

ADVISORY GROUP

Update on current UPU issues

(Agenda item 5)

Memorandum by the International Bureau

1 Subject	References/ Paragraphs
Updating the Advisory Group on issues being addressed by the UPU Council of Administration and the Postal Operations Council that may be of interest	§§ 1 to 38
2 Decision expected	
Note the information and comment on the issues	§ 39

I. Introduction

1 The UPU Council of Administration (CA), the Postal Operations Council (POC) and the International Bureau (IB) are the three permanent bodies of the Universal Postal Union.

2 The two Councils, which meet annually in Berne, deal with a large number of issues. The Council of Administration ensures the continuity of the work of the Union between Congresses and is responsible for inter-governmental and policy issues. The Postal Operations Council is responsible for operational, commercial, technical and economic questions concerning the postal service. The 2001 CA session will take place from 18 to 26 October 2001. There will also be several POC meetings in the days before and during the session.

II. Major issues

3 The following major issues are currently being addressed by the UPU:

A. Council of Administration

i High-Level Group on the Future Development of the UPU

4 The High-Level Group report, which is the most important issue on the agenda of the CA this year, will be the subject of a separate presentation to the Advisory Group (see document CA 2001-Doc 9).

ii WTO/General Agreement on Trade in Services

5 This issue will also be the subject of a separate presentation.

iii Universal Postal Service

6 A revised version has been issued of the Memorandum listing the Universal Postal Service obligations incumbent upon member countries and giving guidelines on how to set quality of service standards in the following areas: access to services, user/customer satisfaction, speed and reliability, security, liability and treatment of inquiries. A recent consultation shows that most countries apply standards in the main areas of Universal Postal Service namely: access to services, customer satisfaction, speed and reliability, liability and treatment of inquiries and security. However, some countries need guidance. The Universal Postal Service Project Team is working on a document showing how countries can fix standards and monitor/measure them.

iv Extraterritorial offices of exchange - ETOE

7 Liberalization of the outward international letter post in several countries that have attractive markets, combined with the absence of specific UPU rules on the question of ETOEs, has encouraged some major postal administrations to expand their market activities overseas, investing in a business strategy that includes ETOEs. Some developing countries have also established ETOEs in industrialized countries to attract mail that could benefit from the lower terminal dues rates offered for mail dispatched by developing countries.

8 Although the issue was first raised in 1998, it came to the fore during the 2001 session of the Postal Operations Council. The International Air Transport Association and Australia made requests at that time for greater definition and clarification regarding the practice. The International Express Couriers Conference had also indirectly raised the issue in a paper submitted to the High-Level Group.

9 In July 2001, the International Bureau informed member administrations that it registers ETOEs, upon request, in its list of assigned international mail processing centres, but that it makes no judgment as to whether they are authorized to send and receive mail under the provisions of the UPU Convention. The International Bureau followed this, in August 2001, with an analysis of operational and legal issues arising from the use of ETOEs and a questionnaire for administrations. Responses to the questionnaire will be discussed by the Terminal Dues Action Group and will form the basis for further study to be undertaken by the Council of Administration.

v Universal Postal Convention

10 The recasting of the UPU Acts constitutes an ongoing process undertaken by the relevant UPU bodies to ensure that the regulations are in line with current postal developments. An ad hoc Group within the High-Level Group prepared a recast of the Universal Postal Convention.

This recast was the subject of a consultation within the UPU and is presented to the 2001 CA. After endorsement by the CA, it will be presented to the 2004 UPU Congress. The proposed Convention is much shorter than the present one, but the major part of the provisions deleted in the Convention will be included in the Letter Post and Parcel Post Regulations. Work on the draft Regulations will take off in the POC after the 2001 CA.

11 That does not mean that work on the Acts is finished within the CA. Whereas the HLG ad hoc Group shortened the text, without changing the substance, a proposed Acts of the Union Project Team within CA Committee 1 may simplify the text further by proposing separately changes that modify the substance too. It will also look at some other important aspects like the extent to which reservations to the Acts should be accepted and how they should be approved.

vi High-Level Conference planned for 2002 "Strategy Conference" / "World Postal Policy Forum"

12 It is planned to hold a Strategy Conference in Geneva at the end of October 2002 with an important number of leaders from the postal industry. Invitees will include all UPU member countries and postal stakeholders. The purpose of the Conference is to discuss and debate the most important postal issues. The results should make it possible to form a vision for the sector and to contribute to future postal strategy.

