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United States Department of State

Washington, D.C. 20520

October 15, 2021
Ref: F-2018-05269

This is in response to your July 12, 2018, request submitted pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, in which you requested the meeting minutes, the agendas and the meeting handouts for each meeting of the Department of State Advisory Committee on International Postal and Delivery Services between September 1, 2015, and the present. The Department of State, Office of Information Programs and Services received your FOIA request on July 12, 2018, and assigned it tracking number F-2018-05269. Please include the tracking number in all future communications concerning this FOIA request.

Please be advised that a search was conducted in the Bureau of International Organization Affairs, which located the enclosed pages as responsive to your request. After careful review, we determined that these records are appropriate for release in part. The denied information is exempt from release pursuant to:

- 5 U.S.C. § 552 (b)(6), which concerns material the release of which would constitute a clearly unwarranted invasion of an individual's personal privacy.

Also, please be advised that additional information on the requested topic is publicly available at the following web address: <https://www.state.gov/meetings-of-the-advisory-committee-on-international-postal-and-delivery-services>.

This action closes your request in this office. For further assistance or to discuss any aspect of your request, you may contact our FOIA Requester Service Center or our FOIA Public Liaison via email to FOIAstatus@state.gov or telephone at (202) 261-8484.

If you are not satisfied with this determination in response to your FOIA request, you may administratively appeal by writing to: Appeals Officer, Office of Information Programs and Services (IPS), U.S. Department of State, A/GIS/IPS/PP/LA, HST Room B266, 2201 C Street, NW, Washington, D.C. 20520, by faxing to 202-485-1718, or by email to FOIArequest@state.gov. Appeals must be postmarked within 90 calendar days and include a copy of this letter, clearly stating why you disagree with the determination set forth in this response.

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Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, email address: ogis@nara.gov; telephone: (202) 741-5770; toll free number: 1-877-684-6448; fax: (202) 741-5769.

Sincerely,

/s/ Nicholas J. Cormier
Nicholas J. Cormier, Branch Chief
Office of Information Programs and Services

Enclosure(s):
As stated

From: (b)(6)
Sent: Mon, 8 Jul 2019 01:19:23 +0000
To: (b)(6)
Cc: (b)(6)
Subject: International Postal and Delivery Services Advisory (IPoDS) Committee minutes and meeting documents responsive to FOIA requests: 1 of 4
Attachments: iPoDs 9-9-15 session minutes.docx.pdf, Agenda for 9 Sept 2015.pdf, joint meeting outcome document proposed principles.pdf, 9-9-15 Endorsed Principles consensus version.pdf, Campbell Sparks Kellison supplement to principles.pdf, 9-9-15 Endorsed Principles majority version.pdf, Campbell Sparks Kellison Proposals for 9-9-15.pdf, Comments on the Campbell Sparks Kellison Proposals.pdf



Minutes for the meeting of the committee: 1:00pm-5:00pm on September 9, 2015, American Institute of Architects Board Room, 1735 New York Avenue, NW, Washington, DC, 20037)

Committee Members in Attendance

- Lea Emerson- U.S. Postal Service (USPS)
- Michael Mullen- Express Association of America
- Bruce Harsh- U.S. Department of Commerce
- Ann Fisher- U.S. Postal Regulatory Commission
- Rodolfo Wolniewitz- DHL
- Sue Presti- Public Policy Resources
- Nancy Sparks- FedEx
- James Campbell
- Keith Kellison-UPS
- Charles Prescott (by teleconference)-Global Envelope Alliance
- Gene Del Polito-Association for Postal Commerce
- Steve Simchak-American Insurance Association
- Don Soifer-Lexington Institute

Designated Federal Officer: Joseph P. Murphy- U.S. Department of State

Other USG Officials Participating:

- Robert Woods- U.S. Customs and Border Protection (CBP)
- Derrick Dennis- U.S. Postal Regulatory Commission

Opening and Adoption of the Agenda (Agenda Items 1 and 2):

Joseph Murphy opened the meeting at 1:00pm and chaired it. The entire session was open to the public. Mr. Murphy noted that this would be the final meeting of the Committee before it is reconstituted after its current charter expires. The Committee adopted the proposed agenda, which had been revised shortly before the meeting to account for a late-arriving contribution received from James Campbell and to include discussion of UPU institutional issues, as requested by Nancy Sparks at our previous meeting.

UPU Institutional Issues/Reform (Agenda Item 3):

Mr. Murphy provided an overview of work underway in the *ad hoc* Group on the Reform of the Union (AHG) in which the United States had been taking part. Tracing the impetus for the AHG's work to the two reform imperatives highlighted at the UPU World Strategy Conference in Geneva—reform of the portfolio of physical services and faster decision making—Mr. Murphy outlined the development of a proposal from the group to streamline the Postal

Operations Council (POC) and Council of Administration (CA), reducing the number of committees and working/project groups and to call for a high level group to propose further reforms. He commented on the early clear desire of the AHG participants to better differentiate governmental and operational functions and noted the participation of the Global Express Alliance in the AHG. Mr. Murphy explained that, although the Department had not made any formal decision on the Committee's three previous recommendation with regard to governance, the creation of a high level group, which was one of the measures offered as advice by the Committee, was an integral part of the AHG's proposal. In addition, the United States' participant in the AHG was able to incorporate key elements of the other two measures the Committee had endorsed, on reservations and on the scope of POC rulemaking, into the AHG's working document. In this way the Department was able to take up the substance of the Committee's recommendations within the context of an on-going CA process.

Mr. Murphy related, however, that the AHG is now confronted with a competing reform proposal introduced by the UPU International Bureau with the strong backing of the Director General. This proposal would consolidate the POC and CA into a single council while abolishing most committees and working groups. This proposal's rationale is efficiency but it seems to neglect the need to separate governmental and operational functions, which a senior IB official told the AHG is "impossible." The CA will now have to reconcile the IB proposal with the work of the AHG.

Mr. Murphy told the Committee that the USG's highest priority at the CA remains achieving the legislatively mandated goal of increasing access to audit reports. He reminded the Committee of the US success at last year's CA in securing approval of our controversial measure to give member states access to internal audit reports and reported that the regulations implementing that decision came into effect in May. He informed the Committee that the US was proposing a second measure to give the public on-line access to the report of the UPU's external auditor and to activity reports of the internal auditor. He then opened the floor for discussion.

Ms. Sparks asked for clarification of the U.S. position on the proposal for one council. Mr. Murphy explained that, at this stage, countries were not pronouncing themselves for or against but were exchanging views. The United States had expressed the view that moving to a single council seemed to be an abandonment of the long-standing goal of better separation of operational and governmental functions. He added that the U.S. does not support this idea.

Mr. Del Polito expressed concern over the future of the UPU Consultative Committee (CC). Charles Prescott (participating by telephone) commented on the lack of engagement by the private sector and the CC's declining membership. He expressed support for the effort to re-constitute the CC on the "3Cs" concept, which entails an aggressive program of outreach. Ms. Sparks noted that CC membership was the way private sector bodies obtained observer status, and emphasized the need to preserve some mechanism for private sector actors to obtain observer status. (Mr. Murphy clarified that there is no current move to abolish the CC.)

Mr. Campbell asked for elaboration on the status of implementation of the Committee's advice on governance. Mr. Murphy explained that no formal decision had been made on the advice since it was offered just prior to the previous CA, where the U.S. was pursuing its proposal on

access to audits. The POC in April was not a suitable venue, and the current debate in the AHG has overtaken the proposals, since it is now an open question whether the POC will even continue to exist. Nevertheless, Mr. Murphy reiterated that the key elements of all three measures recommended by the Committee were incorporated into the working draft developed by the AHG. Mr. Campbell expressed the view that having clear U.S. proposals on the table, and introducing them informally at non-UPU venues, would be valuable.

Agenda Item 4:

I. Draft Principles Developed by the Joint Terminal Dues Subcommittee/Customs Issues Working Group:

Mr. Murphy reported that he chaired a joint meeting of the Terminal Dues Subcommittee and Customs Issues Working Group at the Lexington Institute in Rosslyn Virginia on August 27. He thanked the Lexington Institute on behalf of the Committee for making their conference room available. As agreed by the Committee at its previous meeting, the purpose of the joint meeting was to formulate a list of principles that could be adopted as advice by the Committee to guide the Department in its preparations for the Istanbul Congress, particularly with regard to issues related to the integration and modernization of the UPU's portfolio of physical services.

Mr. Murphy drew members' attention to the outcome document from the joint meeting, and a second document, received over the weekend from Mr. Campbell, augmenting it. He suggested that the Committee first discuss the joint meeting document before turning to the revision offered by Mr. Campbell.

The outcome document of the joint meeting, which was submitted for Committee consideration, is appended to these minutes. Discussion of the joint meeting outcome document centered on the remuneration for flats after Ms. Emerson objected to their inclusion in draft principle 1.F, since, she argued, given the increasing importance of e-commerce, they merit a lower priority relative to small packets. Express delivery industry representatives argued that flats often contained goods and were, therefore, relevant. Some Committee members expressed concern that lumping flats with letters for remuneration might not allow terminal dues to reflect true costs for flats and Mr. Del Polito argued that grouping letters and flats for remuneration would only be sensible as an interim measure. Ms. Sparks worried that treating them together for remuneration could have implications for customs treatment of flats containing goods. This discussion led to consideration of whether or not to retain "shape" as a priority criterion in draft principle 2.C relating to customs and security concerns, with Robert Woods of CBP commenting that he did not regard shape as a particularly important characteristic from a customs operational perspective. The Committee, nevertheless, concluded that shape was relevant, along with weight, as an external indicator of content, which is the chief concern for customs. Consequently, shape was retained, although Ms. Emerson cautioned about the potential impact that application of this principle could have on mailers of flats not containing goods. The Committee also agreed that, for remuneration, the priority would be assigned to small packets, although the relevance of the recommended remuneration principles for flats should be acknowledged. Accordingly, **the Committee endorsed the list of principles, with the indicated amendments to 1.F, by consensus.**

The Committee then took up the supplements to this list submitted by Mr. Campbell on behalf of himself, Ms. Sparks and Mr. Kellison. (See "Campbell, Sparks, Kellison submission on principles" in the list of meeting documents.)

(Note: It was observed, late in the discussion, that the Campbell, Sparks, Kellison submission had omitted 1.F from the above principles. After some discussion, Committee members agreed to include it, as amended previously, in the augmented principles document for consistency. End Note.) In reviewing the proposed new principle 1.G(i), Ms. Emerson stated the USPS' position that removal of caps and floors as of 2018 would be very detrimental to the U.S. mailing industry. She also expressed opposition to the clause "applied in parity with the private sector" and noted that this was not a principle but a very specific proposal that would require careful analysis of its impact. Mr. Campbell argued that if the Postal Service is charging rates below the cost of delivery, then that is a subsidy, which, as a matter of principle, should be eliminated. Mr. Del Polito said that the problem with Mr. Campbell's suggestion is that we do not have accurate information on the true costs of handling mail. In that context, caps buffer the impact of unanticipated anomalies in the rates, stating that "in the absence of accurate costing mechanisms, elimination of caps and floors could cause the mailing industry "to die of a theory." Derrick Dennis from the PRC staff responded that the current costing methodology has been vetted for years and is sufficient. He repeated the PRC's earlier undertaking to examine the revenue impact of removing caps and floors and offered to attempt to examine the impact on mailers. Ms. Sparks noted that this proposal is not aiming to remove caps and floors for all letter mail but only for a segment of it. Kate Muth, from the International Mailers Advisory Group, which had been cited in Ms. Emerson's intervention, said it would be difficult to support a proposal, even one limited in scope, without knowing who would be impacted. Mr. Campbell reiterated that the U.S. economic interest is in promoting competitiveness in the delivery sector not in conferring benefits on one service provider (USPS). Mr. Simchak supported Mr. Campbell, saying that the USG's policy should be competitive neutrality. Ms. Presti suggested replacing 2018 as the target for removing caps and floors with "as early as practicable," in order to allow for the financial analysis for which the Postal Service and others had argued. Mr. Del Polito endorsed this suggestion, noting that we should not push the international system to move quickly toward a goal we have not achieved at home.

In subsequent discussion of this issue, Mr. Campbell noted that the rates postal services charged each other are not the same as the rates they charge mailers, so increases in terminal dues would not necessarily result in increases in postal rates. Ms. Emerson rejected the suggestion that margins on outbound mail were high enough that the Postal Service could simply absorb increases in terminal dues.

Staying with 1G(i), Ms. Presti noted the meaning of the term "private sector" was unclear. After some discussion, members agreed that the meaning would be clearer if the clause referred, instead, to non-designated operators." Ms. Emerson maintained the Postal Service's objection, arguing that non-designated operators should have to shoulder the obligations of the UPU, namely reciprocal universal service, in order to enjoy those rights, otherwise the whole system of international mail would be turned on its head by this proposal. Mr. Kellison argued that the universal service obligation should not apply to commercial items, and if the pricing principles

being advocated were to be applied, in particular self-declared prices, postal services would benefit from the increased volume, as they do from existing work-share arrangements.

Mr. Murphy proposed deleting "and other postal items containing postal goods" to make the amendment consistent with the corresponding principle endorsed earlier by the Committee and consolidating all of the proposed changes into a single amendment. Ms. Emerson said that the Postal Service objected to the entire Campbell, Sparks, Kellison submission, which was not the fruit of the joint meeting and was not submitted in a timely way. She noted that it contained far-reaching proposals that would require careful analysis including a due diligence assessment of their financial impact. Lacking consensus, Mr. Murphy called for a vote on the reformulated principle 1.G(i), which now read as follows:

"Rely on self-declared rates subject to national regulation

- (i) for small packets and parcels, applied in parity with non-designated operators, without caps, floors, or other UPU limits, beginning as early as practicable."

The Committee adopted this amendment 10-1 (USPS) with one abstention (Mr. Prescott). (Mr. Wolniewitz departed the meeting before the vote.)

Discussion then turned to part ii of the proposed amendment to Principle 1.G, dealing with letters and flats. Ms. Emerson reiterated USPS objection to consideration of the Campbell, Sparks, Kellison submission and stated specific opposition to this provision because of the unknown financial impact of an 8% increase in caps and because limiting the increase only to industrialized countries (i.e. Group 1.1 countries) would not address the issue of shipments of goods from China and other emerging economies. She also observed that this measure is not a principle but a specific proposal. Ms. Emerson agreed that the measure would be improved if it were not limited to only "industrialized countries," but maintained USPS' objection even with that change. The proponents, without objection from other members, agreed to remove the limitation.

Mr. Del Polito expressed concerns over the specific 8% proposal, arguing that if the goal is to achieve parity with domestic rates, the proposal should say that. Ms. Presti agreed and proposed striking the call for an 8% annual increase beginning in 2018 in favor of a more general principle that caps should increase annually up to the point where terminal dues rates are equivalent to domestic postage rates. Mr. Murphy sought and received clarification that the intention was for those rates to be equivalent to the applicable cost-tariff ratio (currently 70%). Ms. Emerson, Mr. Del Polito, and Mr. Prescott supported Ms. Presti's amendment but other members were opposed. **The Committee then endorsed 1.G(ii) as drafted but for striking the limitation to industrialized countries**, seven in favor and one opposed (Emerson) with four abstentions (Presti, Del Polito, Simchak, and Prescott).

