
Briefing on Universal Postal Union issues

19 July 2006

U.S. Department of State, Washington, D.C.



1.

Welcome

and

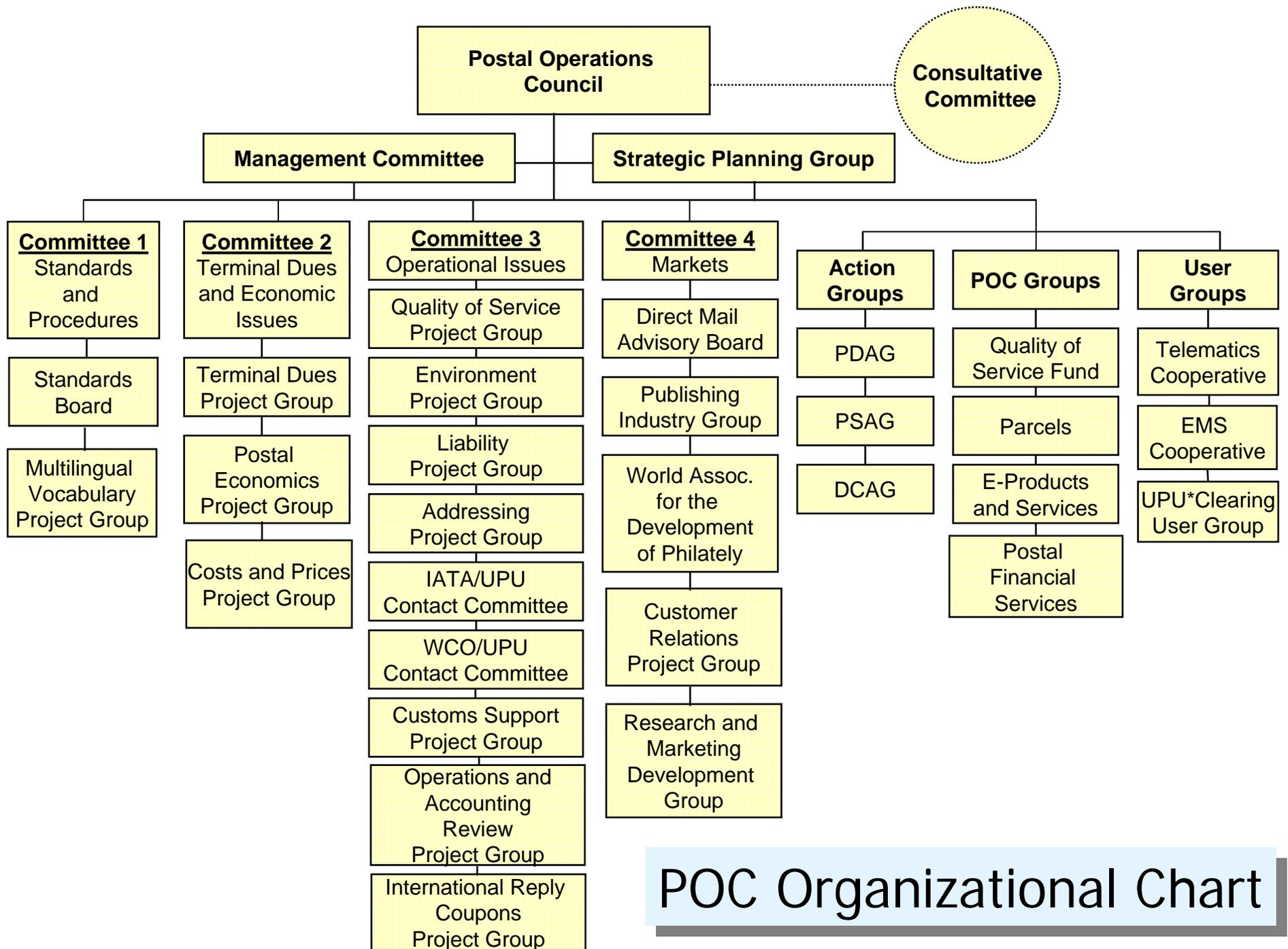
Introductions

2.

