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UNION POSTALE



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Olympian logistics

E-commerce to
benefit from rail-post
relations



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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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E-COMMERCE

Small businesses want to use postal services, says eBay



You've got mail (Photo: B-sides)

Postal services are facing a golden opportunity in the e-commerce market, if they can offer reliable, affordable, fast and traceable cross-border delivery, according to eBay.

Stefan Krawczyk, head of eBay's government relations team, revealed that 93 per cent of businesses using eBay in Europe engage in cross-border commerce. The majority are micro firms with fewer than 10 employees.

Efficient postal services are at the heart of the new trade model, he said.

"Despite experiencing delivery problems, there is great willingness among small business owners to forget about the private package operators and turn to what they know best – their local post office," Krawczyk said.

With a 20-year history, eBay is one of the longest-running online market platforms in existence.

"eBay is sitting on very rich data. We see the transactions and what people are selling and where the products are sent," Krawczyk said.

Inclusive trade

E-commerce is the way that small businesses that would otherwise have fallen by the wayside can be included in the world economy, he explained, giving an example of a small-town Italian shoemaker, who transformed his ailing family business through online sales.

"The key to this story is that this guy's business would have been nothing if it wasn't for postal services. For the smaller business, it's the Post that makes the difference – because it is there nearby and hopefully it will stay there," Krawczyk said.

Krawczyk appealed to Posts to solve problems in cross-border parcel delivery.

"The answers are pretty easy and straightforward and there are best-case example and scenarios there to guide us. These micro-multinationals need your help."

Ecosystem

Between 2010 and 2014, eBay saw an increase of 48 per cent in the number of firms in the European Union (EU) selling to 15 or more countries. Almost all the EU-based firms using eBay sell to customers in four or more continents.

"You will be surprised to see that very remote regions with low GDP and high unemployment are often the ones that have the highest density of internet-savvy sellers," Krawczyk said, urging delegates to think of e-commerce as a tool to achieve economic development.

The complexities of exporting often lead to high failure rates among small entrepreneurs. Only 37 per cent of small sellers in the EU are still exporting on eBay after three years.

Krawczyk said it was essential for small and medium sized enterprises to be able to sell their products through mobile channels and that platforms like eBay made this possible.

"There is a whole ecosystem of small entrepreneurs and they need third-party marketplaces like us," Krawczyk said.

"That's where the economy is going and that's where the opportunities lie," he added.

Krawczyk was speaking at a recent conference on trade facilitation at the Universal Postal Union headquarters in Berne. **FM**

TECHNICAL COOPERATION

Seminar highlights resilience against natural disaster

Disaster risk management was under the spotlight at a recent UPU seminar in Bangkok, Thailand. The two-day event brought together some 50 participants from UPU member countries in Asia-Pacific, along with other experts, to share knowledge and best practices.

In Asia-Pacific, the world's most disaster-prone area, approximately 500,000 people died as a result of 1,625 reported natural disasters during the 2005–2014 period alone, according to the UN Economic and Social Commission for Asia and the Pacific (ESCAP).

With the number and intensity of major disasters rising in recent years, Posts continue to deliver crucial services during times of crisis, said UPU Director General Bishar A. Hussein in a statement read on his behalf at the seminar.

The UPU recorded 45 emergency interruptions of service between October 2013 and December 2015 alone, including 19 caused by floods, 13 by winter storms, and five by hurricanes, cyclones or typhoons.

"Some examples emerging from these events have shown that the Post can be a key player in disaster response, for example by serving as a distribution point for emergency supplies and money transfers in the affected areas, and by providing a basic means of communication when no other system is available," said Hussein.

Sharing expertise

That was why resilience of the network was important. Among the participants were officials from Thailand's interior ministry responsible for disaster prevention and mitigation, who shared their expertise.

Participants also included specialists from bodies such as the World Meteorological Organization and ESCAP.

"Building resilience is not a choice, but a collective imperative," said



Lin Hongliang, director of the Asian-Pacific Postal Union, speaking at the seminar, which was organized with the latter's support

Sanjay Srivastava, chief of disaster risk reduction at ESCAP, which is based in Bangkok.

Mitigating risks

Countries that presented their experiences dealing with natural disasters included Thailand, Samoa, Japan, Nepal, and the United States. "It is critically important for us to work together to ensure the resilience of our sector and its ability to continue to serve its customers, in spite of natural disasters," said Patrick Mendonca of USPS, chair of the UPU's ad hoc group on disaster risk management.

At the seminar, the UPU introduced the first draft of a guide designed to help postal operators manage the risk of disaster in their own countries. This was accompanied by a "table-top exercise" involving scenarios of various natural disasters, such as typhoons, and discussions on critical activities specifically for preparedness, response, and recovery of postal operations.

High costs

Apart from major natural disasters, low- and middle-income countries are experiencing increased mortality and economic losses due to smaller but recurring incidents, according to the UN's 2015 Global Assessment

Report on Disaster Risk Reduction. Known as "extensive risks" – examples include localized floods – these events tend to affect poor people in rural areas and in the margins of cities.

The effects of those losses are often invisible and the costs underestimated, since they are absorbed by low-income people, said the report. And yet, those risks account for the greater part of disaster-related cases of mortality and displacement.

Economic losses owing to such risks over the past decade in 85 countries or territories amounted to 94 billion USD, according to the report, released in March 2015.

Support from Japan

Resources for the UPU's disaster risk management activities come from Japan.

"Building disaster-resilient postal services at the global scale through DRM projects matches the spirit of the UPU," said Hiroshi Nakayama, director of the international affairs office at the Japanese internal affairs and communication ministry. "This is the reason why Japan intends to continue its contribution in this field for the next UPU cycle." **DK**

E-COMMERCE

Posts rise to challenge in Latin America and Caribbean

The potential for reaping socio-economic benefits nationally through e-commerce, where the Post has an important role to play, was highlighted by Adriel Brathwaite, Barbados' minister of home affairs, at a UPU training event.

"The reality is that e-commerce provides a valuable avenue for the growth of businesses and enables them to be viable in the world economy," said Brathwaite, speaking at the workshop attended by postal representatives from the Latin American and Caribbean regions.

And Posts have an important role to play to ensure that purchases reach end customers on time.

