

UPU CONSULTATIVE COMMITTEE REPORT
FOR THE MOROCCAN POST (POSTE MAROC)

POSTAL PROSPERITY ZONE 2023

Handling of business-to-consumer (B2C)
supplies by interconnected postal operators



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Executive summary

One of the key objectives of the Abidjan Postal Strategy and its Business Plan, adopted by the 27th Universal Postal Congress, is to increase the number of postal operators that have enhanced their performance by implementing diversified strategies and operational improvements under the guidance of the Universal Postal Union (UPU).

The Universal Postal Union (UPU) and the World Customs Organization (WCO) recently signed a cooperation agreement targeting deeper collaboration in order to harness new opportunities in e-commerce and network security. As part of the renewed cooperation, the two organizations have committed to hosting the first-ever joint WCO–UPU Global Conference in June 2023. Policy and decision-makers in the area of Customs and Posts will examine, among other topics, the post-COVID-19 recovery, taking stock of lessons learned to provide insights into the challenges and opportunities for cross-border e-commerce and the global supply chain.

The UPU has taken a growing interest in the work of the World Free Zones Organization (WFZO), which joined the UPU Consultative Committee (CC) in 2020. The CC is the private sector forum at the UPU, and now (since 1 July 2022) accepts private sector companies for CC membership. The CC has developed a concept under the leadership of the WFZO and the UPU, which resulted in a postal prosperity zone (PPZ) report in 2022.

The globalization of trade has created new markets and arenas for businesses, leading to exponential growth in e-commerce and postal traffic. Consumers' buying habits have changed because of trade globalization, and these trends accelerated throughout the COVID-19 crisis. There has been rapid growth in the containerization of business-to-consumer (B2C) supplies, creating tremendous pressure on existing postal models, international supply chains and global value chains.

This demands innovation and the creation of new solutions for international trade, as well as agile revision of relevant international standards and conventions. The collaboration between Posts, Customs and WFZO members was what brought stakeholders together on 28 November 2022

at the Moroccan Post headquarters in Rabat. Two of the new CC members, MyDutyCollect (an AI-driven cross-border customs and taxes platform) and ShopRunBack (PPZ Technology Integrator) that joined the CC in 2022, as well as one new applicant (Maersk), have shown considerable interest in the PPZ initiative and confirmed their support for the further development of a PPZ business model for a pilot project to be launched in Morocco in the second half of 2023.

This report is meant to serve as a guide for the Moroccan Post. It summarizes the benefits studied, with a view to a pilot project to analyze ways of streamlining the Moroccan Post's air and maritime cargo. A business model and a roadmap for this pilot project, which will be led by the Moroccan Post and Customs with the support of wider postal sector players, is based on the UPU Global Postal Model (GPM), which acts as a global unifier of networks and solutions. B2C supplies in the postal network will be consolidated (containerization of postal items) for freight and transport purposes, without losing their postal identity and allowing complementary freight and transport data processes to be conducted. Advance data on B2C supplies (postal e-commerce) will allow the seamless customs integration and collection of import duties and customs fees.

The postal customs handling privilege will be enhanced into a postal prosperity superhighway for e-commerce. Electronic advance data (EAD) for each postal item containing goods/ merchandise will be used for this purpose. Using harmonized data facilitated by the UPU has the potential to turn the universal postal service into an interconnected delivery superhighway for B2C supplies. Even when UPU data is not strictly in line with national or regional data requirements for customs, transport security and product safety purposes, it is complementary and, once analyzed, can be mapped. The PPZ project is timely, as it builds on globally harmonized data to be sent in advance for all postal items, as well as on efforts by the UN and its members to harmonize freight and transport information systems.

Introduction

90% of all e-commerce deliveries are made by 10% of courier, express and parcel operators¹

Larger or more resilient operators have benefited from COVID-19 disruptions and the financial challenges triggered by the Ukrainian crisis, and are able to thrive in a challenging supply chain environment.

More than 50% of all retail items are now managed via an emerging interconnected transcontinental supply chain infrastructure²

International B2C delivery networks used for the delivery of items to consumers will combine cargo and domestic last-mile business-to-business-to-consumer (B2B2C) delivery solutions and reflect the individual preferences of recipients. International postal delivery services will be reshaped with the emergence of efficient interconnected networks (parcel delivery super highways, facilitated by projects such as the PPZ).

Tracked volumes in the UPU end-to-end network have fallen by 50% over the past two and a half years³

The new postal remuneration system/harmonized customs and import duties for the sector as a whole (EU VAT e-commerce package, Import Control System 2 (ICS2), US STOP ACT, etc.) has made the UPU network economically less attractive for postal operators. As a result, postal volumes have been pushed into bilateral and multilateral agreements, and direct induction at destination delivery models.

The majority of B2C items are delivered using harmonized EAD

Data flows, such as the UPU-WCO GPM, complement customs, import duties, transport security and product safety regulations worldwide. However, with volumes leaving the UPU postal network, large portions of international data on items delivered are no longer copied into the UPU monitoring systems, while digitalization is following the path created by the UN specialized agencies (UPU, ITU, WCO, ICAO, etc.) and enshrined in legislation and regulations (EU VAT e-commerce package, etc.).

¹ Source: CLS/eCommerce Europe

² Source: CLS/eCommerce Europe

³ Source: UPU

Pre-lodging of electronic documents at item level allows advance harmonization of data for all freight and transport modes

The sustainable, speedy, efficient and secure delivery of B2C items (e-commerce) relies on interchangeable networks supported by all freight and transport modes. Electronic freight transport information systems, which enable seamless interconnectivity, are emerging as regional and global infrastructures of "federated platforms" that constitute a competitive advantage for the economies in which they operate.

Vendor registration schemes switch liability to the (deemed) seller

While the direct or indirect representative of the sender/recipient of a supply has been liable for the correct data at the point of entry, EAD and the pre-lodging of customs (transport security, product safety, sustainability reporting) e-documents is linked to data from the (trusted) source, represented by an authenticated digital ID. This results in more accurate and better data quality. Such data is shared and verified (tax and customs). Examples: EU VAT import one-stop-shop (IOSS); vendor registration schemes of Australia, Singapore, Norway and United Kingdom.

Sustainable packaging and globally harmonized measurement, accounting and reporting of CO₂ and greenhouse gas (GHG) emissions will be achieved using data which is already available

The ecologically-sound delivery of B2C items will be driven by consumers demanding cleaner and more sustainable choices. Retail and delivery operators will be required to report and demonstrate that their services comply with directly applicable measurement and global reporting standards.

Turning yesterday's postal customs handling privilege into a postal prosperity superhighway for e-commerce

Global e-commerce is turning national borders as analogue lines on the ground into digitally defined locations in the global value chain. When consumers make purchases via their smartphones, the border-crossing process linked to the delivery of B2C supplies (e-commerce fulfilment) is triggered.

What is becoming known as "Global Trade 2.0" is emerging as an integrated, open platform of connected industry systems, to which governments and specialized organizations (UPU, WCO, WTO, UN/EDIFACT, IATA, etc.) link their systems and applications.

GLOBAL TRADE 2.0

Creates a **global ecosystem of trust** for import and export, establishing compliance records and related certification networks so that those that comply benefit from the seamless crossing of borders, while the non-compliant are treated according to the potential risk they represent to authorities and agencies;

Establishes a **new digital (B2B) trade and retail (B2C) landscape**, accelerating development by sharing high quality EAD to prove compliance and/or conformity;

Enhances the authorized economic operator (AEO) status by creating a certification system which constitutes a safe framework of standards in a fully digital model for sharing data with other governments and authorities in order to achieve speedier release at borders and final delivery to consumers;

Creates recognized **safe zones** within the WFZO setup, where free ports, free zones and other types of special economic zones (collectively called free trade zones) establish a compliance record for two years in order to become recognized advanced free zones and prove their safe and secure conduct, including the digitalization of their customs processes and related safety and security for transport and compliance.

The UPU, its designated operators (DOs), and wider postal sector players as members of the UPU CC have conducted a preliminary study on how to leverage the current development of Global Trade 2.0.

A template framework for cooperation and partnerships between DOs and free zones will be developed. The concept will be validated by means of a pilot project. The UPU GPM (EAD) will be used by postal services to interconnect to the movement of cargo in freight and transport modes (i.e. containerization), as well as the parcelization of trade in free zones, creating postal items for last-mile delivery.

The aim is to identify the additional policy and regulatory requirements, and to apply existing solutions to interconnect the postal and freight and transport supply chains, leveraging on existing electronic data exchange systems and maximizing the opportunities presented by Global Trade 2.0 in B2B2C e-commerce.

Figure 1: Virtualization of the emerging “Global ecosystem of trust”



Source: Maersk

Turning universal postal services into an interconnected delivery superhighway for B2C supplies, using harmonized data facilitated by the UPU as a global unifier of networks and solutions for retail

Available data indicates that the UPU postal network is losing volume, despite the fact that overall domestic and cross-border volumes are continuing to grow significantly. Our understanding is that the growth in e-commerce consignments is happening outside the UPU postal network. Mandatory (globally harmonized) data relating to each postal item containing goods:

is exchanged between UPU DOs in advance;

is the content for postal customs forms and the digital equivalent (mapping is possible as the related data specifications are harmonized and refer to common denominators) used by carriers to conduct their freight and transport services;

must be presented to Customs (both at exit (origin) and entry (destination));

must, for transport security purposes, be exchanged with air freight companies at the pre-loading stage for safety and related mandatory checks;

is used for the calculation of import duties and customs fees (including landed cost and duty delivery paid).

UNIQUE OPPORTUNITY FOR UPU DOs: INTEROPERABILITY

The services provided by UPU DOs present a significant advantage when using a globally facilitated ICT infrastructure aligned with the WCO and recommended for postal customs clearance and transport security purposes.

The PPZ concept design, launched on 28 November 2022 in Rabat, takes advantage of the UPU GPM and closes the model's missing link (as shown in figure 2) by securing the connection to the seller (deemed supplier).

This first step (so-called flow "0") is crucial, as it is the step at which all the content-related data for the postal item is available for the establishment of all electronic documents to be pre-lodged for associated supply chain functionalities, well in advance of the actual performance of the service.

It is also the step at which the data necessary for providing the mandatory transport ID (the UPU S10 barcode, or S26 when a non-designated postal operator is involved) can be initiated. This may indicate the product and service, as well as the contractual relationship between the postal service provider (the first logistical provider) and the sender (deemed seller), and has significant importance in terms of the related risk management (data quality at item level) and liability for import duties, taxes and customs fees.

While the UPU GPM (based on harmonized UPU EAD messaging specifications) is well established, and already twinned to the air freight security requirements for the necessary security in the pre-loading phase, it is crucial to establish both:

the full electronic data in advance at postal item level; and

the consolidated electronic data in advance at postal dispatch level (to monitor the physical process, including manifests and waybills in the transport and freight environment, etc.).

The advantage is **the establishment of a trusted channel**, maintained and provided by national DOs (both at exit and entry), fully integrated into transport security and customs applications **at item level**, and directly interconnected with last-mile delivery and the collection of any applicable fees and duties.

