

Moving the postal sector forward since 1875

MARCH 2012

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# UNION POSTALE



Universal Postal Union,  
a specialized agency  
of the United Nations

.....  
New stats: letters  
still in business

.post grows wings

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Nice things come in  
small packets

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Metal seal



Wire seal



Packing tape

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Cover: die Gestalter

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# March 2012

*Union Postale* is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities and features international news and developments from the postal sector. The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals. It is distributed widely to the UPU's 192 member countries, including thousands of decision-makers from governments and Posts, as well as other postal stakeholders. All regard it as an important source of information about the UPU and the postal sector at large.

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

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# in brief

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## Terminal dues

### New resolution adopted on Palestinian postal operations

The UPU Council of Administration (CA) has adopted a resolution in March entitling Palestine to obtain revenues for processing international letter post, parcels and express items, according to UPU rules.

The resolution instructs member countries and their designated operators to abide by provisions adopted since a 1999 Congress resolution that recognized Palestine's right to direct-mail exchanges.



**Palestine Post started to issue stamps in 1995**

The 2008 CA initially decided Palestine was entitled to these revenues during the 2009–2012 period. But since Palestine cannot yet receive or send international mail directly from other UPU member countries, it has not collected revenues covering the cost of processing and delivering mail items received from abroad.

All international mail exchanges with Palestine go through Israel. Since issuing a joint declaration at

the 2008 Universal Postal Congress held in Geneva, Israel and Palestine have been discussing an operational solution. This would see Palestinian mail move by road transport between Ramallah and Amman, Jordan, while providing security guarantees to Israel.

The 2012 CA resolution also instructs the UPU director general to continue efforts to implement direct postal exchanges with Palestine and all other UPU decisions regarding the latter. The UPU has recognized Palestine as an observer since 1999.

RL

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## EMS

### Promising results achieved in 2011

The EMS Cooperative's results in 2011 showed improvement in nearly every area. On-time delivery increased from 88.6 per cent in 2010 to 90.8 per cent, while inbound item scanning reached 98.7 per cent. On-time customer service responses went up from 93.8 to 98 per cent.

A further seven operators introduced fully operational track-and-trace systems in 2011, bringing the total number of operators using such systems to 151. Fifteen new

operators joined the EMS pay-for-performance plan, bringing the total number of participants to 101.

As the Doha Congress draws near, capitalizing on the growth of e-commerce is a priority. "EMS can add tremendous value to e-commerce as we continue to consolidate the returns and cash-on-delivery services and improve the quality of our customer-service responses," said Wendy Eitan, chair of the EMS Cooperative board. JD



**On-time delivery hit 90.8 per cent**  
(Photo: archive)

## The Figure

# 807,000

That's the number of postal outlets worldwide in 2010, according to the latest UPU statistics. See page 18 for more results.

## Editor's note

There is a quiet evolution taking place in letter post, masked by the overall downward trend of international-letter volumes. The number of small packets – which come under the letter-post stream – has exploded as a result of the e-commerce boom. All Posts have to square up to this development, including those that predicted online shopping would fuel an explosion in parcel traffic. Whilst true that parcels and EMS items are on the rise due to the same boom, the latest data discussed in the *Cover story* present a more nuanced picture. The estimates reveal that many of the packages containing e-commerce purchases are lightweight and under 2 kg.

In other news, the latest UPU statistics have been published. An article on these results provide a revealing snapshot of a sector in transformation with some surprising results.

As the UPU gears up to its 25<sup>th</sup> Congress, a flurry of activity took place at the joint POC/CA in February-March. A special feature provides a taste of what the plenipotentiaries of our 192 member countries can expect at the Doha event later this year. And as ever, the market never sleeps as *Market Focus* proves.

**Faryal Mirza, editor-in-chief, *Union Postale* magazine**

### Philately

## Penny Black comes to the UPU



### The queen of stamps

The first postage stamp in the history of the Post has finally been added to the UPU's collection, one of the world's largest collection with more than 800,000 stamps.

The Penny Black was missing from the organization's collection as it was issued in 1840, before the birth of the UPU. The Union possesses all the official stamps issued by its member countries since its foundation in 1874.

"The Penny Black is unique and its creation is one of the great

moments in world postal history," said UPU Director General Edouard Dayan during the unveiling ceremony, held on 15 February at UPU headquarters.

"There is a certain magic to postage stamps. Each stamp that is issued is a miniature ambassador of the history, art, culture and national heritage of our member countries. Postage stamps represent not only a means to cover the costs of mail delivery but they are also highly prized by millions of collectors throughout the world."

The Penny Black was "a groundbreaking innovation that changed the lives of the people in that era. It opened the world to up them, much like the internet has done today," said David Pilkington, head, international and customs policy at Royal Mail.

### Quite a symbol

The Penny Black features the English monarch, Queen Victoria, on a

black background and was worth a penny, as its name suggests. The stamp, the brainchild of Rowland Hill, was issued on 6 May 1840 in the United Kingdom during a reform of its postal system. This established the principle that the sender of a letter pays for postage, rather than the recipient, as was the case. Some 70 million Penny Black stamps were printed.

Other countries followed the British example. Switzerland and Brazil issued their first postage stamps in 1843, the United States in 1847 and France and Belgium in 1849. Today, all countries issue their own stamps.

Postage stamps generate annual revenue of 27.7 billion USD for postal operators. Including stamp dealing and auctions, the industry is worth around 50 billion USD. **RL/JD**

# in brief

Who's who at the UPU

## Doing something useful

**Name:** Hayet Kadi-Hanifi

**Position:** Assistant, Development Cooperation Directorate

**Nationality:** Algerian



(Photo: Alexandre Plattet)

When Hayet Kadi-Hanifi was a school-girl, she was an avid philatelist and even wrote an essay on the UPU. At that time, she could not have guessed that, 30 years later, she would be working for the very same Bern-based organization. During her later formative years, Kadi-Hanifi decided she wanted to work for a United Nations agency and studied translation to achieve that goal. However, after graduating from Geneva University and working for international organizations nearby, she realised her heart was not in translation.

An opportunity soon arose to work at the UPU's philately department, so Kadi-Hanifi applied. Alas, neither her former love for stamps nor her school assignment on the UPU were enough to secure the job. Undeterred, she later applied to the development cooperation directorate (DCDEV) and was successful.

Ten years later, she says she knew early on in the job that it gave her precisely what she had been looking for. "I often feel that I am doing something useful," she says. Two-thirds of her time are spent as an assistant to the Asia-Pacific regional programme, the other third to the programme for Arab countries. A speaker of Arabic, French, English and Spanish, Kadi-Hanifi's contacts are primarily with the international relations representatives of Posts.

DCDEV's work revolves around regional and national projects, aimed at increasing quality of service and fostering postal reform in developing and least developed countries. Kadi-Hanifi deals with the administrative and financial aspects of such projects. A key component is training. In the next few months, she is

assisting with the logistics of workshops for the UPU's Global Monitoring System and Direct Mail Advisory Board in Asia Pacific alongside colleagues from other departments.

The work in general has resonated well with member countries in Asia Pacific. "They are extremely open and friendly and have profound trust in the UPU. The readiness of these countries, even in the smallest Pacific island, to take part in the activities organized by us is very rewarding," she says.

On the operational coordination side, she is involved in the setting up of the UPU's Emergency and Solidarity Fund (see page 9). "The work is just starting but I am happy to see the positive response to it from member countries," she says. One of her tasks is to ensure communication with the donor countries.