"There is an urgent need for the world's Posts to collectively solve the cross-border issues that delay parcel delivery," Brathwaite underlined.

E-commerce boom

During the three-day gathering in Bridgetown this week, participants and speakers from some 25 Caribbean and 15 Latin American countries and the UPU discussed the challenges

and opportunities for Posts in e-commerce.

UPU Director General Bishar A. Hussein noted that Posts can contribute to national economic growth and social inclusion through facilitating e-commerce for micro, small and medium enterprises in a message delivered on his behalf.

"The e-commerce boom is generating more business for Posts as they deliver purchases made online, especially for the business-to-consumer market," said Hussein. He stressed the importance of the postal network as a national infrastructure that provides affordable, universal services.

"The postal network is well-positioned to serve this market transformation and to deliver e-commerce merchandise globally," said Hussein.

Furthermore, concerted efforts by the UPU in integrating the international supply chain, with partners including customs authorities and airlines, will help "ensure that the opportunities created by e-commerce are captured".

Dedicated training

The Bridgetown workshops focused on a variety of topics, such as customer care, trade facilitation and financial solutions.

Innovative products developed by the UPU were also discussed, with examples including POST, the sponsored top-level domain for the postal sector. Other examples included ECOMPRO, which is the UPU's e-commerce programme, and the Customs Declaration System, which provides pre-advice to Customs.

The event, which took place from March 15-17, was organized as part of joint efforts by the UPU, the Caribbean Postal Union and the Postal Union of the Americas, Spain and Portugal. **DK**



Countries exchanged experiences on e-commerce through the Post in Barbados

A meeting of like minds

In this issue, it has been a pleasure to cover a development that has the potential to revolutionize the transport of mail across borders - renewed relations between the Post and the railways. It is a feelgood story about how two partners in the supply chain met and said: "How about we get together... again?" As we all know, rail was an important way of transporting mail in many parts of the world before the birth of the airline network. And it is high time for those heydays to be revived to enable mail, especially small packets and parcels, to reach its destination on time and at a good price.

Sporting moves

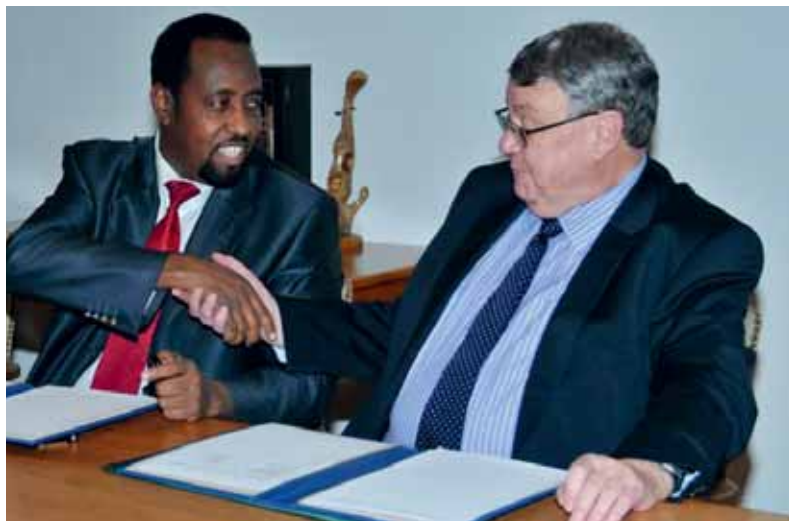
This summer's Olympic Games are in the good hands of the Brazilian Post, as our feature reveals. The network's capacity in this country will be utilised to the full limit as more than 30 million items will be processed, including more than 18,000 tennis balls. You will also read about the concrete results of projects on the ground to improve postal services by the UPU's Quality of Service Fund.

For those readers that have noticed that this issue is being published behind schedule, I would like to thank them for their patience. Sometimes, the will to succeed is not enough when organisational resources, such as staff, are not forthcoming when the needs are at their most urgent. We strive to do our best in the face of challenges and to improve.

FARYAL MIRZA, EDITOR-IN-CHIEF

ORGANIZATION

UPU-Conference of Commonwealth Postal Administrations sign accord



UPU Director General Bishar A. Hussein (left) with CCPA Chair David Roberts at the Berne signing

The Universal Postal Union (UPU) has renewed its collaboration with the Conference of Commonwealth Postal Administrations (CCPA) on knowledge-exchange and securing funding for training postal staff in the Commonwealth region.

Under the memorandum of understanding in force until 2017, the CCPA will fund at least six scholarships for Commonwealth nationals to attend courses at the Caribbean

Postal Training Institute from now until 2017. This centre – located in Bridgetown, Barbados – was opened by the UPU in 2014.

"The UPU is firmly committed to ensuring that postal staff are adequately trained to deal with the many challenges facing the sector today," said UPU Director General Bishar A. Hussein.

"This agreement will contribute to facilitating the UPU's efforts to

keep that pledge," he added. As a demonstration of that commitment, the UPU has already established six regional training centres worldwide since 2013.

For his part, CCPA Chair David Roberts added: "The CCPA is now in a far stronger position to build an ever closer relationship with the UPU, support the UPU's own efforts in technical cooperation and explore new areas for future collaboration."

The CCPA is a non-governmental organization bringing together 66 designated operators of the Commonwealth.

The latter is an association of 53 countries including the United Kingdom and its former dependencies that have maintained cooperative relations and share the British monarch as their symbolic head.

The memorandum was signed on 16 February at the UPU International Bureau in Berne, Switzerland.

The previous agreement between the UPU and CCPA was signed in 2012. **DK**



E-commerce to benefit from rail-post relations

2016 can be viewed as the year in which the rail and postal network took important steps to work more intensely together to move mail in the e-commerce era as rail as a mode of transport could boost world e-commerce, currently growing at an annual rate of about 20 per cent.



TEXT:
DAVID KOCH &
FARYAL MIRZA

ILLUSTRATIONS:
DIE GESTALTER

Rail is seen as an important transport option to facilitate e-commerce, being cheaper than air transport and faster than maritime options, thus making it more appropriate for non-priority, big volume mail.

And this year, the UPU has begun to strengthen its collaboration with key players in the field to ensure that the rail-post relationship can play an increased role in supporting cross-border trade. Partners include member countries and organizations such as the International Rail Transport Committee (CIT) and the Coordinating Council on Trans-Siberian Transportation (CCTT).