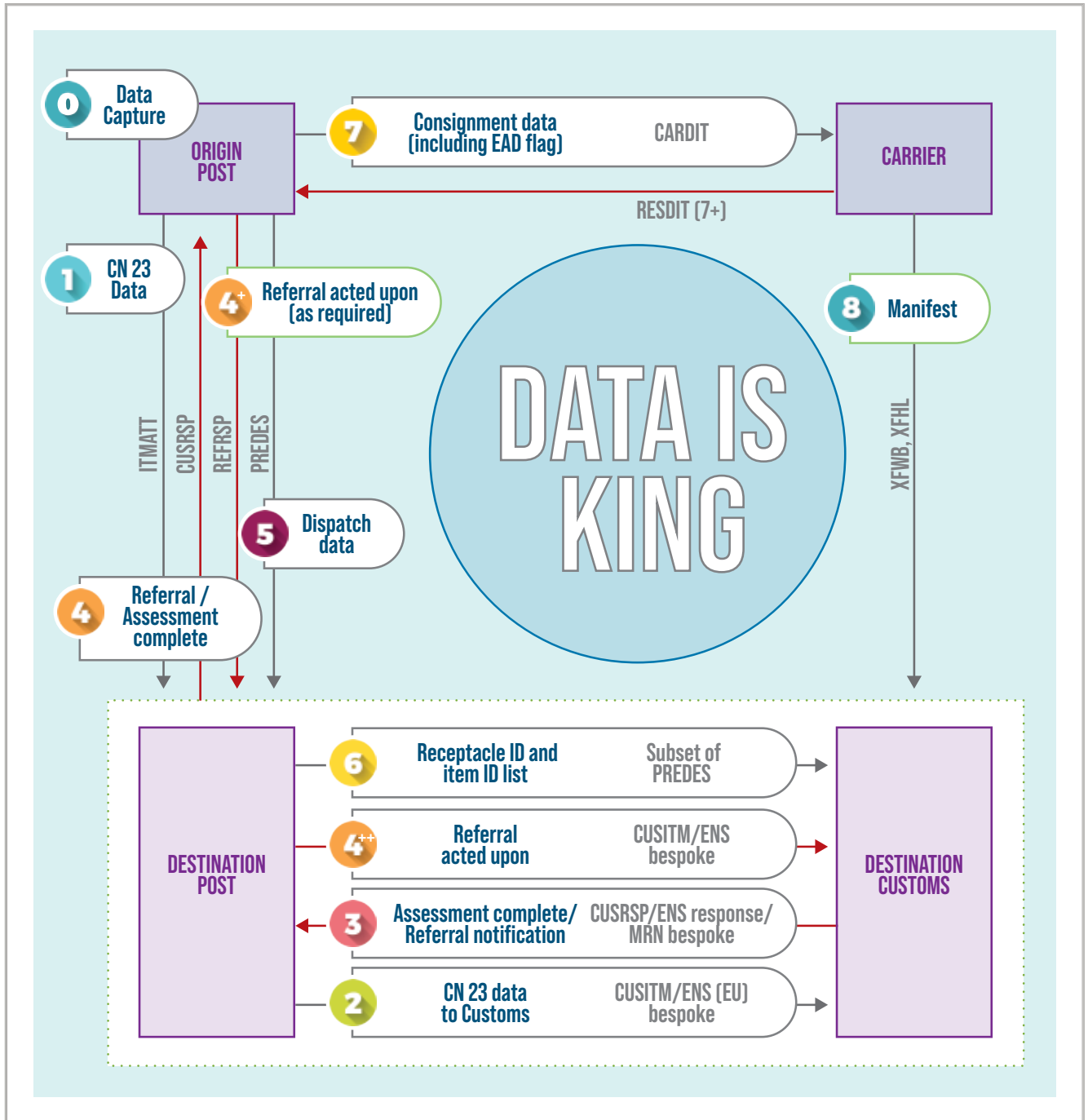
Once postal items have been consolidated into dispatches, the related freight and transport requires seamless interconnectivity to all transport modes and compliance with the mandatory data requirements associated therewith, so that freight and transport operations can be conducted without loss of identity when the items are handled by carriers. The direct interconnectivity therefore needs to guarantee interoperability (forward and backward compatibility of the information systems), so that the pre-lodged freight and transport manifests refer to the postal items and the postal items can be identified as part of a manifest.

Note: One of the main advantages of the postal channel is the simplified and digital customs procedures at item level based on mandatory and globally implemented specifications. This means, in other words, that the postal channel enables DOs in the country of destination to establish fully digital pre-lodging of electronic customs processes, so that postal items may be pre-announced and customs-related risk assessments can be performed electronically in advance. Only those items pre-selected for inspection by Customs electronically can be sorted and presented for inspection, whereas all other postal items can be released for free circulation at arrival.⁴

In the proposed PPZ approach in Morocco, the necessary forward integration into customs and transport security applications is a consequence of the mandatory deployment of the UPU GPM and PLACI. However, the advantages in terms of item-level clearance would be significant and have the potential to regain volumes lost to the B2B commercial clearance channel.

⁴ The EU VAT e-commerce package (in force since 1 July 2021) for low value consignments (postal items below the intrinsic value of 150 EUR) applies this principle for the IOSS scheme for clearance by one competent customs authority and release for free circulation throughout the EU.

Figure 2: UPU GPM for EAD, including Preloading Advance Cargo Information (PLACI)²



Source: UPU

⁵ IATA's PLACI guidelines provide harmonized, standardized procedures for advance cargo information filing in a unique, comprehensive manual, which enables users to improve procedural efficiency and empowers their compliance with the PLACI regulatory requirements applicable in the United States of America, European Union (EU), United Kingdom, United Arab Emirates and Canada. Special attention is given to the implementation of the EU's Import Control System 2 (ICS2), which will come into effect in March 2023.

UPU designated operator: gatekeeper/data gateway

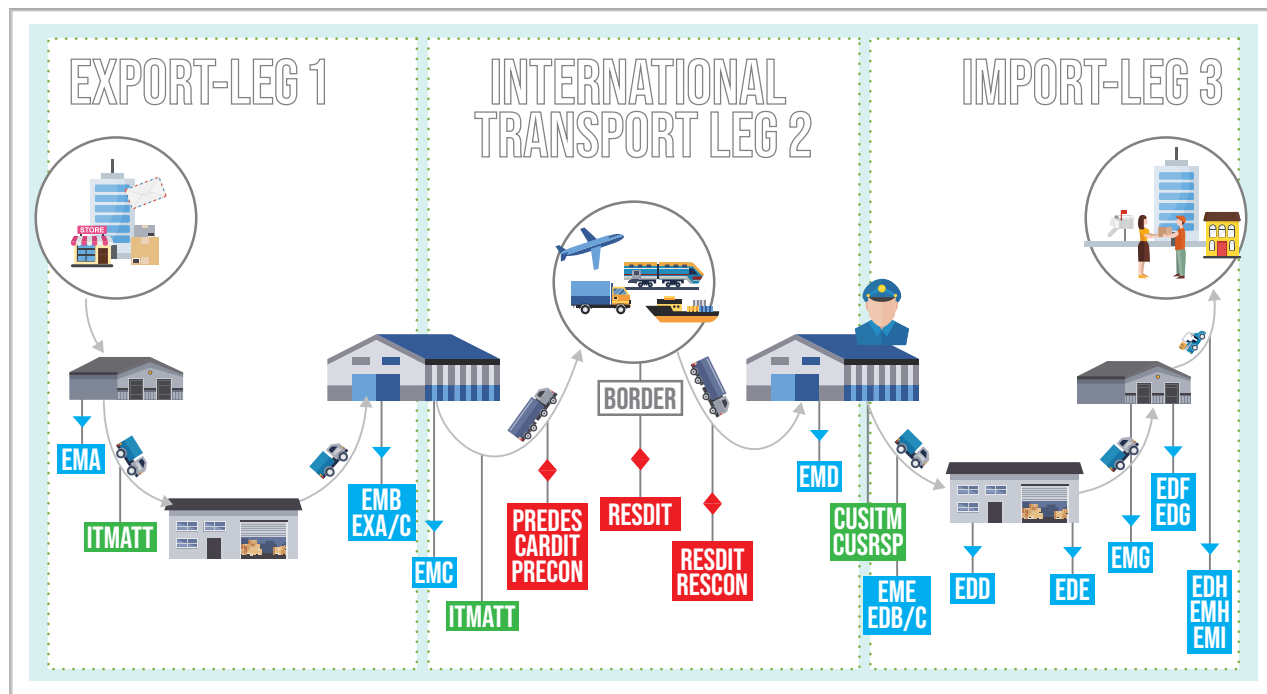
The first logistic operator, the postal/CEP operator⁶ collecting the postal consignment, triggers the end-to-end delivery chain. Given that data is mandatory from the very beginning of the value chain, and the UPU has established a globally harmonized environment and also facilitates and maintains this environment on behalf of its 192 UPU member countries, this position for national DOs is unique.

The UPU GPM / EAD / PLACI made the national DO a data gateway, both in the cross-border and domestic markets.

This becomes even more relevant when data is used to fulfil the delivery preferences of recipients (i.e. unattended delivery⁷, the use of pick-up and drop-off points, or mobile data delivery preferences) and added value services such as cash-on-delivery (COD), etc.

The data-driven gateway function, even when items are injected into the delivery networks of cooperation partners, is of the utmost value. Examples from the most developed countries (US, Germany, etc.⁸) indicate that cost-based co-optimal models allow business advantages for even perceived competitors. The PPZ model takes advantage of this unique function. While the UPU remains the global unifier of networks and solutions, the gatekeeper function rests with the DOs, facilitating EAD, particularly when freight and transport engages in its commercial rather than its designated function.

Figure 3: Electronic data interchange between Posts, Customs, logistics and transport carriers and all postal supply chain stakeholders



Source: UPU

6 CEP operator: courier/express/parcel operator.

7 Most economies have made it very clear that unattended delivery options are only accessible when data is available in advance, so that this option cannot be used for criminal or illicit activities.

8 Downstream or upstream collaborations of universal postal service providers and CEP operators.

Hub function to serve the domestic and cross-border markets

An essential part of the postal value proposition is the transport and freight leg (see figure 3, international transport leg 2). Data collected by the sender, or by the deemed seller (market place, web shop, etc. → the point of sale), is crucial in the provision of PLACI data.

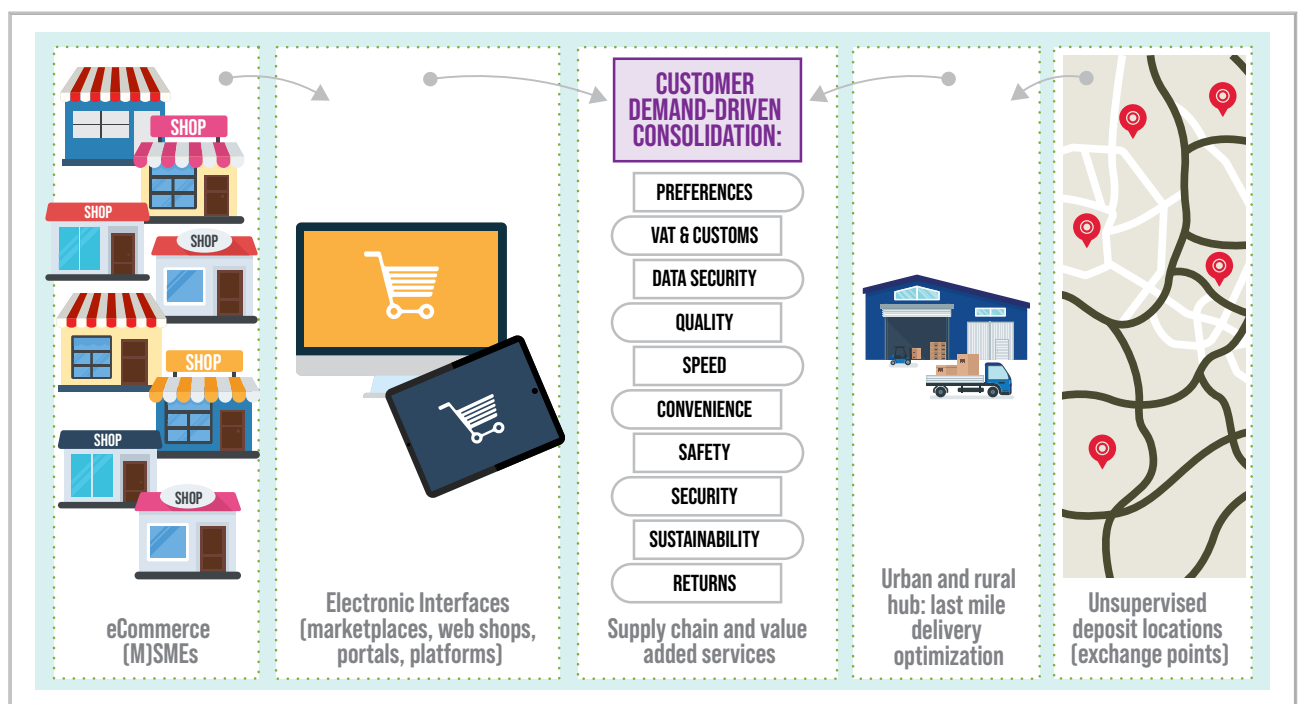
Given that postal EAD provides mandatory data at postal item level, PLACI follows the already established UPU GPM.

Once the PPZ is established, additional value may be generated in B2B2C scenarios. The "postal" freight and logistics leg, based on postal-item-level data and consolidated freight and transport information, will be compliant with upcoming digitalization requirements in this field, particularly as postal and freight track and trace events are harmonized and linked to crucial events mandatory in the exchange of EAD at the item and consignment levels (including transport mode manifests).

However, as part of the legal and regulatory requirements (triggered by transport security, product safety and Customs and revenue collection aspects), the data available at item level may be consolidated and used to significantly optimize freight and logistics in the B2B aspect, with a clear advantage for the attached B2C leg.

This is even more relevant when it comes to cross-border trade, as the migration of freight and logistic hubs, such as free zones, will result in business models being re-engineered accordingly, as is already the case⁹. The further digitalization of domestic and cross-border commerce will be based on actual data and the capability of managing it down to individual postal consignment level.

Figure 4: **Data ownership – from the electronic interface to the sender/deemed seller → via freight and logistics → customer-demand-driven consolidation → last-mile optimization (micro fulfilment hubs)**



Source: CLS and Ecommerce Europe 2017

9 See Annex: China Council for the Promotion of International Trade: "Guidelines for overseas warehouse services in cross-border trade".

Digitalization based on the UPU GPM and simplified customs procedures

The UPU's free zone initiative (PPZ) has been designed to bring African governments together under a common inclusive strategy aimed at providing micro, small and medium enterprises (MSMEs) and citizens with access to e-commerce through the postal network.

The Government (i.e. customs authorities and related ministries) and the Post (national DOs) are the two main

stakeholders in this initiative. Other public and private stakeholders can join by forming partnerships with the Government or the Post, depending on their area of activity and the added value they are able to provide (supply chain expertise and IT).

