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Postal statistics update

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new approach to
development
cooperation

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Cutting the red
tape on exports



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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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ORGANIZATION

UPU and IOF forge strategic development partnership



UPU Director General Bishar A. Hussein and IOF Administrator Adama Ouane sign the agreement in Antananarivo, Madagascar.

The UPU and the International Organisation of La Francophonie (IOF) have entered into a framework agreement for cooperation on global development.

The agreement was signed by UPU Director General Bishar A. Hussein and IOF Administrator Adama Ouane during the 16th Francophonie Summit, which brought together more than 60 heads of state and government in Antananarivo, Madagascar, November 26–27. The agreement sets a roadmap for joint action in areas such as professional training, promotion of entrepreneurship among youth and women, and assistance to migrants.

“With its 660,000 post offices worldwide, the postal network is a unique asset for sustainable and inclusive growth in French-speaking countries. This partnership will strengthen our organizations’ capacity to meet development challenges,” said Hussein.

UPU Deputy Director General Pascal Clivaz also addressed the Economic Conference of La Francophonie, which was organized in conjunction with the Summit. Clivaz stated, “We will work together to foster, through the postal services, the inclusion of youth and women in economic life.”

The IOF brings together 80 states and governments who share the French language and cultural values. The organization’s work includes political activities and cooperation in the areas of sustainable economic development, education, training, peace, democracy and human rights.

OB

Working together for e-commerce

The UPU and its member countries have just entered a new work cycle, with a new strategy to guide its work, and e-commerce readiness at the forefront of its priorities until 2020. Although the organization is just a few months into the Istanbul Cycle, work at the UPU's International Bureau is already running full steam ahead.

As our cover story reveals, the UPU's Easy Export Programme has taken flight, beginning a pilot phase in Tunisia. Based on an innovative Brazilian model tested throughout South America, the Easy Export Programme simplifies export processes, empowering micro, small and medium enterprises in even remote corners of the country to sell their goods internationally. This way, small businesses are included in the international market and can help drive national development.

Readers will also learn about a new e-commerce project targeted toward the African continent, known as Ecom@Africa. African governments can take advantage of technical assistance offered by UPU experts through the Ecom@Africa initiative, helping the region participate in the e-commerce boom. Seven countries from the Northern, Eastern, Western and Southern corners of Africa have already signed up, agreeing to establish logistical hubs to help integrate e-commerce services across the region.

While work on new priorities has already begun, the organization must also bear in mind work enshrined in its very constitution—namely development and cooperation—to ensure that all regions are ready for what lies ahead. This is reflected in the new UPU Regional Development Plans (RDPs) for 2017–2020, which have established a new integrated approach to development. This is explained by Rudy Cuadra, Director of Development and Cooperation at the UPU.

In this issue readers will notice that the thread that ultimately ties each of these areas together is partnership. From the collaboration between the UPU and Brazil that brought Easy Export to fruition, to the team effort applied by national governments, Posts and the UPU to bring Ecom@Africa to the region, to the focus on resource mobilization in the UPU's new RDPs, one thing is clear—we can achieve more when we work together. And the work is well underway.

KAYLA REDSTONE, EDITOR-IN-CHIEF

PHILATELY

Vietnamese coupon joins the IRC family

A Vietnamese design has been chosen for the ninth iteration of the international reply coupon (IRC), first issued 110 years ago.

The concept, designed by graphic artist Nguyen Du, was selected as part of the UPU's IRC design competition held during the 26th Universal Postal Congress in Istanbul.

Guided by the theme “the Post and sustainable development”, the new IRC features a dove and welcoming hands against an Arctic backdrop, representing the sustainable development of the postal sector. The image of the vibrant yellow stamp against the blue background represents the postal sector's exciting prospects.

As tradition dictates, the 2017 IRC will bear the name of the Congress host city. The Istanbul IRC will go on sale beginning 1 July 2017. The coupon will be valid through 2021.

The Doha IRC will be withdrawn from sale on 31 August 2017, but can still be exchanged until 31 December 2017.

Using an IRC, a sender provides the means for an international recipient to reply to his or her message. These IRCs can be exchanged in post offices for the minimum postage required to send a regular priority letter-post or airmail item abroad.

Ten years of sales figures show that IRCs are both in demand and widely used across the world. Between 2009 and 2016, 120 Posts worldwide had issued more than 6 million IRCs. **FR**



The Vietnamese design goes on sale 1 July 2017.

Who's who at the UPU

The linchpin of the IB

Name: César Meneses
Directorate: Logistics
Position: Caretaker
Nationality: Portuguese



Having previously run his own cleaning company for some 15 years, César Meneses is now responsible for ensuring the safety, security and comfort of employees, as well as maintaining the UPU's International Bureau (IB) in Berne, Switzerland.

César first joined the IB in September 2011 as the Director General's chauffeur. Five years later, he applied for the caretaker position, a responsibility which he has carried out with passion and devotion. "I like providing a quality service, getting the details right and finding solutions. Sometimes you have to be creative and come up with ideas," he says.

His boundless energy and enthusiasm are down to the sheer diversity of the duties assigned to him, which include everything from overseeing installations and ensuring the building's heating and cooling, and telephone systems operate smoothly, to preparing and setting up the appropriate equipment when meetings are held at the IB.

"What I like most about my job is the variety of things I have to do, there is no place for routine. I also have friendly colleagues. I've never had even the slightest disagreement with anyone."

Meneses's flexibility and skill set enable him to consistently meet the needs of more than 300 IB staff. "By setting priorities and working quickly so that I'm ready for the next task, I aim to respond to requests within a day to keep everything running smoothly and everyone satisfied," he adds.

Meneses is also a familiar face to member country delegates, who know him for his positive attitude and willingness to lend a helping hand. He provides them with assistance during their visit to the IB and ensures the best possible working conditions. "The delegates are associates of the UPU and as such are considered colleagues. I always try to respond to their requests as quickly as possible," he says. "Whatever

they need, be it an adapter or a cable for a computer or even a painkiller, I do my best to provide it there and then."

Despite his workload, Meneses has also taken it upon himself to make the IB more environmentally friendly by introducing a waste management system. He dedicates part of his time each day to this worthy cause. "The first thing I do every morning is check that the waste is sorted properly. If I notice that people are not following the guidelines, I print them out and hand them to the offenders – if I can find them," he says with a smile. **FR**

First Posts adopt PosTransfer brand

Eight designated operators from the Commonwealth of Independent States (CIS) have signed a memorandum of understanding on the development of international postal payment services under a single trademark.

The memorandum, signed during a January conference in Tbilisi, Georgia, will have the designated operators of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Ukraine begin piloting the UPU's PosTransfer trademark by the end of 2017. Moldova's Post later joined the group in February.

"As we enter a new work cycle, the UPU has made innovation, integration and inclusion the focus of its vision for the postal sector. PosTransfer encapsulates this vision, ensuring that Posts work together to offer the most up-to-date money transfer technologies, increasing the Post's potential to financially include more of the world's population," said UPU Director General Bishar A. Hussein.

"The UPU is always focused on development of practical solutions and support of modernisation of postal financial services in its member countries. Today we can cele-

brate the extension of the UPU worldwide electronic postal payment network with these first adopters set to launch services under the UPU PosTransfer trademark in 2017," said Sergey Dukelskiy, coordinator of the UPU's Postal Financial Services Programme.

The PosTransfer trademark was finalized in 2015 as part of an effort to build worldwide trust and recognition for electronic postal payment services, notably among migrant workers seeking reliable and low-cost remittance services for sending money home to their families. It is now registered as a trademark in 109 countries and is one step in the development of the UPU's worldwide electronic postal payment network.

Signing up to use PosTransfer makes it easy for designated operators to establish multilateral agreements and open corridors with other operators using the trademark. As part of the agreement, the participating pilot Posts will create a working group to decide on a common strategy, policy and marketing plan for implementing the trademark.

Signing up to use the trademark also means the operators will have to

comply with agreed quality of service standards, requiring them to deliver money orders within an agreed period of time. Delivery times currently differ among Posts in the region. For instance, a money transfer sent from Belarus to Russia may not necessarily be paid out in the same timeframe as one sent from Russia to Belarus.

Congress decision

The pilot project comes just a few months after member countries agreed on a new Postal Payment Services Vision, which will have the UPU develop an interconnection platform where designated operators can exchange payment services with wider postal sector players.

As part of joining the user group, operators will benefit from this interconnection platform, where they will also be able to connect all UPU International Financial System applications to one central hub.

The interconnection platform also allows for the centralized management of bilateral or multilateral agreements, real-time messaging services and a centralized repository of payments. **KR**



The collective mark

E-COMMERCE

UPU e-commerce project takes flight across Africa



Tunisian Minister Mohamed Anouar Maârouf presents UPU Director General Bishar A. Hussein with a letter of commitment.

Ecom@Africa is a UPU initiative to develop the continent's e-commerce services, especially among those citizens and businesses located in remote areas, who have typically been excluded from the online market.

As part of the project, Africa will establish hubs located in its Eastern, Southern, Western, Central and Northern regions, from which other spokes can be created to serve the entire continent. The project is part of the prioritization of e-commerce for Posts during the 2017–2020 cycle, as mandated by the 26th Universal Postal Congress.

The establishment of e-commerce services under Ecom@Africa will be implemented by the countries' respective postal administrations. It also allows for the involvement of private sector players in cases where the Post may not have sufficient financial capacity to run the project alone.

The project has been seen as a lifeline for African Posts, which have been struggling to grow their business, especially given the decline in traditional postal services, such as letter-post.

Since Congress, UPU Director General Bishar A. Hussein has trav-

elled across Africa to help more countries implement the project, which the UPU plans to replicate in other parts of the world.

Tunisia

The first member country to implement the project will be Tunisia, which plans to establish a regional e-commerce hub for Northern Africa.

Announcing the commencement of the project during a January meeting with the UPU Director General, Tunisian Minister for Communications Technology and Digital Economy Mohamed Anouar Maârouf said Tunisia had all the assets needed to establish the hub.

"The project is part of a national strategy for the facilitation of administrative procedures for SMEs, especially those having export activities," said Maârouf.

During the visit, Hussein also met with Tunisian Prime Minister Youssef Chahed, who said the government had put aside 10 million USD to start the project. It will be fully funded by the government and the Tunisian Post.

