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EC 2025 Doc 16
Published on 20 June 2025

Congress proposals: IRP and IRS (2026-2030)

Presentation by POC C2 Remuneration Integration Group (RIG) Co-Chair Malaysia

Executive Council Meeting
Ulaanbaatar, Mongolia
30 June - 4 July 2025



IRP and IRS: General Overview

Background and Objectives

- Resolution C13/2021: strategic directions for a modern, forward-looking UPU remuneration system

Congress Proposals for an Integrated Remuneration System (IRS) 2026-2030

- Alignment of remuneration methodologies small packets and parcels:
 - From 2027: (1) all countries apply self-declared rates based on domestic tariffs and (2) same methodology for remuneration of parcels (self-declared based on domestic tariffs).
 - All countries subject to the same set of rules; exceptions for low volume flows
- Rates for supplementary services: registered, insured and tracked items
- Performance-based remuneration: (1) QS link to terminal dues continues in next cycle; (2) QS link to parcels remuneration will be developed and implemented in the next cycle and (3) ITMATT based remuneration to be developed and implemented.

Next steps

- Submission of the IRS proposals for 2026-2030 to Dubai Congress for approval
- Implementation of Congress decisions, application of rules and rates, mandate for further work of the UPU Councils on the IRP in the next cycle



Overview of the current Remuneration systems

	Doha cycle 2014-17	Istanbul cycle 2018-21	Abidjan cycle + year 2026 Of Dubai cycle
Terminal dues <i>Domestic tariff referencing</i>	Linearization domestic tariffs 20g (P) and 175g (G) items – remuneration applicable to all letter-post items	P/G format: linearization domestic tariffs 20g (P) and 175g (G) E format: derived from PG rate line (44.5% item/kg ratio) E format: self-declared remuneration subject to (domestic) ceiling rates	
Inward Land rates <i>No domestic tariff referencing</i>	Inward land rates (ILR): Fixed at 71.4% of self-declared rates in 2004 (with annual adjustments for inflation) + 40% maximum bonus payments		ILR: self-declared remuneration subject to ceiling rates + 40% maximum bonus payments ECOMPRO: self-declared remuneration (no ceiling rates)
EMS remuneration <i>No domestic tariff referencing</i>			EMS: self-declared remuneration (no ceiling rates)



IRS 2026-30: integration and alignment of remuneration systems

Dubai Cycle - From 2027

Letters

Domestic tariff referencing

P/G format: linearization domestic tariffs 20g (P) and 175g (G)

Small packets

Domestic tariff referencing

E format (small packets): self-declared remuneration subject to ceiling rates (domestic)

Parcels

Domestic tariff referencing

Parcels: self-declared remuneration subject to ceiling rates (domestic)