Taking up the amendments proposed to principle 2. C, CBP's Mr. Woods expressed some hesitation about the practicality of the 2018 date proposed for full application of non-discrimination and WCO and ICAO standards in the proposed amendment to 2.C and said he was not in a position to guarantee that the U.S. could meet that goal domestically. Discussion then turned to use of the term "commercial goods," with Mr. Woods clarifying that CBP

concerns transcend commercial goods. Ms. Emerson reiterated her objection to consideration of amendments that were submitted late and that re-visit issues examined in detail by the Customs working group. Ms. Presti, proposed striking the word "full" from the amendment to preserve flexibility. Mr. Mullen opposed Ms. Presti's suggestion and emphasized the importance of the 2018 deadline because of its relevance to national security. (Ms. Emerson commented that current practices are fully compliant with WCO and ICAO standards.) The Majority of the committee members favored retaining the word full and the **Committee adopted Principle 2.C by a vote of ten to one (Ms. Emerson) with one abstention (Ms. Presti)**. The Committee acceded to Mr. Murphy's request to strike the proposed 3rd principle on reservations to the Universal Postal Convention and to instead note in the record of the meeting that the Committee has already provided advice to the Department of State, at its September 2014 meeting, urging amendments to the Convention to liberalize its reservation provisions.

In concluding discussion of principles, Mr. Murphy noted that the Committee has adopted two different documents. One, a foundation list of principles that was adopted by consensus, and another supplementing the consensus document with a series of amendments adopted by majority voting. He told the Committee that both would be incorporated into the meeting record and that the Department would use them as reference in engaging in the preparatory process for Istanbul.

II. Proposals on Customs and Terminal Dues Offered by Mr. Campbell, Ms. Sparks and Mr. Kellison

Mr. Murphy noted that on Sunday, September 6, in addition to the augmented principles just considered, Mr. Campbell had also submitted four proposals for Committee decision. One, proposal reformulated advice already given by the Committee, and accepted and acted upon by the Department, to propose an amendment to the Universal Postal Convention on non-discrimination in the customs treatment of mail. A second proposal was a minor amendment to the Customs immunity/liability proposal previously offered by Ms. Sparks. The remaining two proposals were on reformulations of previous proposals submitted by Mr. Campbell on remuneration. These proposals had been discussed inconclusively in their previous form in the Terminal Dues Subcommittee and in the Committee itself. Given the lateness of their submission, the little time remaining to the Committee, and the likely inability of the Department to make any practical use of the customs non-discrimination or remuneration proposals, they were not considered for decision but the chair agreed to include them in the record of the meeting along with written comments received by members of the Committee and his own rationale for not moving them for decision.

Mr. Murphy noted, however, that the proposal on **"non-immunity for designated operators in regard to liability for customs declarations"** had received due consideration, having been discussed in detail in the Customs Working Group and in the Committee's meeting of August 6, and so was ripe for decision. Mr. Murphy reminded the Committee that it had deferred decision on the matter to give USPS and CBP an opportunity to provide detailed written comments. He reported that both had declined to do so. Ms. Emerson reiterated USPS' opposition to the proposal on the grounds that it does not believe it to be necessary or beneficial and that it could cause inter-operator and intergovernmental problems. **Without further discussion, the**

Committee adopted the proposal by a vote of ten to one (Emerson), with Mr. Simchak and Mr. Wolniewitz having departed.

Any Other Business (Agenda Item 5)

Mr. Prescott apprised the Committee of efforts underway to generate more of a constituency for building address databases and capacity for addressing in developing countries and to encourage the UPU to elicit the cooperation of other UN bodies to work toward this goal. Mr. Murphy added that the committee would take up this issue when it is re-constituted.

Mr. Murphy also informed the Committee that the process of charter renewal was underway and that he anticipated this would be completed with no lapse. Once the new charter is in place, he would begin the process of soliciting applications for new members.

He thanked Committee members for their service and cooperation over the past two years and adjourned the meeting at 5:10 pm.



F-2018-05269 A-00000275887 "UNCLASSIFIED" 10/19/2021
**Advisory Committee on
International Postal and Delivery Services**

*1:00 p.m. – 5:00 p.m. on Wednesday, 9 September 2015, American Institute of Architects,
1735 New York Avenue, NW, Washington, D.C.*

Draft Agenda

1. Opening of meeting
2. Adoption of the agenda
3. UPU institutional issues/reform
4. Report of the Joint Terminal Dues Subcommittee/Customs Issues Working Group meeting
 - List of principles
 - Proposals on customs and terminal dues offered by Mr. Campbell, Ms. Sparks and Mr. Kellison
5. Any other business

Proposed for Endorsement by the Committee:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:
 - A. Cost based
 - B. Country Specific
 - C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from this accommodation
 - F. Prioritize application of principles 1A-1E to non-letters (i.e. flats, packets, parcels)
 - G. Rely on self-declared rates subject to national regulation
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments, and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. And should prioritize application of Principles 2A and 2b to mail items other than documents (according to content, weight, and shape(?) criteria)

Principles endorsed by consensus:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:
 - A. Cost based
 - B. Country Specific
 - C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from this accommodation
 - F. Prioritize application of principles 1A-1E to non-letters (in particular, small packets and parcels), acknowledging their applicability to flats containing goods
 - G. Rely on self-declared rates subject to national regulation
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments, and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. And should prioritize application of Principles 2A and 2b to mail items other than documents (according to content, weight, and shape criteria)

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:
 - A. Cost based
 - B. Country Specific (based on national law)
 - C. Non-Discriminatory (for retail and commercial services)

And should:

 - D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from tis accommodation
 - F. Rely on self-declared rates subject to national regulation and:
 - i. For small packets, parcels, and other postal items containing commercial goods: applied in parity with the private sector, without caps, floors, or other UPU limits, beginning in 2018.
 - ii. For letters and flats: with reasonable caps and floors to the extent necessary to avoid disruption of international letter communications, provided caps for flows between industrialized countries shall increase annually by at least than 8 percent beginning in 2018.
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments; and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. Ensure full application of Principles 2A and 2b in 2018 to small packets, parcels, and other postal items containing commercial goods (defined according to content, weight, and shape (?) criteria).
3. The Convention should include appropriate reservations by the U.S. to ensure compliance with U.S. law.

Final, as amended

Augmented Principles endorsed by majority vote:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:

- A. Cost based
- B. Country Specific
- C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
- E. Limit the abuse of any preferential rates resulting from this accommodation
- F. Prioritize application of principles 1A-1E to non-letters (in particular, small packets and parcels), acknowledging their applicability to flats containing goods
- G. Rely on self-declared rates subject to national regulation, and:
 - i. For small packets and parcels applied in parity with non-designated operators, without caps, floors, or other UPU limits, beginning as early as practicable.
 - ii. For letters and flats: with reasonable caps and floors to the extent necessary to avoid disruption of international letter communications, provided caps shall increase annually up to the point where they are equal to domestic postage rates.

2. The future classification of mail items should support customs and security measures that are:

- A. Non-Discriminatory for similar shipments; and
- B. Consistent with WCO and ICAO standards and procedures; and that
- C. Provide for application of Principles 2A and 2b in 2018 to small packets, parcels, and other postal items containing commercial goods (defined according to content, weight, and shape criteria).

6 Sep 2015

United States Department of State
Advisory Committee on International Postal and Delivery Service
Meeting of September 9, 2015

**Specific Proposals for the U.S. to Propose for
Approval of the UPU Congress
by J. Campbell, K. Kellison, and N. Sparks**

In an accompanying document, we have proposed a draft set of "Principles for Integration and Modernization of UPU Products" for consideration and recommendation by the IPODS Committee. We continue to believe, however, that the Committee should also endorse specific proposals that clearly reflect these general principles and that could be proposed for consideration of the Istanbul Congress. Specific proposals are critical to the process of developing agreement with other countries in advance of the Congress.

In September 2014, we proposed several specific proposals that we urged the U.S. to propose for agreement at the UPU Congress in Istanbul in September 2016. The proposals relating to reform of the institutional provisions of the UPU were immediately adopted by the IPODS Committee as recommendations. Over the last year, the proposals relating to customs/security matters and remuneration have been revised in simplified substantially in light of discussions in the full Committee and subcommittees and working parties. This document presents a final version of these proposals for consideration and possible recommendation by the IPODS Committee.

Proposal 1: Non-discriminatory application of customs and other import/export laws to designated operators

Convention – Proposal

UNITED STATES OF AMERICA

Add a new article as follows:

Article 20bis

Customs and other import and export controls.

- 1 Member countries shall ensure that customs and other laws and procedures related to import and export, including those related to customs clearance, apply to shipments conveyed by designated operators in the same manner as they apply to similar shipments conveyed by non-designated operators and do not create an undue or unreasonable preference or competitive advantage for any designated operator or class of designated operators.
- 2 A determination with respect to similarity of shipments under paragraph 1 shall be based upon objective criteria relevant to enforcement of customs laws and other laws relating to import or export and may introduce appropriate flexibility for designated operators of developing countries, progressively extending the principles of paragraph 1 in line with their development situation.

Proposal 2: Non-immunity for designated operators in regard to liability for customs declarations

Convention – Proposal

UNITED STATES OF AMERICA

Amend Convention, Article 24, by revising paragraph (3) to read as follows

(underscoring indicates new language):

- 3 Except as provided in paragraph 3.1, member countries and designated operators shall accept no liability for customs declarations in whatever form these are made or for decisions taken by the Customs on examination of items submitted to customs control.
- 3.1 Paragraph 3 shall not create an immunity for designated operators under national laws relating to customs control.

Proposal 3: National treatment with respect to regulation of terminal dues and other remuneration for delivery of postal shipments exchanged between industrialized countries

Convention – Proposal

UNITED STATES OF AMERICA

Add a new article as follows:

Article 29bis

Remuneration for delivery of postal items between member countries in the country-specific system.

- 1 For documents, small packets, parcels, and other packages conveyed between two countries in the country-specific system, the designated operator(s) in the destination country shall make available to other designated operators, non-designated operators, mail consolidators, and other customers rates, terms, and conditions for delivery that are consistent with the legal standards and criteria that govern similar domestic delivery services.
- 2 Rates, terms, and conditions provided in accordance with paragraph 1 shall be available to national customers to the same extent and on the same terms as provided to foreign customers.
- 3 Member countries shall ensure that senders of postal items subject to the country-specific system shall have, in connection with delivery services by the designated operator(s), the same rights and privileges before national regulatory authorities, competition authorities, and/or national courts that are available to national customers in connection with provision of similar domestic services.
- 4 The provisions of this article shall apply to countries and territories in the target system prior to 2010 and to any other country that declares to the International Bureau that it will join the country-specific system.

Proposal 4: Limits on abuse of preferential remuneration rates

Convention – Proposal

UNITED STATES OF AMERICA

Revise Article 28 to read as follows:

Article 28

Limits on abuse of preferential remuneration rates and charges

- 1 A member country may set appropriate limits on the availability of rates and charges provided under articles 29(7) to 29(1), 30, 31, 35, and 36 for postal items received from the designated operator(s) of a member country otherwise entitled to the application of such articles if and to the extent that the destination country determines that —
 - 1.1 the application of such rates and charges to postal items containing merchandise results in either (A) substantial uncompensated costs for the designated operator of destination country or (B) a substantial adverse effect on the ability of merchants in the destination country to compete with merchants in the origin country; or
 - 1.2 the quantity of postal items not containing merchandise (measured by number, weight, and/or shape) received in a six-month period substantially exceeds levels achieved prior to 2014 and is not justified by corresponding growth in the domestic letter post of the origin country or other objective factors.
- 2 A member country may not decline to apply the rates and charges listed in paragraph 1 because either (A) the residence of the sender who posts or causes to be posted the letter post items or (B) the office or facility where the letter post items are posted is located outside the national territory of the designated operator of origin.
3. For the delivery of postal items in excess of limits set under paragraph 1, a designated operator may charge the origin designated operator rates and charges consistent with the legal standards and criteria that govern domestic items presenting the same characteristics (category, quantity, handling time, etc.) but not more than 80% of the domestic tariff for similar priority items.
- 4 A member country shall notify the International Bureau at least six months before setting limits on the availability of rates and charges under paragraph 1 and establishing alternative delivery rates pursuant to paragraph 3.

Explanatory Notes

Proposal 1: Non-discriminatory application of customs and other import/export laws to designated operators

The DOS Proposal with respect to the non-discriminatory application of customs and other import/export laws was submitted to the Postal Operations Council in spring 2015. POC C 1 CG 2015.1–Doc 9b. The POC decided not to consider this proposal, so the U.S. will submit it anew to the Council of Administration in the fall 2015 meeting.

The need to resubmit the proposal provides an opportunity to refine its language. In the POC, the DOS Proposal was criticized, with some accuracy, as a general customs rule applicable to all operators and thus more properly addressed to the World Customs Organization. At the same time, in order to introduce necessary flexibility, the DOS Proposal was so loosely worded that it would apparently allow industrialized countries to continue to provide discriminatory customs treatment for postal shipments exchanged between industrialized countries, an outcome contrary to U.S. law and U.S. interests. The revised version attempts to refine the DOS Proposal to address such issues.

Para 1. The wording of the first sentence in the DOS Proposal has been revised so that the requirement of non-discrimination refers only to shipments conveyed by designated operators. This revision aims to meet the criticism that the DOS Proposal was properly addressed to the WCO and not to the UPU. In addition, the phrase “non-discriminatory” has been changed to “in the same manner” so that the U.S. proposal conforms to U.S. law.

Para 2. The wording of the second sentence of the DOS Proposal has been revised to maintain national flexibility in the application of this article while ensuring that member countries do not continue granting designated operators preferential customs treatment in inappropriate circumstances simply because they are designated operators.

In the DOS Proposal, the second sentence would permit customs authorities to provide discriminatory application of customs and other import/export laws based on “customer characteristics”, “capabilities of operators”, “operational differences”. This wording could allow customs authorities to continue preferential customs treatment for postal shipments between industrialized countries, merely because the DOs do not want to invest the money to upgrade their physical and data networks to meet the customs requirements applied to private operators. Discrimination on such cases would be unreasonable, unfair to private operators, and contrary to U.S. law.

On the other hand, customs authorities should have reasonable flexibility to take into account the “capabilities of operators” and “operational differences” of designated operators from developing countries. Paragraph 2 introduces such flexibility by adopting

language borrowed from Article XIX(2) of GATS.

Proposal 2: Non-immunity for designated operators in regard to liability for customs declarations

Paragraph 3 of current Convention article 24 is arguably ambiguous. It may be interpreted (A) to create an immunity for designated operators from national laws relating to customs control or (B) only to limit the liability of designated operators to other designated operators and, possibly, to mailers. The proposed new paragraph rules out the former interpretation without modifying the possibility of the latter interpretation.

The proposed new paragraph makes clear that Article 24(3) does not create an immunity for designated operators under national laws relating to customs control. In this manner, Article 24(3) will be fully consistent with Article 20(1), which provides "The designated operators of the countries of origin and destination shall be *authorized to submit items to customs control, according to the legislation of those countries.*"

Proposal 3: National treatment with respect to regulation of terminal dues and other remuneration for delivery of postal shipments exchanged between industrialized countries

The UPU term "country-specific" terminal dues refers to delivery rates that are consistent with domestic postage. As the Copenhagen Economics report concludes, a country-specific system is the only way to eliminate distortions and anticompetitive effects of the current system. Although each UPU Convention since 1999 has declared that "*provisions of the present Convention . . . are transitional arrangements, moving towards a country-specific payment system,*" the current UPU Convention does not apply country-specific terminal dues to any bilateral flow. In fact, it appears that terminal dues for flows between industrialized countries have become less well aligned (or at least no better aligned) with domestic postage.

