

Postal Operations Council, April-May 2007

United States Delegation Report

UPU Postal Operations Council

April 16-May 4, 2007

Introduction

This report summarizes the results of the UPU Postal Operations Council (POC) session held in Bern, Switzerland, from April 16 to May 4, 2007.

More than 58 POC project groups, boards, action groups, teams, and steering committees met during the session, as well as several Council of Administration (CA) groups. In all, 925 participants (125 more than in 2006) from more than 150 countries and organizations attended meetings during the session.

Ambassador Dennise Mathieu, Director of the Office of Technical Specialized Agencies of the Department of State's Bureau of International Organization Affairs led the U.S. delegation, which included Dennis Delehanty of the Department of State; USPS Executive Director for International Postal Affairs and POC Chairman Michael Regan; Chief Inspector Alexander Lazaroff; Ruth Goldway and Charles Robinson of the Postal Regulatory Commission; Phil Warker of Customs and Border Protection; USPS Senior Vice President for Intelligent Mail Charles Bravo; USPS Vice President for Government Affairs Thomas Day; and Harold Lane, Bill Alvis and Lea Emerson of USPS. The complete list of delegates is in Annex 2.

Terminal Dues and Economic Issues

Committee 2 - Terminal Dues and Economic Issues

This Committee, chaired by China (due to Cuba's absence), reviewed and approved the work of its terminal dues and economics project groups. During the discussion, several delegations stressed the importance of ensuring that the report on the Terminal Dues Workshop should adequately reflect the number of countries wanting to retain use of the 20-gram methodology for terminal dues rates calculations. U.S. delegates reiterated their concerns about creating an IC System User Group, pointing out the difficulties of creating a *voluntary* group for a mandatory service and unanswered questions about the financial implications for members and the International Bureau (IB). Italy, Switzerland and Israel spoke on the need to have a forum for appeals and operational issues that are now overwhelming Project Team 3 (Quality Link to Terminal Dues). The Committee approved the proposal to disband the Costing and Pricing Group due to concerns over duplication with other terminal dues groups.

Terminal Dues Project Group

This Group approved reports of its three project teams, which are summarized below, and reviewed the results of the Terminal Dues Workshop which over 80 countries attended. The Workshop solicited member country views on a refined system design for the future terminal dues system, based on feedback from the October 2006 workshop and the results of the economic analyses of the studies on mail flows, tariffs and costs. At the workshop, the majority of countries favored:

- 20 gram tariff linearization methodology (rather instead of linearization of 15 tariffs);
- Optional service levels (priority/non-priority);
- Gradual transition to end state;
- Quality of Service Funds; and
- Quality link incentives for participation in the proposed Global Monitoring System.

The work of the Terminal Dues Model Project Team (PT 1) will henceforth be carried out as a consolidated group since the four separate work groups on Studies, Methodology, Policy Questions and Direct Access have completed their preliminary work for the development of the future terminal dues system. Key results of PT 1 included decisions on SDR conversion rate reference periods, exclusion of VAT and similar taxes from base postage rates referenced for terminal dues, further review of cost-to-tariff ratios, and a new country classification system based on postal development indicators combined with a hierarchical, comparative method similar to the standard UN classification and. The CA Terminal Dues Project Group, chaired by Barbados, subsequently approved this classification system.

Statistics and Accounting Project Team

This Team discussed accounting issues and timelines for the work of the Quality of Service-Link Terminal Dues process which needs to be further clarified with Terminal Dues PT 3 (Quality of Service Link Project Team) to ensure that the current year and data are used to develop the interim quality link adjusted terminal dues rates.

Great Britain presented the results of a study on the sampling threshold using the new labor rates obtained in the latest cost survey. These rates are much lower than those reported to the 2004 Bucharest UPU Congress. The Team felt that this was due to different phrasing of questions in the two surveys; the more recent survey may not have differentiated between labor rates of mail handling employees and statistical clerks. Since labor rates presented at Bucharest still seem to be more in line with actual rates, the Team agreed to use the older labor rates in the calculation of the sampling threshold for transition countries in regards to the Revision Mechanism and Harmonization Mechanism. It is recommended that this threshold should be reduced from 100 tonnes to 75 tonnes for the 2010 to 2013 period. The Team also proposes that the current sampling recommendations for Target Countries should be kept at 50 tonnes for 2008 and 2009 for Target Countries that receive the floor rate and 30 tonnes for Target Countries that receive the cap rate.