Critical link

UPU Director General Bishar A. Hussein has heralded this new era. "The UPU will remain the critical link to bring together all key players in this supply chain," he underlined.

"UPU members have already identified e-commerce as a priority for the next work cycle," said UPU Deputy Director General Pascal Clivaz, speaking at the signing of the memorandum with CIT and CCTT in March. "Given that more than half of e-commerce volumes are coming from China, it is clear that a postal-rail partnership could be one way to find solutions."

For his part, Cesare Brand, CIT's secretary general said: "The Post and Rail are old friends and this is a historic opportunity to bring them together in this initiative under the UPU umbrella."

Gennady Bessanov, CCTT head, said a rapprochement of the postal and rail networks would have a number of benefits for supply-chain participants and customers. "Using rail can cut costs for delivery. Moving whole containers of mail by rail will dramatically change the situation for the better, impacting costs and Customs," he said.

Chongqing Declaration

Recognising the importance of China in e-commerce, a declaration was made at a recent forum in Chongqing, supporting a proposal for cross-border e-commerce service via rail transport. The meeting was attended by representatives of postal, logistics and e-commerce organizations from 25 countries in Asia-Pacific and Europe. There was strong support for the strengthening

of cooperation among Posts, Customs and different carriers to promote regional and international trade.

"We shall take the initiative to explore the possibility of multi-channel business cooperation through the China-Europe railway by cargo and passenger trains," stated the Chongqing Declaration.

Participants also resolved to coordinate with Customs to promote the standardization of shipping documents, and committed to coordinate with Posts in countries on the trans-European route "to accelerate mail transportation and meet customers' varied expectations".

Plans are already underway to launch a test shipment of postal items from China by container to Germany through the Trans-Eurasia Railway. If the initiative is successful, the UPU will help facilitate universal access for rail and develop appropriate standards and regulations to govern the new transport system.

In the pilot China-Europe project, the UPU is also working with the Posts, Customs and railway organization of China, Kazakhstan, Belarus, Russia, Poland and Germany, respectively.

The UPU director general also said that the UPU will work on the harmonization of formalities, regulations and standards to simplify them and better support world trade through the rail-post project.

Strong confirmation

Shortly later in Moscow, the UPU's role as facilitator to improve the transport of international items by rail was confirmed by a number of different players. These included countries, such as China, Russia and Germany, and international organisations such as the CCTT, CIT, the World Customs Organization, the Intergovernmental Organization for International Carriage by Rail or OTIF and the Organisation for Co-operation between Railways or OSJD. The participants were inspired by a recent pilot project between Russia and China, which will serve as a basis for scaling up efforts to make postal-rail transport an established reality again (see related article).

While it is still clearly early days for the initiative, the main foundation blocks have been laid. And hopes are high that e-commerce customers will be more than satisfied with new levels of customer service.

Russia-China pilot reunites rail and post

During the last three years, China Post Group has been a leading exporter of international postal items (IPI) to Russia with a major part generated by e-commerce.

TEXT:
RUSSIAN POST &
CHINA POST
GROUP

Volumes have significantly increased between 2013 and 2015: small packets six fold, while parcels, letter mail and EMS have doubled. During this period, a designated intergovernmental panel, appointed by governments of China and Russia, also made significant efforts to develop international mail exchange, quality control, cooperation between postal administrations and establish new products.

"Cross-border e-commerce volumes have grown continuously with 120 million items exported in 2015," says China Post. "The postal channel is the major contributor of mail volumes, accounting for 60 per cent of the total cross-border e-commerce market. Mail volumes between

the two countries have registered rapid growth, with Russia becoming China Post's third largest destination country. In 2015, inbound/outbound volume between the two reached 9,300 tonnes in total mail weight," added China Post.

Transportation of IPI between China and Russia in passenger trains has not occurred since 1948. During the official visit of the President of the Russian Federation Vladimir Putin to the People's Republic of China in September 2015, the CEO of Russian Post, Dmitry Strashnov, and President of China Post Group Li Guohua signed an agreement on strengthening cooperation and promoting the cross-border e-commerce market. This included an



Symbols	Transportation	Transit time	Test shipment	Advantages	Disadvantages	Optimal usage
	Postal train	6 days	April 2016	Optimal rate	Not detected	Transportation of mail
	Container train	15 days	January 2015	Large volumes of cargo	Transit time – more than 7 days	Transportation of cargo
	Delivery by air	4 days	TBA	Speed	1) High rate 2) Limitation of Li-ion	Urgent transportation

Mail exchange between China and Russia by railway and further transit to the EU



First test shipment - Loading at railway station in China



Receiving at Moscow office of exchange

important provision whereby the parties agreed to establish direct exchange of mail by means of railway transportation as a reliable, effective and safe way to deliver IPI. First, parties agreed to arrange the launch of a regular direct postal carriage, attached to express passenger train 19/20 from Beijing/Harbin – Moscow. Secondly, after successful completion of the first stage, the parties would develop the railway route to European Union countries to meet the needs of European customers. According to China Post, “Railroad solution is cost-effective with low levels of pollution, large capacity and stable fulfilment”.

Beijing China Post Group and Russian Post have also been working towards ensuring the cooperation of their countries’ Customs authorities and both the Russian and China railways. The aim is to establish a technology and common understanding about regular IPI delivery in postal carriages attached to the express passenger train 19/20. This route is not affected by the rules of airfreight transportation, such as the carrying of lithium batteries. Furthermore, transit time is only six days. As a result, China Post and Russian Post have scheduled few pilot shipments to test any possible success “bottlenecks” in the technology.

The pilot shipment was fulfilled in April 2016. Over 23,000 IPI weighing more than 6000 kg were loaded in Harbin on April 10, 2016. The carriage was sealed under Customs control. Having passed the border crossing point at Zabaykalsk-Manzhouli, the train reached Yaroslavy Railway Terminal in Moscow on April 15 with no problems during transit. The following day, all IPI were handled in the Moscow office of exchange in a few hours and forwarded to final destinations throughout Russia. The test confirmed the benefits of IPI transportation by postal/luggage carriages, integrated in passenger trains.

