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UNION POSTALE



Universal Postal Union,
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Regions shape strategy
Drones take off

PosTransfer
delivers pep to
postal remittances

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2 Provide knowledge and expertise



3 Promote innovation



4 Foster sustainability

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EDITOR-IN-CHIEF: Faryal Mirza (FM)

AUTHORS: David Koch (DK), Catherine McLean (CM), Mutua Muthusi (MM), Clare O'Dea (CO), Julian Ryall (JR)

DESIGN AND LAYOUT: Die Gestalter, Switzerland

SUBSCRIPTIONS: publications@upu.int

ADVERTISING: faryal.mirza@upu.int

CONTACT:

Faryal Mirza
Head (a.i.), Communications
International Bureau
Universal Postal Union
P.O. Box 312
3000 Berne 15
SWITZERLAND

PHONE: +41 31 350 31 11

E-MAIL: faryal.mirza@upu.int

WEBSITE: news.upu.int/magazine

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.

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COUNCIL OF ADMINISTRATION

Reform, strategy and development highlighted



Behind these walls, hundreds of delegates gathered....

The 2015 Council of Administration (CA) session brought into focus a number of key issues, including reforms designed to streamline the work of the UPU, plans for the next World Postal Strategy and the UPU's development cooperation efforts.

The wide range of topics discussed at the meetings, which took place at UPU headquarters from October 26 to November 13, signify the diverse activities of the UPU and its member countries as they carry out the Doha Postal Strategy and prepare for the Istanbul Congress next year.

Union reform

Reforming the UPU to make its decision-making swifter and more efficient was a major theme. Following discussions, the committee noted a "clear consensus" in favour of reforming the UPU's structure, decision-making and working methods. The ad-hoc group on reform is now tasked with arriving at a single proposal for the February 2016 CA session.

Updating Acts

Draft revisions of the UPU Convention and the merged Letter Post and Parcel Post Regulations were also approved. The proposed changes follow a 2012 Congress resolution to render the Postal Operations Council (POC) a "more efficient and swifter decision-making body" through a general revision of the documents.

The draft of the revised UPU Convention will serve as the basis for proposed amendments at Congress next year. As for the draft revised Regulations, it will head to the POC for approval in February and will serve as the reference text for future proposed amendments at the POC in light of Congress decisions.

Also approved was a set of proposals to widen the membership of the CA's Consultative Committee (CC) through amendments to the General Regulations. This is meant to reinforce the CC's role by allowing it to include "high-level figures from the postal sector recommended by member countries and the bodies of

the Union, including the CC", civil society organizations and others.

Istanbul strategy

The CA session was also an occasion for the UPU and member countries to continue their preparations for the next World Postal Strategy, which will be signed off at the 2016 Congress.

The committee responsible for strategy endorsed the second draft of the Istanbul World Postal Strategy, which was refined at a series of seven regional strategy conferences providing key inputs for this core strategy roadmap. (See page 15 in this issue.)

The first draft of the four-year Istanbul business plan was also presented. In 2012, the Doha Congress introduced a provision requiring the CA to detail all UPU activities for the work cycle in line with actual resources available. Once finalized, this business plan will form the basis of the UPU programme and budget, and for the operating plans of the CA and POC.

Many hands make light work

The regions have spoken and given their views on what elements they will focus on during the next world postal work cycle. As the article in this issue shows, the regions have similar preoccupations that will and, frankly, should shape the next world postal strategy. This is no small task and the multitude of voices will, no doubt, help to ensure that this new strategy is one that is fit for purpose and closely matches its constituents' requirements.

Way ahead

This issue of the magazine sheds a light on the many developments occurring in the UPU's corridors in recent times. The launch of the collective mark, PosTransfer, is one of the major events, deserving the cover spotlight. In other news, we celebrate our membership of the United Nations' family as it turns 70 and unveils its new Sustainable Development Goals. Just as our member countries are bracing themselves for the changes ahead in the run-up to Congress and beyond, so too is the UPU International Bureau. Happy holidays!

FARYAL MIRZA, EDITOR-IN-CHIEF

Development

The UPU's efforts in development cooperation during the 2013–2016 period and plans for the coming cycle were another focus of the CA. The committee responsible for this dossier, chaired by Barbados, heard that 88 per cent of the 111 projects envisaged under the Regional Development Plans (RDPs) had been formulated and launched by the end of August 2015.

That includes 35 in Africa, 21 in Asia-Pacific, 16 in the Arab region, 13 in Europe/CIS, 7 in Latin America, and 6 in the Caribbean. By the end of August, 39 had been executed.

Four regional postal training centres have also been set up for UPU member countries during the current work cycle, according to a report presented to the committee by the International Bureau. In September 2015, a training centre for the Europe and CIS region opened in Russia, with one for the Arab region due to open in Tunisia in November 2015.

The committee also approved a forward-looking draft document on UPU development cooperation policy for the coming 2017–2020 period. According to the draft, the regional approach will remain "the cornerstone" of the UPU's development coordination efforts, with (RDPs) at the heart of this approach.

Diverse activities

Beyond these highlights, the CA session was marked by a wide variety of other UPU activities. To cite one example, the UPU's E-commerce Programme (ECOMPRO) was noted for its progress in services both physical (including new e-commerce parcel specifications) and non-physical

(such as e-commerce web shops under .post).

Other important issues touched upon included UPU finances, the ongoing development of the remuneration system, sustainable development, disaster risk management, and financial inclusion. The overall picture was one of diverse activity as the UPU and member countries confronted the challenges facing Posts in the 21st century. **DK**

ADDRESSING

Infrastructure under spotlight

Mass migration from rural to urban centres and other phenomena have made addressing a matter of urgent necessity in many developing countries, and was discussed during a recent conference at UPU headquarters in Berne, Switzerland.

"Because of this rapid and uneven shift in population distribution, governments are often unable to identify or locate individuals and places for services," said UPU director general Bishar A. Hussein at the October conference.

Sanitation, water and electricity are among the services that often require an address. Hussein added that the consequences of inadequate addressing infrastructure include the "official non-existence of individuals".

The results can be especially problematic for the poorest and most vulnerable, who are often those excluded from addressing. For example, these individuals face higher risks in cases of natural disaster or the outbreak of disease, since intervention is often stymied by the absence of addressing.

On a practical level, a lack of good addressing makes it difficult to provide postal services. For the UPU's part, it has created a tool that enables mailers to ensure that the addressing data they use at the level of the postcode meets international address validation needs, thus reducing the volume of non-deliverable mail.

For its part, the UPU's Universal POST*CODE Database contains raw postcode data from across the world, converted into a uniform format. This database enables users to find postcode data at town, locality, street and delivery-point levels, depending on the particular country's system. This facilitates easy-checking of postal addressing data globally.



Urban sprawl (Photo: David Shankbone)

Stopping Ebola

A powerful illustration came from Liberia of how the lack of standardized addressing hindered emergency services during the recent deadly Ebola outbreak, said Frederick Norkeh, Liberia's Minister of Posts and Telecommunications.

However, in a community where houses had been numbered as part of a 2013 pilot project, contact recent tracing – the locating of those who were in contact with someone sick with the virus – was "effective and efficient", said Norkeh.

He called on international support for countries that have scarce resources to improve inadequate addressing infrastructure.

"Technical and financial support are needed from the global community in favour of countries that are yet to implement addressing programmes," said Norkeh, who is also Liberia's Postmaster General.

Exchange of ideas

The conference, which took place on 26–27 October, served as a chance for Posts and external partners to exchange ideas about how to overcome obstacles and reap the socio-economic benefits of addressing infrastructure.

The need for such an exchange was stressed by Mohamed Saleh ben Taher Benten, chairman and CEO of Saudi Post, which sponsored and chaired the conference. In his speech, he noted that addressing promotes economic development, including through electronic government services and e-commerce, calling addressing a "fundamental human right."