The proposed article creates a new "country-specific system" of remuneration for delivery of international postal items by adopting the trade law principle of "national treatment" (treating foreigners and locals equally). The new system would apply *only to mail flows between the 24 major industrialized countries (ICs)*. This limited approach is in line with UPU practice. Since 1999, the UPU Convention has provided a separate terminal dues system for ICs. Of the 24 ICs affected by the new system, 17 are already subject to EU law that requires country-specific terminal dues for universal service mail. The other industrialized countries are the U.S., Canada, Switzerland, Israel, Japan, Australia, and New Zealand.

The “country-specific system” is not a pricing-fixing agreement. It is legal principle stating that each designated operator must “self-declare” rates for delivery of international mail in accordance with the same legal criteria that govern domestic rates. This principle is the basis for both 39 USC § 407(c)(1) and Article 13 of the EU Postal Directive.

Para 1. The country-specific system will not prevent the UPU from agreeing to a common framework for self-declared rates. For example, the UPU could adopt a framework that requires DOs to quote separate rates for documents and parcels according to priority of service, as contemplated in the integration and modernization initiative at UPU. In the case of the US, USPS could continue to conclude NSAs (contract rates) with foreign posts to the extent permitted by U.S. law.

Para 2. To ensure that terminal dues are consistent with domestic postage, they must be available to national customers to the same extent and on the same terms as to foreign customers.

Para 3. In the country-specific system, national regulators must enforce national law with respect to delivery rates for international mail in the same way as for domestic mail.

Para 4. “Countries and territories in the target system prior to 2010” refers the 24 major ICs (and some small industrialized city-states and territories). Any other country can join the system voluntarily.

Proposal 4: Limits on abuse of preferential remuneration rates

Since the UPU Convention provides preferential delivery rates for foreign mailers compared to domestic mailers, it creates a potential for abuse that goes beyond the need to maintain a “single postal territory.” The right to preferential rates is a commercially valuable privilege that can be exploited by, for example, establishing large regional fulfillment centers for e-commerce goods that take advantage of low terminal dues rates for small packets or by remail operations and ETOEs that arbitrage the difference between terminal dues rates accorded different countries.

In response, the UPU has adopted measures to restrict remail and ETOEs. But, as the recent House subcommittee hearing has highlighted, these measures do not protect industrialized countries from unfair competition from developing countries specializing in e-commerce nor their designated operators from large losses. Moreover, these measures are unnecessarily anticompetitive, creating, in essence, a market allocation system that gives each designated operator a competitive advantage in the market for outbound postal services in its national territory.

The proposed revision of Article 28 provides a more effective, more straightforward, and less anticompetitive solution to such abuses.

Para 1.1. Destination countries should not be required to apply preferential remuneration rates to postal items containing items of merchandise (e-commerce goods) if the result is to impose substantial losses on the destination designated operator or create unfair competition for its merchants.

Para 1.2. Destination countries should be able to limit the availability of preferential remuneration rates in cases of substantial volume increases above historical levels that are unexplained by growth in domestic mail volumes or other factors.

Para 2. This paragraph forbids continuation of anticompetitive UPU provisions restricting remail and ETOE competition. This paragraph does not affect the sovereign right of each country to prevent remail and ETOE competition within its borders.

Para 3. of letter post in excess of reasonable limits set under paragraph 1, a member country is authorized to charge rates consistent with the legal standards and criteria that govern domestic items presenting the same characteristics (category, quantity, handling time, etc.) but no more than 80% of the domestic tariff for equivalent items. The latter is the standard adopted in the current UPU article dealing with remail (article 28(4)).

Explanation from the chair on the handling of Proposals offered by Mr. Campbell, Ms. Sparks, and Mr. Kellison:

The proposal offered on non-discriminatory customs treatment would modify previous advice from the Committee to the Department of State on this matter. The Department has already accepted and acted on that advice. Accordingly, at the spring session of the UPU Postal Operations Council, the United States introduced a proposal to amend the UPU Convention to include the provision recommended by the Committee during its February 2015 meeting. Although procedural obstacles frustrated our hope that the proposal could be fully discussed in the Postal Operations Council, that body has, nevertheless, taken note of the proposal and the Department intends to pursue its adoption by the UPU Congress and to work with interagency partners to achieve its objectives in other venues. This recommendation was the subject of long and careful deliberation in this Committee. It is not respectful to that process, or to the Committee itself, to propose that the resulting advice be altered on the basis of a proposal submitted one business day before the Committee's meeting. Finally, although the proponents stated that the revised proposal was intended to increase the acceptability of the measure to other UPU member states, it appears unlikely that it would have that effect.

The two proposals on terminal dues are also not timely. Although the concepts they embody have been before the Committee for the past year, these specific formulations were, like the re-formulated non-discrimination proposal, not submitted until just before the meeting, in the middle of a holiday weekend. They are also not timely in the sense that, if they were adopted as advice by the Committee, they would be virtually unusable by the Department, since it is too late in the Congress cycle to introduce the far-reaching changes these proposals entail into work that the Postal Operations Council and Council of Administration have been engaged in for the past three years. Procedurally, the only avenue open to the United States if it were to pursue the changes outlined in these proposals would be to table them in Istanbul as alternatives to the terminal dues proposals developed by the Postal Operations Council and Council of Administration, the elected bodies that were entrusted by the previous UPU Congress with that task. This course of action would be futile and imprudent.

There is an urgent need for reform of the system of terminal dues, as has been highlighted in the Committee, especially the proponents of these measures. Consequently, the Principles adopted by the Committee at its September 9 meeting are very welcome advice, and the Department will give them full and careful consideration.

The following comments were received from members of the Committee on the proposals:

Mr. Campbell wrote:

Yesterday Mr. Murphy emailed members of the Committee and invited comment on three proposals offered by Keith Kellison, Nancy Sparks, and me, for initiatives that we urge the U.S. to advance as the Istanbul Congress next year. Mr. Murphy directed that comments should be emailed to him and Ms. Robinson by the end of September 23. Since the term of the current IPODS Committee is about to end, all that is left is for each of us is to express support or opposition to these proposals, perhaps with qualifications.

The three proposals for which comments have been requested -- Proposals 1, 3, and 4 (2 was accepted by the Committee) -- are, in essential features, the same as we proposed a year ago. The gist of each proposal is follows:

Proposal 1. Non-discriminatory customs treatment for postal items

Our proposal revises a similar proposal previously approved by the Committee primarily to address two points. First, the revision limits the proposal to the customs treatment of postal items only, not the customs treatment of all documents and packages. This responds to objections voiced in the POC (and reported by Mr. Murphy) that the original U.S. proposal was properly addressed to the World Customs Organization and not the UPU. Second, the revision makes clear that flexibility in achieving equal customs treatment should be available only to post offices of developing countries and not to post offices of industrialized countries. This seems to us only a clarification of the sense of most Committee members.

Proposal 3. Terminal dues and other delivery charges for mail exchanged between industrialized countries

Our proposal is that, beginning in 2018, the post offices in industrialized countries should charge each other for the delivery of inbound mail according the same legal standards as apply to similar domestic mail. There is no apparent reason why USPS should charge French and Japanese (etc.) mailers according to different standards than it applies to American mailers for similar mail. And visa versa. As the Copenhagen Economics study explains, doing otherwise is distortive and anticompetitive.

Proposal 4. Terminal dues and other delivery charges for mail sent by developing countries to industrialized countries

Our proposal is that, beginning in 2018, each industrialized country should have the right to charge developing countries normal domestic rates (i.e., bulk rates where applicable) for delivery of large volumes of postal items containing merchandise if it finds that UPU rates result in (A) substantial uncompensated costs for its post office or (B) a substantial adverse effect on the ability of its merchants country to compete with foreign merchants.

This is a simplified summary. For more details and explanatory notes, please see the attachment to Mr. Murphy's email [*note: the Campbell, Sparks, Kellison Proposals meeting document*].

In his email, Mr. Murphy raises several of reasons why you should not support our proposals. I would like to respond briefly.

1) The proposals are not timely.

I regret that (due to internal mis-communication) we submitted these revised proposals so near to the date of the last IPODS Committee. We goofed. However, the basic concepts have been before the Committee for a year, and by September 23, committee members will have had more than two weeks to study the specifics of our proposals. So timeliness should not be an issue at this point.

2) It would be "futile and imprudent" for the U.S. to offer proposals that differ from proposals "developed by the Postal Operations Council and Council of Administration, the elected bodies that were entrusted by the previous UPU Congress with that task."

I suggest that the Committee should recommend positions that are, in its best judgement, consistent with U.S. law and the best interests of the country as a

whole. I think our proposals meet these standards. In addition, if one looks at the vast changes in the international delivery services market and the capabilities of the major post offices, our proposals are hardly radical. They are reasonable and workable for implementation by the major post offices in 2018, and they permit appropriate flexibility for post offices in developing countries.

How to translate good recommendations into UPU reform is a very different and difficult problem in institutional diplomacy. Mr. Murphy argues that US government must limit itself to reform proposals acceptable to the POC and CA; that it would be futile and imprudent for the U.S. to do otherwise. This is the Department's call, of course. But whether or not one agrees with this proposition as a strategy for UPU reform, Committee members should not should limit their advice to the U.S. government based on they think UPU members might think.

3) The Department welcomes the Principles and "assures the members of the Committee that the Department will give them full and careful consideration."

The Principles are only general guidelines. The Proposals reinforce the Principles with specific reforms that the U.S. could advocate. Taken alone, the Principles might be interpreted as endorsement of a UPU Congress that fails to level the e-commerce playing field even in exchanges of merchandise among the most industrialized countries and with respect to the flood of imports arriving from the big Asian exporters. Our advice should aim higher than that.

Thank you for your consideration of our proposals and your participation in this last, but important, hurrah of the 2014-2015 IPODS Committee.

Ms. Sparks wrote:

I write to reaffirm my support for our provisions.

I take your point that it may be too late to put some of these forward in the Councils. However, I still believe that they serve as an indication of the Committee's advice as the best solutions to the issues facing the Istanbul Congress. As we are an advisory committee only, it is our duty to give you our best advice. It is your agency's responsibility to decide what to do with that advice, when to do it, and how best to take a stand based on US law and

policy, given the interests of all the U.S. stakeholders. Given the possible abrupt shifts in the product line (and concomitant changes in pricing) that may be coming soon at the UPU, I believe that the Committee owes the State Department a statement of its desired outcomes in a best-case scenario, not a ready-made compromise.

Mr. Simchak wrote:

From the outset, I must acknowledge that my expertise of relevance to the Committee is in the area of post-based financial services rather than areas such as terminal dues. However, my view is that the U.S. should actively promote and encourage the neutral treatment of non-government service providers relative to government-owned-and-controlled service providers. That certainly should be the case in the U.S.'s activities at the UPU. Jim's points on non-discriminatory customs treatment for postal items as well as Jim's points on terminal dues and other delivery charges for mail exchanged between industrialized countries seem to encourage the UPU to take concrete steps to promote that neutral treatment.

In addition, Ms. Law, Mr. Callan, and Mr. Conway, who were unable to attend the meeting, expressed their support for the proposals.

From: (b)(6)
Sent: Fri, 7 Aug 2020 18:04:53 +0000
To: (b)(6)
Cc:
Subject: RE: Postal Advisory Committee - URL
Attachments: Dexas Term Dues Letter to State Dept 3_7_19.pdf, Statement for the Record (AIA).pdf, FR Notice for 3-14 meeting.pdf, Agenda for 14 March 2019.pdf, Prepared Remarks of Paul Steidler.pdf, IPoDS Meeting min of March 14 2019 .pdf, iPoDs 9-9-15 session minutes.docx.pdf, Agenda for 9 Sept 2015.pdf, joint meeting outcome document proposed principles.pdf, 9-9-15 Endorsed Principles consensus version.pdf, Campbell Sparks Kellison supplement to principles.pdf, 9-9-15 Endorsed Principles majority version.pdf, Campbell Sparks Kellison Proposals for 9-9-15.pdf, ATPFile_CE6EEE48-3663-4393-AEBB-9A55F7C1723F.token

(b)(6)

Do we now have an outward facing URL for the IPODS FAC? If so, what is it--- where do I see it? Also, will IO/STA have the ability to add content, or do we send things to you for posting? I am attaching content here that should go on, in line with what (b)(6) sent earlier.

Many thanks,

(b)(6)

International Postal Affairs Unit
Bureau of International Organization Affairs (IO/STA)
U.S. Department of State

(b)(6)



10/19/2021

(b)(6)

Office of Specialized and Technical Agencies (IO/STA)
Bureau of International Organization Affairs
U.S. Department of State

(b)(6)

Via email: (b)(6)

**RE: Notice of March 14 Public Meeting, Department of State (Public Notice 10677),
On Discussion of the U.S. Withdrawal from the Universal Postal Union**

(b)(6)

My company, Dexas International, Ltd., located in Coppell, Texas, competes in the U.S. with foreign merchants who enjoy a competitive advantage over my company because of the "terminal dues" rates set by the Universal Postal Union (UPU). Terminal dues enable these foreign competitors to ship goods through foreign posts within the U.S. at U.S. postal rates far below what I can ship via the U.S. Postal Service to the same locations as a domestic business. In short, foreign businesses get a discriminatory, much lower postage rate than my company can, for essentially the same services.

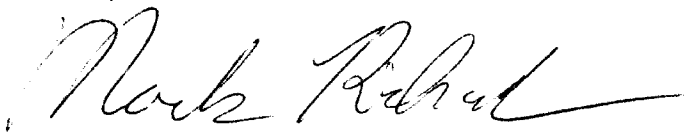
I heard that the President addressed this issue in a White House statement dated October 17, 2018, and that the U.S. would substitute ("self-declare") its own nondiscriminatory postal rates for terminal dues rates or potentially withdraw from the UPU. I am disappointed that 5 months later, my company is still undercut by terminal dues.

I urge our government to self-declare nondiscriminatory postal rates for foreign merchants as soon as possible, even if that requires withdrawal from the UPU.

I ask that you circulate this correspondence at the announced meeting on March 14 as your announcement indicated you would do.

Thank you for your attention to this request.

Sincerely,



Mark A. Richmond, Esq.

(General Counsel, Dexas)

Dexas International, Ltd.

(b)(6)

Statement for the Record

BY: Steve Simchak, American Insurance Association

TO: The Department Of State's Advisory Committee on International Postal and Delivery Services at its March 14, 2019 meeting

- We in the insurance industry strongly support financial inclusion, and the industry collectively has exciting programs to increase financial inclusion.
- However, we are concerned about the activities of the UPU taken with regard to post-based financial services, which it claims are intended to encourage financial inclusion.
- UPU touts its activity to encourage government-owned post offices to sell financial services, in competition with private sector insurers and other financial services.
- Troublingly, when those government entities sell financial services around the world they almost always do so with special arrangements to engage in financial transactions without the same oversight, consumer protections, capital requirements, and other financial regulations that private sector insurers meet.
- Indeed, these banking, investment and insurance transactions are often overseen by a postal regulator.
- Even when the post-based financial services companies are regulated by financial regulators (as opposed to postal regulators), they are still regulated by their owner, a clear conflict of interest that we see with all state-owned enterprises that compete with private industry.
- I understand that the today's topics on the UPU are not directly related to this unfortunate activity taken by the UPU, but I want to formally express for the record my industry's ongoing concern since this is the first meeting of the re-chartering of IPoDS.
- At a minimum, I believe that the UPU should ensure that any post-based financial services companies that it supports are regulated by the same financial regulators and under the same consumer protection requirements, financial regulations, and other standards as other financial companies.
- To do otherwise endangers consumers and creates a very un-level playing field with private industry.

financial situation, investment objectives, or restrictions on the account's management.