EMS

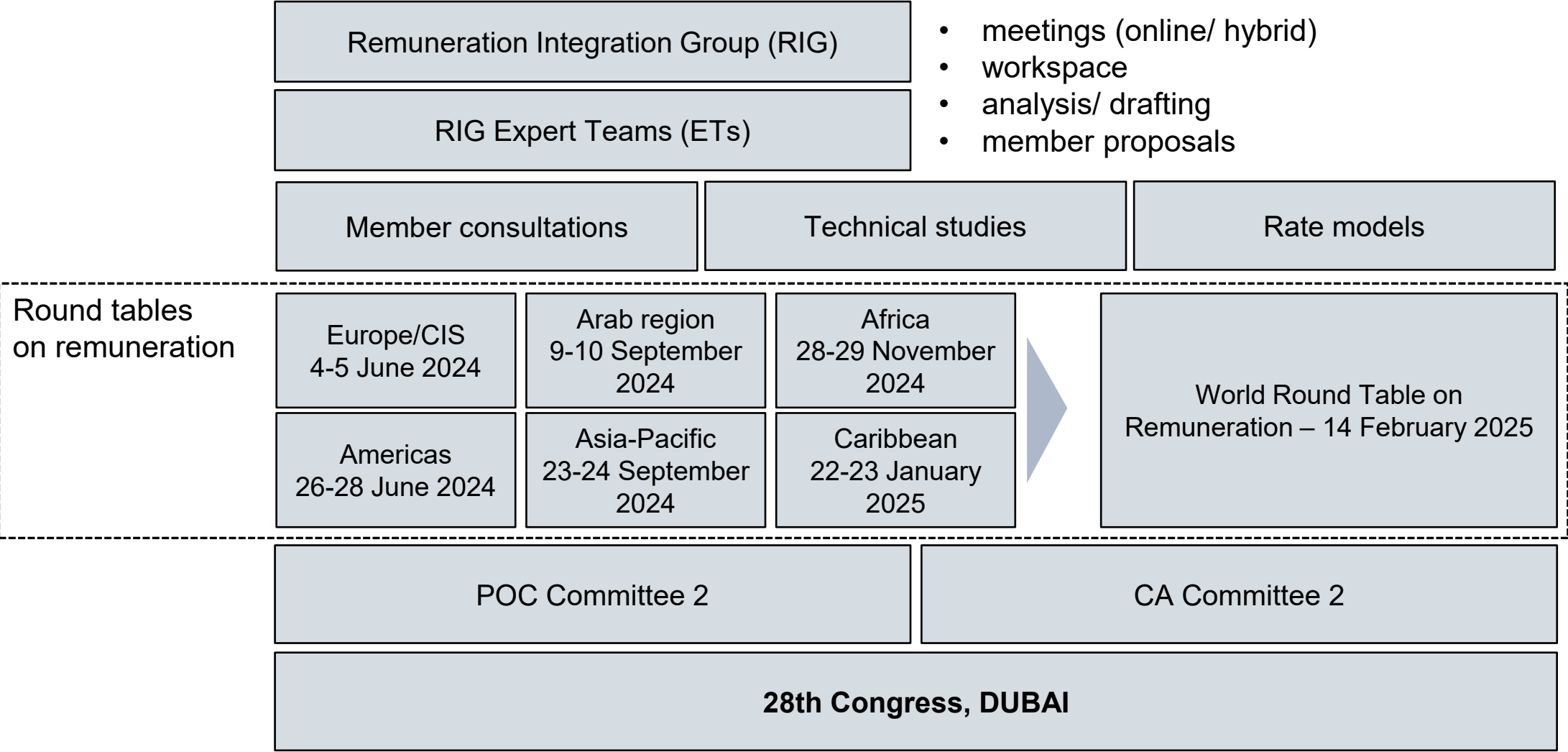
No domestic tariff referencing

EMS: self-declared remuneration (no ceiling rates)



Work organization 2022-2025 cycle

Road to Dubai – IRP as a member-driven process





28th Congress documents related to IRP/IRS

- **Congress-Doc 37:** Implementation of Congress resolution C 13/2021 concerning the Integrated Remuneration Plan and development of proposals for an Integrated Remuneration System for the 2026-2030.
- **Proposals to amend the Convention ;** 20.27.1, 20.27.91, 20.28.1, 20.29.1, 20.30.1, 20.31.1, 20.33.2, 20.36.2
- **PGN 2:** Proposal of a general nature on an Integrated Remuneration Plan (IRP) for the 2026-2029 cycle – strategic roadmap for work on future remuneration systems, also contains remuneration governance principles (Annex 1), Country classification (Annex 2)
- **CA C3 2025.1-Doc 3.Add 17:** Domain Work Proposal of the Dubai Business Plan

The above documents were endorsed by POC and CA at S7 for subsequent submission to the Dubai Congress and are now published on the UPU document centre



IRS Proposals (2026-2030)