13 The 2001 CA will also choose the principal theme for the Conference. It should allow a choice of subjects for presentations which take account of current issues in the world, such as globalization and liberalization of markets, and the role played by postal services as an important element in each country's infrastructure, at the crossroads of the communications, logistics and advertising markets.

14 The need to offer a harmonized basic postal service to all the world's citizens, the role that governments can and should play in the future of the Post, and the role of the UPU in a market-place increasingly characterized by competition and strategic alliances are also important points on which the Conference should ponder.

15 All these considerations have led to the following theme being suggested:

- "Future Post",
- ("La Poste de l'avenir" in French).

16 It is proposed that the Conference programme should be divided into sessions based on sub-themes, within which speakers will present specific papers. The possible sub-themes would be in the following areas:

- the market;
- technology;
- the social aspect.

B. Postal Operations Council

i Terminal dues

17 The Terminal Dues Action Group and its six Project Teams continue their work on improving features of the terminal dues system, developing the system for industrialized countries and the new overall system to be proposed to the Abidjan Congress, for 2006 and beyond.

18 The Inward Letter Post Pricing PT and the Quality of Service Link PT are working closely to determine the rates and the link of terminal dues for industrialized countries with quality of service performance, to take effect in 2004.

ii Customs

19 The key items on the agenda of the World Customs Organization-Universal Postal Union (WCO-UPU) Contact Committee are:

- a the development of standard EDI messages for the customs clearance of international mail;
- b revision of the CN 22 and CN 23 forms;
- c revision of the Immediate Release Guidelines.

20 By way of a reminder, the Contact Committee monitored the work of the WCO-IECC (International Express Carriers Conference) - UPU study on the differences in customs treatment applied to postal and private operator items. Further to the replies to the questionnaires prepared jointly by the WCO, IECC and the UPU and to the surveys conducted in Morocco and Norway the WCO Permanent Technical Committee decided at its April 2001 session to terminate this study which does not make it possible to show that administrations are given preferential treatment compared with private operators.

iii Security

21 The Postal Security Action Group (PSAG), which comprises postal security experts from 53 member countries, 32 observer countries and ten international organizations, aims to enhance the security and quality of service of international mail worldwide. The PSAG's four priorities focus on: the prevention of injuries to people due to dangerous goods in the mail, the prevention of the loss or theft of mail entrusted to the Posts, the prevention of revenue and asset losses to postal administrations, and the preservation of customer confidence in the Posts.

22 The PSAG's current and planned activities address the following topics:

- criminal and terrorist use of the mails for illicit transport of dangerous goods;
- improving quality of service and security of airmail through electronic analysis of irregularity information;
- aviation security through industry and organizational cooperation;
- quality of service/ security reviews of international airports;
- ensuring revenue protection and combating money laundering;
- international mail fraud initiatives;
- improving security of cash-in-transit;
- attacks on postmen and post offices;
- information technology tools for postal security; and
- e-Commerce.

23 The PSAG has active inter-agency programmes with the International Air Transport Association, International Civil Aviation Organization, International Atomic Energy Agency, INTERPOL and the World Health Organization. In partnership with the United Nations International Drug Control Programme and World Customs Organization, PSAG has begun two years of training on countering drug trafficking and money laundering via postal systems in Africa.

iv Markets, Customers and Communications

24 Markets - related activities include publishing a bi-annual market, environment and competitive analysis (the latest report in the form of a discussion paper, "The Post, Society and Economic Development", has just been made available for the members of the Advisory Group); development of markets (eg direct mail, - philately and the publishing industry) as well as improving information management capability within the UPU.

25 The UPU continues to emphasize the importance of customers and has put in place a number of customer-related programmes as evidence of its commitment. They include the implementation of a Customer Service Charter and customer satisfaction monitoring.

