

**Report of the Supply Chain Integration Working Group**

**Report by the Co-Chairs**

1. Subject	References/paragraphs
Report of the Supply Chain Integration Working Group (SCI WG) held on 23 <sup>rd</sup> June 2020 to the Executive Council.	§§1 – 16
<p><b>2. Decisions expected</b></p> <p>The EC is invited to take note of:</p> <ul style="list-style-type: none"> <li>- Update of outcomes of POC Committee 1(S7) to SCI WG by Japan;</li> <li>- Presentation on UPU Security Standards S58/59 certificate process by Vanuatu Post;</li> <li>- Presentations on efforts to maintain international postal network under COVID-19 pandemic by China Post and Vietnam Post.</li> </ul>	<p>§ 5</p> <p>§7</p> <p>§10, §14</p>

**I. Opening of the meeting and adoption of agenda**

1. India, Co-Chair of the Supply Chain Integration Working Group with Japan, opened the meeting and welcomed all participants.
2. The meeting was attended over VC by Secretary General, APPU and Manager (Administration and APPU Affairs) from APPU and 56 delegates from 18 different countries.
3. India presented the agenda and order of discussion, which was duly approved.
4. India briefly summarised the proceedings of SCI WG since its first meeting in 2017 during Tehran (Iran) 12<sup>th</sup> Congress of the APPU and thereafter. The main purpose of the working groups is to share the outcomes of UPU Committee 1 with the WG members. India emphasised that the work of UPU POC Committee 1, through its five groups and expert committees, is the key to achieve Goal 1 of the Istanbul Postal Strategy. Two Resolutions and Six Work Proposals adopted by the 26<sup>th</sup> Congress formed the core of the work of Committee 1 in the current cycle. The need for Designated Operators to innovate on supply chain models, specially in the context of COVID-19 pandemic, was highlighted. It was also underlined that the online platform has brought wider and inclusive participation to the Working Group meetings.

**II. Update on POC Committee 1 2020.1(S7) by Japan**

5. A report on the work of Committee 1, which met on 17 February 2020, was presented by Japan, Co-Chair of the Supply Chain Integration Working Group. The presentation is included in Doc 14. Appendix 1. The WG was informed that the Committee 1:
- took note of the developments in the activities of Standards Board and approved the request to create a status P work item in order to review mail subclass codes for small packets, including related EDI and forms as well as the completion of deliverables D2, D3, D4, D7 and D9;
  - took note of the activities undertaken by the Committee 1 Operations and Accounting Review Group (OARG) and the completion of OARG deliverables D2, D3, D4, D5 and D6.
  - approved an amendment to article 19-201 of the Convention Regulations regarding treatment of parcels wrongly admitted to align the wording with article 19-101;
  - took note of the developments in Customs Group activities and approved six proposals i.e. modification of Form CN 23, amendments to articles 17-210, 17-216, 17-131, 20-001 and 20-002 of the Convention Regulations;
  - took note of the report of the joint expert team regarding the issue of the treatment of small packets lacking an S10 identifier;
  - examined proposals to amend articles 17-107 and 17-216 of the Convention Regulations concerning the provision of ITMATT. The proposals sought to clarify how the national legislations of designated operators (DOs) might require them not to accept postal items that are not compliant with ITMATT requirements and, if so, how they would need to inform the IB of the particulars, especially if their ability to accept items as the destination DO and/or transit service provider was affected. The committee referred the proposals to the Customs Group for further analysis;
  - took note of the activities undertaken by the Committee 1 Transport Group (TG) and the completion of TG deliverables;
  - reviewed the work needed for the implementation of the Global Postal Model;
  - endorsed the continuation of work by the POC groups on the priority Electronic Advance Data (EAD) items identified for 2019 and 2020;
  - took note of the activities undertaken by the Committee 1 Postal Security Group (PSG) and the completion of PSG deliverables;
  - the committee could not endorse the submission to the Council of Administration (CA) of the proposed amendment to article 8 and decided that the amendment should be returned to the

PSG for revision as an effort to address members' concerns and ensure that all the required elements are covered in the revision;

- took note of the work accomplished to date in advancing the goals and deliverables of the EAD roadmap;
- took note of the C16/2016 Expert Team's contribution to the draft report to Congress on the work of the POC, the addressing work proposal for the draft Abidjan Business Plan, and the plan for continuing activities related to addressing up until the first session of the POC after the Abidjan Congress;
- took note of the contributions of SB, OARG, CG, TG and PSG to the draft report to Congress on the work of the POC, their work proposals for the draft Abidjan Business Plan, and the plan for continuing respective activities up until the first session of the POC after the Abidjan Congress.

6. Singapore appreciated the crisp and clear presentation made by Japan.

### **III. Presentation on UPU Standards S58/S59 by Vanuatu Post**

7. Vanuatu Post made a well informative and elaborative presentation on the UPU S58/S59 standards. The presentation contained details on the assessment process as follows:

- parameters including physical security, access control, transportation and conveyance, postal security unit, disaster recover/emergency preparedness/business continuity, measures for mail inducted in commercial aircraft, screening standards, compliance and personnel/security training were discussed.
- methodology of evaluation which included documents, reviews and interviews.
- conclusions were based on consistent evaluation and consensus rating scheme.
- UPU S58/S59 standards certification process include 25 sections and 71 sub sections. The DO has to comply all 25 sections to be deemed compliant with the standards.
- the measures in place to ensure critical infrastructure and international air mail security in Vanuatu include 24 hours security, access controls, CCTV cameras with alarm systems, key controls, restricted area controls, mail security cages, Customs control areas, Business Continuity Plan and Risk Assessment Mechanisms.
- in the Rating Outcome chart, Vanuatu scored 26 out of 26 parameters as "Satisfactory". In the Characterization Outcome chart, out of 67 parameters, 59 were fully implemented and 8 were largely implemented.

