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UNION POSTALE



Universal Postal Union,
a specialized agency
of the United Nations

JUNE – DECEMBER
2016 / N°2

Postal Big data

Double
Eleven heaven



Terminal dues
milestone reached

Quality information from innovation



GMS

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Cover: Ugur Cobanoglu

DOHA POSTAL STRATEGY

Four goals for Posts to reach by 2016



1 Improve networks



2 Provide knowledge and expertise



3 Promote innovation



4 Foster sustainability

FOR MORE INFORMATION:

news.upu.int/insight/world-postal-strategy/doha-postal-strategy

June – December 2016

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Union Postale is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities, featuring international news and developments from the postal sector.

The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals. It is distributed widely to the UPU's 192 member countries, including thousands of decision-makers from governments and Posts, as well as other postal stakeholders. All regard it as an important source of information about the UPU and the postal sector at large. Union Postale is also published in French, Arabic, Chinese, German, Russian and Spanish.

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ICTS

UPU urges ICT stakeholders to invest in postal connectivity

UPU Deputy Director General Pascal Clivaz has called on information and communication technology (ICT) stakeholders to accelerate their investments in modernizing postal infrastructure.

"When you buy or sell products online they need to be delivered physically and the Post is an important national infrastructure for integrating the digital and physical all around the world," said Clivaz at the annual World Summit on the Information Society (WSIS) forum.

Speaking to forum participants in Geneva in early May, the deputy director general underlined that Posts could be leaders in granting e-commerce access to remote areas in developing countries.

The deputy director general also elaborated on the UPU's role as an ICT provider, highlighting the many technical solutions offered by the UPU's Postal Technology Centre. However, he noted that many Posts

still face challenges connecting to ICT infrastructure that would allow them to make use of these solutions.

"Without a viable postal network many outside urban areas would be excluded from the benefits of the Information Society. A strong and viable postal network is vital for economic development in all countries," he remarked.

Sustainable development

This year's forum focused on "Supporting the Implementation of Sustainable Development Goals (SDGs)". The deputy director general explained how the postal network helps further the SDGs.

Regarding SDG 17 – to strengthen and enhance the means of implementation and global partnership for sustainable development – Clivaz highlighted the UPU's global indicator measuring e-commerce flows at the export level in developing countries and least developed countries.

"This is the only e-commerce indicator that is under consideration to be part of the measuring and evaluation framework for SDG 17," he explained.

Given the postal network's position to help implement these SDGs, Clivaz urged participants to help resolve the ICT challenges that prevent many Posts from successfully implementing e-commerce.

"A modern Post will accelerate the realization of an inclusive, people oriented information society and help fulfil the promises of WSIS and the SDGs," he concluded.

The WSIS forum provides a platform for ICT stakeholders to exchange knowledge, share best practices and build partnerships to advance global development goals. It is organized annually by the International Telecommunication Union in partnership with several UN agencies, drawing in high-level decision makers from the public and private sectors. **KR**



UPU Deputy Director General Pascal Clivaz urged ICT stakeholders to invest (Photo: ITU)

'Parting is such sweet sorrow'

This issue marks my last as editor-in-chief of *Union Postale* with my departure set for the end of January 2017. After almost eight years at the helm of this magazine, I hope that readers enjoyed the journey as much as I did. Thanks to this flagship publication, I was able to learn much about the postal sector and the people that move the mail in the UPU's 192 member countries.

The learning never stops as I now look forward to new professional challenges in my domain of international communications. I will fondly remember my exchanges with readers and our open dialogue. Until our paths cross again, I sincerely wish you all the very best.

FARYAL MIRZA, EDITOR-IN-CHIEF

UNIVERSAL POSTAL CONGRESS

Congress goes to Africa

The next Universal Postal Congress in 2020 will be held in Abidjan, Côte d'Ivoire, as the first Congress to be held on the African continent in more than 80 years.

Côte d'Ivoire was originally scheduled to host the 2004 Congress but was unable to do so due to civil strife. The country's opportunity to host the 2014 UPU Strategy Conference also suffered owing to concerns over the Ebola virus in neighbouring countries. It hosted the Conference in

Geneva, Switzerland, instead of in Abidjan.

The 2016 Congress also decided to hold a five-day Extraordinary Congress in 2018, which will be hosted by Ethiopia in Addis Ababa. The Extraordinary Congress will incorporate the UPU World Strategy Conference, which typically takes place mid-cycle.

Establishing an Extraordinary Congress was part of a proposal to reform the UPU, aimed at improving and accelerating the Union's deci-

sion-making processes. The meeting will provide countries with an opportunity to further discuss proposals needing further study before proceeding to a vote but should not wait four years until the next Universal Postal Congress. Countries will also have the chance to examine the progress made on the Union's strategy and business plans adopted at the most recent Congress, as well as make any necessary adjustments to these living documents. **KR**

5

Second term confirmed for UPU DG and DDG



Director General Bishar A. Hussein (l.) and Deputy Director General Pascal Clivaz (r.) have their win confirmed at the Istanbul Congress. Centre is Turkish Post CEO Kenan Bozgeyik. (Photo: Ugur Cobanoglu)

POST-EXPO

Transformation a must



Director General Bishar A. Hussein addressed the World Postal Business Forum in a video message

"For any business to survive and thrive, it has to meet the changing needs of its customers – the Post is no different," Bishar A. Hussein said in a video message.

The director general recommended that Posts adapt their business models to meet modern postal market demands. "The customers of the Posts themselves have undergone remarkable transformation," said Hussein. "They require faster and more efficient services and are not willing to compromise this, even for lower prices."

With the growing e-commerce market, competitors, such as couriers and logistics companies, are already offering customers quicker options

than Posts. Hussein urged designated operators to be flexible and embrace new technology to keep up with the competition.

The director general added that the UPU is also taking measures to modernize itself. Participants at this year's Universal Postal Congress in Istanbul will vote on a proposal to reform the Union's structure and working methods.

Value-added solutions

The UPU-organized World Postal Business Forum provides an annual platform where industry experts can discuss new products and services, processes and business models.

With e-commerce listed as a top priority by the regions under the UPU's draft Istanbul World Postal Strategy, the UPU will present on its e-commerce solutions related to customs, tracking and addressing issues at the forum from 24-25 May. These solutions include the Customs Declarations System, the Global Monitoring System (GMS) and POST*CODE, an international addressing database. **FM**



WATCH THE MESSAGE

<https://www.youtube.com/watch?v=ImVnmrqVH70&feature=youtu.be>

POSTAL REFORM

Latin America to focus on developing postal sector

UPU Director General Bishar A. Hussein has encouraged Latin America's Posts to outmatch market competitors by offering more innovative services at a recent high-level regional conference in Costa Rica.

"Posts are faced with great challenges as they play catch-up and focus on winning back market share," said the director general. "This is a turning point for the Post and we must all ready ourselves for the changing situation and adapt to the conditions."

Latin American ministers, regulators and postal leaders, including Costa Rican President Luis Guillermo Solís, met in San José for a High-Level Postal Conference organized by the UPU and the Postal Union of the Americas, Spain and Portugal (PUASP). The event, which took place June 8–9, was organized under the Latin American Regional Development Plan decided during the previous work cycle.

"The Post has become a great tool for development and economic growth, especially in an economy that has turned global," Solís noted in his opening remarks.

Discussion forum

The conference gave postal decision-makers a forum to discuss the Post's role in driving trade, innovation and development, focusing on the region's need to modernize its postal services in the wake of growing e-commerce demands.

Participants broke into three working groups to discuss the state of the postal sector, the Post's role as a trade facilitator and how to use the Post to drive financial inclusion.



UPU Director General Bishar A. Hussein opens the proceedings at the High-Level Postal Conference in San José, Costa Rica, with President Luis Guillermo Solís (centre). Second left is UPU Deputy Director General Pascal Clivaz.

Union reform

Deputy Director General Pascal Clivaz shared the Union's own plans to innovate in a presentation about the proposed reform of the Union.

"Transformation is a must for the UPU. We as an organization must continue to provide innovative solutions to our member countries so that they, in turn, may provide innovative products and services to their customers," said Clivaz.

The proposed reform would merge the Council of Administration (CA) and Postal Operations Council (POC) into one Council. It suggests that the change would speed up decision-making, reduce costly sessions, and minimize duplication of work.

Member countries will vote on the proposal during this year's Universal Postal Congress in Istanbul.

"We strongly believe that the reform proposal, if and when approved by Congress, will bring about the sweeping transformation of our Union that we have sought for so long. I would urge all member countries in Latin America to join the other regions that have already endorsed the reform agenda," said Hussein.

