

Moving the postal sector forward since 1875

MARCH 2013

Nº 1

# UNION POSTALE



Universal Postal Union,  
a specialized agency  
of the United Nations

.....  
EMS gets cooler  
Taking money  
transfers to new  
heights



## Border crossings

# Quality information from innovation



## GMS

Global Monitoring System

Measuring mail performance with RFID technology was just a dream for many UPU member countries. Not anymore. Thanks to GMS, Posts can now benefit from a state-of-the-art solution that uses passive RFID at a very affordable price.

For more information, watch the animation film  
<http://www.tinyurl.com/gmsfilm>  
or contact [gms@upu.int](mailto:gms@upu.int).



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POSTAL  
UNION



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**Illustration:**  
**Carlos Coelho**  
([www.infomen.org](http://www.infomen.org))

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# March 2013

*Union Postale is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities, featuring international news and developments from the postal sector.*

*The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals.*

*It is distributed widely to the UPU's 192 member countries, including thousands of decision-makers from governments and Posts, as well as other postal stakeholders. All regard it as an important source of information about the UPU and the postal sector at large.*

*Union Postale is also published in French, Arabic, Chinese, German, Russian and Spanish.*

**Manager, Communication Programme:** Rhéal LeBlanc

**Editor-in-chief:** Faryal Mirza

**Contributors:** Jérôme Deutschmann, Tobe Freeman, Morven McLean, Kayla Redstone

**Illustration:** Carlos Coelho

**Translators:** Rebecca Kinnarsley

**Production assistant:** Gisèle Coron

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*Union Postale*  
International Bureau  
Universal Postal Union  
P. O. Box 312  
3000 BERNE 15  
SWITZERLAND

**Phone:**  
+41 31 350 35 95

**Fax:**  
+41 31 350 37 11

**E-mail:**  
[faryal.mirza@upu.int](mailto:faryal.mirza@upu.int)

**Website:**  
<http://news.upu.int/magazine>

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## Readership survey 2013



attached in this issue or find it online:

<https://www.surveymonkey.com/s/WT5NSZJ>



### POC 2013

## Let the work begin!

The new Postal Operations Council (POC) will hit the ground running when it meets for its first post-Congress session at UPU headquarters from April 8–19, 2013.

The POC will not only finalize the work plans of the various working groups, but also approve amendments to the international letter-post and parcel regulations.”

More than 150 proposals are up for review to amend the regulations and make them compliant with decisions taken by the 2012 Doha Congress. Posts worldwide rely on these regulations as they move billions of mail items across borders every year. They cover everything from prohibited items and dangerous goods in the mail to postal security, standards, and exemptions and charges. The revised regulations will come into effect on January 1, 2014.

The groups reporting to five broad committees or directly to the plenary will adopt their work plans for the next four years. Groups focus on operational issues ranging from

standards and transport to postal security, customs, quality of service and the development of existing and new postal products and services.

### Integration key

A brand new group – Products Strategy and Integration – will start its work to apply an integrated approach for developing physical services such as letters, parcels and EMS items.

“Our current range of products needs to be sustainable if we want to grow our business in the emerging cross-border, e-commerce market and meet our customers’ needs,” says Great Britain’s Chris Powell, who chairs the group. “The UPU must have an integrated approach based on customers’ requirements to reach a structured suite of services with clear differentiation between products, covering quality, reliability, sustainability, returns and customs clearance, for example, and how we, as Posts, deal with issues when things go wrong.”

The new .post user group, set up at the Doha Congress to help manage the development of the UPU’s sponsored top-level domain name, will also hold its first general assembly and elect its chair, vice-chair and steering committee members.

For POC Chairman Masahiko Metoki from Japan, strong communication and quicker decision-making should be among the body’s guiding principles during this cycle.

“We need to create an atmosphere for close and constant communication between stakeholders,” says Metoki.

Close to 800 delegates are expected to attend the POC’s April session. The Council of Administration will also hold meetings from April 22–25, but its first official session is scheduled from October 28 to November 15, 2013. **RL**

## Editor's note

Thanks to the likes of planes, trains and automobiles, the delivery of postal services are faster now than ever. But 'faster' is relative – getting a mail item across borders involves any number of operational, geographical and cultural complexities. Added to these factors are the different partners along the delivery chain, whose actions can impact whether a greeting card or an e-commerce purchase reaches the final destination on time.

It is against this backdrop our cover story plays. Crucial work is underway among the UPU's member countries and partners from Customs and airlines to ensure that the delivery chain does not come unstuck due to security considerations. The cover story provides a snapshot of how far the work across sectors has progressed.

In other news, an interview with the head of the world's largest Post by mail volumes enlightens readers about the United States Postal Service's challenges. However, Patrick Donahoe clearly sees the light at the end of the tunnel and is ready to fight for the organization's future.

Readers can also learn about new research, which considers the quality of postal services as an indicator of government efficiency. This preliminary study, carried out by top North American business schools, throws up some interesting results and will surely make readers wish to 'watch this space'.

**FARYAL MIRZA, EDITOR-IN-CHIEF**

### Philately

## Dove returns to mail on new postage stamp



The UPU official stamp was designed by Berne-based graphic artists Maya Arber and Daniel Dreier

The UPU has a new official stamp exclusively for use on mail sent from its headquarters in Berne.

The stamp, issued by Swiss Post, pays homage to the famous Dove of Basel, an imperforate stamp issued in 1845, which depicted a white dove on a red shield. It was the world's first embossed postage stamp, and the first to be printed in more than one colour.

The stamp carries a value of 1.90 CHF, the international postage rate for mail from Switzerland, and can be bought at Swiss Post philatelic outlets ([philatelie.bern@post.ch](mailto:philatelie.bern@post.ch)) or at UPU headquarters.

The official stamps of international organizations are issued by the Posts of the countries in which the organization headquarters are based. They can only be used on mail posted from these head offices. UNESCO in Paris and the International Olympic Committee in Lausanne have their own official stamps issued by the national Post.

Swiss Post issued the 23rd official UPU stamp on October 9, 2012 during the 25th Universal Postal Congress held in Doha, Qatar. It is expected to be a big hit with collectors. **JD**

# in brief

## Who's who at the UPU

### Helping those with the least

**Name:** Jocelyne Kouamé  
**Directorate:** Development Cooperation (DCDEV)  
**Position:** Assistant, Regional Programme for Africa and least developed countries  
**Nationality:** Ivorian



While specialists and UPU delegates are on the ground in Africa for a mission or workshop, Jocelyne Kouamé is one of the busy bees behind the scenes making sure everything goes according to plan. If there are con-

sultants to be contacted, equipment to be sent, fellowships to be distributed, flights to be booked, or accommodations to be made for the UPU's projects in Africa, Kouamé is the one to arrange it.

Kouamé's team focuses on helping the least developed countries improve their quality of service as part of African regional projects. Since the team works closely with the continent, other departments often look to Kouamé and her colleagues for help.