Solidarity is not just a word for Kadi-Hanifi, it is an ethos. "I know it is the age of individualism but I truly believe in the United Nations and the Universal Declaration of Human Rights. The postal world is really like one, big family," she says. **FM**



International letter-writing competition

## Winners speak

Wang Sa from China, joint winner of the 2011 letter-writing competition for young people, took part in the International Year of Forests' closing ceremony on February 9 at United Nations headquarters in New York. Charlée Gittens from Barbados, the other winner, sent a video message. **FM**



**Charlée Gittens video**

<http://news.upu.int/multimedia/videos/letter-writing-competition/>

## Going beyond traditional roles

An insight into how direct mail boosts mail volumes was top of the agenda at the UPU's Direct Mail Advisory Board meeting in February.

Posts play an important role in distant selling because they offer both direct mail and physical shipments of goods to the consumer, said Alessandro Valdetaro, global account manager at Swiss Post International. One piece of direct mail leads to seven other items entering the mail stream, generated by orders, invoices and returns, Valdetaro added. The decrease in mail volumes reported over the past years does not herald the end. "It is not a sign that the mail market is collapsing but a sign that it is stabilising," said Razvan Antemir, legal affairs adviser, European Multi-channel and Online Trade Association.

Delegates were advised to pay heed to the rise of e-commerce. In many European countries, e-commerce is growing annually by 30 per cent and has a large market potential, said Antemir. Customers are ordering goods using a combination of catalogues, mail and the internet.

What's more, Antemir said: "With the influence of social media, mail has become a more high-end medium used by some companies to stand out."

From the perspective of an advertising agency, direct mail must go beyond its traditional role in the minds of companies as a sole marketing channel to reach customers. The days of companies approaching agencies with a brief to create a marketing campaign based just on direct mail are over, said Peter Schäfer from Euro RSCG, the advertising agency. Direct mail is still an important marketing channel but today agencies are aware that a brilliant idea is no longer enough. The winning idea is one that transcends channels and works across different media, be it online, television or direct mail, Schäfer added.

Integrating direct mail into cross-channel marketing can increase the effectiveness of advertising and online campaigns. One example was 'transpromo marketing'. This combines transactional mail and promotional activity,

allowing customers to turn a mundane posting like a bank statement into a colourful vibrant mailing, said Mark Lawley, general manager, New Zealand Post. To increase volumes, Posts must invest in technology to add value and relevance for customers, as 'volume will follow value', Lawley added. **CB**



A t-shirt mailing keeps it fresh

## Trainpost

### New courses begin in 2012

Trainpost, the UPU distance learning platform, is now offering courses on EMS and postal reform and development. Later this year, learners can look forward to three additional modules: electronic payments and financial services, new approaches to quality of service and dangerous goods in the Post.

Past Trainpost users have emphasized the many benefits of the programme. "The major advantage of this platform is that it gives employees the flexibility to choose the most convenient time and place for them to train," says Vagio Skordas, a product manager at Hellenic Post. Skordas added he was able to learn

quickly on the two courses he took in marketing and account management and electronic postal services.

Trainpost can be accessed from anywhere in the world through an internet connection. "Distance isn't an issue," explains Francisco Amado Quiros, a legal adviser at Costa Rica Post, who completed the module on integrated postal reform and development plans. "You can exchange questions with colleagues from other countries working in the same field from the comfort of your own home," he said.

Since 2006, over 6,325 participants from 174 countries have taken courses in fields as wide-ranging

as management techniques, regulation, human resources and postal technologies. **JD**



**Trainpost**

<http://www.upu-trainpost.com>

# UPU bodies move prop

The UPU Postal Operations Council (POC) and Council of Administration (CA) approved a number of Congress proposals and Convention amendments for sending to the 25<sup>th</sup> Universal Postal Congress during their last joint session of the 2009–2012 work cycle.

If adopted at Congress, the proposals on a wide range of UPU activities will become resolutions and set the stage for the 2013–2016 work cycle of the UPU, covering both operational and regulatory matters.

Proposals ask Congress to approve the UPU's future work on critical issues, such as exploiting the postal opportunities offered by the growth of e-commerce and the development of letter-post and parcel services. Decisions are also expected on quality-of-ser-

vice initiatives and future plans for the development of electronic postal services and postal financial services, among other topics. The final draft version of the Doha Postal Strategy, the UPU's four-year roadmap for the future, is also among the documents ready for review by Congress.

Some 800 delegates from 110 countries attended the joint POC/CA meetings at UPU headquarters in Berne, Switzerland, from 13 February to 2 March.

The 25<sup>th</sup> Universal Postal Congress will take place in Doha, Qatar, from 24 September to 15 October 2012. The meeting, held every four years, gathers the plenipotentiaries of the UPU's 192 member countries.

By  
Rhéal LeBlanc

## Progress made on new postal security standards

The POC and CA have endorsed a proposed resolution on minimum security standards for international mail. The proposed standards, if approved by Congress, would make it mandatory for Posts worldwide to apply measures to better screen and take custody of international mail. Posts would have to apply minimum security standards to critical facilities in their network, such as international offices of mail exchanges, which process arriving and departing international mail.

According to David Bowers, UPU expert on postal security, the standards would establish a security baseline for the global postal network, thus reassuring civil aviation and customs organizations that international mail has gone through minimum screening measures. "Our goal is to harmonize our international standards with the ones developed by the International Civil Aviation Organization to guide air transportation of mail," explains Bowers.



Trying to secure the supply chain  
(Photo: gettyimages)

### International effort

The new proposed standards are the result of two years' work by the UPU's inter-committee on security group. It includes representatives from UPU member countries and major international organizations, such as the International Air Transport Association, the International Civil Aviation Organization, the World Customs Organization and the United States Transport Security Agency (TSA), among others.

The UPU set up the group to tighten security standards for the global postal supply chain after rigorous screening measures were applied unilaterally by the TSA to

international mail travelling to the US in late 2010. This was a response to the discovery of two packages containing bombs on private courier flights destined for the US. The packages, sent from Yemen, were intercepted in Dubai and Great Britain.

The UPU then launched a concerted effort among all relevant parties to come up with standardized security standards for the global postal supply chain to increase the security of mail travelling by air.

Member countries had adopted recommended security standards at the last Universal Postal Congress in Geneva in 2008 but there was no obligation to implement them.



# osals forward

## Emergency and Solidarity Fund needs a helping hand

The CA has approved a draft resolution to ensure the financing of the UPU's new Emergency and Solidarity Fund. This will help the Union respond rapidly when natural disasters strike to help restore postal services.

The fund currently relies on voluntary contributions from member countries. If Congress adopts the draft resolution later this year, the International Bureau would be able to transfer unused money from its regular budget for development cooperation to the fund at the end of a four-year cycle of work. The draft resolution would also permit member countries to issue postage stamps with a surcharge, with the latter's proceeds going to the fund. "Now more than ever, the proposed measures are needed to ensure minimum financing of the fund. Without this, we will not be able to respond quickly and effectively when disaster

strikes," explains Abdel Ilah Bousseta, the UPU's director of development cooperation.

The UPU regularly intervenes in countries affected by such disasters. Since 2005, it has assisted numerous Posts affected by earthquakes and floods, such as Sri Lanka, Haiti, Pakistan, Indonesia and Myanmar.

Large-scale natural disasters have multiplied sixfold over the past 50 years. According to the UN, there were 343 major disasters between June 2008 and June 2009.

Other United Nations organizations have their own emergency funds financed through a mixture of voluntary contributions and a percentage of their regular budget. The percentages can vary, from two per cent at the UN Food and Agricultural Organization, to five per cent at the UN Office for the Coordination of Humanitarian Affairs, to 10 per cent at the UN Environment Programme.

## Terminal dues proposal gets through

A package proposal submitted by the POC on an evolving terminal dues system – the UPU mechanism used to compensate countries for processing each other's international letter post – was approved by the CA.

Member countries discussed the proposal at length during the CA plenary session. At the heart of concerns were country classification and some countries' state of readiness for integrating the planned target system.

The package sets out a gradual transition to a single system by 2023 and provides for enhanced Quality of Service Fund payments for the least well-off countries.