Groups represented at panels and hands-on sessions included international organizations, government agencies, private companies and postal operators. **DK**

Sector's future to be driven by innovation

The success of the UPU and the Post will be determined by their ability to respond to fast-changing consumer needs and expectations, according to Deputy Director General Pascal Clivaz at the UPU's World Postal Business Forum, held at Post-Expo 2015.

For its part, the UPU will focus on innovation, integration and inclusion as the key drivers for the sector's future, Director General Bishar Hussein said, in a statement delivered by Clivaz at the opening. The need for structural reforms in the postal business, driven by technology, was also highlighted.

"The Post must adapt to new technologies and infrastructure that will enable it to develop suitable last-mile delivery networks leading to the economic, social, financial and digital inclusion of all citizens of the world," he said.

Given their global infrastructure, Posts have a unique role to play in delivering the promises of cross-border e-commerce. According to Clivaz, the UPU's end-to-end framework for e-commerce, known as ECOMPRO, is the only global approach that can successfully meet the needs of all stakeholders in the e-commerce ecosystem.



Clivaz at the podium (Photo: keystone)

Clivaz concluded by saying that all players in the e-commerce market needed a "massive confidence boost" and that the international postal sector was well-placed to provide it.

The forum was also addressed by Philippe Wahl, chairman and CEO of France's La Poste, who said that future postal business would be driven by the digital platform.

"La Poste has diversified into logistics, banking and financial services, and even mobile telephone operations," he added.

Some 3,600 attendees from around 100 countries attended POST-EXPO in Paris, France from September 29–October 1. **MM & DK**

PARTNERSHIPS

Meteorology and postal network join forces

Helping postal services reduce the risks posed by natural disasters is the key objective of a renewed partnership between the UPU and the World Meteorological Organization (WMO). The memorandum of understanding, signed by the two specialized UN organizations, is meant to increase the preparedness of Posts through improvements in the use of weather and climate data.

"Meteorological services and postal networks are joining forces to build synergies and develop better use of climate and weather information and predictions," said UPU Director General Bishar A. Hussein in a statement.

"Through this partnership, the Post can also play an important role

in facilitating access to meteorological information to local communities and developing early warning systems," he added.

The agreement reaffirms a history of cooperation between the two organizations that spans more than a century, said WMO Secretary General Michel Jarraud. He stressed the importance of maintaining "high-quality services in the face of climate change and the impact of natural hazards".

As the world confronts the challenges posed by man-made climate change, the UPU is making member countries aware of disaster risk management to make postal services more resilient in the face of increased

hazards. An element of this covers the use of climate and weather data and predictions.

Through access to meteorological information that is targeted and tailored to postal operators, the new memorandum intends to help the UPU's 192 member countries to reduce economic losses and reach out to communities in times of crisis.

The two leaders met during the November session of the United Nations Chief Executives Board for Coordination, which brought together the heads of the UN organizations in New York. The WMO is active in for meteorology, operational hydrography and related geophysical sciences. **DK**

UNITED NATIONS

UN at 70

When the United Nations Office at Geneva opened its doors to the public in October to celebrate the founding of the UN in 1945, the UPU was present with a strong team of staff volunteers. Some 20,000 people visited the Palais des Nations that day. The multitude of visitors to the stand particularly enjoyed writing and sending pre-franked UPU postcards to anywhere in the world, as well as being serenaded and entertained by Sally the UPU Postie with her ukulele, cakes, songs, parcels and peace dove.



POSTAL FINANCIAL SERVICES

Postal banking's link to female financial inclusion

Post offices are an important source of financial inclusion for women, especially in rural areas in the developing world. That's one of the key messages of a new report published by the UPU and UN Women.

Women remain disproportionately unbanked worldwide, and this has major implications for development. Access to financial services can affect children's nutrition and their outcomes in school, for example. And from a gender equity perspective, access to financial institutions can help boost women's economic positions, both in the household and beyond, while increasing household income and wealth.

The development community often looks to groups including microcredit organizations to improve women's financial inclusion, but such groups are heavily dependent on aid money. Meanwhile, the considerable role of post offices – which have banked over 1 billion people in 51 countries – remains overlooked, said Smriti Rao, the US-based scholar who led the study. "Their role in financial inclusion of women has just been underplayed," said Rao in an interview with *Union Postale*.

Multiple forces conspire against women opening bank accounts. Women are often concentrated in low-paying jobs and the informal sector, this due to factors including lower levels of education.

Restrictions on mobility or the right to own property also mean women are less likely to have money or wealth allowing them to demand financial services.

Non-gender based

The report stops short of calling for accounts designed exclusively for women and girls. Such products may fail to address underlying problems and can even provoke a backlash, said Rao.

But certain features could be included in products that are appealing to women and foster their inclusion, said Rao. Examples may include accounts that protect women's savings from the demands of their family members with long periods when withdrawals cannot be made.

Postal inclusion

Data compiled by the World Bank and Gallup – from a sample of 19 developed and 37 developing countries – indicates that post offices are more inclusive for women than formal financial institutions.

In developing countries with postal accounts, the gender ratio for Posts is 1.27, meaning the share of

postal accounts held by women surpasses the share held by men. The opposite is true among financial institutions in those countries, which have a gender ratio of 0.73.

Outreach

But, while such findings should be encouraging, postal inclusivity for women may be a kind of happy accident resulting partly from the wide extent of the postal network, especially in rural areas.

One key finding in the study was that the female share of those banked through the Post varies depending on the business model. In particular, this is the case when the Post offers "unlicensed savings accounts." Although these are not guaranteed by the central bank, the risks are likely to be lower than the informal financial services the poor tend to rely upon otherwise. And although unlicensed savings accounts are considered the "least sophisticated type of financial services that Posts could offer," they probably best match the needs of the rural poor and women, said Rao. **DK**



READ THE REPORT

http://news.upu.int/uploads/media/Gender_Financial_Inclusion_through_Post_2015.pdf





Brand adds pep to postal remittances

The UPU has launched a new collective trademark called PosTransfer in a bid to boost the profile of designated operators in the electronic postal payment market.

TEXT:
DAVID KOCH

ILLUSTRATIONS:
**KOTRYNA
ZUKAUSKAITE**

The newly minted brand is part of larger effort to unite electronic postal payment services of disparate countries and win the trust of customers, including the myriad migrant workers who need reliable, affordable payment services to support families abroad.

Developing countries recorded 436 billion USD of remittances in 2014 alone. And, although designated operators are known for providing electronic payment services at a relatively low price, they are now striving to position themselves as a high-quality electronic payment alternative with a wide ranging network. That's where the new trademark comes in.

High interest

The new brand is meant to create recognition worldwide.

"The desired outcome is that postal payment services using this trademark will become associated with being a trustworthy, cost-effective and efficient service by virtue of this brand," says Alexandre Rodrigues, UPU programme manager, postal financial services.

"The launch of the trademark is meant to increase the profile of designated operators in the competitive market of electronic money transfers," he adds.

At the time of writing, 25 designated operators have already expressed their intention to join the PosTransfer Group at the UPU, which will handle matters related to the collective mark. They include Russia, which accounts for the highest number of transactions through the UPU's International Finance System (IFS) platform. Another major player planning to adopt the PosTransfer brand is France's La Banque Postale, which has corridors with some 33 countries for its Mandat Express International money transfer service. By 2020, the PosTransfer Group aims to increase its membership to 100.

And the market for remittances keeps on growing. Remittances received around the world expanded by over 130 billion USD from 2009–2013, growing each

year to reach nearly 549 billion USD. And, although instability and slow economic growth have put a damper on the remittances market this year, the World Bank is predicting an overall rebound in 2016.

Brand recognition

For Professor Barbara Phillips, a marketing specialist at the Edwards School of Business in Saskatoon, Canada, a common brand can bring advantages.