March 2006

Postal Operations

Council



POC Organizational Chart

UPU Groups that the U.S. chairs

POC Chairman	
Consultative Committee (Private sector)	CA Acts of the Union Project Group
Postal Security Action Group	Terminal Dues PT 2 on Statistics and Accounting
Standards Board	SPG Results-based Management Team
Standards Board Physical Encoding Group	SPG Scenarios Team
Standards Board Data and Code Definition Group	Parcels PT 2 on Services

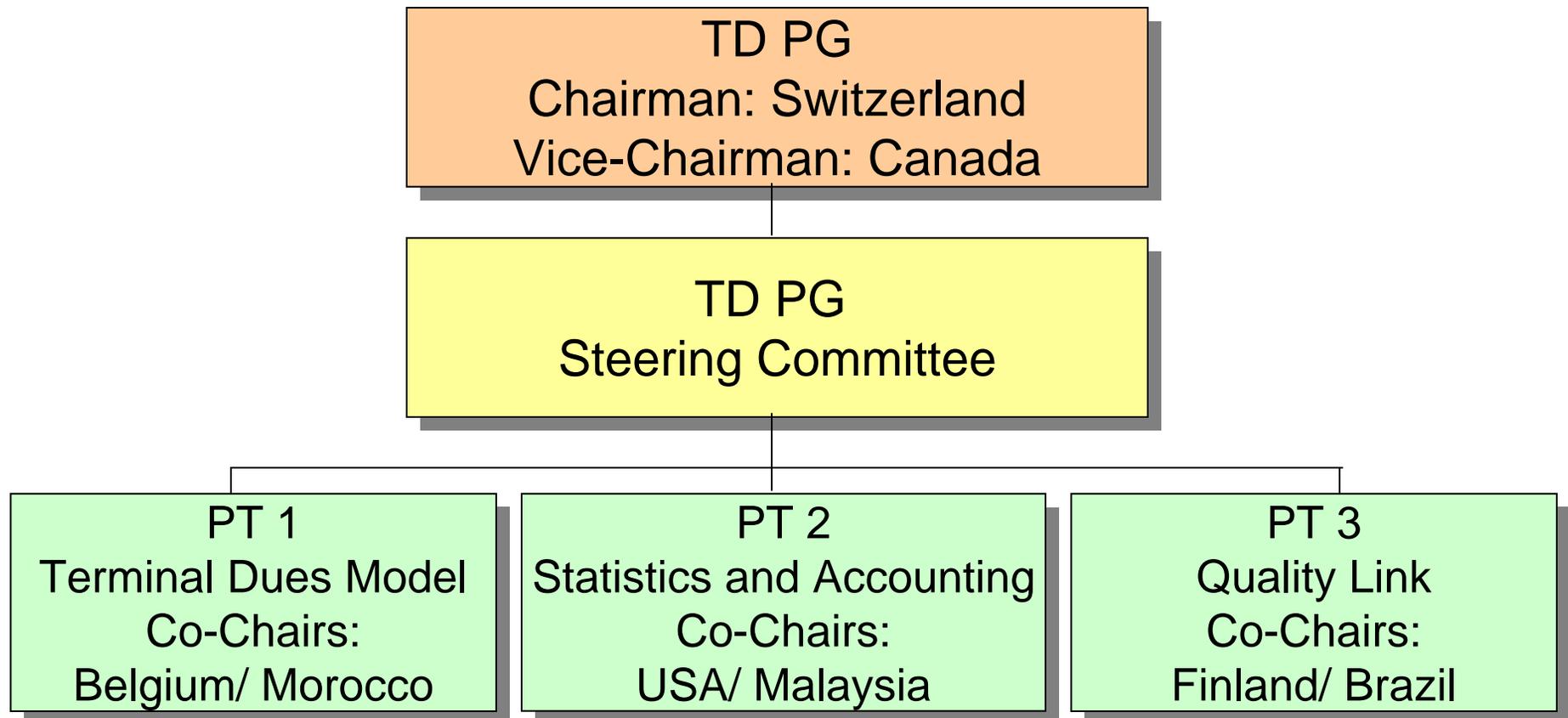
March 2006 Postal Operations Council



1. Terminal Dues and Postal Economics:
Lea Emerson and Kathy Clendenin
2. Performance Measurement:
Bruce Marsh
3. Strategic Planning and Results-based
Management:
Dennis Delehanty and
Janice Gould