Great Britain agreed to provide an updated computer model on sampling to the IB for distribution to countries interested in developing their own country specific sampling thresholds, and presented the results of work done on the study of cost savings associated with the use of receptacles and format separation. The Team also heard a presentation on possible options for calculating gross and net weights for terminal dues dispatches.

Quality of Service Link Project Team (PT 3)

[The lengthy agenda of PT 3 included consideration of a compromise on the pending appeal by](#) Great Britain regarding the results of its performance in delivering inbound letter post in 2005, changes in the critical tag times for certain countries and updates on the status of new IC System participants (Brazil, Jamaica and Ukraine). The U.S. delegation presented revised proposals concerning more country specific targets in the IC System and incorporation of modifications in domestic delivery standards to account for peak volume periods before major holidays. The proposal concerning the specific targets received support from several Team members. Although the proposal regarding peak periods did not meet with immediate support, the Team welcomed an offer by Great Britain, New Zealand and the United States to conduct a study of increases in volume handled by postal operators during peak volume and holiday periods.

The IB presented a proposal to form an ad hoc user group for the IC System. Since this document had only been released days earlier, most Team members had not had a chance to review the plan in detail. Several members raised concerns about the potential legal and financial implications of such a group.

Concept papers on the future Global Monitoring System were approved, and the United States presented its proposal for a possible future organizational structure to manage the system. A draft paper on terminal dues remuneration principles for the system will be presented at the next meeting of the Team scheduled for late August.

Terminal Dues Governance Issues

The Terminal Dues Governance Issues Project Group (of the CA) heard an update on POC work on terminal dues concerning costing data, classification of countries for the Quality of Service Fund (QSF) and the proposed Global Monitoring System. The IB expressed concern about the lack of costing data collected to

date despite several questionnaires sent to administrations on this subject. The Group supported suggestions to supplement current data with information supplied by governments or regulators - or better yet, by obtaining data from external sources (e.g., World Bank or IMF) or through econometric techniques.

Regarding country classification, the Group approved the formula for the Postal Development Indicator (PDI), which combines macroeconomic and postal-specific indicators, and suggested that the classification system should take hyperinflation into account and that the mechanism for transitioning from one country group to another should be more gradual than currently suggested.

Quality of Service Fund

In addition to its quarterly examination of new project proposals submitted by postal administrations and review of project reports and evaluations, the QSF Board of Trustees:

- approved an IB initiative to develop a web-based TRAINPOST course for postal managers who prepare QSF project proposals;
- heard a presentation by Pat Barnwell, representing the Postal Development Action Group, on proposals regarding possible use of QSF capital to establish a trust fund at the World Bank or other international lending institution for postal development projects, and the employment of special consultants to assist administrations in submitting project proposals; and
- learned details of the UPU's proposed Global Monitoring System to measure performance of destination administrations in delivery letter post items and the System's possible impact on QSF from Lars Vesterlund, the Chairman of the Quality of Service Project Group.

The Board also reviewed the positive results of a workshop on QSF given to managers from several Balkan and East European postal administrations in Zlatibor, Serbia; and endorsed a plan to hold a series of similar regional workshops leading up to the August 2009 Nairobi Congress.

WTO Issues

The WTO Issues Project Group (of the CA) discussed recent developments at the WTO related to trade in services and reviewed the World Trade Institute's draft study on the Implications of the GATS (General Agreement on Trade in Services) and the Doha Round Negotiations on the Provision of Postal Services. The IB provided an overview of the current status of Doha Round negotiations noting the resumption of negotiations in all areas, WTO Director General Lamy's participation in the November 2006 UPU Strategy Conference in Dubai, and several commitments made by WTO members in postal and courier services. A WTO representative also highlighted the resumption of negotiations in services - including postal, courier and express delivery services - and delivered a detailed presentation on the relationship between regional trade agreements and GATS.