As part of the project, a parcel and goods centre is being established at the Tunis-Carthage Airport, which will include warehouse, sorting, dis-

patch and customs facilities. The Post will facilitate deliveries within the country and abroad.

South Africa

The UPU and the South African government have also agreed to work together to establish an electronic commerce hub to serve the Southern region of Africa as part of the project.

During a meeting between the UPU director general and South Africa's Minister for Telecommunications and Postal Services, Dr. Siyabonga Cwele, it was agreed that UPU would offer technical advice and expertise to help the country establish the facility, which will serve the region and beyond.

The project will see the country establish a central parcel and goods hub that will include a warehouse, sorting and dispatch centre, as well as customs facilitation. The hub will use the South African Post Office (SAPO) network to deliver within the country and abroad.

"We have identified South Africa to establish this facility due to its strategic location, as well as having the busiest international airport and deep seaport in the continent of Africa. South Africa, too, has one of the highest uptakes of internet and mobile telecommunication infrastructure, which are key to the development of e-commerce," said Hussein.



UPU Director General Bishar A. Hussein met with South African Minister for Telecommunications and Postal Services Dr. Siyabonga Cwele.

Dr. Cwele thanked the UPU for choosing South Africa for this project, which he said, “falls in line with our policy for modernization of the South African Post Office”. He said implementation of the project will be given priority.

Speaking during a working session between the South African government and the UPU, South African Director General for Telecommunications and Postal Services Robert Nkuna said the meeting was aimed at ensuring that the country emerges with a clear roadmap of how it will work with the UPU to extract the most value from the increasing global trade driven by e-commerce activity. “The postal services sector is very important in the successful implementation of the National Integrated ICT Policy White Paper. It is not a stand-alone policy. It is part of the comprehensive policy overhaul to modernise the Information and Communication Technologies (ICT) sector for the inclusion of all citizens. We are aligned to what the UPU is doing and have referred to it in finalising the White Paper,” said Nkuna.

Also present at the working meeting were SAPO Chairperson Dr. Simo Lushaba and SAPO CEO Mark Barnes.

Côte d'Ivoire

Hussein and UPU Deputy Director General Pascal Clivaz have also successfully brought the project to Côte d'Ivoire.

The country's participation was confirmed during a courtesy visit with Ivoirian Vice President Daniel Kablan Duncan and Minister for Communication, Digital Economy and the Post, Bruno Nabagné Koné.

During the visit, Hussein also attended a seminar on E-Commerce and Financial Inclusion organised by Economic Community of West African States (ECOWAS), where he noted that Côte d'Ivoire's Post has the expertise and know-how to develop an e-commerce platform



UPU Director General Bishar A. Hussein meets with Côte d'Ivoire's Minister for Communication, Digital Economy and the Post, Mr. Bruno Nabagné Koné.

that could serve as a means of re-launching postal activity and creating wealth.

Kenya

In March, Kenya announced it was ready to kick off preparations to launch an e-commerce hub for East Africa, which would bring together the region's national Posts.

This pledge was made by President Uhuru Kenyatta during a meeting with the UPU Director General, who was in the country to discuss the Ecom@Africa project with top government authorities.

President Kenyatta assured Hussein that Kenya would put in place a

national implementation team that will work in coordination with the UPU to roll out the project. The president directed that the coordination work be kicked off in June this year.

Earlier Hussein had met with officials from the Kenyan Ministry of Information, Communications and Technology led by Cabinet Secretary Joe Mucheru.

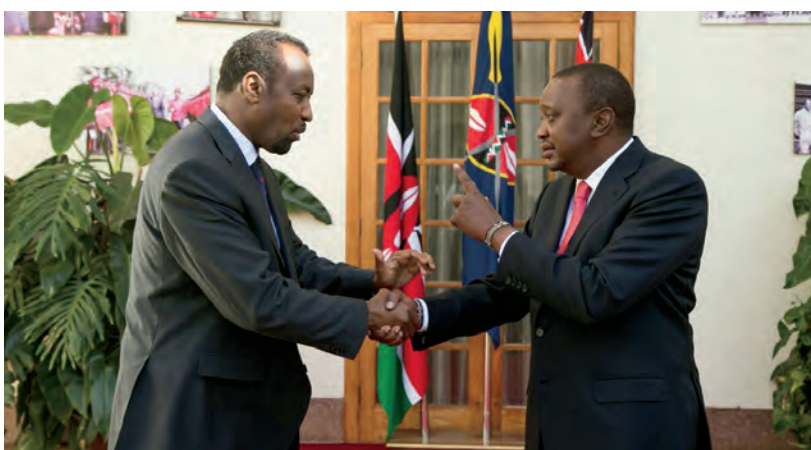
Uganda

Meanwhile, Uganda has also requested the UPU's assistance to set up an e-commerce platform for the Post under the Ecom@Africa project.

Speaking during a courtesy call by Hussein in May, Uganda's Minister for ICTs and National Guidance, Mr. Frank Tumwebaze, said his ministry was preparing a national digital strategy for the country and that the Ecom@Africa project was seen as the best approach to achieve its goals. The digital strategy will address all sectors of the economy in Uganda, he said.

Authorities from Cameroon and Morocco are also in talks with the UPU about implementing Ecom@Africa in their respective countries. The goal is to establish e-commerce hubs in these regions as well.

Hussein said the UPU's International Bureau was prepared to help any member country interested in implementing the project so as to achieve faster take up of e-commerce for the continent's postal network. **MM & FR**



UPU Director General Bishar A. Hussein met with Kenyan President Uhuru Kenyatta to discuss developing the country's e-commerce.

Cutting the red tape on exports

More than 15 years ago, Brazil launched an initiative that opened the door for micro, small and medium enterprises across South America to export their goods internationally through the Post. Now the UPU is turning this successful regional model into a global venture, starting with Tunisia.

TEXT:
KAYLA
REDSTONE

At a time when global business-to-consumer e-commerce is valued at some 1.2 trillion USD, it is hard to believe there are still vendors unable to market their goods internationally. But this is precisely the case for many micro, small and medium enterprises (MSMEs) around the globe, according to Raquel Ferrari, manager of trade facilitation at the UPU.

"These enterprises tend to do their business locally because they lack the capacity and face too many barriers to export," she explains.

For many small business owners, these barriers tend to include lengthy and complicated customs procedures, high export costs, and exclusion by logistics providers, which usually cater to businesses exporting large volumes of goods. Many MSMEs are also located outside large centres, which can also add extra costs and difficulties. Others simply lack knowledge about the international market.

Because Posts specialize in providing logistics services for smaller quantities of goods and are located in all corners of a country, they are the perfect partner for local small businesses wishing to expand their customer base internationally.

However, Posts cannot act alone, since export processes involve a number of government agencies, including customs authorities, export promotion agencies and small business promotion institutions, among others. That is why the UPU recently launched its Easy Export Programme, which sets out to do just what it says – help governments put together systems to facilitate exports for local MSMEs through the postal network. The programme is based on three pillars: low export costs, simplicity and national coverage.

Though it may sound like an ambitious project, the UPU's Easy Export methodology is based on a tried and trusted model implemented by Brazil in its country and across South America over the course of the past 15 years.

Brazilian expertise

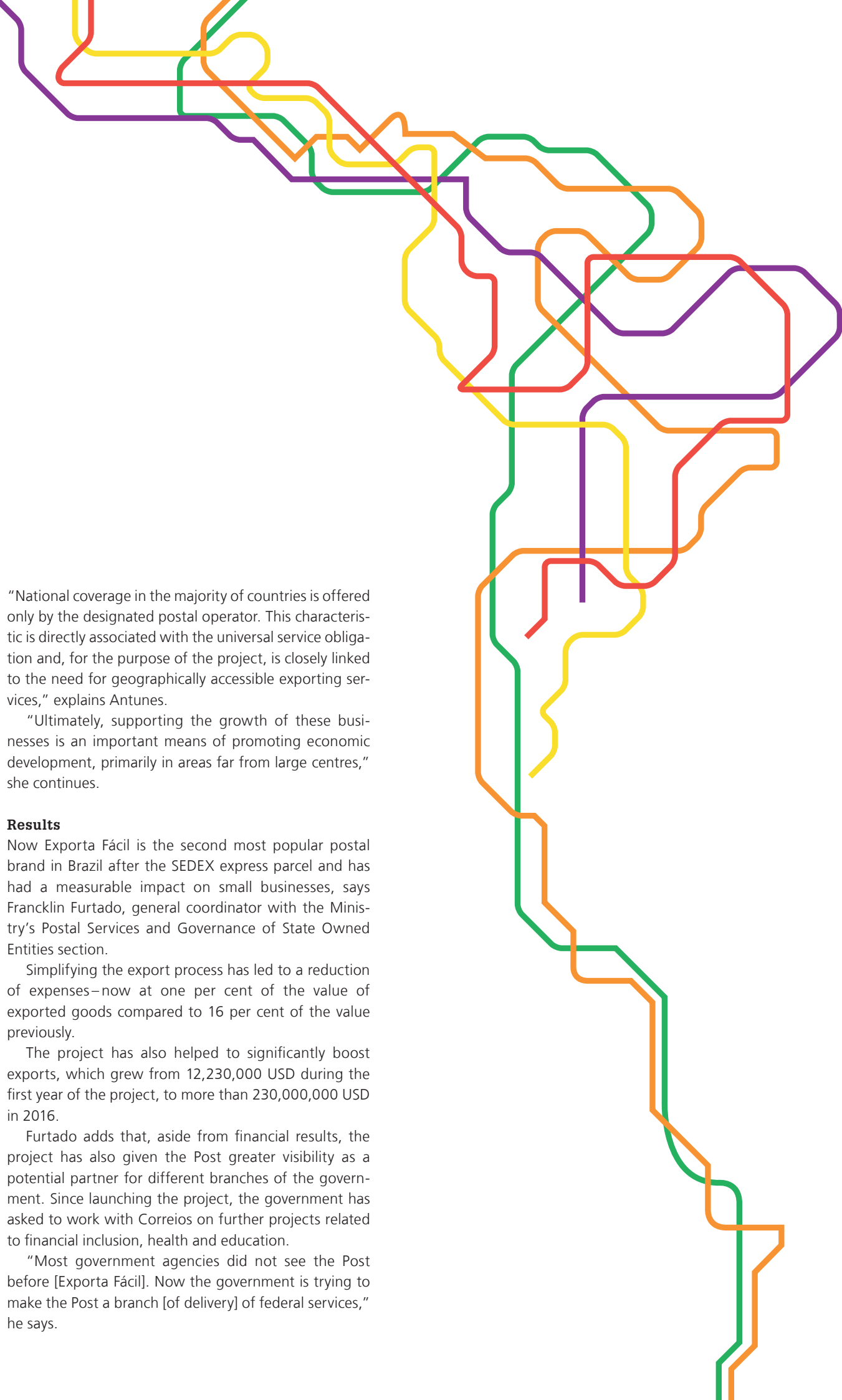
The Brazilian model, known across South America as Exporta Fácil, began in 2001 after the Brazilian Post (Correios) began exploring ways to use the postal sector to boost the country's economic and social development.