- various practices that lead to “Silver Award” for S58/S59 standards in 2019 were shared.
8. New Zealand congratulated Vanuatu Post on the certification and inquired about the duration of preparation of the entire process. Vanuatu Post informed that the complete process was completed over a period of 4-5 years.
  9. Australia congratulated Vanuatu Post on the certification and asked on Vanuatu’s observation on the utility of S58/S59 standards. Vanuatu Post replied that they found the certification useful and that they currently have their controls in place, post certification.

#### **IV. Presentation on Joint Efforts to Maintain the International Transport Network under the COVID-19 Pandemic by China Post**

10. China Post made a comprehensive presentation on the efforts to maintain international transport network under the COVID-19 pandemic. The presentation covered different aspects of the challenges emerged including:
  - challenges of limited air capacity and blocked routes faced by China Post during the period following the cancellation of international passenger flights. Conveyance of incoming and outgoing mails was affected and China Post had to look for alternatives.
  - China Post added 7 more temporary mail acceptance and transit gateways, encouraged DOs to send mails by multi-modal ways of transport and assisted sending DOs to adjust routing plans as measures for accepting inbound mails.
  - measures adopted by China Post for sending outbound mails i.e. launch of more lanes operated by China Postal Airlines. China Post has conducted centralised procurement to purchase more supplementary air capacity and organised chartered flights to send mails to USA, Europe etc. China Post also took advantage of sea ports to build up their own sea transport network. China Post is regularly running CR Express trains to send mails by railway to 36 EU destinations.
  - next steps to be taken to strengthen air, rail and border road transport co-operation. China Post aims to build Kunming-Bangkok route as high end route to attract more business from neighbouring APPU countries and recommends neighbouring countries to use the return trip of this lane to carry mails. China Post has planned to explore new “Southbound Passageway” of railway transport and is set to carry more international products by railway transport. China Post plans to strengthen the co-operation between Guangxi China and Vietnam on border mail exchanges by trucks and plans to expand more border mail exchanges by trucks.

11. Appreciating the work done by China Post during COVID-19 pandemic period, India inquired about the limitations faced by China Post in sending mails to the countries specially in Africa and South America. China Post replied that currently service is available for selected destinations only, subject to the availability of airlines and bilateral collaborations. Chartered flights were used for time sensitive mail items. China Post is also facing issues of connectivity to certain countries where collaboration can be made with any other country having connections.
12. Thailand raised query regarding usage of chartered flights and the additional cost involved in sending postal mail world-wide. China Post informed that they are in collaboration with different agents and the space left after allocating for postal mails is earmarked for agents to send their cargo. They also invited destination DOs to make use of return trips to carry mails. Along with, to absorb the extra cost incurred, China Post has introduced air surcharge on their premium products for this period. China Post welcomed Thailand to use China Postal Airlines for the conveyance of mails.
13. New Zealand appreciated and congratulated the special efforts taken by China Post to maintain the postal supply chain during the pandemic period, and inquired about the usage for different transport options. China Post replied that with air capacity resuming gradually, time sensitive mail items will be dispatched by air as priority, and other mail items not time sensitive may use sea or railway options.

**V. Presentation on Case Study in COVID 19 situation by Vietnam Post**

14. Vietnam Post made a detailed presentation on “Case study by Vietnam Post in COVID 19 situation”. The presentation included:
  - an overview of drop in the global postal volumes and how the pandemic has plunged the global airline industry into an unprecedented crisis leading into weakening of transport capacity of postal items.
  - initiatives taken by Vietnam Post to “keep the mail running”. Online orders increased during this period because of social isolation/distancing and Vietnam Post came into comprehensive co-operation with VNA- top national supply chain leading enterprises. Vietnam Post was also supported by Government, relevant ministries and agencies to provide community services. Vietnam Post also used chartered flights and explored alternate routes and services including trains, trucks etc.
  - availability of limited cargo flights has changed the international mail scenario having little growth in outbound and inbound flows. In this situation, Vietnam Post co-operated with DHL, UPS to hire last-mile delivery service for EMS items and co-operated with GSA to find air transport partners operating cargo flights.

- Vietnam Post proposed that PAWB application could be a mandatory solution for all DOs with high volume of commercial goods and proposes to standardize the packaging of mails to use ULDs (Unit Load Devices) of airlines.

15. India appreciated the steps taken by Vietnam Post and inquired on the kind of services offered by companies like DHL and UPS. Vietnam Post informed about the contract they have with DHL wherein consignments are handed over by Vietnam Post to DHL who then ensures the last mile delivery at the destination country.

**VI. Any other business**

16. No other matters were raised.

Co-Chairs:  
APPU-EC SCI WG: India and Japan

Represented by:  
Prannoy Sharma - India  
Sakae Kamibayashi - Japan