



**Advisory Committee on
International Postal and Delivery Services**

Federal Advisory Committee on International Postal and Delivery Services

(1:00pm-3:00pm on March 14, 2014, American Institute of Architects, 1735 New York Avenue, NW, Washington, DC, 20037)

Committee Members in Attendance

- Ann Fisher- Postal Regulatory Commission
- Charles Prescott- Global Address Data Association
- Don Soifer - Lexington Institute
- James Campbell- Independent Consultant
- Jean-Philippe Ducasse- JP Ducasse Consulting
- Lea Emerson- United States Postal Service
- Louis Haber- Darlington Postal Company
- Merry Law- WorldVu LLC
- Michael Mullen- Express Association of America
- Nancy Sparks- Federal Express Corporation
- Robert Reisner- Transformation Strategy, Inc.
- Sue Presti-Public Policy Resources

Representatives of the U.S. Department of State

- Robert Downes - Executive Director and Designated Federal Officer
- Robert Faucher – Director, Bureau of International Organization Affairs, Office of Global Systems
- Joseph Murphy- Deputy Director, Bureau of International Organization Affairs, Office of Global Systems
- Hanna Wetters- Intern, Bureau of International Organization Affairs, Office of Global Systems

Also Attending and Speaking

- Phil Warker - Department of Homeland Security
- Stephen Simchak - American Insurance Association
- Flori McClung - United States Postal Service

Introductions

1. Robert Downes, U.S Department of State, opened the meeting in his capacity as Executive Director and Designated Federal Officer for the Advisory Committee on International Postal and Delivery Services. Mr. Downes stated that the U.S. Department of State takes its responsibility to provide oversight on issues of international postal policy very seriously. He extended personal greetings from Acting Assistant Secretary Pittman of the Department of State's Bureau of International Organization Affairs. He also introduced Robert Faucher, Director of the Office of Global Systems, Bureau of International Organization Affairs, U.S. Department of State.
2. Robert Faucher, thanked Mr. Downes for the welcome. He reaffirmed the importance of the Universal Postal Union portfolio to the Office of Global Systems, and introduced Joe Murphy from the Office of Global Systems who will be taking the lead on the Postal Portfolio. Mr. Faucher noted that he and Mr. Murphy had traveled to Bern to meet with the Director General of the Universal Postal Union the previous week.
3. Joe Murphy, U.S. Department of State, thanked Mr. Faucher for the introduction and acknowledged the unique challenges that the UPU faces. He said he looked forward to working with the committee members and learning from his colleagues. Mr. Murphy also took the opportunity to inform the committee that the UPU was in danger of not meeting certain federal benchmarks set by the Appropriations Act of 2014, but he was optimistic about the UPU's ability to meet the benchmarks.
4. Mr. Downes welcomed Committee members and the public to the meeting, noted that the meeting was being recorded, and provided an overview of the agenda.

Minutes of the March 15, 2013 Advisory Committee Meeting

5. Mr. Downes informed the members that the Minutes of the September 30, 2013 Advisory Committee Meeting had been certified and posted online.
6. Mr. Downes also took this opportunity to acknowledge several changes in State Department representation at Committee meetings. He reminded the Committee that Ms. Helen Grove had left her post in December. Mr. Downes also noted this would be his last Advisory Committee meeting, and that he would be transitioning out his role in the course of the next several months. After expressing his enjoyment in working with the members of the Advisory Committee for the past two years, Mr. Downes opened the floor to Committee members and the public for questions about the changes.

7. Mr. Faucher thanked Mr. Downes on behalf of the Department of State and Assistant Secretary Pittman for the work that he has done for the Committee.

Renewal of the Charter

8. Mr. Downes explained that the Charter of the Advisory Committee, which was terminated in December, had been renewed by the Department of State's Under Secretary for Management. The Charter was certified on November 18th, 2013 and is available online. At the request of Mr. Campbell, Mr. Downes provided an overview of changes to the Charter, stating that there had been no changes in the structure, only several clarifications in language to promote the function of the Committee as envisioned. He then opened the floor to questions on the renewal of the Charter.

Membership renewals

9. Mr. Downes reminded the Committee members that membership is limited to a two-year appointment determined by the Assistant Secretary of the Bureau of International Organization Affairs, and that all current memberships expired in December 2013. He informed the Committee that the applications received had been submitted to the Assistant Secretary, and a list of approved members is available online. Mr. Downes acknowledged that several persons missed the requested return date for filing their applications and thus were not part of this initial process. As the Assistant Secretary can add or remove members at any time, these delayed applications were under review and processing.

