



**Guidelines for using the Framework for a Postal Service Agreement between an airline and a designated operator**

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## Part A – Introduction

### I. History

The Framework for a Postal Services Agreement (FPSA) between airlines and designated operators is a living document, which is updated periodically.

A first version of the FPSA was drawn up in 2003 and it has been undergoing revisions since 2007.

In 2018, the UPU Postal Operations Council (POC) approved a new version of the FPSA prepared jointly by members of the POC Transport Group and the International Air Transport Association (IATA), through the IATA–UPU Contact Committee.

The competent body of IATA, the Cargo Services Conference (CSC), also adopted the FPSA as Recommended Practice 1677. As such, it was included in the CSC Resolutions Manual.

The FPSA is thus the result of negotiations between members of the UPU and IATA. Certain compromises were necessary on both sides to achieve a balanced document that respected the parties' interests. Some issues were the subject of particularly intense discussions and negotiations, in particular the liability of designated operators towards airlines in the event of damage caused by a postal item during air transport, and the limits of the liability of parties to the agreement, in particular with regard to indirect or consequential damage.

The transport of postal items is expressly excluded from international agreements governing freight transport. There is no international instrument governing questions of liability between designated operators and air carriers. Relations between designated operators and airlines are covered only very fleetingly by the UPU Acts, which are concerned solely with relations between designated operators and have no authority over their partners such as airlines.

The lack of a normative framework, and the practice of certain designated operators and airlines of not signing agreements, lead to uncertainty about the conditions under which any disputes would be resolved. The FPSA is thus aimed at guiding designated operators and airlines confronted by this lack of a legal framework and encouraging them to formalize their bilateral relationships on a contractual basis.

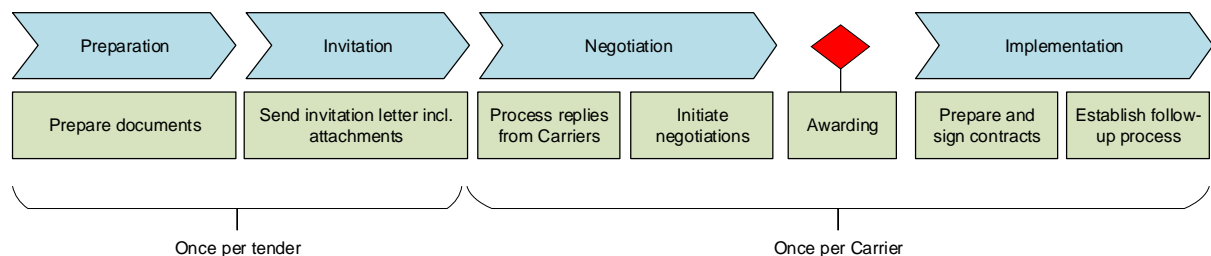
### II. Scope and purpose of the FPSA

The FPSA is in no way obligatory: it is a reference document designed to serve as a model for agreements signed between designated operators and airlines for the transport of international mail. It contains most of the points on which the parties will need to agree before entering into a relationship. This model can be adapted by the parties according to their needs and practices, and their specific national laws.

The parties should, however, exercise caution when departing from this text, which reflects the provisions of the UPU Acts and the applicable IATA rules. The FPSA also takes account of the operational processes applied by Posts and airlines.

## Part B – Standard tender process for Posts

This process may vary depending on factors such as legal requirements (e.g. tender processes) and postal needs. However, a standard process would look as follows:







<i>Phase</i>	<i>Explanation</i>
Preparation	Post to prepare the documents to be sent out to the carriers invited to present their offer
Invitation	Distribute formal invitation letter containing all documents and files prepared
Negotiation	<ul style="list-style-type: none"> <li>– Collect and analyze the information and data provided by the carriers invited to the tender</li> <li>– Prepare for negotiations with the carriers</li> <li>– Conduct negotiations on financial, operational and legal conditions</li> </ul>
Awarding	Take decision on which carrier gets which destinations and tonnages
Implementation	<ul style="list-style-type: none"> <li>– Finalize and sign contracts</li> <li>– Establish follow-up process (e.g. dealing with operational glitches)</li> </ul>

The following sections will explain further the typical steps in the different phases of a standard postal tender process. In these guidelines, there will be references to other sections within the document, as well as to various templates designed to standardize the way postal operators approach airlines.

## I. Preparation

In preparing a tender, various documents must be produced. These documents are set out below and, where applicable, an example and/or a template is provided. It is recommended that all documents be prepared in a language common to both the Post and Carrier. In many cases, English is advisable as the common language.

<i>Document</i>	<i>Explanation</i>	<i>Links</i>
UPU FPSA	<ul style="list-style-type: none"> <li>– UPU default version of the FPSA</li> <li>– This version is updated regularly and is jointly endorsed by the UPU and IATA</li> <li>– It is recommended that this default version be reviewed and adjusted to local conditions</li> <li>– Further explanations to most of the chapters can be found in Part C of these guidelines</li> </ul>	
Post's FPSA	<ul style="list-style-type: none"> <li>– It is very likely that a postal operator has to adjust various parts of the UPU FPSA to local conditions (operational, legal, regulatory, etc.)</li> <li>– Those adjustments will result in the Post's own default version of the FPSA</li> <li>– It is strongly recommended that any deviations from the UPU FPSA be tracked in a separate document – this helps both the Post and Carrier keep track of discrepancies</li> <li>– It is suggested that Annexes 4–9 (at least in draft version) be provided with the tender</li> <li>– The remaining annexes will become relevant only during the negotiation and implementation phase</li> </ul>	 Discrepancies between UPU stand
Estimates	<ul style="list-style-type: none"> <li>– Carriers must be provided with the expected tonnages</li> <li>– The tonnages have to at least show tonnage per destination</li> <li>– Where applicable, expected tonnages can be further detailed per origin, service and product</li> </ul>	 Annex 2 - Tonnage.xlsx

<i>Document</i>	<i>Explanation</i>	<i>Links</i>
Estimates (cont.)	<ul style="list-style-type: none"> <li>– See Part A section I (Tonnages) for further explanation regarding the template</li> <li>– The carrier must not change the sequence or the names of the columns – if needed, additional columns can be added</li> </ul>	
Rates	<ul style="list-style-type: none"> <li>– Carriers are asked to submit a rate sheet for those destinations and tonnages they are interested in carrying</li> <li>– See section II (Rates) for further explanations regarding the template</li> <li>– The carrier must not change the sequence or the names of the columns and rows – if needed, additional columns can be added</li> <li>– Once returned, the Post can collect all rates provided by the carriers into one single file for easy comparison</li> </ul>	 Annex 3 - Rates.xlsx
Cover letter	<ul style="list-style-type: none"> <li>– It is recommended that the invitation to tender is accompanied by a formal letter conveying the key information and deadlines for the tender</li> </ul>	 CoverLetter.docx

## II. Invitation

The invitation is a formal process, basically consisting of the documents prepared in the preceding section I (Preparation).

## III. Negotiation

Following the deadline for receiving all offers, analysis of those presented and negotiations with the Carrier(s) can begin. During this phase, the following documents will be discussed and, where applicable, created, adjusted or completed.