Summary table of IRS Proposals

<i>Proposal</i>	<i>Title</i>	<i>Content</i>
20.27.1	Transit charges	Proposal to include parcels transit land rates principles
20.27.91	Remuneration. General Provisions	Proposals for country classification, Quality of service link, Direct access
20.28.1	Terminal dues- General Provisions	Proposals for thresholds, sampling, rate structure Proposals for tracked, registered and insured items Proposal for M bags
20.29.1	Terminal dues. Provisions for determining the remuneration rates for small packet (E) letter-post items	Proposals for the small packet methodology and parameters
20.30.1	Terminal dues. Provisions to determine the remuneration rates of document (P and G format) letter-post items	Proposals for P/G format methodology and parameters
20.31.1	Terminal dues. Provisions applicable to mail flows to, from and between designated operators of countries in the transitional system	Proposal to delete this article as the transitional system will no longer exist
20.33.2	Provisions to determine the remuneration rates of parcels	Proposals for parcels remuneration methodology and parameters
20.36.2	Authority of the Postal Operations Council to fix charges and rates	Proposal to introduce performance related incentive elements for parcels



Proposal 20.27B.1

Remuneration. General provisions

KEY PRINCIPLES

- **Principle 1:** The proposals for an Integrated Remuneration System for the 2026–2030 period recognize the **split of items containing documents and items containing goods**
- **Principle 2:** As the 28th Congress is scheduled for September 2025, it is proposed to continue the current cycle's remuneration system methodologies for one more year in 2026 with necessary updates. More significant changes are proposed to take place with effect from 1 January 2027
- **Principle 3:** reduce the number of groups of the classification system for terminal dues from 4 groups (Groups I, II, III and IV) to 3 groups (A, B and C) – the classification system will come to apply to the entire Integrated Remuneration Systems



Proposal 20.27B.1

Remuneration. General provisions

Country classification system

<i>Year of joining target system</i>	<i>Resolution C 13/2021</i>	<i>PNG X/2025</i>
Before 2010	Group I	Group A
2010 and 2012	Group II	Group B
2016	Group III	
2027	Group IV	Group C

Article contains other provisions (QS Link, enabling clauses for EAD remuneration, ..)



Proposal 20.28B.1

Terminal dues. General provisions

KEY PRINCIPLES – rate structures and statistical operations

To pursue fair remuneration structures, the following hierarchy should be followed while recognizing the need to balance these principles with considerations for cost efficient and simplified operational procedures:

- a) As a principle, remunerate on the basis of the **actual number of items** wherever possible, i.e. census data;
- b) If the actual number of items is not available, then **sample the flow** to approximate the actual number of items as far as possible;
- c) As a last resort, **apply worldwide averages** where the actual number of items is not available and where sampling is not a viable alternative

Below volume thresholds, DOs are allowed to apply principle (c) above, i.e. use world average IPKs and weights to determine remuneration

Next tables will show (1) threshold for separating documents and goods, (2) IPKs based on principles a), b) or c) above and (3) applicable rates (incl. exceptions)



Proposal 20.28.1

Terminal Dues. General provisions.

GENERAL RULE Thresholds for rates, statistics and operations ([Article 28.5-8](#))

Volume flow	Below 15 tonnes	Above 15 tonnes			
Separation documents/ goods	Mixed	Separated: documents		Separated: small packets	Mixed
Volume flow (documents/ goods)	All	<i>Below 25 tonnes</i>	<i>Above 25 tonnes</i>	All	All
IPK	9.06	24.06	Sampled	Census or sampled	9.06 or sampled
Rates (2027- 2030)	Country- specific	Country- specific	Country- specific	Country- specific	Country- specific



Proposal 20.28.1

Terminal Dues. General provisions.