Express ideas

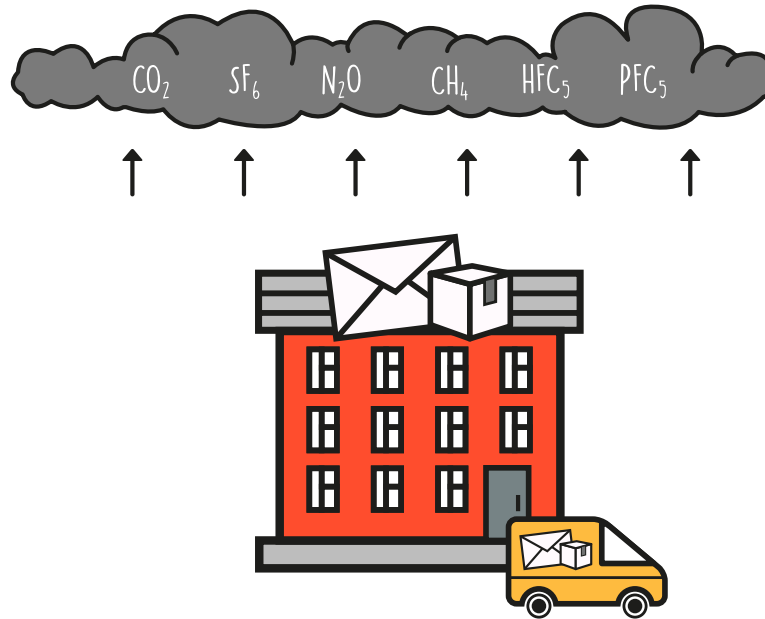
For his part, the Costa Rican president encouraged the region to embrace change: "I believe Latin America has to be at the forefront of the international debate on postal services... we cannot be shy and should express our ideas, our experiences and our good practices in Istanbul, placing them at the centre of the political debates at Congress," Solís said.

Government meetings

The UPU leaders also visited Costa Rica's Legislative Assembly to discuss postal regulation, while discussions with Deputy Minister of Foreign Affairs Alejandro Solano highlighted how the UPU, PUASP and other international bodies could cooperate to move the sector forward. A meeting with the country's Vice President Ana Helena Chacón focused on the role the Post could play in national development, particularly regarding financial inclusion. **KR**

SUSTAINABLE DEVELOPMENT

UPU launches new carbon analysis tool



OSCAR helps Posts track their carbon output

The UPU has launched the Online Solution for Carbon Analysis and Reporting (OSCAR) for the postal industry to enable Posts to gain a detailed and accurate picture of their environmental impact.

The tool measures Posts' annual greenhouse gas (GHG) emissions, compares performance against industry averages, and helps set reduction targets and identify mitigation opportunities. Designated postal operators can now register to use this carbon-tracking and reduction tool.

Its creation was made possible through a collaboration with La Poste (France) and the Japanese Ministry of Internal Affairs and Communications (MIC), which co-financed the initiative with the UPU. "The UPU is very pleased to be able to offer this service – initially to Posts – to help them better understand their environmental

impact," said UPU Deputy Director General Pascal Clivaz. "The UPU's vision for the tool is to help Posts increase their efficiency, decrease their natural resource consumption and encourage them to invest in green solutions," Clivaz added. "The Ministry of Internal Affairs and Communications of Japan greatly appreciates the efforts of the UPU to develop and implement tools that will enable member countries and their postal operators to tackle climate change," said Hiroshi Nakayama, Director of its International Affairs Office. "We hope that OSCAR will be used by many Posts to get a clear picture of environmental impacts and identify mitigation opportunities," he added.

The tool allows Posts to monitor their carbon output by generating reports detailing their emissions by scope, source and product.

OSCAR's reporting tool is aligned with the Greenhouse Gas (GHG) Protocol measurement methodology and Global Reporting Initiative (GRI) standards.

Posts also have access to 20 Carbon Key Performance Indicators through the tool, such as carbon per letter and carbon per kilometre driven, allowing them to benchmark their progress against other Posts in their region, development bracket, or in the industry as a whole.

OSCAR is available in English, French, Spanish, Arabic, Russian and Portuguese for designated postal operators. **FM**



OSCAR:

<http://www.upu.int/en/activities/sustainable-development/environment/oscar.html>

RESTRICTED UNIONS

Caribbean meeting emphasizes transformation

UPU Director General Bishar A. Hussein has encouraged Caribbean governments to continue their commitment to modernizing their Posts at a regional Council of Ministers in Bridgetown, Barbados. "I appreciate your dedication as governments in focusing on making postal services not only more accessible through the universal service obligation but also modernizing them through the adoption of new technologies," he said.

Hussein was joined by UPU Deputy Director General Pascal Clivaz at the July meeting, where ministers and ministry representatives from seven countries discussed the future of the UPU and the postal sector.

The group focused their deliberations on trade facilitation, the upcoming Universal Postal Congress and the future of the UPU. Among them was Barbados.

"We [the Posts] are going to have to be flexible... innovative and are going to have to use technology... Moreover, for the first time, we are going to have to compete with the private sector and do it better than they do," stated Adriel Brathwaite, Barbados' Attorney General and Minister of Home Affairs.

Representatives from the Bahamas, Dominica, Grenada, Guyana, Trinidad and Tobago, and Turks and Caicos also attended the meeting.

Transforming the UPU

The UPU leaders also spoke to ministers about what could lie ahead in the next work cycle in 2017 – 2020.

Several challenges would need to be overcome to achieve this vision, including transforming the UPU itself, they explained.

"We have the best opportunity in many years to make our union more efficient, relevant and responsive to not only the needs of members, but also those of the market. To remain relevant, the postal business must be reformed," Hussein remarked.

At the heart of the proposed transformation of the UPU itself is a merger of the Council of Administration and Postal Operations Council into one body, the UPU Council, with the goal of speeding up decision-making, reducing costly sessions and minimizing work duplication.

Member countries will vote on the reform proposal at the 26th Universal Postal Congress, which will take place in Istanbul from September 20 – October 7 this year. **KR**



UPU Director General Bishar A. Hussein (centre) with CPU Secretary General Allan Wayne Smith and Barbados Attorney General and Minister of Home Affairs Adriel Brathwaite (right)

Market needs lead to terminal dues evolution

Member countries have agreed to a revised terminal dues system geared towards bringing all member countries onto an equal footing.

TEXT:
KAYLA
REDSTONE

Adopted during the 26th Universal Postal Congress in Istanbul this year, the revised terminal dues system is an evolution in the way destination countries are remunerated for processing international letter-post to ensure better cost coverage.

The raft of measures, which was developed after intensive study by the UPU's Council of Administration (CA) and Postal Operations Council (POC) during the course of the Doha cycle, proposes several key improvements: rates linked with format-separated mail exchanges, the application of rates based on country-specific domestic tariffs by more countries in the

target terminal dues system, the reduction of country groupings and the addition of more countries into the target system compared to the beginning of the Doha cycle.

Andréas Argente, former chair of the POC committee for letter-post remuneration, called the new measures a "balancing act" between importing and exporting countries. "This proposal is a compromise that has been reached by many different countries with many different priorities. It will benefit the entire community," he explains.



One part of this balancing act was helping importing countries manage the cost of delivering an increased number of small goods associated with e-commerce, which have been making their way into the letter-post stream via small packets, without incurring huge costs on exporting countries.

Traditionally, all letters up to 2 kg in weight have been remunerated at the same rate.

“At this past Congress, the UPU decided to evolve the terminal dues system to get better cost coverage by developing two sets of rates based on format separation of letter-post items – one applicable to the so-called P and G formats, and a second one, to the so-called E format” says Altamir Linhares, who manages the UPU’s remuneration programme.

New format

Starting in 2018, the new ‘E format’ class will more adequately compensate receiving countries for a higher volume of heavier goods whose processing have different operational requirements and costs compared to standard small or large letter formats. The P/G format refers to small and large letters.

The new rate is based on a methodology that takes into account the letter tariff weight scale used in most countries to help reach a more balanced rate structure.

Eye on the target

Another key development mapped out by the new system is a change in the way countries are classified, directed at moving all countries into one remuneration system based on country-specific rates.

Developing countries are currently part of a transitional system, where they pay a lower terminal dues rate while they focus on improving their quality of service.

In the 2014 – 2017 system, countries were sorted into one of six groups based on a set of postal development indicators (PDI), with the lowest two groups applying rules of the transitional system.

In 2018, these six groups will be merged into four, with only one group remaining in the transitional system. This means the former Group 1.2 and Group 2 will be merged in the new Group II, while Groups 4 and 5 will make up the new Group IV.

“With continued investment in quality of service financed by the Quality of Service Fund (see box), we will see fewer groups – if not just one – in the next Congress cycle,” says Linhares.



Quality first

Countries in the transition system will also have more incentive to fast-track quality improvement in the new work cycle. The new terminal dues package will have them join the UPU's Quality of Service (QS) Link programme by 2020, following a two-year test period starting in 2018.

All countries signed up for QS Link automatically receive a five-per-cent bonus on their terminal dues rates. They may then receive penalties if they fail to meet quality of service targets, meaning they will lose percentage points from their starting bonus.