Although the pilot was a success, there is still work to be done to ensure full customer satisfaction. The launch of regular transportation of IPI in postal/luggage carriages, attached to the express passenger trains between China and Russia, is planned for the third quarter of 2016. The ground is being prepared for the launch of a regular postal route from Beijing-Moscow at the end of the year. The route is expected to be extended to reach Berlin.

According to Russian Post, the implementation of the project will stimulate further increase of goods exchange between the countries. The solution will allow Russian Post not only to rapidly deliver mail throughout the Russian territory but also to establish a railway postal route to major EU countries, which will propel transit potential of Russia. Russian manufacturers would be able to use the logistics channel to export Russian-made products. Transportation of IPI by passenger railway routes will provide significant optimization of transportation costs, decrease handling operations and exclude various agents from the supply chain.

“As cross-border e-commerce developed robustly, new opportunity presents itself with stable fulfilment, low cost and huge capacity. China Post and Russian Post have reached a consensus to re-launch the railroad solution as soon as possible,” says China Post Group. **RP & CPG**

Correios delivers for Olympic Games

The International Olympic Committee (IOC) has named the Brazilian Post as official logistics carrier of the Rio de Janeiro 2016 Games. After two years of preparations, the designated operator is ready to deliver for the world's largest sporting event.

TEXT:
KAYLA REDSTONE

The Post estimates that it will move as many as 30 million items to facilitate the Olympic and Paralympic Games, which take place in August and September of this year.

Correios secured the job in January 2014 after winning a competitive tender process involving bids by several multinational companies. The contract, valued at 53 million USD, is part of the Post's official sponsorship of Rio 2016, which is worth 90 million USD.

"The opportunity to carry out the logistics operations of the biggest sporting event in the world has challenged and motivated us," says Felipe De Angelis, a spokesperson for Correios.

This isn't the first time that the Post has sponsored Olympic athletes nor its first time managing logistics for an international sporting event. For the past two dec-

ades, Correios has sponsored the Brazilian handball, tennis and water sports federations. The Post also carried out logistics operations for the 2007 Pan American Games in Rio, which set the stage for developing its Olympic bid.

Preparations

De Angelis says Correios has used the wealth of knowledge it gained during the Pan Am Games to guide its preparations for the upcoming Olympics. Many of the staff involved in operations during the 2007 event have been included in the Post's Olympic preparations.

But the Post has not stopped its planning there. Since winning the bid, logistics experts have attended other large-scale events, such as the Sochi 2014 Olympic



36 000
pieces of athletes' luggage

Dedicated service for more than 10 500 Olympic athletes and 4 300 Paralympic athletes from 206 countries.

170 light
and heavy lorries

More than 1.2 million km travelled, the equivalent of 223 times the distance between Oiapoque, in the state of Amapá, and Chui, in the state of Rio Grande do Sul.

2 000
pieces of cargo-handling equipment

These include pallet jacks, forklifts, tractors and cranes working at full capacity to supply the largest sporting event in the world.

2 million
pieces of furniture for the athletes' village and other facilities



These include more than 120 000 chairs, 300 000 beds, 300 000 mattresses, 250 000 tables, 18 000 sofas and 19 300 TVs.



1 million
deliveries of event tickets

The Brazilian Post's presence throughout Brazil made it possible to deliver tickets wherever spectators live.



100 000m²
of storage areas

Divided into three warehouses, equivalent to 12 football pitches.



30 million
items handled

More than 17 000 deliveries, 980 000 pieces of sporting equipment and 300 km of fencing. There were more than 18 000 tennis balls alone.



2 000+
people involved in the logistics operation

These professionals were dedicated to supplying the largest sporting event in the world.



Third issue of the Correios "Série Modalidades Jogos Olímpicos e Paralímpicos" series of stamps

Winter Games, Nanjing 2014 Youth Olympic Games and Toronto 2015 Pan Am Games, to learn as much as possible about how to run Correios' operations.

A series of preparatory sporting events under the *Aquece Rio* programme has also given the designated operator the opportunity to test-drive its plans. More than 7,000 athletes participated in the programme's 45 test events held between August 2014 and May 2016.

"The [Aquece Rio] events provided an important opportunity to test access to competition areas, as well as integrating all relevant stakeholders and training the teams of people who will be responsible for running the events during the Games," explains De Angelis.

More specifically, he says the team learned the importance of timely communication between the Correios team and the Organizing Committee, the importance of support from security forces, and the importance of adhering to an agenda. Thanks to the trial runs, De Angelis says the Post is confident it will operate seamlessly during the Games.

Logistical considerations

The Post expects to make as many as 17,000 deliveries by the end of the Games, including everything from furniture for the athletes' accommodations, to sports equipment and security fences. To accommodate the change in workload, the Post has had to make adjustments to its usual operations.

According to De Angelis, Correios has outsourced 2,000 staff to carry out operations on the ground in addition to the 300 permanent staff that will manage and monitor its operational processes. To deal with the unusual cargo, the Post has also taken on specialized training for its staff and new equipment, such as cranes and flatbed trucks.

The Post will also set aside 100,000 square metres of storage space in three logistics warehouses to manage the influx of goods. **KR**

Correios debuts official Rio 2016 products

Aside from its duties as official logistics carrier, the Brazilian Post has been busy designing a series of Olympic and Paralympic philatelic products.

One such stamp release, "Série Modalidades Jogos Olímpicos e Paralímpicos", featured more than 30 different Olympic and Paralympic sports on three separate issues released throughout 2015. Designers used the official Rio 2016 colour scheme to link the three sheets.

A public competition helped the Post design its latest release, "Nossos Selos", a series of pebble-shaped stamps featuring artwork submitted by the public. Correios invited anyone aged eight years or older to submit drawings showing what inspires them most about the spirit of the Olympic and Paralympic games. A panel of judges selected 14 of the featured illustrations, while voters chose the remaining two.

Personalized stamps offer another way for the public to add its own touch to the country's Olympic philately. The service allows customers to add their own photo to a sheet of 12 stamps featuring the Olympic and Paralympic logos.

Fans will also be able to send their favourite athletes messages of encouragement during the Games using an aerogram offered by the Post.

The unique product was licensed to the post by the Brazilian Olympic Committee.

Official Rio 2016 philately is available for purchase on the Correios web shop at shopping.correios.com.br. Personalized stamps can be purchased at post offices. **KR**

Strategy and reform on agenda in Congress run-up

The UPU's work cycle for 2013 – 2016 entered its home stretch with decisions taken on how to reform the Union's structure and improve products and services as the February Council of Administration (CA) came to a close.

