

Introduction

This tool has been created to assist countries in understanding the financial effects of the model proposed for the next UPU Congress cycle (2018-2021), based on format separated Terminal Dues.

Model proposed Format separated based on:

- 20g P format and 175g format domestic rates for the calculation of P and G format Terminal Dues (continuation of the current methodology),
- E format Terminal Dues will be based on tilting the tariff line of the current methodology.

This paper consists of a number of sections including a brief description of the methodology, the assumptions used in the tool, a brief description of how to use the tool [and add country specific data] and the interpretation of results. A list of current country ISO codes is included at the end of this paper.

The data required for the tool to produce an evaluation are mail flow volumes in Kg for mail sent and received. Optionally, IPK data can be inserted in order to assess the systems under the revision or sampling mechanisms.

Instructions

Countries are asked to add their own ISO code at the top of the page in cell A4 on the worksheet "FLOW DATA". The full name of the country and the classification group to which it belongs will be shown in the next cells; if the ISO code is for example "CA" then "1,1" and "Canada" will be shown in the next cells as in the following example –

Klembord		Lettertype	
J16		fx	26,62
A	B	C	D
1	Flow data		
2			
3	ISO	Group	Country
4	CA	1,1	Canada
5			
6			

Choosing this ISO code for your own country links the data that you enter in the mail flow tables to other tables in the model, and enables the financial calculations for model proposed.

The following sections describe the flow data and financial impact calculation in greater depth.

To complete the table (on tab 'Flow Data') and see the financial impact, all you have to do is to input data into the mail flow columns against the countries listed in column C. Mail volumes should be entered as Kg (x1), Inbound flows in column D, outbound flows in column I.

The more data you fill in, the more accurate the result will be. If you fill in your top-25 inbound origins and top-25 export destinations, you may already achieve a fairly accurate result.

Optionally, the default IPKs (columns E and F for inbound and J and K for outbound) can be changed. In case flows are sampled, this will give a more accurate result of the impact.

Also optionally, the default percentages in weight (*not* in number of items) between PG and E (G and H for inbound and L and M for outbound) can be changed. In case flows differ much from the world wide average, this will give a more accurate result of the impact.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Flow data													
2														
3	ISO	Group	Country											
4	CA	1,1	Canada											
5														
6														
7														
8	Country Code	Group	Country	Volumes										
9				Inbound					Outbound					Net
10				Kilos	P+G	IPK	% format in weight	Kilos	P+G	IPK	% format in weight			
11														
12	AC	4	Ascension	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0
13	AE	1,2	Emirats Arabes Unis	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
14	AF	5	Afghanistan	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0
15	AG	2	Antigua et Barbuda	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
16	AI	1,2	Anguilla	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
17	AL	4	Albanie	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0
18	AM	4	Arménie	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0
19	AO	5	Angola	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0
20	AR	3	Argentine	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
21	AT	1,1	Autriche	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
22	AU	1,1	Australie	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
23	AW	1,2	Aruba	0	26,62	3,92	30,7%	69,3%	0	26,62	3,92	30,7%	69,3%	0
24	AZ	4	Azerbaïdjan	0	10,88	10,88	30,7%	69,3%	0	10,88	10,88	30,7%	69,3%	0

Data only have to be filled-in on worksheet "FLOW DATA". On all other sheets, nothing has to be filled in.

On the worksheets 'Model proposed financial data', detailed financial results for your specific inbound and outbound mail flows can be seen:

- Columns D and E show the inbound rates for P and G format
- Columns F and G show the outbound rates for P and G format

- Columns H to J show the total revenue, costs and balance for P and G format inbound and outbound volumes in relation to each country for which volume figures (kgs) have been filled in
- Columns K and L the inbound rates for E format
- Columns M and N the outbound rates for E format
- Columns O to Q the total revenue, costs and balance for E format inbound and outbound volumes in relation to each country for which volume figures (kgs) have been filled in
- Columns R to T the total revenue, costs and balance for P, G and E format together