As part of QS Link, a country's quality of service must be evaluated by a measurement system put in place in compliance with the UPU Global Monitoring System (GMS) technical design. GMS is an end-to-end measurement system which uses radio frequency identification (RFID) technology to track test letters as they travel through different parts of the supply chain to assess delivery time and identify blockages.

Some developing countries have been hesitant to join the QS Link programme in the past, fearing they would be held to the same standard as target system countries, but UPU remuneration expert Paul Schoorl says this is a common misconception.

"Quality is measured against country-specific delivery standards, meaning least developed countries do not need to comply against the same delivery standards as industrialized countries," explains Schoorl.

He says many countries see significant quality improvements within a year or two of joining the programme.

"The organization is going in the right direction by focusing on the provision of affordable, cost-covered, network-strengthening universal postal services, all without losing sight that terminal dues is an international treaty and that the UPU is concerned about catering to the needs of developing countries. We should be conscious that these countries do need support to develop," says Linhares. **KR**

Terminal dues in brief

Target system

Countries in the target system pay country-specific rates calculated by kilo and item format based on their domestic tariffs. Currently, countries in the new Groups I, II and III are part of this system. As such, countries in these groups are required to pay contributions into the UPU Quality of Service Fund (QSF) to support countries which are still in the transition system, or the new Group IV.

As part of the target system, terminal dues shall be reflective of quality of service in destination countries depending on whether they meet quality of service delivery standards and targets.

Countries in new Groups II and III, in addition to those in new Group IV, can also benefit from quality improvement projects financed by the new QSF Common Fund.

Transitional system

Countries in the transitional terminal dues system pay flat rates per kilo of letters regardless of format. They also receive contributions from the QSF, which are paid by target countries as part of their terminal dues rates to transitional countries. These preferential remuneration rates coupled with funds from the QSF help transition countries focus on developing the quality of their postal networks and move closer to joining the target system.

Quality of Service Fund to see changes

Recent changes to the UPU's Quality of Service Fund (QSF), adopted at Congress this year, will help developing countries invest more in improving their quality levels.

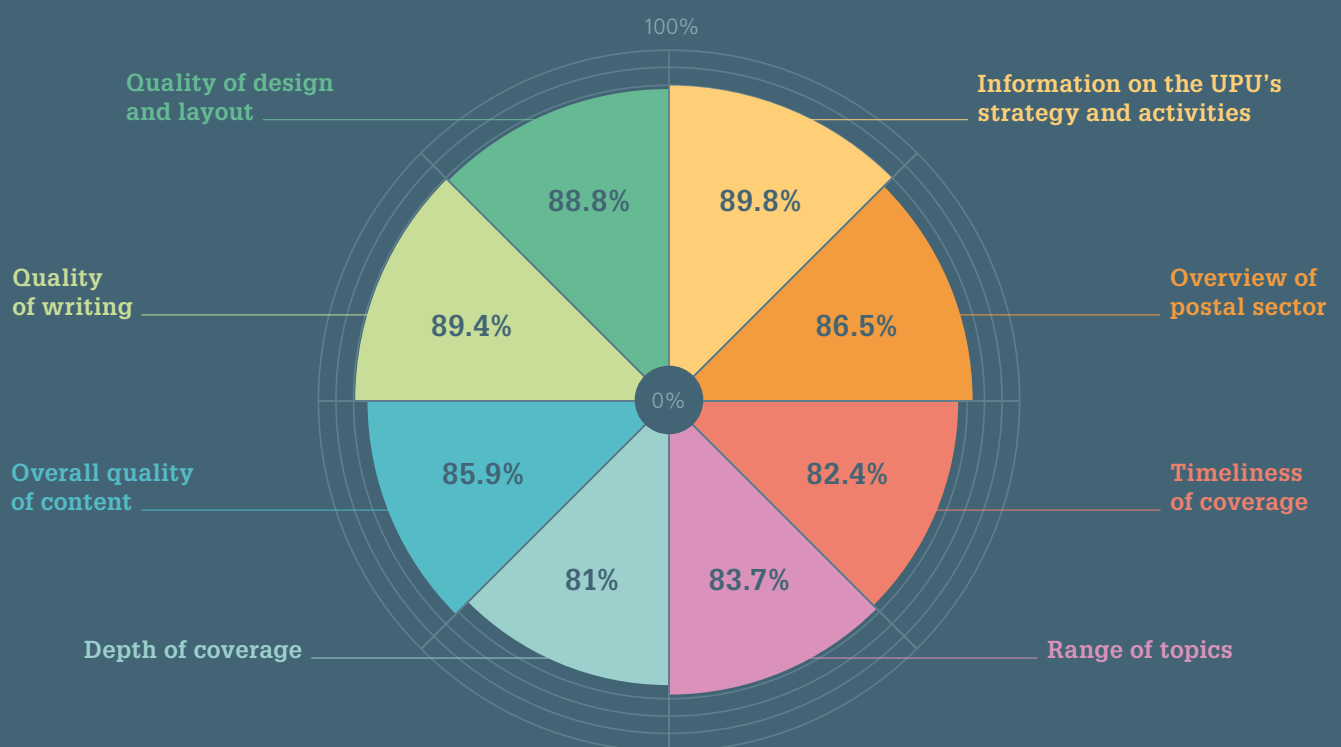
Target countries already pay an extra percentage on terminal dues rates into the QSF for transition countries, but an earlier decision taken in Istanbul means they will pay a further one per cent mark-up into a new QSF 'Common Fund'. This pool of funds will finance development projects in countries in the new groups II, III, and IV, including more large-scale global projects directed at improving the global supply chain to foster e-commerce.

While there will only be four groups for the purpose of terminal dues payments, those in the former Group 5 – classified by the UN Economic and Social Council as least developed countries – will continue to receive more funds from the QSF compared to other groups. **KR**

Magazine scores top marks in reader satisfaction

Results from the latest readership survey from 2015 – 2016 demonstrate the high degree of satisfaction with the Union's flagship publication.

Many thanks to the hundreds of readers that participated, especially for the more than 500 comments received.



Sections rated 'good to excellent' by % of respondents

“I like *Union Postale* magazine because...”

“It keeps me informed about the postal sector’s global evolution.”

Niger

“It keeps me updated on postal matters.”

Saudi Arabia

“It is very important for the sector.”

Mexico

“It provides information on other postal administrations.”

South Africa

“It gives an interesting insight and overview of relevant matters.”

United Kingdom

“It keeps me updated on the postal world in general.”

Viet Nam

“...of its high level of competence.”

Switzerland

“It helps me stay abreast with current issues in the industry.”

Ghana

“It supports me with news and on up-to-date technologies.”

Egypt

“Because it provides updates and insights in the postal industry in a digestible manner.”

Italy

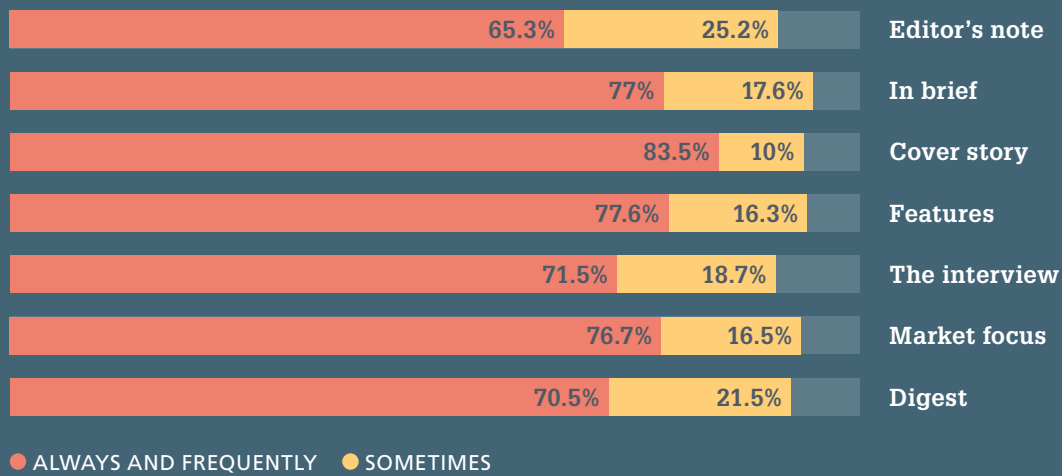
“It gives me an overall view of what is happening around the world.”

