Agenda item: 12

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 held on 29th June 2021 to the Executive Council.	§§1 – 11
2. Decisions expected The EC is invited to take note of: - Update of outcomes of POC Committee 1 (S8 and S9) to SCI WG by Japan; - Presentation on Paperless transportation pilot by India Post; - Presentations on EAD requirements: utilization of EAD for inbound items and challenges by Pos Indonesia.	 § 5 §7 , §8 §9, §10

I.   Opening of the meeting and adoption of agenda

1. Mr. Prannoy Sharma from 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 89 delegates from 22 member countries, APP and observers from France, La Poste Group.

3. India presented the agenda and order of discussion, which was duly approved.

4. At the outset, India underlined the wider and inclusive participation to the Working Group meetings due to use of online platform and appreciated the efforts of APPU Bureau in managing it successfully. India highlighted the role of SCI WG in updating the APPU members on the work carried out and decisions taken by the UPU POC Committee 1, which is key to achieve Goal 1 of the Istanbul Postal Strategy.

II.   **Update on POC Committee 1 (S8 and S9) by Japan**

5.   A report on the work of Committee 1, which held its remote meetings in October 2020 (session S8) and on 19th April, 2021 (session S9), was presented by Japan, one of the Co-Chairs of the Supply Chain Integration Working Group. The presentation made by Mr. Sakae Kamibayashi representing Japan is included as Appendix 1 to Doc 12. The Working Group was informed that the Committee 1:

- developments regarding the activities of Standards Board:
  - approved updates to M33, ITMATTV1 to raise the maximum number of digits for monetary amounts from 7 to 18 digits;
  - approved updates (for consistency with WCO SAFE framework) to (i) S58, Postal Security General Security measures; (ii) S59, Postal Security–Office of Exchange and international air mail security and (iii) M40,EMSEVTV3.0, to facilitate provision of customs-return-point ID;
  - granted status 2 (approved UPU standard) to S18, ID-tagging of letter-mail items; S19, encoding on envelopes–placement area definitions; S34, Registration of international mail processing centres; S60, Extensible Common Structure and Representation for Postal Rates; S65, Open Interface Sort plan and M38, International Money Orders –XML-MONORD and XML-RESORD messages;

- outcomes related to the Committee 1 Operations and Accounting Review Group (OARG);
  - approved (session S9) adjustments to the Transit Compendium to facilitate usage of the information displayed, data handling and interfacing with IT solutions which entail addition of country codes and separation of transit groups and associated rates;
  - approved (session S8) the IATA-UPU Mail Safety Guidelines the aim of which is to raise awareness of stakeholders and provide tools for ensuring the effectiveness of their safety procedures;
  - the changes will be implemented in the 2022 Compendium;

- outcomes related to the Transport Group:
  - approved (session S8) the IATA-UPU Mail Safety Guidelines, which are recommendations to designated operators to focus on reducing the number of

> prohibited dangerous goods in the supply chain and to increase awareness and communication among all stakeholders. The activity was undertaken as a joint effort with the Postal Security Group.

– outcomes and key milestones related to the Electronic Advance Data (EAD):

  ▪ approved (session S9) Multilateral Data Sharing Agreement (MDSA) framework intended to facilitate the exchange of EAD among union member countries and their DOs. However, participation in this framework is optional.

  ▪ agreed, during its session S8, to request (i) the Remuneration Integration Group (RIG) of Committee 2 to perform an analysis of costs, penalties and remuneration; (ii) the Quality of Service Group (QSG) of Committee 2 to study the implications for delivery performance of items lacking ITMATT; and (iii) the IB to introduce enhancements to its IPS software to support EAD compliance at origin;

  ▪ approved the principles of UPU position paper on EAD flows 3 to 4 of the Global Postal Model (GPM) and suggested solutions as the standard approach to flows 3, 4 and 4+, namely CUSRSP, ITMREF and REFRSP messages (POC S8 2020);

  ▪ noted a concept paper on handling EAD requirements for items sent in transit and endorsed establishment of a cross-cutting joint expert team (Customs, Transport, C2 PSDEIG, IB Legal Affairs, etc.) to supplement the work (POC S9 2021);

– noted the EAD-related work progress made by the relevant standing groups and that they will continue their work after POC S9, notably: (i) Customs Group and Postal Security Group will work with the WCO and other stakeholders (IATA, ICAO, etc.) to settle and standardize flows 4 and 4+ series of "referral message" elements and their operational protocols (including "Do not load"); (ii) Transport Group will work with IATA to formalize the roles and messaging of flow 7 (including AR flag in CARDIT and conversion of CARDIT); and (iii) EAD Roadmap Steering Committee will develop, for the POC session planned for late 2021, an action plan for the Abidjan cycle, including action points for work proposals relating to the customs, transport, postal security, standards and other stakeholder groups;

– it was also informed that on March 1, 2023, the second phase of ICS2 will be released. According to the European Union, EAD will be required for postal items transiting an EU

country and destined for a non-EU country. Air carriers will be required to file data in ICS2 from the same date.