Additionally, the sponsor (or its designee) must provide each client with a quarterly statement describing all activity in the client's account during the previous quarter. The sponsor and personnel of the client's account manager who know about the client's account and its management must be reasonably available to consult with the client. Each client also must retain certain indicia of ownership of all securities and funds in the account.

The Commission staff estimates that 19,618,731 clients participate each year in investment advisory programs relying on rule 3a-4.⁴ Of that number, the staff estimates that 3,531,372 are new clients and 16,087,359 are continuing clients.⁵ The staff estimates that each year the investment advisory program sponsors' staff engage in 1.5 hours per new client and 1 hour per continuing client to prepare, conduct and/or review interviews regarding the client's financial situation and investment objectives as required by the rule.⁶ Furthermore, the staff estimates that each year the investment advisory program sponsors' staff spends 1 hour per client to prepare and mail quarterly client account statements, including notices to update information.⁷ Based on the estimates above, the Commission estimates that the total annual burden of the rule's paperwork requirements is 41,003,148 hours.⁸

⁴ These estimates are based on an analysis of the number of individual clients from Form ADV Item 5D(a)(1) and (b)(1) of advisers that report they provide portfolio management to wrap programs as indicated in Form ADV Item 5(2)(b) and (c), and the number of individual clients of advisers that identify as internet advisers in Form ADV Item 2A(11). From analysis comparing reported individual client assets in Form ADV Item 5D(a)(3) and 5D(b)(3) to reported wrap portfolio manager assets in Form ADV Item 5(2)(b) and (c), we discount the estimated number of individual clients of non-internet advisers providing portfolio management to wrap programs by 10%.

⁵ These estimates are based on the number of new clients expected due to average year-over-year growth in individual clients from Form ADV Item 5D(a)(1) and (b)(1) (about 8%) and an assumed rate of yearly client turnover of 10%.

⁶ These estimates are based upon consultation with investment advisers that operate investment advisory programs that rely on rule 3a-4.

⁷ The staff bases this estimate in part on the fact that, by business necessity, computer records already will be available that contain the information in the quarterly reports.

⁸ This estimate is based on the following calculation: (16,087,359 continuing clients × 1 hour) + (3,531,372 new clients × 1.5 hours) + (19,618,731 total clients × [0.25 hours × 4 statements]) = 41,003,148 hours. We note that the breakdown of burden hours between professional and staff time discussed below may not equal the estimate of total burden hours due to rounding.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549 or send an email to: PHR.Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: February 12, 2019.

Eduardo A. Aleman,

Deputy Secretary.

[FR Doc. 2019-02646 Filed 2-15-19; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85110; File No. SR-NYSEArca-2018-67]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Withdrawal of a Proposed Rule Change To Amend NYSE Arca Rule 5.2-E(j)(6) Relating to Equity Index-Linked Securities Listing Standards Set Forth in NYSE Arca Rule 5.2-E(j)(6)(B)(i)

February 12, 2019.

On September 10, 2018, NYSE Arca, Inc. ("NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend listing standards set forth in NYSE Arca Rule 5.2-E(j)(6)(B)(i) relating to criteria applicable to components of an index underlying an issue of Equity Index-Linked Securities. The proposed rule change was published for comment

in the **Federal Register** on October 1, 2018.³

On November 13, 2018, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ On December 19, 2018, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change.⁶

On February 8, 2019, NYSE Arca withdrew the proposed rule change (SR-NYSEArca-2018-67).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Eduardo A. Aleman,

Deputy Secretary.

[FR Doc. 2019-02607 Filed 2-15-19; 8:45 am]

BILLING CODE 8011-01-P

DEPARTMENT OF STATE

[Public Notice: 10677]

Notice of Public Meeting

As required by the Federal Advisory Committee Act, Public Law 92-463, the Department of State gives notice of a meeting of the Advisory Committee on International Postal and Delivery Services. This Committee will meet on Thursday, March 14, 2019, from 1:00 p.m. to 5:00 p.m. Eastern Time in the American Institute of Architects Board Room at 1735 New York Avenue NW, Washington, DC 20006.

Any member of the public interested in providing input to the meeting should contact Ms. Sherece Robinson, whose contact information is listed below (see the "for further information" section of this notice). Each individual providing oral input is requested to limit his or her comments to five minutes. Requests to be added to the speakers list must be received in writing (letter or email) prior to the close of business on Thursday, March 7, 2019; written comments from members of the public for distribution at this meeting must reach Ms. Robinson by letter or email on this same date. A member of the public requesting reasonable accommodation should also make his/

¹ See Securities Exchange Act Release No. 84279 (Sept. 25, 2018), 83 FR 49437.

² 15 U.S.C. 78s(b)(2).

³ See Securities Exchange Act Release No. 84576, 83 FR 58315 (Nov. 19, 2018).

⁴ See Securities Exchange Act Release No. 84863, 83 FR 66787 (Dec. 27, 2018).

⁵ 17 CFR 200.30-3(a)(12).

her request to Ms. Robinson by March 7. Requests received after that date will be considered but might not be able to be fulfilled.

The agenda of the meeting will include discussion of the announced U.S. withdrawal from the Universal Postal Union, and efforts underway that might allow the United States to meet the goals articulated in the October 17, 2018 White House announcement while remaining in the Organization.

For Further Information Contact: Please contact Ms. Shereece Robinson of the Office of Specialized and Technical Agencies (IO/STA), Bureau of International Organization Affairs, U.S. Department of State, at tel. (202) 663-2649, by email at RobinsonSA2@state.gov, or by mail at IO/STA, Suite L-409 SA-1; U.S. Department of State; Washington, DC 20522.

Joseph P. Murphy,
Designated Federal Officer, Advisory Committee on International Postal and Delivery Services, Office of Specialized and Technical Agencies, Bureau of International Organization Affairs, Department of State.

[FR Doc. 2019-02670 Filed 2-15-19; 8:45 am]

BILLING CODE 4710-19-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Membership in the National Parks Overflights Advisory Group

AGENCY: Federal Aviation Administration, Transportation.

ACTION: Notice.

SUMMARY: By Federal Register notice on July 31, 2018 the National Park Service (NPS) and the Federal Aviation Administration (FAA) invited interested persons to apply to fill one current and three future openings on the National Parks Overflights Advisory Group (NPOAG) to represent air tour operator concerns, general aviation, and Native American interests. This notice informs the public of the selection made for the vacancies representing air tour operator concerns and Native American interests and invites persons interested in serving on the NPOAG to apply for current openings representing Native American concerns and general aviation.

DATES: Persons interested in applying for the NPOAG openings representing Native American concerns and general aviation interests need to apply by March 22, 2019.

FOR FURTHER INFORMATION CONTACT: Keith Lusk, Special Programs Staff, Federal Aviation Administration, Western-Pacific Region Headquarters,

727 S Aviation Boulevard, Suite #150, El Segundo, CA 90245, telephone: (424) 405-7017, email: Keith.Lusk@faa.gov.

SUPPLEMENTARY INFORMATION:

Background

The National Parks Air Tour Management Act of 2000 (the Act) was enacted on April 5, 2000, as Public Law 106-181, and subsequently amended in the FAA Modernization and Reform Act of 2012. The Act required the establishment of the advisory group within one year after its enactment. The NPOAG was established in March 2001. The advisory group is comprised of a balanced group of representatives of general aviation, commercial air tour operations, environmental concerns, and Native American tribes. The Administrator of the FAA and the Director of NPS (or their designees) serve as ex officio members of the group. Representatives of the Administrator and Director serve alternating one-year terms as chairman of the advisory group.

In accordance with the Act, the advisory group provides "advice, information, and recommendations to the Administrator and the Director—

(1) On the implementation of this title [the Act] and the amendments made by this title;

(2) On commonly accepted quiet aircraft technology for use in commercial air tour operations over a national park or tribal lands, which will receive preferential treatment in a given air tour management plan;

(3) On other measures that might be taken to accommodate the interests of visitors to national parks; and

(4) At the request of the Administrator and the Director, safety, environmental, and other issues related to commercial air tour operations over a national park or tribal lands."

Membership

The current NPOAG is made up of one member representing general aviation, three members representing the commercial air tour industry, four members representing environmental concerns, and two members representing Native American interests. Members serve 3-year terms. Current members of the NPOAG are as follows:

One open seat to represent general aviation; Eric Lincoln and Matt Zuccaro representing commercial air tour operators with one open seat; Les Blomberg, Rob Smith, John Eastman, and Dick Hingson representing environmental interests; and two open seats to represent Native American interests.

Selection

Alan Stephen of Grand Canyon Airlines has been selected for the current open seat to represent commercial air tour operators. Carl Slater of the Navajo Nation Division of Transportation has been selected for one of the current open seats to represent Native American interests. These NPOAG members 3 year terms commence on the publication date of this Federal Register notice. No selections were made for the additional opening to represent Native American interests as well as general aviation.

The FAA and NPS invite persons interested in applying for the two remaining openings on the NPOAG to contact Mr. Keith Lusk (contact information is written above in **FOR FURTHER INFORMATION CONTACT**). Requests to serve on the NPOAG must be made to Mr. Lusk in writing and postmarked or emailed on or before March 22, 2019. The request should indicate whether or not you are a member of an association or group related to Native American concerns or general aviation or have another affiliation with issues relating to aircraft flights over national parks. The request should also state what expertise you would bring to the NPOAG as related to issues and concerns with aircraft flights over national parks. The term of service for NPOAG members is 3 years. Current members may re-apply for another term.

On August 13, 2014, the Office of Management and Budget issued revised guidance regarding the prohibition against appointing or not reappointing federally registered lobbyists to serve on advisory committees (79 FR 47482).

Therefore, before appointing an applicant to serve on the NPOAG, the FAA and NPS will require the prospective candidate to certify that they are not a federally registered lobbyist.

Issued in El Segundo, CA, on January 28, 2019.

Keith Lusk

Program Manager, Special Programs Staff, Western-Pacific Region.

[FR Doc. 2019-02680 Filed 2-15-19; 8:45 am]

BILLING CODE 4910-13-P



*1:00 p.m. – 5:00 p.m. on Thursday, 14 March 2019, American Institute of Architects,
1735 New York Avenue, NW, Washington, D.C.*

Draft Agenda

1. Opening of Meeting/Administrative Matters

2. Adoption of the Agenda

3. Announcement of U.S. Withdrawal from the Universal Postal Union
 - Background and Decision

 - UPU Response--Negotiations to Reform Terminal Dues

 - Next Steps

4. Other Business

Prepared Remarks of Paul Steidler, Advisory Committee on International Postal and Delivery Services

U.S. Department of State March 14, 2019 Meeting

There has been a lot of discussion today about international postal rates and the processes of the Universal Postal Union. That is indeed important, but we should also keep in mind that postal rates can accelerate or inhibit a lot of economic activity.

Broader Economic Ramifications

In a January 2019 report, the White House's Council of Economic Advisers was clear about this and said, "... distortions in the pricing of international postal services created by the UPU's remuneration system can impose costs on producers and consumers who do not transact with any postal operator.

These distortions in the pricing of international postal services for items likely to contain goods would be expected, like any set of price distortions, to lead to the type of misallocations of the factors of production that lower standards of living in both developed and developing countries."

Said more plainly, the current international postal terminal dues system means lost jobs and noncreated jobs. It means billions of dollars of lost U.S. sales as well as related tax payment losses. Internationally subsidized postal prices may even be the final straw that breaks the backs of many entrepreneurial companies selling on the web, such as those seen on Shark Tank.

Many U.S. Businesses Impacted

This is not just economic theory. I have spoken with several business owners recently who shared the challenges and setbacks they have faced from the current international postal system.

Mike Devries is a farmer in Rock Valley, Iowa who also has a tractor repair shop and an E-Bay business selling farm, automotive and machinery parts. A couple of years ago his E-Bay business saw its sales contract because of the Postal Service's ePacket from China. His business has recovered, but he now makes it a point to not sell anything small.

Mike adds, "If it's available in China, I don't sell it."

The owner of a shaving kit business, however, was not as fortunate. Low-cost postal rates from China made it no longer viable for him to continue the business.

Jose Calero is an Amazon merchant who sells accessory products for computers and iPads, such as stands. His home-based business has been operating for 18 years and has three employees. Over that time, he has seen millions, and he emphasizes millions, of new vendors from China come online who are looking to sell to U.S. consumers.

Jose asked that I share with the committee, "If they can raise (postal) prices it will solve a lot of problems."

Honey-Can-Do International is a truly middle America company, headquartered in Berkeley, Illinois outside of Chicago. This provider of home storage and organization products has had great success since its inception in 2008 and has 160 employees. But the company has been burdened by terminal dues and would be thriving even more if Chinese shippers paid the same rates as U.S. shippers.

The company's CEO, Steve Greenspon, also points out that Honey-Can-Do has had to spend considerable time chasing out knock-offs of its products coming into the U.S. from China. This is made possible in part by these low shipping costs. Honey-Can-Do also sells a lot of products used by children that have to meet the rigorous standards of the Consumer Product Safety Improvement Act. Yet Chinese shippers of similar products do not face such requirements or scrutiny under current international postal practices.

All this is disconcerting and must end.

Concluding Comments

These and many other hard-working Americans are just looking to sell products at a fair price, on a level playing field. They want to work to make a living and they also do not have time to travel across the country to meetings like these.

They are not looking to game the system. Nor are they asking for a special tax break or a subsidy. They just want China and other large exporters of e-commerce to pay the same as U.S. shippers.

It is a reasonable request and the United States should continue to vigorously pursue this policy. Please keep these and other Americans in mind as you continue discussions with the Universal Postal Union. Thank you.



F-2018-05269 A-00000275880 "UNCLASSIFIED" 10/19/2021
**Advisory Committee on
International Postal and Delivery Services**

*2:00pm-5:00pm on March 14, 2019, American Institute of Architects' Board Room, 1735
New York Avenue, NW, Washington, DC 20037*

Committee Members in Attendance:

- Greg Stofko - FedEx
- Keith Kellison-UPS
- Merry Law-WorldVu LLC
- Paul Steidler -Lexington Institute
- Michael Mullen-Express Association of America
- Lea Emerson-U.S. Postal Service (USPS)
- Ann Fisher-U.S. Postal Regulatory Commission
- Peter Graeve - Military Postal Service Agency
- Todd Nissen – Office of the U.S. Trade Representative
- John Callan – Ursa Major
- Allan Elias – eBay
- Shea Felix – Stamps.com
- Shoshana Grove – International Bridge (by telephone)
- Patrick Hedren – National Association of Manufacturers
- Kate Muth – International Mailers Advisory Group (IMAG)
- Brian Palmer – Amazon
- Mike Plunkett – Association of Postal Commerce (PostCom)
- Robert Reisner - Pricewaterhouse Coopers
- Steve Simchak – American Insurance Association (by telephone)
- Tim Walsh –Pitney Bowes (by telephone)

Designated Federal Officer:

- Joseph P. Murphy-Department of State

Other Federal Government Participants:

- Stephen Anderson-Department of State
- Peter Chandler—U.S. Postal Service

Opening and Introduction to Agenda Item 3

Mr. Murphy chaired a meeting of the Department of State's Advisory Committee on International Postal and Delivery Services (IPoDS) in the American Institute of Architects' Board Room in Washington DC on the afternoon of March 14, 2019. The meeting commenced at approximately 2:00 P.M. and was open to the public. Mr. Murphy began the meeting with membership announcements and approval of the agenda. He then provided an overview of

recent international postal developments, in particular, the September 2018 UPU Extraordinary Congress in Addis Ababa, which was followed by the U.S. decision on October 17, 2018, to deliver its notice of withdrawal from the Universal Postal Union (UPU).