"You have to have the brand to hang meanings on," Phillips says.

"With a brand, wherever you go, that brand means something to the customer," she says, pointing to McDonald's, the fast-food chain, as an example of a known trademark coming to represent a common experience with great success.

She noted, however, that a worldwide mark also pressurizes holders to deliver that common experience. In that sense, the postal workers that actually deliver the PosTransfer service will play the critical role of brand ambassadors, communicating the feeling of trust and caring to customers.

"At the basic frontend, that has to come through," says Phillips.

"The trick is to build those positive meanings for the brand as quickly as possible and delivering that experience. If you can do that, of course, people become quite loyal to the brand," she adds.

This can be challenging. Services like the transfer of money beget strong loyalties, since they involve high stakes and an element of trust.

"This is a high involvement product," says Phillips. "You have to have a lot of trust to give your money to someone and trust that it's going to be given on the other end."



She also noted that rebranding is not without risks, since existing customers may feel more comfortable using a money transfer operator (MTO) like Western Union than a new brand.

The process requires advertising campaigns linked to the brand that offer compelling information to customers about functional aspects of the service, such as prices and delivery times. Advertisements must also connect with customers emotionally, appealing to their values, for example.

"You have to persuade people that we don't just deliver a product but something more," says Phillips.

Common touch

It is not the first time that international postal services have come together under a common umbrella through branding. PosTransfer is akin to the creation of the UPU's Express Mail Service (EMS) Cooperative, says Sergey Dukelskiy, head of international affairs at Russian Post. The Cooperative helped propel EMS into becoming a worldwide premium brand after it was created in 1998. Today, the express service is now offered in some 200 countries and territories.

"Operators were united under the EMS umbrella," said Dukelskiy, co-chair of the committee under the UPU's Postal Operations Council, which is responsible for PosTransfer and other postal financial matters.

"Now EMS is recognized all over the world; so, if customers want to send something by express mail, they will use EMS." It is hoped, of course, that the new PosTransfer trademark will have a similar effect.

The development of the PosTransfer brand goes back to 2008, when the UPU Congress charged the

International Bureau and the Postal Operations Council to work on a collective trademark and its registration. An ad-hoc group was created and South Africa is credited with providing significant support for the development of the brand. The registration was initially delayed due to a lack of funds, but that hurdle was crossed following a 2012 appeal for funding that raised 220,000 CHF (220,500 USD).

Remittance flows

For Russia's part, Russian Post carries out 69.1 million money orders annually, making this an important part of their financial-service offerings. Altogether, the pensions, payments and transfers delivered by Russian Post are worth 3.5 trillion RUB annually (56 billion USD), generating 33.5 per cent of revenues. Remittances from migrant workers to their families in countries, including Kazakhstan, Belarus and Ukraine, make up a large part of those transactions, said Dukelskiy.

This reflects the multitudes of travelling people who support their families from abroad. The Russian Federation is among the world's top five migrant destination countries, along with the United States, Germany, Saudi Arabia and the United Arab Emirates, according to an April report by the World Bank. The largest migration corridors are Mexico to the United States, followed by Russia to Ukraine, Bangladesh to India and Ukraine to Russia.

In Russia's remittance market – which boasts the lowest fees among G8 countries – non-postal money transfer operators tend to offer faster services, according to Dukelskiy. But the Post benefits from a reputation for reliability, he says.

"Sometimes, customers do not need speed," he underlines, as the Post can be less expensive than other remittances providers.

"They just need a reliable channel of money delivery to their families," he adds.

Reliability is crucial since remittances from Russia shore up the economies of many CIS countries. For example, according to 2013 estimates, more than half of all working-age men from Tajikistan were working abroad, most of them in Russia. Remittances to Tajikistan accounted for some 48 per cent of GDP that year, making it more dependent than any other country in the world on the earnings of nationals working abroad. Meanwhile, in neighbouring Kyrgyzstan, remittances were worth 31 per cent of GDP.

These flows of remittances, crucial to so many, are vulnerable to the vagaries of markets and political changes. For example, a sharp decline is expected in remittances from Russia this year, a result of low oil prices and economic sanctions. The downturn is reflected in global figures, where low economic growth in Europe has also contributed to remittances growing at just 0.5 per cent; a recovery is expected next year, with projected growth topping 4 per cent.

Low fees

Remittance fees have come under increased scrutiny as countries have come to recognize the economic importance of these flows. In this respect, post offices stand out for their relatively low prices. Figures suggest how designated operators can contribute to development by providing high quality and low-cost money transfer services.

In its latest analysis of fees along major corridors, *Remittance Prices Worldwide* reported that post offices remain the cheapest option, with fees declining to 5.14 per cent of total remittance value in Q2 2015, down from 5.69 in Q1. Commercial banks charged nearly 11 per cent, and MTOs charged 6.59 per cent.

The PosTransfer Group aims to facilitate service provision by streamlining complex processes and assisting in the management of the UPU's Worldwide Electronic Postal Payment Network. By the end of 2014, this network was used by 69 designated operators, including 68 using the UPU's IFS.

The system is expected to simplify the complex relationships that a global remittances business entails. For example, when a new user joins the UPU network, each corridor must be negotiated and opened bilaterally between postal partners. But under the new system, designated operators are expected to have the ability to open new connections more swiftly with other signatories of a multilateral service agreement implemented and managed by the PosTransfer Group.



The new collective mark

PosTransfer Group

The creation of the UPU PosTransfer Group took place at the 2015 Council of Administration. It is due to be effective at the next Postal Operations Council (POC) session in February 2016. Group members may be entitled to use the trademark, subject to compliance with the relevant regulatory and contractual requirements set by the UPU. To protect the trademark, which is solely owned by the UPU, its registration is being carried out through several international bodies, primarily the World Intellectual Property Association and its Madrid Union and the African Intellectual Property Organization.

Together, these two bodies cover the collective registration of all but 47 UPU member countries that are signatories of the 2012 Postal Payment Services Agreement. However, other countries not covered by such international trademark systems might also have the opportunity to use the PosTransfer mark in coordination with the UPU's International Bureau. Since registration costs were lower than expected, a budget of 95,000 CHF remains to support registration in member countries not already covered.

The PosTransfer Group is expected to operate according to a set of principles adopted this year by the POC. For example, all new developments coming from the PosTransfer Group's framework will be accessible to all members. Non-members that are signatories of the Postal Payment Services Agreement will also be able to access these developments for an additional fee. Non-members will not have the right to directly steer the Group's activity development but will be able to participate as observers.



Interconnection

The complex technical links connecting Posts to non-postal financial systems are also expected to be streamlined under the PosTransfer system. Many designated operators sign agreements with a variety of non-postal entities that carry out payment and other financial services. These may include MTOs, mobile-payment providers and banks.

To help designated operators deal with the technical systems that tend to proliferate under these conditions, the UPU is developing a project called the *Interconnection Hub*, which seeks to “enable designated operators to use the same system, application and personal computer to provide all of their payment services”, according to the PosTransfer business plan.

This plan is meant to help enlarge the network that post offices can use for their international financial services. In countries where the designated operator is not connected to solutions such as IFS, the *Interconnection Hub* will, subject to a number of future regulatory decisions to be adopted at the UPU, potentially allow other MTOs to partner with Posts, said Dukelskiy.

“If the designated operator doesn’t provide the financial service required, then we need to find some kind of a partner within the country that can,” he said.

As people continue to cross borders for jobs, remittances will serve as an important element in the economies of many countries. By combining their efforts through PosTransfer, post offices may serve as a unified vehicle for these flows, contributing to development, while gaining a new foothold in an expanding market.

