switzerland | T1 | -1,137 | -1,037 | 91% | -631 | -264 | -242 |
| 3 | US | United States | T1 | -1,048 | -1,156 | 110% | -34 | -217 | -797 |
| 4 | NO | Norway | T1 | -566 | -396 | 70% | -394 | -96 | -77 |
| 5 | IT | Italy | T1 | -362 | -251 | 69% | -223 | -83 | -56 |
| 6 | JP | Japan | T1 | -232 | -94 | 40% | -71 | -51 | -110 |
| 7 | FI | Finland | T1 | -122 | -109 | 89% | -72 | -28 | -22 |
| 8 | AT | Austria | T1 | -121 | -126 | 104% | 45 | -93 | -73 |
| 9 | IE | Ireland | T1 | -113 | -107 | 95% | -45 | -39 | -28 |
| 10 | GH | Ghana | T4 | -110 | -101 | 92% | -21 | -24 | -65 |
| 11 | AR | Argentina | T3 | -107 | -105 | 98% | -54 | -17 | -36 |
| 12 | NZ | New Zealand | T1 | -81 | -44 | 55% | 4 | -22 | -63 |
| 13 | DK | Denmark | T1 | -60 | -19 | 31% | -26 | -23 | -11 |
| 14 | BS | Bahamas | T2 | -50 | -50 | 100% | -44 | -3 | -4 |
| 15 | LI | Liechtenstein | T1 | -43 | -42 | 97% | -18 | -14 | -11 |
| | | Sum | | -5,475 | -4,945 | 90% | -1,817 | -1,128 | -2,530 |

JC TD Model: Scenario 1 Summary

Equivalent domestic postage

70%

priority domestic postage

1 SDR = 1.39699 USD Jan-Apr 2016.

INTERNATIONAL LETTER POST

| <i>Letter post (all shapes)</i> | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2014-17 | 2018-21 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------|
| Volume, millions | 3,500 | 3,376 | 3,294 | 3,256 | 3,298 | 3,367 | 3,468 | 3,603 | 13,427 | 13,735 |
| Equivalent domestic postage, USD millions | 3,752 | 3,792 | 4,019 | 4,345 | 4,744 | 5,238 | 5,831 | 6,541 | 15,908 | 22,354 |
| Terminal dues, USD millions | 2,205 | 2,316 | 2,407 | 2,578 | 2,902 | 3,203 | 3,565 | 3,988 | 9,507 | 13,659 |
| Price preference to inbound LP, USD millions | 1,547 | 1,475 | 1,612 | 1,766 | 1,842 | 2,035 | 2,266 | 2,553 | 6,400 | 8,696 |
| Sum of bilateral net transfers, USD millions | 1,256 | 1,302 | 1,404 | 1,578 | 1,653 | 1,836 | 2,056 | 2,309 | 5,541 | 7,853 |
| Net transfers winners/losers, USD millions | 850 | 899 | 995 | 1,126 | 1,171 | 1,307 | 1,476 | 1,679 | 3,870 | 5,633 |
| Winners, number of countries | 101 | 105 | 105 | 105 | 107 | 106 | 104 | 103 | | |
| Losers, number of countries | 35 | 31 | 31 | 31 | 29 | 30 | 32 | 33 | | |
| <i>Small packets</i> | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2014-17 | 2018-21 |
| Volume, millions | 827 | 932 | 1,057 | 1,208 | 1,355 | 1,523 | 1,717 | 1,940 | 4,025 | 6,534 |
| Percent of letter post | 24% | 28% | 32% | 37% | 41% | 45% | 50% | 54% | 30% | 48% |
| Equivalent domestic postage, USD millions | 1,907 | 2,131 | 2,458 | 2,865 | 3,303 | 3,830 | 4,452 | 5,191 | 9,361 | 16,776 |
| Percent of letter post | 51% | 56% | 61% | 66% | 70% | 73% | 76% | 79% | 59% | 75% |
| Terminal dues, USD millions | 1,083 | 1,248 | 1,359 | 1,581 | 1,919 | 2,245 | 2,631 | 3,073 | 5,270 | 9,868 |
| Percent of letter post | 49% | 54% | 56% | 61% | 66% | 70% | 74% | 77% | 55% | 72% |
| Price preference to inbound LP, USD millions | 824 | 883 | 1,099 | 1,284 | 1,384 | 1,585 | 1,822 | 2,118 | 4,091 | 6,908 |
| Percent of letter post | 53% | 60% | 68% | 73% | 75% | 78% | 80% | 83% | 64% | 79% |
| Sum of bilateral net transfers, USD millions | 903 | 1,028 | 1,152 | 1,344 | 1,430 | 1,624 | 1,853 | 2,115 | 4,428 | 7,022 |
| Percent of letter post | 72% | 79% | 82% | 85% | 86% | 88% | 90% | 92% | 80% | 89% |
| Net transfers winners/losers, USD millions | 627 | 688 | 823 | 964 | 995 | 1,155 | 1,349 | 1,554 | 3,102 | 5,052 |
| Percent of letter post | 74% | 77% | 83% | 86% | 85% | 88% | 91% | 93% | 80% | 90% |