Step by Step explanation of the model proposed (Explanation, the model already does this calculation , see also worksheet ‘Model Proposed example’)

- 1) Apply the cost to tariff ratio (70%) to the domestic rates for a 20 gram P format item and a 175 gram G format item (excluding VAT and converted into SDR)
- 2) Make a linearization between 10 g and 175 g, based on the two rates from step 1)
- 3) Convert the line to the correct item to kilogram ratio of 12,8% around 91,9 grams (12,8% is also being used in the current 2014-2017 cycle)

P and G format

- 4) Calculate the terminal dues at 37.6 grams (the reference point for caps and floors for P and G format), based on the rate structure from step 3
- 5) Compare the outcome of step 4 with the terminal dues according to the cap and floor for P and G format at 37.6 grams
 - If the outcome of step 3 is higher than the cap at 37.6 grams, the cap will be applied
 - If the outcome of step 3 is lower than the floor at 37.6 grams, the floor will be applied
 - If the outcome of step 3 is between the floor at 37.6 grams and the cap at 37.6 grams, then the rate structure from step 3) will be applied for P and G format items

E format

- 6) Calculate the terminal dues at 375 grams (the reference point for caps and floors for E format), based on the rate structure from step 3
- 7) Compare the outcome of step 6 with the terminal dues according to the cap and floor for E format at 375 grams
 - If the outcome of step 3 is higher than the cap at 375 grams, the cap will be applied
 - If the outcome of step 3 is lower than the floor at 375 grams, the floor will be applied
 - If the outcome of step 3 is between the floor at 375 grams and the cap at 375 grams, then proceed to step 8)
- 8) Convert the line to the correct item to kilogram ratio of 44,5%. This rate structure will be applied for E format items

Explanations of the different sheets in the Excel model

FLOW DATA: Fill in the data for all flows (or take your top-25 inbound and outbound relations to get already a good indication)

Model Proposed financial data: Shows on a detailed level the financial results within the model proposed

2018-2021 parameters: The parameters used in the model proposed

Model proposed example: Fictive example of model proposed

Proposal 2018-2021 PG 1.1: The rates applied in 2018 for flows between countries in the target system prior to 2010 (Group 1.1), for P and G format items, in the model proposed- The rates can be found in columns N and O.

Proposal **2018-2021 PG 1.2-2:** The rates applied in 2018 for flows between countries in the target system as from 2010 and 2012 (Groups 1.2 and 2) as well as between these countries and countries in the target system prior to 2010 (Group 1.1), for P and G format items, in the model proposed The rates can be found in columns N and O.

Proposal **2018-2021 PG 3:** The rates applied in 2018 for flows between countries in the target system as from 2016 (Group 3) as well as between these countries and countries in the target system prior to 2010 (Group 1.1) and countries in the target system as from 2010 and 2012 (Groups 1.2 and 2), for P and G format items, in the model proposed . The rates can be found in columns N and O.

Proposal **2018-2021 E 1.1:** The rates applied in 2018 for flows between countries in the target system prior to 2010 (Group 1.1), for E format items, in the model proposed . The rates can be found in columns N and O.

Proposal **2018-2021 E 1.2-2:** The rates applied in 2018 for flows between countries in the target system as from 2010 and 2012 (Groups 1.2 and 2) as well as between these countries and countries in the target system prior to 2010 (Group 1.1), for E format items, in the model proposed . The rates can be found in columns N and O.

Proposal **2018-2021 E 3:** The rates applied in 2018 for flows between countries in the target system as from 2016 (Group 3) as well as between these countries and countries in the target system prior to 2010 (Group 1.1) and countries in the target system as from 2010 and 2012 (Groups 1.2 and 2), for E format items, in the model proposed. The rates can be found in columns N and O.

Domestic rates: Domestic rates per country used in the model, adjusted for expected inflation per year (2%). If rates for the year 2014 were available, these rates were used (see the rates in worksheet 'tariffs 2014'), if these rates were not available, the rates for 2011 were used (see the rates in worksheet 'tariffs 2011')

Country ISO codes

The following table is provided for countries and their ISO codes because these codes are used extensively in this model.