India

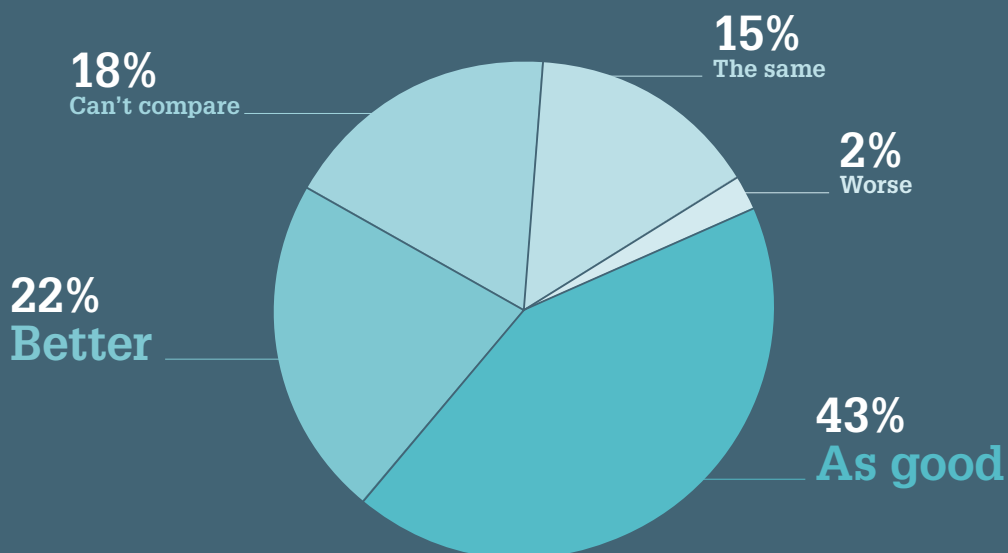
“It is informative regarding international affairs.”

Namibia

Do you read the following sections *always, frequently or sometimes*?



In comparison to other sources of postal news, how would you rate *Union Postale*?



“I like *Union Postale* magazine because...”

“...because I can find interesting material.”

Russia

“I can draw ideas from it and gain insight into what happens elsewhere.”

Madagascar

“It’s an excellent read.”

Tonga

“It is a hub of exchange, contacts and vision.”

Algeria

“This magazine gives me inspiration, makes me aspire and passionate about the Post.”

Brunei

“Its a good source of information on the postal industry and is non commercial.”

Thailand

“Great magazine. Easy to read, good, easy language.”

Latvia

“It is professional, concise and very informative.”

Tanzania

“It is full of information about postal services all over the world.”

Paraguay

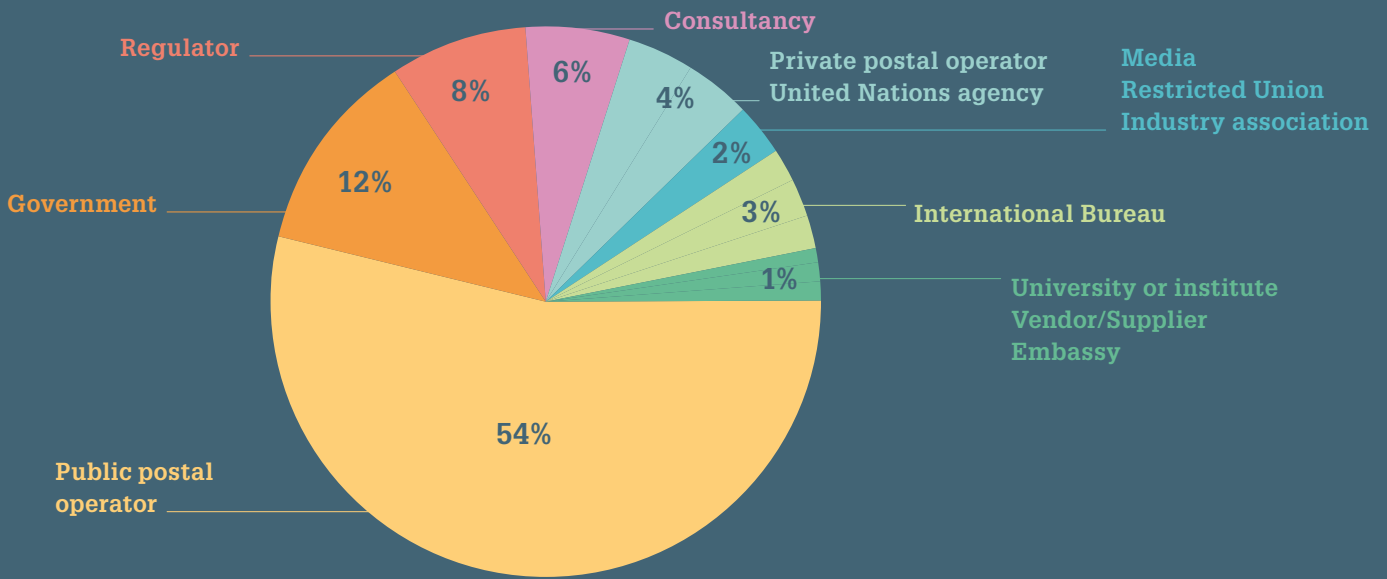
“It’s the best in the industry.”

USA

“The revue presents to us the latest news from the postal sector.”

