

EXECUTIVE COUNCIL 2025

Report on the Physical Services Development and eCommerce Working Group

Report by the Chair (Australia)

<p>1. Subject</p> <p>Informing the Executive Council on the:</p> <ul style="list-style-type: none"> - Report of the meeting of the Physical Services Development and eCommerce Working Group held on 3rd of July 2025. 	<p>References/ Paragraphs</p> <p>§§ I - VI</p>
<p>2. Decisions expected</p> <p>The Executive Council is asked to take note of the:</p> <ul style="list-style-type: none"> - The work of the Physical Services Development & eCommerce Integration Group (PSDEIG) over the last cycle, overview of the UPU Integrated Product Plan (IPP) for the 2026-2029 cycle and the key decisions to be presented to the 28th Congress. - The work of the Remuneration Integration Group (RIG) over the last cycle, overview of the UPU Integrated Remuneration Plan for 2026 - 2030 and the key decisions to be presented to the 28th Congress. - The work of the Integrated Quality Group (IQP) Expert Team over the last cycle, overview of the UPU Integrated Quality Plan for 2026 – 2029 and the key decisions to be presented to the 28th Congress. 	<p>§ II</p> <p>§III</p> <p>§ IV</p>

I. Opening of the meeting and adoption of the agenda

- The meeting of the APPU Physical Service and Development & eCommerce Working Group was held both physically and online on 3rd of July 2025, as part of the APPU's Executive Council 2025. The following members were present for the meeting – Australia, China, India, Indonesia, Japan, Korea, New Zealand, Philippines, Singapore, India and Vietnam.
- The Secretary General of the APPU welcomed all participants and expressed sincere thanks to Australia as Chair of the Working Group for leading the APPU's Physical Services Development and eCommerce Working Group and to member countries for their active participation in the group's work. The Secretary General re-iterated the importance of the IPP, IRP and IQP as three key pillars of the UPU strategy for the next cycle, and thanked all experts for their knowledge sharing
- Australia opened the meeting and confirmed the meeting agenda. Australia encouraged APPU members to discuss and debate these matters, as a final opportunity for the region to come together to discuss these important matters before the 28th Congress.

II Integrated Product Plan (IPP) 2026 - 2029

- Australia made a presentation on the IPP 2026 2029. The background and importance of the IPP were discussed, as a plan to modernise and enhance the UPU's products and services to meet customer needs. The UPU's IPP 2026 – 2029, along with the Integrated Remuneration Plan and Integrated Quality Plan take a holistic approach to ensuring international postal services remain relevant and sustainable.
- Five key proposed amendments to the UPU Acts were discussed as well as a proposal of a general nature to support the implementation of the IPP 2026 – 2029.
 - Removal of the mandatory signature requirement for ordinary parcels and introduction of a supplementary proof of delivery feature
 - Deletion of bulky letters (E) from the classification of postal items by format
 - Revision of the weight and dimensions of G format items (increase weight from 500g to 1000g and thickness from 20mm to 30mm)
 - Removal of all references to ECOMPRO parcels
 - Revision of the name of the “free of charges and fees delivery service” for letters and parcels to “delivered duty paid”
- Australia outlined the path ahead beyond the 28th Congress. This work will require collaboration amongst member countries to implement the recommendations in IPP 2026 – 2029, as well as commencement of work on IPP 2029 – 2032.
- The floor was open for comments. New Zealand thanked Australia for the succinct presentation and asked whether the Extraordinary Congress in 2027 was confirmed. Australia clarified a decision would be made at the Dubai Congress as to whether an Extraordinary Congress would be required in the next cycle. As an alternative there may also be an option for a related UPU body to make decisions throughout the cycle.
- Australia closed their presentation by encouraging members to carefully review all Congress proposals related to the IPP 2026 – 2029, including Document 36 and the related Proposals of a General Nature (PGN).

III Integrated Remuneration Plan (IRP) and Integrated Remuneration System (IRS) 2026 - 2030

- Malaysia, co-chair of the UPU POC C2 Remuneration Integration Group (RIG) presented the objectives of the Integrated Remuneration System 2026 - 2029 and key proposals be submitted to the 28th Congress.
- An overview of the current remuneration systems was presented as well as the proposed remuneration systems for the Dubai cycle, with a clear separation between letters, small packets, parcels and EMS.
- The consultation and preparatory process for the IRS 2026 – 2029 was shared and involved six regional roundtables, regular RIG expert team meetings, member consultations and technical studies.
- A summary of the documents related to the IRP/IRS 2026 – 2029 was shared. The documents include Congress-Doc 37 which covers the IRP and IRS 2026 – 2029, eight proposals to amend the

Convention, a proposal of a general nature that outlines the strategy for future remuneration systems and a Domain Work Proposal for the Dubai Business Plan.

- Malaysia presented the key changes to implement the IRS 2026 - 2029:

Changes to the Country Classification System

- It is proposed to move from four country groups to three as part of the strategy to streamline all countries into a single target system. Group I will become Group A, Group II and III will combine to become Group B and Group IV will become Group C.

Sampling and Format Separation Thresholds

- The key principle is to remunerate based on actual items received, followed by sampling and as a last resort, application of worldwide averages.
- As a general principle, documents and goods should be separated for flows above 15 tonnes and country-specific rates will apply. Exceptions were presented for Group B and C countries.

Terminal Dues

- There are no proposed changes to the methodology for P and G format items. Floor rates are proposed to increase by 4.5% and cap rates by 7.5% annually.
- The E format default methodology is to be discontinued from 2027. Remuneration is to be based on domestic references rates at eleven weight steps with a 70% cost to tariff ratio. Maximum annual increases of 10% will apply with rate protection mechanisms for Group B and C countries.