A representative of the World Trade Institute provided a summary of the final results of the UPU-commissioned study on the "Implications of GATS and the Doha Round Negotiations and the Provision of Postal Services". The presentation focused on a few areas covered by the study including the application of GATS to UPU regulations, universal postal service, terminal dues, remailing, extra-territorial offices of exchange (ETOE's), and UPU-WTO cooperation. Project Group members may submit comments on this study to the IB by the end of August 2007. The IB will circulate the comments for discussion at the next meeting of the Project Team during the October 2007 CA session.

Quality of Service

Quality of Service Monitoring

The Quality of Service Monitoring Subgroup, which Germany chairs, took up pending issues related to the current IC System and the proposed Global Monitoring System. In response to a U.S. paper on weighting the cities measured in the IC System, the Subgroup decided that, given the need to implement city weighting retroactively from 2007, this weighting issue required immediate resolution. The compromise accepted, to use of the population of metropolitan areas with a cap of the total city weighting of no more than 60 percent and no less than 5 percent, ensures adequate representation in the case of city weighting. The 5 percent

figure guarantees that smaller cities have at least minimum weighting while large cities (such as London) cannot have more than 60 percent of the total. The population data provided must be verifiable through a public source such as the U.S. Census Bureau website.

The Subgroup also dealt with a number of operational issues, including the placement of diagnostic gates in Canada, New Zealand and Australia. Sweden introduced the concept of a "Global Monitoring System Steering Committee" to manage the transition from the IC System to the Global Monitoring System. The group will consist of 10 members with representation from all five UPU geographic regions (the United States to represent the Americas) and will have a separate development group of five members tasked with further developing the technical requirements of the system.

Consultative Committee

The mainly private sector Consultative Committee met under the chairmanship of Charles Prescott of the Direct Marketing Association. Fifteen of the Committee's 24 members were present including Xplor International, the Committee's newest member.

A representative of the International Telecommunications Union (ITU), whose membership is comprised of 191 member states and more than 700 sector members and associates, explained the participation of the private sector in this UN agency. Priority areas of public-private collaboration include enabling regulatory environments and best practices for technology investment, capacity building, e-strategies, infrastructure and access. Full members of the Radio Communications and Telecommunication Standardization sectors of the ITU pay \$25,000 in annual dues, while Consultative Committee members pay only \$3,000 per year to the UPU. These significant sums provide the ITU with resources for project-driven activities that address industry needs and enable sector members to identify networks and implement strategies, standards and policies.

A second presentation on the role of private sector in the UN system was made by a representative of the UN Industrial Development Organization (UNIDO) which promotes sustainable industrial development but only involves private sector as a source of financing through partnerships.

The Consultative Committee Chairman also raised the ongoing project regarding change of address systems to be proposed to the CA, under which each postal administration would develop and maintain a delivery point database and provide change of address services. During a discussion on Consultative Committee membership, it was proposed to accept individual private companies to increase membership in the Committee.

Customs Issues

In the timeliest issue taken up the April 27 meeting of the Customs Support Project Group, U.S. delegates presented information on the provisions in the recently enacted Postal Accountability and Enhancement Act concerning customs clearance of postal items to and from the United States. The information addressed the guiding principles and current expectations governing application of the new law to both outbound and inbound international shipments. Remarks by the U.S. delegates outlined next steps, such as the possibility to developing proposals on customs clearance procedures for submission to the Nairobi Congress. Some elements related to the implementation of the provisions in the Act are still under consideration, and Group members were invited to send their comments on the provisions directly to the U.S. State Department or through the IB.

Belgium updated the Group on progress made in developing the Postal Export Guide, which is a re-designed *List of Prohibited Articles* merged with information from other UPU customs-related publications. This Guide will also be available in electronic form with online application features. One outstanding issue is the possible donation by WCO of its electronic database of Harmonized System codes.

Germany gave an update on the European Commission's security requirement for electronic pre-notification of imports. These requirements will not demand item-level information on mail dispatches. However, the EC still plans to require European posts to calculate duties on mail imports and submit customs data electronically to their national customs authorities.