AFGHANISTAN	AF	CÔTE D'IVOIRE	CI
ÅLAND ISLANDS	AX	CROATIA	HR
ALBANIA	AL	CUBA	CU
ALGERIA	DZ	CYPRUS	CY
AMERICAN SAMOA	AS	CZECH REPUBLIC	CZ
ANDORRA	AD	DENMARK	DK
ANGOLA	AO	DJIBOUTI	DJ
ANGUILLA	AI	DOMINICA	DM
ANTARCTICA	AQ	DOMINICAN REPUBLIC	DO
ANTIGUA AND BARBUDA	AG	ECUADOR	EC
ARGENTINA	AR	EGYPT	EG
ARMENIA	AM	EL SALVADOR	SV
ARUBA	AW	EQUATORIAL GUINEA	GQ
AUSTRALIA	AU	ERITREA	ER
AUSTRIA	AT	ESTONIA	EE
AZERBAIJAN	AZ	ETHIOPIA	ET
BAHAMAS	BS	FALKLAND ISLANDS (MALVINAS)	FK
BAHRAIN	BH	FAROE ISLANDS	FO
BANGLADESH	BD	FIJI	FJ
BARBADOS	BB	FINLAND	FI
BELARUS	BY	FRANCE	FR
BELGIUM	BE	FRENCH GUIANA	GF
BELIZE	BZ	FRENCH POLYNESIA	PF
BENIN	BJ	FRENCH SOUTHERN TERRITORIES	TF
BERMUDA	BM	GABON	GA
BHUTAN	BT	GAMBIA	GM
BOLIVIA	BO	GEORGIA	GE
BOSNIA AND HERZEGOVINA	BA	GERMANY	DE
BOTSWANA	BW	GHANA	GH
BOUVET ISLAND	BV	GIBRALTAR	GI
BRAZIL	BR	GREECE	GR
BRITISH INDIAN OCEAN TERRITORY	IO	GREENLAND	GL
BRUNEI DARUSSALAM	BN	GRENADA	GD
BULGARIA	BG	GUADELOUPE	GP
BURKINA FASO	BF	GUAM	GU
BURUNDI	BI	GUATEMALA	GT
CAMBODIA	KH	GUINEA	GN
CAMEROON	CM	GUINEA BISSAU	GW
CANADA	CA	GUYANA	GY
CAPE VERDE	CV	HAITI	HT
CAYMAN ISLANDS	KY	HEARD ISLAND AND MCDONALD ISLANDS	HM
CENTRAL AFRICAN REPUBLIC	CF	HOLY SEE (VATICAN CITY STATE)	VA
CHAD	TD	HONDURAS	HN
CHILE	CL	HONG KONG	HK
CHINA	CN	HUNGARY	HU
CHRISTMAS ISLAND	CX	ICELAND	IS
COCOS (KEELING) ISLANDS	CC	INDIA	IN
COLOMBIA	CO	INDONESIA	ID
COMOROS	KM	IRAN, ISLAMIC REPUBLIC OF	IR
CONGO	CG	IRAQ	IQ
CONGO, THE DEMOCRATIC REPUBLIC OF THE	CD	IRELAND	IE
COOK ISLANDS	CK	ISRAEL	IL
COSTA RICA	CR	ITALY	IT