Consultative Committee Proposal on the "Reverse Envelope"

10. Charles Prescott, Global Address Data Association, described the reverse envelope, the idea of placing the address on the flap-side of the envelope, and highlighted its potential uses for advertising. Mr. Prescott said that the Consultative Committee was seeking approval of the reverse envelope for international use. He noted that UPU rules dictate what can and cannot be passed through the mail, and that there are several regulations that impact the implementation of the reverse envelope idea, such as the location of the address. The Consultative Committee is currently looking at issues related to the adoption of the reverse envelope, and looking to educate postal systems about how to process the new envelope.

11. Mr. Prescott also reported on a recently conducted Consultative Committee survey to which 88 countries responded. According to the survey, a majority of posts reported little to no communication with the private sector. Based on the results, Mr. Prescott recommended better

communication between posts and the business sector, suggesting that increased communication could increase letter volume.

Consultative Committee Proposal on a Global Hybrid Mail Network

12. Mr. Prescott described the proposed hybrid mail system in which mail is sent electronically to the country of distribution, where it is then printed and sent in hard copy to the recipient. He suggested that the .post domain could be the proper channel for the hybrid mail system, as it is a secure domain. Mr. Prescott said the support of the UPU would lend credibility to the project.

13. Mr. Prescott noted that the project risks derailment because of discussion about revenues. For this reason, he stressed the need to bring the global hybrid mail project forward slowly. He informed the Federal Advisory Committee that the Consultative Committee had started surveying small hybrid mail vendors to determine letter volume and customer needs. The survey period will be followed by testing, with discussions of membership and compensation much later.

Address Systems and Financial Services

14. Mr. Prescott stressed the importance of addressing and provided an overview of the role of the Addressing Group Committee, which sets the standards for addresses around the world. He emphasized the role of addressing in economic development, and urged the UPU to hold a major world conference on addressing in 2015. At the request of Mr. Stephen Simchak, Mr. Prescott elaborated upon the role of the UPU regarding addressing, stating that the addressing committee examines what addresses should be, and how they should be structured. It also keeps an up-to-date list of addresses in countries.

15. Mr. Prescott emphasized the need for UPU involvement in financial services because of e-commerce and to support economic development. He noted that the postal network is one of the most secure means for the provision of financial services available

16. Robert Reisner, Transformation Strategy Inc., voiced his support for the Mr. Prescott's ideas related to e-commerce. He supported encouraging private sector participation, as this would support national interests and provide additional opportunities for national carriers.

Postal Operations Council Calendar of Meetings

17. Lea Emerson, United States Postal Service, provided an overview of the upcoming meetings of the Postal Operations Council (POC). The week before the POC, there will be an e-commerce

forum with posts and partners in e-commerce. The forum, which will take place March 26th-27th highlights opportunities for partnership and discusses challenges relating to e-commerce. The Directors General from UNCTAD and ITU are expected to attend the forum. The second forum will be on postal financial services on March 28th. This forum will examine the UPU worldwide postal payment services networks, customer expectations and new technologies.

18. Ms. Emerson noted that 68 meetings would take place during the two week period. The POC will meet with groups, committees and plenaries and make decisions. Several Council of Administration (CA) groups will meet during the session, but no decisions will be made.

Major Policy Issues to be Addressed

19. Ms. Emerson gave an overview of the meetings at the POC. All five committees and their subgroups will meet during the session. Committee 1, which addresses supply chain integration, will examine technical and operational proposals from its subgroups. Committee 2 will focus on markets and research. Discussions in Committee 3 will concern physical services and setting rules. Committee 3 will also examine several operational proposals concerning accounting, operations forms, and new track and trace qualities. Committee 4, on e-services, will meet for two days to discuss products and services. Committee 5, which concerns postal financial services, will work on the possible formation of a user group.

20. Merry Law, WorldVu, LLC., re-introduced the issue of problems with foreign labeling during the period for questions on major policy issues. She stated that there have been continued problems with addresses being covered by labels, and wondered when this issue would be taken up. When Ms. Emerson noted that she was unsure if the issue had been brought forward to the appropriate group, Mr. Downes assured Ms. Law that the State Department would follow-up on the issue.

21. Mike Mullen, Express Association of America, inquired about the U.S. providing a briefing on advance security services.

22. Phil Warker, Department of Homeland Security, responded that according to the Article 9 amendment to the Convention, the posts must provide data to the country of destination. He added that DHS is working on collecting all of this advanced data. This would help other countries that do not have their own postal system be part of the global network. Mr. Warker noted that the current focus of DHS was on implementation at the UPU. The impetus for this comes from the implementation of outside European Union regulations in 2016. DHS currently has pilot projects in Europe and Asia working to apply the best cargo practices to mail packages. He acknowledged that there were still issues to address concerning clear and correct language and straightening out technical issues. In response to a point of clarification, Mr. Warker reminded the committee that while DHS has export and import regulatory authority, imports are

of greater concern because the United States must rely on other countries to ensure the security of the mail system.