Great Britain provided an update on the work done within MEDICI (Mails Electronic Data Interchange and Customs Integration), an IPC-coordinated project involving several posts interested in developing and testing technical standards for transmission of electronic customs information. The posts participating in this MEDICI project are now exchanging significant EDI messages, and South Africa and Brazil are preparing to commence data transmission soon. MEDICI and the Custom Data Interchange Group are using these tests to examine possible issues associated with further refinement of technical standards for these electronic messages.

Strategic Planning

The Strategic Planning Group focused on work accomplished by its Results Based Management Team, which the United States chairs, and a Team responsible for drafting the Nairobi Postal Strategy led by Belgium.

Earlier this year, the RBM Team had concluded that the proposed Bucharest Strategy Report Cards, whose purpose is to measure attainment of UPU strategic goals by individual member countries, should be refined annually as measurements improve and more detailed performance data become available. The 2006 Report Cards will therefore be produced and distributed by the IB shortly, while the RBM Team continues to work on improving indicators for the 2007 report cards. The Team will give particular attention to indicators that address universal postal service, the effectiveness of postal reform, customer satisfaction surveys and stakeholder cooperation. The Strategic Planning Group also strongly recommended that performance figures for individual destination administrations taken from the IC-IC terminal dues reports should appear in the report cards; this issue was however left unsettled by the POC Plenary.

The Strategic Planning Group also approved a questionnaire drafted by the RBM Team which will ask UPU member countries to express their views about prioritizing the objectives in the draft Nairobi Postal Strategy and a specific list of discretionary activities drawn the 2007-2008 UPU Programme and Budget.

Other matters which the Strategic Planning Group dealt with included a model for "programme and budget impact statements" for proposals submitted to the Nairobi Congress, a report on the November 2006 Strategy Conference in Dubai and plans to hold regional roundtables on strategic planning and the Nairobi Postal Strategy later this year. An offer by China to host a "Global Roundtable" on strategic planning issues in December 2007 was warmly welcomed.

Reform of the Union and Regulatory Issues

Structure and Constituency of the Union

The Structure and Constituency of the Union Project Group heard a presentation on the legal issues surrounding the technical agreements concluded by the proposed *Postal Operators Council*, which would be composed of both governmental and private operators. The main conclusion reached was that such a Council could adopt legally binding technical agreements, and that those agreements would be binding on *governmental* operators, but that governments would have to take further implementing action to make the agreements binding on non-governmental operators. For the purposes of this analysis, operators that are corporations, even if wholly owned by the government, would be considered non-governmental. The group reviewed a model for reform in which the POC would report to the CA, and the CA would have a panel of lawyers to review the actions of the POC to ensure consistency with the Acts of the Union. The group also studied a paper on financing Union activities, which included the possibility of creating new user groups to produce additional revenues for specific activities. The United States generally supports the idea of user groups, but more study of the specifics is needed.

Acts of the Union

The Acts of the Union Project Group focused on the replacement of the term "postal administration" with the terms "member country" and "designated operator" in all Acts of the Union. Japan proposed to replace "postal administration" with three terms, "member country," "administration," and "designated operator" with "administration" referring to a government regulatory authority. The group rejected this proposal as too late to be considered in detail, although some members believed that the proposal had merit. The Group heard comments from the Liability Project Group on the draft replacement of "postal administration" in the liability

articles of the Convention, Letter Post Regulations, and Parcel Post Regulations. The Group also reviewed the replacement of "postal administration" in the Final Protocols of the Convention, Letter Post Regulations, and Parcel Post Regulations, and decided in all cases that only the names of the countries making the reservations should be included. As next steps, the draft Acts will be circulated to all member countries for comments. Those comments will be reviewed at the next meeting of the group in October and if changes in the draft Acts are needed they will be made. To the extent possible, Congress proposals for amending the Constitution, General Regulations, and Convention will be sent to the CA for approval. In addition, the IB will prepare Congress documents that explain the replacement of "postal administration" and encourage member countries to include the new terminology as well as "postal administration" in their proposals to Congress.