"Brazilian enterprises have always faced many challenges in exporting due to complex and bureaucratic administrative, customs and logistical processes, especially [for] MSMEs," says Rose Mary Antunes, an advisor with the Brazilian Ministry of Science, Technology, Innovations and Communications.

These challenges meant that the country's MSMEs traditionally kept their business close to home. Students at Correios' postal university saw an opportunity in this difficulty, developing new products and solutions to fill the gap. Exporta Fácil was the fruit of this labour.

While the Post had the infrastructure required to run the programme, Antunes highlights that the government played a very large role in securing support from other key players in the export process, including the central bank, trade stakeholders, Customs and foreign affairs.

The programme was successful in cutting through the red tape preventing Brazilian small businesses from accessing the global market, offering cheaper, simplified export options available at any of the Post's 8,000 offices, reaching every city in the country.



"National coverage in the majority of countries is offered only by the designated postal operator. This characteristic is directly associated with the universal service obligation and, for the purpose of the project, is closely linked to the need for geographically accessible exporting services," explains Antunes.

"Ultimately, supporting the growth of these businesses is an important means of promoting economic development, primarily in areas far from large centres," she continues.

Results

Now Exporta Fácil is the second most popular postal brand in Brazil after the SEDEX express parcel and has had a measurable impact on small businesses, says Francklin Furtado, general coordinator with the Ministry's Postal Services and Governance of State Owned Entities section.

Simplifying the export process has led to a reduction of expenses—now at one per cent of the value of exported goods compared to 16 per cent of the value previously.

The project has also helped to significantly boost exports, which grew from 12,230,000 USD during the first year of the project, to more than 230,000,000 USD in 2016.

Furtado adds that, aside from financial results, the project has also given the Post greater visibility as a potential partner for different branches of the government. Since launching the project, the government has asked to work with Correios on further projects related to financial inclusion, health and education.

"Most government agencies did not see the Post before [Exporta Fácil]. Now the government is trying to make the Post a branch [of delivery] of federal services," he says.

Across the continent

After the success of the project at home, the Brazilian government later teamed up with the Union of South American Nations (UNASUL) to spread the benefits across the South American continent. UNASUL, which works to promote cultural, economic, social and political integration across South America, has even included Exporta Fácil in its strategic action plan for 2012–2022.

“Brazil is a unique case in partnerships because it worked with UNASUL, which traditionally only funded infrastructure such as roads and bridges. Exporta Fácil was the first case of UNASUL financing an integration project centred on the Post,” says Antunes.

The Postal Union of the Americas, Spain and Portugal and the Inter-American Development Bank have also supported the project’s expansion, helping a further four South American countries—Colombia, Ecuador, Peru and Uruguay—establish fully operational Exporta Fácil programmes. Paraguay is now in the process of implementing the programme, while Argentina, Bolivia, Chile and Venezuela have completed the pre-diagnosis process.

Working with these regional stakeholders also allowed Antunes and her team to create an “expert network” composed of technicians from each country that has already implemented the project.

“As a rule, each country which is committed to letting its qualified employees offer support to develop the project in other countries receives technical support to develop its Exporta Fácil,” she explains.

Though Antunes stresses the total investment needed to implement Exporta Fácil varies from country to country based on available infrastructure, she says recent analyses have shown that the basic costs of implementing the programme such as for training technicians, diagnosis, technical visits to other countries and creation of work plans, can be covered by between one to three per cent of the total value of exports sent through the programme during the first year.

Passing the baton

After this success across South America, Furtado says Brazil began receiving calls from around the world.

“The project was becoming globally famous and Brazil needed the UPU to be able to share it outside the region,” says Furtado.

This led the UPU and Brazil to sign a cooperation agreement at the end of 2011 aimed at launching the project internationally. Since then, the UPU has made a site visit to Brazil and Ecuador to see the project’s implementation in action and has worked with Brazil on finalizing a project manual, implementation guide, and a specialist training course.

“As part of the agreement, Brazil transferred 15 years’ worth of their experience and knowledge from implementing the programme in Brazil and carrying out technical assistance across South America,” says Ferrari.

With several years of study and collaboration with Brazil under its belt, the UPU is now ready to launch its version of the project, called Easy Export, globally.

Though the UPU’s cooperation agreement with Brazil has now officially come to an end, Furtado says he and his team will still be on hand to offer advice as the UPU rolls out its first pilot project in Tunisia.



Tunisian Pilot

With 98 per cent of Tunisia's nearly 600,000 businesses having fewer than 10 employees, the country seemed like a perfect candidate to pilot the project, according to Ferrari.

In January she helped organize a national forum on trade facilitation which brought together various arms of the Tunisian government—including those responsible for the Post, trade and Customs—as well as the Secretary General of the Pan African Postal Union, representatives from African Posts, UPU Director General Bishar A. Hussein and other UPU experts.

The forum provided an opportunity for Ferrari to pitch the programme's benefits to the Tunisian authorities, who had already been looking for ways to boost the participation of local MSMEs in the global market. By the end of the gathering, the Tunisian government had formed a national coordination commission in order to effectively start the implementation of the programme's first pilot project.

"Tunisia is aware that exportation is one important way [to achieve] national economic growth. [Globalization has] created great opportunities for national companies to seek new markets and to develop business activities," says Sami Ghazali, Director General of the Digital Economy, Investment and Statistics section of the Tunisian Ministry of Communication Technologies and Digital Economy.

Ghazali is now also head of the country's national coordination team for the Easy Export pilot project, which meets once a week to ensure it achieves its goal: to have the Easy Export Programme fully implemented by the end of 2017.

Ferrari says meeting that goal will require all components of the national coordination team to work closely, with guidance from the UPU.

"Easy Export is not a one-size-fits-all model—it is country-specific. Tunisia must build its own solution based on its national reality and resources, with the UPU there to provide technical and professional assistance through the project methodology created in cooperation with Brazil," she explains.

Aside from the Ministry of Communication Technologies and Digital Economy, the national team includes representatives from the Post; Customs; the government authorities for industry and trade as well as transportation; the central bank and several organizations involved in trade, e-commerce and the promotion of local artisans.

It is this collaboration of stakeholders that made the South American projects such a success, says Ferrari.

Together, the project team will follow a thorough process, including a full diagnosis of the country's current trade situation, the development of a service model, and complete work plans that consider all business areas, such as operations, marketing, training, and legal and IT requirements.

As the first pilot country, Tunisia will also be required to make experts available to countries who implement the programme in the future, starting a global experts network like the one created in South America. Ferrari says she has already received expressions of interest from several other countries, including Morocco and Malaysia.

Looking forward

If governments invest in the programme at a national level, Ferrari says Easy Export has the potential to help achieve the UN Sustainable Development Goals—particularly those related to decent work and economic growth; industry, innovation and infrastructure; and partnership.

"The great majority of businesses in any country are small businesses and they are considered a factor for employment, development and inclusion at the national level," she says.

Ferrari says the UPU is now looking to restricted unions and other UN organizations to increase the programme's reach.

To Posts interested in offering the service, both Ferrari and her Brazilian colleagues have one very valuable piece of advice: don't go it alone.

"It's very tempting for operators to take the lead on the project, but if the government is not at the centre, it won't work," explains Furtado, adding that certain aspects of the programme, such as helping businesses find buyers in the international market or simplifying customs procedures, are outside of the Post's realm of expertise.

"Posts have tried to replicate the model, but it hasn't always worked because there are many parts to its implementation. It isn't just a logistics solution; it requires cooperation with governments, central banks and other partners. The UPU can help bring these partners together," advises Ferrari. **KR**

For more information on the UPU Easy Export Programme, contact:

Raquel Ferrari, raquel.ferrari@upu.int

How does Easy Export work?

The UPU Easy Export Programme brings together designated operators and key trade facilitation stakeholders in the national government to help countries implement solutions to boost their MSMEs' participation in the export market. It seeks to guide countries in:

- providing MSMEs with a less bureaucratic export documentation process with one single, simple export declaration form
- reducing lengthy export processes by streamlining logistics and expediting customs clearance
- reducing export costs for small businesses
- connecting all players in the trade supply chain
- giving exporters access to valuable information and tools to learn about international markets

UPU research shows growth of postal economy, growing gap with real economy

The UPU's latest statistics show postal revenues are rising. UPU economist José Ansón explains the figures and puts them in perspective with the real economy.

TEXT:
KAYLA
REDSTONE

INFOGRAPHICS:
DIE GESTALTER

Postal revenues continued to grow in 2015, increasing 1.6 per cent nominally to 244 billion SDR (328.8 billion USD).

This growth was achieved in spite of a 3.3 per cent decline in letter-post volumes, which still represent the bulk of postal incomes. Domestic service fell 3.2 per cent, and 9 per cent fewer international letter items were posted in 2015 compared with 2014.

Those losses were mitigated by an increase in tariffs and average weights owing to the rise in goods flowing through the letter-post stream as a result of e-commerce.

A total of 320.4 billion letter-post items were exchanged in 2015.

Parcels

In 2015 the postal economy was also boosted by the continued growth in the parcels market, which increased 6.5 per cent to 7.9 billion items.