Terminal Dues Project Group and Project Teams

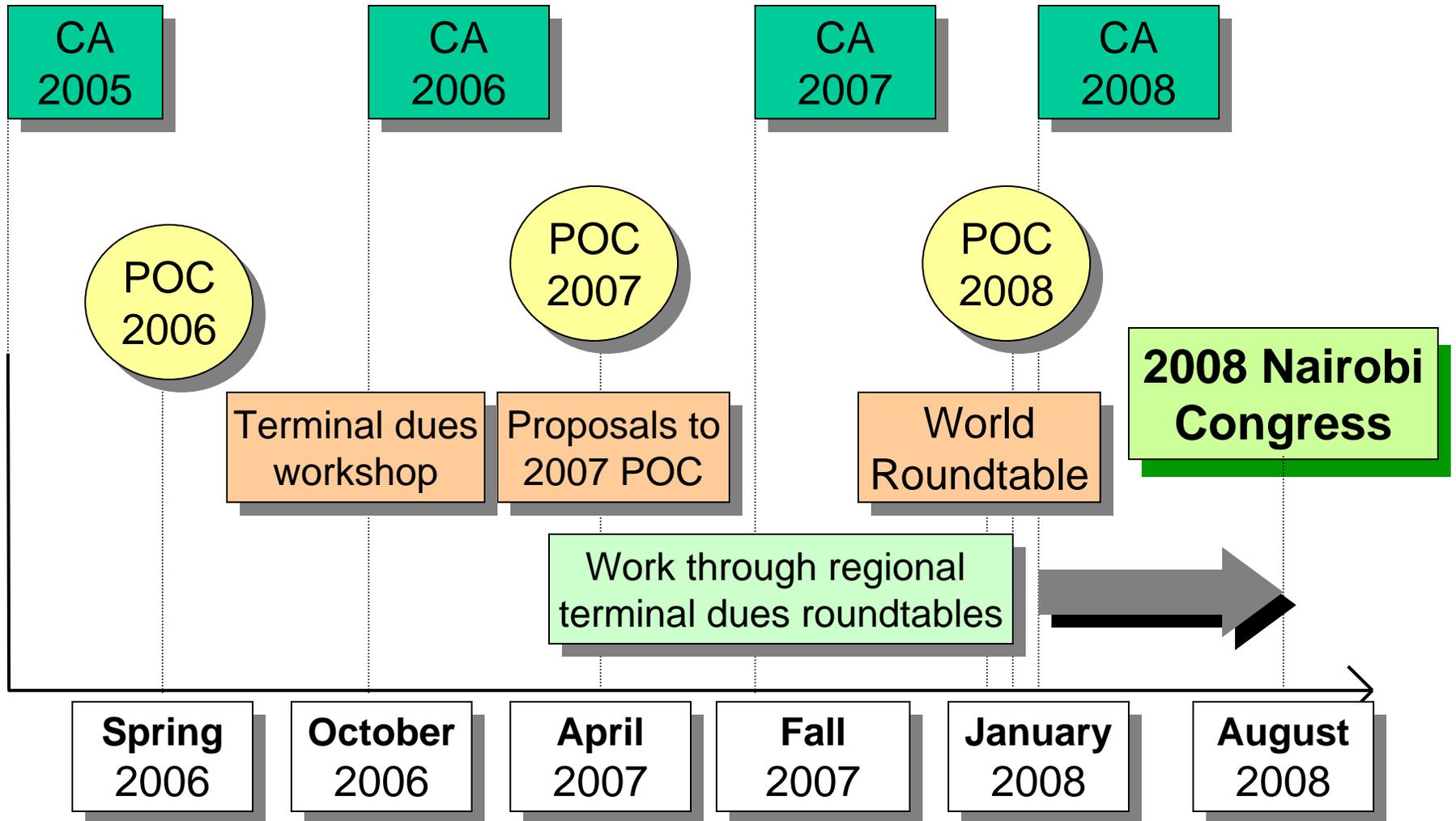


Work Groups under PT 1:

- 1) Studies,
- 2) Methodologies,
- 3) Policy Questions and
- 4) Domestic Access

Terminal dues timeline

Goal: Country-specific, cost-based terminal dues by January 2014



October 2006 Terminal Dues Workshop Goals



- ▶ Review work to date on data collection and analysis, policy issues and methodologies
- ▶ Define certain elements/options for future UPU target system and transition requirements
 - ? Base new target rates on multiple domestic rates?
Multiple formats? Different rates for Priority vs. Non-priority? Take into account size of mail flow?
- ▶ Define new directions for future work based on Workshop feedback and conclusions

Private sector input on terminal dues – last cycle



- ▶ Continue move toward “cost-recovery”
- ▶ Minimize arbitrage system of differences for Industrialized Countries (IC) versus Developing Countries (DC) and eliminate over time
- ▶ Immediate and major increases in postage rates are undesirable
- ▶ Postage rate increases should be phased in over time or introduced with a long warning period



U.S. Government position – last cycle



- ▶ Goal: Terminal dues system that is market oriented, cost based, and country specific
- ▶ Only moderate and predictable rate increases
- ▶ Increase in minimum floor rate to ensure cost recovery for countries with low domestic rates
- ▶ Focus on mail volumes and dynamic transition
- ▶ Quality of Service Fund to facilitate postal development and quality improvement





Postal Economics Update:
Kathy Clendenin
Postal Rate Commission



UPU Performance Measurement – Letter Post