Allocation of responsibilities

The CA Allocation of Responsibilities Project Group, chaired by Belgium, is charged with developing a code of conduct for the allocation of responsibilities within the two UPU Councils.

Belgium presented a preliminary draft code of conduct that proposed a two-stage process. In the first stage, all UPU member countries would have a chance to present their candidacy to the two Councils. In the second stage, a "Coordination Committee" would review candidacies and determine Chairmanships and Vice-Chairmanships for Council Committees and Project Groups. The Committee would then put forward one candidate, to be approved by the newly elected POC and CA bodies. The Committee could also put forward more than one candidate and have the Councils decide on final outcome.

There was considerable discussion about this approach, mostly negative. Most participants agreed that more detailed discussion about this concept is needed before a decision is reached. There were objections to the composition of the "Coordination Committee" and to the term itself because it would be confused with the current "Coordination Committee of UPU Bodies" which is made up of POC and CA Chairs and UPU Director General. Germany objected to the questionnaire used to obtain the views of Project Group members, noting that all it had asked was whether or not the current system should be kept and did not address the issue of greater efficiency in the work of the UPU. Belgium offered to take the comments made into consideration and present a revised document on this subject to the October 2007 CA for further discussion.

Postal Security

The Postal Security Action Group (PSAG) met under its new Chairman, Chief Postal Inspector Alexander Lazaroff. The meeting addressed the structure, direction of work and future focus of PSAG and the many ongoing initiatives of its working groups.

PSAG regularly conducts regional training courses to develop the capacity of the security programs of its members. Over the past year, PSAG established a joint initiative with the UNODC (United Nations Office on Drugs and Crime) Regional Office for the Middle East and North Africa to strengthen the capacity of control entities to combat transnational crimes facilitated through international mails and the services of private courier companies. Current PSAG activities include:

- Representation of the UPU at the 30th session of the United Nations Subcommittee of Experts where an amendment developed by PSAG concerning the proper requirements for the acceptance and transport of limited quantities of dangerous goods in the international mails was adopted.
- Production of the monthly *UPU E-Business Mail Security Intelligence Assessment*, which informs postal operators about vulnerabilities and threats that can affect consumers and businesses that rely on electronic commerce.
- Drafting of a standards document containing specific measures for safeguarding data and information used within the postal sector.
- Development of security standards for the postal sector in an effort to lead UPU members toward harmonization of physical and operational security controls. At the 2007 POC, PSAG presented a draft of a security standard document focusing on physical and operational security measures applicable throughout all postal operations. Under PSAG's direction, the *International Airport Mail Security Audit Program* now serves as the industry standard for measuring the effectiveness of mail security initiatives at airports worldwide.

The UPU Cooperatives

Telematics Cooperative

The Telematics Cooperative has three new members - Moldova, Mauritania, and the Netherlands - bringing its total membership to 123. Software put into production by the Postal Technology Center in recent months include updates to QCS (Quality Control System) for finance and mail operations, IFS (International Finance System), IFS Light and STEFI (Secured Transfer of Electronic Financial Information). Further upgrades will be introduced later this year. The Centre announced a new policy of supporting a software version until one year after the availability of a new release. A new regional project approach was announced which will leverage the regional support centers more fully, making better use of the technical expertise and language skills in place at each regional center.

Final 2006 financial results for the Cooperative showed a surplus of 54,000 Swiss francs. Projections for 2007 show a likely deficit, which will require close monitoring (of both expenses as well as consulting and mission revenues). The Postal Technology Centre announced a new IFS pricing model designed to make usage of the software attractive and affordable for more postal operators. The scheme features reductions in the cost per money order.

EMS Cooperative and Pay-for-performance Forum

At the EMS Cooperative's annual General Assembly, the main topic of discussion was the organization's Business Plan using postal ballot, members overwhelmingly approved changes to the EMS Statutes that align the requirements of members with the Business Plan. The key change in the Statutes is that members must participate in the EMS Pay-for-performance Plan by January 2009. Additionally, members that do not meet performance expectations and consistently take no steps to improve their performance may face a solicitation by other members to arrange for an alternate delivery provider.

The performance and membership goals have been tracked for each administration and the present EMS Cooperative monthly, quarterly and annual report cards will be adjusted to ensure a consistent measurement and reporting regime.