Domestic service, which still represents more than 98 per cent of total traffic, grew 6.42 per cent. Africa and Latin America recorded the most significant gains in domestic parcel volumes, increasing 40.7 per cent and 32.8 per cent respectively; however, UPU economist José Ansón notes that this large percentage increase likely resulted from very low starting volumes.

The international parcels service achieved a significant increase despite volatility across regions, growing 12.1 per cent in 2015 over 2014. Eastern Europe/CIS and Asia-Pacific drove parcel growth, seeing boosts of 50.9 per cent and 20.6 per cent respectively.

"New e-commerce hubs established across Eastern Europe and the CIS likely explain the significant increase in international parcel volumes in that region," explains Ansón.

Network

The postal network continued to expand in 2015, with 690,722 post offices located across the globe – a 1.69 per cent increase on 2014. These offices are staffed by 5.26 million postal workers.

On average 83.3 per cent of the world's population had access to home mail delivery, while 13.4 per cent collected mail from a postal establishment, and 3.2 per cent still did not have access to postal services.

Real economy

Though statistics show that the postal economy continued to grow in 2015, Ansón says nominal figures should be considered with caution.

"Nominal values can be dangerous because they don't account for other economic factors such as inflation," Ansón explains.

New UPU research compares postal growth to that of the real economy over the last 20 years. And while the real economy nearly doubled during that period, the postal economy only grew 34 per cent.

Ansón explains that until the early 2000s, the postal economy was growing at about the same rate as the real economy in industrialized countries. However, the global economic crisis and development of digital technologies in the 2000s sparked a divergence, creating a widening gap between the overall economy and the postal market.

"These statistics show that the postal sector is still paying the price of electronic substitution and the resulting shift away from letters," says Ansón.

This is evident when looking at the UPU's statistics on letter-post, which show a drop in that segment's share in world postal income of nearly 10 percentage points since 2005.

While the UPU's statistics highlight above-average postal growth in some regions, such as Asia-Pacific, these results are largely driven

by standout designated operators that have taken advantage of the e-commerce opportunity.

"Take China out of the mix and Asia-Pacific's results align more with the general trend. In general, Posts haven't transformed themselves significantly enough to narrow the gap between the postal economy and the real economy," says Ansón.

International trade

But all is not lost. As part of the research, Ansón also compared postal flows to international trade, which yielded interesting and promising results.

"When we look at the growth of international trade over the last few years, we can see that it hasn't really recovered since the global financial crisis. However, we can see that postal trade measured in tonnage has grown much faster than international trade due to the rise in global e-commerce," Ansón explains.

While between 2010 and 2015 growth was stagnant in international trade flows, international postal exchanges nearly doubled in terms of tonnage. Ansón says this is a positive sign for the Post.

Opportunities

Although there is much work to do to close the gap between the postal economy and the real economy, the rate at which Posts have surpassed international trade flows shows that the e-commerce opportunity is still very present.

Ansón explains that Posts continue to focus too much on their domestic service, which is evident as domestic service accounts for more than 98 per cent of both letter-post and parcel-post traffic.

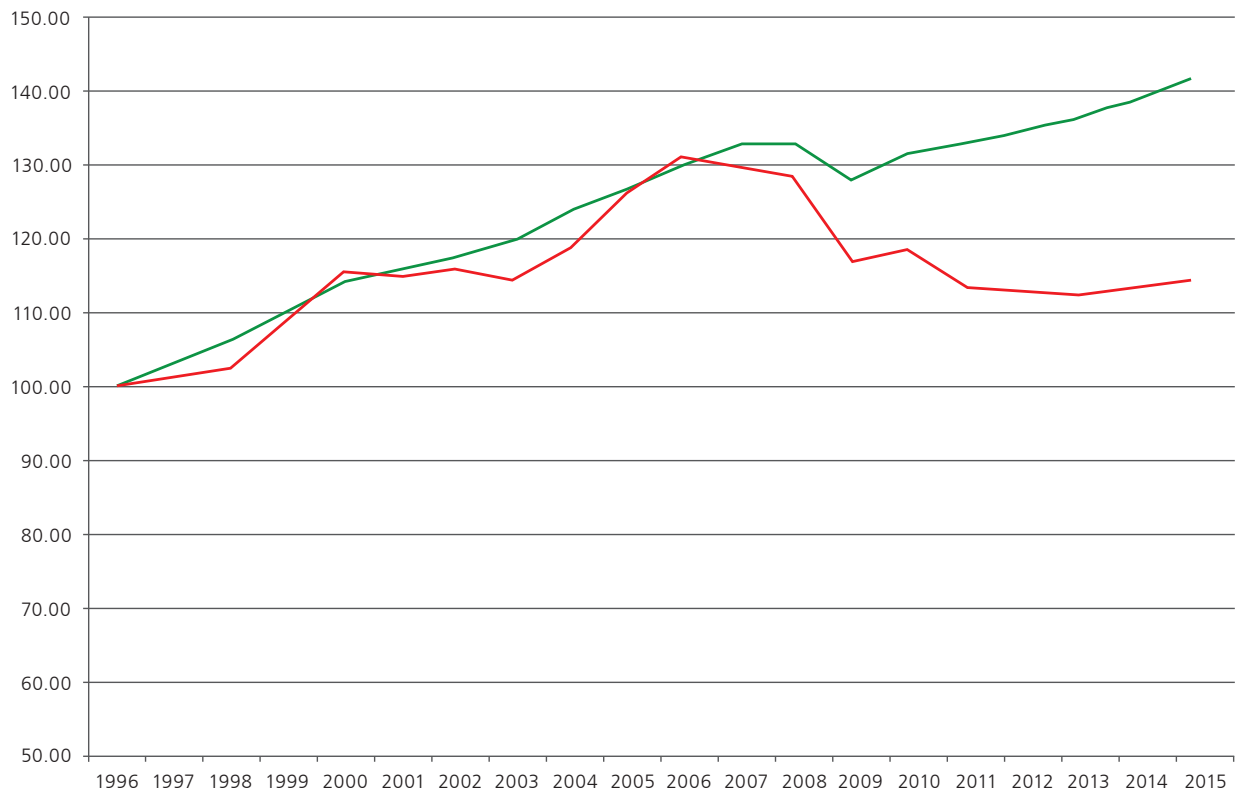
"The Post is going to become more and more global. There is little future for a Post which does not serve its international customers," he says.

"Imagine if a network like Facebook created 192 national platforms rather than connecting everyone globally," explains Ansón.

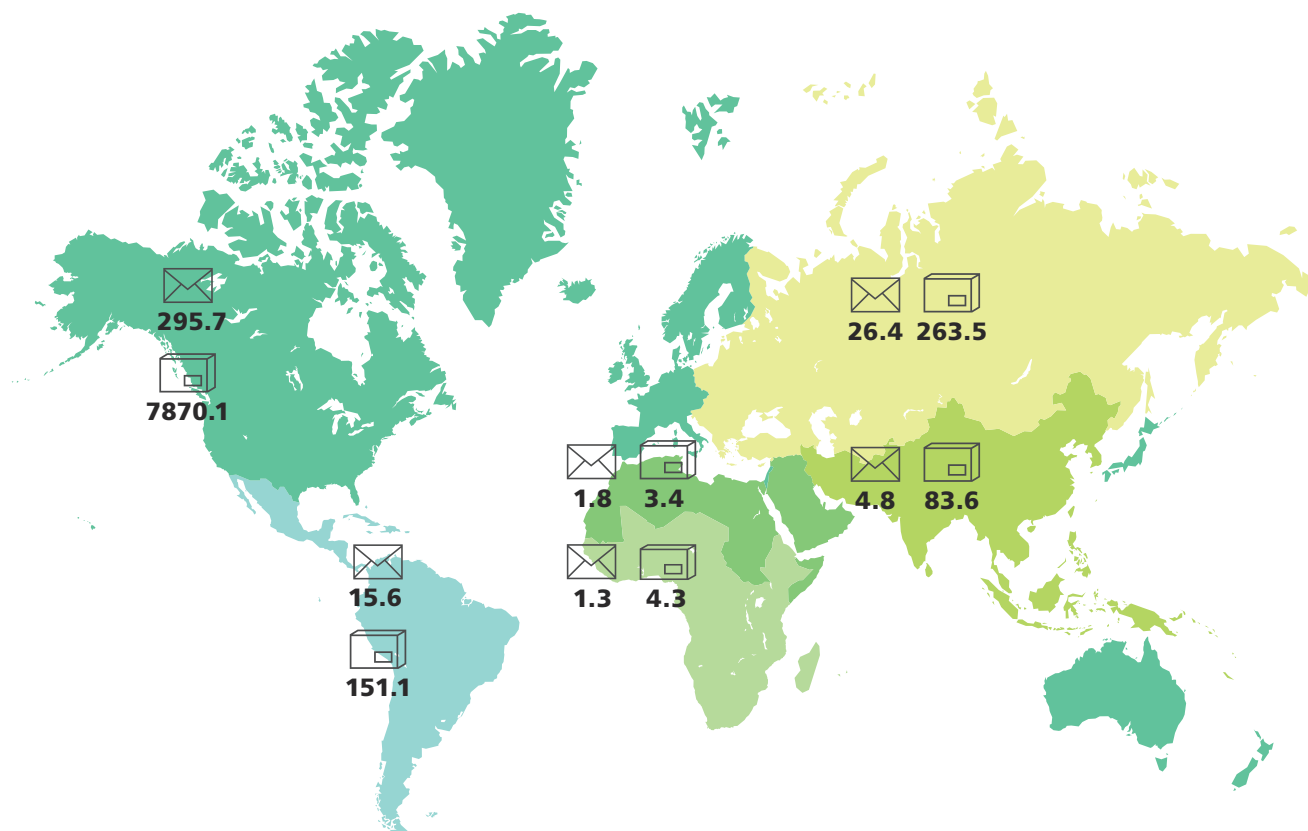
One prime example Posts can look to is Deutsche Post, which Ansón says took advantage of globalisation as early as the 1990s with its international logistics service DHL – now available in more than 220 countries and territories. He also explains that Posts can tap into today's modern postal products as a goldmine for big data.

"Letters, traditionally mostly untracked, were never data rich. Yet tracked small packets and parcels are. With today's technology, Posts can harness new digital opportunities for data analytics," says Ansón.

