

2019 Executive Council

Report of the Physical Service and Ecommerce Working Group

Report by the Co-Chairs (Australia and China)

1 Subject	References/paragraphs
Report of the meeting of the Physical Service and Ecommerce Working Group held on 3 September 2019.	§ 1 - 6

I. Introduction

1. The meeting of the Physical Services and Ecommerce Working Group was held in Tokyo, Japan on 3rd September 2019 as part of the APPU-EC meeting.
2. This meeting was presided by the Co-chairs of the group - China and Australia with the agreed agenda. The meeting was well attended by members of 18 member countries present – Australia, Bhutan, China, India, Indonesia, Iran, Japan, Korea, Malaysia, Maldives, New Zealand, Pakistan, Singapore, Sri Lanka, Thailand, Viet Nam, Tonga and Nauru.
3. A number of other members participated in the working group meeting as observers.
4. The main purpose of this session was to introduce the work, so far, that had been carried out by UPU with a focus on (a) an update from the Remuneration Integration Group (RIG) with a focus on proposals for the 2019 UPU Extraordinary Congress, (b) an update from the work of the Physical Services Development eCommerce Integration Group (PSDEIG).

II. Update on the progress of the UPU RIG and PSDEIG

5. Singapore as Co-chair of the RIG of Committee 2 of the POC introduced the progress of

the group including the future integrated remuneration system of RIG in accordance with the POC work plan.

6. Australia as Co-chair of PSDEIG Standing group of Committee 2 of the POC briefed members of the progress of the group in accordance with POC work plan and the future work based on Resolution C15/2016 of Istanbul Congress.

III. Introduction of the Proposals on the IRP for the 3rd Extraordinary Congress

7. Given the importance of the work on the IRP for the region, the meeting focused on the content of the remuneration proposals which will be voted on at the 3rd Extraordinary Congress in late September 2019.

8. Under invitation by the Co-chairs of this working group, Mr. Lee Hon Chew from Singapore made the presentation on this topic.

9. Hon Chew introduced all options developed by CA/POC, and the member country amendments for the Extraordinary Congress being held in September, including Option A , B and C and the amendments proposed by member countries which were received by the UPU by 24 July. He also presented a further proposal by Germany which may come up at the Extraordinary Congress but that was not an official amendment.

10. Option A represents changes to the terminal dues system on the basis of the continued application of the current methodology and which applies for the period 2018 to 2021.

11. Option B allows countries to set self-declared rates for the remuneration of E-format items, on an optional basis. To guard against high self-declared rates, option B proposes the setting of country-specific “ceiling” rates, which would be established in accordance with a set of domestic tariff business rules. Format separation and sampling threshold would be set at 50 tonnes, including Group IV.

12. Option C implements a self-declared rate system in 2020 with effect from 1 January 2021. Countries may set self-declared rates for the remuneration of E-format items, on an optional basis.

13. A number of amendments to Option C were also discussed. This includes those proposals drafted by US, Brazil, Germany/France/Laos/Latvia, Italy/Ireland, and Russia. He also referred to an informal amendment to Option C raised by Germany.

14. Hon Chew then introduced a proposal from Switzerland and other countries to amend the definition of Bulk Mail.

IV. Order of Voting during the 3rd Extraordinary Congress

15. Following Hon Chew's presentation, Jean-Paul Forceville from France , the Co-chair of POC C2 , was invited to present at the meeting and brief member countries of the order of discussion and voting procedures in the coming Extraordinary Congress. He advised that the likely order would be:

- Option B
- Option C - US amendment
- Option C - Brazil amendments
- Option C - Germany etc. amendments
- Option C - Italy/Ireland amendment and Russia amendment
- Global Package of Option C with amendments approved
- Option C

-Option A

16. There may also be other proposals,/amendments being proposed at the Extraordinary Congress.

Open Discussion

17. Floor was opened for a Q&A. Japan, China, Malaysia, Australia, Laos and India asked for the floor:

- Japan: as the co-author for Option C gave some background information of how this option was formed. Japan expressed that Japan is open to accepting amendments to Option C. The final goal is try to keep the Union integrated with the US inside.
China: Advised that they has signed as option C minus supporting country. China can consider options developments on the basis of Option C minus proposal.
- Malaysia sought some clarification
(1) Does "Global package" mean various amendments concerning option C will be presented f or voting one by one, for those approved will form the Package? (2) Is Status Quo also an opti on? (3) Bulk mail definition will be discussed and vote with proposals on Remuneration?
- Australia: noted their concern around cost coverage which is key for UPU member countries. They noted that they would like to see the UPU members work on solutions which keeps the Union together.
- -India: had some questions on the floor rates and the position of countries with low domestic

tariffs.

As the discussion had continued over time the group agreed to convene next door to answer any further questions.

V. Update on the work of the Physical Services Development eCommerce Integration Group (PSDEIG)

18. Australia as Co-Chair of the UPU PSDEIG gave an update on the work of the PSDEIG and noted the roadmap towards the next Congress in 2020.

19. The update focused on matters relating to the Parcels minimum specifications, Tracked delivery service, Small packets (size and dimensions and the S10 barcode issues), the updated Integrated Product Plan (IPP) and its 11 recommendations as well as the Trainpost modules.

20. Australia asked member countries to ensure that they remained engaged in the work of the PSDEIG and importantly the IPP as this progresses towards the 2020 Congress.

Tokyo 3rd September
2019

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Chair