Elections for three Board positions were held at the General Assembly. Wendy Eitan of Israel and Fabio Caesar Vieira of Brazil retained their seats while Amy Ng of Hong Kong (China) was elected as a new Board member. Wendy Eitan of Israel chairs the Board, while Brian Hutchins of the U.S. Postal Service is Vice-Chair.

The EMS Pay-for-performance Forum, chaired by the United States, also met during the POC session. This forum provides an opportunity to discuss the status of the introduction of the EMS Pay-for-performance Plan among EMS Cooperative members. The Forum reviewed the 2007 version of the Plan and the slight modifications made to the 2006 version to clarify areas, such as reporting and scanning requirements.

At the Forum, which was well attended, time was allotted for members to explain why they have not yet joined the Plan and how, in their opinion, these shortcomings can be addressed. Belgium, Canada, Cyprus, El Salvador, Ireland, Macedonia, and Sweden have all joined the Plan since October.

*UPU*Clearing*

The annual report approved by the UPU*Clearing General Assembly on April 25 showed that as a result of savings made in previous financial years, the reserve from UPU*Clearing operations will enable the group to reduce members' contributions by 25% for 2008 payments. Elections were held for positions on the Steering Committee and Arbitration Committee. Three incumbent members were re-elected to the Steering Committee from United Arab Emirates, Spain and Switzerland. The Arbitration Committee members will be from Canada, Tunisia and United States (Pat Barnwell of USPS).

Standards Board

Standards Board decisions on key items included:

- New versions of the CARDIT and RESDIT EDI messages that will enable more useful operational data exchange with airlines;
- Resolution of trademark infringement issues by reaching agreement to temporarily rename the S 43 standard; and
- Adoption of a policy to disclose known intellectual property and to guard against appropriating concepts arising within the work of the Standards Board.

The CARDIT/RESDIT messages have been in development with airlines for over a year. Adoption will accelerate airline participation in efforts to improve mail handling and accounting, and integration with airline systems. This will result in direct improvements in service monitoring, service achievement, and cost reduction.

The U.S. Postal Service holds the rights to the expression "electronic postmark." A UPU standard adopted by the Standards Board, S 43, also has had that name, which undermined USPS rights. After a year of debate and negotiation with other concerned POC working groups, agreement was reached to change the name of standard S 43.

On a somewhat sad note, this was the final Standards Board meeting chaired by USPS Chief Technology Officer Charles Bravo. At the time of this meeting, his successor had not yet been named. Subsequently, the United States announced that Thomas Day, USPS Senior Vice President Intelligent Mail and Address Management, would replace Mr. Bravo as Standards Board Chair.

Customs Data Interchange Group

The Customs Data Interchange Group is a small technical team within the Standards Board that focuses on stabilizing the data exchange required between the posts and customs authorities. At its April 24 meeting, the Group welcomed Phil Warker of U.S. Customs and Border Protection to its proceedings; it is expected that a CBP official may become a regular observer to the Group. The key topics discussed were an update on the MEDICI project - a practical exchange of item level information between posts. Progress is being made in critical areas such as determining item identity, data fields of value to customs entry and clearance procedures, data exchange methods and EDI message construct.

Parcels

At this year's POC, the work of the Parcels Group addressed:

- setting the minimum parcel specifications including scanning events and time expectations;
- changes to the UPU methodology for setting inward land rates from January 2008, including changes to the distribution of the 40% bonus payments to reflect the agreed upon minimum parcel specifications;
- validation of members performing the expected services including the measurement process and responsibilities;
- introduction of a half-yearly adjustment for bonus payments, and
- capping of yearly inflation increases.

The Group was informed that the Postal Technology Centre had been selected as the UPU provider of performance reports which are used to determine the amounts of the inward land rates that postal administrations may charge (that is, the bonus system adopted by the Bucharest Congress for parcel service features provided). The United States was not satisfied with the transparency of the selection process and put forward a resolution asking that the process be conducted again in a more transparent manner. Ultimately, the U.S. proposal was referred to the POC Plenary, where it was not accepted. While the U.S. was not successful in gaining approval for this resolution, we were nonetheless able to bring about awareness for the need for transparency and that the IB should together with International Post Corporation (IPC) in providing performance evaluation services and reports.