DK

Quality standards

In 2014, the Postal Operations Council approved a set of service quality standards that form the basis of a multilateral service agreement for electronic postal payments. This agreement is to be implemented and managed by the PosTransfer Group. These standards are meant to enable the monitoring of network performance, helping to guarantee proper execution of services. They will also form the basis for a pay-for-performance remuneration system.

Quality standards in a given country may vary based on factors including a country’s territory and their level of development – countries will decide upon their service standards bilaterally, said Dukelskiy – but the PosTransfer Group will be tasked with supporting payment service quality throughout the operational chain.

“If you want to beat your competitors, you need to deliver money on time,” said Dukelskiy. Training sessions for postal payment services staff are already taking place.

Regional conferences reveal common priorities

Call it a milestone on the road to Istanbul, Turkey, where the UPU Congress will take place next year. A series of high-level regional strategy conferences wrapped up in October, and their outcomes are meant to shape the Global Postal Strategy for 2017 – 2020, to be signed off in Istanbul.

TEXT: The priorities that emerged from these strategy conferences – notably the common focus on e-commerce development and strengthening operational efficiencies – suggest a united approach to the challenges faced by designated operators and the need for action in a dynamic postal environment.

DAVID KOCH

Vision 2020

At the first of the regional conferences, in Khartoum, Sudan, UPU Director General Bishar A. Hussein urged African postal stakeholders to embrace innovation. “Posts in Africa must display the same pioneering spirit they have always shown and harness the power of innovation to adapt to customers’ new communication needs,” he said.

Innovation, integration, and inclusion are the “three pillars” that Posts must build upon if they wish to remain relevant, said Hussein. This theme was echoed throughout the conferences, as Hussein called on Posts and the UPU to undergo a “fundamental transformation”, becoming more flexible and capable of faster decision-making.

He called on Posts to take up the spirit of innovation by trying different business models, incorporating new technologies, and offering products and services that better respond to the market. Integration, he said, means surmounting barriers to cross-border deliveries with a seamless postal supply chain. Hussein also emphasized that Posts must promote social, financial, and economic inclusion, which are crucial aspects of the recently adopted UN Sustainable Development Goals.



Caribbean region, British Virgin Islands (Photo: Blake Boyvi)

Reforming the UPU to make it a swifter decision-making body was another leitmotiv. In Limassol, Cyprus – the site of PostEurop’s Plenary Assembly and the Regional Strategy Conference for Europe – UPU Deputy Director General Pascal Clivaz presented the draft reform to the UPU Affairs Committee.

“This reform should boost the decision-making process within this specialized United Nations agency while we are celebrating the 70th anniversary of the United Nations,” said PostEurop’s communications manager, Cynthia Wee, in an email to *Union Postale*. “Everyone agrees on the fact that we can no longer afford to dither for several years to take decisions that are vital for our sector,” she added.



Europe & CIS, Belarus



Arab region, United Arab Emirates

Efficient operations

The themes of innovation, integration, and inclusion were reflected in the declarations of the seven regional conferences. In particular, e-commerce development and strengthened operational efficiency were chosen as top-level priorities in every world region.

For example, at the June meeting of Latin American countries in Santo Domingo, Dominican Republic, stakeholders noted that operations must become more efficient and effective. The Santo Domingo declaration said that “concrete improvements” are needed, including better integration of air transport, customs and security.

In his speech to delegates in Minsk, Belarus – where the Europe and CIS regional conference took place in June – Hussein noted the importance of streamlined international operations.

“We will bring down the barriers to cross-border postal deliveries,” he said.



Latin America & PUASP region, Dominican Republic

Concrete improvements

In August, at the Asia-Pacific conference in Bangkok, Thailand, delegates stated that “strategies should be geared towards treating end-to-end competition as a reality.”

It’s a statement reflecting the need for quality services that emerged in every world region.

In September, delegates issued a declaration from Tortola, British Virgin Islands, stating that “it is vital for designated operators to participate in e-commerce”, adding that “to ensure competitiveness in this market, concrete improvements are needed in the operation of the postal network”.

That same month, e-commerce development and strengthening operational efficiency also emerged as top-level priorities at the Arab region conference, in Dubai, United Arab Emirates.



African region, Sudan

Regional priorities for 2017–2020

		Strengthening operational efficiency and effectiveness and e-commerce development	Improving the operational efficiencies of the end-to-end postal supply chain and e-commerce development	Improvement of operational efficiency and e-commerce development	Financial services	Postal sector development	Diversification	Reform and postal sector development	Development of financial services	E-services and diversification
Caribbean region	1	○								
	2				○	○	○			
Arab region	1	○								
	2				○		○	○		
Asia-Pacific	1		○							
	2					○	○		○	
Europe & CIS	1			○						
	2					○	○		○	
Latin America & PUASP* region	1	○								
	2				○	○	○			
Africa	1			○						
	2					○			○	○

*Postal Union of the Americas, Spain and Portugal

The second-level priorities singled out at the regional conferences were also striking in their commonalities. Postal sector development and reform, financial services, and diversification, with a special emphasis, in some cases, on e-services, emerged as priorities in all world regions. It's a reflection of the common interests that designated operators have in taking a new approach to the postal business.

As designated operators adapt to the rapidly changing postal environment – and particularly as countries face the challenges of sustainable development – concerted efforts will be required at regional and global levels. Widespread agreement on the areas most in need of intervention may auger well for these efforts. **DK**



Asia-Pacific region, Thailand





Back in the black

The Romanian Post looks back on 150 years of history. In recent times, it has returned to profitability after a few years of losses. Its CEO, Alexandru Petrescu, explains why.

TEXT:
FARYAL
MIRZA

PHOTO:
ROMANIA
POST

Union Postale: How did the Post return to profit after being a loss-making entity for years?
I can confirm that we shipped the company to profitability after five years of losses. The net profit in 2014 was 22.8 million RON, the equivalent of 5 million EUR net profit. The main generator was the recouping of lost business. We did this by rearranging the entire portfolio of postal services and products. And we have been listening more carefully to our clients

Which areas in particular made the difference?
There are still a lot of paper bills in Romania and we managed to reclaim the top position on general correspondence. Much of this market was lost in 2009–2013. Today, we are also working on turnkey solutions for our utility companies where we do cash collection and invoicing. There is also a project to offer them meter reading and other products to help them reduce their costs to collect money and provide other services themselves to their clients.

At the same time, the strategy focused on what we should do as a business to compensate for the decline in personal correspondence. Like other countries, we lost 40 per cent of volumes in the last seven years. All this income vanished and needs to be replaced with other income.

How is this being done?
We are emulating the success of Western operators in Europe. In October 2014, the Post launched itself as an insurance broker. This is a different entity but fully owned by the Post. Previously, we had partnerships with regional brokerages. It was working but there was no uniform approach across the country. We, thus, believed that we could register our own brokerage. It took some time but we managed.

What is specific about the Romanian market, which makes it interesting for the Post to offer insurances?
The letter carrier enjoys a special relationship with clients. As they tend to be in their position for many years, they understand and are generally trusted by clients. Recommendations from letter carriers are worth much more than those from insurance brokers or advertising.

We are now training 1,000 staff to become agents. They have to undergo compulsory training and pass exams and assessments before being allowed to make recommendations. The plan is to train all 12,000 letter carriers. To be clear, we facilitate the selling of insurance and do not sell the policy itself.

How is the Post today better serving customers?
The organization is listening more to customer needs. I always start from the assumption that the market today is in constant change and, as I often say to my employees, the only sure thing in postal services is change. We have to constantly reinvent ourselves by looking at the market. Younger clients, for example, are more difficult to please, so it is necessary to look closely at them and to come up with targeted products and services.

The whole structure of the Post is changing. Our website used to be more transactional than presentational. Today, the new website now enables purchasing and better monitoring.