Industrialized Country (IC) system developments:

- ▶ Began January 1, 2005 based on International Post Corporation UNEX system (2005 Results announced at April 2006 POC)
 - Royal Mail and USPS Appeals
- ▶ UNEX Contractor Transition (from IBM Consulting to Research International)
- ▶ 2006 Participation (24 countries + 2 new)
- ▶ Member Recruitment for 2007
- ▶ RFID Sites - 221 in 49 countries

UPU Performance Measurement – Letter Post



Progress on UPU global system design:

- ▶ Level 1 (L1): (to replace IC system) diagnostic inbound (Leg 3) testing based on size of flows and external panelists
- ▶ Level 2 (L2): for smaller transitional countries measuring inbound (Leg 3) testing using date stamping and external panelists
- ▶ 2007 Pilot Programs
- ▶ Auditing-Validation Authority (USPS Lead)
- ▶ UPU Quality of Service Program Improvements (resources, report cards, etc.)

UPU Strategic Planning Group

- ▶ Chaired by Russia Post CEO Igor Syrtsov
- ▶ 10 member countries: 5 each from CA and POC
- ▶ Four Teams:
 - Results-based Management: Chaired by U.S.
 - Scenarios: Chaired by U.S.
 - 2008 Nairobi Postal Strategy: Chaired by Belgium
 - Communications (November 2006 UPU Strategy Conference in Dubai):
Chaired by Russia



Results-based Management Team



Results-based Management Team focusing on:

1. Developing methodologies for setting UPU priorities, particularly for the UPU budget
2. Conducting and publishing report cards on attainment of Bucharest World Postal Strategy goals by member countries and UPU
3. Contributing experience gained for drafting the 2008 Nairobi Postal Strategy

OECD system for developing priorities

Questionnaire sent to member countries.