<i>Document</i>	<i>Explanation</i>
Post's FPSA	<ul style="list-style-type: none"> <li>– It is strongly recommended that the Post's FPSA remains unchanged to avoid the existence of different versions</li> <li>– Any changes to the Post's FPSA main document shall be tracked in a separate annex listing the relevant discrepancies</li> </ul>
Negotiated discrepancies	<ul style="list-style-type: none"> <li>– If the Carrier and Post agree on a different phrasing of an article, on an additional article or even on the deletion of an article, this shall be tracked in a separate document</li> <li>– This separate document is considered in Annex 5</li> </ul>
Rates	Final rates shall be negotiated and the offer updated accordingly

## IV. Awarding

Based on negotiation and final evaluation, the postal operator takes its decision on which carrier is to be awarded which destinations and tonnages.

<i>Document</i>	<i>Explanation</i>	<i>Links</i>
Rates	<ul style="list-style-type: none"> <li>– The rates sheet will become Annex 1 of the final agreement</li> <li>– It shall only bear the rates for those destinations where the carrier is awarded at least a portion of the expected tonnages</li> </ul>	
Estimated tonnages	<ul style="list-style-type: none"> <li>– The estimated tonnages will become Annex 2 of the final agreement</li> <li>– It shall only bear the tonnages for the destinations awarded to the Carrier</li> </ul>	

## V. Implementation

The implementation phase is centred around finalizing the documents, signing the contracts and agreeing on operational aspects.<sup>1</sup> In addition, the Post and Carrier shall agree on a follow-up process which can include, but is not limited to, the type and frequency of meetings:

- Operational subjects: daily operations, process improvements, operational glitches;
- Strategical subjects: collaboration, new business.

## Part C – Explanation of the main body of the FPSA

### I. Definitions

#### Article 1

#### Definitions

1 Acceptance: If it has been agreed that “acceptance” is based on EDI messaging, the following definition of “acceptance of the service”, which has been approved by the UPU Standards Board in the context of UPU EDI messaging standards M39, M48 and M49, could be used:

Acceptance for service: RESDIT “6” (BOOKED) confirms the mail is assigned to (a) flight(s) on a route. This information establishes which of the receptacles taken into possession are accepted for service and confirmed “booked” based on agreed service requirements in CARDIT (handover time/location origin, weight, flight(s), handover time/location destination). RESDIT “7” (STAGED) confirms the mail is not booked as requested by CARDIT and is staged awaiting assignment to another flight.

2 Acts of the UPU: (no explanation)

3 Agent: (no explanation)

4 Airmail:

4.1 For letter post, the definition is taken from article 17-114.1.1 of the UPU Convention Regulations.

4.2 For parcel post, the terminology used is either “airmail” or “air parcel”.

5 Airmail routeings: See articles 17-132/17-226 (Routeing of mails) and 17-133 (Direct transshipment of airmails and of surface airlifted (S.A.L.) mails/17-227 (Direct transshipment of air parcels and of surface airlifted (S.A.L.) parcels) of the Convention Regulations.

6 Basic airmail conveyance rate (BACR): The BACR is defined in article 33 of the UPU Convention (Basic rates and provisions concerning air conveyance dues) and articles 33-101 (Formula for calculating the basic rate and calculation of air conveyance dues for closed mails)/33-201 (Calculation of air conveyance dues) of the Convention Regulations.

<sup>1</sup> Setting up the EDI exchange, defining which party shall receive the finals, etc.

- 7 CARDIT:
- 7.1 It is recommended that the newest version of CARDIT, which currently is CARDIT v 2.1, be used.
- 7.2 The Principal must send a CARDIT message to the Carrier. The Carrier is then the party responsible for transmitting the necessary information to its subcontractors.

- 8 Consignment: Note that IATA has developed the following definition of "Consignment":

IATA CSC Resolution 660 Attachment A Interline Traffic Agreement – Cargo; Article 1 – Definitions

Consignment:

Is equivalent to the term "shipment", means one or more pieces of goods accepted by the airline from one shipper at one time and at one address, receipted for in one lot, and moving on one air waybill or one shipment record to one consignee at one destination address.

IATA has also proposed the term "postal consignment" (reference POC C 4 SB IATA/UPU 2009.3–Doc 8), used in the context of postal air waybills:

Postal consignment: means one or more receptacles of mail accepted by the airline from one postal operator at one time and at one address, receipted for in one lot, and moving on one postal air waybill number to one consignee at one destination address.

The term "consignment" has a number of contexts in UPU regulations. In this instance, it is in the context of articles 17-135 and 17-233 of the Convention Regulations.

- 9 Critical handover time: Note that article 17-113.3 of the Convention Regulations recommends a handover time of preferably one hour to two hours maximum.
- 10 Dangerous goods:
- 10.1 This definition is in accordance with article 19-008 of the Convention Regulations (Dangerous goods prohibited from insertion in letter-post items and parcels).
- 10.2 Article 19.3 of the UPU Convention and its commentary provides additional details regarding dangerous goods prohibited from conveyance by post, exemptions, and the safety of staff involved in handling items presumed to be dangerous.
- 11 Days: (no explanation)
- 12 Delivery: (no explanation)
- 13 Designated operator (DO): Definition taken from articles 1 and 2 of the UPU Convention.
- 14 Destination: (no explanation)
- 15 Documents: See articles 17-135 and 17-233 of the Regulations to the Convention (Transfer of mails) and CN 38 (Delivery bill. Airmails) and CN 41 (Delivery bill. S.A.L. mails) forms. If the Parties have agreed to paper-free transportation, all documents shall be replaced by EDI except for bag tags and labels.
- 16 Electronic data interchange (EDI): See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails) for the use of EDI with air carriers.
- 17 EMS: Definition taken from article 36.1.1 of the UPU Convention and article 36-001 (EMS) of the Convention Regulations.
- 18 Handover: (no explanation)
- 19 International Air Transport Association (IATA): (no explanation)
- 20 IATA season: (no explanation)
- 21 Mail: (no explanation)

- 22 Non-priority item: Definition taken from article 17-101.2.2 of the Convention Regulations.
- 23 Origin: (no explanation)
- 24 Postal item: See article II paragraph 1.6bis of the Ninth Additional Protocol to the Constitution.
- 25 Priority item: Definition taken from article 17-101.2.1 of the Convention Regulations.
- 26 Proof of acceptance (“POA”): See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails) and UPU standard M39 for the concept of “proof of acceptance” for CARDIT and RESDIT messages.
- 27 Proof of delivery (“POD”): See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails) and UPU EDI messaging standard M39 for the concept of “proof of delivery” for CARDIT and RESDIT messages.
- 28 Receptacle: (no explanation)
- 29 Rates: (no explanation)
- 30 RESDIT: There is one active RESDIT message: RESDIT V1.1 (see the respective UPU EDI messaging standard M49). All other versions have been superseded.
- 31 Routeing plan: See articles 17-132/17-226 (Routeing of mails) and 17-134/17-232 (Preparation of trial notes) of the UPU Regulations to the Convention. See the definition of “Airmail routeings” in the FPSA.
- 32 S.A.L. (surface airlifted) item: Please refer to article 17-114 paragraph 1.3 of the Convention Regulations.
- 33 Special Drawing Right (SDR): See the official definition given by the International Monetary Fund ([www.imf.org/external/np/exr/facts/sdr.htm](http://www.imf.org/external/np/exr/facts/sdr.htm)), as well as article 17-001 of the Convention Regulations (Monetary unit) and its commentary.