The proposal also meets the principles defined by the 2008 Geneva Congress of moving towards a single, country-specific and cost-based terminal dues system that is linked to quality.

Industrialized countries and some developing countries are already part of the target system, in which remuneration is tied to how well they meet national letter-post delivery standards.

Going to Congress without a terminal dues proposal would have negated four years of hard work at the UPU and forced Congress to consider individual proposals by member countries.

"Without a Congress proposal, there would have been no platform for consensus building," explained Murray Buchanan, the UPU's director of economic and regulatory affairs. "Congress is the forum for all member countries to conclude this important issue and go forward in a constructive way."

Terminal dues represent significant revenues for Posts, which process 4.8 billion letter post items annually.



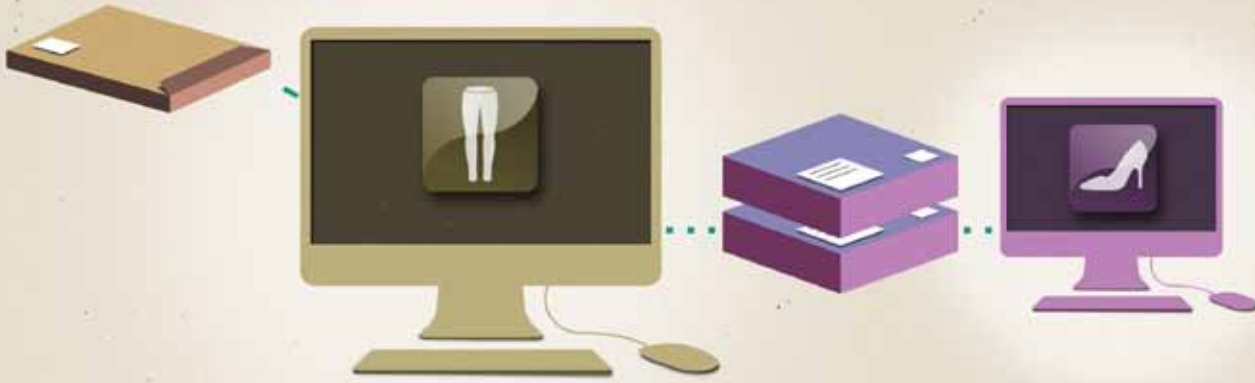
**Listen to Reinhard Fischer, outgoing chair, POC Customs Group, on capacity-building**

<http://news.upu.int/multimedia/audio/>



# Nice things come in small packets

.....  
E-commerce across borders is on the rise and the opportunities for moving its packages are ripe for the picking for Posts. How is the UPU helping its members benefit from the growth in e-trade while keeping postal customers satisfied?



.....  
**By Faryal Mirza**

In the last decade, consumers' buying habits have undergone a sea-change. If the e-commerce boom is anything to go by, the customer's hunger for online shopping shows no sign of abating. Global e-commerce could be worth more than 900 billion USD in 2012, according to JP Morgan, the leading financial services provider. Many of these purchases need to be shipped and it is no secret that Posts in certain countries are feeling the weight of the growing popularity of purchases sealed in cyberspace. Certain Posts are reporting rising volumes in packages as a consequence.

For e-commerce traders, it is a brave new world, especially for small businesses and sole traders. Online selling and buying platforms have removed most of the barriers to setting up a business. In principle, almost everyone can become an online seller. All it takes is a web presence, which can be set up in minutes. Once the sale has taken place digitally and payment has been made, the items have to move from origin to destination. Cue the Posts to ensure the physical part of a digital transaction is carried out, where goods brought online are delivered to buyers.

China, with its strong manufacturing base, is exporting e-commerce goods of which "many... are actually low-value items of light weight... mainly under 500 g", says Zhu Lei, China Post's EMS deputy director. While studying the market, Zhu said China Post discovered that, in cross-border e-commerce from China to other countries, sellers and buyers are not really sensitive on the time-frame. "When it comes to EMS for commercial customers, especially those companies working in office buildings, the time-frame is a priority but on the e-commerce side we found that customers wanted shipping products with a stable end-to-end time-frame and some kind of tracking information to facilitate the transparency of their shipping," Zhu explained.

These e-commerce customers are also sensitive about price. "They choose the least expensive option," Zhu says.

Another Asian country exporting a plethora of e-commerce goods is Singapore. "Most of the items being sent from Singapore are electronic goods or accessories, which tend to be lightweight in nature and are not very expensive," says Hon Chew Lee, SingPost's director of international affairs.

SingPost has just unveiled its own ePac service, aimed at expediting shipments of goods in Singapore purchased on eBay and destined for the US. Hopes are high that this service will reach the heights of a similar one shipping goods bought from China on eBay, the online marketplace. Their e-Packet service is said to be shipping 90,000 items a day from China to the United States.

SingPost's ePac ensures small packets, weighing up to 2 kg, reach its final destination in a timely fashion and at an affordable price, says SingPost. "Our customers

wanted a service between registered mail service and EMS. They felt the quality of the registered service wasn't always consistent and online tracking was not always available and, if it was, it was not reliable," Lee explained.

### Money's too tight to mention

Price was also a factor. "EMS is our premium courier service but it is too expensive for low-value products. For these senders, their goods are not expensive enough to send by courier but they still want to track their items, so that they can give proper answers to customers querying delivery," Lee added.

Before the service was introduced, registered mail was taking 10-14 days to reach the US. This has been slashed to six-to-eight working days, says SingPost, and customers can use an online tracking service.



The product is essentially one without bells and whistles: no insurance, no compensation for loss, delays or non-delivery. SingPost advises customers looking for faster delivery to the US within two-to-four days, full tracking and the ability to send up to 30 kg per shipment to use their EMS offering, Speedpost.

Regardless of where e-commerce traders are sending their low-weight merchandise, frugality reigns when it comes to splashing out on postage costs. "Many customers don't want any extra features on small packets. They just want cheap and cheerful and say: 'Just give me the

cheapest price. I'll live with the consequences of it not being tracked or insured or having liability'," said Canada Post's Dave Eagles, director of international relations. "When you get into the low end of e-commerce shipping, when the end customer does not get their five-dollar item, the seller is not going to go looking for it. They will just send another one; that's how shippers work."

#### **New estimates**

Customers may not be losing much sleep over what shape or format or mail stream the goods they are sell-

# eBay-ing the globe

eBay is considered the world's largest online marketplace connecting hundreds of millions of buyers and sellers. At the end of 2011, it had more than 100 million active users. Its 2011 financial results reveal that gross merchandise volumes (excluding vehicles) traded on eBay reached 60.3 billion USD, a rise of 16 per cent on 2010. Of this, 33.1 billion USD of merchandise came from countries outside the United States.

The company says that Asian exporters listed on eBay shipped more than 140 million packages in 2011, each typically weighing up to 2 kg. The exports originated mostly from China and Hongkong followed by Japan and Thailand. The most popular items being exported were clothing and accessories in first place, then jewellery, gems and watches, with photo equipment in third place, followed by computers, mobile phones and accessories and auto parts. The number-one destination for purchases was the US, followed by Australia, the United Kingdom, Germany and Canada.

#### **Faster, better**

These buyers were demanding enhanced shipping from Asia, leading eBay to work with a number of postal operators across the continent. "Fast and tracked shipping are essential to improving the buyer experience and building greater confidence in Asian-based sellers by ensuring buyers receive the item faster and track the parcel as it makes its way from Asia into the destination market," says Daniel Feiler, eBay's communication director for Asia Pacific.

The company has three tri-level agreements in place with Posts, which aim to speed up delivery from Asia to the US. They all provide integrated shipping solutions

for items up to 2kg. The e-Packet partnership with China Post and the US Postal Service was the first such agreement.