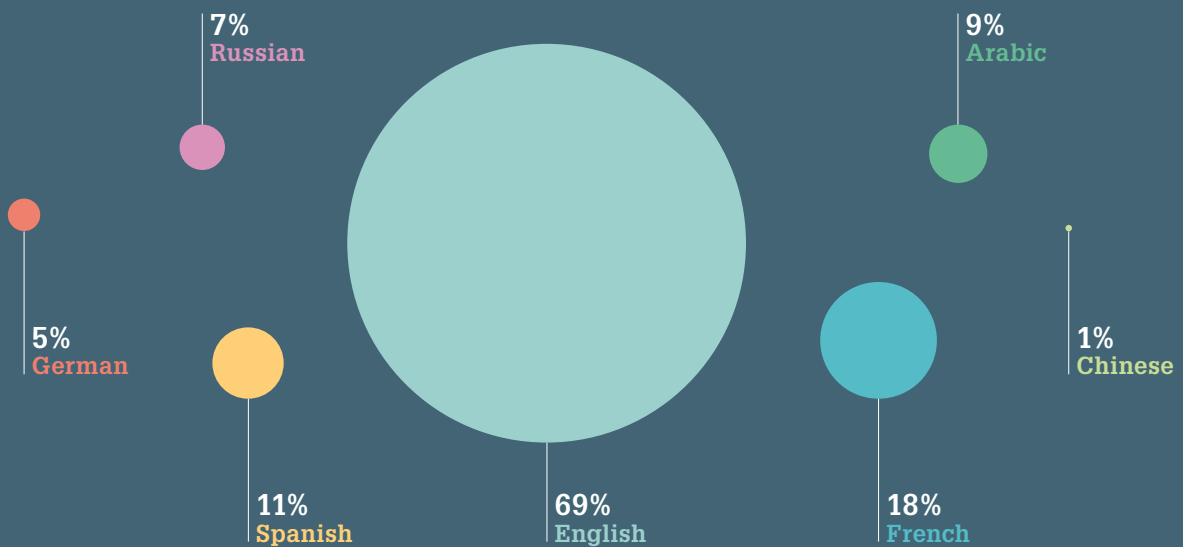
Moldova

Provenance of readers



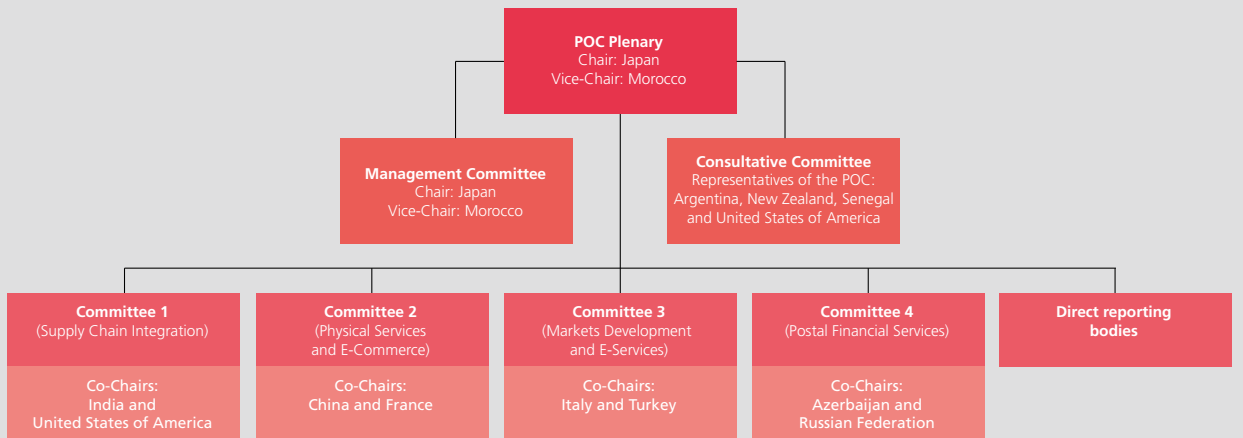
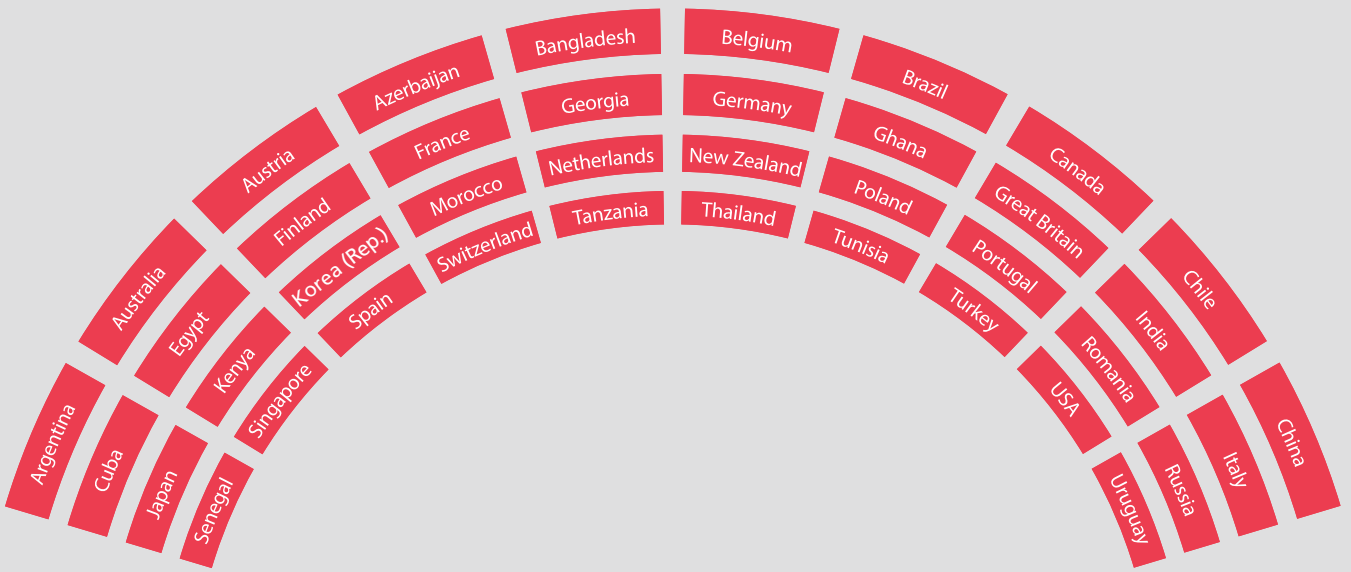
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● LANGUAGE

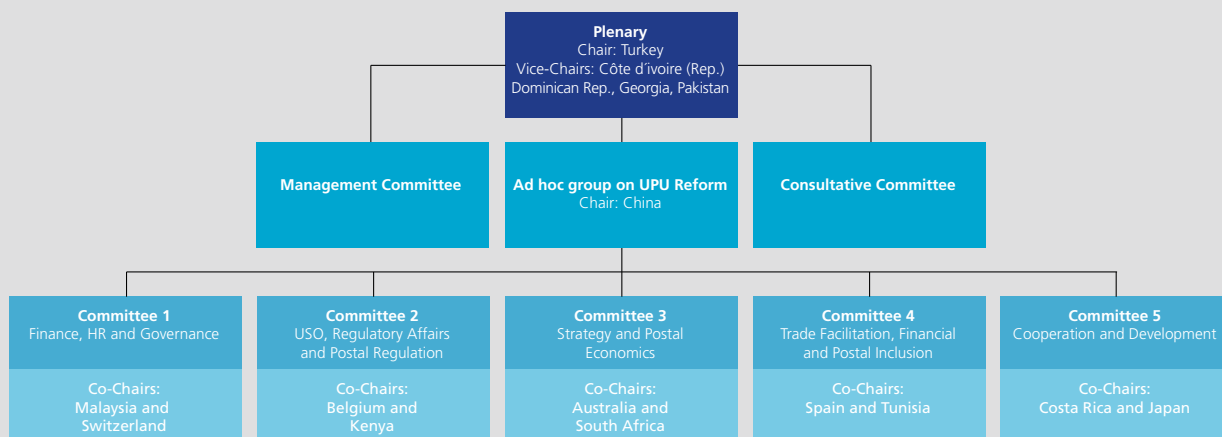
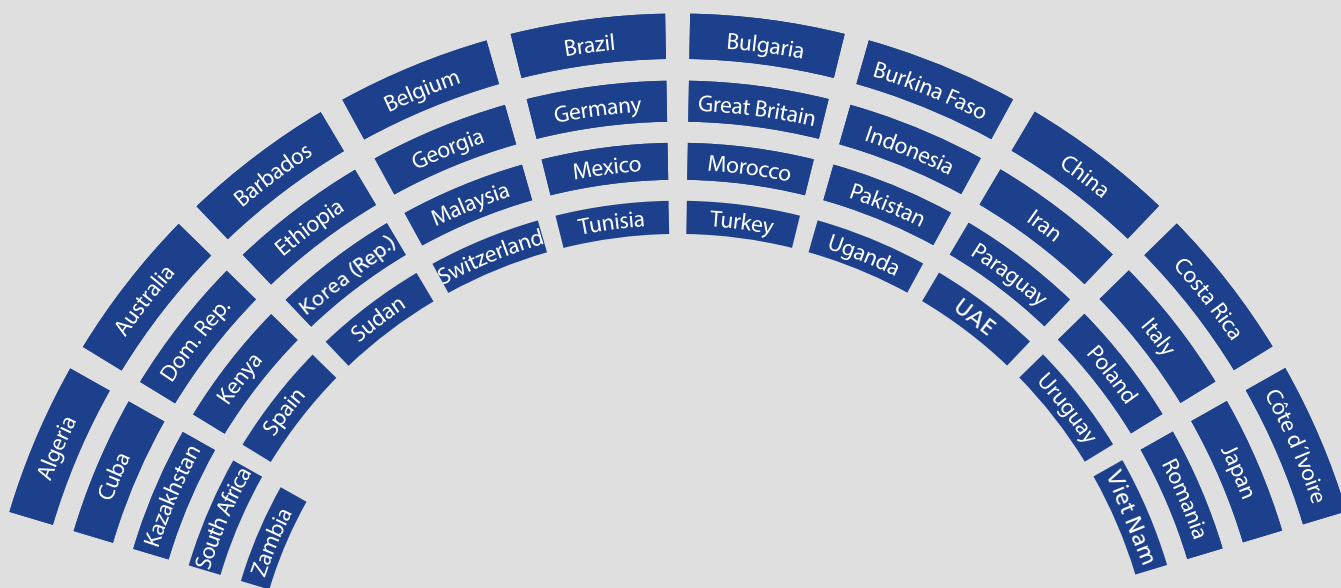


2017 – 2020

Postal Operations Council



Council of Administration



Ministers reaffirm Post's relevance

Postal leaders from around the globe gathered at the UPU Ministerial Conference on October 4 to focus on the contribution of postal services in achieving the UN Sustainable Development Goals (SDGs).

TEXT:
KAYLA
REDSTONE

Guided by the theme "Delivering sustainable development: Connecting citizens, businesses and territories," Ministers' discussions reaffirmed the Post's role as a driver of global development.

The Conference comes at a time when the postal sector is facing profound transformation due to the development of new information and communication technologies (ICTs) and the booming of e-commerce.

"This new context represents a chance for Posts to be even more relevant in the future as the trusted intermediaries and vehicles connecting governments, citizens, businesses and territories," opened UPU Director General Bishar A. Hussein.

Minister of Posts, ICTs and Communication, Bruno Nabagné Koné noted that Posts are an undeniable actor in the fight against poverty, facilitating e-commerce, supporting the rural world, as a link between states and the population.

For his part, Turkish Minister of Transport, Maritime Affairs and Communications, Ahmet Arslan added: "I believe our discussions and deliberations here will lead to very important decisions. They will help us cement a global postal network where businesses and citizens will be able to determine the benefit they can derive from these services in the future."

More than 50 ministers in charge of the postal sector gathered for the conference, which was hosted during the 26th Universal Postal Congress in Istanbul, Turkey.

Inclusion

One key focus of the talks was using the Post's far-reaching network to drive social and financial inclusion.

One example is Kenya's Huduma Centre concept, where citizens in remote areas can access vital government services through the extensive postal network in the country. Joe Mucheru, Cabinet Secretary for Kenya's Ministry of Information, Communications and Technology, says the country is also beginning to implement a mobile mailbox service.

"We are bringing services into the mobile and digital age to make sure citizens have access," said Mucheru.

Financial inclusion is another area where Posts are already making significant gains. To this end, Spanish Vice Minister for Public Works and Transport Mario Garcés noted the success of the Correogiros remittances network, which connects Latin American countries and Spain. He remarked that the low price of sending money transfers through the system, coupled with customers' trust in the Post, makes the Correogiros a good alternative to more expensive private solutions.

"We're breaking down borders, breaking down cultural barriers as well as financial ones," said Garcés.