**TEXT:
DAVID
KOCH**

The decisions taken set the stage for Congress, the UPU's supreme decision-making body, which is taking place in Istanbul, Turkey, from September 20 – October 7, 2016.

The CA, which oversees the UPU's work between Congresses, debated and approved a number of key issues, including the draft Istanbul World Postal Strategy for the next work cycle and principles for a structural reform of the UPU.

The current cycle has been marked by a series of accomplishments, said UPU Director General Bishar A. Hussein in a speech to the CA Plenary.

He noted that 81 per cent of resolutions from the Doha Congress in 2012 have been implemented so far. "We are confident that we will be able to achieve the remaining targets in the coming months", he said.

Some highlights from the Doha cycle included the approval of some 119 Quality of Service Fund projects worth approximately 30 million USD and the opening of six new training centres worldwide.

The UPU also organized some 25 international and regional forums during this period, 100 training workshops in the regions and launched PosTransfer, the global trademark for postal remittances, among other achievements.

Hussein also referred to the draft World Postal Strategy, the result of a process involving almost 90 per cent of the membership at seven regional strategy conferences and a world conference last year and CA discussions.

Associated with the draft is a business plan, which was approved by the CA and is slated for fine-tuning ahead of Congress.

Reforming the Union

Hussein also urged members to embrace reform in order to make decision-making faster and less expensive, while raising the profile of the UPU. "We must reform the Union in order for it to continue being relevant to our members," said Hussein.

The proposal for reforming the UPU's structure was the subject of lively debate and will be discussed further

in the run-up to Congress. This, if approved at Congress, would create a single council to replace the current two-council structure.

Virtuous cycle

Deputy Director General Pascal Clivaz, also speaking at the plenary, mentioned the risks faced by the UPU and urged members to embrace the proposed World Postal Strategy and reform.

In particular, he noted the risk of a "vicious circle" if the UPU becomes inflexible and unable to create innovative products and services, making the organization less relevant and leading to a reduction in financial contributions. "What we need to do today is break this vicious circle, and to create a virtuous circle", said Clivaz.

Masahito Metoki from Japan, chair of the Postal Operations Council (POC), presented highlights from the POC Plenary to the CA, including revisions to the Letter Post and Parcel Post Manuals.

Proposals to Congress would now be refined before formal submission, said Metoki.

Other matters

On the sessions' sidelines, the UPU signed an agreement with the Conference of Commonwealth Postal Administrations on extending their collaboration particularly in the field of further training.

As for which country could host the Congress in 2020, Côte d'Ivoire has reaffirmed its interest. It is currently the only candidate wishing to do so. The final decision on which country will host the next Congress will be taken in Istanbul.

At the CA Plenary, Hussein also announced an effort to fight the Zika virus in collaboration with the Pan American Health Organization (PAHO).

He encouraged Posts in member countries to distribute the PAHO materials in the Latin American and Caribbean regions, where Zika infections are most prevalent, to raise awareness among postal workers and customers. **DK**

Mapping the next World Postal Strategy

The UPU's draft strategy for the 2017–2020 period is almost ready to be presented to Congress for its final decision.

TEXT:
DAVID
KOCH

The draft Istanbul World Postal Strategy currently contains three goals: improve interoperability of infrastructure; ensure sustainable and modern products; and foster market and sector functioning.

Pending approval by member countries at Congress – the supreme decision-making authority of the UPU – the road map is designed to address critical issues facing the postal sector.

“There’s a real sense that Posts are going to have to move”, said Jim Paterson from South Africa, which chairs the UPU Strategy Committee. “There’s an opportunity there [for Posts], but they are going to have to modernize their services, develop their products and networks and, most importantly, respond to the customer,” he said.

“We have big networks but we need to utilize them effectively and deliver efficient, modern, innovative products that people want and need,” he added.

Paterson underlined that the UPU and its member countries are already working on solutions to current issues faced by the postal sector, with examples including customs facilitation, the introduction of financial services, and capacity-building in e-commerce.

“These are building blocks that can help build a universal postal network that is really relevant to the current global economy,” he said.

The draft strategy is based on discussions that saw the involvement of 89 per cent of the UPU’s 192 member countries, including a series of strategic conferences that took place last year.

Common top-level priorities that emerged from the seven regional conferences included e-commerce development and strengthening operational efficiency.

The draft strategy was discussed by the UPU’s Council of Administration in February and will now be fine-tuned prior to its presentation to Congress, which takes place in Istanbul, Turkey, from 20 September to 7 October.

Lessons learned

A number of important lessons have emerged from the implementation of the current world postal strategy, the Doha Postal Strategy, said Paterson.

A crucial lesson is that fundamental changes in the global economy are affecting the Post, namely “the rise of the digital world and increasing amounts of business being done online,” said Paterson. “The Post really has to adapt to this new environment.”

But that is not all, added Paterson. “We need to improve our products, be more efficient and more innovative. We need better integration of our networks,” he said.

Draft plan

To ensure that the Istanbul World Postal Strategy remains on track, it will be accompanied by a detailed draft business plan.

Each work proposal contains expected outcomes and benefits to member countries. Furthermore, the proposals include key performance indicators and the financial resources required for each working proposal.

A total of 15 UPU work programmes have been developed to implement the strategic goals. The plan would also allow the UPU to prioritize their activities if resources are lacking, based on the priorities set by Congress.

The CA, which oversees the UPU’s work between Congresses, is made up of 41 member countries. The body meets at least once a year at UPU headquarters in Bern. The last session of the CA preceding the Congress concluded on 25 February in Berne, Switzerland. **DK**

QSF boosts postal performance in developing countries

The Universal Postal Union's Quality of Service Fund (QSF) is helping the postal sector in many developing countries achieve significant improvements in performance, including recently in Indonesia, Kenya and Thailand.

**TEXT:
DAVID
KOCH**

During the 2013–2015 period alone, the QSF board of trustees, which manages the fund, approved some 114 project applications with a value of 30 million USD.

A project in Thailand to improve mail security involved installing CCTV surveillance. QSF-financing enabled Thailand Post to place 108 security cameras and related systems in post offices and other facilities across the country, said Ariya Thongbai, vice president of international business development at the Post.