"China Post performs pick-up and dispatch, while the USPS delivers the packages through its first-class mail network. All packages are tracked from origin to destination," explained Feiler.

#### **Happy customers**

These agreements have done much to keep eBay sellers and buyers happy. "These partnerships have had a tremendous, positive impact on business," says Feiler. "The partnerships have significantly improved US buyers' satisfaction when purchasing products from China, enhancing seller reputation and sales. More specifically, the e-Packet shipping reduced end-to-end delivery time (China to the US) from 15–20 days to 7–10 days," he adds. Feiler also revealed that "negative feedback from buyers was cut by over 80 per cent".

Lie Li, based in Shanghai, China, has an online company selling car parts, clothes and shoes, which is a 'Top Rated Seller' on eBay. The most popular products are headlights and men's clothing, which are being ordered mostly by buyers in the US, UK and France.

Before the e-Packet agreement was implemented, the single most important challenge Li faced was shipping. "We have always dispatched as quickly as we could but standard airmail was difficult and achieving Top Rated Seller status seemed impossible unless all items were shipped via express courier services, which most sellers cannot afford," Li said.

ing are being posted in. However, recent data from the UPU's Letter Development and Marketing Group reveals that the small packet – weighing up to 2 kg according to the UPU regulations – appears to be the product of choice when e-tailers ship low-weight items. Small packets – which the UPU defines as a letter-post product – represented an estimated 800 million items internationally in 2011. During the same period, international parcels accounted for an estimated 45 million items and those sent by EMS for around 55 million. Eagles, chair of the group, says these estimates were calculated using

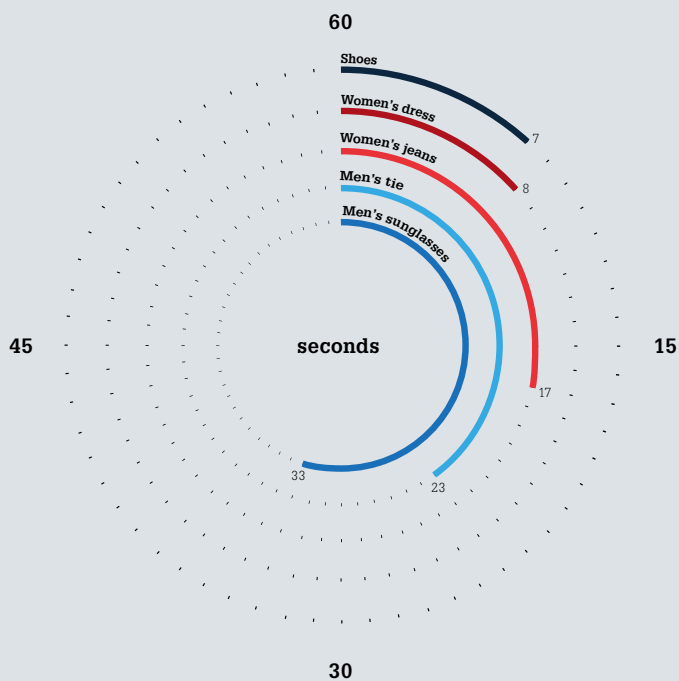
UPU postal statistics as well as results from terminal-dues studies, with public and private data filling in the gaps.

**No end in sight**

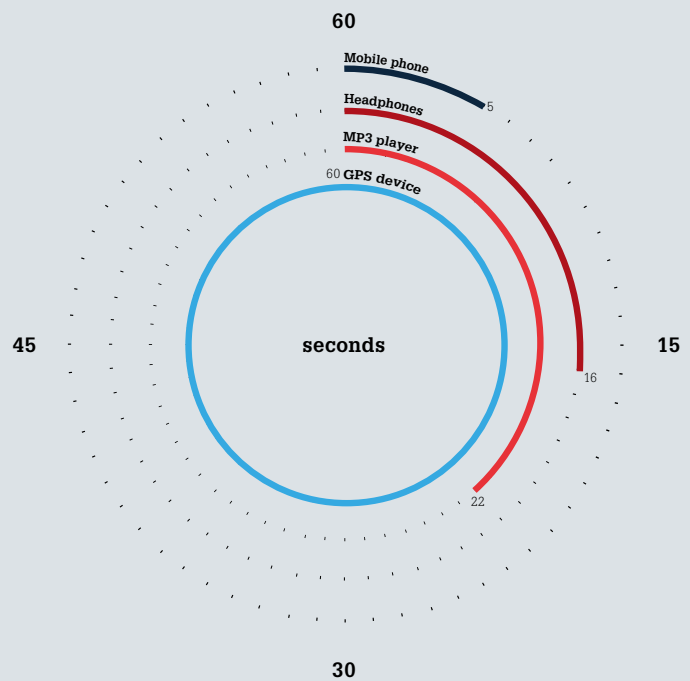
“There is incredible growth in small-packet volumes that shows no sign of decreasing. We are seeing it in physical and real terms. There is an explosion in packets pouring in from Asia Pacific through the UPU network,” Eagles said. “The estimated figures confirm what we all knew and suspected in the postal business: letters are decreasing but packets are booming,” he added.

**What US customers are buying on eBay (in seconds)**

Clothes, shoes and accessories



Consumer electronics



Since the introduction of the e-Packet, these problems have disappeared and the business has grown. “e-Packet provides a satisfactory delivery speed and prompt online tracking at a reasonable price, which is truly ideal for sellers in China,” explained Li.

Beijing-based Jason Li sells dental equipment for medical purposes and tattoo equipment. The top buyers are located in the US, UK and Germany, who are purchasing dental hand-pieces, curing lights and tattoo

machines. Before the e-Packet era, it took a long time for deliveries to reach his customers, which resulted in disputes. Those days are now over. “Buyers can now receive their items within 7–15 working days or even less. Because of the faster shipping times, there are less disputes or negative feedback,” says Li.



### UPU gets to work

All the while, the UPU is proving that it is well aware of the challenges the e-dawn is bringing to postal operators. Under its wing, a number of ongoing activities are helping to make life that bit easier for the new generation of e-commerce sellers and buyers, while helping Posts get a slice of the logistics pie.

In March 2012, member countries agreed to change the Union's regulations to make it optional for a service identifier to be placed on small packets, M bags and the international business reply service (IBRS). If these items have a service identifier, it opens up a vista of features to be added to these products, such as track and trace. The identifier is a barcode compliant with the UPU's S10 standard – a 13-character barcode. The amendment should come into force in January 2013.

Another potential use for the service identifier could speed up the handling of small packets when it comes to customs and airline security. Such an identifier could one day contain information about the package's contents.

Work is already underway on meeting customs' need for electronic pre-advice with the UPU Postal Technology Centre's development of the ITMATT electronic message. The ITMATT was designed as a generic solution for exchanging any item attribute between operators but its current usage is limited to the information from the CN 22 and CN 23 forms customs require. The ITMATT can be linked through software, such as the UPU's IPS, to the barcode on an item. A number of countries are currently testing the ITMATT.

"If this information is sent to the destination Post at the time of dispatch, the customs agency at the other end can know in advance what is coming through. Customs want to know if the electronic information is a good enough indicator of what they want to normally look at, so they can forego the physical inspection process and drive inspections based just on the electronic data," explained Eagles.

### Supplementary revenues

Another initiative under the UPU's aegis is creating a win-win situation for both Posts and customers wanting to have their shipments not just sent but tracked and traced along the way. Since July 2011, the Supplementary Remuneration Programme for Additional Features for Registered, Insured and Express Items enables participating Posts to generate more revenues while increasing the quality of service for customers. Nearly 50 UPU member countries are currently signed up.