During the first panel of the Ministerial Conference, speakers discussed the Post's ability to drive financial and social inclusion (Photo: Ugur Cobanoglu)

Trade and economy

Ministers lauded the role of the Post in facilitating global trade, especially among small and medium-sized enterprises (SMEs), who often find it difficult to export their goods. *Exporta Fácil* – after which the UPU modeled its Easy Export trade facilitation programme – was one example noted by Ecuador.

“Thanks to *Exporta Fácil*, a small business can export in five days and this has increased the development of SMEs,” said Ecuador’s Vice Minister for Information and Communication Technologies, Adrian Ibarra.

Some ministers remarked that there is still work to be done to improve the postal network to connect even more businesses with their customers. In particular, they noted the need to facilitate supply chain operations and reduce red tape.

Samoa’s Minister of Communications and Information Technology, Afamasaga Lepuiai Rico Tupai, also reminded participants of the difficulties smaller countries can face in joining the global supply chain.

“We can only realize small economies of scale, but we are part of a global chain that needs to be connected. We, the smaller part of the chain, need support and need encouragement,” said Tupai.

Digitization

Speakers noted the important role the Post’s physical network can play in connecting customers to the digital world and facilitating the transition to serving a new, younger market.

International Telecommunication Union (ITU) Secretary General Houlin Zhao noted that Posts should begin to see ICTs as an opportunity rather than a threat.

“Competition is something nobody can stop. You have to go together with innovation and competition and make it work,” said Zhao.

The Post collects data in key areas, such as communications, logistics, transport and finance, which could also be used to better serve customers, said Swiss State Secretary, Director General of the Federal Office of Communications, Phillip Metzger. He remarked that governments can facilitate this process by establishing legal frameworks for data collection.

Ministers also stated that customers should be viewed as partners in the transformation of the postal industry and the development of innovative postal services.

“In order to get message across we need to communicate the potential of these new services and there’s no way to do that without dialogue with our customers,” said Metzger. **KR**

E-commerce bonanza leads to spike in postal business

The world's largest e-commerce firm, Alibaba, has transformed an annual mock celebration of unmarried life in China into the world's biggest online shopping event.

INTERVIEW:
CATHERINE
MCLEAN

Various known as Singles' Day or Double Eleven, the November 11 sale reportedly generates more revenue than America's Black Friday and Cyber Monday combined. Goods transacted by Alibaba during Double Eleven 2016 were worth some 17.8 billion USD (measured in gross merchandise volume), up 32 per cent over the previous year, according to the e-commerce giant, which launched the sales promotion in 2009.

Getting e-commerce goods sold on Double Eleven into the hands of online shoppers in China and around the world is a major undertaking. To learn more about this annual rush, *Union Postale* interviewed Gao Hongtao, Deputy Director General, Department of External Affairs, of China's State Post Bureau.



Union Postale: How do the main postal and express delivery firms in China deal with this big spike in delivery volumes?

During the Double Eleven shopping event, the postal and express delivery enterprises put into use over 11 million square metres of processing area, as well as more than 2 million staff. The extensive use of electronic waybills, digital dispatch and automated sorting technologies enables the enterprises to save much manpower and improve sorting efficiency greatly. Additionally, enterprises use more diversified transportation modes to enhance the capacity of road transportation.

As to air transportation, China Postal Airlines and SF Airlines currently own 33 and 36 all-cargo aircrafts respectively, YTO Express has four all-cargo aircrafts, and the first intercontinental cargo plane of STO Express also made its official maiden flight on 1 November 2016, all of which has greatly improved our air transport capacity.

In addition, high-speed rail transportation is also a highlight of this year's Double Eleven. With regard to last-mile delivery, through years of efforts, express network coverage has exceeded 80 per cent in villages and towns nationwide, and postal stations and postal convenience service stations have been put into operation in a large number of villages, leading to more convenient postal and express delivery services in rural areas.

The effective promotion and use of the last-mile delivery public service platform and parcel lockers has relieved the pressure of bringing express delivery service to campus, communities, and buildings to a great extent.

Gao Hongtao



Source: Alibaba

What are the main challenges and opportunities for China's main postal and express delivery enterprises on Double Eleven?

The rapid surge of business volume in a short time during the Double Eleven shopping event breaks the daily production rhythm and resource allocation of enterprises and also poses severe challenges to the maintenance of service quality. It is a test on enterprises' capability to achieve timely pick-up, rapid sorting and safe transportation, and, more importantly, timely delivery to the consumers.

To this end, all enterprises have been making every effort to deal with this situation, such as the temporary increase of vehicles, staff, and various infrastructures, and the provision of training for newly recruited staff. During the Double Eleven this year, the application of several new technologies also helped enterprises provide quality service in the peak season, such as the use of robots.

Double Eleven is not only a major test on the service support capability of the postal and express delivery enterprises, but also a great push for the whole sector to improve its service capacity and quality.

The previous Double Eleven experience suggests that those newly built facilities and resources allocated for peak season can be fully used in the production for the next year rather than being wasted or neglected. Furthermore, the experience of every Double Eleven is an opportunity for enterprises to enhance their level of management and service as well as their service capacity.

How important is cross-border retail traffic from e-commerce during Double Eleven?

With the development of online business and the construction of bonded areas (special economic zones), large quantities of foreign products are flowing in. Furthermore, many products are being purchased by Chinese consumers via overseas e-commerce retailers and delivered through domestic bonded areas in the current cross-border e-commerce business.

The growth of cross-border e-commerce business is not just confined to Double Eleven, although there is a big increase on that day. With the accelerated pace of going-global of the Chinese express delivery enterprises, overseas consumers are provided with more convenient channels to purchase from China, which also leads to the fast growth of cross-border e-commerce export traffic.

As to the cross-border e-commerce delivery services, particularly in terms of outgoing items, the small packet services of the postal enterprises play an important role. **CM [WITH ADDITIONAL REPORTING BY DAVID KOCH]**



Letter-writing winner tugs hearts

Fifteen-year-old Nguyen Thi Thu Trang of Viet Nam took first prize in the 2016 UPU International Letter-Writing Competition for Young People, an annual contest that encourages literacy and self-expression among children.

TEXT:
KAYLA
REDSTONE

The 2016 contest asked participants to write a letter to their 45-year-old self to celebrate the competition's 45th anniversary and inspired some one million children to participate in the national heats in 64 UPU member countries. This year's winner crafted an emotional letter from the perspective of Alan Kurdi, the three-year-old Syrian boy, who became a symbol of the refugee crisis. "My beloved self! Now, I am in Heaven. What a shimmering, fantastic world it is... We have no nations, no borders, no migration, no religious discrimination, no terrorism and no violence. Everybody is equal. We are all souls living in harmony and serenity," Nguyen writes.

Nguyen's letter sought to remind readers of the many children like Kurdi who never make it to their 45th birthday.

"My forty-five-year-old friend, you still remember our story, do you not? We followed our parents to flee from the war and violence of our hometown in Kobani, dreaming of a 'promised land' in the European sky. Yet that dream ended only twenty minutes after the ship departed," she continues.

The Kurdi family were attempting to seek refuge in Europe when their boat was hit by waves, drowning Alan, his older brother and his mother. A photo of Alan's lifeless body ashore a beach in Turkey was widely shared by international media.

Honoured at Congress

As part of her prize, the gold medalist was invited to read her composition during the closing ceremony of the 26th Universal Postal Congress in Istanbul, Turkey, where she received a standing ovation from some 2,000 delegates representing 155 countries.

The Vietnamese Deputy Minister of Information and Communications Nguyen Minh Hong added: "Over the past 45 years the International Letter-Writing Competition has become very meaningful and impactful, helping young people around the world to develop their composition skills and the ability to express their thoughts clearly, as well as fostering their enjoyment of letter writing."

"I'm out of breath by the very words and moving tribute this young lady has given to that image we have all seen," said UPU Director General Bishar A. Hussein.

"This letter sends two messages to us. First, that regardless of where we come from, we are all one and we have the same ambitions to live in peace, in prosperity, in unity and in love. The second message is about the power of words – the very purpose for which this exercise is conducted," he continued.



Nguyen Thi Thu Trang

Silver, bronze

Ivana Iliyan Yaneva, a fifteen-year-old girl from Bulgaria, took home second prize for her letter reminding her 45-year-old self to enjoy each moment as it comes.

"It is not necessary to chase time. It is not necessary to compete with it. You just have to make a wish, to open your eyes very slowly and keep the fire in your heart as long as you can. Enjoy it," her older self explains.

The jury awarded third-place to fourteen-year-old Daša Bahor of Slovenia for her letter hoping for a world free of prejudice when she reaches 45.

"Deep inside me I feel that all my wishes for peace in the world cannot be fulfilled. Perhaps that's true. But perhaps these are just the pessimistic beliefs of my teenage years, placing gloomy thoughts in my hopeful head. I sincerely hope that the second of these possibilities is the correct one," she writes.

Ten other countries received special mentions for their submissions to the international round.