Mr. Murphy reported that, in response to the prospect of U.S. withdrawal, the UPU Council of Administration (CA) decided at its October 2018 meeting to accelerate development of proposals for an integrated remuneration plan (IRP). The POC and CA had originally planned to work over the remainder of the regular Congress cycle to have IRP proposals ready for consideration at the World Postal Congress in August of 2020, as instructed by the Addis Ababa Congress. The CA's October decision, however, established a new goal of developing remuneration proposals for small packets for consideration by the April 2019 sessions of the Postal Operations Council (POC) and CA. This new goal required an intensive effort by the POC's Remuneration Integration Group (RIG), which undertook the bulk of this work. The RIG, with the support of the UPU International Bureau (IB) developed five options. Three options represented modifications to the schedule of rates agreed to at the Istanbul Congress in 2016. A fourth option represented a complicated revision of terminal dues that would be calculated with reference to domestic rates. A fifth option was for self-declaration of terminal dues, which was the option supported by the United States. These options were winnowed down to two at meetings of the RIG in January and February.

These two options, termed Options A and B, call for either an acceleration of the rate increases agreed in Istanbul (Option A) or self-declared rates subject to certain business rules (Option B), which is the United States' preferred option. Mr. Murphy explained that the RIG was expected to recommend either one or both options to the CA's April 2019 meeting. He reported that Canada had been very helpful by, for example, leading the process that formulated the business rules for implementation of Option B. He related that the U.S. delegation had accepted responsibility for converting the substance of Option B and its business rules into UPU Convention text. Mr. Murphy said that approximately 30 countries were actively supporting the U.S. position in favor of Option B, while a roughly equal number claim to support Option A. Mr. Murphy told the Committee that the IB has encouraged a so-called "Remuneration Convergence Discussion Group" to work informally outside the POC structure to try to bring the two options closer together, agreeing on principles that would satisfy the mandate adopted in Addis Ababa, as well as the United States' insistence on implementing self-declared rates. Murphy reported that the discussion group would hold its first face-to-face meeting in Bern, March 19-20 to follow-up on telephonic consultations that had taken place over the past few weeks.

Mr. Murphy explained that, in its April meetings, the POC will consider the work of the RIG and can be expected to make a recommendation to the CA, which has the power to put the question to members prior to the 2020 Abidjan Congress. The CA could decide to recommend an Extraordinary Congress, which would require two-thirds of the 192 members to agree to call it through a postal ballot. Such an Extraordinary Congress, should it happen, would take place before the October meetings of the POC and CA. Presumably, he said, an Extraordinary

Congress would discuss Options A and B, which would be subject to amendments from the floor and could be approved by a simple majority. In the alternative, Mr. Murphy explained that the CA could present one or both of the options directly to member states for their consideration, again through a postal ballot. Members would have 45 days to comment on proposed measures, cast as Convention amendments, and another 45 days to vote for or against each measure. To take effect in this way, one half of the membership with the right to vote would have to participate in the ballot and a successful measure would then require the support of two-thirds of members voting. If both measures received two-thirds support, then, under UPU rules, the measure furthest from the *status quo* (Option B) would prevail.

Discussion of Agenda Item 3:

Responding to a question by Kate Muth from IMAG, Mr. Murphy said that Option B includes business rules that ensure that self-determined rates are not a free-for-all. The goal of these rules, he said, is to provide order and predictability. For example, there is a business rule that is analogous to the most favored nation provision of global trade agreements, ensuring that countries make the same rate available to all. Under Option B, adopting self-declared rates is optional for each postal operator, but operators have no option but to honor the rates declared by their partners. Further, there is a ceiling on terminal dues that is established by the level of domestic rates in the receiving country.

Brian Palmer of Amazon asked whether there were not really three options in play, including the *status quo*, should UPU members fail to agree on either Option A or B. Mr. Murphy replied that neither the *status quo* nor Option A were really options for the United States, which could only accept Option B.

The representative of FedEx (Greg Stofko) noted that the Presidential Memorandum of August 2018 mentions the principle of non-discrimination between Designated Operators (DOs) and non-designated operators and asked if self-declared rates would be available to non-designated operators under Option B. Mr. Murphy said that Option B is only applicable to DOs, since those are the entities with the responsibility for discharging obligations under the Acts of the Universal Postal Union (the Acts).

Responding to a request from Mike Mullen of the Express Association of America, Mr. Murphy clarified that the Acts provide for only two possible means to amend the Convention between regular Congresses. One is to convene an Extraordinary Congress, and the other is to use the formal process of intersessional amendment by written ballot, as previously explained.

When asked by the UPS representative, Keith Kellison, how the public can better understand the various proposals and express their opinions, given the short timeframe, Mr. Murphy answered that the proposals under consideration were neither final nor public documents. Accordingly, the U.S. Government is not at liberty to publicize them, remarking that the current meeting is the venue where the Department is seeking comment and input on the options as they had been described. He took the opportunity, to expand on the business rules for Option B and to add what he described as an important point: the business rules would exempt from self-declared

rates countries with very small annual flows of international mail, preliminarily defined as under 50 metric tons.

In response to a telephone query (Tim Walsh, Pitney Bowes), Lea Emerson (USPS) said that the Postal Service has not finalized its proposed increases in outbound rates. Mr. Walsh expressed his concern about the potential impact of rate increases on outbound international mailers.

Ms. Muth advocated for a ceiling to any such rate increases to minimize price shocks, since high rates could adversely affect exporters. She said that, given the current uncertainty, IMAG member companies are unable to make contingency plans and have huge concerns. Merry Law (WorldVu) said that many mailers are not yet aware of the threat of UPU withdrawal and the possibility of rate increases, commenting that there is very little time for planning. Ms. Law said that the 15 companies she works with expect significant increases and plan to move their shipping business to e-platforms outside the United States. Once mail leaves the system, she warned, it is not coming back. Mr. Murphy acknowledged that the uncertainty of this process affects mailers around the world.

UPS' Kellison commented that the August 2018 Presidential Memorandum says self-declared rates should be based on domestic rates, therefore the establishment of rates should be a non-issue. Murphy responded that the basis of the Presidential Memorandum is equivalent rates for equivalent services. It is not readily apparent what constitutes an equivalent service, he said.

Mr. Stofko remarked that self-declared rates is not the only issue, recalling that the Presidential Memorandum contains other issues, including non-discrimination and advance electronic data. Mr. Murphy agreed these represent areas where the State Department and others will continue to work but explained that it is only the ability to self-declare rates that is specifically tied to U.S. withdrawal.

Responding to Jessica Lawrence, a member of the public employed by UPS, Stephen Anderson, the Department of State Bureau of International Organization Affairs' Office of Specialized and Technical Agencies director said that, should Option B fail, the United States will self-declare its terminal dues rates no later than January 1, 2020, whether inside the UPU or outside of it. The goal for now, he said, is to find ways to self-declare our rates while staying in the UPU.

Answering Brian Palmer's (Amazon) question about why some countries, other than major exporters like China, would prefer Option A, Mr. Murphy explained that many DOs feared that rapid price increases would lead to a collapse in volumes and that this collapse could threaten the viability of the entire network.

Mr. Walsh asked about the likelihood of convergence between Options A and B. In response, Mr. Murphy said that the focus of the convergence discussion is on principles, rather than text. The U.S. remains bound by its stated intent to establish self-declared rates by 2020, so convergence would only be possible if it encompassed that possibility.

Responding to the Amazon representative's (Brian Palmer's) query on whether the tight deadline for self-declared rates meant new postal tariffs under Option B might not comply with U.S. rate-making law, Mr. Murphy noted that the State Department intends to consult closely with the

Postal Regulatory Commission. Ann Fisher, the Commission representative, affirmed that Chairman Taub was engaged on this issue.

Ms. Muth commented that there seems to be a real possibility that United States will, in fact, leave the UPU. She and Paul Steidler (Lexington Institute) asked about contingency plans, inquiring specifically about what steps the Department is taking to stay in the international mail network if the United States withdraws from UPU. Mr. Anderson reiterated that the focus at present was to remain in the UPU while finding a path forward that meets U.S. requirements.

Mr. Kellison expressed concern that only 30 of 192 member states actively support the U.S. position. Mr. Murphy responded that only 60 or so member states are engaged in UPU council deliberations at present, while the bulk of the membership may not yet be fully aware of the issues. Of those engaged, about half support Option A and half support Option B. Most African countries, he said, are not yet participating in the discussion but he expressed hope that they can be brought into the U.S. camp. (Mr. Murphy had noted earlier that Option B supporters included Canada, Brazil, Argentina, Chile, the Nordics, Ireland, Italy, Australia, New Zealand, Israel, Japan, Russia, South Africa and Tunisia and that postal operators in the Americas, as a group, have been strong supporters of the U.S. position.)

As for next steps, Mr. Murphy said that the U.S. delegation would assess the results of the April meetings of the UPU, then chart the way forward. Mr. Anderson added that the State Department had sent out two worldwide messages through American embassies as part of a diplomatic awareness program that had flagged U.S. concerns for foreign governments.

Mr. Steidler asked about the implications of UPU withdrawal for implementation of the STOP Act, which sets requirements for advanced electronic data (AED) for packages. He wanted to know if those requirements could be met outside of the UPU. Responding, Mr. Murphy noted that AED represents another objective listed in the August 2018 Presidential Memorandum and one where the UPU is playing a highly positive role. The UPU has worked diligently to establish a regulatory framework and standards for AED, he said, while noting that the international postal network is still lacking sufficient capacity to exchange this data globally. He highlighted, however, that the UPU is spending one-half of its development funds to build capacity. Peter Chandler (USPS) noted that the USPS has taken an important lead role within the UPU in the various working committees seeking to strengthen standards and member state capacity.

A member of the public, James Campbell, returned to the question of non-discrimination between designated and non-designated operators and commented that it appeared that the State Department was not complying with either the law [the Postal Accountability and Enhancement Act's provisions for international mail] or the Presidential Memorandum in regard to this matter. Mr. Murphy replied that the State Department was in close consultation with the White House and that it was being guided by the White House's interpretation of the Presidential Memorandum. He assured Mr. Campbell that the Department would continue to follow the law.

At the end of the discussion, Mr. Steidler commented that the Lexington Institute has covered the U.S. Postal Service for 20 years and that it strongly supports the Presidential Memorandum's goal of overcoming distortions in the pricing of international postal services. He read a

statement, included in the meeting record, that described the impact of low-cost shipping from China, which, he said, hurts U.S. businesses.

Agenda Item 4

Steve Simchak (AIA) asked to read a statement expressing his organization's concerns with UPU activities in the area of financial services, which has been added to the meeting record. In addition, Mr. Murphy shared the contents of a letter received from a member of the public: Mark Richmond, General Counsel of Dexas International. Mr. Richmond expressed disappointment that, five months after the White House October 17 announcement, his company was still being "undercut by terminals dues." This letter is added to the record of the meeting.

Mr. Murphy adjourned the meeting after noting for the record that Committee member Lea Emerson, would soon retire from the U.S. Postal Service after a distinguished career that spanned numerous UPU Congresses. The meeting warmly applauded her in recognition of her service, and she expressed her gratitude to colleagues in the postal community.



Minutes for the meeting of the committee: 1:00pm-5:00pm on September 9, 2015, American Institute of Architects Board Room, 1735 New York Avenue, NW, Washington, DC, 20037)

Committee Members in Attendance

- Lea Emerson- U.S. Postal Service (USPS)
- Michael Mullen- Express Association of America
- Bruce Harsh- U.S. Department of Commerce
- Ann Fisher- U.S. Postal Regulatory Commission
- Rodolfo Wolniewitz- DHL
- Sue Presti- Public Policy Resources
- Nancy Sparks- FedEx
- James Campbell
- Keith Kellison-UPS
- Charles Prescott (by teleconference)-Global Envelope Alliance
- Gene Del Polito-Association for Postal Commerce
- Steve Simchak-American Insurance Association
- Don Soifer-Lexington Institute

Designated Federal Officer: Joseph P. Murphy- U.S. Department of State

Other USG Officials Participating:

- Robert Woods- U.S. Customs and Border Protection (CBP)
- Derrick Dennis- U.S. Postal Regulatory Commission

Opening and Adoption of the Agenda (Agenda Items 1 and 2):

Joseph Murphy opened the meeting at 1:00pm and chaired it. The entire session was open to the public. Mr. Murphy noted that this would be the final meeting of the Committee before it is reconstituted after its current charter expires. The Committee adopted the proposed agenda, which had been revised shortly before the meeting to account for a late-arriving contribution received from James Campbell and to include discussion of UPU institutional issues, as requested by Nancy Sparks at our previous meeting.

UPU Institutional Issues/Reform (Agenda Item 3):

Mr. Murphy provided an overview of work underway in the *ad hoc* Group on the Reform of the Union (AHG) in which the United States had been taking part. Tracing the impetus for the AHG's work to the two reform imperatives highlighted at the UPU World Strategy Conference in Geneva —reform of the portfolio of physical services and faster decision making—Mr. Murphy outlined the development of a proposal from the group to streamline the Postal

Operations Council (POC) and Council of Administration (CA), reducing the number of committees and working/project groups and to call for a high level group to propose further reforms. He commented on the early clear desire of the AHG participants to better differentiate governmental and operational functions and noted the participation of the Global Express Alliance in the AHG. Mr. Murphy explained that, although the Department had not made any formal decision on the Committee's three previous recommendation with regard to governance, the creation of a high level group, which was one of the measures offered as advice by the Committee, was an integral part of the AHG's proposal. In addition, the United States' participant in the AHG was able to incorporate key elements of the other two measures the Committee had endorsed, on reservations and on the scope of POC rulemaking, into the AHG's working document. In this way the Department was able to take up the substance of the Committee's recommendations within the context of an on-going CA process.

Mr. Murphy related, however, that the AHG is now confronted with a competing reform proposal introduced by the UPU International Bureau with the strong backing of the Director General. This proposal would consolidate the POC and CA into a single council while abolishing most committees and working groups. This proposal's rationale is efficiency but it seems to neglect the need to separate governmental and operational functions, which a senior IB official told the AHG is "impossible." The CA will now have to reconcile the IB proposal with the work of the AHG.

Mr. Murphy told the Committee that the USG's highest priority at the CA remains achieving the legislatively mandated goal of increasing access to audit reports. He reminded the Committee of the US success at last year's CA in securing approval of our controversial measure to give member states access to internal audit reports and reported that the regulations implementing that decision came into effect in May. He informed the Committee that the US was proposing a second measure to give the public on-line access to the report of the UPU's external auditor and to activity reports of the internal auditor. He then opened the floor for discussion.