Essentially a voluntary scanning-data exchange programme, Posts can opt for bonus revenues for up to three product areas. Participants have to ensure that outward items carry a barcode identifier compliant with the UPU S10 standard, that they are scanned at dispatch and inward items scanned during arrival and delivery. This data also has to be sent to the Postal Technology Centre for reporting purposes. For Posts to benefit from supplementary remuneration on top of their basic terminal dues, the scanning data must display a minimum level of service quality.

Viet Nam is joining the programme from July 2012 to meet consumer demands. "Customer requirements are changing every day and quality of service is important to them. If we improve service levels, we can increase our revenues," said Chu Quynh Anh, Viet Nam Post's international business development manager.

Viet Nam Post's participation covers outgoing registered items. "Our customers traditionally like the registered-item service for outbound mail. For them, the price of express is high and does not match their pockets. The registered price is not as high and these items can be tracked and traced," explained Chu.

The Post has also noticed a rise in outbound packages due to e-commerce, a trend they hope to capitalize on, says Chu.



“eBay’s Asian exporters shipped more than 140 million packages in 2011, each typically weighing up to 2 kg.”

And providing testimony to the popularity of sending outbound registered items in Asia Pacific, a new project backed by the UPU’s Quality of Service Fund (QSF) will enable customers to rapidly check online where their shipments are and contact the Post swiftly if things go wrong. The Registered Articles Quality Enhancement Lead Project (RAQUEL) is currently building a robust track and trace system and a new internet-based inquiry system for registered items in the region, called RAIS. Pooling together their QSF credits, the Posts of Hongkong, Korea, Malaysia and Singapore are leading RAQUEL, which will ultimately be implemented by 23 designated operators in Asia Pacific. RAIS is slated to be ready for deployment in January 2013.

#### Simple returns

In 2011, the IBRS, a longstanding product from the UPU, received a face-lift to capture the growth in e-commerce. The IBRS started life as a reply service up to 50g. One popular use was to generate cross-border magazine or newspaper subscriptions. Customer in country A found a reply card in a magazine to take out a subscription, filled in their details and sent it to the media company in Country B. The customer paid nothing but payment would pass between the Posts.

In recent years, Posts have perceived a growing demand in customers to enable goods purchased, including those bought online to be returned easily by post to the seller. As a response, last year, the IBRS broke away from its former avatar and emerged as a voluntary returns service for items weighing up to 2 kg. One bug-bear of buying online across borders is returns. There are many reasons why customers hesitate to buy cross-border and one of them is returns. What if the product is not what they expected? Can they return it at all? Is postage expensive? The extended IBRS makes it easier for customers to engage in cross-border trade.

## UPU letter-post services

.....  
**Distribution for**

- Any type of letter up to 2 kg
- Any type of small package up to 2 kg
- Literature for the blind up to 7 kg
- Bags of certain types of printed matter (M bags) up to 30 kg
- Recipient-paid return of certain letters and small packages

**Did you know... that the average parcel sent weighs 5 kg?**



And there are sound business reasons for facilitating the return of goods bought online. "It has been proven that if a company eases returns of their goods, the buyer will come back and buy again. This is good for the company because they sell more and great for us Posts as more mail is going back and forth," says Nicolaas van der Meer, PostNL's international mail manager for relations and regulations.

"The Posts can make the physical part of returns very easy; that's our strength: we can create a bulk return product easily, connecting all the UPU countries," van der Meer adds.

For Posts interested in offering the service, van der Meer says participation is as easy as pie. "If you can do normal mail, you can do IBRS. It's almost the same except the terminal dues are different because the money goes from the importing to the exporting country. The formats are the same as letter-post items, so technically the machine-handling and the acceptance in the mail stream do not create complications," says van der Meer.

As for handling the items, the PostNL manager has some tips. "Some training for counter staff is required, so that retail points are instructed to accept returns for free. In operations, there is a detection issue – it depends on if you have automatic or manual sorting. An optional character reader can easily pick the IBRS items out."

On the financial aspect, a multilateral agreement regulates the sums owing in the absence of bilateral agreements between Posts. "Countries returning items have their own commercial agreements with the companies selling the goods, i.e. the original seller. What the former charges the latter should be a little higher than the percentage the former pays to the other country returning the item," says van der Meer.

#### **Moving forwards**

As for the road ahead, moves are afoot in the UPU community to join forces across product streams in the fields of returns and the small parcel. In the former, various departments and activity areas are discussing a future product. "EMS, parcels and letters are working together... Everyone is looking at a good product for returns up to 30 kg... it will be a stronger proposition for everyone but up until now there is only a 2 kg optional product in the letter-post area," says van der Meer.

A new product would facilitate higher-value items entering the mail stream. Currently letter post is better for low-value items because of the lack of liability. "Low-value items can be easily returned in letter post, such as empty ink cartridges, books or clothes. It could also be used for high-value items but, in practice, companies don't want that," van der Meer added.

#### **Rivalry reigns**

In the meantime, Posts are facing stiff competition from private players when it comes to being the preferred shipping partner of e-commerce sellers. SingPost's Lee calls it a 'reality that we are all facing'.

At the end of the day, quality of service is crucial. By doing their homework and listening to customer needs, Posts can reposition their services to capitalize on the gains to be had from the boom in e-commerce undeniably taking place across the globe. **FM**



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# Letter post delivers bulk of postal revenues

Letter post continues to generate the bulk of global postal revenues, despite declining volumes, according to the most recent UPU statistics.

By  
Rhéal LeBlanc

Global postal revenues in 2010 were at least 331 billion USD, say the latest UPU statistics. Data collected over 10 years show that letter post generated some 46 per cent of global postal revenues in 2010, compared to almost 54 per cent in 2001.

Other business segments are on the rise and are increasingly contributing to Posts' financial health. Globally, postal financial services made up 17.3 per cent of postal revenues in 2010, up 3.8 per cent from 10 years ago, while parcels and logistics services accounted for 15.7 per cent of revenues in 2010, up 7.7 per cent from 2001.

"What's interesting is the redistribution of postal revenues along service categories," explains Matthias Helble, the UPU's statistician. "As Posts diversify their activities, they either introduce new products and services or focus on expanding traditional ones. So, while revenues from letter post are decreasing, we see upward trends in those generated by parcels, logistics and postal financial services over 10 years."

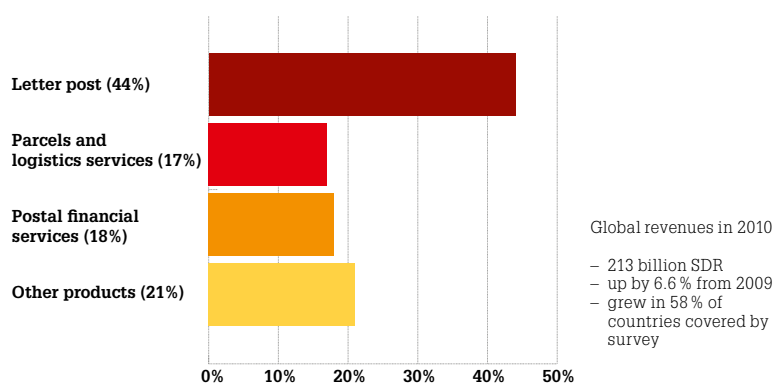
Of course, over 10 years, the increases may seem relatively small because of average calculations, but some countries' individual results paint a totally different picture because there are cases where the increases have been tremendous.

A case in point is Georgia Post. Revenues derived from parcels and logistics services made up a dramatic 77 per cent of total revenues in 2010, from a mere eight per cent in 2001. Bolivia Post reports that, for the same period, the contribution of the same services to its overall revenues grew from three to 40 per cent.