"If our colleagues organize workshops, we work in coordination with them," she says. Right now she is quite busy providing assistance on the Regional Development Plan for Africa.

Kouamé started at the UPU in 2002. After studying law and getting a master's degree in management in France, she had to choose whether

to return to Côte d'Ivoire or follow her father, a diplomat, to Switzerland. She decided for the latter and started as an intern in the UPU's markets development directorate. She then did a stint in philately before joining DCDEV, her current base. As an African living in Europe, Kouamé says the position is a perfect fit for her. "I've been living with both cultures, so I understand different ways of thinking," she says.

Kouamé's job is demanding, she adds, because the administrative planning and problem solving for the workshops do not stop until the meeting is over and all the delegates make it back home. But it's worth the effort. "It's a pleasure to do what I do, even if it's sometimes stressful, because I know I'm helping African countries that are really in need," she says. **KR**

## Market development

### From direct mail to direct marketing

Why has the UPU's Direct Mail Advisory Board changed its name to the Direct Marketing Advisory Board?

Although direct mail still makes up a significant part of letter-post volumes, the 2012 Doha Congress decided the UPU should branch out by embracing all innovative postal products and services and all means of direct marketing used by postal clients. Technological developments have led Posts to combine the traditional direct-mail product with other forms of direct marketing in a multimedia environment.

"It was important for the UPU to reflect the new reality. Several Posts today can support integrated multi-channel campaigns that go beyond direct mail," says Raquel Ferrari, manager of the UPU's direct marketing and stakeholder relations programme.

The UPU will help Posts expand their knowledge of direct marketing and develop strategies to diversify into innovative products and services. Posts will work to position themselves as key players in the direct marketing process, contribut-

ing to the segment's economic and commercial growth.

Several Posts, including Canada Post and Norway's Posten, have already created digital media divisions or acquired subsidiary companies specializing in direct marketing.

The Direct Marketing Advisory Board has 47 members, including Posts and private companies and associations. **JD**

## 2013 contest asks why water is precious

Member countries have until April 30, 2013 to submit the letter that will represent them in this year's International Letter-Writing Competition for Young People. The theme on why water is precious coincides with the International Decade for Action "Water for Life" 2005–2015.

An international jury of experts specializing in water issues will judge the compositions. They include: Ivan Draganic, water programme specialist at the United Nations Development Programme Office in Geneva, Adrián Puigarnau, programme manager at the Stockholm International Water Institute, Ryan Rowe, communications officer at The Water Institute of the University of North Carolina at Chapel Hill, and Stefanie Neno, communications manager at UN-Water.

Access to water ensures the health and well-being of humans and protects nature. Although the United Nations says the world has achieved the Millennium Development Goal of halving the proportion of the population without sustainable access to safe drinking water, 11 percent still does not have access to an improved drinking water source.

About 60 countries and up to 2 million young people participate in the annual competition. Winners are expected to be announced in August 2013.

## Book brings back memories

What ever became of Brazil's Sergio Fuchs da Silva, the very first winner of the UPU's letter-writing competition in 1972? Or what about Pakistan's Faisal Muneeb, Ireland's Richard Nash and Nepal's Shira Timilsina, the 1982, 1986 and 1998 winners?

They were just teenagers when they won the contest, and now you can read about them and several other past winners in a new book on the UPU's international competition. The book, titled "Giving Youth a Voice", gathers all winning letters from 1972 to 2011, and contains chapters on the competition's history and the state of letter writing today.

Competition organizers were thrilled to trace back some of the past winners after so many years. "They weren't all easy to find – people move on or get married – but with a bit of digging, persistence, help from colleagues in member

countries and the magic of social media, our researchers located more than 20," says Communication Programme Manager Rhéal LeBlanc. "It was fascinating to find out what our past winners are doing today and hear about their vivid memories of the competition."

The book certainly conveys the impact of the competition on these winners as one of the major events in their young lives. "Winning the award made me believe that writing is a beautiful act and a mighty tool to express oneself," said Bangladesh's Sharmini Abbasi, the 1984 winner, who ended up becoming a writer.

Available in English and French, the book promotes the letter-writing competition and reminds readers of the power of the written word.



Book currently available from the International Bureau  
Contact [communication@upu.int](mailto:communication@upu.int) for information  
Photos: Lorena Mayer





# Border crossings



The Universal Postal Union is working closely with the World Customs Organization (WCO) and other partners to help billions of mail items reach their final destination more quickly.

.....  
**By Morven  
McLean**  
**Illustrations:  
Carlos Coelho**

Billions of mail items criss-cross the globe in the network of the designated operators belonging to the UPU's 192 member countries. According to the latest figures, this included over 58 million parcels, 4.7 billion letter-post items and more than 50 million EMS or express service items in 2011.

While customers are sending fewer traditional letters, e-commerce is becoming ever more important: Posts have noticed a rise in volumes of parcels (each up to 30 kg) and small packages (up to 2 kg) being processed in the UPU's network. At the same time, regulatory constraints and tighter security requirements in an increasingly globalized world are having an impact on the postal supply chain, sometimes slowing down delivery.

Posts have found themselves pulled in different directions. They are required to maintain the universal service mandate to ensure access to postal services to all, honour their customers' need for speedy delivery and fulfil their obligations to work with all stakeholders to ensure information-sharing and security. And time is money:

any delay to the mail item reaching its final destination on time results in less remuneration for the postal operator responsible.

Posts, however, are gearing up to meet these challenges. At the 2012 Universal Postal Congress, the UPU member countries adopted mandatory minimum standards for mail security for the first time. In a separate decision, the Union also agreed to push ahead with efforts to provide electronic data on mail items in advance to border agencies, Customs and aviation authorities.

Work to improve information-sharing between postal operators and customs authorities has been ongoing for many years. Indeed, the UPU-WCO contact group was set up in 1965. Doing things in a coordinated way at the global level is crucial, says Akio Miyaji, UPU director of operations and technology. "Coordination at the international level is a must and the UPU is committed to bringing all stakeholders to the table to find appropriate solutions to international issues."



### Quality of service

One challenge has been to ensure that a cross-border mail item is delivered to its final destination on time and is not delayed by customs processing. This is vital if Posts are to meet their commitment to increase the quality of postal services, reiterated at the 2012 Congress. In Doha, countries decided that the percentage of international priority letter-post items being delivered by the J + 5 standard, or five working days after posting, should reach 85 per cent starting in 2013.

Akhilesh Mathur, the UPU's supply chain coordinator, explains: "If Customs take a long time to do their formalities, that results in a delay to the mail. So, we want to help Customs to do their job as quickly as possible so postal customers receive their mail as fast as possible."