The project is expected to create two networks inside the world free zones powered by UPU solutions:

Figure 5: PPZ ecosystem designed

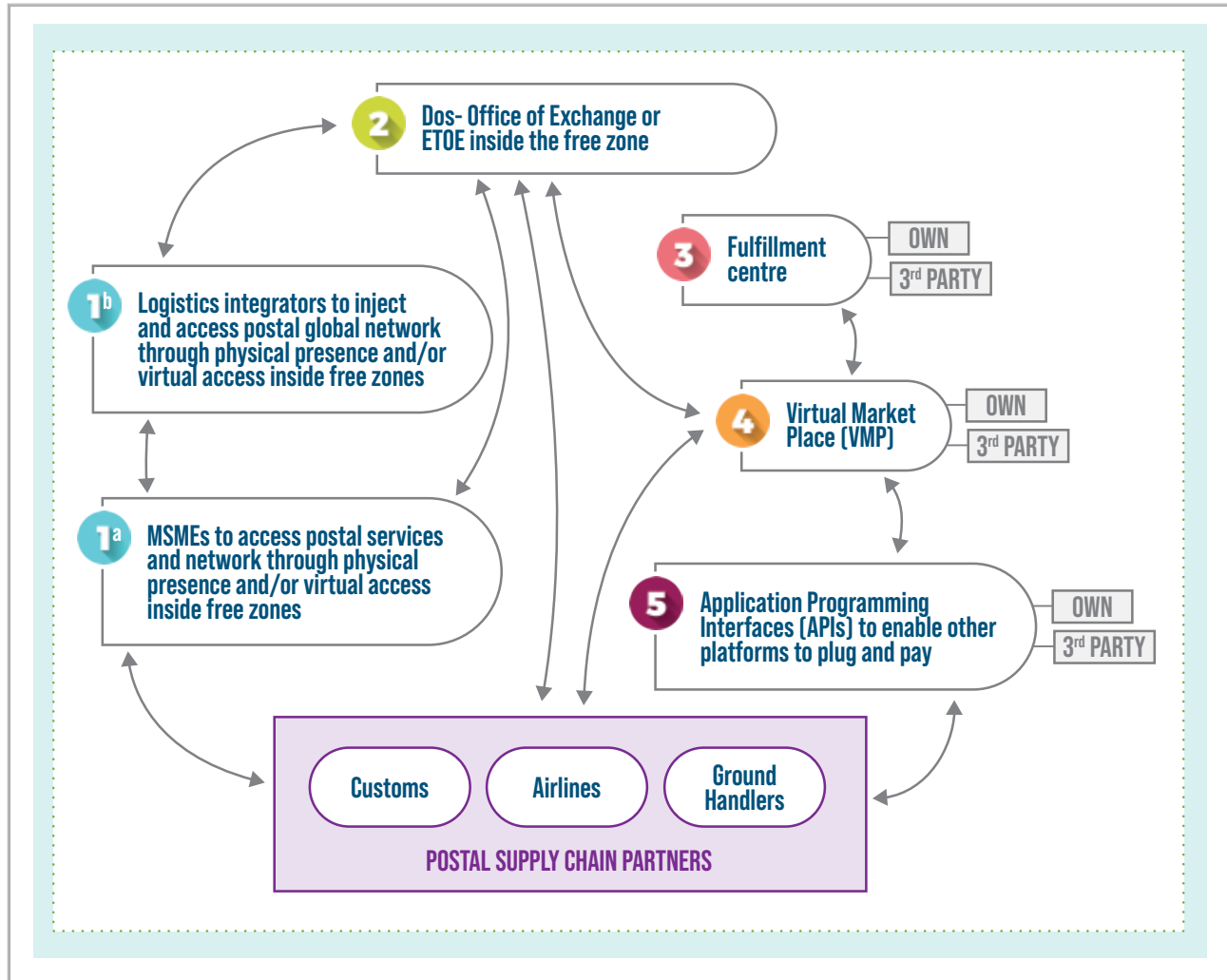


Figure 6: Interconnected warehouses managed overseas in cross-border trade



Source: ISO project driven by China Council for the Promotion of International Trade

One network consisting of the postal sorting centres operated by DOs exclusively through offices of exchange and/or ETOEs¹⁰ (where possible and accepted by the UPU member countries concerned); and

Another network consisting of the fulfilment centers operated by DOs and/or third parties.

The project is expected to create virtual market places¹¹ for MSMEs, powered by Posts and/or third parties.

Owing to supply chain challenges during the pandemic, as well as the crisis in Ukraine, economies engaged in distributing merchandise globally and shipping goods from the country of origin to managed warehouses worldwide. Based on interconnected inventory management systems, consumers close to facilities can be served faster and fulfilment can ensure that duties and customs charges are only levied once the final sale of retail items stored in customs-controlled warehouses (i.e. "bonded") is performed.

Such services are provided by WFZO supply chain management experts as well as specialized IT providers already participating in the PPZ project.

Given the globally harmonized description of goods/merchandise, supervision by national authorities can be facilitated in both the commercial and postal ecospheres.

Once a sale has been completed and the goods have been located (as closest as possible to the recipient's address), access to the global postal network will be facilitated by access points, namely international mail processing centres (IMPCs) inside the free zone where the goods are located and inventory is managed.

The PPZ project model has been developed in parallel with the approach by China Council for the Promotion of International Trade, taking advantage of the unique value proposition already provided by the UPU.

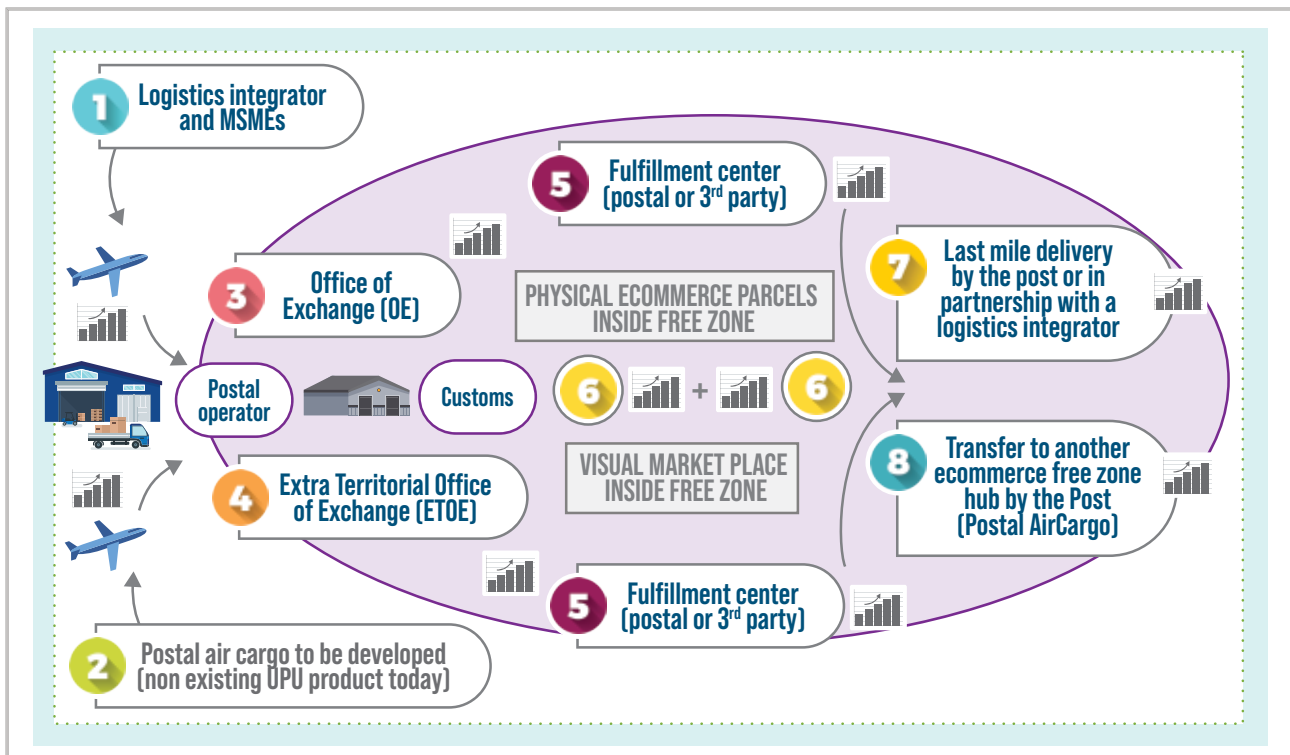
¹⁰ ETOEs: extraterritorial offices of exchange: [https://www.upu.int/en/Members-Centre/Policies-Regulation/Extra-Territorial-Offices-of-Exchange-\(ETOEs\)](https://www.upu.int/en/Members-Centre/Policies-Regulation/Extra-Territorial-Offices-of-Exchange-(ETOEs))

¹¹ Annex: Harmonized data representing the goods/merchandise on electronic interfaces (market places) is a pre-requisite for collection by Posts.

Revenue model for the postal operator explained:

- 1** The DO will charge the logistics integrator fees to transport the e-commerce parcels from the air cargo facilities to the OE/ ETOE inside the free zone¹²;
- 2** When the UPU creates a new “postal cargo” product, it will generate revenues for UPU member countries and increase cargo capacity for DOs¹³;
- 3** The OE will charge customs clearance processing fees for e-commerce parcels;
- 4** When appropriate, the ETOE will charge customs clearance processing fees for e-commerce parcels;
- 5** The DO will charge fees for the storage of e-commerce parcels at the fulfilment centre;
- 6** The UPU will charge transaction fees for each transaction in the virtual market place (VMP);
- 7** The DO will charge last-mile-delivery fees, or transit fees (including the necessary handling of transport-security-related data facilitation¹⁴;
- 8** The DO will charge fees to transfer e-commerce parcels to another e-commerce free zone hub – interconnectivity between free zones to manage overseas warehousing and help electronic interfaces to better retain end-consumers.

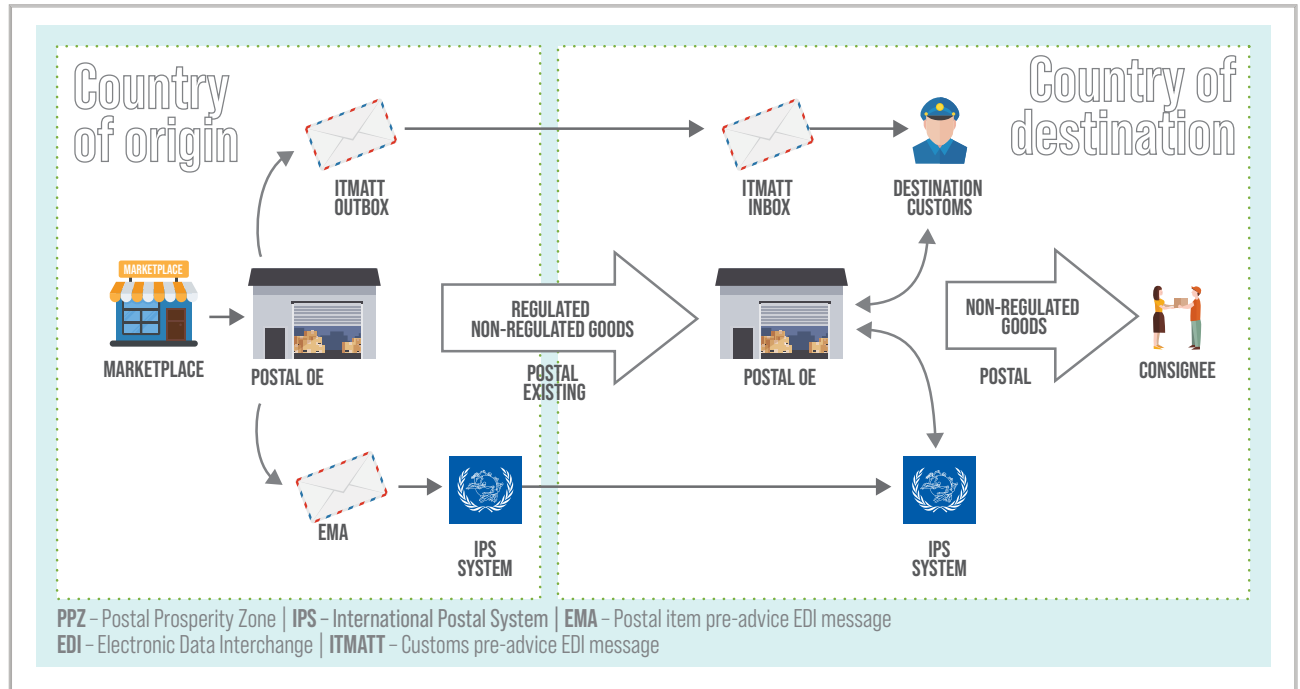
Figure 7: Business model for Posts inside an e-commerce free zone hub in a given country



Source: UPU

12 This may include the facilitation of the transport leg (see “Containerization of postal items for freight and transport modes”), including the mandatory customs and transport security handling when appropriate.
 13 See “Containerization of postal items for freight and transport modes”.
 14 PLACI /ICS2, etc.