"With the right recipe of globalized service, e-commerce and big data, Posts can get back on track." **KR**



Evolution of the postal economy index vs. the real economy index in advanced economies since 1996 in purchasing power parity



- = Africa
- = Latin America and Caribbean
- = Asia and Pacific
- = Eastern Europe and CIS
- = Arab countries
- = Industrialized countries

✉ = Letter post: Number of items posted (per capita)
World average in 2015: 43.8

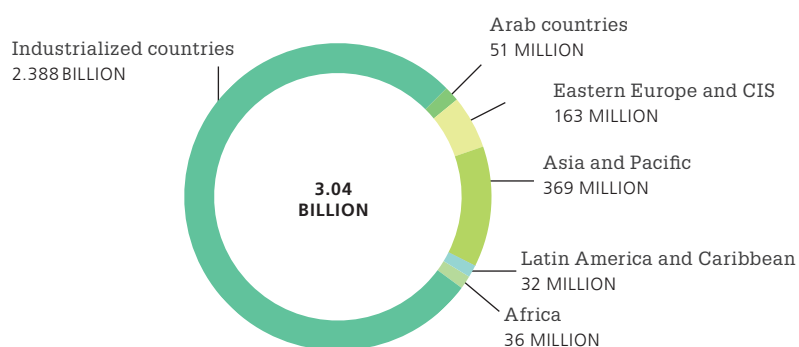
📦 = Parcel post: Number of items posted (per 1,000 inhabitants)
World average in 2015: 1083.1

✉ Letter post

TOTAL TRAFFIC 2015:
320.4 BILLION ITEMS
2014 – 2015: -3.3 %

DOMESTIC SERVICE:
317.4 BILLION ITEMS (99.0 % OF TOTAL TRAFFIC)
2014 – 2015: -3.2 %

INTERNATIONAL SERVICE:
3.04 BILLION ITEMS (1.0 % OF TOTAL TRAFFIC)
2014 – 2015: -9.0 %



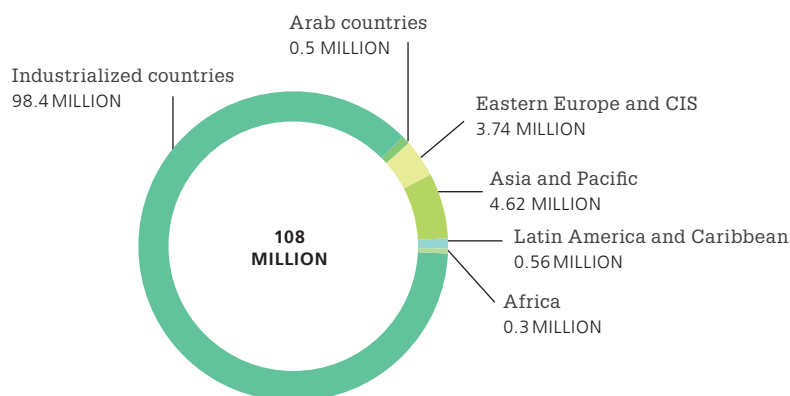
International volumes (Estimates by region, 2015)

📦 Ordinary parcels*

TOTAL TRAFFIC 2015:
7.922 BILLION ITEMS

DOMESTIC SERVICE:
7.814 BILLION ITEMS (98.6 % OF TOTAL TRAFFIC)
2014 – 2015: +6.42 %

INTERNATIONAL SERVICE:
108 BILLION ITEMS (1.4 % OF TOTAL TRAFFIC)
2014 – 2015: +12.1 %



International volumes (Estimates by region, 2015)

*This category does not include express parcels or small parcels included in the letter category

Inhabitants per post office

WORLD AVERAGE 2015:
10,589



Eastern Europe and CIS: 4,662 people



Industrialized countries: 5,141 people



Asia and Pacific: 12,020 people



Latin America and Caribbean: 12,990 people



Arab countries: 25,380 people



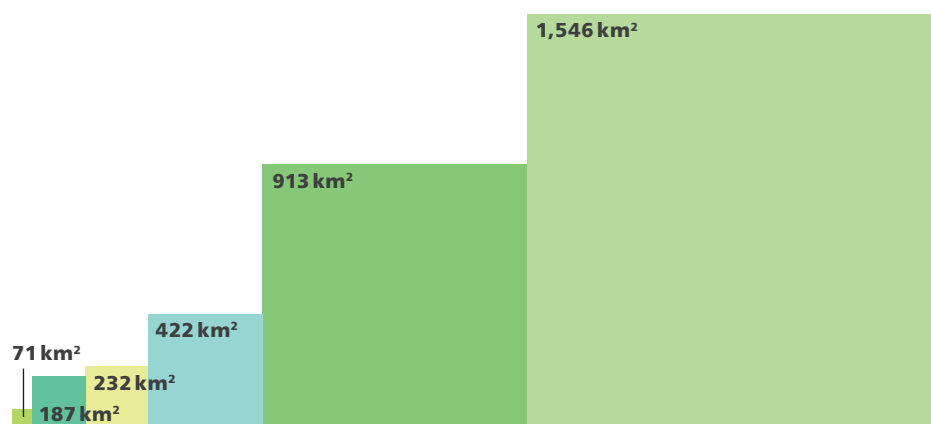
Africa: 71,705 people



= 250 people

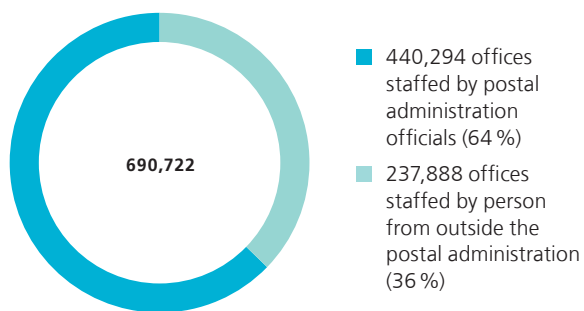
Average area covered by a permanent office

WORLD AVERAGE 2015:
197 km²

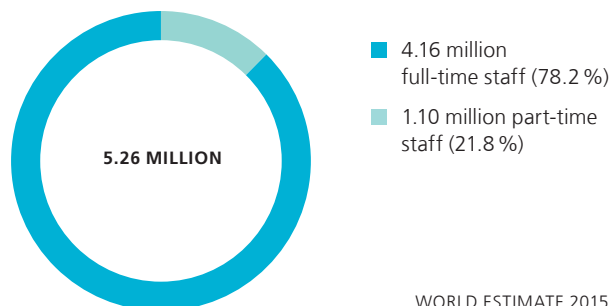


- = Africa
- = Latin America and Caribbean
- = Asia and Pacific
- = Eastern Europe and CIS
- = Arab countries
- = Industrialized countries