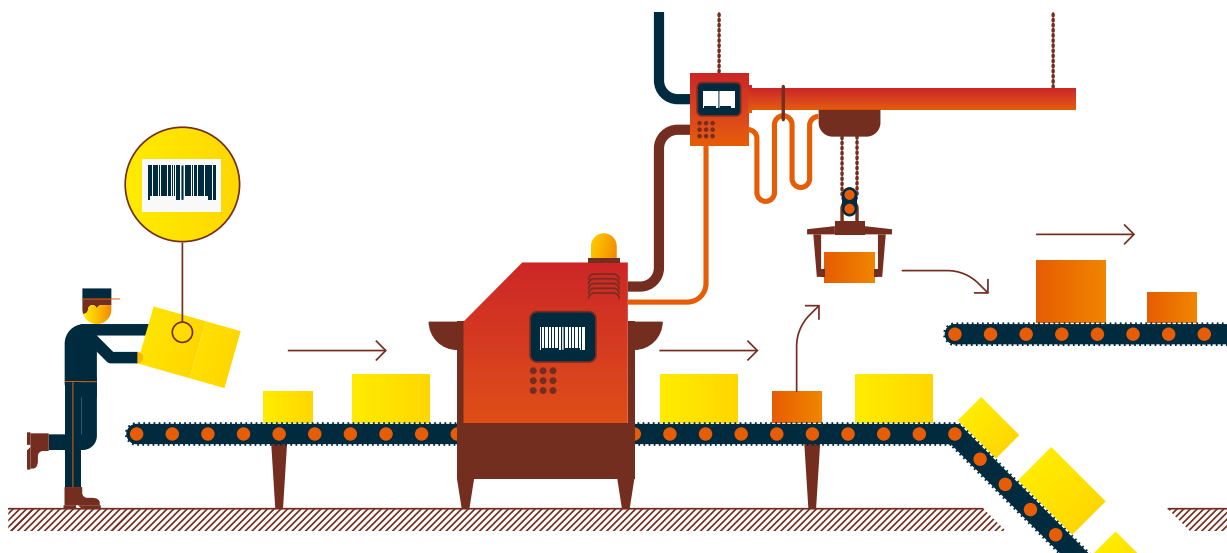
### Pre-alerts

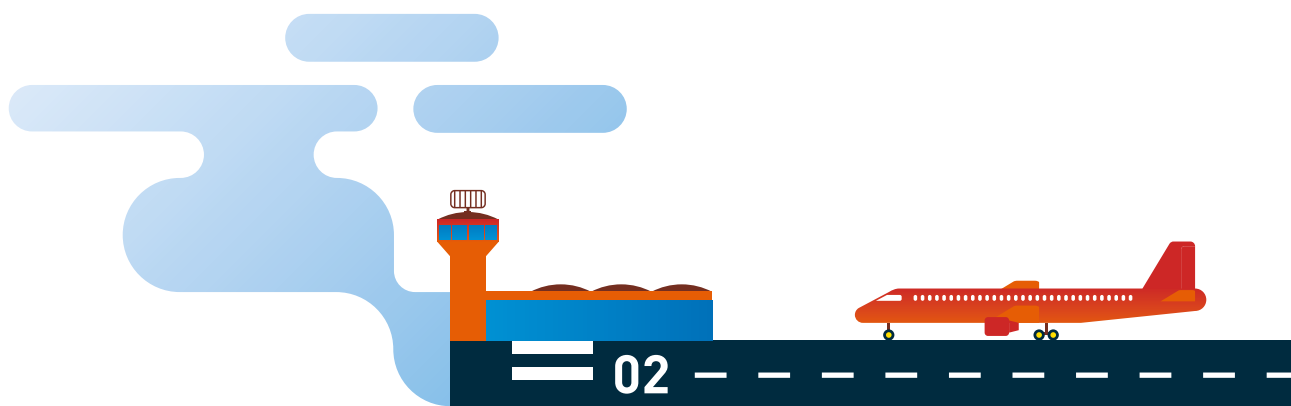
This is where advance information to the UPU's partners in the supply chain comes into play. The recent Congress decision opens up the way for data on mail items to be provided upfront. This will be done through a standard electronic message developed in consultation with the WCO.

The electronic message will supplement the current hardcopy customs declaration forms, CN22 and CN23. Such data messaging will eventually become mandatory for all 192 UPU member countries. "There's been a general trend to try and automate business processes," says Peter O'Neill of Canada Post, who chairs the UPU Customs working group and has been involved in the testing of an electronic standard message for the past six years.

At the same time, the UPU – with financial support from Canada and the UPU's EMS Cooperative (an association of designated operators focusing on improving their express-mail services) – has developed an interoperable IT system, the Customs Declaration System or CDS, that can be used by both Posts and Customs to share information. A first version is set to be rolled out in 2013.

O'Neill says Posts will have the option to integrate CDS into their software environment and business process, but it will take time. "We're currently rebuilding all our exchange offices in Canada so we'll be able to integrate that software for early 2014," he says.





### Setting standards

To exchange this type of data electronically, a standard message – the ITMATT - first had to be developed and tested. These messages are already being exchanged on mail items by Posts in the testing group. As Canada Post's O'Neill explains, there are various stages to the testing. Initially, the Posts involved were looking at replicating paper-based data on mail items in electronic form and sending and receiving these. Subsequently, tests have been carried out with selected national customs authorities.

A further step, according to O'Neill, will be the exchange of data with airlines, which will allow the carrier to understand the status of the mail they're carrying so they can report that to security officials in the destination country. "The initial round was really about answering that level of detail so the authorities can first, actually screen the mail at an item level for fitness to fly and second, carry out the typical customs process with acceptance into their jurisdiction and issues of contraband and fiscal transactions," he says.

Customs in Canada and the United States participated in many of the tests used to refine and optimize the message standards. "The next step was that we turned to our peers at the WCO and said, 'look, we've had some practical experience and what we'd like to do now is get your blessing on a standard message that could be used for this purpose on a universal basis,'" recalls O'Neill.

The WCO response, based on "excellent" test results, was enthusiastic. "The WCO strongly supports this and further urges customs administrations and postal operators to cooperate at national level to ensure the integrity and security of postal items and mitigate risks in postal traffic," the organization said.

