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To: The designated operators of Union member countries

Berne, 18 March 2025

Reference: 0426(DPRM.PPRE.RDI)1027
Subject: Provisional 2026 quality-linked terminal dues rates

Dear Sir/Madam,

The purpose of this letter is to provide details concerning the collection of information from designated operators (DOs) for the calculation and publication of the provisional terminal dues rates applicable in 2026.

Important information

With the upcoming 28th Congress, I would like to bring to your attention the fact that the UPU Council of Administration (CA) and Postal Operations Council (POC) are jointly submitting proposals to Congress to amend the Universal Postal Convention to create an Integrated Remuneration System (IRS). The proposed amendments are to articles 27 (Congress proposal 20.27.1); 28 (20.28.1); 29 (20.29.1); 30 (20.30.1); 31 (20.31.1); 32 (20.32.1); 35 (20.35.1); and 36 (20.36.1). There is also a proposal (20.27B.1) to create a new article provisionally numbered 27bis. All amendments are proposed to take effect from 1 January 2026. These proposals are referred to collectively below as the "proposals for an IRS for 2026 to 2030"; they are described in greater detail in Dubai Congress–Doc 37. For your convenience, the proposals for an IRS for 2026 to 2030, including those relevant to terminal dues remuneration in 2026, can also be found in the "additional information" section of the UPU website at www.upu.int/en/tdr.[1]

Given that the UPU Acts, in their current version, contain certain provisions and rates that are valid only up to and including the year 2025, and that the 28th Congress will be taking place after the date of publication of the provisional terminal dues rates for 2026, the provisional 2026 quality-linked terminal dues rates will be published in accordance with the amendments to the Acts proposed to enter into force on 1 January 2026. Please note also that the final 2026 quality-linked terminal dues rates will be calculated and published in accordance with the decisions taken by the 28th Congress.

Therefore, for the purpose of this publication, all references to the Acts take into account the amendments to the relevant provisions of the Convention as proposed to the 28th Congress contained in the proposals for an IRS for 2026–2030.[2] Any references to the provisions of the Convention in the present letter are those

[1] Note that the POC and CA approved the submission of these proposals to Congress at its last session (S7) in February 2025. Congress–Doc 37 can be found in document CA 2025.1–Doc 8.Rev 1.Annex 1, and the proposals for an IRS for the 2026–2030 period are contained in document CA 2025.1–Doc 8.Rev 1.Annex 1.Attachment 1.
[2] See footnote 1 and note the particular relevance of proposals 20.27B.1, 20.28.1, 20.29.1, 20.30.1 and 20.31.1 for terminal dues remuneration in 2026.

contained in the aforementioned proposals as approved by the POC and CA for submission to Congress. In this connection, any relevant provisions of the Convention Regulations need to be considered to the extent that they are complementary to and consistent with the aforementioned proposals.[3]

The information to be notified is both for the terminal dues system methodology for P/G and E format letter-post items in accordance with proposals 20.27B.1, 20.28.1, 20.29.1[4] and 20.30.1 (referred to below as the default methodology), and for the optional self-declaration of rates for E format letter-post items in accordance with proposal 20.29.1[5] (referred to as the E format self-declared rates methodology). The two methodologies, and the information to be notified, are summarized in sections A and B of this circular letter, while the conditions applicable to the quality of service link to terminal dues are set out in section C.

In this connection, please note that, in the classification system based on formats, letter-post items containing documents with maximum dimensions of 165 x 245 mm, a maximum thickness of 5 mm and a maximum weight of 100 grammes are classified as small letter (P) items. Letter-post items containing documents that do not meet the criteria for small letters (P) are considered large letters (G) so long as they do not exceed the maximum dimensions of 305 x 381 mm, a maximum thickness of 20 mm and a maximum weight of 500 grammes. If an item exceeds the limits of a format in one or more of the four criteria (length, width, thickness and weight), it shall be classified in the next largest format, provided that it fits within the dimensions of that format. Letter-post items containing documents exceeding any of the four criteria applicable to G format are considered bulky letter-post items (or E format) and are subject to the further criteria set out in article 17-104 of the Convention Regulations. Any letter-post items containing goods are small packets and are also considered E format.

Furthermore, the proposals for an IRS for 2026 to 2030 include references to the country classification system for remuneration purposes, including the grouping of countries and territories in groups A, B and C. For this purpose, the proposed classification for the 2026–2030 period, as contained in Congress proposal of a general nature 02, can be accessed under the “additional information” section of the UPU website at www.upu.int/en/tdr.