2017 competition

As past competitions have shown organizers that young people are aware of the world around them and eager to voice their opinions on global affairs, the next competition theme encourages them to do just that.

The 46th edition asks children: "Imagine you are an advisor to the new UN Secretary-General; which world issue would you help him tackle first and how would you advise him to solve it?"

The new theme celebrates the arrival of new UN Secretary-General António Guterres, who will begin his term in January 2017.

Member countries are asked to forward the top entry from their national heats to the UPU Communication Programme by 5 May 2017. **KR**

Nguyen Thi Thu Trang

Union Postale: What did you think of this year's theme, "Write a letter to your 45-year-old self"?

I think this year's theme was an interesting one. It was a very broad and encouraged us young people to express our imagination, perceptions of society and our dreams for the future.

What inspired you to write your letter as Alan Kurdi rather than yourself?

In this case, if I wrote a letter to my 45-year-old self, it would only be myself dreaming. I thought that if I wrote my letter in the voice of Alan Kurdi, it would be more moving, more touching and send a stronger message.

I also wanted to explore a different style of writing by imagining Alan Kurdi telling you about the children who never make it to their 45th birthday.

What sparked your interest in the refugee crisis and Alan Kurdi's story?

When I saw a picture of Alan Kurdi lying on the shore in Bodrum posted on Facebook, I was moved to tears. I thought about my sister, who is three years old, the same age as Alan Kurdi. But he died a painful and unfair death. So, I decided to write a letter to his 45-year-old-self.

Tell us a bit about yourself. What do you hope to be by the time you are 45?

I am now a 10th grade student at the Thi Sach High School in Hai Duong Province, where I enjoy learning English. I am keen on sports, particularly football. My favorite football team is Barcelona FC and Neymar Jr. is my idol. I hope I will become a sports editor by the time I'm 45 years old.

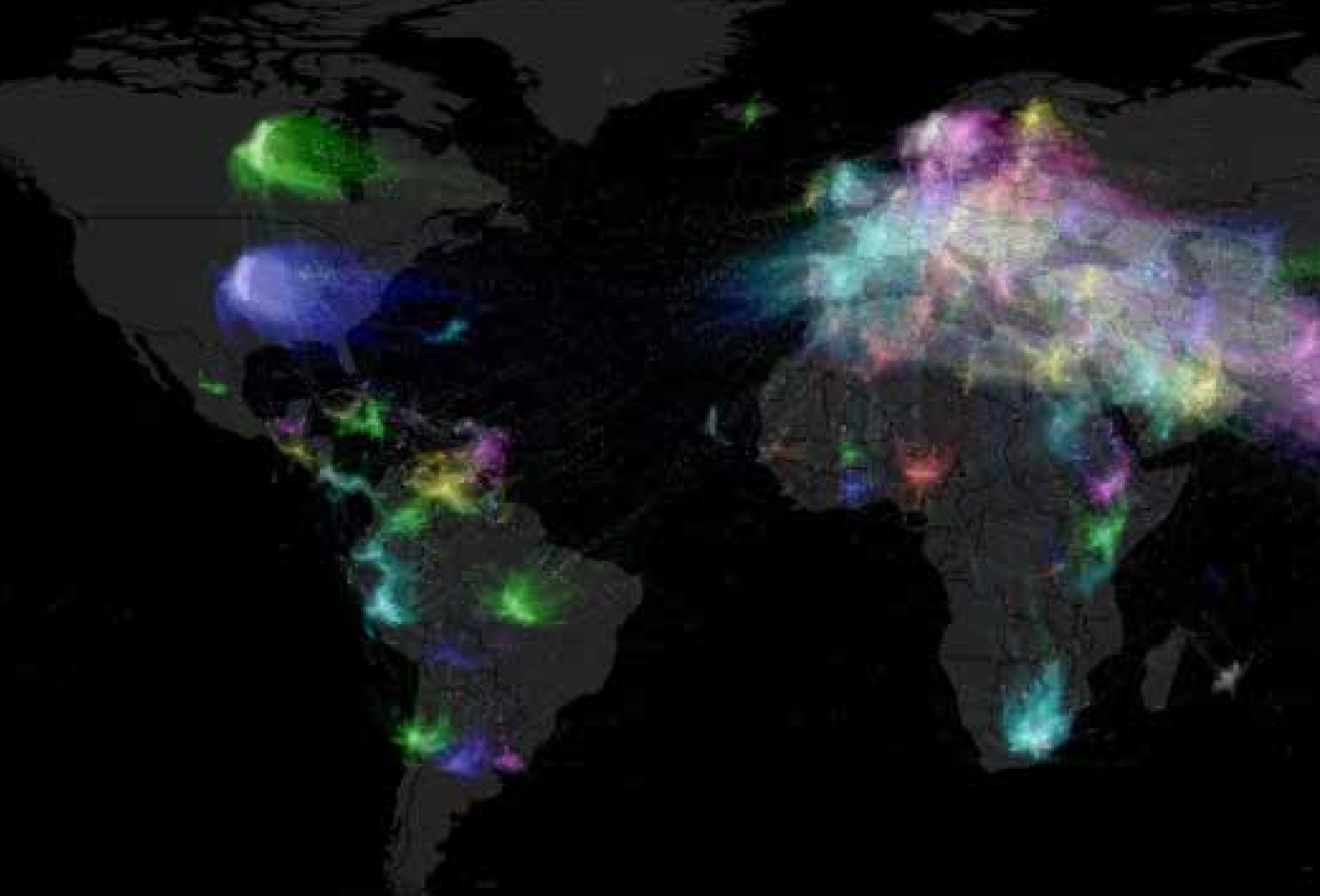
What do you hope readers will learn from your letter?

I would like to send a strong message to everyone about the right to live in peace, equality and endless love.

Did you enjoy your visit to Istanbul? What were some memorable things you did while you were there?

This was my first trip overseas. I really enjoyed my trip to Istanbul, which is an ancient, historical and beautiful city. People there were very friendly, helpful and hospitable. I had a great time in Istanbul exploring must-visit sightseeing attractions, such as the Bosphorus, Basilica Cistern, Hagia Sophia and the Blue Mosque.

I have taken many memories and photos back to Viet Nam with me. **KR**



A UN Global Pulse animation uses UPU big data to visualize international postal flows during 2014

Postal big data offers key to nations' well-being

Analyzing global flows of postal items can provide critical insights into measuring national development, filling gaps where data from digital networks is missing, as new research from the Universal Postal Union, UN Global Pulse and University of Cambridge shows.



TEXT:
FARYAL
MIRZA

Postal big data – in the form of billions of electronic data records generated by the physical movement of mail across borders – can shed an important light on the socio-economic wellbeing of countries, especially in those where data from digital networks is not available.

Using 14 million postal records from 187 countries, researchers demonstrated that this network of connections can provide indicators that are closely correlated to standard indicators of socio-economic status.

The study had unparalleled access to the tracking data held by the UPU on postal flows, a rich source of records of human activity with extraordinary penetration in the physical world. The records themselves are generated each time a postal dispatch occurs between countries. Four years of daily postal data from 187 countries (2010 – 2014) were explored and its network properties shown to approximate critical socio-economic indicators. The data revealed that since 2010 postal activity is on the rise, which can be accounted for by the parallel growth of global e-commerce. This positions postal flows as a sustainable indicator of socioeconomic activity.

Big data for development

This enabled the generation of proxies for a number of socioeconomic indicators already in use by the United Nations and other international organizations to measure national well-being, including GDP per capita and the Human Development Index. The study identified that the indicators of life expectancy and GDP per capita were strongly correlated with the postal degree of a country.

The use of big data for development is a burgeoning area of research that could help countries measure and monitor progress to meet the UN Sustainable Development Goals (SDGs). However, big data can have limitations in coverage, particularly in countries where digital penetration and use of social media is low. This is where the contribution of UPU data from the global physical postal network can play a critical role.

Unparalleled reach

For his part, UPU Director General Bishar A. Hussein welcomed the results. “The unparalleled reach of the global postal network’s unique data footprint in the e-commerce era paves one way in which UPU member countries can make a critical contribution to helping the world achieve the SDGs,” Hussein said.

“In the digital era, greater granularity and frequency of analysis and monitoring of SDGs can, paradoxically, be achieved through global physical networks data,” said José Ansón, Postal Economist at the UPU. “The postal network is the world’s largest physical network and its data a source of untapped potential, which, when tapped, can provide important insights into the state of nations,” he added.

“Physical networks, like the global postal, flight and migration networks, are critical variables to build robust socioeconomic proxies in combination with new digital networks, such as internet traffic and social media use,” said Miguel Luengo-Oroz, Chief Data Scientist at UN Global Pulse.

“In this work, we show how the network properties of global flow networks can approximate critical socioeconomic indicators and how network communities formed across physical and digital flow networks can reveal socioeconomic similarities possibly indicating dependencies within clusters of countries,” explained Desi Hristova, a researcher from the University of Cambridge.