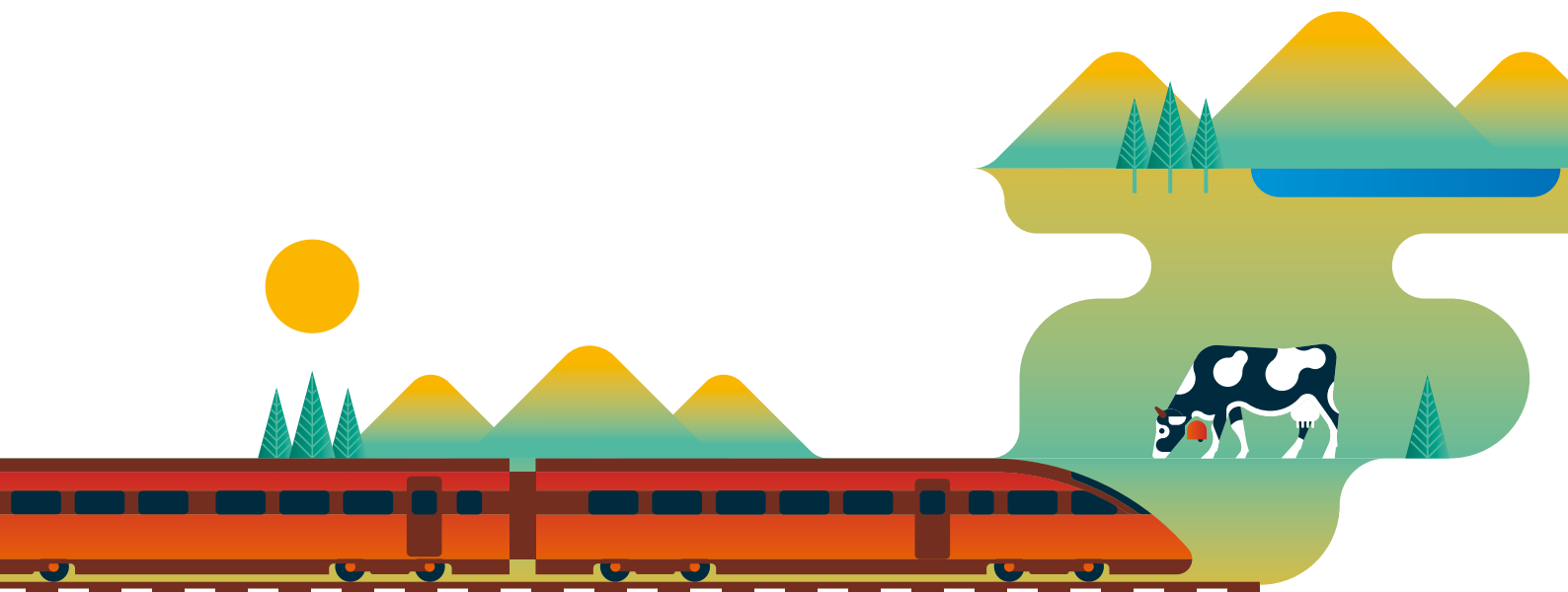
### Pilot projects

The Canada Border Services Agency (CBSA) and Canada Post were able to simulate the sending and receipt of electronic data in pilot projects. "The CBSA acknowledges the multiple benefits that could be derived from the adoption of such a system," the agency says.

One of the Posts involved in the pilots from the onset six years ago is Great Britain's Royal Mail. David Pilkington, its head of international and customs policy, explains that pilot projects are taking place on a multilateral basis with different organizations and companies and on a bilateral basis with key partner countries, primarily the United States and Canada. Great Britain has been working with its border agency to prepare for future changes.

"Internally we have a number of projects with our customs authority and Border Force that checks the mail on arrival. We are working with both agencies to develop the exchange and use of data," he says.

Royal Mail's Electronic Data Interchange (EDI) project manager, Nick Glynn, adds that it is about testing technical infrastructure. Data is exchanged daily on live mail items, but in very small volumes at present. "Royal Mail then captures that data and sends it to the U.S. Postal Service and Canada Post," he says. "It's working well. We are successfully exchanging data on a daily basis with these two postal operators, but we need to develop this approach to provide a global solution," Glynn adds.



O'Neill agrees that the experience has been successful so far. "It has put a foundation down for the exchange of data to occur," he says. "Now, it comes down to ensuring a standard message can be used for multiplicity of purpose." There is a huge potential for synergies in the information being exchanged in terms of facilitating border, aviation and postal security, he emphasizes.

#### **Customer is key**

Care must, of course, be taken not to lose sight of the key role customers could play in electronic data transmission. For the information on the mail item to be received in the destination country, it clearly has to be accurate and correctly entered at the point of origin. "The biggest part of the business process change for us Posts will be that transaction with the customer, and ensuring it's handled efficiently. It's probably the most daunting piece of this project," says O'Neill.

"Here in Canada we're probably typical of many of the jurisdictions around the world. We have major urban centres with high availability of high-speed internet that allows us to have a pretty intelligent conversation with the customer, whether they're preparing a parcel in their

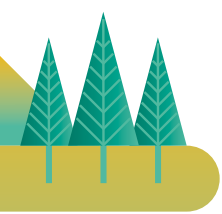
own office or home, right through to the rural setting where internet isn't regularly available," he adds.

With corporate postal customers, the collecting of relevant information should not usually present a problem. So-called social users, however, are a different matter. "The reality is we have 64 million customers in the U.K., who can walk into a post office and drop off a package with a customs declaration on it," says Pilkington. "It's a massive culture change for our customers and a huge challenge to collect all that data just in the U.K., to be able to send it forward and at the same time ensure our universal service obligation."

Posts enjoy the trust of their customers and have to work with them through the transition, educating them about the changes, says Pilkington.

"Posts are in a privileged position. We are trusted suppliers and a trusted part of the community. We have to educate people to provide data we can use. We also have to recognize that we have to protect their data and that we will have to communicate that to other parties who will use the data we've given them for the purposes of customs clearance."





“The biggest part of the business process change for us Posts will be that transaction with the customer, and ensuring it’s handled efficiently.”

#### Work to do

The plan is that ITMATT messaging will be phased in over the current cycle, beginning with the countries that have already successfully completed tests. While the technical solution is having the final touches put to it, another hurdle has to be overcome. “A prerequisite for implementation is a good communication structure between Posts and customs or border control authorities,” according to Harald Weyerich, director of the UPU Postal Technology Centre, which led the technical development of the ITMATT and the CDS.

The WCO would agree. “A messaging system does not function in isolation. It has to be woven into the business processes involved in clearing postal items. Appropriate communication linkages have to be established between national customs authorities, designated postal operators and other stakeholders,” it said.

The Royal Mail’s David Pilkington is clear there is still much work to be done during the next work cycle from 2014–18. “Congress has agreed to work hard in this cycle to develop a system that allows us to exchange data. During that period, we need to set up the rules, legal framework, standards and the process to enable the data exchange. But it won’t be a ‘big bang’ approach,” he says.

Indeed, the UPU Congress recognized in a resolution that “there remain disparate levels of resources, expertise, hardware and manpower amongst designated operators”. “I would say infrastructure is the single-most important issue. Countries have to find the resources to implement operational IT systems,” the UPU’s Mathur adds. Posts are tackling the challenge to send electronic data for border security and customs purposes head-on. Even if changes won’t happen overnight, work is well on its way. **MM**

*Morven McLean is a freelance journalist based in Berne, Switzerland.*



# Total Shipping / Package Volume

14% GROWTH

1  
Billion

3.3  
Billion

3.5  
Billion

010

(In P



UNITED STATES  
POSTAL SERVICE



UNITED STATES  
POSTAL SERVICE

# Staying the course

Patrick Donahoe, postmaster general of the United States Postal Service, says the postal sector has a bright future, even if there are definite challenges.

By Rhéal LeBlanc  
and Faryal Mirza

Photos:  
USPS

*Union Postale:* Having worked for almost 40 years in the postal sector, how have you seen the business and its customers change?

