

PostEurop Declaration

The future of e-commerce rests on small packets

Declaration relating to the development of the UPU Integrated product portfolio and
the integrated remuneration plan

Brussels, 18 October 2017

Preamble and background

The prevalence of electronic communication and the global growth of e-commerce leads to a fundamental shift in the basis of the international postal network. While traditional correspondence (typical letter mail) is in constant decline and thus endangering the sustainability of postal networks, shipping goods is the new and rapidly growing basis for designated operators (DOs).

The UPU has embarked on a project to modernize the UPU's product portfolio, which in essence provides for the necessary interoperability of the domestic postal networks of the UPU's designated operators. The "Integrated Product Plan" (IPP) aims at streamlining the products and services in order to simplify the product portfolio while also improving the underlying inter-operator remuneration, i.e. Terminal Dues and Inward Land Rates, in the context of the so-called "Integrated remuneration plan". In addition, the consideration of current and upcoming requirements relating to safety, security and customs is embedded in the IPP.

E-commerce, and especially cross-border e-commerce is to a very significant portion driven by trading inexpensive, light-weight merchandise. Volume increase rates in small packets weighing up to 2 kgs are double digit – and the trend continues.

Against this background, and being aware of the fact that the extraordinary Congress in 2018 will have to make decisions on the future of the IPP, the signatories of this declaration,

Considering

that the international postal system as a network of interconnected domestic networks relies on both the financial and operational sustainability of the destination DO and on the competitiveness of the origin DO,

being aware

that major increases in Terminal Dues and/or Inward Land Rates above competitive levels in destination countries, could force price sensitive customers to consider alternative delivery options outside the postal sector,

also being aware

that a loss of volume at origin usually leads to a loss of volume and profit contribution at destination, provided remuneration rates cover relevant costs, with the risk of starting a vicious circle (loss of volume inducing cost increases triggering price increases and/or service deterioration leading to further loss of volume etc.), which will in particular hit countries and their designated operators, which are heavily depending on revenues from international mail,

cognizant

of the significant changes the IPP will bring about for the universal postal network as a whole, declare the following:

- It is vital that the UPU, in the context of the IPP, promotes the modernization of the postal network in order to cater for the increasing importance of the cross border exchange of goods.
- It is important to ensure the integrity and inclusiveness of the entire UPU network by providing opportunities for all UPU members to benefit from the growth of cross-border e-commerce.
- It is, in this context, essential that the UPU and its member countries safeguard the competitiveness and sustainability of lightweight small packets, on the inbound and outbound side, by agreeing on a specific pricing scheme for such packets, that is distinct from parcel rates.

and urge all UPU member countries and their designated operators

- to carefully and thoroughly analyse the experiences and possible consequences (for, but not limited to, customers, operations, accounting, etc.), stemming from the implementation of step 1 of the IPP before taking a decision on the implementation of step 2.

For further information please contact:

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*PostEurop is the association which represents the interest of 52 European public postal operators. Committed to supporting and developing a sustainable and competitive European postal market accessible to all customers and ensuring a modern and affordable universal service, PostEurop promotes cooperation and innovation bringing added value to the European postal industry. Its members represent 2.0 million employees across Europe and serve to 800 million customers daily through over 175,000 counters. PostEurop is also an officially recognised **Restricted Union** of the Universal Postal Union (UPU).*