Figure 8: Current process of the Moroccan Post (AS-IS)



Source: PPZ documentation

SWITCHING AND UPGRADING THE CURRENT PROCESS TO AN EAD-DRIVEN PROCESS

The current process, which is based solely on the UPU Post*Net facility using mandatory EAD for postal items containing goods/merchandise, has been analyzed and qualified as a good starting point.

In addition to the current process (see figure 8), the PPZ project focuses on the implementation of a second layer driven by the existing EAD exchanges. Mapping, based on the harmonized EAD at postal item level, may be established where necessary in order that:

The postal item data integrity remains when appropriate; and

Commercial resources, such as freight and transport resources, may be used in a unified platform concept whereby none of the data resources take precedence, and only the necessary legal and regulatory integrity of the postal, freight and transport data-related processes remain intact.

By doing so, EAD and simplified customs procedures (the digital version of the CN 23) will serve as the starting point for import and export customs and transport security processes. By introducing a “PPZ integrator”, the overall data-driven facilitation of transport, postal and customs processes will be managed, particularly as the UPU GPM will facilitate the necessary data and the PPZ integrator will apply mapping functionalities when interfaces to applications are necessary.

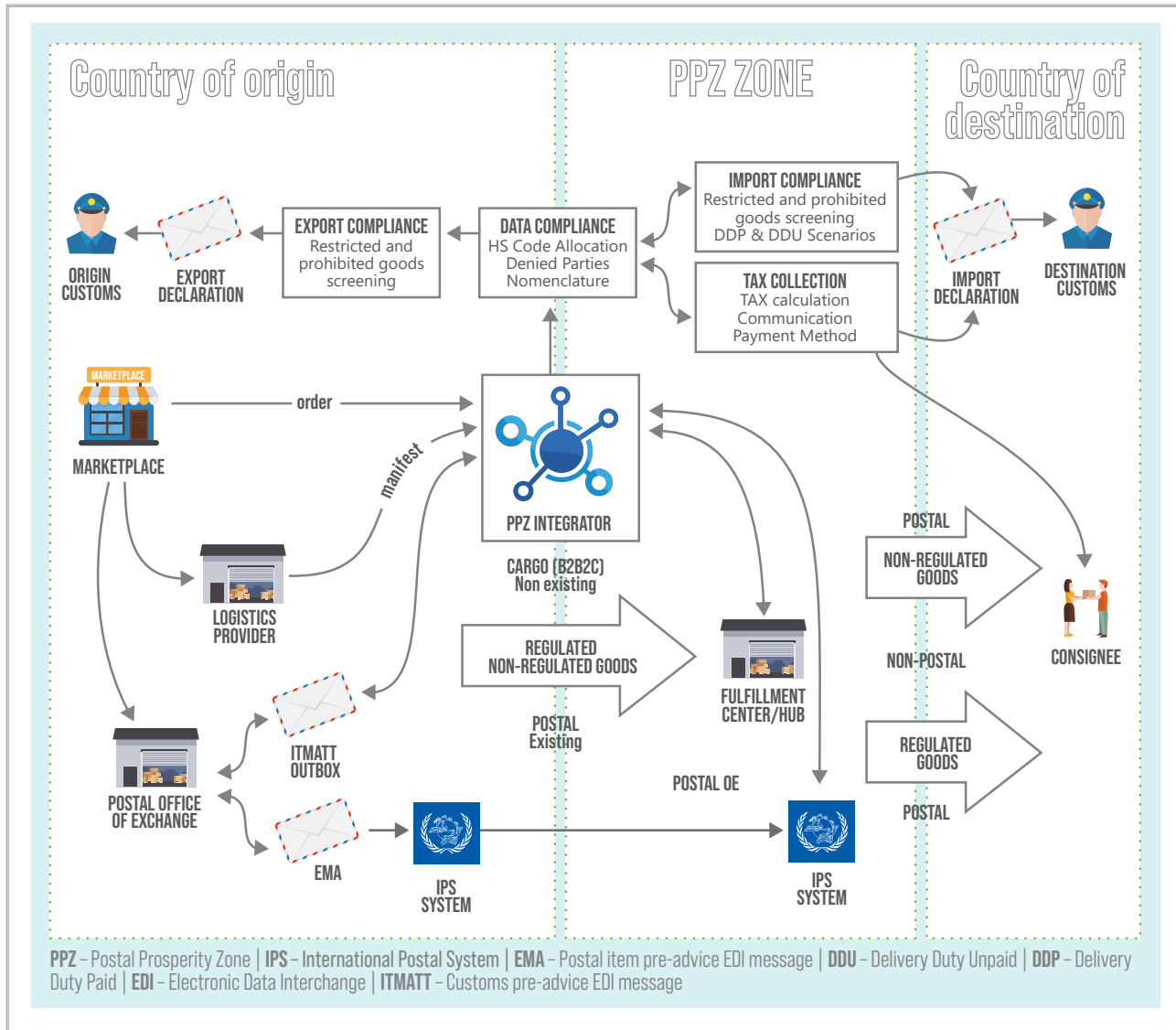
Such interfaces may be established to bridge the freight and transport specific data management services (to enable PLACI-related processes), as well as national customs applications, which may be using similar (but not identical) data definitions to the UPU GPM/EAD ones.

CONTAINERIZATION OF POSTAL ITEMS FOR FREIGHT AND TRANSPORT MODES

The PPZ project builds on already applied solutions allowing for the containerization of postal items.

Given that a deemed seller (electronic interface – market place, website, mobile retail provider, etc.) is fully identified as the responsible vendor and liable for the payment of import duties and customs fees, such as those in respect of the EU VAT IOSS scheme and the vendor registration schemes of Australia, Singapore, Norway and the United Kingdom, the following freight and consignment simplifications have been developed and successfully implemented:

Figure 9: Proposed process of the Moroccan Post (TO-BE)

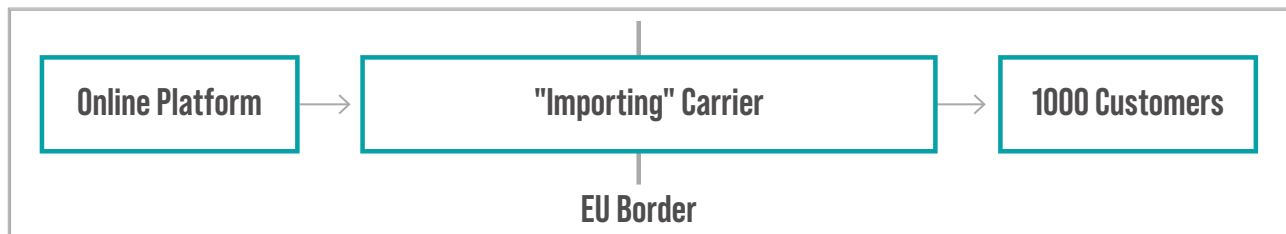


Source: PPZ project

GROUPING OF LVCs¹⁵ IMPORTED INTO THE EU

Use case 1: Multiple orders for different consumers. All orders subject to the IOSS.

Figure 10: Grouping of LVCs imported into the EU in containers, all treated individually



Source: EU Commission, DG TAXUD – Guidance document on the implementation of the EU VAT e-commerce package

15 LVCs: low-value consignments (i.e. consignments below an intrinsic value of 150 EUR). Source: European Commission – "Guidance on Import and Export of Low Value Consignments_FINAL"

The declaration process:

Using the H7 data set, *the carrier (or its agent) will declare the individual sales orders (and associated transport units) in separate customs declarations to the customs authorities of the member country into which the goods enter the EU. This will include the valid VAT IOSS identification number of the supplier/electronic interface as well as the sales order and transport unit ID. The sales order ID should be included in DE 1208000000; the transport unit ID should be included in DE 1205000000; and the IOSS ID should be included in DE 1316000000.*

The customs authorities of the member country will check the individual (per sales order) declarations.

The customs authorities of the member country may decide to inspect some of the sales orders/transport units.

All other sales orders will be cleared for free circulation and delivery.

IOSS threshold applies for certain orders.

The declaration process:

The declaration procedure that the carrier must follow is different for the two supplier/electronic interfaces.

For supplier 1 (follow the IOSS arrangement in line with the use case above)

The carrier will declare the 600 individual sales orders (and associated transport units) in separate customs declarations to the customs authorities of the member country into which the goods entered the EU.

This will include the valid VAT IOSS identification number of supplier 1 as well as the sales order and transport unit ID. The sales order ID should be included in DE 1208000000; the transport unit ID should be included in DE 1205000000; and the IOSS ID should be included in DE 1316000000. Each declaration must also comply with all other requirements of the customs declaration with the H7 data set.

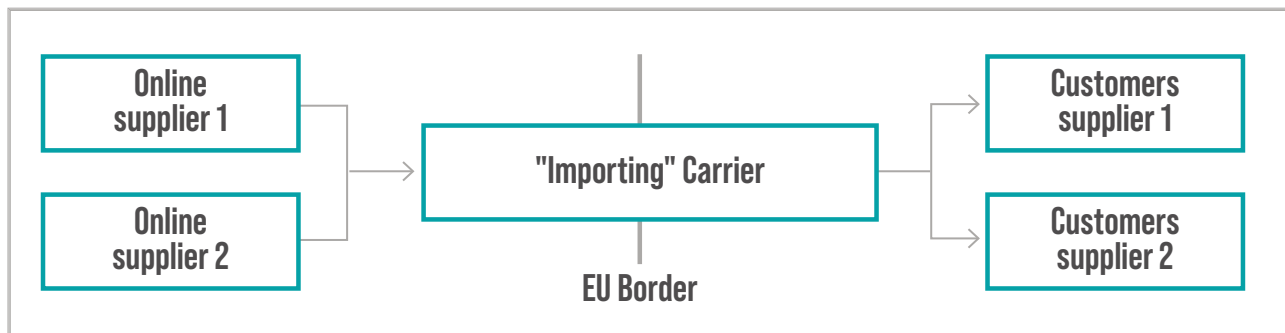
The customs authorities of the member country will check the individual (per sales order) declarations.

The customs authorities of the member country may decide to inspect some of the sales orders/transport units.

GROUPING OF LVCs¹⁶ IMPORTED INTO THE EU

Use case 2: Multiple orders for different consumers. Orders from different suppliers/electronic interfaces consolidated. Value of each order below 150 EUR.

Figure 11: Grouping of LVCs imported into the EU in containers, all treated individually. From different suppliers consolidated, some LVCs, others not



Source: EU Commission, DG TAXUD – Guidance document on the implementation of the EU VAT e-commerce package

16 LVCs: low-value consignments (i.e. consignments below an intrinsic value of 150 EUR). Source: European Commission – “Guidance on Import and Export of Low Value Consignments_FINAL”

For supplier 2 (non-IOSS), the special arrangement procedure may be used

The carrier will declare the individual sales orders (and associated transport units) in separate customs declarations to the customs authorities using the H7 data set.

This will include the sales order (if available) and transport unit ID. The sales order ID should be included in DE 1208000000 and the transport unit ID should be included in DE 1205000000.

The customs authorities of the member country will check the individual (per sales order) declarations.

The customs authorities of the member country may decide to inspect some of the sales orders/transport units.

For LVC shipments for delivery in the member country of entry, clearance can be done with the customs authorities of that country.

The above-described process is also applicable for air freight and will gain further importance once electronic freight and transport information systems have been fully deployed in the EU by 2025 (similar legislative initiatives are currently deployed globally), and the related common data set for all transport modes has been implemented.



Frequently asked questions from wider postal sector players (WPSPs)

1- What is the postal prosperity zone initiative and what benefits will wider postal sector players enjoy after participating in the pilot project?

The postal prosperity zone (PPZ) initiative seeks to enable designated operators (DOs) to fully engage with wider postal sector players (WPSPs). Since DOs are tasked with providing countrywide postal delivery services and operating secure offices of exchange (under the supervision of the competent governmental authorities), they benefit from special customs and import procedures. It is worth noting in this connection that services provided in collaboration with DOs may vary from country to country.

At the heart of the initiative is the seamless flow of cross-border business-to-consumer (B2C) supplies, based on the sharing of harmonized data among all WPSPs involved (all transport modes, including rail and maritime).

Any private company wishing to participate in the PPZ initiative must be a UPU Consultative Committee (CC) member. There are different membership classes, the details of which can be found on the CC webpage.

2- What is the planned start date of the pilot? What is the CC's objective (or expected outcome) for the pilot? Should companies be involved in the entire business process of the chosen pilot model?

The deployment phase of the PPZ initiative will begin during the second half of 2023 and will be spearheaded by Morocco, as major elements of the initiative are ready to be deployed there. The technical and messaging specifications and IT infrastructure are already available, and some of the more recent requirements have been addressed by CC WPSPs, in compliance with UPU treaties and governmental regulations. We expect the initial results of the pilot to be available by the fourth quarter of 2023.

3- Given that the commercial volumes of express delivery companies in the Moroccan flow are not particularly high, is there a set entry threshold – or any business volume requirement – for the participation of WPSPs in the pilot project in Morocco?