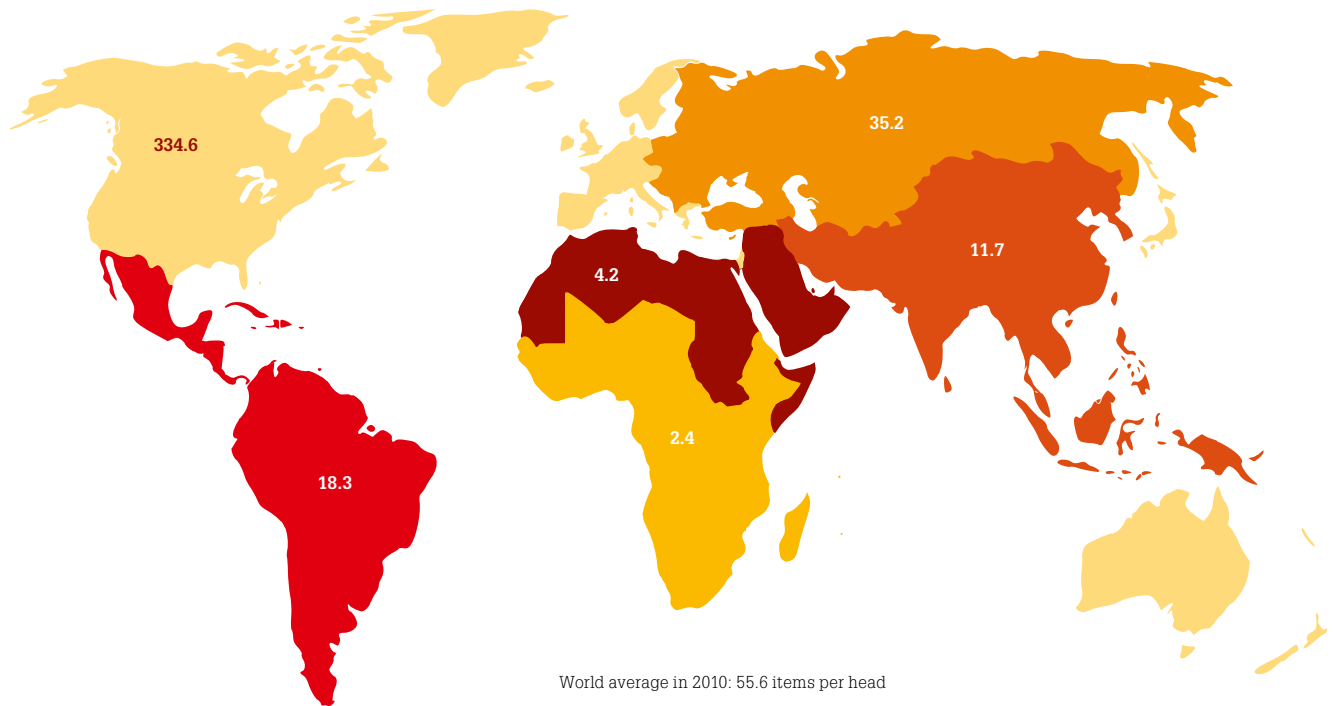
Other countries have experienced remarkable growth in postal financial services. Armenia, for example, reports that such services contributed 59 per cent of the Post's total revenues in 2010, up 39 per cent from 2001.

At 21 per cent, revenues from all other services than letter-post, parcels and logistics and financial ones accounted for the second most important source of postal income in 2010. This number is slightly down from 2001 figures, when this category of services accounted for nearly 25 per cent of global revenues. These numbers could include revenues derived from services such as new electronic services and retail products, believes Helble.

Global postal revenues (2010)



Number of letter-post items posted per capita (2010)



**Bucking the trend**

Global letter-post volumes, consisting of business and transactional mail including bills, statements, invoices and direct mail, continue a downward trend. Over 10 years, from 2001 to 2010, domestic volumes dropped 13 per cent, while international volumes dropped 31 per cent.

In 2010, Posts worldwide processed and delivered 376 billion pieces of domestic mail and 4.8 billion international items, that's 2.3 per cent and 2.6 per cent less items respectively than in 2009.

Still, a few developing countries are bucking the trend. Since 2001, Lebanon, fresh out of a war, has seen its domestic-mail volumes grow an astonishing 281 per cent to reach 15 million pieces in 2010, while Albania's volumes have increased 314 per cent to 12 million pieces. Despite these interesting examples, José Ansón, an economist at the UPU, says that letter-post volumes are not generally keeping up with economic expansion, even in countries experiencing eight-to-nine-per-cent annual growth.

"For a long time, economic growth was helping boost letter-post volumes in industrialized countries. Today, this close relationship between economic growth and postal traffic is not so evident. In many emerging and developing countries, where economic growth over the past decade has been substantive, one would have expected some postal traffic growth. However, letter volumes have not kept pace with economic development, despite low initial postal traffic," says Ansón.

Structural problems may be hindering the development of traffic in emerging and developing countries, he further explains. For example in Africa, many citizens have to rent a post box to receive mail and in Latin America, a lack of regulation has led to a fragmented market, making it difficult for national Posts to develop the letter-post business.

**Parcels**

The domestic parcel business remains healthy, reaching almost 6.1 billion items in 2010. That's an increase of almost 30 per cent since 2001, when global volumes were at 4.7 billion.

In specific regions, Latin America and the Caribbean experienced 207 per cent growth from 2001 to 2010, compared to 90 per cent in Africa, 56 per cent in Europe and the CIS and 33 per cent in industrialized countries, results believed to be due to the rise of e-commerce.

On the international front, volumes have remained stable over the past ten years, reaching 43.6 million items in 2010. **RL**

# Access to postal network grows

Home mail delivery is a given for 82 per cent of the world's population, while 14 per cent must collect it from a postal establishment, according to the UPU's latest statistics. The number of post offices has also grown by 22 per cent to 807,000 outlets since 2009.

However, it also means that four per cent of the world population, or 300 million people, still have no access to postal services. The bulk of these people live in Africa, where 14 per cent of the population of more than one billion have no access to postal services. This figure compares to seven per cent in Latin America and the Caribbean, whose population is estimated at about 611 million people.

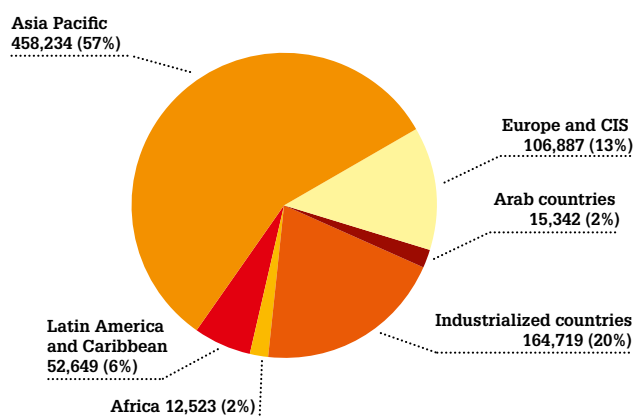
The number of post offices worldwide reached more than 800,000 in 2010 from 600,000 in previous years. This was a result of a major effort by China to boost the universal postal service throughout its land in recent years. The China Post Group reported in the 2010 annual

UPU survey that its network comprises 150,792 post offices, many of which are managed by people external to the Post. "In 2010, China used a different methodology to calculate the number of post offices managed by people external to the Post," says Matthias Helble, the UPU's statistician. "This revealed that there was a greater number of this type of post office than previously thought. And, given the country's size, its numbers boosted the global figures."

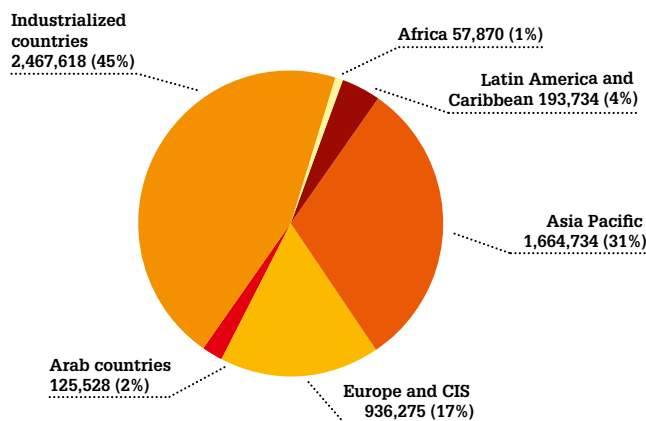
Of the 807,000 post offices worldwide, 327,000 are managed by staff of the official national Post, while 480,000 are managed by people not employed by the Post.