"Security and quality of service are very important for us," she said, noting that the Post sometimes faces losses from pilferage or theft. She said these incidents were uncommon but potentially damaging for the Post's public image.

"If the complaints are posted, in particular in the social media, it will lessen the credibility of the image of Thailand Post," she said.

Success was measured by indicators including a reduced number of complaints following the implementation of the CCTV systems, she said. After one year, complaints had fallen by about 17 per cent, possibly as a result of reduced theft.

Investing in quality

The QSF finances projects designed to improve inbound letter-mail flows, bolstering national postal services and making international mail faster, more reliable and secure.

The lion's share of financing stems from terminal dues, the UPU remuneration system that ensures that when one Post sends a letter-post item to another country, the destination Post is paid for processing and delivering that item. Other sources include money from investments and voluntary contributions. In another project in Indonesia, the goal was to improve the efficiency of sorting operations. Vertical sorting frames were introduced in mail processing centres of major cities, including Jakarta, with financial support from QSF, said Agus Handoyo, director of mail and parcels at Pos Indonesia.

The project has helped speed up mail delivery by eliminating the repeated sorting of letters, said Handoyo. Formerly, mail was sorted three times manually: once for the region, again for a group of postmen and finally for each individual letter carrier.

The vertical sorting frames save time by allowing mail to be sorted just once, Handoyo explained, resulting in operations that are more efficient and cost-effective with deliveries now starting earlier.



Mail on tarmac (Photo: Getty Images)

Faster deliveries

In another project, Posta Kenya was able to speed up delivery. This involved purchasing several vehicles transporting mail between the airmail unit of the Jomo Kenyatta International Airport and the office of exchange some 20 km away.

Previously, vehicles would go to the airport to pick up mail from arriving planes but would have to wait two or three hours until other planes also landed so the mail could be brought all at once, Eric Langat, deputy director of logistics and facilities management at Posta Kenya, said.

The extra trucks allow the operator to enhance delivery standards by making that trip more often, helping to compensate for issues including lost time due to heavy traffic.

“The more visits to the airport, the faster the delivery,” said Langat.

The addition of extra vehicles has allowed the Post to increase its dispatches to and from the airport from four to six daily, he added.

These Nairobi-area operations are an important link for northeast Africa, since many incoming flights carry mail for neighbouring countries, such as Uganda and Tanzania.

“We are very grateful to the QSF board,” he said, noting that procuring trucks for this project would be difficult otherwise due to scarce resources. “The programme itself is very valuable,” said Langat.

The QSF programme was launched in 2001. At the end of 2015, the fund contained 64 million USD for future projects. **DK**



Bringing stakeholders into the fold

Marcela Marón, Executive Director of the Latin American Association of Private Posts and Postal Operators (ALACOPP) and Chair of the UPU's Consultative Committee, says the UPU's decision-making bodies could benefit from closer collaboration with the stakeholder group.

TEXT:
FARYAL
MIRZA

Union Postale: For UPU members that do not know much about the Consultative Committee, how would you describe it and its members?

The Consultative Committee (CC) is always changing based on its members and changes in the industry, so it can be hard to pin down a definition. Instead I would propose a timeline. When the CC was created at the 2004 Universal Postal Congress in Bucharest, its role was to open up discussions about the postal sector to stakeholders other than public postal operators and regulators. After the Nairobi Congress in 2008, we worked on increasing our participation to include more and different kinds of stakeholders. Since the last Congress in 2012, we've been working on improving our cooperation and interaction with the UPU's decision-making bodies – the Council of Administration

(CA) and Postal Operations Council (POC) – to increase our impact.

What some notable achievements of the during the Doha work cycle?

Three of our main accomplishments during this work cycle include making the CC more visible in the postal sector, improving our operations as a team, and integrating our work with that of the CA and POC.

Were there any areas where the work did not go as planned?

Even though we have already achieved mayor visibility and generated a new working methodology based on mainstreaming with the CA and POC, putting our ideas into practice can be quite complex. We still face



the complex challenge of strengthening the postal network in today's digital environment. The sector is in the midst of transforming itself and the CC has helped drive this transformation by exploring the shift in business from physical to digital.

One major opportunity is bringing postal products into the Internet of Things. We have to keep working together to make this happen.

How does the committee interact with UPU member countries?

Members are able to attend CA and POC meetings as observers. But attending is not the same as interacting. It is pointless to have access if we are not able to use what we have in common to work together. Three prime examples are sustainable development, regulation and strengthening the postal network.

I also think that sometimes the spotlight is focused on the wrong place. We should be working with our customers to provide them the services they're asking for, rather than working within the sector to solve our own problems. Governments, designated operators and suppliers alike must focus on the client. The growth of e-commerce is a game-changer for the Posts, but what is the point of coming together as an industry at the UPU if we cannot overcome the challenges blocking us from providing the cross-border services today's market requires?

What is the current role of the CC in UPU decision-making?

Our current role in UPU decision-making is minimal and when we are involved, it is often a complex process. At the moment, we have the right to conduct our own studies, examine and make recommendations on CA and POC reports, as well as make recommendations to Congress with approval from the CA. However I imagine a future where we can be fully involved in the decision-making process and provide our ideas about the sensitive issues currently facing our industry that go above and beyond consultation on services, costs and logistics processes.

The postal sector needs to adjust its processes to reflect the modern market. E-commerce is mixing the digital with the physical and is forcing us, as an industry, to reinvent ourselves. We are working with the UPU bodies to facilitate this change. One of our common focuses is terminal dues and how to redefine them to reflect the way the industry is changing.

Will this role be redefined during the Istanbul work cycle? Whether or not our role is redefined depends on whether the CA's *Reform of the Union* proposal passes at Congress. Because of this, it's hard to have a clear view on what kinds of changes might face the CC in

the coming cycle. Regardless of the definition of our role, what is certain is that the next cycle will focus on innovation, inclusion and integration. We're facing new kind of postal sector and our industry must take responsibility for breaking down old work schemes and face our new reality.

As chair of the CC, what were the main challenges of your role?

The CC works with other UPU bodies, which is challenging. While the CA deals with the administrative side of the Union and the POC focuses on operational issues, the CC acts as a third circle integrating the work of the other two UPU bodies since we represent all stakeholders, from operators to unions to suppliers and beyond.