Morocco is an emerging market with very strong business relations in the North Africa region. While Morocco hosts the largest free zone in the Mediterranean region (Tanger Med: www.tangermedzones.com/en), the aim of the PPZ initiative is to interconnect fulfilment for B2C supplies (e-commerce) using the worldwide harmonized data that is required for cross-border postal consignments for seamless customs/import clearance, transport security and product safety (and, in the future, for the measurement, reporting and allocation of emissions of CO2 and other greenhouse gases). The Moroccan market is therefore part of the value proposition, and establishing a hub for the North Africa region is a broader objective of the initiative.

In keeping with the mission of the UPU to facilitate communication between the inhabitants of the world, the CC believes that its members (WPSPs) can help to provide the interconnectivity required for a seamless flow of postal consignments across borders.

4- For the PPZ pilot project in Morocco, could WPSPs use Morocco as a transfer/transit point to develop activities with neighbouring countries or regions on the basis of bilateral or multilateral agreements, and would the pilot project facilitate this business model for WPSPs?

WPSPs may take advantage of the PPZ initiative launched by the Moroccan DO in close collaboration with the Moroccan Customs, the aim of which is to establish a regional hub for North Africa. Several other DOs in Africa, Asia, Europe and South America have already written to the UPU Director General and the Chief Operating Officer of the Moroccan Post to express their interest in the PPZ initiative launched by Morocco.

With regard to the increasing harmonization of transport security and product safety information, which depends on the availability of electronic advance data prior to transport, the PPZ initiative may also help to overcome issues related to the harmonized allocation of Harmonized System (HS) six-digit codes, the harmonized digital pre-filing of transport documentation (e.g. under the STOP Act and the European Union's Import Control System 2 and Electronic Freight Transport Information Regulation), and transshipment, enabling direct injection on the basis of bilateral and multilateral agreements.

5- In which countries or regions will the pilot project be followed up and duplicated if it is successfully implemented in Morocco?

The CC is currently working to promote participation in all regions. The responsibilities of the UPU include unifying global networks and solutions and harmonizing UPU technical and messaging specifications (including aligning UPU standards with the postal standards applicable to all European postal/express operators under the European Union's postal legislation and regulations, as well as with standards developed and revised by the International Organization for Standardization). Against that backdrop, the main aim of the PPZ initiative is to facilitate the access of least developed and developing countries to new cross-border e-commerce volumes, as postal volumes have shifted from the UPU global postal network to postal/express operators operating worldwide in the territories of UPU member countries. The PPZ initiative is of critical importance in regions where micro, small and medium-sized enterprises are not interconnected with the digital retail network but where DOs have full access to the global postal IT network (provided, supported and administered by the UPU Postal Technology Centre).

6- Can postal customs clearance be used to clear consignments under the pilot project? What are the specific connection requirements for the information connection link?


Customs, import duties, transport security and product safety are vital components of the PPZ initiative, as is the management of returns. Based on the outcomes of the fourth Extraordinary Congress held in Riyadh (Saudi Arabia) from 1 to 5 October 2023, we expect issues related to the end-to-end measurement, allocation and reporting of emissions of CO₂ and other greenhouse gases to be addressed under the PPZ initiative (although the data required for this will be made available at postal consignment level and will be harmonized globally).

7- In addition to exports to Morocco, is the model applicable to imports from Morocco?

Yes. As the PPZ initiative is based on globally harmonized UPU technical and messaging specifications, aligned with other UN agency standards (including regional standards, as the UPU specifications can be mapped to the mandatory pre-shipping data exchange requirements of governmental authorities), it will apply to both the import and the export activities of its participants.


Annexes

Annexes




Postal Prosperity Zone (PPZ)

Rabat, 28 November 2022



Agenda



- 1. Walter Trezek** – UPU CC – Current state of cross-border e-commerce market
- 2. Lars Karlsson** – Maersk – PPZ Initial Pre-study report
- 3. Eddy Richauvet** - ShopRunBack – Purpose and challenges of PPZ
- 4. Egon Veermäe** - Eurora – Introduction to customs technology
- 5. Henry Paal** – Eurora – PPZ customs management and roadmap

2



State of cross-border e-commerce

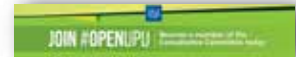
Walter Trezek

Chairperson of UPU Consultative Committee

Rabat, 28 November 2022



Ecommerce keeps growing world-wide



Global retail sales growth will continue to raise and take up more retail market share. Online retail sales will reach \$6.17 T by 2023, with ecommerce websites taking up 22.3% of total retail sales.

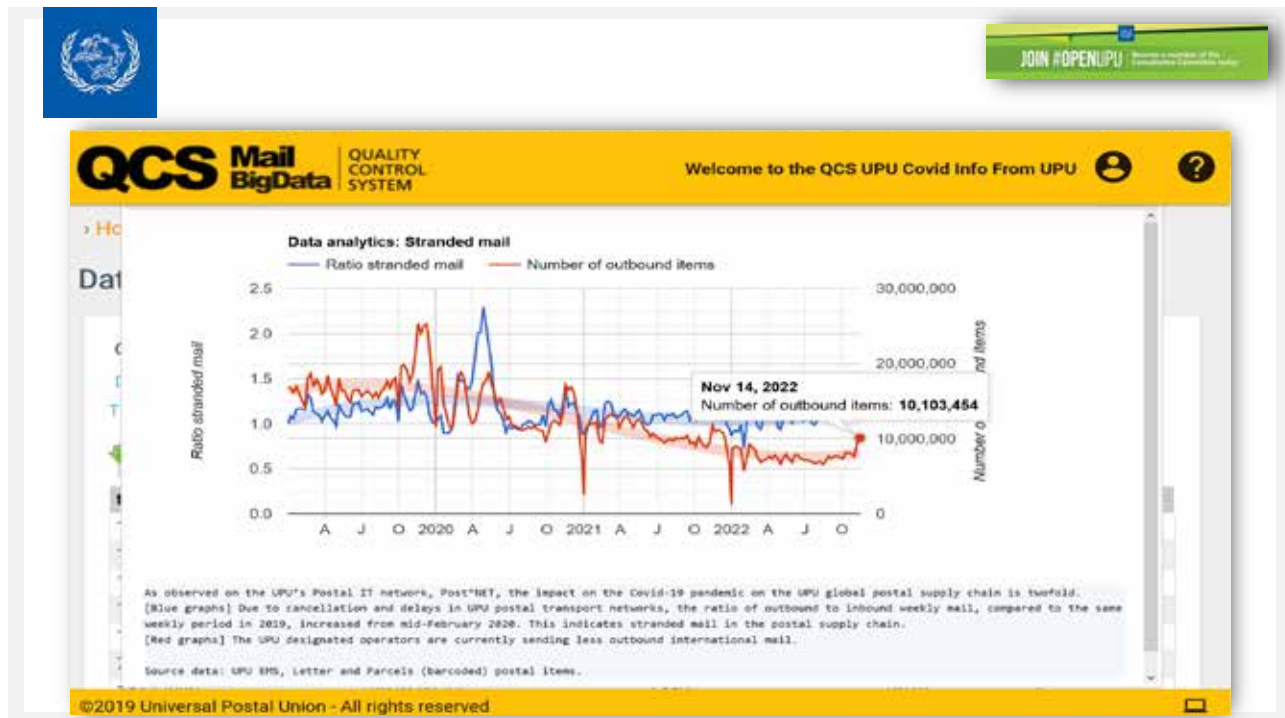
Markets record double-digit ecommerce growth:

- **Latin America** saw \$85 B in ecommerce sales in 2021, up 25% from \$68 B in 2020
- **Indian** ecommerce market is expected to grow to \$111.4 B by 2025, up from \$46.2 B in 2020
- **Russia**, the **UK**, and the **Philippines** saw more than 20% ecommerce sales growth in 2021
- **China** continues to lead the global ecommerce market, accounting for 52.1% of all retail ecommerce sales worldwide, with total online sales just over the \$2 T mark on China. China also has the world's most digital buyers, 824.5 M, representing 38.5% of the global total.
- **Africa** is an uncharted and untapped Ecommerce market of highest potential

... but global postal volumes are declining

From Asia: major declines in volumes from Asia to Europe, North-America and Australasia (**Asia to EU:** 5.7m in January 2019, vs. 419k in Jan 2022 -> almost a 75% decline)

Source: eMarketer; Shopify; APPU Business Forum




Asia-Pacific remains the fastest growing ecommerce market in the world

By 2023, retail ecommerce sales in the Asia-Pacific region are projected to be greater than the rest of the world combined. This is due to:

- Rapid **urbanization** and technological advancements
- More than 85% of new middle-class growth residing in APAC
- A host of government and private-led initiatives in China

... but postal volumes to Asia are steady, or even slightly declining

This is particularly true for the postal volumes **"from Asia to Asia"** (on average 2m per month in 2019 vs 1m per month in 2022 -> 50% decline)

China: ISO (SAC) – harmonisation of managed overseas warehouse services and cross-border trade

Source: Shopify; APPU Business Forum; Ecommerce Europe





Current developments in logistics



Challenges in the logistics landscape:

- Increased **competition**
- **New supply chain** solutions (B2B2C – interconnected managed cross-border warehouse services)
- **Alternative transport and delivery** (parcelization – leg 1 & 2 -> management of direct induction at destination)

NOTE: Postal operators play only a partial role -> UPU / WCO / UN-CEFACT / EU are setting sector-wide harmonised standards

Challenges in market compliance / key issues:

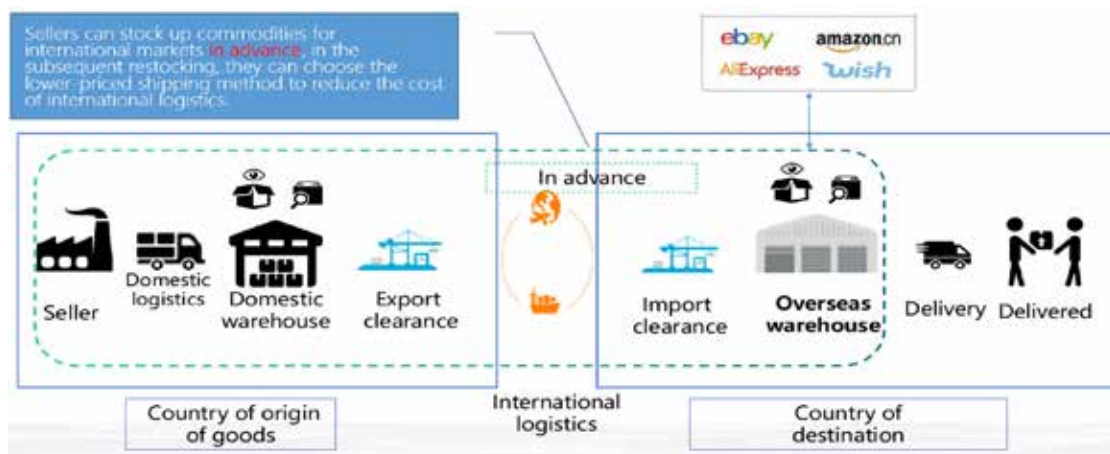
- **Quality of Service** (end-to-end performance; individual item tracking throughout the value chain; x-border handling / customs / import procedures)
- Competitive **rates**
- Uptake speed / unavailability of **various ecommerce solutions** (returns, DDP & landed cost solutions, DDU, delivery choice & data based interconnectivity from collection – freight – final delivery)

Source: IPC Shopper Survey & member questionnaires; UPU; APPU Business Forum



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OF THE PEOPLE'S REPUBLIC OF CHINA

Interconnected & managed overseas warehouses in cross-border trade





Overseas Warehouse Services

Interconnected & managed overseas warehouses in cross-border trade (cont.)