The Post is the main distributor of pensions to more than 7.5 million pensioners. To target the younger pensioners, we are launching financial services to enable them to go from cash to electronic disbursements. One of the ideas is to create a post-office debit card. In insurance, we are looking to attract youngsters, the type of people not usually coming into our branches.

What has been the public reaction to the Post's privatization plans?
To be honest, it was mixed as there is a strong feeling of ownership when it comes to the post office. It is part of the past of everyone. Everyone in the past has gone hand in hand with a parent to a post office.

When the news about the privatization plans came out, it may have had an unsettling effect but, on the other hand, the Post needs it. It is in the right place to receive investment. This could be a capital boost or an initial public offering. Time will tell. The Post is an interesting opportunity today. In the past, it was seen as a distressed transaction but, today, it is a valuable transaction for any investor. **FM**



2015 winner honoured in Bern

Sara Jadid from Lebanon, the winner of the 44th UPU International Letter-Writing Competition, was in Bern to receive her prize from the Director General Bishar A. Hussein.

TEXT:
CLARE O'DEA

"Jadid means something new and bright, which Sara certainly is," Hussein told an audience of international delegates and dignitaries attending the ceremony. For her part, Layla, Sara's mother, who was also in Bern, praised the competition for encouraging literacy.

"In a world where children are glued to their devices, competitions like the UPU one play an important part in helping kids express them properly in writing," the mother of eight said.

The Director General would agree.

"We are likely to lose the passion for letter-writing if we do not keep these kinds of events and this spirit alive," he said.

When Sara heard about the theme of the UPU's 2015 Letter-Writing competition – "Write a letter about the world you want to grow up in" – she was immediately inspired.

"That's my opportunity to express myself," she thought, as the world she wants to grow up in is not the world she sees around her. Sara comes from a deprived area in the city of Tripoli in Lebanon and has been no stranger to war and conflict in her thirteen years.

Sara's letter is a heartfelt appeal, "soaked with tears of despair" to all those people working to destroy her dreams. With strong emotion, she condemns the hatred, war and sectarianism she has witnessed and imagines a new better world under "the moon of openness and the sun of freedom". In moving language, the letter presents a detailed and poetic description of this dream world longed for by Sara.

"Beyond her undeniable talent, Sara represents the best that Lebanon has to offer, with her message of peace, hope and tolerance," LibanPost CEO Khalil Daoud said at the ceremony. He spoke of the sacrifices Sara's

parents had had to make to provide a good environment for their children to grow and thrive. LibanPost has awarded Sara a cash prize, part of which will contribute to her education over the next three years.

Showing self-assurance and composure beyond her years, Sara addressed the audience in French, Arabic and English. She thanked her parents and teachers and spoke with great fondness of her five sisters and two brothers, paying tribute to their individual qualities. Sara was accompanied on her trip to Switzerland by her mother, part of the UPU prize.

"I see you, my World, as a rainbow that appears after crises, in which no religion will conquer another and no skin colour will be superior to another. You are a world that transcends human conflict," her letter reads.

In the future, Sara wishes for nothing more than to remain in her home country, complete her studies and work. Her success has inspired many of her fellow citizens, according to Mansour Chaya, chargé des affaires ad interim from the Lebanese Embassy, Berne.

"Despite everything that's happening in Lebanon – two million refugees and terrorists knocking at our door – we have this example of a young Lebanese sending a message of peace to the whole world," Chaya told the gathering.

This year, 65 member countries submitted their winning letters from the national heats to the international round. Some 1.5 million children participated. The international jury also awarded a silver medal to Miriam Campos Acin, an 11-year-old girl from Spain and the bronze to Silva Brito Leonardo, a 15-year-old boy from Brazil. Children from nine countries were awarded special mentions. **co**



READ THE WINNING LETTERS

<http://news.upu.int/outreach/letter-writing-competition/2015>



Sara Jadid in Berne (Photo: Marcel Bieri/keystone)



Second prize

Miriam Campos Acín

Miriam, an eleven-year-old girl from Almudévar in the province of Huesca in Spain, won the silver medal. In her letter, addressed to the world, she takes a virtual tour of many of the

places where the environment and the people are suffering. She travels from the Middle East to Africa, from the North Pole to the Amazon, witnessing violence, poverty, pollution and wasted resources.

"I finally arrive home with a thousand questions in my head: If you are like this now, dear World, how will you be in a few years when I am older? What can we do to help you? It seems like it won't be easy because, despite what we hear every day in the media, we don't want to get involved to help heal you."

Miriam dreams of happier times in the future. "I see peace ruling the earth and war not daring to rear its head. Your major resources being used wisely and the riches they produce divided equally among all your inhabitants. Kindness, empathy, happiness, friendship, kisses and hugs will abound."

The competition in Spain is open to the children of postal company employees. Miriam's father works in the main Huesca distribution unit.



Third prize

Leonardo Silva Brito

Leonardo from Brazil is the winner of the bronze medal. The 15-year-old wrote a letter praising the work of volunteer humanitarian workers worldwide.

He writes that he dreams of a world where people work as volunteers every day, devoting their time and energy to their neighbours. He takes inspiration from notable figures, past and present.

"The world where I would like to grow up echoes famous dreams, both past and present: John Lennon's longing for peace; Nelson

Mandela's society without social barriers; Malala Yousafzai's world of education for all; Martin Luther King Jr.'s society where people are judged for who they are, not the colour of their skin; Mother Teresa's world ruled by love; and Chico Mendes's commitment to the sustainable use of natural resources."

This was not Leonardo's first experience of success in an international writing competition. A pupil at the state school, Carlos Drummond de Andrade in Presidente Médici, last year he won a place on a cultural exchange to the United States for an essay he wrote on a river-mapping expedition.

In his UPU letter, Leonardo emphasized the importance of each individual's contribution to making the world a better place.

"I perceive the cumulative effect of each of these small actions, and I see that, even with all the current adversities we face, the world where I would like to grow up also depends on me – on my hands, my sweat and my mind."



UN adopts ambitious post-2015 goals

With the post-2015 agenda newly adopted by the United Nations, designated postal operators are ready to play a key role in sustainable development. The agenda for the next 15 years includes 17 goals, among them ending poverty, fighting climate change and promoting peaceful, inclusive societies.

**TEXT:
DAVID
KOCH**

The UN General Assembly finally adopted the Sustainable Development Goals (SDGs), on September 25, as a follow-up to the Millennium Development Goals that set the agenda for the 2000 – 2015 period.

"[The new agenda] embodies the aspirations of people everywhere for lives of peace, security, and dignity on a healthy planet," said UN Secretary-General Ban Ki-moon in his remarks at the New York summit.

Implementation of the plan, he said, would be the "true test of commitment" by world leaders.

Pope Francis, head of the Roman Catholic Church, while addressing the General Assembly, urged world leaders

to act boldly for inclusive development, environmental protection, and peace.

"The future demands of us critical and global decisions in the face of worldwide conflicts, which increase the number of the excluded and those in need," he said.

Universal nature

The Universal Postal Union, as a specialized UN agency, is gearing up to help member countries meet the goals. The important role of designated postal operators worldwide in achieving the 2030 goals was highlighted

UN Sustainable Development Goals

The UPU International Letter-writing Competition is an example of how the Union is directly contributing to ensuring literacy under Goal 4. Every year, up to two million children worldwide participate in the contest, which has been running for almost 45 years. See feature on page 20 to find out more.



Head of International Relations, Correos, Spain



by UPU Director General Bishar A. Hussein in his 2015 World Post Day message.

"Given its universal nature, the Post is best placed to drive the economic, social, financial, and digital inclusion of all citizens of the world," said Hussein.

Indeed, Posts have shown themselves to be a potent force for inclusive socio-economic development and trade facilitation, having carried out a raft of projects over the past 15 years outlined in a UPU position paper on the post-2015 agenda, drafted by Spain (see interview).