JAMAICA	JM	OMAN	OM
JAPAN	JP	PAKISTAN	PK
JORDAN	JO	PALAU	PW
KAZAKHSTAN	KZ	PALESTINIAN TERRITORY, OCCUPIED	PS
KENYA	KE	PANAMA	PA
KIRIBATI	KI	PAPUA NEW GUINEA	PG
KOREA, DEMOCRATIC PEOPLE'S REPUBLIC OF	KP	PARAGUAY	PY
KOREA, REPUBLIC OF	KR	PERU	PE
KUWAIT	KW	PHILIPPINES	PH
KYRGYZSTAN	KG	PITCAIRN	PN
LAO PEOPLE'S DEMOCRATIC REPUBLIC	LA	POLAND	PL
LATVIA	LV	PORTUGAL	PT
LEBANON	LB	PUERTO RICO	PR
LESOTHO	LS	QATAR	QA
LIBERIA	LR	RÉUNION	RE
LIBYAN ARAB JAMAHIRIYA	LY	ROMANIA	RO
LIECHTENSTEIN	LI	RUSSIAN FEDERATION	RU
LITHUANIA	LT	RWANDA	RW
LUXEMBOURG	LU	SAINT HELENA	SH
MACAO	MO	SAINT KITTS AND NEVIS	KN
MACEDONIA, THE FORMER YUGOSLAV REPUBLIC OF		SAINT LUCIA	LC
	MK	SAINT PIERRE AND MIQUELON	PM
MADAGASCAR	MG	SAINT VINCENT AND THE GRENADINES	VC
MALAWI	MW	SAMOA	WS
MALAYSIA	MY	SAN MARINO	SM
MALDIVES	MV	SAO TOME AND PRINCIPE	ST
MALI	ML	SAUDI ARABIA	SA
MALTA	MT	SENEGAL	SN
MARSHALL ISLANDS	MH	SERBIA	RS
MARTINIQUE	MQ	SEYCHELLES	SC
MAURITANIA	MR	SIERRA LEONE	SL
MAURITIUS	MU	SINGAPORE	SG
MAYOTTE	YT	SLOVAKIA	SK
MEXICO	MX	SLOVENIA	SI
MICRONESIA, FEDERATED STATES OF	FM	SOLOMON ISLANDS	SB
MOLDOVA, REPUBLIC OF	MD	SOMALIA	SO
MONACO	MC	SOUTH AFRICA	ZA
MONGOLIA	MN	SOUTH GEORGIA AND THE SOUTH SANDWICH ISLANDS	
MONTENEGRO	ME		GS
MONTSERRAT	MS	SPAIN	ES
MOROCCO	MA	SRI LANKA	LK
MOZAMBIQUE	MZ	SUDAN	SD
MYANMAR	MM	SURINAME	SR
NAMIBIA	NA	SVALBARD AND JAN MAYEN	SJ
NAURU	NR	SWAZILAND	SZ
NEPAL	NP	SWEDEN	SE
NETHERLANDS	NL	SWITZERLAND	CH
NETHERLANDS ANTILLES	AN	SYRIAN ARAB REPUBLIC	SY
NEW CALEDONIA	NC	TAIWAN, PROVINCE OF CHINA	TW
NEW ZEALAND	NZ	TAJIKISTAN	TJ
NICARAGUA	NI	TANZANIA, UNITED REPUBLIC OF	TZ
NIGER	NE	THAILAND	TH
NIGERIA	NG	TIMOR LESTE	TL
NIUE	NU	TOGO	TG
NORFOLK ISLAND	NF	TOKELAU	TK
NORTHERN MARIANA ISLANDS	MP	TONGA	TO
NORWAY	NO	TRINIDAD AND TOBAGO	TT

TUNISIA	TN
TURKEY	TR
TURKMENISTAN	TM
TURKS AND CAICOS ISLANDS	TC
TUVALU	TV
UGANDA	UG
UKRAINE	UA
UNITED ARAB EMIRATES	AE
UNITED KINGDOM	GB
UNITED STATES	US
UNITED STATES MINOR OUTLYING ISLANDS	UM
URUGUAY	UY
UZBEKISTAN	UZ
VANUATU	VU
Vatican City State see HOLY SEE	
VENEZUELA	VE
VIET NAM	VN
VIRGIN ISLANDS, BRITISH	VG
VIRGIN ISLANDS, U.S.	VI
WALLIS AND FUTUNA	WF
WESTERN SAHARA	EH
YEMEN	YE
Zaire see CONGO, THE DEMOCRATIC REPUBLIC OF THE	
ZAMBIA	ZM
ZIMBABWE	ZW