Replies presented in colors:

Green: Increase activity or program

Yellow: Maintain program

Orange: Reduce program

Red: Stop program

... Results to be presented in matrix format.

Setting priorities: next steps

- 
- ▶ Study OECD methodology in detail.
 - ▶ Examine programs in UPU budget and Bucharest World Postal Strategy.
 - ▶ Draft model questionnaire to ask member countries their views about UPU priorities.



Bucharest World Postal Strategy



Five major objectives:

1. Universal postal service
2. Quality of service and efficiency of the network (includes performance measurement, standards, tracking and IT systems, terminal dues and security)
3. Markets and responding to customer needs
4. Postal reform and sustainable development
5. Cooperation and interaction among stakeholders



12 measurements for Bucharest Strategy report cards

No.	Measurement or indicator	Type
1.	Existence of a national law providing for universal postal service.	Date
2.	Delivery standards for letter post.	✓
3.	(Inward international) letter post quality of service	%
4.	Delivery standards for parcels.	✓
5.	(Inward international) parcel quality of service	%
6.	Postal Security: Received training on eMaria.	✓
7.	Postal Security: Transmission of data to eMaria.	✓
8.	Letter post prices based on costs.	✓

12 measurements for Bucharest Strategy report cards

No.	Measurement or indicator	Type
9.	National customer satisfaction survey.	%
10.	Adopted postal reform legislation.	Date
11.	Type of reform: post + telecom separation; regulator + operator; corporatization; privatization; license system.	✓
12.	Forums for stakeholders.	✓

Results-based Management: Possible questions



- Any other ideas for setting UPU priorities?
- Have we chosen the right indicators to measure? Are there too few – or too many?
- How can we reasonably measure level of customer satisfaction or the existence of stakeholder forums?
- Can we – or should we - measure overall UPU performance, or performance of individual project teams or working groups?
- Can measurements change behavior of member country or the UPU?
- How will measurements help to set UPU priorities?

Scenarios: March 2006 First Draft Report



Objective of Report: Focus on marketplace and global postal sector industry trends driving change to develop scenarios for 2012.

Purpose: Consider scenarios given rates of change. Posts identify where they see themselves now and in 2012. Posts plan for future by examining possible responses.