Members of the Parcels Group also met to discuss the format of the parcel performance reports distributed since March 2007 in order to improve the reports so they will be more meaningful to the administrations. It is expected that revised reports will be produced by the summer of 2007.

Postal Development

The Postal Development Action Group discussed the report of a consultant hired to evaluate the proposal regarding the creation of a postal investment bank using QSF deposits. The Group agreed to support the findings proposed by the report, that is, not pursue the creation of such a bank. The consultant proposed two options that could however enhance the performance of the QSF. These options would be either to use monies earned by the Fund to hire QSF advisors or to set up a trust fund in an existing development bank. The Group has referred these two options to the QSF Board of Trustees for further evaluation.

Direct Mail

The Direct Mail Advisory Board (DMAB) focused on key achievements and future issues, including setting priority activities for the 2007-2008 DMAB Development Plan. Key achievements of the Plan so far include:

- The results of a survey on direct mail products and services revealed that 63% of respondents have direct mail volume measurement capabilities in place, and 50% have tools to measure the quality of service of direct mail items;
- Three well-attended Direct Mail forums were held in Bern in 2005, 2006, and 2007; the next forum will take place during the 2007 CA; and
- Specialized media worldwide has reproduced the Update newsletter.

The following priority activities were endorsed for the 2007-2008 Development Plan:

- Guide for Least Developed Countries: Update and simplify the 2004 handbook "Building Effective Direct Mail Services" and develop into a kit with guidelines for postal operators;
- Direct Mail knowledge base: Conduct a study to better measure market developments;
- Survey on Direct Mail products and services: Regional reports to be published on the UPU website; and
- Delivery point validation databases: A proposal to be submitted to the Consultative Committee to install delivery point validation databases to reduce the number of undeliverable mail items.

International Address Components

The goal of the International Address Components Project Group, which the United States chairs, is to improve address quality for both in-country and cross-border mail. The S 42 standard, about which the work of the Group revolves, is based upon a comprehensive list of the elements that define the smallest meaningful parts of names and addresses. Standard S 42 also includes the address template, which describes unique combinations and ordering of elements or address types within a country, which will ultimately help to accomplish permanent parsing and validation of addresses in UPU member countries.

The Group is working closely with several postal administrations to gather address data and to obtain approval to publish country templates. The Group also is working to develop P 14, a new standard for the transmission of addressing names and data. The Standards Board assigned this work to the Group in 2006. The standard will include EDI and XML message and procedure systems to facilitate the exchange and final presentation of International Name and Address Information. A draft standard is expected in 2008.

Postal Financial Services

On April 26, the Project Group held a Forum on best practices marketing and promotion of electronic payment services. The afternoon session focused on the proposed creation of a worldwide electronic payment network and regional case studies by members on specific strategies employed to increase market share. The International Organization for Migration provided information to the Group about trends in migration and the link between remittances and development.

The following day, the Postal Financial Services Project Group heard an update of progress made to date on drafting the Postal Payments Services Agreement and the "Multilateral Agreement". Members were invited to send their comments on these documents to the IB, which will consolidate them into one draft agreement to be released to members for further comments in June of this year.

Also of note ...