Arguably, the postal sector is well placed to contribute to helping governments fulfil the SDGs under some of its 17 goals. The vast postal network, which includes some 640,000 postal outlets worldwide, contributes to the fight against poverty, for instance, by providing remittances from migrant workers to their families in remote rural areas at competitive prices. Posts also serve as a crucial link to government services.

These are just some of the many roles that designated operators play in the implementation of the post-2015 agenda, as essential partners for governments striving to foster peace and inclusive development in a rapidly changing world. **DK**

Union Postale: Why is it important for the UPU community to embrace the UN SDGs?

The UPU was already actively involved in the Millennium Development Goals' (MDGs) implementation, thus, the incorporation of the SDGs in the postal agenda is natural. There are several reasons why the UPU should be actively involved in helping to implement the SDGs. I believe that, for the UPU, as a specialized agency of the United Nations, it is key to align its strategy with the UN global agenda. In addition, the UPU vision aims at facilitating that the postal sector is perceived as an essential component of the global economy.

Most of the SDGs are directly linked to universal economic development. The UN global agenda recognizes that eradicating poverty is the greatest global challenge. Poverty is about exclusion and the postal network with its innovative services, its integrated network and inclusive strategy is a very effective tool that contributes to reducing social, economic and national differences.

Embracing the agenda gives the UPU a unique opportunity to show not only its essential role in the economy, but also its fundamental role as facilitator for the social, economic and national cohesion of member countries.

Finally, positioning the postal network as an essential mean to contribute to achieve the SDGs will also help the UPU and the postal sector to enhance its relevance and assure further investment.

How well placed is the postal sector to help governments achieve the SDGs?

The postal sector has a great advantage compared to other industries. With some 640,000 post offices in 192 countries, it is the sector with the widest capillarity and presence worldwide. It has the capacity for reaching every community in the world, from a small village in Kenya to the most populated street in Mumbai. The employees of the postal sector have a strong knowledge of the characteristics and needs of their communities. The SDGs are yet another unique opportunity to present our Union as a platform of synergies.

Many successful examples demonstrate that the postal network is not "just" about delivering letters and parcels but about providing financial services and distributing loans and scholarships, is about assuring that all children have access to text books and computers, is about delivering medicines and health counseling, is about facilitating trade - what other industry is able to do all this? **FM**





Posts to boost global trade

There is an urgent need to energize global trade through better cross-border delivery services, as delegates at the UPU's Global Trade Facilitation Conference heard in November.

TEXT:
CLARE O'DEA

Speakers at the two-day conference, which took place at UPU headquarters, described international trade as a crucial element for economic development and as a golden opportunity for Posts that offer quality cross-border services.

"It is more important than ever to achieve trade facilitation, enhance administrative efficiency and effectiveness, reduce costs and time to market and increase predictability of global trade," said UPU Director General Bishar A. Hussein in his opening remarks at the conference.

He singled out several factors giving rise to inefficiency, including non-transparent rules and regulations, redundant and lengthy clearance processes, and multiple documents requirements.

"The UPU and governments can support trade facilitation by simplifying, standardizing and harmonizing procedures and information flow," he said, as he called for cooperation between Posts.

"We cannot do it alone," he said.

Trade slowdown

Global trade hit a historic low in 2010 following the global financial crisis and growth remains well below pre-crisis levels. In 2012 and 2013, trade grew by approximately 3 per cent, compared to a pre-crisis average of 7.1 per cent.

Trade facilitation is an important way to tackle this slowdown, said Marcus Bartley Johns, trade and competitiveness specialist at the World Bank. He pointed to the importance of moving goods across borders in

a timely way, and cited the Russian Federation as an example of trade facilitation improvements in action. By improving the legal code, ICT systems, organizational structure, and human resources management, Russian Customs clearance time had been reduced by 60 per cent. Import declarations selected for inspection fell from 30 to 5 per cent, while non-energy export declarations selected for inspection dropped from 15 to 3 per cent, with improved inspection results. Most impressively, the time between lodging a Customs declaration and the issuing of a release note was reduced by 83 per cent.

Such improvements may have important consequences in terms of development. In countries that have managed to reduce poverty comprehensively, participation in international trade is central to their development strategy, Bartley Johns said.

"There is no country that has managed to grow in a sustained way and to reduce poverty without integration into the global economy," he said, adding that the ability to move goods across borders in a timely way is central to attracting foreign direct investment.

Easing trade

The importance of steady, standardized trade processes was hammered home by Jan Hoffman of the United Nations Conference on Trade and Development (UNCTAD). "What do traders want? They want the process to be simple," said Hoffman, who heads UNCTAD's trade facilitation section.

"They want a single control point for all public services. They want standard forms. They want it to be predictable."

He also emphasized the changing nature of global trade. In contrast to earlier decades, developing countries participate in globalized production. As well as exporting raw materials and importing manufactured goods, they also import raw materials and export manufactured goods. He described a new geography of trade, characterized by increasing South-South exchange.

Import challenges

In Brazil, policies aimed at eliminating poverty have resulted in a large group of consumers who are now participating in trade, said Vantuyl Barbosa Jr., corporate manager of international relations at Correios, the Brazilian Post. The number of e-shoppers in Brazil increased from 17.6 million to 61.6 million between 2009 and 2014.

But imports are facing hurdles, said Barbosa, noting that the average delivery time for international items was 42 days in the busy period around December 2014. "Clearly, this creates dissatisfaction on the part of the consumers and the international seller," he said.

A new model is needed for imports, including electronic capture of data from the importer, and electronic customs declarations and risk analysis.

"We have got to reduce delivery times for international items," he added.

Golden opportunity

If postal services can offer reliable, affordable, fast, and traceable cross-border delivery, they have a golden opportunity in the e-commerce market, said Stefan Krawczyk, head of government relations at eBay.

"Despite experiencing delivery problems, there is great willingness among small business owners to forget about the private package operators and turn to what they know best – their local post office," Krawczyk told the conference.

He noted that 93 per cent of businesses using eBay in Europe engage in cross-border commerce, and the majority of these are micro firms with fewer than 10 employees. Efficient postal services are at the heart of the new trade model, said Krawczyk.

"These micro-multinationals need your help," he told delegates.

This appeal, coming from one of the world's largest e-commerce platforms, signals the importance of postal services in this dynamic emerging marketplace. **co**



Groundwork laid for drone delivery

A number of Posts are testing next-generation technology to deliver packages faster. Drones, in particular, look increasingly set to be part of the new wave.

TEXT:
CATHERINE
MCLEAN

On a sweltering day in July, Swiss Post publicly unveiled the drone technology it believes could be deployed for healthcare deliveries one day in the future. While the postal operator says the widespread use of drones for commercial purposes is at least five years away, Swiss Post, nevertheless, wants to test the technology and study possible uses beforehand. They are not the only ones taking a closer look at drones. Finnish postal operator, Posti, also recently carried out four days of drone tests, while France's La Poste this summer embarked on its second year of drone trials. Not so long ago, drone delivery was viewed as a mere fantasy. Nowadays, however, a number of postal operators are opting to trial the technology rather than risk getting left behind if drone deliveries take off down the road.

"We want to experiment with different delivery options, which are feasible in Finland and increase the customers' freedom of choice," Jukka Rosenberg, Posti's Senior Vice President, Parcel and Logistics Services, said in a recent statement.

It is no longer a question of the technology being mature – drones are clearly flightworthy. Swiss Post's test took place in a small airfield near Neuchâtel, surrounded by farmer's fields and small forests. The drone's buzzing could be heard as it took off with a parcel and flew to its destination, hovering briefly above before coming in for a successful final landing.

Issues

There are, nevertheless, improvements that need to be made before drones can really take off. Battery life is among the biggest technical challenges. In addition, there is significant safety and securities concerns, as people could get hurt or damage the drone if they get too close.