Post offices



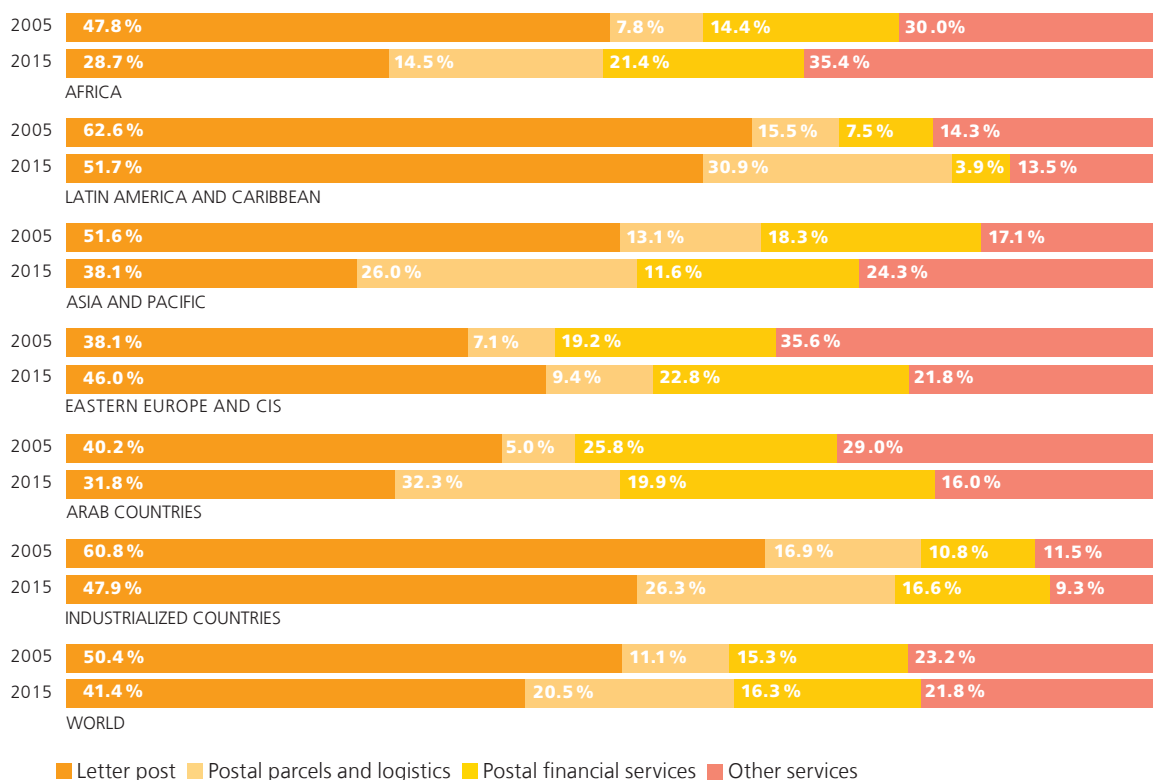
Postal staff



WORLD ESTIMATE 2015

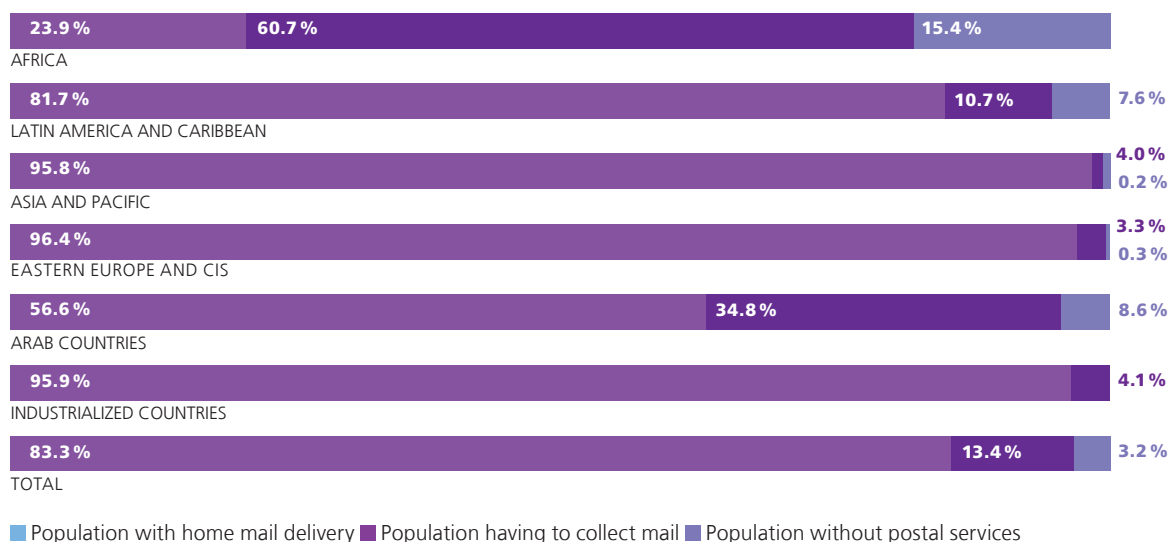
Postal income by business line

INCOME SHARE BY REGION, 2005 & 2015, SIMPLE AVERAGE OF DESIGNATED OPERATORS IN EVERY REGION



Mail delivery modes by region

ESTIMATE BY REGION, 2015, WEIGHTED AVERAGE BY POPULATION



Solidarity is the key to success

After many years working with the Turkish government in areas such as environment, health and transportation, Kenan Bozgeyik joined PTT Turkish Post as Director General in 2016, leading the organization through the hosting of the 26th Universal Postal Congress in Istanbul. Now at the helm of the UPU's Council of Administration, Bozgeyik will help drive forward the Union's work on the Istanbul Postal Strategy, and help member countries find consensus.

Kenan Bozgeyik (centre) attends a Bureau of Congress meeting with UPU Director General Bishar A. Hussein (right) and Deputy Director General Pascal Clivaz (left)



INTERVIEW BY:
KAYLA
REDSTONE

PHOTO: UGUR
COBANOGLU

Union Postale: What inspired your interest in joining the postal sector?

The postal sector is known not only as a vital communication channel but also a unique part of human history embellished with knowledge and social values. In today's world of endless innovation, speed, digitalization and artificial intelligence, the social value of the Post is the most important element that is neglected. I believe the world's citizens are fully aware of this value and of the Post's impact on their daily life.

It is possible to say that there is a bit more to postal services in Turkey: national postal administrations, known as the centre of trust throughout the centuries, have been seen as an important part of our people's families.

Unfortunately, for a long time adequate attention wasn't paid to this social aspect of postal services. Even people within the Post failed to recognize the unique connection between postal services and social values for a considerable time. The quest to further

“We need to further build on trust, sincerity, solidarity, commitment and compromise within the UPU.”

promote this connection and raise the quality of postal services in Turkey were the driving factors that led me to join the postal sector. In this context, I would like to underline that the experiences I have gained in the various roles I have held in public administration so far will be key in helping me to reach these goals and add greater social dimension to the identity of postal services in Turkey.

You steered the 2016 Congress very well and managed what were sometimes hotly debated subjects. How would you describe your experience as Chairman of the Congress?
The 26th Universal Postal Con-

gress was of great historical significance for me, for our postal corporation and, above all, our country.

With our 3,000-person Congress team, we took every phase of organizing this splendid gathering very seriously with the aim of making the very most of the event.

We had full schedules every day and it did feel very productive. It was a great opportunity to be in a position to channel and unify aspects that were vital for the future of the Universal Postal Union, such as new service channels, quality of service, the integrated product plan, e-commerce, key aspects of logistics, contribution units, the budget and many more issues of very great concern such as reform of the Union. I also felt very honoured to chair various strongly attended meetings and sessions to promote the quality global postal services and further bilateral relations.

We are now at the start of a new cycle, where you have many heavy responsibilities as CA Chairman. What will be your focus?

First of all, I want to emphasize that the UPU will be our principal focal point. Of course, there will be more specific topics that we are going to concentrate on; however, we need to further build on trust, sincerity, solidarity, commitment and compromise within the Universal Postal Union. We already showed that this was possible during the 26th Congress.

I really would like to build even greater unity and promote negotiation and cooperation within a framework of mutual respect. By reaching out to all postal operators across the globe and involving them in UPU activities, we are aiming to promote accessibility and connectivity to the global postal network for the world's citizens. As CA Chairman, my ultimate goal would be to maximize cooperation between Posts and the UPU to ensure the best possible delivery of services



to all people around the world. It is not just a parcel that we carry – we know that every parcel transports certain emotions between the sender and recipient.

What are some of the “hot topics” that the CA will be responsible for discussing during this cycle?

As we all know, we reached a compromise on many important issues and brought the Congress process to an end with great success. I can say that reform of the Union, contribution units, finance and budget are the main hot topics that we are going to focus on. These are significant areas for the future of our Union. On the other hand, if we are to provide better services to the entire world population, there are many more

“We will approach any challenges as opportunities for growth.”

important elements such as quality of service, e-commerce and the integrated product plan, which we will need to work on. We will focus on all of these issues during this cycle.

Through our improved network, we should be able to reach people in remote areas of Africa, Asia and Latin America. This is one important topic that I would like us to discuss in detail to maximize connection around the world and ensure that the most disadvantaged also have the opportunity to participate.

What do you foresee as the CA's greatest challenges over the next four years?

We are going to be dealing with reform of the Union, digitalization, e-commerce, supply chain, the inclusion and integration of excluded populations into the postal network, big data and new service channels. Once we have successfully concluded the UPU reform process, we will be able to put all our energy into UPU services and activities. In addressing all these issues, it is inevitable that there will be challenges; however, as long as we work together in pursuit of the same objective, no challenge is insurmountable.

Also, just as people grow through challenges, so do organizations. With this in mind, we will approach any challenges as opportunities for growth, improvement and better quality. All of this will help move the UPU forward as an organization.

UPU reform was hotly debated during the 26th Universal Postal Congress, with member countries agreeing to implement many elements of the UPU's proposal during this cycle. One of these recommendations included optimization of the councils' working methods. Could you explain how you see these changes impacting the efficiency of the Union?

I did not have the opportunity to experience the previous cycles, but when we consider the previous process, I can easily say that the new working cycle is much better in every respect. Before, sessions lasting 20–25 days and inconclusive meetings meant serious losses for the Union in terms of time, resources and work. Owing to very long decision-making processes, it was not possible to reach decisions in a timely manner. This is now being corrected and it is an extremely important improvement.

Now, working groups will carry out their work separately and have it finalized at council sessions. This is one of the most efficient characteristics of the new cycle; we are going to be result-oriented instead of getting lost in long-winded discussions that end up nowhere. This way, we are aiming to minimize costs and save time through short but goal-oriented meetings and working groups.

Some of the reform proposals were deferred by the Congress for discussion during the Extraordinary Congress in 2018. What do you see as the way forward to achieving consensus on these remaining areas?

I firmly believe that these proposals should be finalized in 2018. I believe we all need to remind ourselves of the values that led to the UPU's founding, and act in line with those values, which were based on truthfulness, cooperation and good faith. We should keep these values with us every single time we enter the International Bureau, and we should start our work with these values in mind. This will make it much easier to reach consensus on the remaining areas.

“A powerful UPU means more competent postal operators and therefore happier people with better postal services.”

What are your hopes or expectations over the course of your chairmanship?

First of all, I expect to complete whatever work is needed this period to leave a better working Union for the next cycle. I hope to see a quite productive working period characterized by mutual respect and understanding. As I mentioned before, we will be dealing with some key topics such as reform of the Union and finance. I really hope that we can overcome these obstacles without losing further time and energy by taking a realistic approach for the benefit of the Union and postal administrations across the globe.

A powerful UPU means more competent postal operators and therefore happier people with better postal services.

As well as presiding over the CA, you are also the Chairman and Director General of the Turkish Post. Would you give us some insight into the general state of the postal sector in Turkey?

I have great pleasure in saying that the postal sector in Turkey is growing stronger with each passing day.

E-commerce and logistics channels are growing daily in Turkey and this is opening up further opportunities for the postal sector. The Turkish Post is a national institution which is moving forward thanks to the firm trust received from Turkish society.

We are constantly endeavouring to improve ways of meeting the diverse needs of our people through the physical and digital postal network channels. We are committed to continue restructuring our company in order to ensure that our citizens get the best possible service. In line with this, we are updating our broad service network from e-services to logistics, from banking solutions to postal services and digitalization.

What are some of the things that the Turkish Post is focusing on to address the changing postal environment?

Our goal is to become the most important, efficient, secure and dynamic postal service provider in our country. We are carrying out in-depth studies aimed at improving our distribution channels, vehicles and personnel. These components are in a way the most important components as they are the primary channels connecting us to our people. On the other hand, we are undertaking some other research in the fields of health, e-government, environment, alternative logistics channels, transportation, full-fledged banking, insurance, business development and the other investment areas with the aim of improving our services. KR

This interview has been edited for length and clarity.

An historic bond turned fruitful project

Japanese postal workers have been using Honda's motorbikes to deliver the country's mail for decades but recently the two companies have decided to extend their partnership past an exchange of equipment.



The Japan Post pit crew works on a Honda motorcycle during the Suzuka 8 Hours Endurance Race (Photo: Japan Post)

TEXT:
FELLA
RABBAHI

Japan Post and Honda have a long history. For nearly half a century Honda has manufactured Japan Post's iconic red delivery bikes.

However, this partnership has grown to become more than just an exchange of delivery equipment. Most recently, Japan Post came to the company's aid following the 2016 earthquake that hit Kumamoto, Japan – home to the factory where these bikes are made.