Posts worldwide in 2010 employed 5.4 million people, 1.3 per cent fewer than in 2009. Some 4.4 million people, or 82 per cent, work full time, while some 1 million work part time. **RL**

Post offices



Postal staff



Globally, each permanent post office covers an area of 168 km<sup>2</sup> and serves an average population of 8,457.

Globally, each staff member serves an average of 1,258 people.

# Poste Italiane gives .post a boost

Poste Italiane has signed an important cooperation agreement with the UPU to cover the cost of setting up and launching the .post platform this year.

By Rhéal  
LeBlanc

With this generous support, UPU Director General Edouard Dayan said: "The UPU can confidently move towards launching .post by the 25<sup>th</sup> UPU Congress in Doha in September/October 2012."

The Italian contribution is worth 500,000 EUR (663,725 USD). "Ours is a decisive contribution to successfully launch this initiative this year," said Poste Italiane CEO Massimo Sarmi. ".post represents an undisputable benefit for customers increasingly using the internet, as it will offer them the guarantee of a secure and trusted environment," he said. For Sarmi, the donation was an important step towards endorsing the efforts of both organizations that "have worked very hard on the project, especially in the last few months".

In addition to financing, the Italian Post has seconded various experts to work on the technical and marketing aspects of .post.

A major player in postal e-services, Poste Italiane believes the .post platform is an important element of

the UPU's future strategy and for the development of postal e-services globally, added Giovanni Brardinoni, chairing the UPU Postal Operations Council's Standards and Technology Committee on behalf of Italy. In a recent UPU study, Italy ranked third on a global index measuring countries' development of postal e-services.

The .post top-level internet domain is slated to be a secure electronic platform serving the needs of the global postal community. In addition to supporting the integration of physical, electronic and financial services and the provision of innovative postal services, .post will expand the postal brand and business in cyberspace.

In 2009, the UPU was the first international organization to obtain a sponsored top-level domain name from the Internet Corporation for Assigned Names and Numbers. **RL**



Watch the UPU animated film on .post: <http://news.upu.int/multimedia/videos/>

# Hitting the top of the e-charts

.....

A recent survey ranked Switzerland first in the UPU's postal e-services index. Beat Friedli, head of international business development at SwissSign, a Swiss Post subsidiary, sheds a light on why.

.....

By  
Faryal Mirza

Union Postale: How did Switzerland manage to achieve first place in the international postal e-services index?

Beat Friedli: In the late 1990s, we decided to invest in the development of e-products as we anticipated the decline of traditional products, the cash cows of the postal operators. It was soon clear that a combination of classic and new products and channels would strengthen Swiss Post in the communication sector.

In the meantime, we have accomplished a lot. We broadened our business's scope and diversified electronically. We have a constant flow of investment and continue these activities without interruption. That's... why we have a head start on our competitors. We have seen postal operators discontinue similar initiatives because of the dot-com bubble bursting or a change of management.

You mention 'continuation', but there has been a change of man-

agement numerous times in the past decade at the Swiss Post group. How was consistency in leadership in e-services maintained over the years?

Of course, leadership is an important factor but it's not the only one. Swiss Post has had a vision and culture of innovation as well as open-mindedness for decades now. We have a proven set of tools and processes to realize and implement these innovation strategies. Many postal operators probably fail because they don't have basic principles and instruments ready and struggle with investing in initiatives.

We had the fortune to set up an internal venture capital fund, which helped us to pour seed money into new business initiatives. Provided that certain requirements are met, managers or business areas can use this pocket money to start up projects and take them to a certain level of maturity.

We also created the necessary organizational structures for the

development of innovative solutions. In 2011, we launched the *ePost Product House*. It has a clear top-down mandate to develop state-of-the-art e-post products that cater to the customers of the other business units within Swiss Post. We also aim to enter into partnerships with other postal operators.

You mentioned culture and innovation; how important is money to this mix?

It is very important to have seed money... which can be allocated to various projects without expecting a return in one or two years. The amount does not have to be millions of Swiss francs.

The UPU survey also showed that Switzerland took top position in e-finance, second in e-post and e-commerce. Where are Swiss Post's strengths in these very different areas within the e-services palette?

We are traditionally number one in retail-financial services in Switzerland.



Swiss ranking puts a smile on Friedli's face (Photo: SwissSign)

This is also true of the parcels and logistics business and the business-communications market.

Our secret is the legacy of channel and product diversification. This is why we are investing in new technologies and initiatives in all of these market segments, be it financial, logistics or communications.

Moving onto SwissSign, why did Swiss Post want to take e-services to a different level by entering the highly sophisticated realm of digital certificates and digital signature software with competitive market players?

Acquiring SwissSign in 2005 made sense at that time because of its technological expertise, which the Swiss Post group did not then have. It was like a kick-start for the long journey from a traditional postal operator to a modern postal enterprise.

SwissSign was a different brand that gave us immediate credibility in the changing market. As this market

was fast-moving and changing, we had to acquire a company with a leading technology and highly qualified experts on board.

SwissSign is a certification authority that produces and distributes qualified certificates and digital identities. From a product point of view, this was very important for Swiss Post because, at the end of the day, many highly secure applications require digital certificates and signatures.

SwissSign is able to develop its products more rapidly [as it does not have to] wait for headquarters to design the solutions first. You need to have that distance because you want to be fast, create momentum and keep pace with the market.

Why was it decided to acquire a company rather than building from within?

If you try to build such a structure internally, you wouldn't necessarily have the most talented people with

just the right spirit and specialized knowledge at your disposal.

You would also probably have debates about how this [new line of] business would be a threat to a certain extent to the existing business. Examples from other businesses in transformation show that in-house 'snipers' try to kill the new business before it becomes successful.

It's quite obvious that substitution [of existing lines of business] happens only to a certain extent and its effects are often overrated. The new e-post or e-finance services do not substitute the existing business but complement and even strengthen the latter...

Fortunately, an increasing proportion of the management of the existing business units understands that there is no choice and that not going into those new e-businesses does not avoid substitution.

# The interview

Other companies would simply take our business's place and it is probably better to add to or extend the business product range yourself than leave this new and growing market to others.

How aware are customers of the relationship between SwissSign and Swiss Post?

Within Switzerland, there is good knowledge about the relationship between Swiss Post and SwissSign among business customers. It is also beneficial for SwissSign to have a parent company that helps it to persevere in difficult times, where you may not yet necessarily have a lot of bottom-line contribution to give back to the mother company.

On the other hand, Swiss Post certainly benefits from the SwissSign

brand and the perception of speed, agility and technology knowhow.

Is SwissSign active in markets outside Switzerland?

We primarily develop products for the Swiss market... which is quite... small with a population of eight million. We cannot afford to develop these products simply for Switzerland. We need to have a strategy for other markets.

We try to share our technologies with others, such as postal operators or related institutions, which want to offer similar services. The secret is that we develop these products in a so-called white-label edition. They can be branded and marketed locally in any foreign market by postal operators or institutions, which would have full control from an operations' point of view.

Is Swiss Post interested in sharing its knowledge and expertise in diversification with other postal operators?

Interested is the right word. Why not collaborate with other postal operators to share the investment? We can license our technologies and products.