Patrick Donahoe: I have seen drastic change in this business. When I first started, it was a business mostly of letters and first-class mail. Today, it's a mixture of first-class mail, packages and advertising mail and now we're linking up digital to hard copy and the next thing will be getting into digital. So, the business has changed substantially.

Given that it is a difficult economic time for a lot of businesses and especially the USPS, how has your background helped you to deal with difficult decisions such as staff cuts or post-office closures?

One of the things that has been very helpful is that I really understand what happens in the organization. That and that I have been at the top level for a number of years has given us the opportunity to have some stability for long-term planning. We have had to make staffing reductions – 36 percent in the last 10 years. But we have been able to do it through attrition because we have had the stability to look forward to see what is going to happen in the mail and manage things from there.

The USPS's first-quarter results for 2013 show package growth and improved efficiency. Is this a sign that the company is on the road to profitability?

The encouraging results from our holiday mailing season cannot sustain us as we move deeper into the current fiscal year and face continuing financial challenges. By moving forward with accelerated cost-cutting actions, we will continue to become more efficient and come closer to achieving long-term financial stability. Congress must do its part and pass legislation that allows us to better manage our costs and gives us the commercial flexibility to operate more like a business. This will help ensure the Postal Service's future success and the mailing industry it supports.

Speaking of cost-cutting actions, you recently took the decision to do away with letter-post delivery on Saturday. Are you still comfortable with this decision? Absolutely. We've recently announced our new delivery plan, which features five-day mail delivery while maintaining six-day delivery of packages. We're advancing an important new approach to delivery that reflects the strong growth of our package business and responds to the financial realities resulting from America's changing mailing habits.

## The interview

“Congress must pass legislation that allows us to better manage our costs and gives us the commercial flexibility to operate more like a business.”

The new delivery plan will start in August. Once fully implemented, it will help us save about 2 billion USD a year. Independent surveys show that 80 percent of Americans approve of this plan. The American public understands our financial challenges and supports these steps as a responsible and reasonable approach to improving our financial situation.

To what extent do you think the USPS's problems are a barometer for the rest of the postal sector?

If you take a look at what has happened in our finances, there are two things. First: the majority of what has driven our problems in the last four or five years has been the requirement to prepay retiree health benefits to the tune of 5.5 billion USD a year.

If we did not have those payments to make, we would have easily been able to reduce our costs and keep a positive balance sheet with the loss of mail volumes we have had. In the last couple of years now, we have seen additional operating losses. Moving to a five-day delivery of mail and six-day delivery of packages will help us get back on the positive side financially. The key for us is comprehensive legislation on the current refunding requirements; not to walk away from them, but to restructure the payment so we can get back on a good, firm financial footing.

You're someone who has literally worked his way to the top. How has it been escalating the corporate ladder?

I have had a very interesting career. I started right at the bottom as a clerk when I was going to school and then worked through the organization up to our headquarters. Until two years ago, I was chief operating officer for almost ten years. Then I became the postmaster general. I've learned a lot and hopefully I have had some positive influence on the postal service and the industry.

What is your prognosis for the sector's future?

I am on record saying that I have a very optimistic view of the postal service and the postal sector in the entire industry. There is a lot of opportunity, whether in first-class mail, direct-marketing mail or packages.

There are also opportunities moving into the future with digital. And this is not just a U.S. issue, it's a world issue. It's just a matter of how much you want to work on it, plan and make it happen.

From our perspective, we think that once we resolve some legislative issues and get that behind us, we will be back on the road to growth. We have had some good stability in the last couple of years on the mail side. Packages have been growing very strongly and we see that continuing going into the future.

You attended the UPU's 2012 Congress.

What key takeaways did you bring home?

I learned a lot. There are a lot of similarities within the Posts. We are facing some of the same issues with the challenge of the internet and how it affects all of our businesses. The other thing I have learned is that other Posts' balance sheets are much stronger in terms of financial services and that's one difference as you look across the entire scope.

The key takeaway is that there are certain things that we all need to do. We need to work through the UPU to get to that point and we need to do this as quickly as possible. Time is of the essence and it's critical we move quickly on what we need to do going into the future. **RL&FM**





## The USPS in a nutshell

522,144 employees  
31,272 Postal Service-managed retail offices  
160 billion mail pieces processed  
Handles 40 per cent of the world's mail volume  
Revenue of 65 billion USD, first-class mail accounting for 29.8 billion  
212,530 vehicles, one of the largest civilian fleets in the world  
654,560 new delivery points added to the network

*\*All numbers based on 2012 data*

.....  
**Patrick Donahoe speaking to journalists**

“There are also opportunities moving into the future with digital. And this is not just a U.S. issue, it’s a world issue.”



# The other side of returns

.....  
New research from top business schools suggests that the quality of national postal services could shed a light on government efficiency.

.....  
**By  
Tobe Freeman**

According to one of the authors of this research, institutional economics expert, Andrei Shleifer, much of the debate about government inefficiency normally focuses on political causes. Low levels of transparency and accountability, so the argument goes, leads to corruption, inefficiency and ultimately a collapse in standards. This suggests that the remedy for inefficiency is to enhance transparency, accountability and other political dimensions.

Shleifer and colleagues, however, adopt a different approach to understanding government inefficiency. With an eye towards the world of business and the private sector, he focuses on the standards of human capital, technological infrastructure, and finally on the quality of management in public institutions. He tries to understand how these factors contribute to better quality and service.

But how do we know whether these business-oriented factors are relevant to the workings of public institutions? To answer this question, Shleifer and his colleagues from Harvard University, the University of Ottawa, EDHEC Business School and the Tuck School of Business at Dartmouth College developed an elegant approach to measure the quality and efficiency of governments around the world. They simply measured whether international mail addressed to a fictitious receiver is returned to its sender, as mandated by the Universal Postal Union.

According to Article 147 of the UPU's Letter-Post Regulations Final Protocol of 2009, designated operators should return letters that 'obviously' cannot be delivered 'forthwith' to the Post of origin. The designated operator may retain the letter for one month under normal circumstances. In special cases, this may be extended to up to two months.

The task of sending and returning a letter was chosen because it was 'a fairly simple and universal government service', say the authors. "We are thus looking at government efficiency from the narrow perspective of whether this task is actually performed," the paper reveals. The authors add that "we are looking at a government service where corruption plays no role... No larger political purpose is served by either returning the letter or throwing it out."

The academics sent hundreds of letters to non-existent business addresses in 159 countries, using fictitious business names and streets in the United States. In all other respects, the letters satisfied postal requirements, such as being correctly addressed. Printed in large, friendly letters was a return address at the Tuck School of Business in the U.S. and the words: "Please return to sender if undeliverable."