## II. Objectives and scope of the Agreement

### Article 2

#### Objectives and scope of the Agreement

- 1 Transit procedures are not described in the Agreement, but in the Convention Regulations. See articles 17-133 (Direct transshipment of airmails and of surface airlifted (S.A.L.) mails) and 17-227 (Direct transshipment of air parcels and of surface airlifted (S.A.L.) parcels) and their commentary. It is recommended that agreements cover the whole transport stretch “from the point of origin to the point(s) of destination”. One consequence is that if something happens at the transit point as the result of a fault by the Carrier, and the Principal receives an invoice for the second leg of the journey and transit handling, these invoices will be forwarded to the Carrier. A process should be set up according to which, if the Carrier experiences any problem at the point of transit, it will contact the Principal. Contact details are to be included in the relevant annex. Regarding the estimated volumes, see the commentary provided for article 17-113 of the UPU Regulations to the Convention (Priority treatment of priority items and airmail items).
- 2 For letter post, the categories of mail listed reflect article 17-114 of the Convention Regulations (Mails).

### III. The Carrier's obligations

#### Article 3 Service

(no explanation)

#### Article 4 Integrity of mail

1 Performance measurements can include indicators such as on-time delivery, scanning performance, response time to requests, volumes uplifted compared to estimates, quality of estimates, etc. It is important not only to state what is to be measured, but also to describe how it is measured and to define the period over which it is measured and the targets.

2 The Carrier's duty to provide protection for the mail in its custody reflects the obligation of the DO towards the sender of the item according to article 22 of the UPU Convention (Liability of designated operators. Indemnities).

3 Note that liability is excluded in the event of force majeure (articles 26.3 and 31 of the FPSA). The following measures are recommended to ensure protection of the mail from weather, dust, damage, loss or theft:

3.1 The mail should be carried to and stored in a warehouse as soon as it has been unloaded;

3.2 The mail should be stored in a place where it can be locked up or can be kept under surveillance either by staff, security cameras or some other effective means.

#### Article 5 Custody of the mail

1 (no explanation)

2 The EDI standard for messaging between the Carrier and the Principal, if used, shall be CARDIT/ RESDIT. Articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails) provide more details regarding the electronic transmission of CN 38 or CN 41 forms.

#### Article 6 Handover

1 See articles 17-119 (Make-up of mails), 17-129 (Labelling of mails) and 17-221 (Transmission in closed mails) of the Convention Regulations for the requirements regarding packaging and labelling of postal items, and articles 17-144 (Return of empty receptacles) and 17-241 (Return of empty receptacles) for the packaging and labelling for the return of empty bags.

2 (no explanation)

3 See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails).

4 (no explanation)

5 (no explanation)

6 See article 9.2.2 of the FPSA: the Carrier is authorized to withhold mail at origin (before the proof of acceptance) suspected to be damaged, pilfered or tampered with.

7 (no explanation)



8 (no explanation)

9 If agreed, the Principal shall provide the Carrier with Consignment Security Declaration for the consignments. It must be agreed whether this shall be done electronically as part of the CARDIT message, or in paper format (CN 70).

#### Article 7

##### Critical handover times

1 Please note that article 17-113.3 of the Convention Regulations recommends a handover time of preferably one hour to two hours maximum.

#### Article 8

##### Handover failure

1 Please note that "handover failure" on the part of the Carrier is defined in article 9 of the FPSA as the situation in which "the Carrier may refuse to accept handover of the mail".

2 In the context of article 8 of the FPSA, "handover failure" by the Principal means the situation in which the Principal does not meet the agreed handover time and/or place at origin.

#### Article 9

##### Refusal of handover

1 (no explanation)

1.1 (no explanation)

1.2 The weight limit for each receptacle containing letter post laid down in article 17-119.2.10 of the Convention Regulations is 30 kg maximum (except in the case of reservations). The weight limit for each receptacle containing parcel post laid down in article 17-221.11 of the Regulations to the Convention is 32 kg maximum (except in the case of reservations).

1.3 The weight limit for parcels is laid down in article 17-203 of the Regulations to the Convention (Special conditions relating to limits of weights). The size limits for parcels are laid down in article 17-204 of the Regulations to the Convention (Limits of size).

2 (no explanation)

2.1 Note that article 6.8 of the FPSA provides more details regarding the required procedure in the event of mail constituting a danger to other mail, goods or equipment. Such mail shall not be forwarded or returned. Article 19.8 of the UPU Convention also stipulates that dangerous goods "shall in no circumstances be forwarded to their destination, delivered to the addressees or returned to origin". In the case that they are "discovered during transit, such items shall be handled in accordance with the national legislation of the country of transit". If dangerous goods are discovered during transit, it is recommended that the Carrier contact the Principal and that they agree together on how to proceed.

2.2 Note that article 6.6 of the FPSA provides more details regarding the required procedure for handling mail where damage, pilferage or tampering is suspected.

#### Article 10

##### Routeing

1 See the definition of airmail routeing in article 1 of the FPSA and articles 17-132/17-226 (Routeing of mails) of the Convention Regulations.

2 It is advisable to use direct flights as much as possible and to avoid using carriers that have had irregularities in the past – such as missing receptacles or delayed delivery to the DO of destination.

3 Annex 8 (Routeing plan) may be updated by the parties when there is a change of season (winter/summer).

#### Article 11 Performance

1 (no explanation)

2 See articles 17-133 (Direct transshipment of airmails and of surface airlifted (S.A.L.) mails) and 17-227 (Direct transshipment of air parcels and of surface airlifted (S.A.L.) parcels) of the Convention Regulations. It is recommended that a procedure be put in place whereby, in the event of an interruption in the transportation chain, the Carrier shall forward the mail as soon as possible and inform the Principal.

3 (no explanation)

4 A typical achievable target for conveyance would normally be 90–98%, depending on capacities and other factors. Performance should be measurable, and may be based on RFID or CAPE/QCS data, on CARDIT/RESBIT messaging, or on returned CN 38 forms bearing the handover time/dates. The scanning performance can be used as a performance indicator. It can be measured as the number of receptacles scanned compared to the total number of receptacles transported within a given period. Response times can be used as another indicator (how many requests are answered within the agreed maximum response time). Periodic meetings between the Carrier and the Principal shall be held to review performance and agree improvement actions, if necessary. Articles 17-113.3 and 17-113.4.4 of the Convention Regulations should be noted regarding handover time.

5 An action plan to remedy performance deficiencies could contain the following information: detailed description, objective, deadline and party responsible. It should be kept in mind that the improvement of quality is a common project which is essential for DOs and carriers. It is therefore the responsibility of both parties to ensure that the best possible performance is achieved.

6 It is recommended that the parties agree on contingency plans to take into account possible unplanned events or circumstances. A contingency plan should describe what each party is responsible for when something happens, and the actions to take when the situation has returned to normal.

#### Article 12 Subcontractors

1 A subcontractor may perform carriage, storage, loading and unloading of the mail at or around the airport in cases where the office of exchange is located outside the airport.

#### Article 13 Access of the Principal to the Carrier's premises

1 Access to the Carrier's premises for operational auditing purposes, for example, should be authorized when the Carrier has significant or repeated irregularities.