Fee for delivery of registered LP

- **Raised the fee for delivery of registered letter post 250% over 4 years.**
 - From SDR 0.670 in 2017 (2012 Conv) to SDR 1.700 in 2021.
- **Norwegian reservation rejected.**
 - Norway sought reservation to allow cost-related fee for delivery of registered letter post according to national legislation.
 - Rejected: 7 for, 81 against, 43 abstain.

Inward Land Rates System (Parcel Post)

Article 34. Authority of the Postal Operations Council to fix charges and rates

1. The Postal Operations Council shall have the authority to fix the following rates and charges, which are payable by designated operators in accordance with the conditions shown in the Regulations:

. . .

1.3 inward land rates for the handling of all inward parcels except ECOMPRO parcels.

- No change from 2012 Convention

Controlling bypass of UPU rates: Remail and ETOEs

- **Anti-remail article reenacted without significant change.**
- **Added anti-ETOE article to Convention**
 - Only Designated Operators may use UPU documentation and use the legal privileges of the UPU.
 - Operation of an ETOE to send postal items between Country A and Country B must be approved by both Country A and Country B.

In sum, on remuneration issues, the Istanbul Congress . . .

- **Continued terminal dues system to 2022 without significant change.**
 - “Reforms” aim to better protect major IC Posts against losses on delivery of e-commerce packets from Asia without addressing basic defects of TD system.
 - Reminiscent of 1989-99 terminal “reforms” for remail.
- **Continued inwards land rates system to 2022 without change.**
- **Continued or reinforced anti-remail and anti-ETOE provisions of Convention.**
- **Used authority to override national law.**

Customs and Security

Customs entry

Article 19. Customs control. Customs duty and other fees

1. The designated operators of the countries of origin and destination shall be authorized to submit items to customs control, according to the legislation of those countries.

Article 22. Non-liability of member countries and designated operators.

3. Member countries and designated operators shall accept no liability for customs declarations in whatever form these are made or for decisions taken by the Customs on examination of items submitted to customs control.

- No change from 2012 Conv.
- Exemption from liability effectively exempts Posts from filing Customs entries.

Customs entry: non-discrimination principle proposed

Article 19bis. Non-discrimination in customs treatment

1. Member countries shall ensure that customs and other laws and procedures relating to import and export, including those relating to customs clearance, are applied in a non-discriminatory manner to similar items, whether conveyed by designated operators or non-designated operators, so as not to create an undue or unreasonable preference or competitive advantage for any operator or class of operators. In implementing this provision, member countries may, in compliance with national laws, take into account similarities and differences in customer characteristics, shipment characteristics, capabilities of operators and customs authorities, and operational differences.

- Proposed by US.
- Generally opposed
 - Not in scope of UPU; should be submitted to World Customs Organization or World Trade Organization (FR, KR, JP, CA, NO, TR, UK, ES)
 - Already ensured by GATS (NL)
 - Propose study (AU, BR, EG)
- Study rejected
 - Rejected 12 for, 86 against, 7 abstain.
- Proposal withdrawn.