A. Default methodology for P/G and E format letter-post items

Proposal 20.30.1 provides that the payment of terminal dues for the exchange of P/G format letter-post items between DOs of countries in the target system shall be based on 70% of the charges, exclusive of VAT or other taxes, for a 20-gramme small (P) and for a 175-gramme large (G) priority letter-post item in the domestic service. In accordance with the proposals for an IRS for 2026 to 2030, those charges must be in force **on 1 May of the year preceding the calendar year to which the terminal dues rates apply**. For bulky (E) and small packet (E) letter-post items, the terminal dues are calculated from the P/G format line tilted at 273 grammes, exclusive of VAT or other taxes, as described in proposal 20.29.1.

Collection of domestic charges for the application of the default methodology

The International Bureau (IB) will calculate the provisional terminal dues rates for 2026 based on the charges corresponding to priority items in the domestic service in force **on 1 May 2025** and the average monthly SDR exchange rates for the period from 1 October 2024 to 28 February 2025.

In accordance with the proposals for an IRS for 2026 to 2030,[6] DOs are kindly asked to provide the IB, **by 1 May 2025**, with the charges in national currency for a 20-gramme small (P) priority letter-post item and for a 175-gramme large (G) priority letter-post item in the domestic service in force on 1 May 2025, by completing the form in Annex 1. This form is also available in electronic format on the UPU website at www.upu.int/en/tdr. Please note that priority letter-post items in the domestic service are items conveyed by the quickest route with priority within the scope of the universal service obligation (USO).

[3] Proposals to amend the Convention Regulations that are consequential to the decisions of the 28th Congress will be prepared and then submitted to the POC constituent meeting to be held immediately after the Congress. Consistent with the provisional application of the aforementioned proposals to amend the Convention, the projected application of any further directions as contained in Congress–Doc 37 (CA 2025.1–Doc 8.Rev 1.Annex 1) is followed for the purpose of notification of the information in this letter for determining the provisional terminal dues remuneration rates for 2026. The final 2026 quality-linked terminal dues rates will be calculated and published in accordance with the decisions taken by the 28th Congress and by the POC at its constituent meeting.

[4] The relevant provisions are those set out in paragraph 1.2 of proposal 20.29.1.

[5] The relevant provisions are those set out in paragraphs 1.3 to 10 of proposal 20.29.1.

[6] See Congress–Doc 37, paragraph 21.

B. Self-declared rates methodology for E format letter-post items

Please note that, in the year 2026, the self-declaration of E format rates is *optional*. Accordingly, the default terminal dues system methodology for E format letter-post items, as provided in paragraph 1.2 of proposal 20.29.1 (and as described in section A of this letter), will apply to DOs of countries that decide not to self-declare their rates for E format letter-post items.

B1 Self-declaration of E format rates

In accordance with proposal 20.29.1, DOs may notify the IB, **by 1 May**, of a self-declared rate per item and a self-declared rate per kilogramme, expressed in local currency or SDR, that shall apply for E format letter-post items in the following calendar year. The IB shall annually publish the provided self-declared rates in SDR (the rates provided in local currency are converted to SDR) by means of an IB circular no later than 1 July of the year preceding the year in which they apply.

Additionally, DOs shall provide the IB with 11 domestic rates for equivalent services, in order to enable the calculation of their relevant ceiling rates.

Conditions applicable to the self-declaration of E format rates

Designated operators that wish to apply self-declared terminal dues rates for E format letter-post items with effect from 1 January 2026 for letter-post flows from all DOs, with the exception of the letter-post flows from countries in group B that do not exceed 15 tonnes, or from countries in group C that do not exceed 75 tonnes and the flows to and from the United States of America, should observe the following conditions:

i The self-declared rates shall be expressed as both a per-item and per-kilogramme rate in local currency or SDR.

ii The self-declared rates shall not exceed the country-specific ceiling rates that are determined on the basis of 70% of the priority single-piece tariffs of equivalent domestic services for 20-gramme, 35-gramme, 75-gramme, 175-gramme, 250-gramme, 375-gramme, 500-gramme, 750-gramme, 1,000-gramme, 1,500-gramme and 2,000-gramme E format letter-post items, exclusive of any taxes and in effect **on 1 May 2025**.