Ms. Sparks asked for clarification of the U.S. position on the proposal for one council. Mr. Murphy explained that, at this stage, countries were not pronouncing themselves for or against but were exchanging views. The United States had expressed the view that moving to a single council seemed to be an abandonment of the long-standing goal of better separation of operational and governmental functions. He added that the U.S. does not support this idea.

Mr. Del Polito expressed concern over the future of the UPU Consultative Committee (CC). Charles Prescott (participating by telephone) commented on the lack of engagement by the private sector and the CC's declining membership. He expressed support for the effort to re-constitute the CC on the "3Cs" concept, which entails an aggressive program of outreach. Ms. Sparks noted that CC membership was the way private sector bodies obtained observer status, and emphasized the need to preserve some mechanism for private sector actors to obtain observer status. (Mr. Murphy clarified that there is no current move to abolish the CC.)

Mr. Campbell asked for elaboration on the status of implementation of the Committee's advice on governance. Mr. Murphy explained that no formal decision had been made on the advice since it was offered just prior to the previous CA, where the U.S. was pursuing its proposal on

access to audits. The POC in April was not a suitable venue, and the current debate in the AHG has overtaken the proposals, since it is now an open question whether the POC will even continue to exist. Nevertheless, Mr. Murphy reiterated that the key elements of all three measures recommended by the Committee were incorporated into the working draft developed by the AHG. Mr. Campbell expressed the view that having clear U.S. proposals on the table, and introducing them informally at non-UPU venues, would be valuable.

Agenda Item 4:

I. Draft Principles Developed by the Joint Terminal Dues Subcommittee/Customs Issues Working Group:

Mr. Murphy reported that he chaired a joint meeting of the Terminal Dues Subcommittee and Customs Issues Working Group at the Lexington Institute in Rosslyn Virginia on August 27. He thanked the Lexington Institute on behalf of the Committee for making their conference room available. As agreed by the Committee at its previous meeting, the purpose of the joint meeting was to formulate a list of principles that could be adopted as advice by the Committee to guide the Department in its preparations for the Istanbul Congress, particularly with regard to issues related to the integration and modernization of the UPU's portfolio of physical services.

Mr. Murphy drew members' attention to the outcome document from the joint meeting, and a second document, received over the weekend from Mr. Campbell, augmenting it. He suggested that the Committee first discuss the joint meeting document before turning to the revision offered by Mr. Campbell.

The outcome document of the joint meeting, which was submitted for Committee consideration, is appended to these minutes. Discussion of the joint meeting outcome document centered on the remuneration for flats after Ms. Emerson objected to their inclusion in draft principle 1.F, since, she argued, given the increasing importance of e-commerce, they merit a lower priority relative to small packets. Express delivery industry representatives argued that flats often contained goods and were, therefore, relevant. Some Committee members expressed concern that lumping flats with letters for remuneration might not allow terminal dues to reflect true costs for flats and Mr. Del Polito argued that grouping letters and flats for remuneration would only be sensible as an interim measure. Ms. Sparks worried that treating them together for remuneration could have implications for customs treatment of flats containing goods. This discussion led to consideration of whether or not to retain "shape" as a priority criterion in draft principle 2.C relating to customs and security concerns, with Robert Woods of CBP commenting that he did not regard shape as a particularly important characteristic from a customs operational perspective. The Committee, nevertheless, concluded that shape was relevant, along with weight, as an external indicator of content, which is the chief concern for customs. Consequently, shape was retained, although Ms. Emerson cautioned about the potential impact that application of this principle could have on mailers of flats not containing goods. The Committee also agreed that, for remuneration, the priority would be assigned to small packets, although the relevance of the recommended remuneration principles for flats should be acknowledged. Accordingly, **the Committee endorsed the list of principles, with the indicated amendments to 1.F, by consensus.**

The Committee then took up the supplements to this list submitted by Mr. Campbell on behalf of himself, Ms. Sparks and Mr. Kellison. (See "Campbell, Sparks, Kellison submission on principles" in the list of meeting documents.)

(Note: It was observed, late in the discussion, that the Campbell, Sparks, Kellison submission had omitted 1.F from the above principles. After some discussion, Committee members agreed to include it, as amended previously, in the augmented principles document for consistency. End Note.) In reviewing the proposed new principle 1.G(i), Ms. Emerson stated the USPS' position that removal of caps and floors as of 2018 would be very detrimental to the U.S. mailing industry. She also expressed opposition to the clause "applied in parity with the private sector" and noted that this was not a principle but a very specific proposal that would require careful analysis of its impact. Mr. Campbell argued that if the Postal Service is charging rates below the cost of delivery, then that is a subsidy, which, as a matter of principle, should be eliminated. Mr. Del Polito said that the problem with Mr. Campbell's suggestion is that we do not have accurate information on the true costs of handling mail. In that context, caps buffer the impact of unanticipated anomalies in the rates, stating that "in the absence of accurate costing mechanisms, elimination of caps and floors could cause the mailing industry "to die of a theory." Derrick Dennis from the PRC staff responded that the current costing methodology has been vetted for years and is sufficient. He repeated the PRC's earlier undertaking to examine the revenue impact of removing caps and floors and offered to attempt to examine the impact on mailers. Ms. Sparks noted that this proposal is not aiming to remove caps and floors for all letter mail but only for a segment of it. Kate Muth, from the International Mailers Advisory Group, which had been cited in Ms. Emerson's intervention, said it would be difficult to support a proposal, even one limited in scope, without knowing who would be impacted. Mr. Campbell reiterated that the U.S. economic interest is in promoting competitiveness in the delivery sector not in conferring benefits on one service provider (USPS). Mr. Simchak supported Mr. Campbell, saying that the USG's policy should be competitive neutrality. Ms. Presti suggested replacing 2018 as the target for removing caps and floors with "as early as practicable," in order to allow for the financial analysis for which the Postal Service and others had argued. Mr. Del Polito endorsed this suggestion, noting that we should not push the international system to move quickly toward a goal we have not achieved at home.

In subsequent discussion of this issue, Mr. Campbell noted that the rates postal services charged each other are not the same as the rates they charge mailers, so increases in terminal dues would not necessarily result in increases in postal rates. Ms. Emerson rejected the suggestion that margins on outbound mail were high enough that the Postal Service could simply absorb increases in terminal dues.

Staying with 1G(i), Ms. Presti noted the meaning of the term "private sector" was unclear. After some discussion, members agreed that the meaning would be clearer if the clause referred, instead, to non-designated operators." Ms. Emerson maintained the Postal Service's objection, arguing that non-designated operators should have to shoulder the obligations of the UPU, namely reciprocal universal service, in order to enjoy those rights, otherwise the whole system of international mail would be turned on its head by this proposal. Mr. Kellison argued that the universal service obligation should not apply to commercial items, and if the pricing principles

being advocated were to be applied, in particular self-declared prices, postal services would benefit from the increased volume, as they do from existing work-share arrangements.

Mr. Murphy proposed deleting “and other postal items containing postal goods” to make the amendment consistent with the corresponding principle endorsed earlier by the Committee and consolidating all of the proposed changes into a single amendment. Ms. Emerson said that the Postal Service objected to the entire Campbell, Sparks, Kellison submission, which was not the fruit of the joint meeting and was not submitted in a timely way. She noted that it contained far-reaching proposals that would require careful analysis including a due diligence assessment of their financial impact. Lacking consensus, Mr. Murphy called for a vote on the reformulated principle 1.G(i), which now read as follows:

“Rely on self-declared rates subject to national regulation

- (i) for small packets and parcels, applied in parity with non-designated operators, without caps, floors, or other UPU limits, beginning as early as practicable.”

The Committee adopted this amendment 10-1 (USPS) with one abstention (Mr. Prescott). (Mr. Wolniewitz departed the meeting before the vote.)

Discussion then turned to part ii of the proposed amendment to Principle 1.G, dealing with letters and flats. Ms. Emerson reiterated USPS objection to consideration of the Campbell, Sparks, Kellison submission and stated specific opposition to this provision because of the unknown financial impact of an 8% increase in caps and because limiting the increase only to industrialized countries (i.e. Group 1.1 countries) would not address the issue of shipments of goods from China and other emerging economies. She also observed that this measure is not a principle but a specific proposal. Ms. Emerson agreed that the measure would be improved if it were not limited to only “industrialized countries,” but maintained USPS’ objection even with that change. The proponents, without objection from other members, agreed to remove the limitation.

Mr. Del Polito expressed concerns over the specific 8% proposal, arguing that if the goal is to achieve parity with domestic rates, the proposal should say that. Ms. Presti agreed and proposed striking the call for an 8% annual increase beginning in 2018 in favor of a more general principle that caps should increase annually up to the point where terminal dues rates are equivalent to domestic postage rates. Mr. Murphy sought and received clarification that the intention was for those rates to be equivalent to the applicable cost-tariff ratio (currently 70%). Ms. Emerson, Mr. Del Polito, and Mr. Prescott supported Ms. Presti’s amendment but other members were opposed. **The Committee then endorsed 1.G(ii) as drafted but for striking the limitation to industrialized countries**, seven in favor and one opposed (Emerson) with four abstentions (Presti, Del Polito, Simchak, and Prescott).

Taking up the amendments proposed to principle 2. C, CBP’s Mr. Woods expressed some hesitation about the practicality of the 2018 date proposed for full application of non-discrimination and WCO and ICAO standards in the proposed amendment to 2.C and said he was not in a position to guarantee that the U.S. could meet that goal domestically. Discussion then turned to use of the term “commercial goods,” with Mr. Woods clarifying that CBP

concerns transcend commercial goods. Ms. Emerson reiterated her objection to consideration of amendments that were submitted late and that re-visit issues examined in detail by the Customs working group. Ms. Presti, proposed striking the word "full" from the amendment to preserve flexibility. Mr. Mullen opposed Ms. Presti's suggestion and emphasized the importance of the 2018 deadline because of its relevance to national security. (Ms. Emerson commented that current practices are fully compliant with WCO and ICAO standards.) The Majority of the committee members favored retaining the word full and the **Committee adopted Principle 2.C by a vote of ten to one (Ms. Emerson) with one abstention (Ms. Presti)**. The Committee acceded to Mr. Murphy's request to strike the proposed 3rd principle on reservations to the Universal Postal Convention and to instead note in the record of the meeting that the Committee has already provided advice to the Department of State, at its September 2014 meeting, urging amendments to the Convention to liberalize its reservation provisions.

In concluding discussion of principles, Mr. Murphy noted that the Committee has adopted two different documents. One, a foundation list of principles that was adopted by consensus, and another supplementing the consensus document with a series of amendments adopted by majority voting. He told the Committee that both would be incorporated into the meeting record and that the Department would use them as reference in engaging in the preparatory process for Istanbul.

II. Proposals on Customs and Terminal Dues Offered by Mr. Campbell, Ms. Sparks and Mr. Kellison

Mr. Murphy noted that on Sunday, September 6, in addition to the augmented principles just considered, Mr. Campbell had also submitted four proposals for Committee decision. One, proposal reformulated advice already given by the Committee, and accepted and acted upon by the Department, to propose an amendment to the Universal Postal Convention on non-discrimination in the customs treatment of mail. A second proposal was a minor amendment to the Customs immunity/liability proposal previously offered by Ms. Sparks. The remaining two proposals were on reformulations of previous proposals submitted by Mr. Campbell on remuneration. These proposals had been discussed inconclusively in their previous form in the Terminal Dues Subcommittee and in the Committee itself. Given the lateness of their submission, the little time remaining to the Committee, and the likely inability of the Department to make any practical use of the customs non-discrimination or remuneration proposals, they were not considered for decision but the chair agreed to include them in the record of the meeting along with written comments received by members of the Committee and his own rationale for not moving them for decision.

Mr. Murphy noted, however, that the proposal on "**non-immunity for designated operators in regard to liability for customs declarations**" had received due consideration, having been discussed in detail in the Customs Working Group and in the Committee's meeting of August 6, and so was ripe for decision. Mr. Murphy reminded the Committee that it had deferred decision on the matter to give USPS and CBP an opportunity to provide detailed written comments. He reported that both had declined to do so. Ms. Emerson reiterated USPS' opposition to the proposal on the grounds that it does not believe it to be necessary or beneficial and that it could cause inter-operator and intergovernmental problems. **Without further discussion, the**

Committee adopted the proposal by a vote of ten to one (Emerson), with Mr. Simchak and Mr. Wolniewitz having departed.

Any Other Business (Agenda Item 5)

Mr. Prescott apprised the Committee of efforts underway to generate more of a constituency for building address databases and capacity for addressing in developing countries and to encourage the UPU to elicit the cooperation of other UN bodies to work toward this goal. Mr. Murphy added that the committee would take up this issue when it is re-constituted.

Mr. Murphy also informed the Committee that the process of charter renewal was underway and that he anticipated this would be completed with no lapse. Once the new charter is in place, he would begin the process of soliciting applications for new members.

He thanked Committee members for their service and cooperation over the past two years and adjourned the meeting at 5:10 pm.



F-2018-05269 A-00000275880 "UNCLASSIFIED" 10/19/2021
**Advisory Committee on
International Postal and Delivery Services**

*1:00 p.m. – 5:00 p.m. on Wednesday, 9 September 2015, American Institute of Architects,
1735 New York Avenue, NW, Washington, D.C.*

Draft Agenda

1. Opening of meeting
2. Adoption of the agenda
3. UPU institutional issues/reform
4. Report of the Joint Terminal Dues Subcommittee/Customs Issues Working Group meeting
 - List of principles
 - Proposals on customs and terminal dues offered by Mr. Campbell, Ms. Sparks and Mr. Kellison
5. Any other business

Proposed for Endorsement by the Committee:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:
 - A. Cost based
 - B. Country Specific
 - C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from this accommodation
 - F. Prioritize application of principles 1A-1E to non-letters (i.e. flats, packets, parcels)
 - G. Rely on self-declared rates subject to national regulation
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments, and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. And should prioritize application of Principles 2A and 2b to mail items other than documents (according to content, weight, and shape(?) criteria)

Principles endorsed by consensus:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

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 - A. Cost based
 - B. Country Specific
 - C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from this accommodation
 - F. Prioritize application of principles 1A-1E to non-letters (in particular, small packets and parcels), acknowledging their applicability to flats containing goods
 - G. Rely on self-declared rates subject to national regulation
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments, and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. And should prioritize application of Principles 2A and 2b to mail items other than documents (according to content, weight, and shape criteria)

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:
 - A. Cost based
 - B. Country Specific (based on national law)
 - C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
 - E. Limit the abuse of any preferential rates resulting from tis accommodation
 - F. Rely on self-declared rates subject to national regulation and:
 - i. For small packets, parcels, and other postal items containing commercial goods: applied in parity with the private sector, without caps, floors, or other UPU limits, beginning in 2018.
 - ii. For letters and flats: with reasonable caps and floors to the extent necessary to avoid disruption of international letter communications, provided caps for flows between industrialized countries shall increase annually by at least than 8 percent beginning in 2018.
2. The future classification of mail items should support customs and security measures that are:
 - A. Non-Discriminatory for similar shipments; and
 - B. Consistent with WCO and ICAO standards and procedures
 - C. Ensure full application of Principles 2A and 2b in 2018 to small packets, parcels, and other postal items containing commercial goods (defined according to content, weight, and shape (?) criteria).
 3. The Convention should include appropriate reservations by the U.S. to ensure compliance with U.S. law.