26 Following the success of the strategy and management forum during the industry event PostExpo 2000, the UPU is again associated with this event which is still on in Geneva, from 9 to 11 October 2001. The annual Customer Day/POC Forum continues to attract active participation from the wider postal industry. It is planned to hold the next such event in April 2002.

v *Quality of Service*

27 Activities in this area include setting quality standards for the international postal service, permanent testing of the quality of the international postal service and development of new testing methods, operational field missions by consultants to achieve lasting quality of service, and permanent enhancing of the effectiveness of the world postal network and of regional cooperation in the field of quality.

vi *Standards*

28 The Standards Board is the UPU's standards definition, approval and maintenance authority in the area of telematics, technical postal standards and information technology. It ensures the coordination of any standardization subject that is being put forward for consideration to the UPU, and is the arbitration authority on matters related to standards evaluation and approval. All standards activities are coordinated within the Standards Board in order to ensure that all the functions involved in defining and setting standards have a common view of the issues at hand and a coherent approach to standards.

29 It is the explicit aim of the Standards Board to encourage the active participation of interested industry partners in its work. Though the permanent members of the Board are postal administrations, the meetings of the Board are being opened up to observer organizations. In principle, any organization can present candidate subjects for standardization to the Standards Board, and can stay informed and/or provide comments with regard to any subject that is being pursued by the Standards Board.

vii *Projects*

a *GlobalePost*

30 GlobalePost will be an international fulfilment service, comprising both deliveries and payments. The service is being developed for merchants, such as direct marketers or Internet merchants who sell their products to international consumers. GlobalePost will use the domestic services of participating postal administrations to perform delivery from the origin to the destination country. Combined with the delivery service will be a payment collection service that will enable consumers to pay for their purchases using the payment services provided by their local post office. For example, this may include:

- payment on delivery (eg, cash, credit card, giro transfer, money order);
- payment at the post office;
- pre-payment at the post office and the Post will hold the money in escrow until delivery has been completed;
- payment via the Internet using a Post bill-pay service;

- payment using a giro transfer from a postal savings account;
- payment using a money order (paper or electronic).

31 The service will be known as a Global Postal Delivery and Payment Guarantee. The guarantee to merchants will be that their products will not be handed over to the consumer until the Post has received the payment. The guarantee to the consumer will be that their money will not be released to the merchant until delivery has been confirmed.

32 The service will also include other, much-needed features including:

- Customs and total landed-cost information for the consumer at the point of sale;
- returns processing.

33 This service has been developed through close cooperation between a small and focussed group of people from the UPU, several leading Posts, the DMA, Direct Marketing organizations and technology providers.

34 The service is now in a "proof of concept" involving the Posts from Switzerland, Denmark, Sweden and Portugal and merchants, such as Readers Digest. The proof of concept will test international payments transactions using existing domestic payment services.

35 In parallel to the proof of concept, a comprehensive Market Study will be performed to identify the actual business opportunity that GlobalePost will provide for the Posts. The market study will target large direct marketing companies with the objective of identifying how much additional business GlobalePost can bring to the Posts.

b Universal Addressing Project

36 Work on addressing is being moved forward by the IB (Universal Addressing Project Team) and the POC (POST*Code Project Team).

37 On 1 October 2001, at POSTEXPO 2001, the International Bureau launched the Universal POST*Code DataBase which contains the postcodes of all member countries (localities and streets) in a single format. This database can be used by:

- companies wishing to correct their own address file;
- companies that correct third-party address files;
- companies with address correction websites or which distribute address correction software.

38 Within the POC framework, the POST*Code Project Team's work is conducted as follows:

a SPT 1 "Marketing" works with the IB on finalizing the legal documents regulating data exchanges and cooperation agreements for POST*Code database sales.

b SPT 2 "Technological Development" continues this work in the field of address standardization after collecting information from member countries in this area. A working document with status 0 is planned for the April 2002 SB meeting.

Information from the test CD presenting the Universal POST*Code DataBase will be submitted to it.

c SPT 3 "Postcode Promotion" is just about to start drafting a postcode promotion and technical assistance guide, to be published by late 2001/early 2002 in order to help administrations to introduce postcodes or to improve the existing system.

A certain number of countries hoping for help in this area were identified and the technical assistance programme should be able to start in 2002.

III. Conclusion

39 The Advisory Group is invited to comment on the major issues and important work now being undertaken by the two Councils.

Berne, 5 October 2001