iii Conditions applicable to the notification of the above-mentioned priority single-piece tariffs in the domestic service:

   a When multiple rates are available based on thickness, the lesser domestic tariff shall be used for items up to 250 grammes, and the higher domestic tariff shall be used for items above 250 grammes.

   b Where zonal rates apply in the equivalent domestic service, the mid-point rate shall be used, and domestic tariffs for non-contiguous zones shall be excluded for determination of the mid-point rate. Alternatively, the determination of the zonal tariff to be used may be based on the actual weighted average distance of inbound E format letter-post items (for the most recent calendar year). If these conditions apply, the DO must provide the relevant information on how the zonal tariffs have been determined.

   c The DO must indicate for each of the weight increments whether the equivalent domestic service and tariff include any additional features that are not part of the basic service, i.e. tracking, signature and insurance services. The calculation rules in proposal 20.29.1 apply in the calculation of the country-specific ceiling rates.

   d It should be noted that, in relation to points a, b and c above, the substantive provisions in the current article 29 of the Convention are not proposed to be amended in the proposals for an IRS for 2026 to 2030.

iv The determination of whether or not the self-declared E format rates exceed the country-specific ceiling rates will be carried out on the basis of the calculated revenue at the weight of 273 grammes, which is the worldwide average weight of E format items. The notified self-declared rates for 2026 shall not lead to a revenue higher than either the ceiling rates or the maximum revenue of 2026; in other words, the self-declared rates shall be set, as a maximum, at either the revenue calculated with the country-specific ceiling rates, or the revenue in 2025 increased by 10% for an E format item at 0.273 kilogrammes, whichever is lower.

v The ratio between the self-declared item rate and kilogramme rate shall not change by more than five percentage points upwards or downwards in respect of the item-to-kilogramme ratio set in the previous year. For example, if the ratio of the E format rates was 44.5% in 2025, the self-declared item and kilogramme rates for 2026 should result in a new ratio within the 39.5% to 49.5% range. Please note that these percentages are rounded to one decimal place for ease of reference, whereas real ratio variations will be calculated with the real item and kilogramme rates with all decimal places.

B2 Self-declaration of E format rates for flows between DOs and the United States of America

In accordance with article 29.7[7] of the Convention, the DO of the United States self-declared its E format rates, with the exception of the letter-post flows from countries in group B below 15 tonnes, or from countries in group C below 75 tonnes, without the application of the maximum revenue increase limits set out in article 29.3.

According to proposal 20.29.1, all other corresponding DOs may do likewise with respect to the DO of the United States. This includes DOs from countries in groups B and C whose outbound flows are referred to in the above paragraph, as they are also allowed to self-declare their E format terminal dues rates with respect to the US DO as long as the reciprocity in article 29.7 is preserved, i.e. the DO of the United States, on a reciprocal basis, is allowed to apply self-declared E format terminal dues rates on the aforementioned mail flows. Designated operators from countries in groups B and C whose outbound flows are below, respectively, 15 and 75 tonnes, have the choice not to pay the self-declared E format terminal dues rates to the US DO, though they should bear in mind that, on the basis of the principle of reciprocity, they cannot apply the self-declared rates to the mail flow from the United States.

Designated operators of countries classified in groups B or C of the terminal dues classification system that wish to apply self-declared E format terminal dues rates should indicate in Annex 2 whether they wish not to pay self-declared E format terminal dues rates to the United States DO – provided that their outbound volumes are below the relevant abovementioned thresholds – and thereby waive the possibility of applying self-declared E format terminal dues rates on their inbound flow from the United States (provided their outbound volumes do not exceed the abovementioned thresholds), or whether they do wish to apply, on a reciprocal basis, the self-declared E format terminal dues rates with the US DO, irrespective of the size of their outbound mail flow to the United States.

Conditions applicable to the self-declaration of E format rates for flows to and from the United States

Designated operators that wish to apply self-declared terminal dues rates for E format items with effect from 1 January 2026 for letter-post flows *to and from the United States* should observe the following conditions:

i The self-declared rates shall be expressed as both a per-item and per-kilogramme rate in local currency or SDR.

ii The self-declared rates shall not exceed the country-specific ceiling rates that are determined on the basis of 70% of the priority single-piece tariffs of equivalent domestic services for 20-gramme, 35-gramme, 75-gramme, 175-gramme, 250-gramme, 375-gramme, 500-gramme, 750-gramme, 1,000-gramme, 1,500-gramme and 2,000-gramme E format letter-post items, exclusive of any taxes and in effect on 1 May 2025.