It's a win-win situation: we have some contribution to our investment and other postal operators can reduce their necessary costs to an absolute minimum. The product's time-to-market is reduced... and partners can benefit from experiences we gained in our own market.

FM

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## Digest

### Austria

**Austrian Post** has opened its second-largest customer call centre in Klagenfurt to improve service quality with additional staff. It plans to redirect a quarter of its annual 1.1 million customer calls to the 23 employees at the new centre. **CB**

### Belgium

**Bpost** is testing a new home-delivery service that lets customers choose when and where their goods and services will be delivered. Purchases can be made over the internet or at local shops or supermarkets. Bpost is relying on the growing success of online shopping and senior citizens with limited mobility. Home deliveries will be by appointment only and include evenings and Saturdays. **JD**

### Brazil

A new partnership between **Correios** and Banco do Brasil has seen 140,000 new accounts opened in January 2012, the first month of operations. More than 4.5 million financial transactions were also registered. With 6,000 locations in Brazil, the postal banking network covers urban and rural areas. **JD**

**Correios** is selling its national directory of addresses (e-DNE) online. Previously available only on CD-ROM, it can now be downloaded from the internet. The database includes details for places with more than 50,000 residents as well as delivery points that receive a lot of mail. Two versions are available: a basic and more advanced master option that can be used to create specific mailing lists. **SVM**

### Denmark

Part of a new Postal Act came into force in Denmark in January, requiring house owners to set up mailboxes on the street bordering their property, so that letter carriers do not

have to deliver mail to the door. Four out of five Danes have already complied, **Post Danmark** said. Section 7 of the new Postal Act stipulates that the Post may refuse distribution of addressed mail if recipients fail to comply with the provisions laid down for the installation of letter boxes. **CB**

### European Union

The creation of a single European market for digital communications services will boost the gross domestic product in the **European Union** by as much as 110 billion EUR (145 million USD) every year, a European Commission study says. The digital single market aims to make cross-border trade easier, whilst better protecting consumers in cyberspace. **CB**

### Great Britain

**Royal Mail** now holds the Guinness World Record for the largest programme in support of registered charities. One in four employees has given money to a total of 975 registered charities as part of a payroll giving scheme. Over 2 million GBP (3.2 million USD) was raised in 2011 alone. Employees have donated more than 45 million GBP to charities since the scheme started in 1989. **JD**

### Ireland

**An Post** has launched mybills.ie, an online bill paying service that has attracted more than 50,000 customers. The free service lets customers pay their household bills in full or in part and set up monthly payments. The Post predicts that it will process more than 25 million bill-payment transactions through its network of 1,150 post offices and online in 2012. **SVM**

### Netherlands

**TNT** has released its 2011 results, showing a 2.7 per cent rise in revenues to 7.2 billion EUR

(9.6 billion USD). The growth came from business with the health sector, European business-to-consumer deliveries of valuable goods and traditional business-to-business services. **JD**

**PostNL** has created a new online tool to help small businesses keep tabs on their cash flow. The tool calculates cash flow based on income and late payment data and gives advice on invoicing. **SVM**

### Singapore

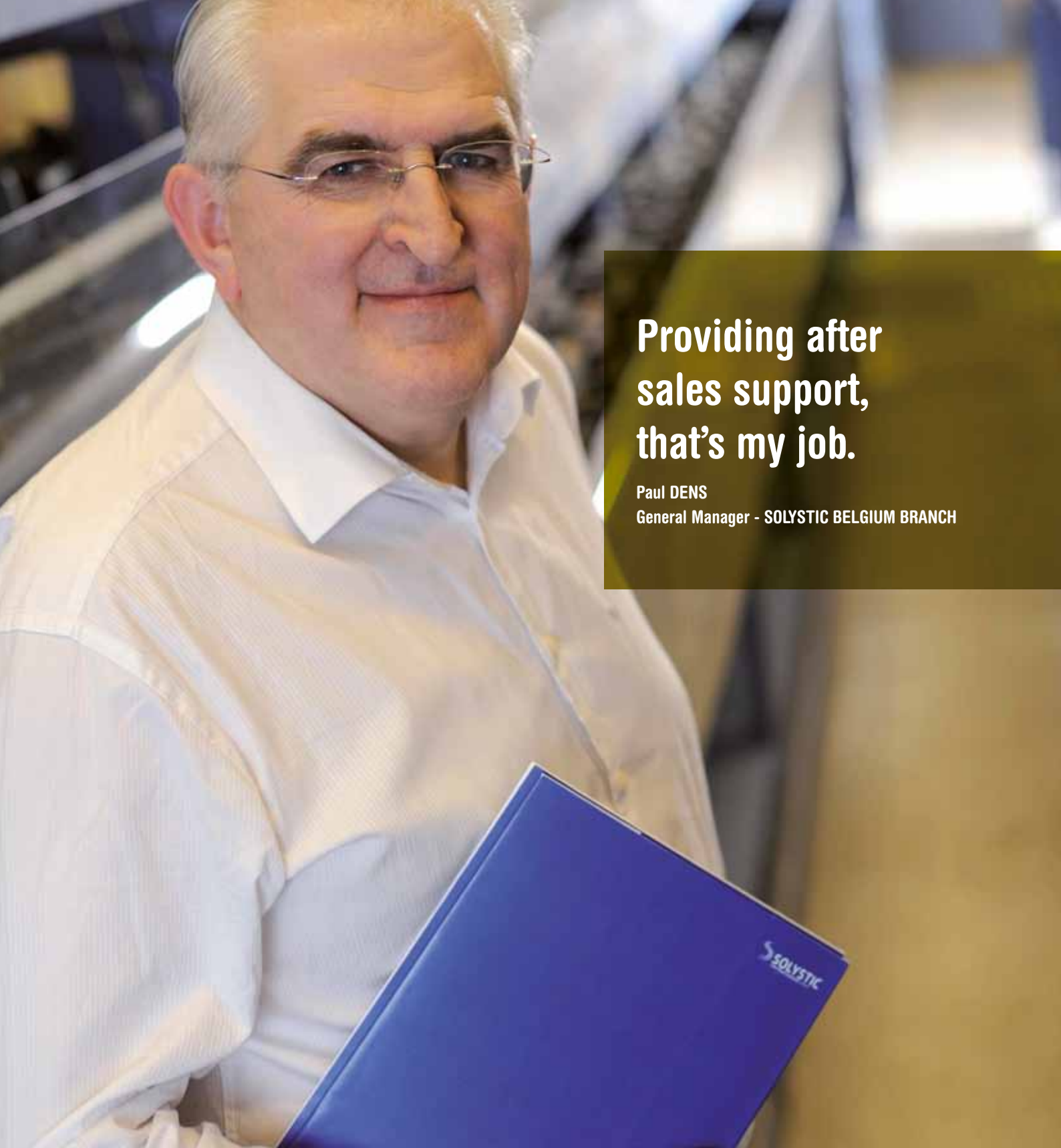
**SingPost** has agreed to buy Hong Kong-based Novation Solutions to expand into digital services, such as security printing, document digitisation and transaction mail in Hongkong and China. **CB**

### Switzerland

**Swiss Post** plans to offset all carbon dioxide emissions produced by the transport of all addressed domestic letters from April 1, making domestic letter mail climate neutral. Swiss Post will offset 50,000 tonnes of CO<sub>2</sub> by buying high-grade emission certificates for international and domestic climate-protection projects. **CB**

### United States

The **US Postal Service** said its first-quarter loss widened to 3.3 billion USD from 329 million USD, due to costs of restructuring its network and accruals of 3 billion USD for retiree health benefits prefunding due in 2012. Operating revenue declined 1.1 per cent to 17.7 billion USD in the three months through December, as migration to electronic transactions drove down sales of mailing services by 2.9 per cent to 14.5 billion USD. **CB**



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General Manager - SOLYSTIC BELGIUM BRANCH

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