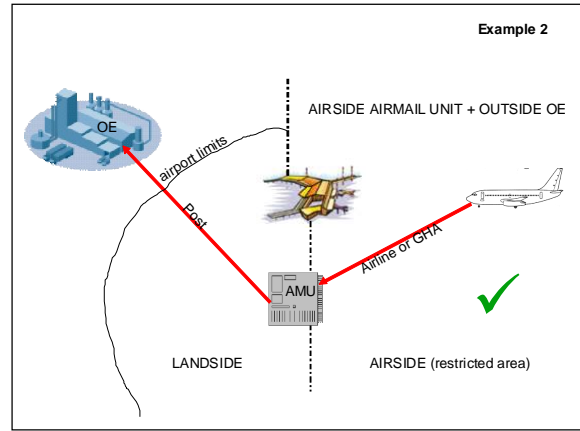
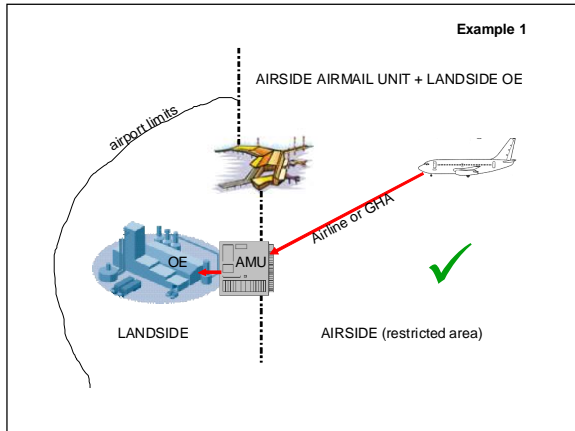
2 Access to the Carrier's premises might also be used to get a better understanding of the process (e.g. loading the flight). This can help to improve activities carried out in common.

#### Article 14 Delivery failure and possible remedy

1 DOs often experience irregularities in which mailbags are lost during handling by the Carrier or considerable delays occur in delivery to the DO of destination because the Carrier inadvertently left the mail in its warehouse at the airport. This can have the following negative consequences for DOs: inquiries, complaints, loss of future business, etc.