"Through rain and snow, Honda's sturdy bikes have been helping to convey the thoughts of Japanese people. To help Kumamoto recover from this tragic event, Japan Post sponsored the Honda Kumamoto racing team in the 2016 Suzuka 8 Hours Endurance Race," says Hiroaki Fukuda who works in Japan Post's procurement division.

Fukuda explains that sponsoring the race was a perfect fit for the Post, with the collaborative effort of the pit crew to bring the car to the end of the race reflecting the Post's own delivery crew, which together bring mail items through to the last mile.

Another aim of the partnership, he says, is to address one of the Post's operational challenges: the cost of maintaining its fleet of more than 85,000 bikes.

"We also thought that partnering with a top-tier racing team would allow us to positively motivate our delivery crew for safer riding and better maintenance, which are necessary for improving the quality of postal services," adds Emiko Hakozaiki, who works in Japan Post's postage stamp and postcards office.

According to Fukuda, the race did help motivate staff to improve their maintenance skills.

Two needs, one deed

In addition to helping postal workers, the collaboration has also benefited the community.

While at the Suzuka circuit, Japan Post hosted a postcard workshop in collaboration with racers to teach children about road safety and the joy of handwritten messages.

During the workshop, children were able to ride cute mini bikes while learning the meaning of road signs and traffic safety rules with professional riders from Honda's race team. Parents and children alike left the workshop with personalized postcards.



Children create personalized postcards at a philatelic event organized by Japan Post in cooperation with Honda (Photo: Japan Post)



A child sends the postcard she created during the Japan Post-Honda philatelic event at JP Tower (Photo: Japan Post)

After successful reviews, Japan Post hosted a similar event at JP Tower in Tokyo, at which more than 46,000 visitors were educated about the value of philately and letter-writing. The event also featured Honda's minibikes. A survey circulated among attendees revealed that 97 per cent thought that written letters were an important format to convey one's thoughts, and 92 per cent answered that the event made them want to write a letter immediately.

"Although today's younger generations have largely distanced themselves from letter writing, they still remain creatively active on the Internet, and I see a lot of potential to convert these users back to physical letters through campaigns like this," says Hakozaiki.

In addition to high participation, Japan Post reports that the event also allowed the Post to sell approximately 5,500,000 JPY (50,400 USD) worth of philatelic products.

A common objective

Though it may seem like an unusual partnership, Hakozaiki and Fukuda insist that public-private partnerships can only help to strengthen the Post's place in the modern business environment, helping them achieve positive change and improve their approach to their work.

"Collaboration with private sector partners can often allow us to harness each other's assets such as knowledge, human resources, event space, and fan base. But I feel the real win comes from the new perspectives and new insights that these partners bring to the table," affirms Hakozaiki.

"These insights have often allowed us to re-evaluate our service in a new light and ultimately led to the development of better products, services and promotional strategies," she adds.

In terms of exposure, Japan Post reports that the racing event lead to coverage by more than 30 media outlets – representing about 700,000 USD in advertising. As for the event at JP Tower, that brought in more than 800,000 USD in advertising.

These benefits are two-sided, asserts Hakozaiki. She points out that Posts have many valuable assets to share with the private sector, such as their strong and trusting customer base, prominence and wide network.

Honda also sees an outstanding partner in Japan Post, as well as an opportunity to leverage new customer segments.

"As we have a long relationship of nearly half a century through the famous mail delivery bikes, and Japan Post is our biggest customer in our domestic motorcycle business, Japan Post is the best and [most] ideal partner to collaborate [with]," explains Takaharu Hatakeyama, Executive Officer at Honda Motorcycle Japan.

Future collaboration

Through their partnership with Honda, Fukuda and Hakozaiki say Japan Post has now realized the true ability of partnerships to help strengthen the Post's position in the digital era, hence its initiation of a new partnership with a private Japanese publishing company.

The company, which mainly targets young women, will open up a new group of potential future postal customers.

Together, the partners have launched three campaigns: a novel contest, a letter-writing contest, and a letter-writing themed social media contest.

As for future collaboration, she adds: "An important criterion would be that the company should have a customer base that includes our future potential target, from preschoolers to college students, as well as the current core letter-writing demographic." **FR**



A Honda racing rider teaches a family about motorcycles during a Japan Post philatelic event (Photo: Japan Post)

Regional development plans: Towards an integrated vision of UPU cooperation

Development cooperation has been a cornerstone of the UPU's work for half a century. Now at the start of a new work cycle, the UPU has evolved its development strategy to bring more benefits to those countries in need.

**TEXT:
RUDY
CUADRA**

The principle of development cooperation was enshrined in article 1 of the UPU Constitution by the 1964 Vienna Congress and is still today a priority area of UPU activity.

Technical assistance has always been the only way of helping developing countries cope with the changing international market and the challenges governments face in providing a universal postal service through their designated operators.

Successive UPU Congresses have therefore adopted a development cooperation policy, taking into account lessons learned in previous cycles, as well as challenges developing countries must meet in the coming cycle.

For most of the 20th century, UPU assistance focused on operational support for developing countries, at a time when public Posts were essentially the only active operators in the traditional market. However, in the 1990s, the changing dynamics of international exchanges and rising globalization directly influenced the postal sector. At this time, the sector was confronted with a new environment characterized by faster and more developed international exchanges using the latest technologies, economies geared towards market liberalization, and a sharp rise in competition among international operators.

Industrialized countries have generally been able to adapt to the new environment to keep step with the needs of the postal market. However, in most developing countries, the process has been more difficult, given the limited financial resources and insufficient infrastructure.

Today, the situation among some designated operators in developing countries is extremely complicated, requiring new development strategies and innovative solutions, as well as policies for modernization to guarantee the sustainability of designated operators as deliverers of the universal postal service.

It is clear that, although cooperation can provide much-needed support to developing countries, more is needed to make the necessary changes in the postal sector and at the operational level. Indeed, it is incumbent upon governments and designated operators to put in place short-, medium- and long-term measures at the national level to meet the growing needs of citizens and businesses.

Adapted regional approach

The UPU's regional approach to development cooperation, adopted a decade ago, did lead to better-structured cooperation in the field. However, in past cycles, prioritization efforts to focus resources on a limited number of activities did not help contain the number of projects because cooperation was still spread out over many areas of intervention. This piecemeal approach affected the impact of the UPU's cooperation activities in the field.

In 2015, the UPU began studying the various options for cooperation to resolve this situation, taking into account regional particularities, as well as the specific characteristics of the postal sector. The result was a new approach to cooperation with an even sharper vision in terms of prioritization, to optimize the impacts of UPU cooperation.

The approach involved integrating operational activities related to the Post under a single 'area of intervention' for projects to be developed. The idea was to organize activities under a key strategic project featuring common objectives and indicators, making it easier to measure the impact of UPU cooperation in the field.

This new integrated approach was presented at the 2015 regional strategy conferences, winning the support of all countries across the regions. For the first time since the adoption of the UPU's regional approach, we

were able to define an area of intervention common to all regions, taking into account the new realities of the international environment and the challenges facing the postal sector.

The regions all selected *operational readiness for e-commerce* as the key priority area for UPU activity for the 2017–2020 cycle, with a focus on support to developing countries.

The development cooperation policy adopted by the 26th Congress in Istanbul and the implementation strategy approved by the Council of Administration in April 2017 reflected this new vision, promoting integration, innovation and greater accountability on the part of beneficiary countries.

Resource mobilization focus

Since implementation of the regional approach, the regional development plan (RDP) has been the main tool in defining priorities for cooperation and negotiating projects with the different regional players, particularly the restricted unions. However, a study of lessons learned revealed that once priorities had been defined and projects formulated, the RDPs did not provide any added value for the cooperation or for beneficiary countries.

On this basis, the UPU conducted an in-depth analysis to identify how to best leverage this important cooperation tool. Following this exercise, we concluded that the RDP should become a tool to facilitate interregional fundraising for cooperation projects in developing countries. It is clear that the resources available in the UPU budget fall way short in terms of meeting the challenges facing today's postal sector, and that the necessary changes in developing countries require investments greatly exceeding UPU resources.

The International Bureau's resource mobilization experience in recent years has given us a clear understanding of the challenges and opportunities in this area: success depends on the use of a structured framework to draw donors to postal development projects.

This new fundraising approach requires the active participation of countries and regional players, so as to include postal activities in national and regional priorities and national development plans. In this area, we have already taken great strides in recent years through the integrated postal reform and development plans; that said, only a limited number of developing countries have followed through on this national process, and that the postal sector is rarely identified as a priority in national development plans.

In order to launch the new approach to resource mobilization without delay, the UPU started laying the groundwork last year. First, all of the International Bureau's Development and Cooperation Directorate (DCDEV) teams received resource mobilization training in 2016, including the regional project coordinators, who were able to develop the necessary know-how

to lead this process in their respective regions. Next, following the adoption of the new cooperation policy at the Istanbul Congress, we immediately launched the RDP formulation process, with the help of experts in the area of resource mobilization.

So far, action plans have been formulated for each region, and the DCDEV regional teams have clear objectives and have already begun the fundraising process by approaching donors in the regions, in the hope that this new approach will bring in the outside funds we need for our activities in the field.

The whole RDP process for the Istanbul cycle was finalized by the end of 2016 – one year earlier than in previous cycles – and the plans are already available on the UPU website. This head start should give us enough time to better plan, organize and follow through on UPU actions, and more accurately measure the impact.

Launching new RDPs

At the beginning of 2017, with the RDPs ready, we began developing the main project on operational readiness for e-commerce. As mentioned above, this will constitute the level-one priority for UPU development cooperation activity during the Istanbul cycle. The project seeks to help designated operators to become key players in e-commerce through modernization of operational processes, and to use all available standardized IT tools and end-to-end systems to implement operational solutions that meet e-commerce requirements.

The hope is that designated operators will be able to contribute to the growth of e-commerce by improving performance and end-to-end reliability, by enabling clients to access EDI messaging to track their items, and by creating customer-oriented solutions. To achieve the objectives set, the project will be implemented in coordination with national partners, such as airlines, ground handlers, Customs and other stakeholders, through workshops, training, on-site studies, organizational audits and twinning activities, as part of a global four-year action plan.

Although the project will take regional particularities into account, working under a global vision for operational readiness for e-commerce, with homogeneous indicators and a common methodology, will greatly facilitate knowledge sharing between regions. Down the line, a global analysis of lessons learned from the implementation in the field will guide the 2021–2024 UPU cooperation policy.