## Range of performances

Then they waited. No letters were returned within one month. Around 60 per cent of the letters eventually returned. Indeed, all letters sent to the U.S., El Salvador,



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**According to UPU Letter-Post Regulations, Posts should return letters that “obviously” cannot be delivered “forthwith” to the Post of origin.**

Czech Republic and Luxembourg came back within 90 days. A further 17 countries also achieved a 100 per cent letter-return rate within six months of being sent. They included Canada, Norway, Germany, Japan, Uruguay, Barbados and Algeria. A total of 16 nations failed to return a single letter during the six-month study period. While most were in Africa, they also included Tajikistan, Cambodia and Russia.

The researchers found that basic infrastructure, such as the number of permanent post offices available to serve the population, has a strong influence on the letter-return rate. Almost 85 per cent of the letters sent to high-income countries came back, while the poorest quarter of the global sample returned just 32 per cent on average.

This wide range of performances in the letter-return rate is informative. It highlights a widespread failure to adhere to a key UPU mandate, namely that letters normally be returned within one month. It also creates the opportunity to carefully explore the relevance of those more business-oriented factors, such as the availability of technology and the quality of management.

To assess the impact of these factors on government efficiency, the authors used global surveys of technological infrastructure and of management practices around the world. Sure enough, they find that standards of technology and of management have a significant impact on the letter return rate and on the time taken for the undeliverable letters to return.

Nearly half of a country's final performance in the letter-delivery task can be accounted for by tallying up the availability of technology and other infrastructural resources. One key factor turns out to be the availability of machines for reading addresses. Another technology factor impacting the letter return rate is the quality of the databases used by these machines to interpret text written using Latin characters.

And when the authors examined the impact of management quality on the letter return rate, the ability of managers to supervise and monitor employees turns out to be quite important. Other aspects of human capital, such as general levels of education among workers, appear to have a lesser impact.

Shleifer is quick to point out that these results do not say that accountability and transparency are unimportant for the functioning of public institutions.

“These things have enormous value on their own,” he explains. Yet the results are intriguing for anyone who has wondered about the causes of government inefficiency. **TF**

*Tobe Freeman is a freelance marketing-communications expert based in Zurich, Switzerland.*



**The working paper (No. 18268) is available from the National Bureau of Economic Research**  
<http://www.nber.org>

# African plan gets ball rolling

Work to regionalize the Doha Postal Strategy has reached an important milestone with African countries agreeing on their priority projects for the work cycle 2013–16.

By Rhéal LeBlanc  
and Faryal Mirza

Key stakeholders from 24 countries belonging to the Pan African Postal Union (PAPU), a UPU restricted union, met in Arusha, Tanzania, on February 21–22, 2013 to hash out the details of modernizing the continent's postal services under the framework of the UPU's regional development plan (RDP).

The RDP brings the Doha Postal Strategy to a regional level and sets budgets for each of the priority projects designed to achieve the strategy's goals. A plan is developed for each of the UPU's five regions at the start of a new work cycle.

In Africa, projects will focus on enhancing the quality of postal services and using information and communication technologies to stimulate e-commerce and grow the parcel and small-packet business. Posts will continue to adopt mail monitoring systems and improve national mail conveyance. They will also set up electronic payment systems and explore the use of .post, the UPU's sponsored top-level domain name.

Younouss Djibrine, PAPU's secretary general, described the regional development plan as an essential tool to bring postal services up to speed, especially in Africa, where 30 of the 49 countries in the world classified as least developed are located.

"The tool is not just a mechanical instrument. It reflects the wishes, aspiration and needs of a particular region as it helps to make decisions and grapple with the challenges of postal development in Africa," Younouss emphasized.

UPU Director General Bishar A. Hussein welcomed the opportunity to map out a coherent approach forward. "My desire is to see Africa at the centre of the UPU's activities... and harness its great potential," said Hussein, who was making his first trip abroad as the Union's head.

## Focus on quality

African Posts experienced some notable progress during the 2009–12 work cycle. For example, 13 countries adopted the UPU's Global Monitoring System, using RFID to better track mail, 355 post offices in six countries were connected to the UPU's electronic payment system, and more than 20 countries adopted an integrated postal reform development plan to modernize the postal sector and better meet its universal service obligation.

Despite these advances, there is "still a lot to be done to bring African Posts to the desired levels," said Hussein. While other regions have seen domestic parcel volumes rise, the same in Africa fell 7.5 percent in 2010/11. And

even if service levels for end-to-end delivery of international mail remains stable in the region, there is some way to go before achieving the 80 per-cent standard within five business days (85 percent for the 2013–16 cycle). The strongest performance in 2012 came from countries in French-speaking Africa. According to UPU continuous testing results on hundreds of links, Posts from these countries delivered 69 percent of mail



Improving quality of service,  
a key priority in Africa



circulating among them within the standard, while they achieved 52 percent for mail coming from industrialized countries.

The meeting in Arusha also brought to light the specific challenge of strengthening the postal infrastructure in general by simply getting electricity in post offices in some cases. About 1,000 post offices in 19 countries still have no electricity, compared to some 4,000 outlets in 14 countries that do. Improving national and regional transport and addressing also deserve attention.

## Gaining customers' confidence

The Tanzanian minister for communication, science and technology, Makame Mbarawa, called on African countries to demonstrate a serious commitment to a reformed postal sector.

"Staying close to the customer, regularly setting and measuring quality standards should be a 'must do' for all

service providers. Failure to do so will consign you to playing second fiddle to your competitors. The business you are gathered here to do means so much to the survival of postal services, not only in Africa but also throughout the world," the minister said. "It is our duty to give confidence to customers and potential customers of the Post that the sector has the capacity to deliver on its promises and that it is changing in line with their needs and expectations," he added.

The other regional development plans are being finalized in consultation with the various regions for presentation to the UPU's Council of Administration in April 2013. More detailed discussions will take place in the regions when the major restricted unions hold their annual meetings. **RL&FM**

## How projects are financed

The UPU's development cooperation budget is set at close to 8 million CHF for the next four years. Given the number of least developed countries located in Africa, this region will get 38 percent of this budget, while 16 percent will go to Latin America, 23 percent to Asia-Pacific, 13 percent to Arab countries and 9 percent to Europe and the Community of Independent States.

Given the limited reach of this budget, the UPU relies on other sources of financing, such as member countries' voluntary contributions or those partner organizations give for specific projects.

And then there's the Quality of Service Fund (QSF), a powerful

source of funding for member countries. Abdelilah Bousseta, director of development cooperation at the International Bureau, strongly encourages the Posts of UPU member countries to use their QSF funds to finance projects to improve the universal postal service.

"The QSF is an important financing mechanism, specific to the UPU, and countries must make good use of it to fund well-structured projects with clear goals and capable of bringing real improvements to mail distribution," he stressed.

The Fund today contains 55 million USD and has financed more than 600 projects since its creation in 2001. It is powered by a percentage

of the terminal dues member countries pay for processing each other's incoming international letter post.

The great majority of QSF projects have a national scope, covering anything from the purchase of vehicles, equipment and IT applications to the restructuring of mail operations to improve mail processing and distribution. But it also helps to fund regional projects, such as improving the transportation network covering several neighbouring countries or global projects, such as the implementation of the UPU's Global Monitoring System (GMS) in countries worldwide. **RL**



## Getting strategic with money transfers

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Getting more countries to join a new clearing system and adopting a common collective brand are among the UPU priorities to help Posts build electronic money-transfer traffic.