[7] The clause in article 29.7 was invoked by the DO of the United States through formal notification to the IB on 27 February 2020, and on the basis of evidence that it had received total annual inbound letter-post volumes in excess of 75,000 tonnes in 2018. Consequently, the DO of the United States is allowed to self-declare its E format rates on the basis of the conditions set out in article 29.7.

iii Conditions applicable to the notification of the above-mentioned priority single-piece tariffs in the domestic service:

a When multiple rates are available based on thickness, the lesser domestic tariff shall be used for items up to 250 grammes, and the higher domestic tariff shall be used for items above 250 grammes.

b Where zonal rates apply in the equivalent domestic service, the mid-point rate shall be used, and domestic tariffs for non-contiguous zones shall be excluded for determination of the mid-point rate. Alternatively, the determination of the zonal tariff to be used may be based on the actual weighted average distance of inbound E format letter-post items (for the most recent calendar year). If these conditions apply, the DO must provide the relevant information on how the zonal tariffs have been determined.

c The DO must indicate for each of the weight increments whether the equivalent domestic service and tariff include any additional features that are not part of the basic service, i.e. tracking, signature and insurance services. The calculation rules in proposal 20.29.1 apply in the calculation of the country-specific ceiling rates.

iv The determination of whether or not the self-declared E format rates exceed the country-specific ceiling rates will be carried out on the basis of the calculated revenue at the weight of 273 grammes, which is the worldwide average weight of E format items. The notified self-declared rates for 2026 shall not lead to a revenue higher than the revenue calculated with the country-specific ceiling rates at 0.273 kilogrammes.

v The ratio between the self-declared item rate and kilogramme rate shall not change by more than five percentage points upwards or downwards in respect of the item-to-kilogramme ratio set in the previous year. For example, if the ratio of the E format rates applicable to the mail flow from the United States was 44.5% in 2025, the self-declared item and kilogramme rates for 2026 should result in a new ratio within the 39.5% to 49.5% range. Please note that these percentages are rounded to one decimal place for ease of reference, whereas real ratio variations will be calculated with the real item and kilogramme rates with all decimal places.

In accordance with proposal 20.29.1, DOs that have self-declared their E format rates for 2025 and that do not communicate different self-declared rates for 2026 shall continue to apply the existing self-declared rates unless they do not satisfy the conditions laid out in paragraphs 1.3 to 11 of article 29. For this purpose, the DOs concerned shall notify the IB of their priority single-piece tariffs of equivalent domestic services for 20-gramme, 35-gramme, 75-gramme, 175-gramme, 250-gramme, 375-gramme, 500-gramme, 750-gramme, 1,000-gramme, 1,500-gramme and 2,000-gramme E format letter-post items, exclusive of any taxes and in effect on 1 May 2025. This data is necessary for the IB to calculate and check whether the revenue conditions described above would be met. In the absence of the notification by the DO concerned of the above-mentioned 11 domestic tariffs, the self-declared rates of the previous year (2025) cannot be carried over to the subsequent year (2026). In that case, the IB will calculate and publish the E format rates of the DO concerned according to the default terminal dues methodology (see section A). In other words, this would mean that the DO is opting out of the self-declaration of E format rates in 2026.

B3 Collection of self-declared rates and domestic tariff information

Designated operators that wish to self-declare their E format rates in 2026 are kindly asked to provide the IB with all relevant information by completing the form attached in Annex 2 **by 1 May 2025**. This form is also available in electronic format on the UPU website at www.upu.int/en/tdr.

Designated operators that notified their self-declared E format rates in 2025 and would like to maintain them for 2026 are also asked to complete the form in Annex 2 for the notification of their domestic tariffs, in accordance with the conditions applicable to the self-declaration of E format rates.

B4 Rate calculator for E format self-declared rates

A rate calculator is available on the UPU website (www.upu.int/en/tdr) for simulation purposes. This tool will assist DOs in calculating their default terminal dues rates (see section A), as well as their country-specific ceiling rates based on the aforementioned 11 domestic tariffs for E format items. The rate calculator furthermore provides an indication of whether the self-declared E format rates observe the conditions outlined in sections B1 and B2 of this letter. This rate calculator is provided for information purposes only and does not imply acceptance of the notified self-declared rates or of the domestic tariff information, both of which will be subject to review and validation by the IB before publication on 1 July 2025.