Customs entry: POC Regulations

| | | | |
|--|--|---|--|
| CUSTOMS DECLARATION | | May be opened officially CN 22 | |
| Designated operator | | Important! See instructions on the back | |
| <input type="checkbox"/> Gift | <input type="checkbox"/> Commercial sample | | |
| <input type="checkbox"/> Documents | <input type="checkbox"/> Other | Tick one or more boxes | |
| Quantity and detailed description of contents (1) | Weight (in kg) (2) | Value (3) | |
| | | | |
| For commercial items only If known, HS tariff number (4) and country of origin of goods (5) | Total weight (in kg) (6) | Total value (7) | |
| | | | |
| I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations | | | |
| Date and sender's signature (8) | | | |

CN 22 used for small packets up SDR 300; otherwise CN 23

- Customs entry forms are adopted by the POC, not Congress.
- Mailer, not Post, is responsible for information
 - Often inaccurate or incomplete.
- In Feb. 2016, POC adopted a “roadmap” to provide electronic advance data of CN 22 and CN 23 to destination customs according to a “Postal Model” by the end of 2019.

| | | | | | |
|--|--|---|----------------------------------|--|---|
| (Designated operator) | | CUSTOMS DECLARATION | | CN 23 | |
| From: | Name | Sender's customs reference (if any) | No. of item (barcode, if any) | May be opened officially | Important! See instructions on the back |
| | Business | | | | |
| | Street | | | | |
| | Postcode City | | | | |
| | Country | | | | |
| To: | Name | | | | |
| | Business | | | | |
| | Street | | | | |
| | Postcode City | | | | |
| | Country | | | | |
| | | Importer's reference (if any) (tax code/VAT No./Importer code) (optional) | | | |
| | | Importer's telephone/fax/e-mail (if known) | | | |
| Detailed description of contents (1) | Quantity (2) | Net weight (in kg) (3) | Value (5) | For commercial items only | |
| | | | | HS tariff number (7) Country of origin of goods (8) | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | Total gross weight (4) | Total value (6) | Postal charges/Fees (9) | |
| Category of item (10) | <input type="checkbox"/> Commercial sample | Explanation: | | Office of origin/Date of posting | |
| <input type="checkbox"/> Gift | <input type="checkbox"/> Returned goods | | | | |
| <input type="checkbox"/> Documents | <input type="checkbox"/> Other | | | | |
| Comments (11) (e.g.: goods subject to quarantine, sanitary/phytosanitary inspection or other restrictions) | | | | I certify that the particulars given in this customs declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations | |
| <input type="checkbox"/> Licence (12) | <input type="checkbox"/> Certificate (13) | <input type="checkbox"/> Invoice (14) | Date and sender's signature (15) | | |
| No(s) of licence(s) | No(s) of certificate(s) | No. of invoice | | | |

Postal security

Article 8. Postal security

1. Member countries and their designated operators shall observe the security requirements defined in the UPU security standards ... This strategy shall include the objectives defined in the Regulations [and] providing electronic advance data on postal items identified in implementing provisions....

2. Any security measures applied in the international postal transport chain must be commensurate with the risks or threats that they seek to address, and must be implemented without hampering worldwide mail flows or trade by taking into consideration the specificities of the mail network. Security measures that have a potential global impact on postal operations must be implemented in an internationally coordinated and balanced manner, with the involvement of the relevant stakeholders.

- Similar to 2012 Convention.
 - Increased deference to POC objectives.
- UPU successfully resisted EU effort to require advance security data for EMS and Parcel Post in 2016.

Additional decisions

- **Disposal of dangerous goods found in mail**
 - Article 18 amended to authorized DOs to dispose dangerous goods.
 - Overrides national laws providing for disposal.
- **Russian reservation rejected**
 - Russia sought reservation to allow Russian Post to refuse delivery of inbound non-registered small packets due to record-keeping requirements of Russian custom law.
 - Rejected: 14 for, 88 against, 30 abstain.

In sum, on customs/security issues, the Istanbul Congress . . .

- **Continued support for international “postal customs” and “postal security” defined by POC and overriding national law.**

Implications for International Package Delivery Services

Effects on international package services 2018 – 2021

- **International Posts and foreign merchants are likely to have a significantly higher share of low-value e-commerce market than they would without the UPU Convention.**
 - Artificial remuneration systems and low-cost customs and security procedures significantly lower costs for international postal services.
 - Prospects for Posts depend in part on improvement in advance electronic data systems.
 - National e-commerce merchants and mailers and international and domestic private carriers will be harmed correspondingly.
- **Effects of UPU acts on Posts are likely to be unevenly distributed**
 - Most competitive and financial gains from UPU acts are likely to be reaped by a small number of commercially adept Posts, not by the UPU system as a whole.
 - UPU acts are likely to inflict heavy financial costs on a small number of Posts.
- **Postal customs/security controls may increase security/health risks.**