23. Mr. Mullen stated that it is incumbent upon the U.S. to ensure that these requirements will be applied across the board in order to prevent exploitation and to ensure the creation of an equal, competitive playfield.

24. Mr. Ducasse also informed the committee that the POC proposals for amending the Quality of Service Fund Deed of Trust and Product Management Manual are substantial. Flori McClung, the current U.S. Representative to the Board of Trustees, informed the committee that the Board had decided not to put forward any changes to the manuals.

25. Nancy Sparks expressed concerns about product services and integration, noting that while effective e-commerce delivery is important to the growth of exports, it was equally important to prevent monopoly formation and ensure a level playing field. She asked if the U.S. Government has considered how mandates on a pro-competitive environment would contribute to the definition of a new product and how it would address these concerns.

26. Ms. Emerson noted that, as far as she knew, there is not a move to make a new product at the POC, rather to focus on product strategy and enhancements. Mr. Murphy commented that the question of a new e-Commerce product had not been framed for decision at the upcoming meeting. [Chairman's Note: Although there was no proposal on the POC Agenda to establish a new product category for e-commerce, such a proposal was advanced, inconclusively, by the International Bureau at the meeting. The U.S. stance was that before considering a new product category, UPU members should look at ways of improving existing product categories so that they can better accommodate the changing needs of customers. End Note.]

27. Mr. Reisner requested the Department of State to comment on the 2014 appropriations bill and inform the committee about the potential implications for the UPU.

28. Mr. Murphy said that the new appropriations bill requires internal audit reports to be publicly available. He informed the committee that UPU currently does not meet this requirement, and if this does not change, the United States will withhold 15% of assessed contributions for the 2014 fiscal year. He also noted that U.S. representatives were in active discussions with UPU officials regarding resolving this issue.

29. James Campbell, independent consultant, reminded the committee that the definition of terms that the UPU adopts directly affects trade agreements and postal laws. He suggested that the U.S. Government circulate a position on this for review and comments.

30. Ms. Emerson responded to a request by Mr. Mullen to elaborate upon the "new e-commerce product". She noted that while she was not at the meetings in Ottawa, her office worked on a questionnaire focused on the e-commerce needs of customers. One of the questions asked

specifically about whether designated operators would prefer a new product, or a revised current product, to which the Postal Service responded that they would prefer a revised product with enhanced features that meet customer expressed needs.

Any Other Business

31. Ms. Sparks stated that Global Express had been excluded from certain meetings as an observer at the UPU, and wanted to bring this to the attention of the U.S. Government. Mr. Downes requested that she send a follow-up note with more specifics so that the interagency might follow-up on this issue.

32. Ms. Sparks inquired about the U.S. Government's participation in the meetings in Abidjan, highlighting security concerns.

33. Mr. Murphy noted that government representatives are unsure about their ability to participate in the meetings because of limited budgetary resources, but he recognized the importance of the meetings for the UPU. Mr. Downes added that the security situation in Abidjan at the time of the meeting would be taken into consideration and reminded committee members that the State Department maintains a website with travel warnings and current information to inform citizens regarding the Department's assessment of the specific conditions in each country abroad.

34. Ms. Sparks requested to be kept posted on the attendance of U.S. Government Representatives. She also inquired as to whether private sector advisors would be in attendance.

35. Ms. Law raised a question about the new addressing system in South Korea, noting that in a recent mailing, 5% of the 20,000 pieces mailed were returned. She advised that this issue be examined in the future.

36. Mr. Campbell noted that the last Congress emphasized the importance of the U.S. strategic plan for supporting or not supporting certain proposals. He requested information about the status of current proposals, and suggested that a committee focus on the strategic plan now in order to prepare for the next UPU Quadrennial Congress.

37. Mr. Downes informed the Committee that while some proposals from Committee members had been accepted, many of them were not. He noted that copies of the U.S. strategic plan were available, and the interagency would welcome any additional comments from committee members or the public on its contents.

Conclusion of the Meeting

38. Mr. Downes formally closed the meeting and expressed his appreciation to all present. He expressed his gratitude to all of the committee members and enjoyment in having had the opportunity to work with them.

As no other issues were raised, the chair closed the meeting at 3:00pm.

Meeting minutes certified by Robert Richard Downes, Designated Federal Officer, on this the 13 of May, 2014 