What are the main challenges for the sector from your viewpoint?

The changing postal market is the biggest challenge we face. We must work to ensure we have an international network with different services, qualities and territorial conditions.

As the executive director of ALACOPP, what do you see as the main regional challenges for the sector in Latin America?

We need strong postal services, backed up by sound regulation to integrate services at the national level. We must also increase the visibility of our postal sector. By this I mean showing our governments just how much value postal services add to the economy. We have to show them the figures.

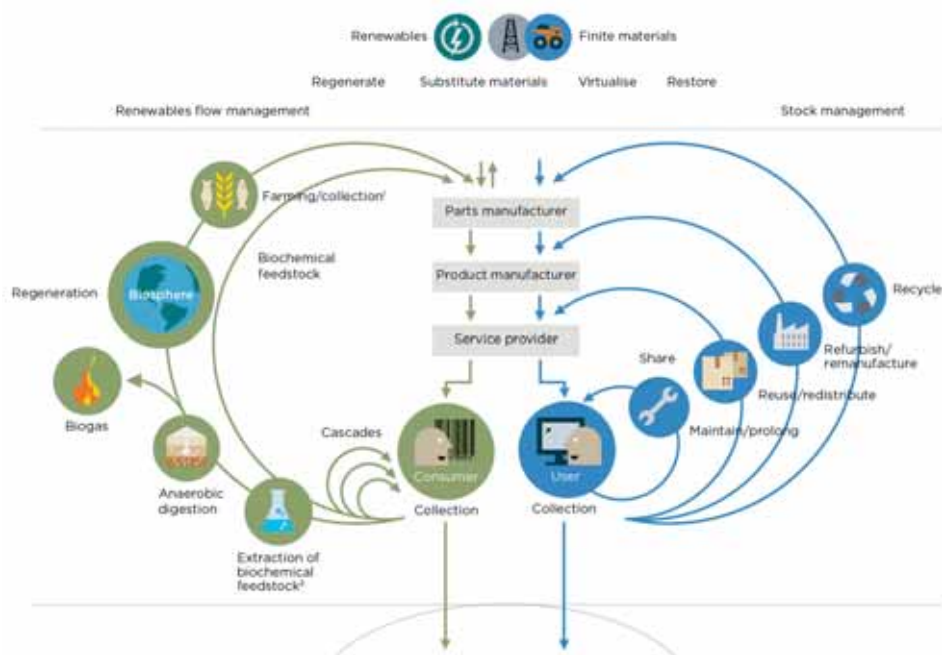
I think the .post platform should enable us to fulfill this premise, not only regionally, but globally. Using the .post domain across all companies, government bodies and NGOs working in the sector would increase our visibility.

What kind of needs do customers have in Latin America?

E-commerce is one of the main services sought after by our customers. While I was participating in a regional e-commerce, one of the region's most important retailers said something that I think sums up how we need to move forward. They said that logistics is not only the main pillar, but also the greatest difficulty for e-commerce in Latin America. **FM**

Deutsche Post launches green logistics model

Deutsche Post DHL Group has released a new “circular economy” logistics model to help organizations implement or improve practices reducing raw material and energy consumption.



The circular economy value chain by Deutsche Post DHL

TEXT:
KAYLA
REDSTONE

The company was involved in creating the new Reverse Logistics Maturity Model, which it developed in partnership with Cranfield University and the Ellen MacArthur Foundation’s Circular Economy 100 programme.

The new model provides logistics companies with a reverse logistics solution to collect used, unwanted or damaged goods for refurbishment, recycling, redistribution or reuse. The Post says the new model helps logistics company do their part to enable a circular economy. “The Reverse Logistics Maturity Model... highlights the opportunities that exist for logistics companies to adapt and expand their services and approaches to support the circular economy, which in turn creates additional value both for business and the environment,” said Christof Ehrhart, Head of Corporate Communications & Responsibility, Deutsche Post DHL Group.

Circular economy refers to decreasing the consumption of raw materials and increasing the reuse and recycling of used materials, putting an end to the “take, make, dispose” mentality.

The model provides three scenarios for implementation, meaning it can be used by organizations using different business models. It also takes into account the users place in the circular economy value chain, as well as what reverse logistics strategies they might already be using. The partners developed the new model based on information learnt from company interviews, exploratory workshops, applied logistics and academic expertise. **KR**



DEUTSCHE POST DHL REPORT: CAPTURING THE VALUE OF THE CIRCULAR ECONOMY THROUGH REVERSE LOGISTICS

<https://www.ellenmacarthurfoundation.org/assets/downloads/ce100/Reverse-Logistics.pdf>



AUSTRALIA

AUSTRALIA POST has partnered with international parcels delivery and logistics company Aramex to boost its e-commerce offerings. The Post said its alliance with the Dubai-based company will focus on opening up the Asian market, allowing Australian businesses and consumers to take advantage of the region's e-commerce boom.

The news comes after the Post reported that it continues to exceed its delivery performance targets for both parcels and letter post. The designated operator's target is to ensure 94 per cent of letters and parcels are delivered early or on time. Australia Post reported nearly 98 per cent of letters and nearly 96 per cent of parcels arrived on time during the first four months of 2016.

BELGIUM

The European Commission will allow the Belgian government to provide **BPOST** with 1.3 billion EUR (1.5 billion USD). The funds are to compensate the Post for delivering specific services between 2016-2020, including maintaining the country's post office network, delivering pension payments, providing universal cash at counter services, delivering printed material for elections and newspaper distribution.

The Belgian Post is also ramping up its online presence, piloting a new crowdsourcing app called bringr that helps connect customers and deliverers. Like Uber, the sender uses the app to select a driver to deliver their package, with built-in functionality to track the driver's progress and rate their service. During the pilot phase, pick-ups can be made only from Antwerp, but these items can be delivered anywhere in Belgium.

BELGIUM/NETHERLANDS

Belgium's **BPOST** and the Netherlands' **POSTNL** have called off plans to integrate their services. The Belgian Post made "a friendly offer" to take over the Dutch postal service this spring. The two companies spent several weeks negotiating the possible merger, but called off the plan in May after they failed to reach an agreement on the terms of the offer.