GROUP B OUTBOUND Thresholds for rates, statistics and operations (Article 28.5-8)

Volume flow	Below 15 tonnes	Above 15 tonnes			
Separation documents/ goods	Mixed	Separated: documents	Separated: small packets	Mixed	
Volume flow (documents/ goods)	All	Below 25 tonnes	Above 25 tonnes	All	All
IPK	9.06	24.06	Sampled	Census or sampled	9.06 or sampled
Rates (2027-2030)	Country-specific subject to capped rates for small packets	Country-specific	Country-specific	Country-specific	Country-specific

Exception not applicable to flow from Group B to C (see general rule)



Proposal 20.28.1

Terminal Dues. General provisions.

GROUP C OUTBOUND Thresholds for rates, statistics and operations (Article 28.5-8)

Volume flow	Below 15 tonnes	Between 15 and 75 tonnes			Above 75 tonnes		
Separation docs/ goods	<i>Mixed</i>	<i>Separated Documents</i>	<i>Separated Small packets</i>	<i>Mixed*</i>	<i>Separated Documents</i>	<i>Separated Small packets</i>	
Volume flow (documents/ goods)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	≤ 25 tonnes	> 25 tonnes	all
IPK	9.06	24.06	2027: IPK 3.66 ≥ 2028: census	9.06 or sampled	24.06	sampled	census or sampled
Rates (2027– 2030)	<i>floor rates</i>	<i>floor rates</i>	<i>floor rates</i>	<i>country-specific</i>	<i>country-specific</i>	<i>country-specific</i>	<i>country-specific</i>
Rates 2027	6.767 SDR/kg	11.497 SDR/kg	5.058 SDR/kg	country-specific	country-specific	country-specific	country-specific
Rates 2028	7.071 SDR/kg	12.008 SDR/kg	Item + kg rates (5.288 SDR/kg)				
Rates 2029	7.389 SDR/kg	12.549 SDR/kg	Item + kg rates (5.525 SDR/kg)				
Rates 2030	7.724 SDR/kg	13.120 SDR/kg	Item + kg rates (5.774 SDR/kg)				

***Same conditions and remuneration rates for volumes above 75 t that arrive mixed.**



Proposal 20.28.1

Terminal Dues. General provisions.

Tracked, registered and insured items:

Articles 28.10, 28.11 and 27bis.9

Proposal for remuneration for tracked, registered and insured items

- Tracking: 0.500 SDR if the destination DO meets the minimum performance target for delivery and arrival scans
- Amount would be reduced to 0.250 SDR if target is not achieved (only for items with complete scans but EDI scanning and transmission performance is not consistent)

Year	Registered items		Insured letter-post items (documents only)		Insured parcels	
	(a) Surcharge	(b) Tracking (maximum)	(a) Surcharge	(b) Tracking (maximum)	(a) Surcharge	(b) Tracking (maximum)
2026	1.745	0.500	2.045	0.500	1.500	0.500
2027	2.500	0.500	2.800	0.500	1.500	0.500
2028	2.613	0.500	2.913	0.500	1.500	0.500
2029	2.731	0.500	3.031	0.500	1.500	0.500
2030	2.854	0.500	3.154	0.500	1.500	0.500



Proposal 20.29.1

Terminal Dues. E format.

Parameter	Proposal	Draft Amendment Convention
Methodology	<ul style="list-style-type: none">- From 2027, discontinue default E-format rates and base remuneration on 11 tariffs for the domestic equivalent small packet service- Cost to tariff ratio: 70% (alternative % for group C)- More flexibility in rate setting from 2027	<ul style="list-style-type: none">- Article 29.1.1- Article 29.1.6- Articles 29.1.5.2, 29.1.6- Article 29.8- Article 29.5
Protection rates/revenues	<ul style="list-style-type: none">- Max. annual increase of 10% (except flows to/from US)- Universal floor rates (+4.5% annually)- Rate protection Group B outbound flows < 15t- Rate protection Group C outbound flows < 75t	<ul style="list-style-type: none">- Article 29.3- Article 29.1.5.6.1- Article 29.4- Article 29.1.5.6.1



Proposal 20.30.1

Terminal Dues. Documents.