La Poste's GeoPost is working on the security issues. In July, the company announced it is developing a secure delivery terminal for drones, covering loading, take-off and landing, in partnership with SAS Atechsys.

Regulatory challenges posed by drones will also need to be quickly addressed by governments. Regulators around the world are just starting to

determine the rules and conditions under which drones can be flown for commercial purposes.

"Admittedly, it will be a long road for us," said Dieter Bambauer, head of PostLogistics at the Swiss postal operator, at the press conference in July.

Complementary technology

Postal operators have not yet settled on a clear business case for this new technology. One crucial factor will be the size restrictions: Drones are best suited for light items. The Matternet ONE drones that Swiss Post is trialling, for example, can carry packages of 1 kilogramme or less for up to 20 kilometres. The GeoPost drones carried a package weighing in at 3 kilogrammes.

"A lot of people think that these will replace things that the postman does," Andreas Raptopoulos, Matternet's chief executive officer, explained at Swiss Post's July press conference.

"I see it as complementary. I think that the things that this will allow us to do are going to be a different set of applications."

"It's about expanding that universe, getting a leadership role in the space, and understanding how the system will work," Raptopoulos added.

"There are a lot of questions to be answered."

Swiss Post believes drones will be used for niche applications. For example, they could be used to bring supplies to an area cut off by weather-related disasters such as a landslide or flood. Drones can also reach hard-to-access areas in spite of physical obstacles such as mountains or large bodies of water.

Other postal operators have a similar view. GeoPost has also examined the deployment of drones in emergency situations or difficult terrain. Deutsche Post's DHL parcel unit tested the delivery of medications by drone last year to the island of Juist in Germany's North Sea. The company conducted about 40 drone flights between September and December 2014 with its so-called DHL Parcelcopters.

"With this form of delivery, we can close structural gaps in thinly populated or remote areas like islands," Dunja Kuhlmann, a spokeswoman for Deutsche Post DHL, explained in an email.



Swiss Post drone takes flight (Photo: Swiss Post)

"But we still don't have any specific plans for using DHL Parcelcopters in normal delivery operations", she added. The company is currently evaluating the data before deciding how to proceed further with what is still very much a research project, according to Kuhlmann.

Early days

For now, the healthcare industry is among the most promising groups of clients for drones. Matternet, for example, has worked with the government of Bhutan to deliver medical supplies throughout the country. Swiss Post could use drones to make regular deliveries of medicine to those who live in secluded locations, or could transport high-priority lab samples and tests. "At an early phase of development, the costs of the technology and deployment at small scale means that it will be restricted to goods of the highest value," said

Oliver Evans, Chief Cargo Officer at Swiss International Air Lines, which teamed up with Swiss Post for the drone trials.

"That's where the pharmaceutical industry and healthcare industry is most interested in this technology because they need safe, rapid, and secure transportation."

"Over time, the cost of the deployment of the technology will come down rapidly. That's when other applications will certainly be of interest," he added. **CM**



SEE FINNISH POST DRONE IN ACTION

<https://www.youtube.com/watch?v=712Pt2x8ixQ>

Japan Post launches IPO

Japan Post Holdings Co. and its affiliated banking and insurance units made solid starts when they were launched on the Tokyo Stock Exchange in November, boding well for the government's plans to raise ¥4 trillion (32.9 billion USD) for the reconstruction of areas of north-east Japan hardest hit by the March 2011 Great East Japan Earthquake.

TEXT:
JULIAN RYALL
IN TOKYO

The Initial public offering is the largest in Japan since 1987, when Nippon Telegraph and Telephone Corp was sold off, and the biggest postal sector flotation ever attempted in the world. It is also the culmination of a process that was started by then Prime Minister Junichiro Koizumi in 2005 and has, on occasions, been controversial.

The early indications have been positive, with Japan Post Holdings reaching a high of ¥1,631 (13.40 USD) on the first day of trading, up from the initial offering price of ¥1,400 and Japan Post Bank as high as ¥1,680, up from ¥1,450. Japan Post Insurance Co. fared the best, however, trading at ¥2,929 shortly after 10 am on the first day, up from the initial price of ¥2,200 a share.

Economic reforms

A key part of Prime Minister Shinzo Abe's "Abenomics" economic reforms, the government hopes that the sell-off of the postal operator will lead to a "virtuous economic cycle" in which household savings are shifted from bank deposits to investment in the equity market.

The privatisation of the most profitable components of Japan Post is on a grander scale than anything that has ever been attempted before in the sector, says Marie-Odile Pilley, formerly a competition analyst with the European Commission and an expert in development and financial services for the Universal Postal Union. And other nations' experiences have been mixed, she points out.

"Deutsche Post was gradually privatized and became a successful global institution based on its postal and logistic strength, but that same arm is relatively weak in Japan due to strong competition from China Post for international business," says Pilley.

The Belgian post service and Singapore Post similarly fared well, although a direct comparison in Singapore's case is difficult because a majority of the company is still indirectly held by the government, she said.

Privatization in Argentina, on the other hand, was not a success. While Deutsche Post and the Netherlands Post

service divested themselves of their financial services operations.

The jury is still out on Portugal's experience, although the introduction appears to have been successful, while Poste Italiane has had difficulties in its privatization programme, with the postal side seen as being weak in comparison to its financial services.

Looking ahead

Concerns have been expressed about the future of the postal service in Japan, a sector that is in decline due to the rapid growth in electronic communications and the ageing and shrinking of Japan's population. Analysts say the postal service needs to become more relevant to the 21st century. Naoyuki Yoshino, a professor emeritus at Keio University and president of Prime Minister Abe's Financial System Council, admits that physical postal services on Japan's remotest areas are at risk, for example, but he believes the service needs to evolve to modern-day realities.

"The proposal I have made is that it is not necessary for a physical post office to exist in every community in Japan and, instead, a post office vehicle could serve as a mobile post office and be in each village one day every week," he said.

Another service a future post office could provide would be to act as sales channels for products provided by the private banking sector, including bonds, stocks and insurance. Improved operations in the mail service arm of the post office and measures to better meet the needs of customers in the two financial units' asset management operations are also required, analysts say, pointing to Japan Post Holdings' projection of a 23.2 percent decline in group net profit in the year to March 2016.

The company remains a behemoth, however, employing 237,000 people across Japan, earning revenues of 152 billion USD in 2014 and with total assets of 2.84 trillion USD, putting it in 13th place in the Fortune Global 500 list of the world's largest companies. **JR**



BELGIUM

BPOST has launched a new online grocery delivery service in Antwerp for customers placing their orders with participating retailers on the website www.combo.be. The delivery charge is EUR 9.95 for next-day, and in some cases same-day, delivery.

CANADA

Following the Liberal Party's recent election victory, **CANADA POST** has announced that it is temporarily suspending future deployment of the programme to convert door-to-door mail delivery to community mailboxes.

The Post said efforts were under way to place the programme on hold in an orderly fashion. This involves roughly 460,000 addresses across the country which were in the process of being converted to community mailboxes. All conversions planned for November and December 2015 and those announced for 2016 have been placed on hold.

Canada Post has launched a new concept drive-thru and parcel pick-up store in Richmond Hill, Ontario, which is focused on catering to the needs of the online shopper. The self-service zone features parcel kiosks, which customers can use to send their returns.

Canada Post currently delivers two out of every three e-commerce parcels in Canada and it sees strong potential for more growth.

CHINA

China's e-commerce giant, **ALIBABA**, is expanding its presence in the European market. The London office will be scaled up to serve as the European hub and the company is also opening a country office in Milan, Italy. Offices in France and Germany will follow.

CROATIA

CROATIAN POST is going green with a new fleet of 180 electric bikes to be used by its postal delivery staff instead of mopeds. The company believes that the switch to e-bikes will lower costs and reduce CO₂ emissions. The bikes can reach a maximum speed of 25 km/h and have a range of at least 60 km.