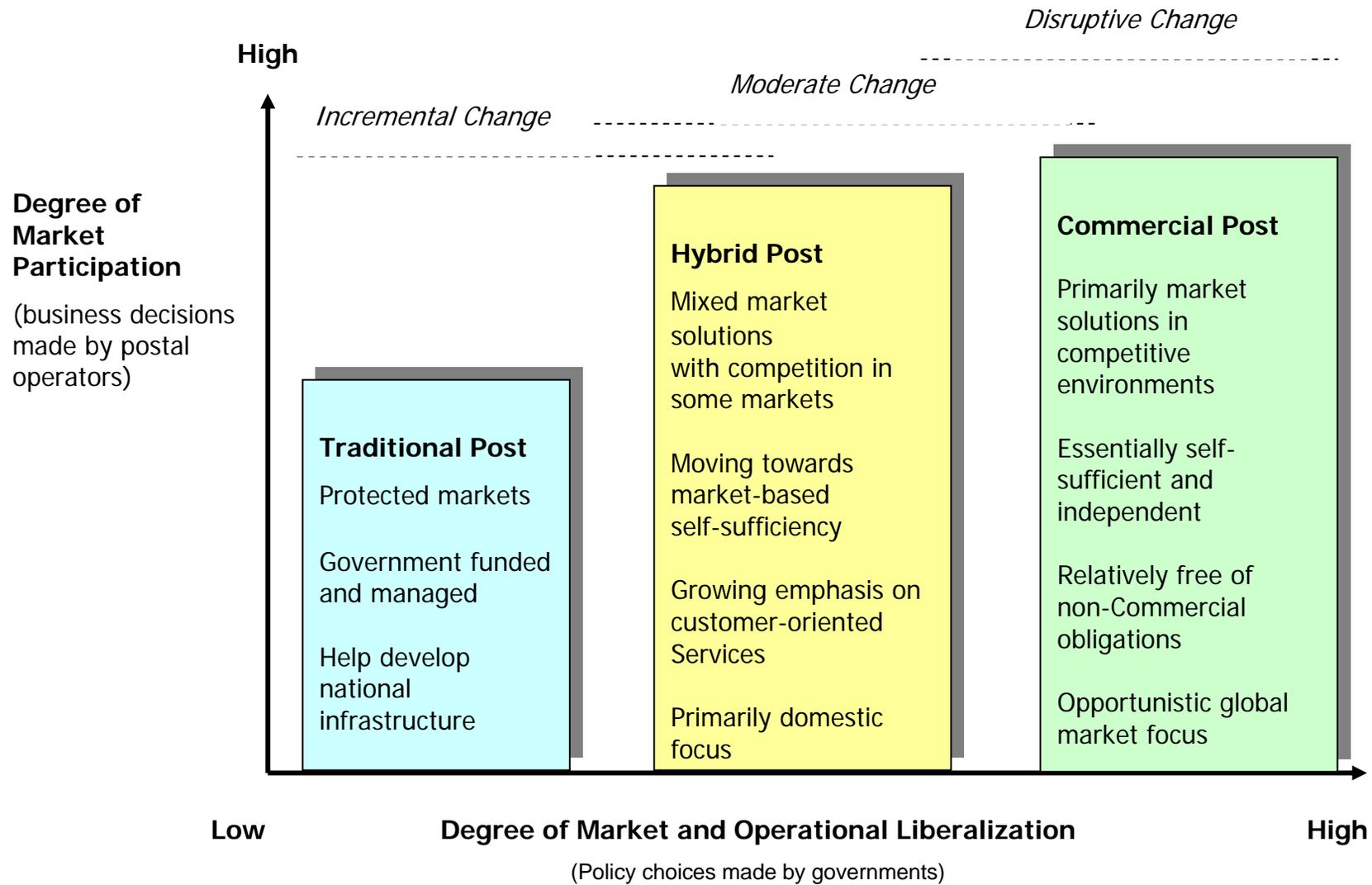
Scenarios:

- Predictable – doing the same things better
- Transformation – doing things differently
- Disruptive – doing different things

Strategic Responses:

- Traditional
- Hybrid
- Commercial

Scenarios: Policy Choices and Business Decisions



Scenarios Team: The Way Forward

Implications for Role of UPU:

- ▶ Segmented approach to satisfying different needs of member countries
- ▶ Take into account broader and more complex postal sector

Challenges for UPU:

- ▶ Define market segments and their size
- ▶ Develop relevant services for members responding effectively to each
- ▶ Establish scope of effort and relative priority of service initiatives