P/G format (and E format “default rate system” in 2026)

<i>Parameter</i>	<i>Proposal</i>	<i>Draft amendment Convention</i>
Methodology	No change P/G format E format default discontinued from 2027	- Article 30.1 (P/G) - Article 30.1.2 (E Format)
Floor rates	Increase floor rates by 4.5% annually	- Article 30.5 (P/G) - Article 29.1.2.3 (E Format)
Cap rates	Increase cap rates by 7.5% annually	- Article 30.4 (P/G) - Article 29.1.2.2 (E Format)
Maximum annual increase	Yearly increase limited to 13%	- Article 30.3 (P/G) - Article 29.1.2.1 (E Format)



Proposal 20.33.2 Remuneration rates. Parcels.

Parcels (new methodology from 2027)

<i>Parameter</i>	<i>Proposal</i>	<i>Amendment Convention</i>
Methodology	<u>Similar to small packets:</u> <ul style="list-style-type: none">- Remuneration based on 7 equivalent domestic services (including tracking) with a 100% cost to tariff ratio- Group C (IV): opt out – 100% full 2026 ILRs capped	<ul style="list-style-type: none">- Article 33.1.2.1- Article 33.4
Transition revenue	<ul style="list-style-type: none">- New rate system progressively phased in (and ILRs progressively phased out)	<ul style="list-style-type: none">- Article 33.2
Protection rates/revenues	<ul style="list-style-type: none">- Maximum annual decrease (10%) and increase (20%)- Universal minimum floor rates	<ul style="list-style-type: none">- Article 33.3.2, 33.3.1- Article 33.5



IRS 2026-2030 Impact calculation tools

Available here: [RIG workspace](#)

Simulation tool - documents and small packet rates 2026-2030 **EXAMPLE** 22.01.2025

Complete highlighted fields

A. DOMESTIC TARIFF INFORMATION

Country: Netherlands
Group: Group I
Local currency: Euro
Local currency (EUR) per SDR: 1.2254

Cost-to-tariff ratio: 70%
E format average weight, g: 273
Maximum annual increase %: 10%

PG FORMAT (mandatory)

Domestic rate: 20 g: 1.09, 175 g: 3.70
VAT/taxes: 0.0%, 0.0%
Without taxes: 1.090, 3.700
Domestic rate in SDR: 0.890, 3.019

E FORMAT

Domestic rate: 20 g: 1.09, 35 g: 2.18, 75 g: 3.70, 175 g: 3.70, 250 g: 3.70, 375 g: 7.95, 500 g: 7.95, 750 g: 7.95, 1000 g: 7.95, 1500 g: 7.95, 2000 g: 7.95
VAT/taxes: 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%
Without taxes: 1.09, 2.18, 3.70, 3.70, 3.70, 7.95, 7.95, 7.95, 7.95, 7.95, 7.95, 7.95

Service features

Registration: Domestic supplement (EUR): No, VAT/taxes: No, Subtotal (EUR): No
Insurance: Domestic supplement (EUR): No, VAT/taxes: No, Subtotal (EUR): No
Tracking: Domestic supplement (EUR): No, VAT/taxes: No, Subtotal (EUR): No
Deduction (final): 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00, 0.00
Final C2T adjusted: 0.763, 1.526, 2.530, 2.530, 2.530, 5.565, 5.565, 5.565, 5.565, 5.565, 5.565

Ceiling rates

Domestic (EUR): 2.654, Floor (EUR): 2.134, Ceiling (EUR): 3.236
Domestic (SDR): 0.819, Floor (SDR): 1.842, Ceiling (SDR): 2.641