2 Please note that there are several possible scenarios for handover at destination.

2.1 Examples 1 and 2:

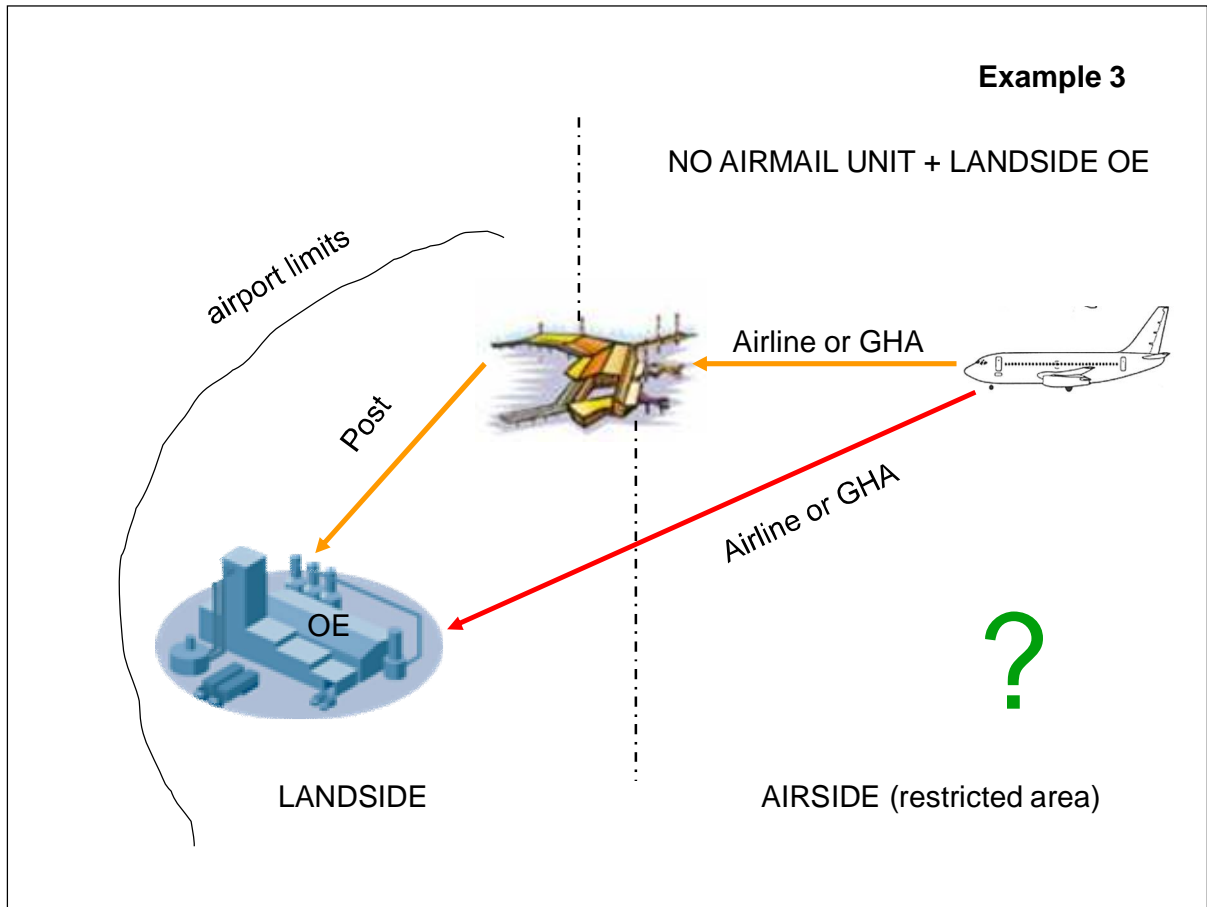


2.1.1 Destination Post bears the cost of the airmail unit (AMU);

2.1.2 Usually, no intermediate storage between aircraft and AMU, although not always direct delivery from the aircraft;

2.1.3 The location of the office of exchange (OE), at the airport or outside, has no bearing on this issue.

2.2 Example 3:

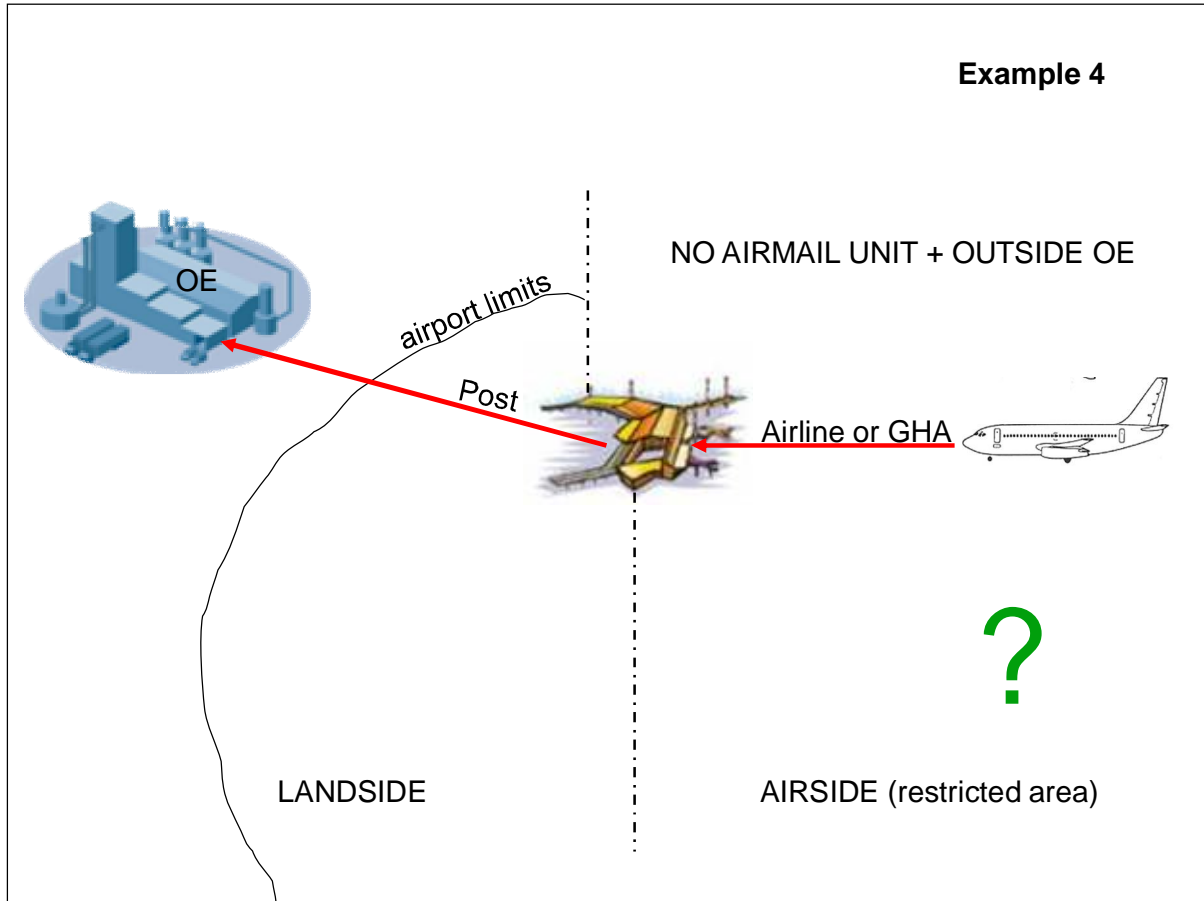


2.2.1 Destination Post has no AMU cost;

2.2.2 Destination Post would still expect the mail to be delivered to its airport OE;

- 2.2.3 Post of origin expects the mail to be delivered to the destination Post, based on general specification in its agreement with the airline;
- 2.2.4 No customs issue if the OE is a qualified postal clearing centre;
- 2.2.5 Airline might claim increased delivery cost and prefer to deliver to airside handling agent.

### 2.3 Example 4:



- 2.3.1 Destination Post has no AMU cost;
- 2.3.2 Destination Post would not expect the mail to be delivered to its OE if located outside the airport;
- 2.3.3 Not knowing the detailed set-up at destination, the Post of origin expects the mail to be delivered to the destination Post, based on the general specification in its agreement with the airline;
- 2.3.4 No customs issue if the OE is a qualified postal clearing centre;
- 2.3.5 Airline has to deliver to airside handling agent;
- 2.3.6 Destination Post usually collects from the handling agent.

3 In the postal business model, the split of responsibilities between the DOs of origin and destination is at handover at destination from the DO of origin to the destination DO. When the mail is delivered by air, the handover is done at the door of the destination DO's AMU or at an agreed location at the airport when there is no AMU.

4 To do this, DOs typically contract air carriers to pick up the mail from the door of their OE or AMU and deliver it to the destination DO at the door of their OE or AMU.

5 The IATA Airport Handling Manual (AHM) includes sections dedicated to airmail, allowing airlines and ground handling agents to provide the services that airmail requires.

6 The IATA Standard Ground Handling Agreement (SGHA) also includes a dedicated sub-section which allows airlines to contract the specific services required for airmail, including delivery to the postal facility. The SGHA reflects that the handover to the DO of destination is performed by the ground handling agent on behalf of the airline.

7 In a normal situation, DOs of origin have global contracts with their airlines, where all details of the destination airport and post configurations are not mentioned.

8 The DO of origin expects the airlines to arrange for all ground handling operations at origin and destination and to cover their cost (as it is included in the rate quoted to the DO of origin), up to the location where the mail is handed over to the destination DO.

9 In most locations around the world, airlines are able to contract airmail handling services according to their own agreements with the DOs, according to the postal business model. Posts are seeking to establish uniform processes to avoid exceptions causing additional cost, uncertain liability transfer and possible loss of quality.

10 Note the indications given in the definitions of "Destination" and "Services" in article 1 of the FPSCA regarding the place of handover at destination and the scope of the services.

#### **IV. The Principal's obligations**

##### Article 15

##### Operational aspects

1 The Principal should provide the information to the Carrier at least two weeks, and normally one month, before any flight schedule changes (normally at the end of March and the end of October). The Carrier will confirm to the Principal on which flight the mail will be carried. At least two weeks, and normally one month, prior to any exceptional period (such as Christmas) when mail volumes may vary more than 20% from normal, the Principal shall liaise to agree additional allocation of cargo space. Regarding the estimated volumes, please note the commentary to article 26-002 of the Convention Regulations.

2 (no explanation)

3 See articles 17-119 (Make-up of mails), 17-129 (Labelling of mails) and 17-221 (Transmission in closed mails) of the Convention Regulations for the requirements regarding packaging and labelling of postal items, and articles 17-144 (Return of empty receptacles) and 17-241 (Return of empty receptacles) for the packaging and labelling for the return of empty bags.

3.1 For letter post: in accordance with article 17-129.3.7, and to enable tracking of receptacles, the label shall include a barcoded receptacle identifier in compliance with UPU Technical Standard S9.

3.2 For parcels: in accordance with article 17-214.17, all DOs shall include a barcoded identifier complying with UPU Technical Standard S9 on their receptacle labels.

3.3 The International Bureau maintains a user guide on the website to assist in using standard S9.

4 (no explanation)

5 In order to ensure the process and performance, it is important that the parties agree on a planned handover and delivery point and time. The handover and delivery times are to be inserted in the CARDIT message.

Article 16  
Documentation

- 1 See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails).
- 2 See article 17-136, 17-228 and article 17-129 of the Convention Regulations for CN 38 and CN 35 respectively, and article 17-221 of the Convention Regulations for CP 84.

**V. Obligations common to both Parties**

Article 17  
Dangerous goods

- 1 See article 19-008 of the Convention Regulations (Dangerous goods prohibited from insertion in letter-post items and parcels), as well as articles 19.3 and 19.8 of the UPU Convention regarding the transport of dangerous goods by the post and the treatment of such items.
- 2 As in many other cases, there is a need for good, clear dialogue between the Principal and the Carrier. Together they must identify solutions to actual situations.