C. Quality of service link to terminal dues

According to proposal 20.27B.1,[8] "Remuneration shall be based on quality of service performance in the country of destination". Designated operators shall base their terminal dues remunerations on quality of service performance and participate in a UPU-agreed quality of service measurement system.

Under article 31-109 of the Regulations, the POC sets annual quality of service standards and targets for the link between UPU terminal dues and quality of service, based on the standards of the domestic service for comparable items and conditions. Article 31-110 of the Regulations details the principles for setting quality of service standards and targets for the quality of service link. The standards and targets approved by the POC shall be in accordance with the principles set out above.

C1 Principles of the quality link to terminal dues

The following are the principles applied to the quality-linked terminal dues system:

– All DOs, irrespective of whether they are DOs of countries and territories in the target or in the transitional system, shall have their terminal dues remuneration based on quality of service performance in the country of destination. To this end, participation in a UPU-agreed measurement system compliant with the UPU Global Monitoring System (GMS) Technical Design is mandatory.

– Exceptionally, DOs of countries that have a total annual inward mail volume below 100 tonnes may request exemption from the quality link to terminal dues, which means that they would opt to receive from, and pay to, all the other DOs in the target system 100% of the base terminal dues rates without any adjustments based on quality of service performance. Countries wishing to request such exemption must notify the IB of their total inward mail volumes for the previous year (2024) by 1 June 2025. This provision is not available to DOs from countries classified in group A (current group I).

– If a DO does not qualify for the above exemption and does not put in place a UPU-agreed measurement system compliant with the UPU GMS Technical Design, it will receive 100% of the base terminal dues rates from other DOs. However, it will be required to pay other DOs quality-adjusted terminal dues rates and will in no case pay any terminal dues at a rate lower than 100% of the base terminal dues rates.

To ensure participation in the UPU quality link to terminal dues in 2026, members are asked to complete the response form in Annex 3, also available at www.upu.int/en/tdr, and return it to the IB **by 1 May 2025**. Designated operators that wish to be exempted from the mandatory application of the quality-linked terminal dues system and meet the requirement of having a total annual inward mail volume of less than 100 tonnes should use the same form in Annex 3 to notify the IB, in accordance with article 31-109.3 of the Regulations.

Designated operators already participating in the quality-linked terminal dues system (see Annex 4) do not need to return the form in Annex 3, unless they wish to inform the IB of their decision to discontinue their participation in the system in 2026.

Designated operators of countries that are not listed in Annex 4 should inform the IB of their domestic service standards and targets. These standards, once verified and approved by the POC, will be used for the purpose of linking quality of service performance to terminal dues, provided that a UPU-agreed measurement system compliant with the GMS Technical Design has been put in place **no later than 1 January 2026**.

C2 Setting of quality of service standards and targets for the quality of service link to terminal dues

In accordance with article 31-110 of the Regulations, for the purpose of the quality-linked terminal dues remuneration in 2026, the quality of service standards and targets will be set by the POC based on standards and targets applicable in the domestic service with respect to comparable items and conditions.

[8] Current article 28.5 of the Convention.

C3 Quality-adjusted terminal dues rates

For all DOs that have put in place a UPU-agreed measurement system compliant with the GMS Technical Design, the final quality-linked terminal dues rates will be calculated by the IB following the publication of the final quality of service results, applying the following principles of article 31-109 of the Regulations:

– As an incentive for the participation in the quality link, the DOs will receive an increase of 5% over the country-specific terminal dues base rates.
– Participating DOs will be subject to a penalty if the quality targets are not met. This penalty will be one third of 1% of the terminal dues for each percentage point under the performance target.
– The penalty will in no case exceed 10% and, given the 5% incentive for participation, the maximum penalty will not lead to remuneration lower than 95% of the terminal dues base rates.
– Quality-adjusted terminal dues rates will never be lower than the minimum rates defined in the proposals for an IRS for 2026 to 2030.

Should you have any questions, please do not hesitate to address them to the Remuneration Development Expert whose details are provided at the top of this letter and on the first pages of Annexes 1, 2 and 3.

Many thanks in advance for your cooperation.

Yours faithfully,

Siva Somasundram
Director of Policy, Regulation and Markets