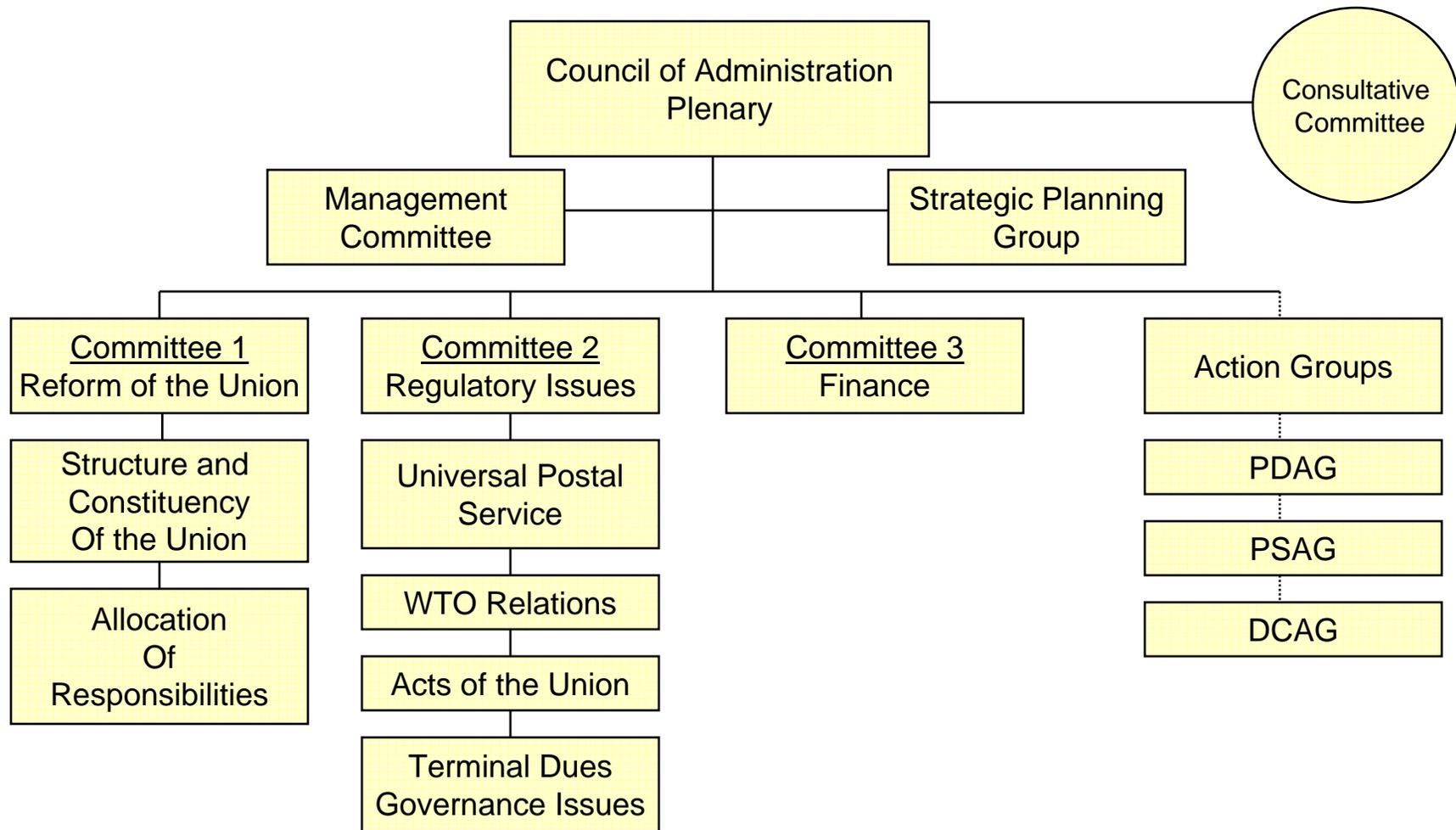
Next Steps:

- ▶ Refine report:
 - Regional perspectives
 - Reform of the Union survey results
 - Include full analysis of Strategic Planning Group survey results
- ▶ Issue second draft report for 2006 CA