Article 18  
EDI messaging

- 1 See articles 17-135 and 17-233 of the Convention Regulations (Transfer of mails).
- 2 Note that article 18.1.3 of the FPSA invites the Parties to further detail the conditions of their EDI exchanges in a separate agreement.
- 3 Elements to be agreed in advance by the parties exchanging CARDIT/RESBIT messaging can include:
  - 3.1 Time at which the messages have to be sent (e.g. one hour before scheduled flight departure);
  - 3.2 Which RESBIT events are to be sent from the carrier and from which location point(s) in the supply chain (this depends on the local situation at each station);
  - 3.3 What the RESBIT messages are based on (usually positive data capturing by scanning the receptacle ID);
  - 3.4 What the parties will use the EDI messages for (e.g. quality follow-up).
- 4 It is recommended to include contact details for EDI issues in Annexes 6 and 7.

**VI. Rates**

Article 19  
Rates

- 1 (no explanation)
- 2 The calculation of the airmail distances between two points served by a line is established on the basis of the great-circle distance plus 2.5% (for the calculation:  $\times 1.025$ ) to cover intermediate stops. The rate of increase represents the difference, for the whole route, between the great-circle distance from end to end and the sum of the great-circle distances from stop to stop on the shortest line. The distances thus obtained are rounded up to the nearest hundred when the last two figures are equal to or exceed 50.
- 3 The rates should include all costs, including all ground handling operations costs at origin and destination.

4 See article 33 of the UPU Convention and articles 33-101 (Formula for calculating the basic rate and calculation of air conveyance dues for closed mails) and 33-201 (Calculation of air conveyance dues) of the Convention Regulations regarding the BACR.

## **VII. Terms of payment**

### Article 20

#### Invoice

1 The time frame for the invoicing of the services should be indicated ("monthly" for example).

2 (no explanation)

3 The Principal shall inform the Carrier by EDI messaging most typically using CARDIT/RESBIT. Some of the most common irregularities regarding invoicing are wrong weight or wrong rate. They are usually corrected based on a dialogue between the parties. It is therefore important to also include the contact details of the accounting departments of both parties in Annexes 6 and 7.

### Article 21

#### Payment

1 The time frame most commonly used for payment is 30 business days.

### Article 22

#### Billing dispute

1 (no explanation)

2 (no explanation)

3 (no explanation)

3.1 According to the UPU Regulations, the substitute delivery bill is established on a CN 46. See articles 17-137/17-229 (Missing CN 37, CN 38, CN 41 or CN 47 delivery bill), the CN 46 form and the guidelines for the use of the CN 46 substitute delivery bill.

## **VIII. Irregularities**

### Article 23

#### Irregularities

1 The parties should state in Annex 2 (Estimated tonnages) whether the estimates are per year and/or per day. One possibility is to give a yearly estimate when entering into the contract and then to provide daily estimates during the contract period. The threshold related to the daily estimate depends on the local situation.

1.1 Estimates below 300 kg per flight: 50 kg;

1.2 Estimates of 300 kg or more per flight: 10%.

2 If the volume does not meet the volume forecast, the Principal should inform the Carrier as early as possible, in order to release allocated space back to the latter.

3 See articles 17-139.4 (Verification notes) and 17-137/17-229 (Missing CN 37, CN 38, CN 41 or CN 47 delivery bill) of the Convention Regulations respectively.

4 (no explanation)

5 Contingency plans can be included as an annex to the contract covering the most common irregularities like missing or unreadable receptacle labels.

The contingency plan can include *inter alia* the following topics:

- Specify what the carrier is allowed to do (open receptacle, not open item etc), and possibly add a process description
- Are there any requirements related to the contingency plan, for example
  - o is the carrier required to maintain a log over opened receptacles, and if so what information is to be included in the log?
  - o Performance requirement
- Reminder to the carrier about the postal secrecy laws

Article 24

Complaints

(no explanation)

## IX. Liability

Article 25

Liability of the Carrier

(no explanation)

Article 26

Liability of the Principal

(no explanation)

Article 27

Liability of both Principal and Carrier

(no explanation)

Article 28

Limitation of liability

1 (no explanation)

1.1 See article 22 of the UPU Convention (Liability of designated operators. Indemnities), especially for the Principal's liability towards its customer.

Article 29

Exemption of liability

1 (no explanation)

2 (no explanation)

3 See articles 22.1.4, 23.2.1 and 23.2.2 of the UPU Convention and article 22-001 of the Convention Regulations (Application of the liability of designated operators).



**X. Duration and termination of the Agreement**

Article 30

Entry into force and duration of the Agreement

1 Examples of duration:

- 1.1 One calendar or fiscal year, with provision for automatic renewal of the contract for another single year unless either the Principal or the Carrier expressly states otherwise by the agreed date;
- 1.2 A set maximum overall duration (three years, for example).

Article 31

Termination of the Agreement

1 Example of a reasonable time frame for notice of termination: 90 calendar days.

2 (no explanation)

3 Examples of material breach include consistent failure to uplift the mail as scheduled, failure to maintain the security of the mail, or failure to maintain the mail in good condition and protected from the weather. Example of a reasonable time frame to rectify the breach: 30 days.

4 Note that article 26.5 of the FPSA specifies that an event of force majeure preventing a party from fulfilling its obligations for a continuous period exceeding one month is also a cause for termination with immediate effect.

**XI. Disputes**

Article 32

Governing law and jurisdiction

(no explanation)

**XII. Final provisions**

Article 33

Confidential information

(no explanation)

Article 34

Force majeure

(no explanation)

Article 35

Amendments

(no explanation)

Article 36

Severability

(no explanation)

## Part D – Explanation of FPSA annexes

The annexes differ in their nature and relevance to the FPSA, as set out below.

As the annexes are related to and/or refine articles of the FPSA, they are therefore considered to be formally relevant.

<i>No.</i>	<i>Title, name</i>	<i>Explanation</i>
1	Rates	<ul style="list-style-type: none"> <li>– For simplicity, it is recommended that this annex uses the same structure as the file provided during the tender process (e.g. tracked changes or comparisons)</li> <li>– It is subject to agreement whether the rates listed within the file are limited to the awarded destinations, services and products or if the file containing all potential destinations shall be annexed</li> </ul>
2	Estimated tonnages	<ul style="list-style-type: none"> <li>– For simplicity, it is recommended that this annex uses the same structure as the file provided during the tender process (e.g. tracked changes or comparisons)</li> <li>– The tonnages listed within this document are to be limited to the destinations, services, products and tonnage that have been awarded to the Carrier</li> </ul>
3	Performance success levels	<ul style="list-style-type: none"> <li>– This annex contains examples of information related to performance success levels and critical handover times</li> <li>– Handover times at origin/destination: <ul style="list-style-type: none"> <li>• Latest handover time (LHOT) at origin, including days when mail will be tendered (i.e. days 1–6)</li> <li>• Latest delivery time at destination (e.g. a general delivery time and a table with specific delivery times)</li> <li>• Option of the LHOTs at origin (handover time) and destination (delivery time) being included in the CARDIT messages</li> </ul> </li> <li>– Mail KPIs: <ul style="list-style-type: none"> <li>• On-time target, defined in percentage per mail category/destination /product</li> <li>• Details of how on-time performance is monitored (e.g. using the UPU Integrated Quality Reporting System (IQRS) or the International Post Corporation (IPC) Consignment Monitoring Tool)</li> <li>• Details of how on-time performance is measured (time between RESDIT 74 and RESDIT 21 – and if EDI is not available, how will it then be measured)</li> <li>• Measures regarding offloads – how to measure, target and monitor</li> </ul> </li> <li>– EDI <ul style="list-style-type: none"> <li>• Details of whether CARDIT/RESDIT messages are exchanged between the Post and Carrier for all links (destinations)</li> <li>• Quality targets – whether the EDI message (both CARDIT and RESDIT) is sent on time, whether the content is compliant with the standards, etc.</li> <li>• Details of how quality and compliance are measured and monitored</li> <li>• Specific requirements – e.g. “Automatically generated RESDIT messages are not accepted”</li> </ul> </li> </ul>