B. SELF-DECLARED E FORMAT RATES 2026

Self declaration in 2025: Yes

B1. Inbound flows except from the United States

Reference rates: Item rate: 1.445, Kg rate: 4.443, Revenue 273 g: 2.641
Ceiling rate (SDR): 2.641
E format 2025 (SDR): 1.445, 4.443, 2.641
Max. revenue increase (SDR): 2.927
Max self-declared rates: SDR: 50%, Item-to-kg ratio: 1.708, Item rate: 1.708, Kg rate: 3.418

B2. Inbound flow from the United States

Reference rates: Item rate: 1.642, Kg rate: 5.053, Revenue 273 g: 3.021
Ceiling rate (SDR): 2.641
E format 2025 (SDR): 1.642, 5.053, 3.021
Max self-declared rate: SDR: 50%, Item-to-kg ratio: 1.708, Item rate: 1.708, Kg rate: 3.418

Simulation tool - parcel rates 2026-2030 **EXAMPLE**

Complete highlighted fields

A. DOMESTIC TARIFF INFORMATION

Country: Malaysia
Group: Group III
Local currency: Malaysia Ringgit
Local currency (MYR) per SDR: 6.2551
Cost-to-tariff ratio: 100%

Worldwide average parcel weight: 4.652 Kg
UPU POD surcharge: 1.200 SDR
Annual floor rate increase: 4.50%
Maximum annual decrease: 10%
2025 ILR revenue (excl. POD): 7.399

Domestic rate - PARCEL

	250 g	500 g	1000 g	2000 g	5000 g	10000 g	20000 g
VAT/taxes	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Without taxes	7.38	7.38	9.46	13.62	19.48	29.22	48.72
Signature upon delivery included	No	No	No	No	No	No	No
Domestic rate in SDR	1.179	1.179	1.513	2.178	3.114	4.671	7.788
C2T adjusted	1.179	1.179	1.513	2.178	3.114	4.671	7.788

Domestic surcharge for POD (MYR)

VAT/taxes: 0.0%
Without taxes, SDR: 0.00

B2. ORDINARY PARCEL RATES

Annual increase of domestic tariffs: 0.0%

Step 1: Basic method (ceiling rates)

	2027	2028	2029	2030
Per item	1.247	1.247	1.247	1.247
Per kg	0.333	0.333	0.333	0.333
Revenue at 4.652 kg	2.795	2.795	2.795	2.795

Step 2: Transition revenue

	2027	2028	2029	2030
Revenue at 4.652 kg	6.248	5.097	3.946	2.795

Step 3a: Max annual increase (20%)

	2027	2028	2029	2030
Revenue at 4.652 kg	8.879	7.991	8.331	8.705

Step 3b: Max annual decrease (10%)

	2027	2028	2029	2030
Per item (minus L7 and L9)	4.231	3.808	3.427	3.085
Per kg	0.522	0.470	0.423	0.380
Revenue at 4.652 kg	6.659	5.993	5.394	4.854

Step 4: Opt-out rates (100% of ILRs)

	2027	2028	2029	2030
Per item	4.702	4.915	5.194	5.365
Per kg	0.503	0.606	0.633	0.682
Revenue at 4.652 kg	7.399	7.732	8.080	8.443

Step 5: Floor rates

	2027	2028	2029	2030
Per item	4.580	4.785	4.979	5.203
Per kg	0.448	0.468	0.489	0.511
Revenue at 4.652 kg	6.644	6.942	7.254	7.580

Step 6: Highest revenue



Future work : IRP 2026-2029



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IRP (2026-2029) Proposal of a general nature n° 2

Proposal of a general nature

Instructions given by the 28th Congress to the POC, CA and IB to implement the IRP (2026-2029) and develop the future remuneration systems in the next work cycle (2030-2033). The objective will be to guide the work on the future development of the remuneration systems in the 2026–2029 work cycle

Annex 1

Integrated Remuneration System (IRS) principles for the next work cycle as endorsed by the CA at S5 and which are contained in document CA C2 2024.1-Doc 8

Annex 2

Country classification for remuneration purposes 2026-29 as endorsed by the CA at S6



Thank You