Interconnected and CN vendor agnostic warehouse infrastructure established by end 2021



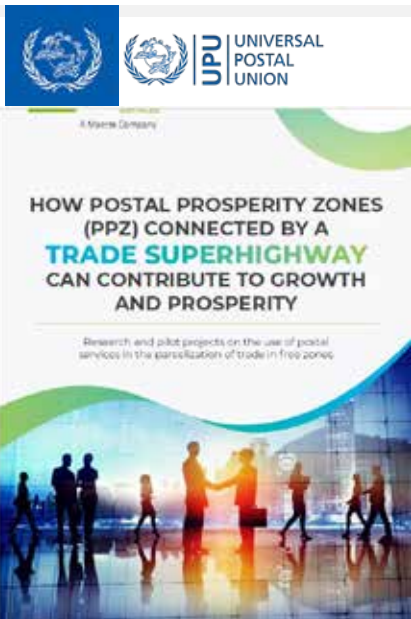
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PPZ Pre-study report

Lars Karlsson

Global Head of Trade and Customs Consulting Maersk

Rabat, 28 November 2022



LARS KARLSSON
GLOBAL HEAD OF TRADE AND CUSTOMS CONSULTING MAERSK

UPU | RABAT | 28 NOVEMBER 2022



HEAD OF TRADE AND CUSTOMS CONSULTING MAERSK

INTERNATIONAL CUSTOMS EXPERT

ex CEO KGH, Director WCO, Director General Swedish Customs

PREVIOUSLY

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**INTERNATIONAL
THINK-
TANKS &
RESEARCH
NETWORKS**

**DOCTOR OF EDUCATION
PHD AEO COMPLIANCE
MANAGEMENT**



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"There are over 550 Free Trade Agreements (FTAs) in force, but they are only used to an average of less than 60%"

"70% of international trade goes through integrated global value chains. Goods pass borders & customs multiple times during a production cycle"

**GAME CHANGERS IN A
GLOBALIZED WORLD**

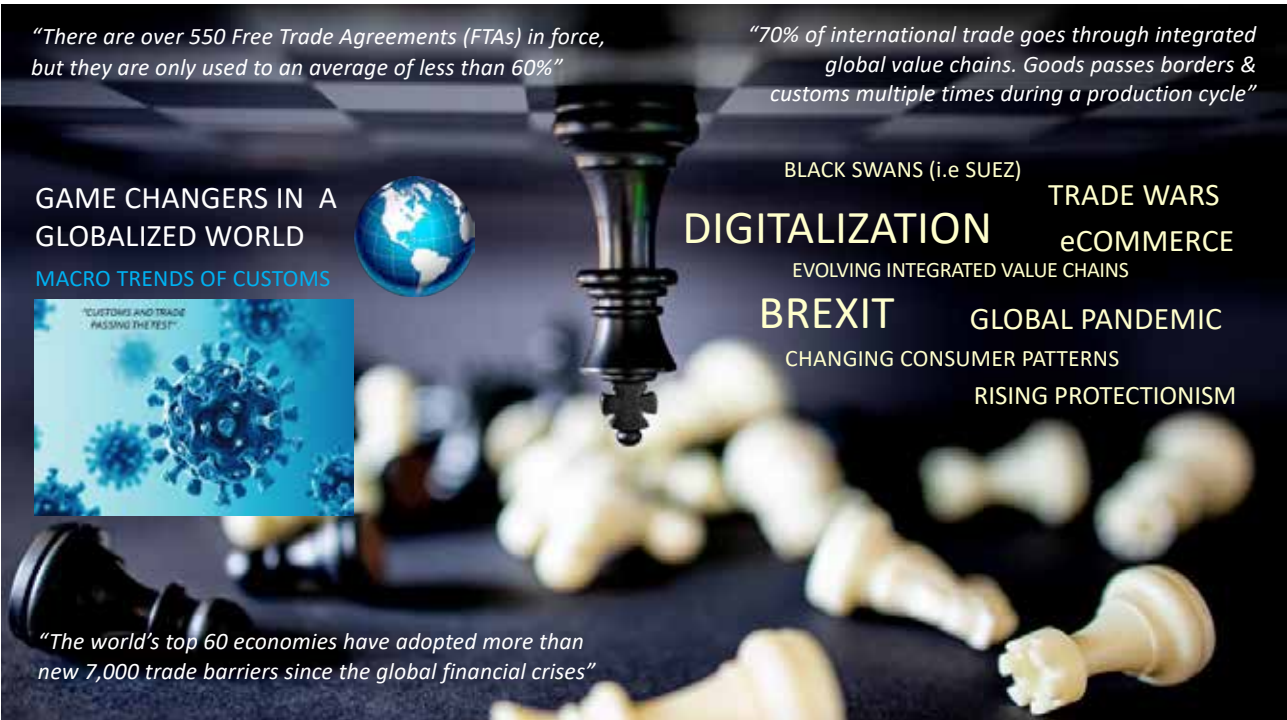


MACRO TRENDS OF CUSTOMS



- BLACK SWANS (i.e SUEZ)
- TRADE WARS
- DIGITALIZATION
- eCOMMERCE
- EVOLVING INTEGRATED VALUE CHAINS
- BREXIT
- GLOBAL PANDEMIC
- CHANGING CONSUMER PATTERNS
- RISING PROTECTIONISM

"The world's top 60 economies have adopted more than new 7,000 trade barriers since the global financial crises"





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Postal Prosperity Zone

THE NEW BORDER STARTS HERE & NOW

WHEN WE BUY A TICKET
OR COMMODITY THE
BORDER STARTS



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AN INTEGRATED OPEN PLATFORM OF CONNECTED INDUSTRY SYSTEMS

GLOBAL TRADE 2.0



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A GLOBAL ECOSYSTEM OF TRUST

GLOBAL TRADE 2.0

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2



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A NEW DIGITAL GLOBAL TRADE LANDSCAPE

GLOBAL TRADE 2.0

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3



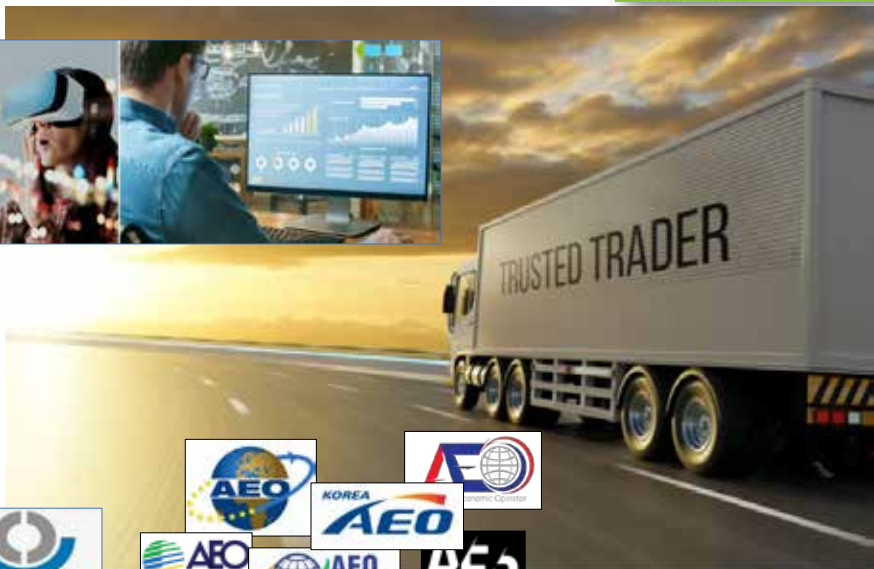
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AEO 2.0



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THE ACCELERATION OF DIGITAL FREEZONES
A NEW PARADIGM



THE WORLD'S MOST IMPORTANT

FREE TRADE ZONES

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PRE STUDY

PROJECT OBJECTIVES



Develop a template cooperation and partnership framework between postal operators and free zones:



Identify any policy and regulatory requirements that postal operators should take into consideration in order to maximize the opportunities presented by free zone operations, particularly in the area of business-to-business e-commerce.



Validate the concept of using postal services in the parcelization of trade in free zones, by implementing a pilot project between two or more postal operators and free zones.

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STAKEHOLDERS

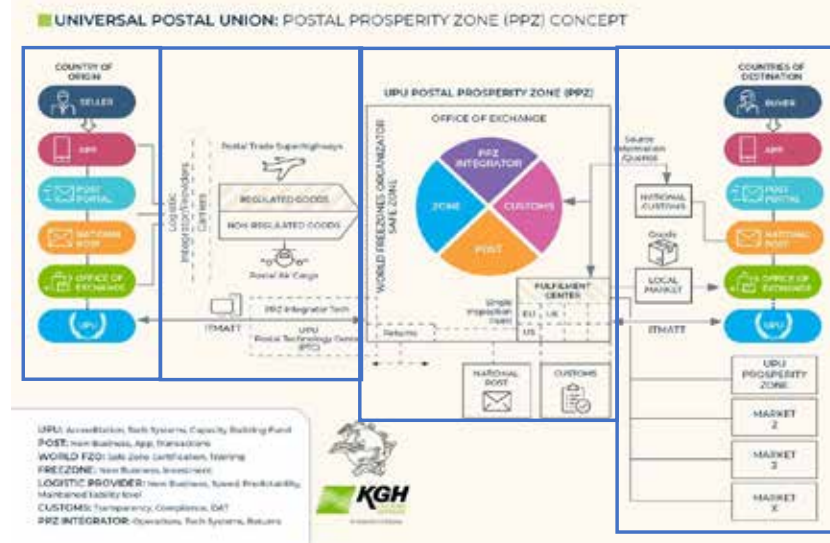
ENGAGEMENT & INTERVIEWS



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POSTAL PROSPERITY ZONE (PPZ)



UPU | RABAT | 28 NOVEMBER 2022



POSTAL PROSPERITY ZONE KEY ELEMENTS

- Utilizes UPU strengths and USP
- Accreditation mechanism
- Business Model: Win-Win-Win
- Productivity Simulator
- PPZ Trade Super-Highways
- Capacity Building Fund
- Technology and Information Exchange
- Concept Pilot Test

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THANK YOU!
ANY QUESTIONS?
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Q&A



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 @CapacityNow
 larskarlssoncustoms
 www.larskarlsson.com

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Purpose & challenges of PPZ

Eddy Richauvet
Chief Executive Officer of ShopRunBack
Rabat, 28 November 2022



SHOPRUNBACK

All-in-one integrated platform to optimise and facilitate the Shipping & Return process **for online retailers**

Best-in-class solutions to make Shipping & Return process **easy for consumers**

Since launching in 2014, SHOPRUNBACK has changed how brands and retailers handle shipping & returns by introducing a **unique technology solution** to :

- Connect all levels in the eCommerce supply chain
- Apply an omni-channel strategy to the process



Many years of experience in eCommerce logistics to build reliable management tools

The solution allows all users, consumers, brands, carriers and logisticians to streamline workflow and maximise cost-saving

New member of the UPU Consultative Committee

Rapporteur for Postal financial services thematic chapter

TECH-AND-LOGISTICS PLATFORM ON THE FRONTLINE

Our software platform is designed to smooth off any rough edges in the shipping, returns and payment process. It offers **end-to-end management solutions for eCommerce brands.**



MANAGEMENT SOFTWARE

1.

FRONT-END

The optimum customer experience
Omni-channel shipping & return interfaces,
Automated notifications

2.

BACK-END

Routing optimization
Real-time **dashboard & analytics**
Inventory management

SERVICE SOFTWARE

3.

SHIPPING

A broad choice of **local options** to suit end-customers

4.

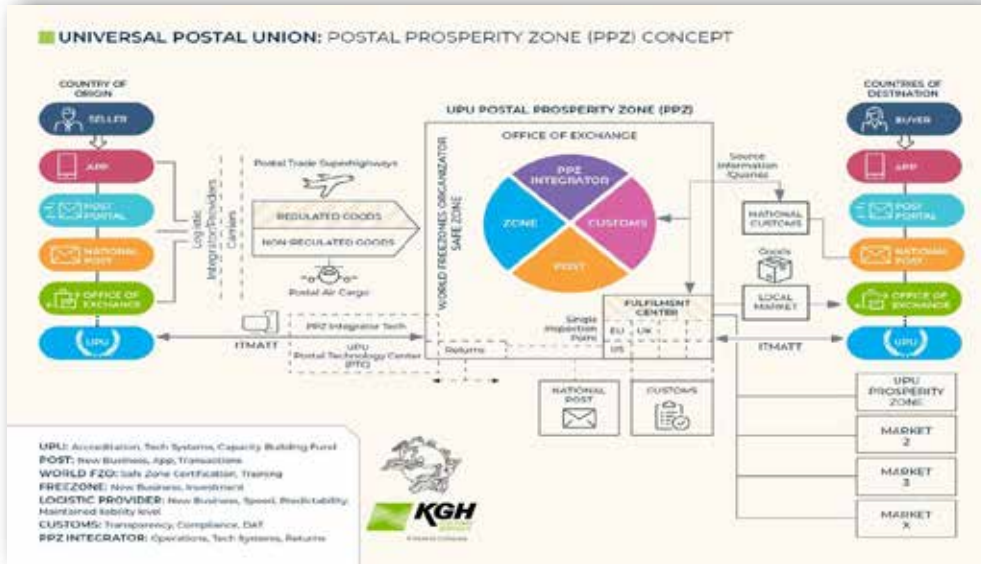
LOGISTICS

A wide range of **value-added logistics** services to match retailer requirements



PPZ Concept

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Introduction to Customs technology

Egon Veermäe

Chief Operating Officer of Eurora

Rabat, 28 November 2022

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Digitalizing the postal industry through automated cross-border compliance


Founded in 2016, Eurora removes all compliance issues by providing a seamless and holistic service flow for all participants of global trade with the highest level of accuracy, speed, and automation available on the market.

Postal companies are facing a number of challenges

- 1 **Transparency**
Is the order compliant with rules?
- 2 **High admin costs**
Still figuring out how to save costs on storage and workforce?
- 3 **Poor customer experience**
Complicated process for customer to pay duty?
- 4 **Slow processes**
Are you still losing time on manual checks?

New member of the
UPU Consultative Committee

Automate 99% of your inbound volume




Rapporteur for Customs and Product security
thematic chapter

Science at our core

We've dedicated our shared expertise and knowledge of data science, logistics, tax, customs and compliance to build an AI-automated solution across the whole cross-border supply chain, reducing the amount of manual labor, tax fraud and overall carbon footprint of the industry.

Dedicated Innovation & Research Center in Tartu



Supported by
EU research
grants
Archimedes

200+
employees
globally

Proprietary AI/ML
engine developed with
22 scientists from the
world's top 1%
universities.