CANADA

The Government of Canada has launched an independent review of **CANADA POST** to determine how the operator can improve its postal services and financial sustainability. A task force will assess the Post's business activ-

ities and market environment, as well as provide suggestions for improvement. A parliamentary committee will consult with the public and make recommendations to the government during the second phase of the review.

Canada Post recorded growth in profits, despite declining mail volumes and overall revenue. The Post reported before-tax profits of 44 million CAD (34 million USD) in Q1, up from 24 million CAD (18.5 million USD) one year ago. The Post attributed the increase to thriving parcels volumes, which grew 14.4 per cent compared to the same period last year.

FINLAND

POSTI introduced several changes to its pricing and delivery models. The designated operator announced that it would drop the division between first-class and second-class letter post starting in 2017. All mail will be delivered within one or two business days due to decreasing volumes.

The Post also introduced a new pricing model for its parcels service, which will allow customers to pay their postage online based on size for items weighing 35 kg or less. Customers will receive a code to adhere to their package, which indicates the destination and postage paid. They can then drop off the item at any location without waiting in line. Posti said most packages would cost less under the new system.

FRANCE

LA POSTE FRANCE acquired French artificial intelligence company ProbaYes in a move to boost its e-services. The Post said the acquisition provides an opportunity to research in how artificial intelligence and predictive data could be used to optimize postal services and provide more personalized digital services for customers.

GERMANY

DHL SUPPLY CHAIN launched a pilot using robots to help order pickers do heavy lifting in its Unna, Germany, warehouse. The two robots, which were provided by France company Effidence, follow pickers through the to help carry orders to their drop-off point within the facility. With the increase in online shopping, order pickers now have to move large volumes of packages on heavy trolleys. The new technology will allow them to work hands-free.

INDIA

INDIA POST released a new stamp celebrating its relationship with Amazon. The Post's "My Stamp" product allows people to create personalized stamps with their own photo, but in this case, the Post launched a My Stamp featuring a man carrying an Amazon package. India Post is one of Amazon India's prime delivery carriers.

IRELAND

AMAZON announced its plans to create 500 new jobs in Ireland over the next two years to meet growing demands for the company's services. The new hires will be based in the company's Dublin office, primarily in high-skilled technical positions, such as data centre technicians, software engineers and customer support staff.

LITHUANIA

LIETUVOS PASTAS has introduced a new service which sends customers an electronic message to let them know when their item has arrived. Customers can choose whether they prefer to receive an e-mail or SMS message once their registered postal item is ready for pick-up at the post office. For those who opt in, the electronic message will replace the paper notification usually left in a customer's mailbox.

MALAYSIA

POS MALAYSIA launched its new parcel lockers service, Pos Laju EziBox, allowing customers to pick up their parcels at any time of day. Customers who use the new service will receive a text message with a PIN when their parcel is ready for pick-up, then giving them 48 hours to collect their package. The Post said it plans to have the terminals installed in 60 locations this year.

SAUDI ARABIA

SAUDI POST has partnered with point-of-service software provider Escher Group to pilot a new loyalty platform. The company will develop loyalty cards featuring QR code technology that customers can present when they visit the Post. The platform will be tested in 100 post offices for the first six months, then expand to 800 locations.

SOUTH AFRICA

THE SOUTH AFRICAN POST OFFICE launched a new electronic registered mail service allowing customers to send sensitive documents securely to anyone with a valid email address.

The Post's eRegistered Mail portal sets users up with a free digital postbox that allows them to choose from whom they receive mail. The service is open to individuals as well as business users at a cost of 16 ZAR (1.06 USD) per document.

SWITZERLAND

Swiss voters have struck down an initiative proposing that public services act as non-profit organizations. The "Pro Service public" initiative would have prevented public service providers, such as **SWISS POST**, from collecting profits or cross-subsidizing other services. The referendum saw 68 per cent of voters oppose the initiative. The Post welcomed the rejection, committing to focus on its universal service obligation.

Those using the Swiss Post's PostBus service in Sion can now ride on self-driving shuttles. The Swiss Federal Roads Office and the Valais cantonal road and traffic department approved the pilot, which started in June and will run until October 2017. The pilot includes two autonomous vehicles, each accompanied by a safety driver who will monitor operations and assist passengers.

UNITED ARAB EMIRATES

EMIRATES POST has launched an upgraded EMS service for those sending documents to Europe and the United States. The new option offers delivery within two to three business days for mail items weighing less than 500g. The Post said the faster service is the result of a strengthened partnership between the Post and two airlines: Emirates and Etihad.

UNITED KINGDOM

ROYAL MAIL will not be forced to cap its prices said the UK's communications regulatory body, Ofcom, after a comprehensive review of the mail provider. With the shutdown of Royal Mail's only letter post competitor, Whistl, last year, Ofcom launched a complete review of how the designated operator is regulated. This review found that the universal postal service is financially sustainable and that the current safeguards protecting postal customers are working.

The Post has also launched its first consumer app. The free Swapshots app allows users to edit, print and mail photos from their mobile device. One unique feature of the app is that it allows the sender to mail a photo whether or not they know the recipient's address – the app will send the recipient an

e-alert to fill in his or her own address. Each photo costs 0.85 GBP (1.23 USD) and will be delivered within three days.

JERSEY POST is taking steps to modernize its postal operations, investing in custom automated parcel sorting equipment for its headquarters. The designated operator said the new technology will help it keep pace with the growing parcels market. The new machines are supplied by Bowe Systec and will be able to sort large letters, packets and parcels weighing up to 20 kg at a rate of 5,500 items per hour.

UNITED STATES

THE UNITED STATES POSTAL SERVICE (USPS) reported 4.7 per cent growth in Q2 operating revenue over the same period last year, garnering 17.7 billion USD in revenue. USPS credited an increase in parcel volumes as well as pricing strategies for the growth. Despite this increase in revenue, the Post recorded net losses due to increased expenses.

The United States House of Representatives Oversight and Government Reform Committee has said USPS is in "dire financial shape". The Committee recently released a discussion draft of postal reform legislation that aims to enhance revenues and efficiency, as well as improving government accountability and oversight.

All items by Kayla Redstone

Quality information from innovation



GMS

Global Monitoring System

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For more information, watch the animation film
<http://www.tinyurl.com/gmsfilm>
or contact gms@upu.int.



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