The IATA-UPU Contact Committee reviewed the results of the IATA Airmail Workshop earlier in the year in Mexico, which covered the draft model airline-post framework agreement; linking the CN 38 delivery bill to the master air waybill; legal and anti-trust ramifications of revisions to the Montreal Formula; and possibilities for inserting pay-for-performance clauses into bilateral post-airline agreements ... The Postal Economics Project Group heard an report on mail delivery in Sub-Saharan Africa which summarized findings of research aimed at understanding that region's postal sector and seeking ways to make the posts more effective ... Research shows a lack of confidence in the public operator due to poor quality of service ... Often competitors distribute to the doorstep while the post delivers exclusively to rental P.O. boxes ... But there are ample opportunities for postal administrations to improve their position, such as by offering free home delivery in large towns, premium services that include home delivery, or phone service to inform customers of delivery to P.O. boxes, and by developing partnerships with town halls and businesses and pursuing direct mail opportunities ... On May 2, an informal organizational meeting of the Operations and Accounting Review Project Team (Bucharest Resolution C 33) took place where Pat Barnwell of the United States was introduced as the Team's Chairwoman ... Several administrations have volunteered staff to work on the Team, including Canada, Cayman Islands, France, Germany, India, Poland, Sweden, Switzerland, Tanzania and Tunisia. An email message will be issued by May 15 which will set out project plans and schedules for the first formal working meeting which will take place in mid-June in Bern ... The Universal Postal Service Project Group (of the CA) heard the results of a study conducted by the IB on the challenges that two African countries, Benin and Malawi, face in offering universal postal service to their citizens ... The Group hopes to develop models for universal postal service which might be applicable throughout Africa ... The two countries both have a universal postal service definition within a legal framework, but no financing mechanism. The study also found that 70 percent of their populations have access to delivery through post office boxes, that the Post is not held in high esteem, and that there are unregulated competitors ... Criteria used to gauge universal service included the number of post offices, collection boxes and P.O. boxes per square kilometer, prices for domestic postage and P.O. box rentals, and service standards.

Annex 1

U.S. Delegation to the April-May 2007 2006 Postal Operations Council

<i>Name</i>	<i>Position</i>
Carol Henninger	Foreign Affairs Officer, Department of State
Dennis Delehanty	Office of Technical and Specialized Agencies, Department of State
G. Dennise Mathieu	Director, Office of Technical and Specialized Agencies, Department of State
Dennis Delehanty	Office of Technical and Specialized Agencies, Department of State
Michael Regan	Executive Director, International Postal Affairs
William Alvis	Attorney
Patricia Barnwell	Program Manager, International Postal Development
Clayton Bonnell	Program Manager, Intelligent Mail
Charles Bravo	Senior Vice President, Intelligent Mail and Address Quality
Peter Chandler	International Postal Affairs Specialist
Kathy Clendenin	Postal Rate Commission
Lupe Contreras	International Postal Affairs Specialist
Gregory Crabb	Postal Inspector
Thomas Day	Senior Vice President, Government Relations
Lea Emerson	Program Manager, UPU Policies

Ruth Goldway	Commissioner, Postal Regulatory Commission
David Hamilton	Business Systems Manager
Brian Hutchins	Program Manager, EMS
Ruth Jones	Program Manager, Intelligent Mail
Harold Lane	Inspector-in-Charge, International Affairs Group, Inspection Service
Alexander Lazaroff	Chief Postal Inspector
Louisa Marinaccio	Program Director, Financial Services Negotiations Commerce Department
Bruce Marsh	International Postal Affairs Specialist
Flori McClung	Program Manager, POC Chairmanship
Charles Robinson	Assistant Director, Office of Rates, Analysis and Planning, Postal Regulatory Commission
Philip Warker	Chief, Manifest and Conveyance, Customs and Border Protection
Eliane Wittman	Program Manager, POC

Annex 2

Glossary of abbreviations and terms

<i>Abbreviation or term</i>	<i>Full name or explanation</i>
CA	Council of Administration
CBP	U.S. Customs and Border Protection
EDI	Electronic Data Interchange
EMS	Express Mail Service
GATS	General Agreement on Trade in Services
IATA	International Air Transport Association
IB	International Bureau (the UPU secretariat in Bern, Switzerland)
IC	Industrialized Country
IFS	International Financial System - An application developed by the UPU Postal Technology Centre for postal financial services
IMF	International Monetary Fund
IPC	International Postal Corporation
IPS	International Postal System - An application developed by the UPU Postal Technology Centre used to track and account for international mail exchanges.
PDI	Postal Development Index
POC	Postal Operations Council
PSAG	Postal Security Action Group
PT	Project Team
PTC	Postal Technology Centre
QCS	Quality Control System
QSF	Quality of Service Fund
UPU	Universal Postal Union
USPS	United States Postal Service

WCO
WTO

World Customs Organization
World Trade Organization