No.	Title, name	Explanation
4	Safety and security	<ul style="list-style-type: none"> <li>– Description of procedures and measures in place (X-ray, explosive trace detection (ETD), etc.)</li> <li>– List of applicable laws and regulations underpinning the measures (aviation security and other authorities, International Civil Aviation Organization (ICAO), IATA, etc.)</li> <li>– Whether the Post has the status of a regulated agent</li> </ul>
	Safety and security (cont.)	<ul style="list-style-type: none"> <li>– The registration number(s) of the regulated agent applying the security and safety procedures</li> <li>– Details of how the security status is conveyed (e.g. consignment security declaration in electronic and/or paper format)</li> <li>– Details of how to proceed if a bag needs to be rescreened along the logistic chain and if any prohibited items are found</li> <li>– Description of measures during safety and security tasks, such as X-ray, etc., according to local law</li> </ul>
5	Special provisions	<ul style="list-style-type: none"> <li>– List of all articles/paragraphs of the FPSA and its annexes where the Principal and Carrier have agreed changes, compared to the Principal's default FPSA</li> <li>– Further aspects not covered elsewhere (e.g. local law)</li> </ul>
6	Contact List – Principal	<ul style="list-style-type: none"> <li>– List of the Principal's relevant contacts</li> <li>– Usually, responsibility for aspects such as purchasing, operations and finance lie in different departments of the company</li> </ul>
7	Contact List – Carrier	<ul style="list-style-type: none"> <li>– List of the Carrier's relevant contacts</li> <li>– Usually, responsibility for aspects such as purchasing, operations and finance lie in different departments of the company</li> </ul>
8	Routeing plan	<ul style="list-style-type: none"> <li>– The routeing plan should be based on the schedule of flights open for mail provided by the Carrier</li> <li>– The parties may agree to the Principal preparing a list with the planned routeings</li> <li>– If so, the following data can be included: <ul style="list-style-type: none"> <li>• Parties: sending/receiving Post, contracted/operating Carrier</li> <li>• Locations: origin international mail processing centre (IMPC) and airport, destination/final IMPC and airport</li> <li>• Product: mail category, mail (sub)class</li> <li>• Transport information, per <i>n</i> legs: from/to airport, operating days, scheduled time of departure (STD)/estimated time of arrival (ETA)</li> </ul> </li> </ul>
9	Contingency plans	<p>The following is a non-exhaustive list of scenarios for which plans should be in place:</p> <ul style="list-style-type: none"> <li>– Temporary unavailability of the production system</li> <li>– No EDI exchange from the origin DO</li> <li>– Incorrect or incomplete data elements for the eCSD (electronic consignment security declaration)</li> </ul>

## Part E – Files

### I. Tonnages

- The template has been created to be machine readable, so that it can be easily imported into other IT systems or enriched with Excel formulas where needed.
- Visualization of the flat data table is achieved through Excel's powerful pivot table functionality.
- The Carrier must not change the sequence or the names of the columns; if needed, additional columns can be added.

<i>Column</i>	<i>Explanation</i>
Postal operator	<ul style="list-style-type: none"> <li>– Postnord, for example, may purchase capacity for the national operators of Sweden and Norway</li> <li>– If so, the requester can state in this column which operator the tonnages come from</li> </ul>
Origin type	<ul style="list-style-type: none"> <li>– The postal operator's mail can originate either from its actual country or from its extraterritorial office of exchange (ETOE)</li> <li>– Additionally, "closed transit" could be a valid value</li> </ul>
O_Cntry	The origin country of the mail could either be the actual home country or the country where the ETOE is located
D_Cntry	<ul style="list-style-type: none"> <li>– The destination country is where the mail is destined for</li> <li>– Possible tonnages of mail in open transit must be included here, e.g. mail to a pacific island transiting through New Zealand Post must be included in dispatches to NZ</li> </ul>
Prefered_O_AP	<ul style="list-style-type: none"> <li>– As an example, for Switzerland, in line with the production strategy, it makes more sense for Swiss Post to fly mail out of GVA rather than ZRH</li> <li>– However, Swiss Post may also accept offers of carriers only operating ex-ZRH</li> </ul>
D_AP	<ul style="list-style-type: none"> <li>– The destination where the postal operator asks the carrier to hand over the mail</li> <li>– Usually, this is the postal operator of destination; in some cases, it could be a postal operator providing closed transit services</li> </ul>
Planned_OE	<ul style="list-style-type: none"> <li>– The origin IMPC of the mail</li> <li>– The value "all" should be provided if origin IMPC is not applicable</li> </ul>
D_OE	<ul style="list-style-type: none"> <li>– The destination IMPC of the mail</li> <li>– The value "all" should be provided if origin IMPC is not applicable</li> </ul>
MCA	<ul style="list-style-type: none"> <li>– Mail category (A = airmail, B = S.A.L.)</li> <li>– The value "all" should be provided if MCA is not applicable</li> </ul>
MC	<ul style="list-style-type: none"> <li>– Mail class (U = letter post, C = parcel post, E = EMS, T = empty bags)</li> <li>– The value "all" should be provided if MC is not applicable</li> </ul>
WeightYear	Indication of expected tonnages per year
WeightWeek	<ul style="list-style-type: none"> <li>– Indication of expected tonnages per week</li> <li>– The figure does not necessarily need to be one 52nd of the yearly tonnage, as outside of peak seasons, the weekly tonnage may be much lower</li> </ul>
Offer_YN	<ul style="list-style-type: none"> <li>– If needed, the carrier can enter an "X" or another value to mark those destinations it wants to present an offer for</li> <li>– This could be useful for both the Post and Carrier to set additional filters</li> </ul>

The file structure is used during two steps in the process:

- During the tender process, to provide the carriers with the tonnages requested;
- For contract closure, to inform the carriers of the tonnages awarded.

## II. Rates

- The template has been created to be machine readable, so that it can be easily imported in other IT systems or enriched with Excel formulas where needed.
- Visualization of the flat data table is achieved through Excel's powerful pivot table functionality.
- The Carrier must not change the sequence or the names of the columns; if needed, additional columns can be added.

