



UPU | UNIVERSAL
POSTAL
UNION

UPU Remuneration

E-commerce-generated items vs social mail

Where did the USO go?

Altamir D. Linhares
Head of the Remuneration Governance,
Development and Integration Program
International Bureau
Universal Postal Union
altamir.linhares@upu.int



E-commerce-generated items vs social mail Where did the USO go?

**Where
do we
come
from?**

**What is
the
problem?**

**Why do
we have
a
problem?**

**Do we
have a
solution
to the
problem?**

**How and
when do
we get
to a
solution
to the
problem?**

**What are
the real
questions
to be
answered?**



Where do we come from?

The Terminal Dues (TD) system has evolved over time in keeping with **UPU remuneration principles**

Important **milestones** achieved in the last **5 Congresses**

Integrated Remuneration System (IRS) to be proposed to **Abidjan in 2020.**



What is the problem?

US officially notified its intent to **withdraw** from the UPU on 17 Oct 2018 (effective one year from that date) due to concerns on:

- lack of cost coverage
- sovereignty to set international inbound rates
- market distortions

Several other countries expressed similar concerns



Why do we have a problem?

- ✓ Pace of transition into a single target system? **Yes, but not only!**
- ✓ Letter-post (documents) volumes are **declining**
- ✓ **Small packet** (goods) volumes **have soared** driven by **e-commerce**
- ✓ **Small packets** are **lightweight items** (158g on average) falling into the **USO-related** letter-post category
- ✓ Posts are thriving to **compensate for losses** in the letter stream (documents) with **e-commerce-generated items (goods)**





Do we have a solution to the problem?

Option A

A **tweak to the current TD system** in 2020.

Option B

Self-declared rates (optional) in 2020, based on 11 domestic tariffs reference and business rules.

Option C

Two-step approach to self-declared rates (optional):

- 1) tweak to the current TD system in 2020, at higher cap rates;
- 2) introduction of self-declared rates in January 2021, based on 70% of 11 domestic tariffs reference and business rules. Maximum revenue increases to prevent from “price shock”.

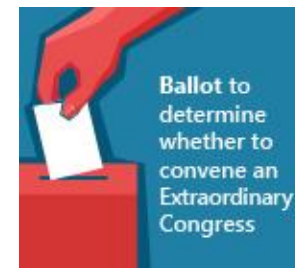


How and when do we get to a solution to the problem?

- ✓ **Two options** for the UPU Convention to be amended between Congresses:
 - **Postal ballot**; or
 - **Extraordinary Congress (EC).**

- ✓ 2019.1 CA decided to consult with UPU members to seek their approval for an EC in Geneva on 24 and 25 September 2019.

- ✓ If holding an EC does not pass, decision will have to be postal ballot.





What are the real questions to be answered?

- **Cost-coverage vs affordability?**
- **Importers vs Exporters?**
- **USO redefinition?**
- **Market distortion?**
- **UPU rate regulation?**



We are working hard for the UPU members to get to the best answers!!!



UPU

UNIVERSAL
POSTAL
UNION

Thank you!