In addition, financial services, postal sector reform and modernization, and diversification have been chosen as second-level priorities (projects of limited scope) for development cooperation in the Istanbul cycle. Regional projects are already being developed in these areas and are expected to be launched in 2017.

It is important to point out that least developed countries (LDCs) will continue to be a priority for the cooperation during the 2017–2020 cycle; under the new

strategy, assistance to LDCs will be provided in the form of regional projects of national scope. These projects of national scope will be linked to the indicators of first- and second-level-priority regional projects, thus supporting the new integrated vision for cooperation.

The way ahead

After some 25 years working at the International Bureau in the field of development and cooperation, I am thoroughly convinced that the key to the success of UPU activities in this area largely lies in the commitment of beneficiary countries to use the resources at their disposal. The appointment of national teams to participate directly in project activities, the implementation of experts' recommendations, the country-level support for activities in the field, the efficient use of equipment, and the application of training received – these all reflect the impact of UPU action.

Accordingly, the new projects will define the responsibilities of each party, and beneficiary countries will be called on to support project action plans.

I hope that the UPU's new approach – based on a win-win vision – will inspire countries to become active and engaged and motivate them to take full advantage of the UPU's development cooperation activities, so that they are better equipped to face the challenges of today's postal sector and implement the Union's new strategy.

We are confident that this new policy and strategy for development cooperation will bring results, and we are eager to work with countries across all regions to meet the enormous challenges ahead. **RC**

Rudy Cuadra is the Acting Director of Development and Cooperation at the UPU.



Download the RDPs: <http://www.upu.int/en/activities/technical-cooperation/regional-development-plans/plans.html>

AUSTRALIA

AUSTRALIA POST is working with Alibaba and Australian health food company Blackmores to reduce the number of counterfeit food items being sold in China. A new platform will help trace food items from farm to receiver to ensure that genuine Australian products reach Chinese consumers. Suppliers will be asked to provide information about where their food was grown while the platform will help track it as it makes its way through the supply chain.

CHINA

POSTAL SAVINGS BANK OF CHINA has launched its new blockchain-based asset custody system created in cooperation with IBM. The system helps to facilitate credit verification and manage risk, allowing the bank to offer secure and efficient financial services.

FINLAND

POSTI has acquired Finnish home care and personal assistance services company HR Hoiva Oy. The Post, which has already expanded its portfolio to include support services, said the acquisition would help enable it to offer customers comprehensive home care services. Posti currently offers some care services, such as assisted outdoor activities for the elderly.

GERMANY

DEUTSCHE POST DHL GROUP announced record earnings for 2016, increasing its operating profit by 45 per cent to 3.5 billion EUR (3.8 billion USD). The company credited e-commerce for the increase, predicting earnings to grow to as much as 3.75 billion EUR (4.08 billion USD) by the end of 2017.

The company has also committed to zero emissions logistics services by 2050. Through the initiative, which also applies to its transport subcontractors, the company says it hopes to contribute to the 2015 COP 21 and the UN Sustainable Development Goals. The plan also outlines interim goals, such as certifying 80 per cent of its staff as specialists in its environmental protection program, GoGreen, by 2025.

ITALY

POSTE ITALIANE has teamed up with MasterCard to simplify digital payments made through the designated operator's Postepay App. The Post has integrated MasterCard's Masterpass digital wallet into the app, allowing customers to save their payment information online through a secure account set-up

through their bank. This will spare customers from having to re-enter their payment and shipping information with every purchase.

JAPAN

JAPAN POST is ramping up their collaboration with Japanese e-commerce company Rakuten to reduce redelivery of e-commerce items. The two companies plan to do so by taking measures to increase the efficiency of their pick-up and delivery services, such as expanding pick-up locations, improving delivery notifications and offering rewards when parcels are picked up on the first delivery.

MALAYSIA

THE MALAYSIAN GOVERNMENT and Alibaba have announced plans to open a new regional e-commerce hub in Malaysia. Planned to be established by the end of 2019, the hub will be part of a digital free trade zone, allowing faster customs clearance of imports and exports. It will also provide warehousing and fulfilment space.

NEW ZEALAND

New Zealand's businesses will have increased access to Chinese market following an agreement signed between **NEW ZEALAND POST** and China's Henan Bonded Logistics Centre (HBLC). Also included in the agreement was Trade-Monster, a company specializing in e-commerce services related to marketing, logistics, payment and IT. The Post says it handled the delivery of more than 7 million items between New Zealand and China in 2016.

SINGAPORE

SINGPOST is teaming up with Airbus Helicopters to offer a drone parcel delivery service in urban centres. The project, called Skyways, has already been approved by the Civil Aviation Authority of Singapore for trial on a university campus, which is planned to begin in 2018.

SWITZERLAND

SWISS POST stamps have gone digital. The designated operator recently launched a new series of stamps featuring codes that when scanned with a mobile phone link customers to online content, such as contests, surveys and videos. Customers may also purchase the new stamps on their smartphone.

The Swiss designated operator has also partnered with Volvo and LeShop.ch to offer in-car deliveries. Volvo owners may have

goods purchased through LeShop.ch delivered to the boot of their car using a special key developed by the car manufacturer, which allows temporary access. The service is now available in four cities.

THAILAND

Digital transformation is now a key priority for **THAILAND POST**, which hopes to stave off disruptive innovations such as mobile delivery applications. According to a report in the Bangkok Post, the designated operator expects the transformation to be complete by 2018, with changes affecting products and services, operations, infrastructure, communications and staff mentality. This is expected to cost about 3 billion THB (86.9 million USD) per year.

UKRAINE

UKRPOSTA has now become a joint-stock corporation. The Ministry of Infrastructure permitted the designated operator to corporatize in February, enabling it to create an independent board and search for financial partners. Stock will still remain fully owned by the state.

UNITED ARAB EMIRATES

EMIRATES POST GROUP has signed a memorandum of understanding with the country's Ministry of Economy toward improving cooperation in common areas of interest and further national social and economic growth. The agreement will include improved communication channels and coordination between the two entities.

The Post also recently launched a training programme for staff to improve customer well-being. The "I deliver happiness" programme had postal workers learn about customer happiness, hygiene and grooming, health and safety, interpersonal skills, positivity, and team work. More than 1,000 staff working in operations will benefit from the training.

All items by Kayla Redstone

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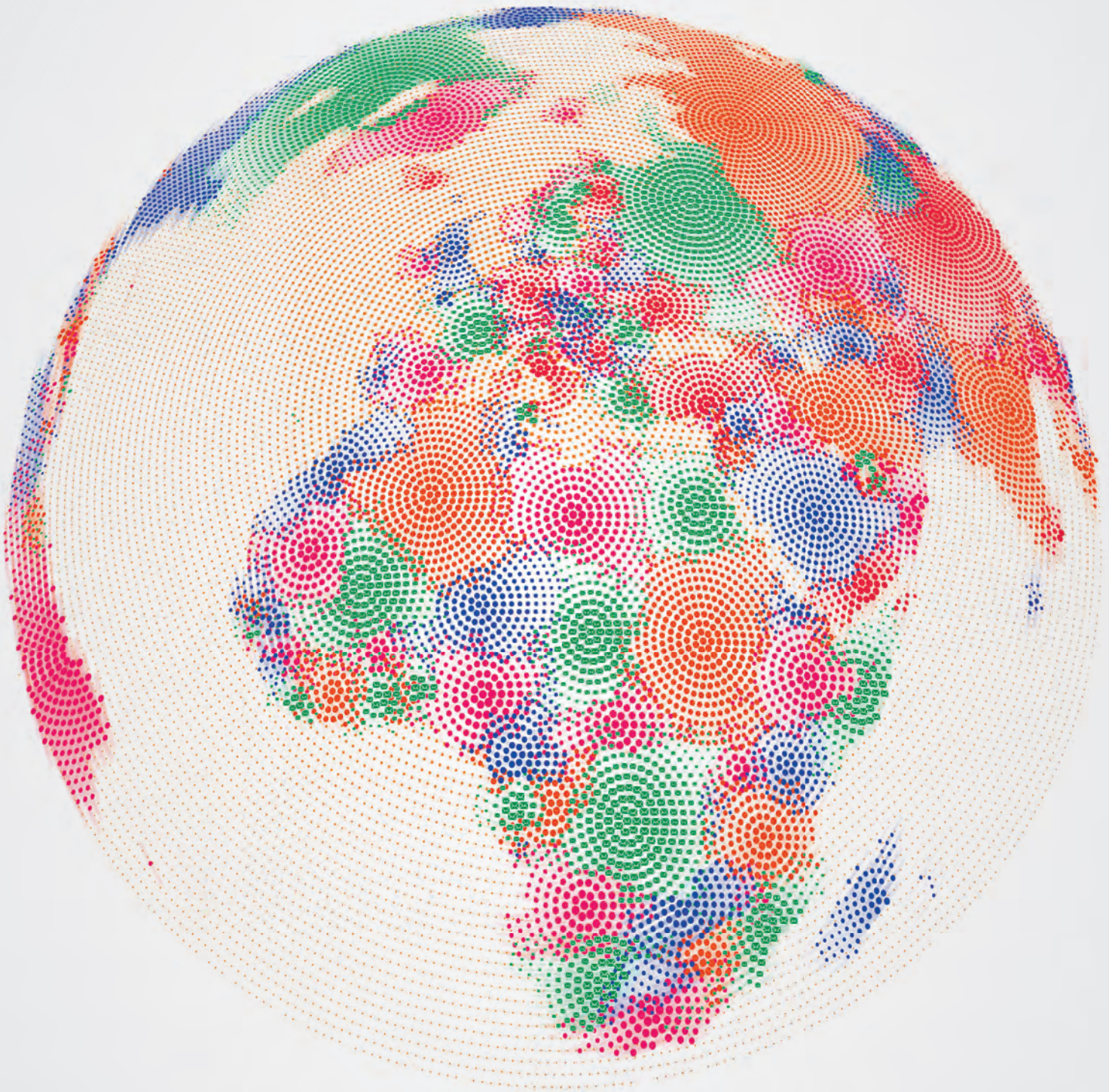
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