**Correogiros in Latin America and Spain, MEI in Senegal... adopting one common brand for all postal money transfers exchanged on the UPU network will strengthen the service's visibility**

By Rhéal LeBlanc

The heads of about 30 Posts, managers of postal financial services and experts stressed the need to move quickly on these issues at a strategic conference in Paris at the beginning of March to help launch the UPU's future work in this area.

More than 60 countries exchange money transfers using the UPU's International Financial System (IFS) application and electronic network, which celebrates its twelfth anniversary this year. As this well-established network expands, conference participants agreed that strategic decisions be taken to propel the electronic money transfer to new heights and replace the obsolete paper money order once and for all. Electronic transfers are faster, more secure and fully traceable, better meeting customers' evolving needs.

### Centralized system

Setting up a clearing system to guarantee money-transfer payments among postal operators is critical, and the idea has been in the works for years. The first iteration of such a system launched in September 2012 in Latin America, where 10 Posts exchange money transfers among themselves and with Spain's designated operator, Correos, is working well. The challenge now is to extend this system to other countries.

In Paris, 14 Western and Central African countries said they wanted to join the clearing system. Omar Ndiaye, director for money transfers at La Poste in Senegal, is convinced of the system's value. La Poste used to exchange money transfers with several African Posts, but it had to sever ties with those that were not paying their invoices. With time, these Posts accumulated a huge debt towards the Senegalese operator, which remains unpaid to this day. For Ndiaye, depositing the funds in a central account would eliminate such debt risks and, as money-transfer traffic grows, a clearing system would be an important competitive asset.

"Such a system would allow us to reach a new level and better position our money-transfer service against those of competitors," he points out.

In April, during the UPU's Postal Operations Council session in Berne, discussions will focus on how to adapt the clearing system to meet the needs of all countries wanting to join it. For example, the system currently has the U.S. dollar as its unique currency; there is a need to bring in other currencies, such as the euro, to reduce currency exchange risks.

The development of governance rules for participants will also be discussed. If decisions can be taken quickly, experts overseeing the clearing system's expansion expect it to be ready to accept new countries this year.

### Common brand

Another priority is adopting a collective brand for all Posts that offer or plan to offer an international, electronic money-transfer service through IFS.

The service today goes by various names depending on one's location: Mandat Electronique International or MEI in France and in several African Posts, Correogiros in Spain and Latin America, or International Express Money Order in some East African and Asian countries. The UPU wants Posts this year to validate a common brand to help them strengthen their service's visibility and marketing efforts.

With 670,000 post offices worldwide, postal money transfers are important for migrants and inhabitants of rural and isolated regions, where banking institutions are seldom found. The UPU is committed to helping Posts develop money-transfer services and bring them closer to these people to help reduce the cost of sending remittances by 5 percentage points in five years, in line with G8 global targets set in 2009.

In 2012, migrant transfers totalled some 400 billion USD, more than official development assistance and foreign direct investment combined. **RL**



**Listen to the news report and postal leaders talking about the role of postal financial services in facilitating financial inclusion:**

<http://news.upu.int/multimedia/videos/postal-financial-services/>

# How cool is EMS?

For lovers of Japanese food living in Taiwan and Singapore, it is a dream come true – parcels of chilled Japanese delights delivered to their doors the next day, thanks to a new express mail service from Japan Post.

By Faryal Mirza

Created to meet the demands of Japanese people living abroad and non-Japanese alike, Cool EMS will run from April 1, 2013 to March 31, 2014, for a trial period. Behind it is a partnership between Japan Post's express mail service (EMS) and Japan Airlines (JAL). Cool EMS can transport parcels weighing up to 15 kg in a special box filled with reusable refrigerant bags. The kit ensures contents are kept between two and ten degrees Celsius for up to 80 hours, says the Post.

And this could be the first time in Asia-Pacific that such a service has been offered through the EMS network, the Posts' courier service. "While there may be some private companies offering a similar service to Cool EMS, the consumer cannot usually afford to pay for it. Cool EMS is more cost-oriented towards them," says Japan Post's Naoyasu Shiozawa.

The service was set up in response to customer enquiries about sending fresh food through the postal network. "There are a lot of travellers from Taiwan and Singapore in Hokkaido, northern Japan, who want to

take home fresh food but can't because of baggage restrictions on planes," says Shiozawa. "There are also many high-quality Japanese restaurants in Singapore and Taiwan, which want food from Japan."

Tourist shops in Hokkaido also asked the Post if it was possible to send foodstuffs, like fresh crab and salmon, by post or EMS in small quantities. Hokkaido is known for its culinary delicacies. More than a quarter of all arable land in Japan is located there, as well as a sizeable portion of the country's aquaculture industry.

Japan Post then approached JAL, aware that the airline was transporting small amounts of temperature-sensitive pharmaceuticals and other medical items in specially cooled containers. JAL then modified the box design so that it could transport food instead by EMS.

## Pick-up

Once the trial service begins, Japan Post employees will pick up the food parcel from the customer's premises and pack the contents into the Cool EMS box. To enable next-day deliv-

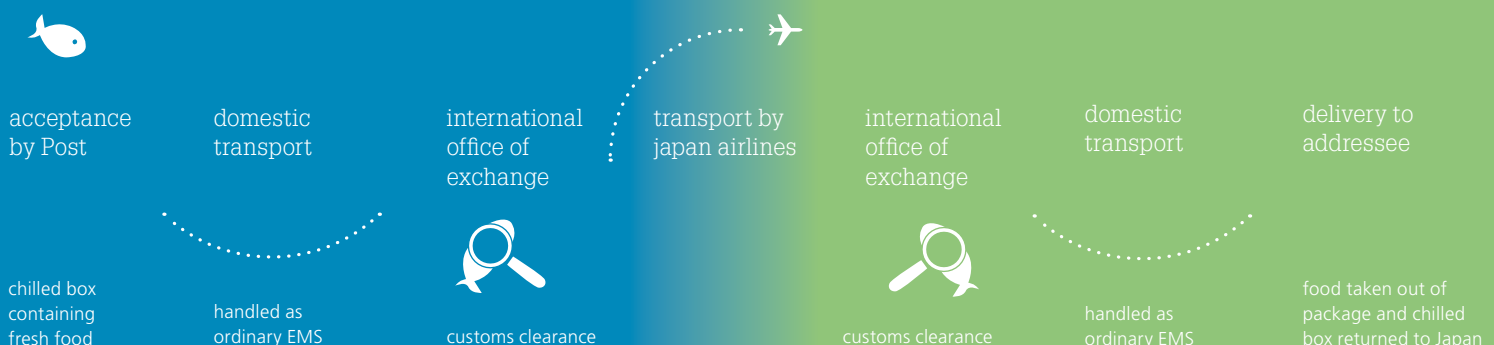
ery, the box is then taken to the post office, treated and dispatched as an ordinary EMS item from the international office of exchange. An agreement with Customs in the importing countries will see Cool EMS expedited through customs and released for delivery to the final destination.