- 26 proposals of Committee 1 approved by POC Committee 1 during its sessions S8 and S9 to amend the Regulations to the Convention, as detailed in the presentation Appendix 1.

6. Member Countries appreciated the detailed, informative and explanatory presentation made by Japan.

III. Presentation on Paperless Mail Transportation Pilot by India Post

7. A presentation on the Paperless Mail Transportation Pilot was presented by Mr. Ram Naresh Sikaria, India Post (Appendix 2 to Doc 12). India Post, in consultation with Transport Group of Committee 1 participated in pilot project on paperless CN 38. Exercise of Paperless Mail Transportation was held on flows from Denmark/Sweden to India Post at Mumbai office of exchange during 12th to 29th January 2021. Based on the experience of executing the paperless CN 38 pilot, the WG was apprised of the findings/learnings, challenges faced and outcomes of the same. The presentation addressed the relevant issues regarding paperless CN 38. The key highlights were as follows:

- issues with the present system of preparing paper CN 38 and handling of the same throughout complete life-cycle (i.e. origin to destination)- the system is inefficient, time consuming and not environment friendly as compared to CARDIT and RESDIT messages;
- the mandatory requirement is that airlines must have EDI capabilities and an IT system capable of producing CN documents along with the mail manifest at origin and at transit, as well as at destination;
- all RESDIT messages should be exchanged with DOs. The more the RESDIT messages, the higher will be the visibility;
- a close coordination among Ground Handling Agents, Posts and Customs is important in the successful mail operations using paperless transport;
- new KPIs have to be developed for better supervision;
- one of the major concerns is billing and settlement of accounts done with CN 38. IATA is working on billing tool for postal channel called Postal Accounts Settlement System (PASS);
- as a result of successful pilot exercise, the paperless CN 38 exchange is now continuing successfully.

8. New Zealand appreciated the efforts of India Post to introduce paperless transportation and informed that NZ Post will contact India Post directly regarding the same. Japan wanted to know how to confirm that the bags are duly handed over by the airlines in absence of physical CN forms. India Post responded that the bags are handed over with digital scan of bag labels ensuring the smooth hand over. Fiji enquired about management of CARDIT in case of flight cancellations when CARDIT is generated for a particular airline while bags have to be sent through another. India Post replied that this is a big challenge and, in this situation, IPS enabled facility has to be there at the airport which cancels the previous CARDIT message and generates fresh CARDIT to the new carrier.

IV.   Presentations on EAD requirements by Pos Indonesia

9. Mr. Yupiter Hasian Simamora from Indonesia made a presentation on EAD requirements; utilization of EAD for inbound items and challenges (Appendix 3 to Doc 12). The key highlights of the presentation were as follows:

    –   earlier the threshold value for which EAD was mandatory was 75 USD per consignee per day, which has been revised to 3 USD per shipment. This would help in increasing the number of e-commerce import shipments.

    –   in order to facilitate the processing, it was highly recommended that value of items should always be expressed in USD and no other currency is to be used.

    –   only Latin letters may be used instead of any other language/ script so that delivery is not delayed.

    –   description of goods must be complete and in detail.

    –   all shipments containing goods must implement EAD to speed up the processing and ensure quick delivery.

    –   with the help of a chart, Pos Indonesia explained the process of transmission of EAD and physical processing of articles.

    –   in case of items missing EAD, there would be delays in processing;

10. Member countries appreciated the presentation made by Pos Indonesia. Australia commented in relation to the "closing" slide of the presentation that the descriptions in the customs declaration form should be precise and should avoid broad terms such as "gift". Singapore enquired about how

the new Customs threshold helps in improving the delivery, and when the new regulation on threshold came into force. Indonesia responded that it's easy to understand and process the standard terminology used worldwide and that the new regulation came into force in January 2021 based on the Ministry of Finance's regulations.

V.   Any other business

11. No other matters were raised.

Co-Chairs
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