Parcels

- A new methodology similar to that for E format is proposed from 2027 onwards to replace the current Inward Land Rate system.
- The methodology is based on domestic references rates at seven weight steps with a 100% cost to tariff ratio. Group C countries will have the option of applying their full 2026 ILR rates instead of the new methodology.
- Maximum annual rate decreases of 10% and increases of 20% would apply, as well as universal minimum floor rates.

Tracked, Registered and Insured items:

- The proposed surcharges for supplementary services including registered items, insured documents and parcels were presented.
- Malaysia presented the rate calculation tools developed by the UPU to assist member countries to understand the impact of the new remuneration systems, which are available online in the RIG workspace.
 - Malaysia concluded their presentation by expressing the need for all members to understand the IRP proposals and to use the impact analysis tools to understand how the new remuneration methodologies would impact them.
 - The Chair thanked Malaysia for their presentation and for simplifying the complexity of the IRP proposals. The floor was opened to members for questions and comments.
 - New Zealand thanked Malaysia for their presentation and shared some further information on the impact analysis tools. The UPU's International Bureau has developed tools for both terminal dues

and parcels and member countries can contact the Bureau to gain access. The tools are simple to use and the remuneration experts at the UPU are available to provide guidance if required.

IV Integrated Quality Plan (IQP) 2026 - 2029

- India, the Chair of the Integrated Quality Plan Expert Team presented an overview and objectives of the Integrated Quality of Service Plan (IQP) 2026 – 2029.
- India shared a summary of the approach and principles that guided the IQP Expert Team in their work to develop a robust proposal for submission to the 28th Congress. The structure of the IQP Expert Team was also presented which consisted of six workstreams, with balanced representation from both POC and CA groups, industrialised and developing member countries. The framework for the IQP was also presented with a focus on reliability, visibility, and predictability.
- Data was presented which showed a significant gap in end-to-end performance between postal players and private, non-postal players. For postal operators, performance also varied greatly between each region.
- India presented the key recommendations of the IQP proposal:

Measurement and standard setting methodology

- Twelve events will be mandatory in the Dubai cycle for measurement purposes, compared to six events in the current cycle, to meet customer expectations, enhance visibility and accuracy of measurement.

Diagnostics and reporting system

- A new reporting system for items containing goods is being developed using features of EMS SMART as the basis.
- A dedicated expert team has been created to support the development of the new system, and a tender process is underway.

PfP systems for items containing goods

- The IQP proposes to increase the minimum threshold for leg 3 performance for tracked packets from 75% to 95% gradually over the next cycle.
- Transmission time for all events will be decreased from 24 to 6 hours on gradual basis.

The Integrated Quality of Service Management Methodology (IQMM) and Quick Wins Project

- The IQMM is a six-step methodology integrating measurement, KPI monitoring, quality and process improvement, compliance and evaluation activities.
- The aim is to assist operators to identify areas where quality of service can be improved that are simple to implement and have the greatest impact. Resources and expertise from UPU International Bureau and regional consultants have been engaged to provide support.

Integrated E-Certification Methodology

- A new certification methodology driven by KPIs that is integrated with the IQMM to drive continuous improvement is proposed in the IQP.
- The e-certification process will contain a robust and objective ranking system, integrated dashboard to identify areas for performance improvement across all products and an e-certification platform for assessment and ranking.
- Ranking of designated operators will be fed into the 2IPD mechanism.

- A summary of all 15 recommendations of the IQP was presented as well as the relevant Congress documents which include a proposal of a general nature, proposed amendments to Convention Article 14 and Congress-Doc 38. India concluded their presentation and welcomed questions from the members.
- The Chair opened the floor for questions and comments.
- The USA emphasised the importance of developing measurement systems focused on goods to ensure postal operators remain relevant. Implementing measures and reporting systems that help operators understand how customers perceive delivery performance is key.
- India expressed agreement and encouraged members to support the IQP proposals. Members were also encouraged to ensure the International Bureau is aware of the importance of the proposals to the region, the requirements and to assist with timely implementation of the recommendations.
- The Chair of the POC thanked the region and its experts who have participated in preparation of the IPP, IQP and IRP, which allowed it to bring three comprehensive proposals to the CA for approval. The POC Chair agreed with the views expressed by the US and India on the need to focus on implementation of the IQP's recommendations. It was noted that postal operators have lost market share over the last cycle and acknowledged the challenge of developing proposals that meet the needs of 192 member countries.
- The Chair commented that this was the first time an IPP, IRP and IQP have been submitted to Congress simultaneously and expressed hope for a positive outcome at Congress so that member countries can move forward with implementation.
- The representative from Prime advised that operators with Prime Agreements have access to end-to-end duration reports which can assist with reviewing delivery performance. The reports exclude public holidays, non-working days and force majeure events to show the delivery times that customers experience.

V Any other business

- The Chair opened the floor to members physically and remotely in attendance for any other business.

VI Closing

- Australia, as the Chair of the Working Group summarised the points of each presentation and key Congress documents. Members were encouraged to review– Congress documents 36, 37 and 38 and to contact experts in the region with further questions to ensure they are well prepared for discussions at the 28th Congress.
- Australia thanked the presenters from Malaysia and India and reiterated the importance of product, remuneration and quality as key pillars to ensure the postal sector remains agile, flexible and relevant.
- Australia, as the Chair of the Working Group, closed the meeting expressing its thanks to the Bureau and the Secretary General and all members for their participation.