"The operational flow, while slightly different, is not difficult. The main difference is at the delivery point; postal staff need to pick up the empty cool-chilled box for return to Japan Post," Shiozawa said. He added that the operational flow is the same as for empty M bags and that no air conveyance charge is payable to return the box to Japan.

As for the future, it is looking bright. With a considerable diaspora of Japanese people and connoisseurs of the island nation's food living in other countries, there are plans to extend the trial to other parts of the region and beyond as well as branching out into frozen food. **FM**

JAPAN

TAIWAN / SINGAPORE





## U.S. issues its first forever international stamp



The United States Postal Service has unveiled its first international forever stamp, enabling the posting of a first-class letter weighing one ounce anywhere in the world. Such stamps do not have a face value and can be used for an unlimited period even if international mailing tariffs increase at a later date.

The USPS is the first postal operator to issue an international forever stamp on the American continent, but France, Great Britain and the Netherlands have also brought out such stamps, says Louis Virgile, UPU philately programme manager. He says such stamps can be part of a win-win situ-

ation for customers and postal operators alike. "It is to the customer's advantage that they can buy this stamp and use it whenever they want without worrying about prices rising in the future," Virgile says. "At the same time, a forever stamp enables the issuing authority to produce them in booklets in large quantities. This can result in significant cost savings," he adds.

Collectors too are likely to be interested in adding this stamp to their collections. The stamp is available in self-adhesive panes of 20, each costing 1.10 USD. It can also be used to mail a two-ounce letter to Canada. **FM**

## Digest

### Brazil

**Brazil Post** says it surpassed its annual quality targets for the provision of basic postal services in 2012. The government set the national postal operator its first-ever quality targets at the beginning of last year. Brazil Post said it had achieved the target of establishing a post office presence in all the country's municipalities by November, offering access to 5,565 cities.

**Brazil Post** has launched a new express delivery service. SEDEX 12 offers delivery of documents and goods with a guarantee of arrival by 12 o'clock the next business day. The service will be available in a number of states in areas that do not currently have access to the existing express product SEDEX 10.

### Canada

**Canada Post** has developed its application for mobile smartphones to include its epost service. The mobile application can now be used to manage household bills, with a simplified online pay-

ment system. Other features include package tracking and information about the nearest postal outlet, postage rates and post codes.

### Estonia

**Estonia Post** is assuming full control of mail production firm Estonian Electronic Mail Ltd after Finland's Itella Group pulled out of the joint venture. Estonia Post confirmed it had acquired the Finnish group's 49 per-cent stake. Tallinn-based Estonian Electronic Mail Ltd provides services including rapid printing and business mailing.

### France

**Fevad**, a French e-commerce association, reported that e-commerce sales in France soared by 19 per cent last year to 45 billion EUR (61 billion USD), and further double-digit growth is expected this year. Commenting on the figures, French Trade Minister Sylvia Pinel said online retailers were "at the heart of the evolution" underway in the French way of life and

consumption. But e-retailers also faced challenges in ensuring secure shopping and payment.

### Latvia

**Latvia Post** is extending its cooperation with fuel supplier, Statoil, to allow customers to pick up parcels at filling stations across the country. The postal operator has been piloting the service at seven Statoil petrol stations since August. The service is now being rolled out to 30 filling stations in the capital, Riga, and other cities.

### Malaysia

**Pos Malaysia** said its net profit grew 38 per cent to 67.2 million MYR (22 million USD) in the first half of 2012. The increase was driven by growth in its courier business, which accounted for 24 per cent of group turnover. Its mail business accounted for some 57 per cent of the same.

### Malta

The board of **MaltaPost** has given it the go-ahead to expand into the insurance business.

Directors approved the setting up of a unit to sell insurance products, subject to regulatory approval. The project is part of a strategy to seek alternative sources of revenue in view of a decline in traditional mail volumes.

**PostNL** has opened a new parcel depot in the southeast part of the country. It is the eighth to be opened following a restructuring of Dutch postal networks to handle more parcels and fewer letters. In response to strong growth in e-commerce, PostNL Parcels has invested around 240 million EUR (325 million USD) in parcel infrastructure. It aims to have capacity to handle more than 140 million packages a year from 2015.

### New Zealand

Parliament has passed a law granting the powers for a new national online identity verification service run by the government and **New Zealand Post**. The act allows private-sector organizations to access the RealMe ID verification service. From 2013 the service will verify that people using certain internet services are who they claim to be. The Post is promising a "simple, secure" process guarding against identity theft.

**New Zealand Post** has agreed to a deal worth 142 million NZD (120 million USD) to sell its 35 per-cent stake in IT services company, Datacom Group. The sale has been conditionally agreed with the government investment fund. The planned sale is aimed at reducing

debts and providing funds for future investment. The Post expects to make 76.4 million NZD on the sale.

### North America

The United States and Canada have agreed to harmonize customs thresholds for low value goods to speed up delivery. Items below 2,500 USD and 2,500 CDN in value can now qualify for "informal entry" across the border, resulting in reduced paperwork and handling fees. The harmonization aims to improve trade and make it easier for businesses to move items across the border more quickly.

### Poland

**Polish Post** has launched a new hybrid mail service allowing customers to send electronic greetings cards and postcards, which are converted to the physical form prior to delivery. The neoKartka.pl service offers customers a choice of eight themes costing 4.49 PLN (6.10 USD) per item.

**Polish Post** is trying to win business clients over with free insurance on courier parcels. Its courier division, Pocztex, is offering indemnity of up to 1,000 PLN (322 USD) as standard on all parcel deliveries as it seeks to increase its share of the e-commerce home delivery market. The insurance covers destruction, damage and loss.

### Romania

Bucharest is to sell its controlling stake in **Romanian Post**. The government has

approved a framework for postal privatization that will see an investor owning 51 per cent of the company's share capital. It said it was looking for a "substantial" capital contribution from an investor demonstrating a long-term commitment. The company is currently 75 per cent owned by the government, with the other 25 per cent belonging to a national fund.

### Singapore

**Singapore Post** announced that revenue grew 14.5 per cent to 171 million SGD (138 million USD) in the third quarter of the business year ending 31 December. But profits were down 5 per cent to 39.5 million SGD, owing to the costs of investing in new business activities and lower mail volumes. The key revenue driver was e-commerce growth in all business areas, including international packages. However, domestic mail volume declined for the fifth consecutive quarter.

### Switzerland

**Swiss Post** is to become a public limited company (PLC) – fully owned by the state – from June 26, following the adoption of postal reform legislation. The government has confirmed the move aimed at giving the business more flexibility and independence. At the same time, Swiss Post's financial arm is being spun out as an independent PLC. The Swiss banking regulator said it would issue PostFinance with a conditional banking licence.

*All Items by Morven McLean*



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