CUBA

Following the re-establishment of diplomatic relations between United States and Cuba in July, sources in the United States have said that a direct postal service between the two countries will be introduced before the end of the

year. The US and Cuba will reportedly begin with a pilot postal programme, using the Miami and Havana airports. Direct mail between the countries was halted in 1963, although letters and packages can be sent via intermediary countries, typically Canada or Mexico.

DENMARK / SWEDEN

In its interim report for the period January to September 2015, **POSTNORD** said the company was "still on the right track but in an even more challenging world".

Net sales for January-September were SEK 28.917 billion (3.4 billion USD), down from SEK 29.350 billion for the same period last year, while the adjusted operating income was up slightly at SEK 426 million.

FINLAND

POSTI GROUP has reported that its net sales for the third quarter of 2015 were 373.5 million EUR, down 14.2 per cent on the same period last year. Taking the first three quarters of 2015 together (January – September), the group's net sales decreased by 11.1 per cent to 1.2 billion USD. Parcel services volume grew by 4 per cent, and mail delivery volumes continued to decline as expected. The third-quarter results came the same week hundreds of postal employees stopped work in Helsinki, Vantaa, Turku, Oulu, Jyväskylä, Kemi and Seinäjoki, to protest against Posti's use of temporary workers.

GERMANY

DEUTSCHE POST has expanded its portfolio of identity management services with the launch of the POSTID portal. Customers of companies using POSTID can now handle all their postal identity processes, including the new digital-only process, on one single platform.

INDIA

AMAZON INDIA has introduced India's first integrated payments and logistics service for e-commerce websites. Sellers and brands can enable buyers on their website to use their Amazon account, pay through a wide variety of payment methods, including COD, and have their products delivered using Amazon's delivery infrastructure.

Amazon India is offering its "delivery associates" zero-down payment vehicle loans. Under the scheme, delivery associates can secure loans to upgrade their two-wheelers

to Mahindra's mini truck "Jeeto".

The initiative is being piloted in Hyderabad and will subsequently roll out to Amazon delivery associates across the country. The scheme is open to delivery associates in Hyderabad who have been working with the company for at least five months.

ITALY

The Italian government has launched the initial public offering of **POSTE ITALIANE**. An investor roadshow took place in October along with a share sale for Poste employees.

The Italian treasury said that a stake of about 38% would be offered. The company's initial value is estimated at EUR 8.8 billion.

KENYA

The Postal Corporation of Kenya (**POSTA KENYA**) has signed a deal with e-commerce player, KiliMall, which will enable online shoppers to use the national network of around 600 post offices to collect parcels and place orders.

In June, Posta Kenya signed a memorandum of understanding to work with another online portal, Jumia, allowing its online shoppers to use post offices as collection points.

LITHUANIA

BALTIC POST, a subsidiary company of Lithuania Post, is expanding its network of LP EXPRESS self-service parcel terminals from 71 to 80. The new terminals will be installed in large shopping centres. The company also plans to install new lockers at existing terminal facilities.

The number of postal items sent and collected via self-service parcel terminals more than doubled in 2015. Customers can use the self-service terminals to send parcels to addresses in Lithuania, as well as 22 European countries.

MALAYSIA

POS MALAYSIA has reported continuing growth in its courier, express and parcel business. For the first quarter of the current financial year, which ended on 30 June 2015, Pos Malaysia recorded a net profit of 22.7 million MYR (5.2 million USD), down 16 per cent against the same period last year. However, revenue increased by 6 per cent to 390.37 million MYR, mainly due to higher volume from its transshipment business and from the mail segment.

NEW ZEALAND

A further six per cent of **NEW ZEALAND POST** rural customers will have their delivery service reduced from six days per week to five days, bringing the total proportion of rural customers on reduced service to 16 per cent. Falling mail volumes led to changes being made to New Zealand Post's Deed of Understanding with the Government in 2013, allowing rural delivery runs to be reduced to five days.

QATAR

Q-POST will run a pilot programme in early 2016 for parcel locker services. Company chairman, Faleh Al-Naimi, said Q-Post would offer alternative delivery locations such as malls, residential areas and educational campuses to "encourage the online shopping experience".

SINGAPORE

SINGPOST, the national postal operator of Singapore, is acquiring a 96.3 per cent stake in TradeGlobal, a US-based company which provides end-to-end (E2E) e-commerce solutions for fashion, beauty and lifestyle brands.

In a second e-commerce acquisition, SingPost bought a majority share in the e-commerce software solutions and supply chain services company, Jagged Peak, which has warehouse facilities in over 20 locations in the US.

SingPost can also claim to be the first postal service to have successfully used an Unmanned Aerial Vehicle, or drone, for point-to-point authenticated delivery. The mail and packet drone delivery trial took place between Lorong Halus and Pulau Ubin in Singapore, a five-minute flight. The two-kilometre test flight carried a letter as, well as t-shirt in a packet.

It is developing Singapore's first shopping mall that offers a complete suite of e-commerce logistics solutions. According to SingPost, the new retail mall at Singapore Post Centre will provide "online e-merchants and offline brick-and-mortar shops all under one roof".

The online shopping through e-merchants will include in-shop online ordering and flexibility in delivery and pickup timings. The mall is scheduled to be completed around mid-2017.

ST KITTS & NEVIS

THE GENERAL POST OFFICE is rolling out a new mailbox service, which will allow people based in St Kitts & Nevis to shop online, have their products delivered to a US address and then shipped to the federation. The General Post Office Package and Cargo Service or GPO PAC

completed a trial phase before the service was launched in October.

UNITED KINGDOM

The UK government has now sold off all its shareholding in **ROYAL MAIL** – selling a 13-per-cent stake for 591 million GBP (894.6 million USD) and passing on the remaining 1-per-cent stake to postal employees. The sale means that the Royal Mail is now fully in private hands for the first time in its 500-year history. Royal Mail's employees now own 12 per cent of the company.

In other Royal Mail news, the postal service has extended its Local Collect network, with the addition of new collection points at 1,222 Royal Mail delivery offices. Amazon will be the first retailer to make use of the extended Local Collect network, Royal Mail said. Local Collect has already been available at around 10,500 Post Office branches. Royal Mail launched the Local Collect service in 2013 in partnership with the Post Office.

UNITED STATES

ETSY has begun a "same-day or next-day delivery" pilot service in New York, Etsy ASAP, working in partnership with Postmates. ASAP is available from participating sellers for buyers in Manhattan and parts of Brooklyn and Queens at a flat rate of 20 USD regardless of the order's contents or the destination of the order.

Alibaba's logistics affiliate **CAINIAO** and the **UNITED STATES POSTAL SERVICE (USPS)** have teamed up to "develop new international shipping solutions and enhance the logistics-service experience for both sellers and buyers involved in cross-border e-commerce".

The two companies will work together to speed delivery of merchandise sold through AliExpress to consumers in the US, while USPS will also help expand Cainiao's delivery networks worldwide, especially in South America.

Online giant **EBAY** is introducing a new on-time delivery metric and changes to the returns policy. eBay said it was introducing the changes so that sellers' performance, particularly with regard to delivery, would "rely more on objective data instead of subjective buyer inputs".

From May 2016, eBay will also be extending the required returns period for eBay top-rated sellers from 14 days to 30 days for most listings. David Vos, the leader of **GOOGLE X'S PROJECT WING** programme, told a convention of aircraft controllers in Washington, D.C that his com-

pany hopes to operating a delivery service with its Wing vehicles by 2017. Speaking at the ATCA annual conference on November 2, Vos did not reveal details what type of drones Google might use for the service nor what type of packages they will be delivering. Google X later issued a statement confirming the comments but it noted that the 2017 date was a hope rather than a pledge.

All items by Clare O'Dea

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