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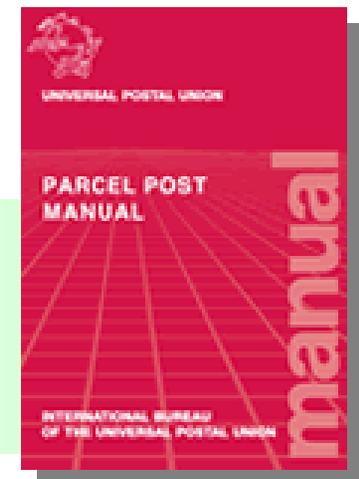
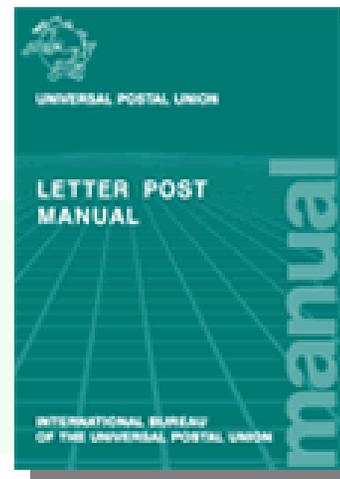
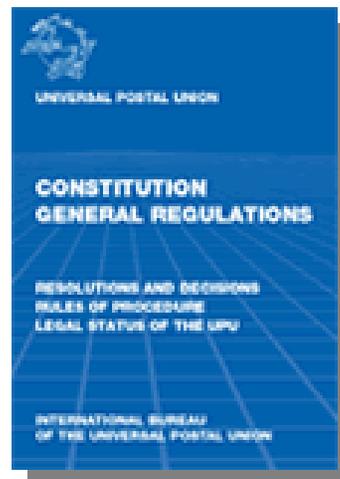
**March 2006 CA
working group
meetings**

CA Organizational Chart





Acts of the Union:
William Alvis,
Chairman,
Acts of the Union Project Group



Structure and Constituency of the Union



Some proposals at June 29 Project Group meeting in Bern:

1. Reduce the number of groups, particularly in POC;
2. Abolish rule limiting number of terms a UPU member can serve on CA;
3. Reorient UPU strategic planning to align work more closely with CA;
4. Review structure and activities of Action Groups (e.g. Direct Mail Advisory Board or Publishing Sector Industry Group) to reduce duplication of effort;
5. Require proposals to Congress to indicate expected costs, particularly “proposals of general nature”.

4.

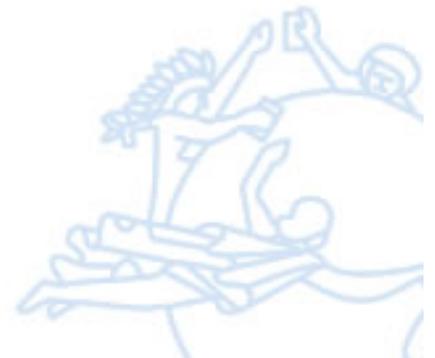
**Consultative
Committee**

Consultative Committee



Program of Action and
Priorities for the UPU:

Oral presentation by Charles Prescott,
Chairman of the Consultative Committee
and Sue Presti of the
Express Delivery and Logistics Association
(XLA)



Consultative Committee: CA and POC Matters



- Reform of the Union and Strategic Planning
- WTO – Working Group
- Universal Service definition – Work Group
- E-products and Services



Consultative Committee Working Groups



- WTO
- Universal Service
- Standards and Addressing
- Strategic Planning



Consultative Committee Major Projects



- Access survey
- Proposed: International Change of Address System
- Expanding membership and involvement
- Ideas ...? Recommendations ...?



5.

**U.S. policy
towards ETOEs**

Extra-territorial Offices of Exchange: U.S. policy



- ▶ On April 24, the State Department published updated U.S. policy towards ETOEs on IO Bureau website at following link:
<http://www.state.gov/p/io/ipp/usgdoc/65178.htm>
- ▶ Revised policy clarifies that ETOEs in the U.S. are commercial operators; the items they import and export are considered as cargo.
- ▶ Inbound ETOE cargo must be cleared using commercial customs clearance procedures (then tendered to USPS, as appropriate, as domestic mail).
- ▶ Outbound ETOE cargo must be conveyed on commercial documentation (air way bills) using commercial customs clearance procedures.



Photo credits

Slide 6: Hakan Lindgren, Sweden Post

Slide 10: Canada Post

Other photos courtesy of the Universal Postal Union