Augmented Principles endorsed by majority vote:

The Committee provides the following advice to the Department of State to guide U.S. preparations for the 2016 UPU Congress in Istanbul, including its engagement in the elaboration of the initiative to integrate and modernize the UPU portfolio of physical services.

The U.S. should seek Congress decisions that embody these principles:

1. Systems of Remuneration for the exchange of international mail should be:

- A. Cost based
- B. Country Specific
- C. Non-Discriminatory (for retail and commercial services)

And should:

- D. Make accommodation for developing countries (based on need)
- E. Limit the abuse of any preferential rates resulting from this accommodation
- F. Prioritize application of principles 1A-1E to non-letters (in particular, small packets and parcels), acknowledging their applicability to flats containing goods
- G. Rely on self-declared rates subject to national regulation, and:
 - i. For small packets and parcels applied in parity with non-designated operators, without caps, floors, or other UPU limits, beginning as early as practicable.
 - ii. For letters and flats: with reasonable caps and floors to the extent necessary to avoid disruption of international letter communications, provided caps shall increase annually up to the point where they are equal to domestic postage rates.

2. The future classification of mail items should support customs and security measures that are:

- A. Non-Discriminatory for similar shipments; and
- B. Consistent with WCO and ICAO standards and procedures; and that
- C. Provide for application of Principles 2A and 2b in 2018 to small packets, parcels, and other postal items containing commercial goods (defined according to content, weight, and shape criteria).

6 Sep 2015

United States Department of State
Advisory Committee on International Postal and Delivery Service
Meeting of September 9, 2015

**Specific Proposals for the U.S. to Propose for
Approval of the UPU Congress
by J. Campbell, K. Kellison, and N. Sparks**

In an accompanying document, we have proposed a draft set of "Principles for Integration and Modernization of UPU Products" for consideration and recommendation by the IPODS Committee. We continue to believe, however, that the Committee should also endorse specific proposals that clearly reflect these general principles and that could be proposed for consideration of the Istanbul Congress. Specific proposals are critical to the process of developing agreement with other countries in advance of the Congress.

In September 2014, we proposed several specific proposals that we urged the U.S. to propose for agreement at the UPU Congress in Istanbul in September 2016. The proposals relating to reform of the institutional provisions of the UPU were immediately adopted by the IPODS Committee as recommendations. Over the last year, the proposals relating to customs/security matters and remuneration have been revised in simplified substantially in light of discussions in the full Committee and subcommittees and working parties. This document presents a final version of these proposals for consideration and possible recommendation by the IPODS Committee.

Proposal 1: Non-discriminatory application of customs and other import/export laws to designated operators

Convention – Proposal

UNITED STATES OF AMERICA

Add a new article as follows:

Article 20bis

Customs and other import and export controls.

- 1 Member countries shall ensure that customs and other laws and procedures related to import and export, including those related to customs clearance, apply to shipments conveyed by designated operators in the same manner as they apply to similar shipments conveyed by non-designated operators and do not create an undue or unreasonable preference or competitive advantage for any designated operator or class of designated operators.
- 2 A determination with respect to similarity of shipments under paragraph 1 shall be based upon objective criteria relevant to enforcement of customs laws and other laws relating to import or export and may introduce appropriate flexibility for designated operators of developing countries, progressively extending the principles of paragraph 1 in line with their development situation.

Proposal 2: Non-immunity for designated operators in regard to liability for customs declarations

Convention – Proposal

UNITED STATES OF AMERICA

Amend Convention, Article 24, by revising paragraph (3) to read as follows

(underscoring indicates new language):

- 3 Except as provided in paragraph 3.1, member countries and designated operators shall accept no liability for customs declarations in whatever form these are made or for decisions taken by the Customs on examination of items submitted to customs control.
- 3.1 Paragraph 3 shall not create an immunity for designated operators under national laws relating to customs control.

Proposal 3: National treatment with respect to regulation of terminal dues and other remuneration for delivery of postal shipments exchanged between industrialized countries

Convention – Proposal

UNITED STATES OF AMERICA

Add a new article as follows:

Article 29bis

Remuneration for delivery of postal items between member countries in the country-specific system.

- 1 For documents, small packets, parcels, and other packages conveyed between two countries in the country-specific system, the designated operator(s) in the destination country shall make available to other designated operators, non-designated operators, mail consolidators, and other customers rates, terms, and conditions for delivery that are consistent with the legal standards and criteria that govern similar domestic delivery services.
- 2 Rates, terms, and conditions provided in accordance with paragraph 1 shall be available to national customers to the same extent and on the same terms as provided to foreign customers.
- 3 Member countries shall ensure that senders of postal items subject to the country-specific system shall have, in connection with delivery services by the designated operator(s), the same rights and privileges before national regulatory authorities, competition authorities, and/or national courts that are available to national customers in connection with provision of similar domestic services.
- 4 The provisions of this article shall apply to countries and territories in the target system prior to 2010 and to any other country that declares to the International Bureau that it will join the country-specific system.

Proposal 4: Limits on abuse of preferential remuneration rates

Convention – Proposal

UNITED STATES OF AMERICA

Revise Article 28 to read as follows:

Article 28

Limits on abuse of preferential remuneration rates and charges

- 1 A member country may set appropriate limits on the availability of rates and charges provided under articles 29(7) to 29(1), 30, 31, 35, and 36 for postal items received from the designated operator(s) of a member country otherwise entitled to the application of such articles if and to the extent that the destination country determines that —
 - 1.1 the application of such rates and charges to postal items containing merchandise results in either (A) substantial uncompensated costs for the designated operator of destination country or (B) a substantial adverse effect on the ability of merchants in the destination country to compete with merchants in the origin country; or
 - 1.2 the quantity of postal items not containing merchandise (measured by number, weight, and/or shape) received in a six-month period substantially exceeds levels achieved prior to 2014 and is not justified by corresponding growth in the domestic letter post of the origin country or other objective factors.
- 2 A member country may not decline to apply the rates and charges listed in paragraph 1 because either (A) the residence of the sender who posts or causes to be posted the letter post items or (B) the office or facility where the letter post items are posted is located outside the national territory of the designated operator of origin.
3. For the delivery of postal items in excess of limits set under paragraph 1, a designated operator may charge the origin designated operator rates and charges consistent with the legal standards and criteria that govern domestic items presenting the same characteristics (category, quantity, handling time, etc.) but not more than 80% of the domestic tariff for similar priority items.
- 4 A member country shall notify the International Bureau at least six months before setting limits on the availability of rates and charges under paragraph 1 and establishing alternative delivery rates pursuant to paragraph 3.

Explanatory Notes

Proposal 1: Non-discriminatory application of customs and other import/export laws to designated operators

The DOS Proposal with respect to the non-discriminatory application of customs and other import/export laws was submitted to the Postal Operations Council in spring 2015. POC C 1 CG 2015.1–Doc 9b. The POC decided not to consider this proposal, so the U.S. will submit it anew to the Council of Administration in the fall 2015 meeting.

The need to resubmit the proposal provides an opportunity to refine its language. In the POC, the DOS Proposal was criticized, with some accuracy, as a general customs rule applicable to all operators and thus more properly addressed to the World Customs Organization. At the same time, in order to introduce necessary flexibility, the DOS Proposal was so loosely worded that it would apparently allow industrialized countries to continue to provide discriminatory customs treatment for postal shipments exchanged between industrialized countries, an outcome contrary to U.S. law and U.S. interests. The revised version attempts to refine the DOS Proposal to address such issues.

Para 1. The wording of the first sentence in the DOS Proposal has been revised so that the requirement of non-discrimination refers only to shipments conveyed by designated operators. This revision aims to meet the criticism that the DOS Proposal was properly addressed to the WCO and not to the UPU. In addition, the phrase “non-discriminatory” has been changed to “in the same manner” so that the U.S. proposal conforms to U.S. law.

Para 2. The wording of the second sentence of the DOS Proposal has been revised to maintain national flexibility in the application of this article while ensuring that member countries do not continue granting designated operators preferential customs treatment in inappropriate circumstances simply because they are designated operators.

In the DOS Proposal, the second sentence would permit customs authorities to provide discriminatory application of customs and other import/export laws based on “customer characteristics”, “capabilities of operators”, “operational differences”. This wording could allow customs authorities to continue preferential customs treatment for postal shipments between industrialized countries, merely because the DOs do not want to invest the money to upgrade their physical and data networks to meet the customs requirements applied to private operators. Discrimination on such cases would be unreasonable, unfair to private operators, and contrary to U.S. law.

On the other hand, customs authorities should have reasonable flexibility to take into account the “capabilities of operators” and “operational differences” of designated operators from developing countries. Paragraph 2 introduces such flexibility by adopting

language borrowed from Article XIX(2) of GATS.

Proposal 2: Non-immunity for designated operators in regard to liability for customs declarations

Paragraph 3 of current Convention article 24 is arguably ambiguous. It may be interpreted (A) to create an immunity for designated operators from national laws relating to customs control or (B) only to limit the liability of designated operators to other designated operators and, possibly, to mailers. The proposed new paragraph rules out the former interpretation without modifying the possibility of the latter interpretation.

The proposed new paragraph makes clear that Article 24(3) does not create an immunity for designated operators under national laws relating to customs control. In this manner, Article 24(3) will be fully consistent with Article 20(1), which provides "The designated operators of the countries of origin and destination shall be *authorized to submit items to customs control, according to the legislation of those countries.*"

Proposal 3: National treatment with respect to regulation of terminal dues and other remuneration for delivery of postal shipments exchanged between industrialized countries

The UPU term "country-specific" terminal dues refers to delivery rates that are consistent with domestic postage. As the Copenhagen Economics report concludes, a country-specific system is the only way to eliminate distortions and anticompetitive effects of the current system. Although each UPU Convention since 1999 has declared that "*provisions of the present Convention . . . are transitional arrangements, moving towards a country-specific payment system,*" the current UPU Convention does not apply country-specific terminal dues to any bilateral flow. In fact, it appears that terminal dues for flows between industrialized countries have become less well aligned (or at least no better aligned) with domestic postage.

The proposed article creates a new "country-specific system" of remuneration for delivery of international postal items by adopting the trade law principle of "national treatment" (treating foreigners and locals equally). The new system would apply *only to mail flows between the 24 major industrialized countries (ICs)*. This limited approach is in line with UPU practice. Since 1999, the UPU Convention has provided a separate terminal dues system for ICs. Of the 24 ICs affected by the new system, 17 are already subject to EU law that requires country-specific terminal dues for universal service mail. The other industrialized countries are the U.S., Canada, Switzerland, Israel, Japan, Australia, and New Zealand.

The "country-specific system" is not a pricing-fixing agreement. It is legal principle stating that each designated operator must "self-declare" rates for delivery of international mail in accordance with the same legal criteria that govern domestic rates. This principle is the basis for both 39 USC § 407(c)(1) and Article 13 of the EU Postal Directive.

Para 1. The country-specific system will not prevent the UPU from agreeing to a common framework for self-declared rates. For example, the UPU could adopt a framework that requires DOs to quote separate rates for documents and parcels according to priority of service, as contemplated in the integration and modernization initiative at UPU. In the case of the US, USPS could continue to conclude NSAs (contract rates) with foreign posts to the extent permitted by U.S. law.

Para 2. To ensure that terminal dues are consistent with domestic postage, they must be available to national customers to the same extent and on the same terms as to foreign customers.

Para 3. In the country-specific system, national regulators must enforce national law with respect to delivery rates for international mail in the same way as for domestic mail.

Para 4. "Countries and territories in the target system prior to 2010" refers the 24 major ICs (and some small industrialized city-states and territories). Any other country can join the system voluntarily.

Proposal 4: Limits on abuse of preferential remuneration rates

Since the UPU Convention provides preferential delivery rates for foreign mailers compared to domestic mailers, it creates a potential for abuse that goes beyond the need to maintain a "single postal territory." The right to preferential rates is a commercially valuable privilege that can be exploited by, for example, establishing large regional fulfillment centers for e-commerce goods that take advantage of low terminal dues rates for small packets or by remail operations and ETOEs that arbitrage the difference between terminal dues rates accorded different countries.

In response, the UPU has adopted measures to restrict remail and ETOEs. But, as the recent House subcommittee hearing has highlighted, these measures do not protect industrialized countries from unfair competition from developing countries specializing in e-commerce nor their designated operators from large losses. Moreover, these measures are unnecessarily anticompetitive, creating, in essence, a market allocation system that gives each designated operator a competitive advantage in the market for outbound postal services in its national territory.

The proposed revision of Article 28 provides a more effective, more straightforward, and less anticompetitive solution to such abuses.

Para 1.1. Destination countries should not be required to apply preferential remuneration rates to postal items containing items of merchandise (e-commerce goods) if the result is to impose substantial losses on the destination designated operator or create unfair competition for its merchants.

Para 1.2. Destination countries should be able to limit the availability of preferential remuneration rates in cases of substantial volume increases above historical levels that are unexplained by growth in domestic mail volumes or other factors.

Para 2. This paragraph forbids continuation of anticompetitive UPU provisions restricting remail and ETOE competition. This paragraph does not affect the sovereign right of each country to prevent remail and ETOE competition within its borders.

Para 3. of letter post in excess of reasonable limits set under paragraph 1, a member country is authorized to charge rates consistent with the legal standards and criteria that govern domestic items presenting the same characteristics (category, quantity, handling time, etc.) but no more than 80% of the domestic tariff for equivalent items. The latter is the standard adopted in the current UPU article dealing with remail (article 28(4)).

From: (b)(6)
Sent: Mon, 8 Jul 2019 01:19:02 +0000
To: (b)(6)
Cc:
Subject: International Postal and Delivery Services Advisory (IPoDS) Committee minutes and meeting documents responsive to FOIA requests: 2 of 4
Attachments: IPoDS 7-20-16 minutes.pdf, Agenda for 20 July 2016.pdf, US Congress Resolution for IMPC code reform.pdf, Prescott presentation.pdf, GIS-Addressing Congress Proposal.pdf, Lubenow Presentation.pdf, Lubenow Remarks.docx.pdf, Law Remarks.docx.pdf



Minutes of the Meeting of July 20, 2016, 1:00pm-5:00pm, American Institute of Architects (AIA) Board Room, 1735 New York Avenue, NW, Washington, DC 20037, Washington D.C.

Committee Members in Attendance:

Sue Presti-Public Policy Resources
Charles Prescott-Global Address Data Association
Nancy Sparks-FedEx
Keith Kellison-UPS
Merry Law-WorldVu LLC
Don Soifer-Lexington Institute
Michael Mullen-Express Association of America
Robert Reisner-PriceWaterhouseCoopers
Tim Walsh-Pitney Bowes
Jessica Lowrance-Association for Postal Commerce
Shoshana Grove-International Bridge
Sue Presti-International Air Cargo Association
Kate Muth-International Mailers Advisory Group
Heidi Kay-Amazon
Lea Emerson-U.S. Postal Service (USPS)
Bruce Harsh-U.S. Department of Commerce
Todd Nissen-Office of the U.S. Trade Representative
Manuel Garza-U.S. Customs and Border Protection

Designated Federal Officer: Joseph P. Murphy-Department of State

Other Federal Officials participating:

U.S. Postal Regulatory Committee: acting chairman Robert Taub, Allison Levy
USPS: Peter Chandler
USPS/OIG: Lisa Nieman

Opening of meeting and Adoption of the Agenda –Agenda Items 1 and 2

The opening of the meeting was delayed due to technical difficulties with the AIA sound system. As a result, no use of the microphones or telephone call-in participation was possible. Mr. Murphy chaired the meeting, which was open to

the public, and which was conducted according to the agenda distributed in advance of the session. This initial meeting of the reconstituted Committee was structured as a series of briefings for members to inform future consideration of current and emerging issues.