<i>Column</i>	<i>Explanation</i>
Carrier	<ul style="list-style-type: none"> <li>– IATA carrier code</li> <li>– Allows a general sales agent (GSA) or a group of carriers to collate their offerings into one single file</li> </ul>
O_AP	<ul style="list-style-type: none"> <li>– IATA airport code</li> <li>– Origin airport for which the rate provided applies</li> </ul>
Hub	<ul style="list-style-type: none"> <li>– IATA airport code</li> <li>– If carrier operates different hubs, the end of the first leg is to be provided here</li> </ul>
D_AP	<ul style="list-style-type: none"> <li>– IATA airport code</li> <li>– Destination airport for which the rate provided applies</li> </ul>
D_Cntry	<ul style="list-style-type: none"> <li>– Country ISO code</li> <li>– Country where the airport is located</li> </ul>
MCA	<ul style="list-style-type: none"> <li>– Mail category (A = airmail, B = S.A.L.)</li> <li>– The value “all” should be provided if the rate applies to either category</li> </ul>
MC	<ul style="list-style-type: none"> <li>– Mail class (U = letter post, C = parcel post, E = EMS, T = empty bags)</li> <li>– The value “all” should be provided if the rate applies to either class</li> </ul>
Rate	Rate offered
Currency	Currency of the rate
Restrictions	The Carrier can provide restrictions that apply to this rate, such as minimum kg per flight, maximum kg per week, etc.
Comment	Any other information applicable to a particular rate can be provided in this column, e.g. that trucking is provided to final destination

The file structure is used in two steps along the process:

- During tender process, for pricing submission
- For contract closure, to provide the carriers with the destinations awarded

## **Part F – EDI: CARDIT AND RESDIT**

### **I. Background**

Designated operators follow a message exchange protocol developed by the UPU. Electronic messages are exchanged between the DO of origin, the Carrier and the DO of destination, to pre-advise on mail shipments and provide feedback on processing.

The UPU has defined two EDI message formats for exchange between DOs and Carriers:

- CARDIT (CARrier Documents International Transport advice);
- RESDIT (RESponse Documents International Transport advice).

All transport EDI messages use the UN/EDIFACT standard. The detailed specifications for these two message sets are available from the UPU.

### **II. CARDIT/RESDIT**

Briefly, the two message formats are as follows:

- The CARDIT message contains information about the receptacles and containers in a consignment of mail which is, or is intended to be, handed over to a Carrier for transportation, and provides corresponding transporting instructions and transport service requirements. It is, or should be, sent before physical handover of the mail to the Carrier. It contains information similar in content to the CN 38, CN 41 or CN 47 delivery bill.
- The RESDIT message contains information about a consignment of mail as it is received by the Carrier. RESDIT messages report on events which occur to the receptacles or containers within one or more consignments. Such events include confirmation that receptacles or containers have been received from the origin DO by the Carrier, assignment of receptacles to one or more flights, acceptance for service, loading, transshipment and unloading of receptacles and delivery to the destination DO.

CARDIT and RESDIT messages are normally used together, with CARDIT representing the DO's view or intent and RESDIT reporting what the Carrier actually received. However, RESDIT may be used alone if the Carrier receives receptacles or containers which were not pre-adviced in a CARDIT message.

DOs and Carriers using the messages are required to agree which version of the CARDIT message to use.

Receptacles associated with a dispatch are identified with receptacle ID barcoded labels. A receptacle label (CN 35) is attached to each mailbag, tray or loose-loaded container containing mail, and to individual large parcel items. Receptacle IDs are scanned by the DO of origin at the time of dispatch, and these IDs are included in the CARDIT message to the Carrier, along with all other transportation instructions and transportation service requirements, including a reference to the postal consignment number, which is also provided on a CN 38, CN 41 or CN 47.

As receptacles are received and loaded by the Carrier, receptacle IDs should be scanned. During subsequent scan events, individual receptacles should be scanned. The RESDIT message provides receptacle-level scanning information to confirm that all receptacles have been accounted for, assigned to the planned transport, transported, and delivered.

### **III. Requirements for the scanning of receptacles and EDI message exchange**

The Carrier will work with the DO to support a paperless environment (equivalent to CN 38) and exchange EDI messages to the extent possible. Where the Carrier faces obstacles to paper-free transactions with the DO of destination, the DO of origin will endeavour to facilitate the discussions.

Where a Carrier has accepted mail within the agreed tender time limit, the Carrier will verify the mail against the documents (CN 35 and CN 38) or the EDI message. Where there is a discrepancy, the DO or the Carrier will correct the documents and/or the EDI message to fix the discrepancy.

It is recommended that Carriers be in compliance with the most up-to-date EDI messaging standards. In the case of the use of CARDIT/RESDIT messaging between the parties:

- The DO of origin will transmit a CARDIT message, in conformity with UPU EDI messaging standards, to the Carrier for every consignment tendered;
- The Carrier will transmit RESDIT messages, in conformity with UPU EDI messaging standards, to the DO of origin for every consignment received;
- The technical arrangements, as well as the events and locations covered for CARDIT/RESDIT, will be agreed and documented separately between the parties.

Both parties must strive to transmit EDI messages as soon as possible. The specific timing must be agreed bilaterally. However, best practice dictates that 98% of the messages are transmitted according to the following: CARDITS are transmitted before the mail is handed over to the Carrier. The best practice is for the CARDIT to be transmitted within 30 minutes from the completion date. RESDIT messages are transmitted as soon as possible. The best practice is for the RESDIT to be transmitted within six hours of the event.

The required RESDIT scanning will be performed by the Carrier and/or its agent, such as ground handlers at destination, as part of the services provided at the all-inclusive rate. Compliance with this requirement will be measured on a monthly basis by the DO of origin and/or the Carrier.

The Carrier will be responsible for performing the following scans on the receptacle of the DO of origin:

- An acceptance and/or load transfer scan and a delivery scan for all mail tendered by the DO of origin or its designated agent;
- Any handover from the Carrier to another Carrier or delivery to the destination Post.

#### IV. Technical aspects

- The scanning is done at the receptacle or container level, where the receptacles can be nested within a container for tracking and visibility.
- All EDI messages are sent and received through the EDI networks: OpenText Business Network and POST\*Net. All costs for data sent or received by the Carrier through the EDI networks are the responsibility of the Carrier.
- The RESDIT message makes use of a code list (code list 100 – Consignment event codes) that defines the codes used to report events associated with transport of consignments and the receptacles and containers within them.
- Not all the events defined in code list 100 are necessarily reported on by the Carrier.
- See the UPU website for further details: [www.upu.int/uploads/tx\\_sbdwloader/100.txt%20](http://www.upu.int/uploads/tx_sbdwloader/100.txt%20).

#### V. List of event codes

<i>Event code</i>	<i>Interpretation</i>	<i>Event explanation</i>
1	Transport arrived	Arrival at destination location, touchdown
5	Accepted	Accepted for service as booked
6	Assigned to load plan	Carrier enters assignment in load plan
7	Removed from load plan	Carrier cancels assignment from load plan
14	Transport leg completed	Arrival at dock or gate, wheels on block
21	Delivered	Carrier surrenders control/custody to consignee or agent
23	Mail at destination	Available for release/collection/delivery to consignee or agent, attempted delivery
24	Uplift	Departure from dock or gate, pushback

<i>Event code</i>	<i>Interpretation</i>	<i>Event explanation</i>
31	En route	Departure from origin location, wheels up
40	Mail arrived	Mail arrived at Carrier facility at transport leg destination
41	Transshipment	Transfer from one flight or conveyance to another, same Carrier (event being phased out)
42	Handover delivered	Transfer control/custody of mail by Carrier to other Carrier, according to the first
43	Handover received	Carrier takes control/custody of mail from other Carrier, according to the second
48	Loaded	Loading has taken place, load plan closed
57	Not loaded	Carrier realizes loading did not take place according to the load plan or will not take place
59	Off loaded	Removal from means of transport
74	Received	Carrier takes control/custody by reception/pick-up
82	Returned	Return of the consignment to the consignor, or, in case of collection, notification of availability for pick-up