FM

African pilot group vows action

Posts from Ethiopia, Kenya, Nigeria and Senegal are among several African operators that have committed to developing national action plans targeting e-commerce growth after a recent workshop at the UPU's International Bureau.

**TEXT:
KAYLA
REDSTONE**

The workshop resulted in the creation of a pilot group that will act as the basis for developing e-commerce projects across the region during the 2017 – 2020 cycle. E-commerce is a global priority under the draft Istanbul World Postal Strategy, as well as a top priority for Africa. South Africa and Gabon will also join the pilot group. Postal operations managers met with the African regional coordinators and UPU postal experts from 2 – 4 May for a workshop on e-commerce development. Participants learned about how to further their e-commerce offerings and discussed key barriers to implementing services in the African region.

Common goals

The workshop's final session saw participants identify areas of improvement for their country. Countries agreed that designated operators could do more to build relationships with key e-commerce players.

Kenya suggested working more closely with its information and communications technology (ICT) authority to ensure its post offices have the necessary connectivity to access the UPU's products and services. Ethiopia said it would work with the government to ensure the country has all the necessary legal frameworks in place to offer quality e-commerce services.

Senegal and Nigeria, which are in the midst of opening e-commerce web shops, agreed that partnerships will play a role in their future development. NiPost has already created a committee with Nigeria's ICT authority and financial services providers, while Senegal suggested its Post team up with web developers to start designing their online platform.

All noted the importance of working more closely with their customs and transit authorities to ensure quality of service. They agreed to work with customs to use the UPU's Electronic Data Interchange (EDI) messages to exchange advance information about shipments.

"E-commerce is a major issue today and the Posts cannot afford to ignore it. I can assure you that, when we get back to Nigeria, or Ethiopia, Kenya or Senegal,



Postal operations managers at a workshop attended by African nations

we are going to see to it that in the next few months we take opportunity of the market," said Umaru Kaboji Musa, NiPost head of logistics. "(This workshop) has been a great experience."

Moving forward

Following the recent seminar at the International Bureau, the pilot group will create e-commerce action plans for their respective countries, including a situation analysis, target key performance indicators and project proposals. "We are all now loaded with a lot of information and appreciate the gap between where we are and where we are supposed to be for us to benefit from this opportunity in e-commerce," remarked Gladys Rufaro Mutyavaviri, UPU Regional Coordinator for Southern and East Africa.

Mutyavaviri recommended that countries consider legal frameworks, physical services, financial services, value chain issues or marketing gaps in their situation analyses. She also urged them to make their goals specific.

Participants have agreed to submit their action plans by the end of May. Two UPU regional coordinators – Mutyavaviri and Salam Sanfo, UPU Regional Coordinator for West and Central Africa – will follow up with the countries on a quarterly basis. **KR**



AMERICAS

DHL EXPRESS is set to invest 290 million USD into its operations across the Americas during 2016–2017 in response to increases in time-definite shipments and e-commerce volumes. The United States alone will receive 185 million USD towards investments in infrastructure, technology and staff, while 105 million USD will fund the growth of DHL's operations in Mexico, Canada, Brazil, Chile and Peru.

AUSTRALIA

AUSTRALIA POST will trial extended parcel delivery hours in seven cities before Christmas. Customers living in and around Adelaide, Brisbane, Canberra, Hobart, Melbourne, Sydney and Perth will benefit from parcel deliveries between 7 a.m. and 8 p.m. from Monday to Thursday until December 23. The company expects to deliver more than one million parcels per day in the lead-up to the holidays.

CANADA

CANADA POST has partnered with Shopify, an e-commerce platform designed for small and medium-sized enterprises, to offer Canadian merchants as much as a 40-per-cent discount on regular shipping rates when they purchase their labels through the platform. The Post said the partnership will streamline entrepreneurs' e-commerce experience if they already use Shopify to manage their shipping and fulfilment.

FINLAND

POSTI released a statement calling the Finnish Communications Regulatory Authority's interpretation of service obligations under the Postal Act 'unreasonable'. The authority will impose a 100,000 EUR (107,000 USD) fine on the designator unless it meets a 99.8 per cent quality level in the five-day delivery of universal service letters. The Post said its implementation rate already exceeds 99 per cent.

GERMANY

DEUTSCHE POST DHL noted a strong increase in operating profit during its third quarter, pulling in 755 million EUR (799 million USD) before interest and taxes in Q3 2016 compared to 197 million EUR (209 million USD) during the same period in 2015. The group called it the 'strongest third quarter in company history'.

INDIA

The Times of India reported that **INDIA POST** saw a surge in postal bank accounts after the country demonetized its 500 INR and 1000 INR banknotes in November. Many came to the Post to exchange their notes and set up bank accounts at the same time, with nearly 13,000 accounts opened in the city of Agra alone. The Post also opened more than 25,000 branches on Sunday November 13 to ensure citizens could exchange their notes.

IRELAND

AN POST launched a new freight forwarding business, which leverages the Post's existing physical network and fleet expertise to help SMEs ship their goods internationally. The new Post Logistics service will collect businesses' products, bringing pallet freight to a Dublin depot where it can be shipped to the UK and Europe by the company's global logistics partner, DB Schenker.

JAMAICA

JAMAICA POST launched a new Mobile Post Office project to restore postal services to 57 rural communities that have had their post office buildings shut down and postal services relocated due to infrastructure issues. The Mobile Post Office will stop in each community for a few hours at a specified time, offering services such as the sale of stamps and delivery of regular letter post, registered mail, parcels.

MALAYSIA

THE MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION and **POS MALAYSIA** have launched their new 'Smart Postman' mobile app allowing postmen to collect data aimed at improving the areas they serve. Through the app, postmen can make reports to local government about issues such as potholes, illegal dumping sites and abandoned vehicles. They can also leave comments about the individual needs of their customers.

POLAND

POCZTA POLSKA announced it will solidify its partnership with Polish e-commerce platform Allegro. The Post already serves persons and retailers selling through Allegro, but from now on Poczta Polska will operate the platform's online store. Allegro Store customers can choose from advantage of three of the Post's parcel categories: Allegro registered letter, Pocztext Ekspres 24 and Pocztext Kurier 48.

SINGAPORE

SINGPOST has opened a new Regional E-commerce Logistics Hub in response to growing e-commerce demands across Asia-Pacific. The new 182 million SGD (127 million USD), 553,000 square foot (51,375 square metre) facility features an automated parcel sorting centre, which can process up to 100,000 per day, an automated warehousing facility, 150 simultaneous loading bays and an office block. The building is also scalable to meet the Post's changing e-commerce needs.

The designated operator has also reinforced its collaboration with Asian e-commerce giant, Alibaba. Alibaba invested 86.2 million SGD (60.4 million USD) in SingPost's logistics subsidiary, Quantum Solutions International (QSI), meaning it now owns 34 per cent of the company compared to SingPost's 66 per cent ownership. The partners will focus on solidifying QSI's end-to-end eCommerce logistics network.

Alibaba also received approval from the Info-communications Media Development Authority to invest a further 187.1 million SGD (131.2 million USD) in SingPost itself, which would raise its ownership in the Post from 10.2 per cent to 14.4 per cent. The deal is set to go through in February 2017, pending final approval from SingPost's shareholders.

SWITZERLAND

SWISSPOST announced plans to expand its current 3,700 postal access points to 4,000 by 2020, with a focus on the 'agency' format, whereby branches are combined with partner businesses. Furthermore, the company stated it intends to decrease the number of traditional branches from 1,400 locations to between 800–900, with postal agencies and service points filling in the gap.

The Swiss designated operator has also successfully implemented e-voting for citizens registered in the Canton of Fribourg who live abroad. A third of the canton's 5,000 citizens residing abroad used the online voting system to cast ballots in the federal vote and cantonal elections. The Canton of Neuchâtel will test the same system in February 2017. SwissPost says it hopes to eventually offer e-voting to citizens residing in Switzerland.

UNITED ARAB EMIRATES

EMIRATES POST GROUP has become one of the first four federal government entities to begin using the country's *Single Sign-On* platform, which allows customers to access government services online. Users register for their credentials using specified kiosks in public locations and then login through different government websites, such as the Post, to access services.

UNITED KINGDOM

ROYAL MAIL'S mid-year *Quality of Service* report shows that the designated operator has exceeded targets for First and Second Class

mail for first half of the 2016–2017 financial year. According to the Post, 93.4 per cent of First Class items were delivered the next day, beating the 93 per cent target, while 98.9 per cent of Second Class items were delivered within three business days, compared to a target of 98.5 per cent.

JERSEY POST has launched new digital services for businesses. While some businesses are obligated to send certain communications on paper, a new software called Harmonie will allow them to meet customers' demands for instant digital services by sending electronic messages in combination with letters. For ex-

ample, companies can use the service to send clients a notification by email or text once their statement is ready to view online.

All items by Kayla Redstone

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