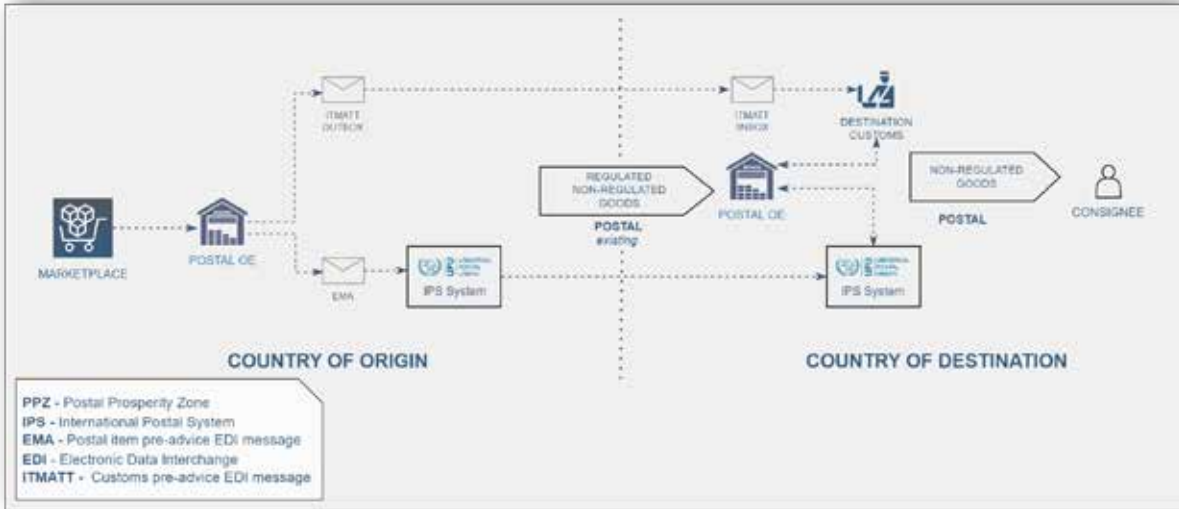
PPZ Customs Management & Roadmap

Henry Paal
Project Manager of Eurora
Rabat, 28 November 2022



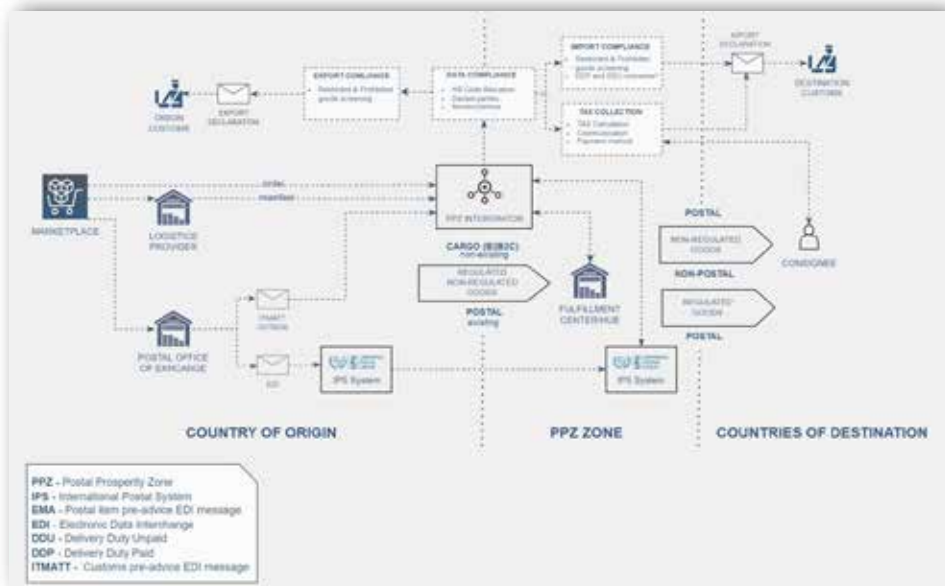
Poste Maroc AS-IS

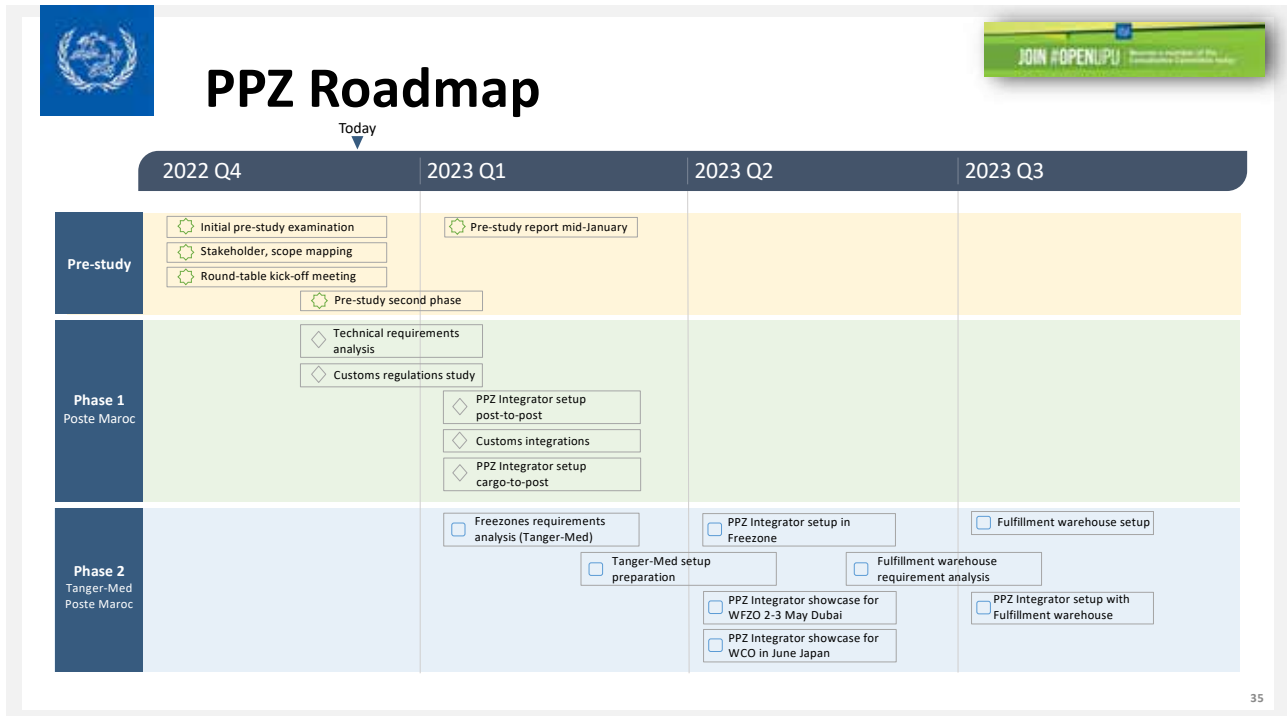
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PPZ and Poste Maroc TO-BE

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As a result

- Lean and extendable model for postal product enhancements
- Elevated product quality
- Data-driven pre-processing and better postal performance
- Scalable and adjustable model for new markets
- New business for stakeholders

36



The proposed PC for “Guidelines for overseas warehouse services in cross-border trade”

Jack YAO (YAO Xin)

*China Council for the Promotion of
International Trade(CCPIT)*

ccpityx@163.com

Agenda

What is an overseas warehouse?

Why this international standard is needed?

How the proposal was developed?

Next steps

Questions and answers

What is overseas warehouse?



What is an overseas warehouse?

Shopping Globally Shipping Locally



Localize cross-border trade, enhance the consumer shopping experience, and improve the local competitiveness of cross-border sellers in export destination markets.



The commercial building storage facility in cross-border trade



Established in the country of destination



Goods shipped to the country of destination in advance



Providing warehousing, distribution, delivery, inventory management, return services, and other value-added services

Types of overseas warehouse

SAC STANDARDIZATION ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA

Self-operated warehouse of the platform



Amazon FBA



Wish FBW

Overseas warehouse operated by the seller



Third-party (Public) overseas warehouse
(Generally built or operated by a 3PL)



Examples of overseas warehouse

SAC STANDARDIZATION ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA



Advantages of overseas warehouse



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Sellers can stock up commodities for international markets **in advance**, in the subsequent restocking, they can choose the lower-priced shipping method to reduce the cost of international logistics.



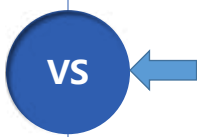
Advantages of overseas warehouse



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Disadvantages of direct delivery

- Long shipping time and slow delivery
- Hard to track
- High loss and breakage rate
- High logistics cost
- Congestion in peak season
- There are restrictions on the weight, volume, value, etc. of goods



Overseas warehouse

Can solve these problems



Advantages of overseas warehouse



Improve efficiency

Shortens transit time,
Short delivery cycle,
Faster delivery.



Improve supply chain resilience

Help the supply chain to be stable and unblocked, improve the resilience of the global supply chain.

Reduce logistics cost

Provides lower shipping costs,
low-cost delivery



Facilitate logistics connectivity

Integrate logistics resources,
improve logistics efficiency, and
reduce logistics costs.

Promote trade facilitation

Breaking the traditional
commodity trading time and
regional restrictions,
Better integration of suppliers'
and customers' resources



Improve competitiveness

Improve the localization operation
ability of cross-border trade sellers,
enhance the local competitiveness of
cross-border sellers

Provide service to sellers

Help sellers optimize inventory and
reduce the risk of unsalable products.
Facilitates "going global" efforts of
micro, small and medium-sized
enterprises.



Improve customer experience

Ensure order fulfillment and shorten the service
cycle.
With flexible and reliable changing or refunding
solutions, boost the purchase confidence of
overseas customers

- Important intermediate link in cross-border trade (Hub)
- Improve the connectivity of logistics in cross-border trade



Why this international standard is needed?



Surging demand for overseas warehouses



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OF THE PEOPLE'S REPUBLIC OF CHINA

- Increased warehousing demand during the COVID-19 pandemic, due to mobility restrictions and safety concerns, especially for commodities.
- COVID-19 has prompted a concentrated outbreak of overseas warehouses, with the number of warehouses continuing to grow rapidly around the world.
- Overseas warehouses have moved from traditionally popular European and American markets to emerging countries and regions such as Southeast Asia and South America.



Global issue for overseas warehouses



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- ❑ The lack of relevant standards has led to uneven development levels and service capabilities and brought many risks to operations
- ❑ Facing the policy risk of the country of destination, resulting in higher operating costs
- ❑ Difficulty to supervise, and the inability to control the goods as overseas warehouses and commodities
- ❑ The localized operation and last-mile delivery capabilities do not match the demand
- ❑ Lack of professional operation personnel and standardized operation capabilities

Expectations and benefits of this standard



Fills the gaps in the international standards of overseas warehouses and provides guidelines for overseas warehouse services



Improves the utilization efficiency of overseas warehouses, provides more jobs and promotes sustainable social development



Ensures service quality of overseas warehouse, reduces operating costs and improves the operating quality



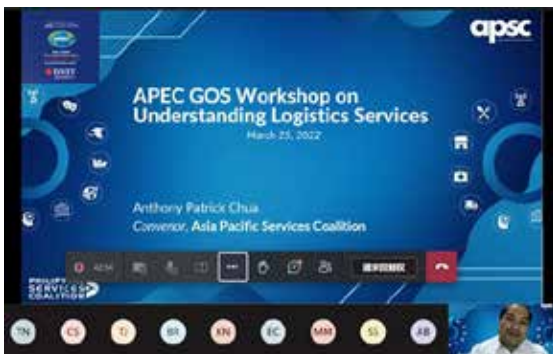
Promotes the development of standardization, digitization, intelligence, and specialization in the overseas warehouse industry



Ensures the service quality and strengthens the trust among sellers, consumers, cross-border platforms, and the third-party logistics providers



Improves the level of cross-border trade facilitation, ensures the reliability and security of supply chains, and contributes to global connectedness



APSC(Asia Pacific Services Coalition) supports “overseas warehouse service” standardization in APEC GOS(Group on Service) meeting.



Overseas warehouse service(OWS) is **new service model** of logistics service in cross-border trade(international trade).

International standard of OWS could improve the level of cross-border trade facilitation, ensures the reliability and security of supply chains, and contributes to global connectedness.



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How the proposal was developed?



How this New Work Item Proposal was developed



Related policies and standards:
Ministry of Commerce, PRC, Excellent Overseas Warehouse Practice Cases, Good Experience and Good Practices.
DB44/T 2201—2019 Service management specification for overseas warehouse of cross-border
T/WD 107—2020 Facilities technical requirement and operation management specification for public overseas warehouse



Deliverable:
International Standard (IS)

PC ballot



Research and summarize good practice

National standard:
20214345-T-469
Operation management requirements of cross-border overseas warehouse (under development)

Submit a proposal:
Guidelines for overseas warehouse services in cross-border trade

Proposed scope of the standard



Scope

- ◆ Identifying key elements of providing overseas warehouse services in cross-border trade to guide for overseas warehouse service providers to provide safe, compliant, and stable services.
- ◆ It specifies the general principles, service provisions, service processes, service guarantees, service quality evaluation and improvement.
- ◆ It applies to overseas warehouse service providers and other related participants.

The main content of the standard



STANDARDIZATION ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA



| General principle | Service provision | Service process | Service guarantee | Service quality evaluation and improvement |
|---|--------------------------------------|-------------------------------------|--|--|
| Safety Integrity Intelligence Compliance Localized operation Stability | Basic service Value-added service | Operating process Return process | Service provider Service personnel Service venue Facilities and equipment Information system Dispute resolution Risk control | Service quality evaluation Continuous improvement |

The main content of the standard



STANDARDIZATION ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA



Basic service

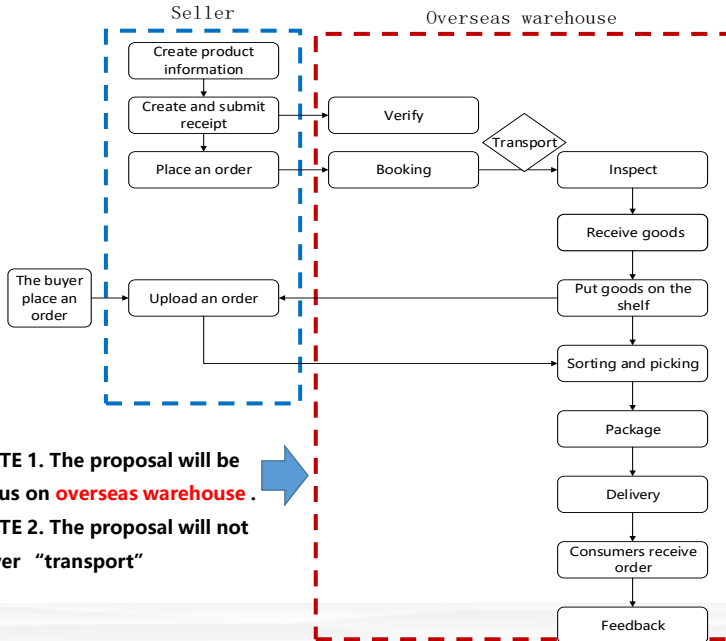
- Warehousing service, including receiving, storing and picking, and handling goods
- Delivery service
- Inventory management service



Value-added service

- Return service
- Distribution processing service
- Visual merchandise marketing service
- Maintenance service
- Supply chain finance service
- Other customized services

The main content of the standard



NOTE 1. The proposal will be focus on overseas warehouse.

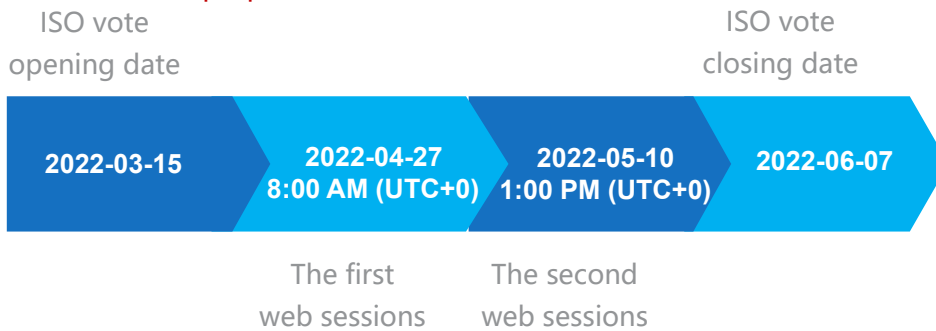
NOTE 2. The proposal will not cover "transport"

Schematic diagram of operating process

Next steps



Your active participation in the proposed PC would be welcome



Proposed Standard Development Track (SDT): 36 months

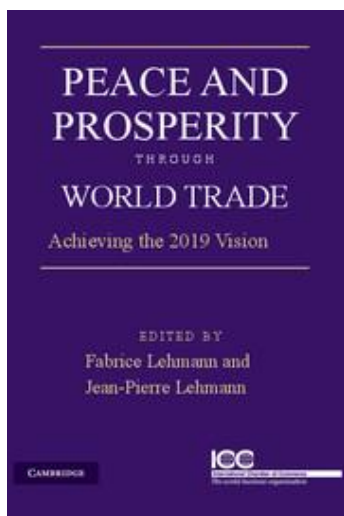
Questions and answers



STANDARDIZATION ADMINISTRATION
OF THE PEOPLE'S REPUBLIC OF CHINA



Thank you for your attention
Any questions?



Peace and prosperity through
cross-border trade

Overseas warehouse services
facilitate cross-border trade



Jack YAO (YAO Xin)

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Harmonised data representing the goods / merchandise on electronic interfaces (marketplaces) is a pre-requisite for collection by Posts

Data available in advance for each consignment are generated in "leg 1". This data can be divided into different areas of responsibility as shown in Figure 1. One area of responsibility is data generated by the "electronic interface" to the consumer during the sales process (red and yellow boxes in Figure 1) and the data attached by the "first logistics operator" (Post or CEP operator) when collecting the consignment for shipping:

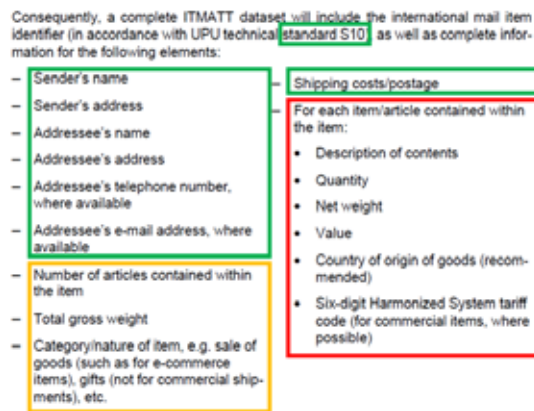


Figure 1 mandatory data elements compliant to the UPU Global Postal Model (UPU GPM), UPU specification M33-ITMATT, as well as the EU Customs Data Model (EU CDM) following the Multi-Modal Transport Data Model, UN/EDFACT. Below a short introduction regarding the three boxes ("red", "yellow", "green"); Source: UPU IB circular 200 / 2020

Area of responsibility "electronic interface" (Figure 1: "red")

The harmonization of the data to be shared in advance leads to a worldwide standardization when such data is presented to third parties – this in particular when the data is used to present retail goods to end consumers planning to purchase online. Goods / merchandise (with or without value) that are subsequently to be dispatched (B2X supplies) must be presented in standardized data format. Each good / merchandise that is subsequently shipped must be described in advance by harmonised data elements:

- Description of the good/merchandise as precisely as possible;
- quantity;
- individual net weight;
- value, including indication of the currency used;
- country of origin of the good / merchandise;
- 6-digit 'harmonized system' (HS) code number (for all commercial items).

The digital description is the prerequisite for bringing commercial goods into circulation and requires their administration in the warehouse and supply chain management systems of the suppliers. Without correspondingly correct data available – and thus in the highest possible quality –, there are

already challenges and additional costs when the goods are accepted by the CEP¹ service provider (the data must be of highest quality in order to be able to carry out the shipping at all), or but the collection must be rejected.

Subsequently, the correct specification of the HS code is necessary to:

- ensure transport security – errors here lead to further costs and shipping delays, or to a refusal of transport (“Do Not Load” / DNL) generated automatically by the Import Control System 2 (ICS2) of the EU, et all.;
- collect import duties applicable, or other customs related fees;
- provide necessary additional information on goods /merchandise in order to comply with regional or national product safety regulations (statements of conformity or compliance).

Data sovereignty in the digital presentation of commercial goods (example “virtual warehouse project”)

Businesses and customers are moving online to buy and sell goods and services, a trend accelerated and increasingly critical in the face of the COVID-19 pandemic. When businesses move online, they face two major challenges: the additional investments required to introduce goods online and lack of know-how and skills to operate online.

At the same time, the EU introduced the EU VAT eCommerce package in 2021, which changes eCommerce processes of which businesses and governments have limited awareness. In this new reality, the EU has supported the Eastern partner countries, through a polit facilitated at their “EU4DIGITAL” facility, to move and adapt to electronic commerce.

The European Commission supported the implementation of the pilot in Q4 2021 and Q1 2022 in all Eastern European Partner Countries (AM, AZ, BY, GE, MD, UA). While during the pilot the designated postal operators have been chosen to conduct the physical cross-border delivery of ecommerce to the EU, during roll-out all Courier-, Express- and Parcel delivery operators willing to participate shall be included.

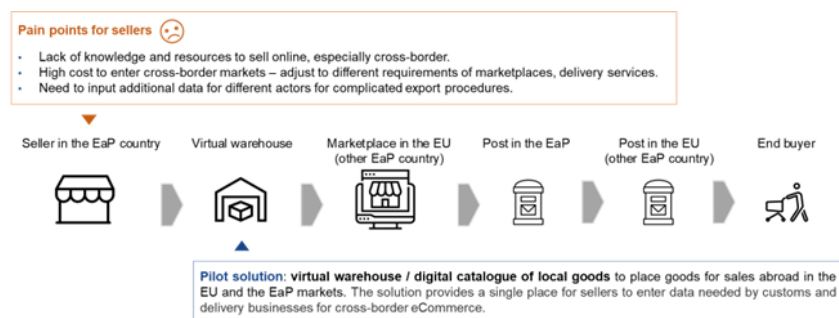


Figure 2 Concept of the ecommerce pilot – virtual warehouse, to ensure data sovereignty of (M)SMEs digital retailers;

Source: EU4DIGITAL

¹ CEP service provider: Courier-, Express-, Parcel delivery operator

The involvement of other cross-border deliver operators has been prepared during the development and piloting of the virtual warehouse pilot². After 1 July 2021, when the EU VAT eCommerce package created a level playing field for postal and CEP delivery operators, the European Commission is interested that all delivery operators are treated the same, when it comes to importing postal eCommerce consignments into the EU.

Area of responsibility "fulfilment" (Figure 1: "yellow")

After commercial goods / merchandise has been pre-lodged via electronic interfaces, the goods will be picked & packed and made ready for dispatch. In doing so, the data available in advance, which led already to the presentation of the goods / merchandise in inventory management systems, are used. Data in advance leads the fulfilment – picking of the goods and the packing. This creates the mandatory data associated with the final consignment to be dispatched. That is additional:

- Number of goods /merchandise in the consignment to be dispatched;
- total weight of the consignment (including packaging);
- Category / type of commercial consignment - "Ecommerce / retail" (commercial consignment), "Gift" (not suitable for commercial consignments / merchandise), etc.

Area of responsibility "CEP operator" (Figure 1: "green")

Only when data mandatory on goods / merchandise level, picked and packed in a consignment (final parcel, EMS, packet, commercial letter post item) are available, the data has been established to the digital documentation concerning the content in an consignment can be linked to transport related information. The consignment related digital documents that must be linked to the data related to the content in the consignment "first CEP service provider" include:

- Sender address;
- Sender – related additional information (such as phone number, email address, etc.);
- Recipient address;
- Recipient-related additional information (such as phone number, email address, etc.);
- Shipping Rate / insurance;
- Unique transport identification³ linked to the consignment (usually a barcode that is uniquely assigned to a CEP service provider and his right a allocate such transport ID).

Authorities responsible for the postal sector / CEP sector – legislator and regulators – are aware that:

- the adaptation of applicable technology requires completely new systems along the supply chain:
 - new actors are involved;
 - mandatory data elements in high quality have to be made available in advance; and
 - work-sharing and exchange of data between all actors involved is necessary.

² <https://eufordigital.eu/e-commerce-pilot-between-armenia-azerbaijan-georgia-and-germany-how-eu4digital-activity-seeks-to-increase-volumes-of-e-commerce/>

³ Unique allocation of a transport ID (most likely in the format of a licence plate) assigned to a CEP service provider licenced to do so. The transport ID (Barcode) shall be compliant to harmonised technical specifications (ISO 15459, UPU S10, UPU S26) and shall be issued by a licenced issuing agency (i.e. authorised CEP operator)

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- customs business processes require mandatory pre-lodging of data in advance:
 - pre-loading;
 - pre-arrival;
 - at arrival;
 - presentation at customs.
 - risk management and controls:
 - Real time (in the case of EU: pan-European) risk analysis;
 - Co-ordinated / co-orchestrated controls.
 -

When facilitating supply chain related services, access to the UPU IT / Post*Net is highly recommended:

1. Provision of interest to the UPU CC (CC@upu.int) : stating your interest as UPU CC GOLD member to interface to UPU products and service open for access, according to UPU treaties and regulations, including applicable technology and UPU specifications;
2. UPU CC will initiate and facilitate the process with the UPU PTC:
 - a. Precise description of products and service you wish to access;
 - b. Data sharing requirements;
 - c. Commercial agreements;
 - d. Related procurement exercise to establish public API to access to products and services.

Documents necessary for further understanding:

- UPU Regulations to the Convention, Final Protocol
 - UPU API copyright notice
 - CA C2 2017.2-Doc 2
 - CA C 2 2018.2–Doc 2.Annex 1.Attachment 1
 - CA C 2 2019.1–Doc 2.Rev 1
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