Universal Postal Union Congress—Agenda Item 3

Mr. Murphy briefed members on issues and preparations for the 26th Universal Postal Congress planned for Istanbul, September 20-October 7, 2016.

On the venue and U.S. delegation, he advised that the U.S. Government was reviewing the security situation in Istanbul in the wake of the recent coup attempt and resulting state of emergency and that it might be necessary to restrict the size of the delegation. He noted that there had been some discussion of moving the Congress to another location but that any move or delay would require extraordinary measures. The UPU International Bureau is holding appropriate consultations with Turkish and UN authorities, he said.

Mr. Murphy commented that the Department was pleased with the response from representative members of the Committee to the call for volunteers to serve as private sector advisors on the U.S. delegation. He said the goal is to be as inclusive as possible but cautioned that security considerations might be a limiting factor. Mr. Murphy promised to keep interested members updated.

He highlighted Congress issues that he thought were of interest to members: governance reform, terminal dues, customs-related matters and the Integrated Product Plan (IPP). He noted that “reform” is high on the Congress agenda, with regard both to governance of the organization and restructuring of its product offerings.

Mr. Murphy explained that the current **governance reform** proposals before the Congress are the product of a Council of Administration decision, adopted by a vote after acrimonious debate and over U.S. objections. The package of proposals includes Constitutional amendments to merge the Council of Administration (CA) and Postal Operations Council (POC) into a single council with two commissions. Mr. Murphy explained that, in the course of the debate in Bern, the United States delegation expressed its concerns, particularly over the potential loss of separation between operational and governmental functions and informed the Committee that the U.S. delegations would continue to oppose the measure at the Congress. U.S. concerns, in addition to the separation of responsibilities issue, include questions about how the new structure would function in practice. The proposed structure relies on task forces with small groups of experts rather than working groups. The

task forces and small groups would be generally closed, impairing transparency. In addition, there would be logistical problems as each task force has only one or two business items, so we could expect a proliferation of task forces. Mr. Murphy also highlighted concerns about the process of generating the reform proposal, which comprises over 60 amendments to the Constitution, General Regulations, and Convention, none of which has been reviewed by the CA, which only voted on the over-arching concept. Finally, Mr. Murphy observed that the governance package is deeply divisive. The reform proposal being offered in the name of the CA reflects a deep divide between developing and industrialized countries, he said, noting that debate on this issue may have a negative impact on the other parts of the agenda in Bern and in Istanbul.

Mr. Murphy told participants that, although the U.S. opposes the proposal on principle and for practical reasons, with sufficient time and effort, it might be possible to find compromises and amendments to make it workable. Time for such consideration is almost out, he said, adding that it was necessary to identify an alternative. Accordingly, France has put forward a proposal that the United States is cosponsoring. According to the UPU Constitution, the CA proposal will need the approval of two thirds of all members eligible to vote. At this point, Mr. Murphy reported, that number is 114, although it could go up as additional members currently under sanction sign agreements to pay their dues arrears. In contrast, Mr. Murphy said, the French proposal does not amend the UPU Constitution, so would only need a simple majority to pass. It would keep the existing two councils while simplifying the committee structure of each. It would also establish a high-level group to study the structural issue as in the initial proposal that emanated from the CA *ad hoc* Group. Mr. Murphy related that the French proposal also calls for an extraordinary Congress, and instructs the high-level group to develop proposals to expand membership in the POC by creating new seats for regions other than Western Europe. Mr. Murphy commented that The UPU Director General opposes the French proposal, is deeply committed to adoption of the CA package of proposals to create a single council, and appears willing to risk the success of the Congress in pursuit of that goal.

Mr. Murphy reported that he had better news on **terminal dues**. He recalled that, at its last meeting, the Advisory Committee had considered core principles, adopted by consensus, and supplemental measures adopted by a majority vote, to guide USG preparation for Congress. He observed that the package of proposals adopted by the POC and CA in February, which the U.S. delegation had helped to formulate and strongly supported, largely conformed to the Committee's core principles. Mr. Murphy highlighted establishment of a separate category for "E-format" items (small packets) with higher remuneration than for flats and letters and the proposed rapid year-on-year increase in the cap rate on small packets

originating in Group III countries (13%), which include China. He also noted the 9.6 percent annual increase for small packets from Group II countries and the resulting harmonization of E-format rates for all Target System countries by the end of the congress cycle. (In response to a question, he explained that the POC and CA did not reopen discussion on remuneration for letters and flats.) Mr. Murphy said that, for simplicity, the POC chose an aggregate model based on worldwide averages that could be seen as arbitrary. (The United States delegation had argued for a country-specific approach, more consistent with the UPU's stated long-term goal and the Committee's recommendations.) Nevertheless, the CA and POC recommendations make dramatic improvements in cost coverage and will effectively eliminate the problem of non-compensatory payment for delivery of small packets from abroad.

Mr. Murphy recounted that the POC and CA had adopted the terminal dues package as a consensus measure, although some countries remain dissatisfied. He commented that China is particularly unhappy with the package and indicated its intention to change one parameter of the pricing model that, if accepted, would greatly reduce the benefits for cost-coverage. Mr. Murphy explained that, despite the U.S. role in crafting the POC/CA package, the official U.S. position on it is still undetermined pending receipt of the Postal Regulatory Commission's "view" statement, required by Section 407 of the Postal Accountability and Enhancement Act.

On **customs-related matters**, Mr. Murphy reported that the United States lodged its proposal to amend the UPU Convention to introduce the principle of nondiscrimination in customs treatment of mail and similar shipments in advance of the deadline for single-country proposals, so did not require co-sponsors. He commented that it would be an uphill battle to win approval for this measure, which faces strong opposition. Nevertheless, he said, the State Department considers this proposal, which had been recommended by the Advisory Committee, as sound policy and a matter of principle, noting that similar proposals would be pursued in other, more favorable, trade venues. Mr. Murphy recalled that the Committee had also recommended a proposal to amend the UPU Convention to clarify that the Acts did not establish immunity for posts with regard to the application of customs laws. USPS had previously stated that it had legal concerns about this measure that it was not willing to publically disclose. Mr. Murphy informed the Committee that the Department had evaluated USPS's concerns and determined that they were credible. In addition, the Department also had concluded that the proposed measure had very little prospect of being adopted. Finally, there was the basic issue that, since no regulations for the immunity article of the Convention that the Committee recommended amending have even been adopted, the article has no clear application—the Committee recommendation aims

at fixing a problem that may not exist. Consequently, he said, The Department has determined that the United States will not submit the customs immunity proposal recommended by the Committee to the Istanbul Congress.

Mr. Murphy also briefed the Committee on the **Integrated Product Plan (IPP)**, which is being put forward in Istanbul by the CA and POC. The IPP envisions revised mail products that are differentiated by content rather than by weight--dividing mail items between those containing documents only and those containing goods. The plan is to have the changes phased in. Although the envisioned transformation is much slower than the United States would have liked, it is nevertheless an essential first step in a process to modernize UPU products to accommodate the growth of e-commerce. Accordingly, Murphy said the IPP was a top priority for the United States in Istanbul. The initial step is to formalize the system to accept the division between documents and goods, Murphy said, and to lay the groundwork for the major changes in the second phase that would be adopted by an anticipated Extraordinary Congress in 2018.

Extraterritorial Offices of Exchange (ETOE)s—Agenda Item 4

Mr. Murphy introduced this agenda item, by summarizing current U.S. policy on ETOEs, stated on the Department's web site, noting that the U.S. does not accept inbound ETOE traffic as international mail and does not allow ETOEs to use UPU documentation on outbound shipments, which, at the time they leave the U.S. are cargo not mail. Murphy explained that the Department does not regulate or authorize ETOEs but only asks to be informed of their establishment, to know who is operating within the United States. Mr. Murphy informed members that after the Istanbul Congress, the State Department would be initiating a review of ETOE policy. This review will be informed by a forthcoming report from the USPS/OIG on the subject. He then invited Lisa Nieman from the USPS/OIG to preview that report.

Preview of Forthcoming USPS/OIG Report

(Lisa Nieman)

Ms. Nieman explained that the current OIG work would result in a white paper; it is not an audit, although it builds on the results of a 2005 audit on whether ETOE procedures were unfair or unauthorized. The OIG previously concluded that ETOEs did have competitive advantages over other operators, and some existing practices were found to be unauthorized, created some security vulnerabilities for the United States, and created unfair financial burdens on the Postal Service. The OIG made recommendations to USPS to work with the U.S. Congress to establish laws and procedures to eliminate these problems and vulnerabilities. The OIG also

noted that some foreign offices of exchange have a policy of refusing to accept dispatches from ETOEs but sometimes, nevertheless, inadvertently accept them into domestic mail stream. Ms. Nieman related that the previous audit report noted that there was not enough data available to determine the market share of the entities but recognized the challenges they pose to USPS for international postal services.

The current project recognizes the changing state of postal operations and ecommerce, Ms. Nieman said, adding that ETOEs continue to have certain competitive advantages and can freely negotiate rates and contracts, are not bound by the regulations on USPS, and do not bear the cost of universal postal service. Nevertheless, ETOEs, as branches of UPU designated operators, can sometimes access official terminal dues rates available only to postal services. This access to terminal dues can be passed on to customers. Nieman said that the OIG is aware of concerns about inequalities due to ETOE access to different rates, the lack of visibility into ETOE operations, and potential abuses. She commented, however, the OIG has not been able to substantiate the basis of these concerns.

She reported that the audit team visited the international service centers of 25 identified ETOEs from the Department of State's database. The majority were not located at the address indicated. She noted that the Department and USPS do not see themselves as responsible for verifying the information provided. Also, an ETOE is not required to report if it moves or discontinues facility operations.

Internationally, Nieman said, the regulatory and oversight procedures vary greatly from country to country.

(Note: at the conclusion of the presentation, Ms. Law commented that ETOEs are not necessarily ETOE's only, and many provide multiple services in addition to those they offer as ETOEs.)

International Mail Processing Center (IMPC) Code Reform (USPS: Peter Chandler)

Mr. Chandler briefed the Committee on a U.S. proposal for the Istanbul Congress that could help improve the transparency of ETOE operations. He explained the importance of IMPC codes, which impact accounting, bag labels, airline handling, and customs processing. In an effort to improve the utility and transparency of these codes, Mr. Chandler explained, the UPU had considered adopting a new 9-character code but related that members judged this approach to be too expensive. Consequently, he said, the United States is proposing reform of the 6-character code. (The U.S. proposal was distributed to Committee members and is entered

into the record as a meeting document.) The key goal of the U.S. proposal, Chandler said, is to increase transparency.

The U.S. proposal has gotten a fair amount of support in Bern, where it narrowly missed endorsement by the POC. Consequently, the U.S. delegation will make the proposal again in Istanbul, where it will be very controversial. Nevertheless, our hope is that by bringing the proposal directly to all member states, it will fare better than it did in the ETOE-operator dominated POC.

Strengthening Global Capacity for Addressing—Agenda Item 5

The presentations and remarks of the presenters under this agenda item are available as meeting documents.

UPU Proposal on the Application of GIS to Postal Address Development (Charles Prescott)

Mr. Prescott told Committee members about ongoing efforts to raise awareness at the UPU on GIS applications to addressing. He related that a UPU-sponsored conference on addressing, held in Bern in November, 2015, that focused heavily on this topic attracted over 250 participants from around the world.

Building on this momentum, Spain, with U.S. support, is making a Congress proposal on the application of GIS to postal address development (posted as a meeting document). Mr. Prescott made a PowerPoint presentation, providing motivation for the proposal and outlining its operative elements. Several Committee members welcomed the initiative, and commented favorably on the proposal's reference to that standard UPU S42 addressing standard.

Progress toward a Unified Global Postal Addressing Standard (Josef Lubenow)

Mr. Lubenow presented on S42 and the importance of a unified global postal addressing standard, which can help to overcome the serious challenge of "Undeliverable as Addressed" (UAA) mail. Referring back to Mr. Prescott's presentation, Mr. Lubenow remarked that geocodes can offer advantages but it will remain necessary to combine them with conventional address for maximum efficiency. (He offered as an example the situation, where there might be a geocode for a building that does not say what floor on which the addressee lives.)

In addition to the slide presentation included in the meeting documents, a version of this presentation is available on YouTube:
www.youtube.com/watch?v=qu5IHeJ2KYQ

- **Data Hygiene (Merry Law)**

Elaborating on the issue of UAA mail in the international context, Ms. Law spoke on “data hygiene” and the desirability of determining if an international address is legitimate prior to sending an international parcel. Such a system already exists domestically in the United States, Ms. Law said, and a parallel international system of address verification yield large cost savings. Such an address verification service could, in her view, be created either through UPU or commercially through a fee subscription, which would be worthwhile for large shippers. She observed, however, that the current framework for the allocation of payments at the UPU does not encourage this development.

No items of other business were proposed, so, following the presentations under agenda item 5, Mr. Murphy adjourned the meeting.



*1:00 p.m. – 5:00 p.m. on Wednesday, 20 July 2016, American Institute of Architects,
1735 New York Avenue, NW, Washington, D.C.*

Draft Agenda

1. Opening of meeting
2. Adoption of the agenda
3. UPU Congress (Joe Murphy)
 - Venue and U.S. Delegation
 - Governance Reform
 - Terminal Dues
 - Customs-related Matters
 - Integrated Product Plan and Other Issues
4. Extraterritorial Offices of Exchange
 - Introduction (Joe Murphy)
 - Preview of Forthcoming USPS/OIG Report (USPS/OIG: Lisa Neiman)
 - International Mail Processing Center Code Reform (USPS: Peter Chandler)
5. Strengthening Global Capacity for Addressing
 - UPU Proposal on the Application of GIS to Postal Address Development (Charles Prescott)
 - Progress toward a Unified Global Postal Addressing Standard (Submission by Josef Lubenow)
 - Data Hygiene (Merry Law)
 - Other Issues/A Role for the Committee?
6. Any Other Business



26th CONGRESS

Proposal of a general nature

XX

United States of America

Resolution

Continuation of UPU activities in the area of improving transparency of parties responsible for international mail processing centres

Congress,

Acknowledging,

that the Doha Congress passed by a wide margin Resolution C 8/2012 seeking to improve the transparency and visibility within the UPU coding system used to identify international mail processing centres (IMPCs) in order to promote accountability for the parties responsible for them,

Mindful,

of how the increase in the number and variety of entities currently accessing the postal network, as well as the trend towards further widening access, has resulted in significant increases in the numbers of points of exchange throughout the network, and has created greater complexity in treatment of those exchanges due to the different natures of the parties concerned,

Also Mindful,

that this increase in the extent and complexity of postal network participation has made even more critical the need for UPU operators and systems to be able to better identify the members and others parties responsible for those parties who access this network,

Recognizing,

that the UPU is an organization of members, not designated operators, and that ultimately it is each member that is responsible for the operator or operators that it designates to conduct any activities on its behalf,

Noting,

that as a result of a design decision made over 20 years ago, the current IMPC code system relies on the UN/LOCODE to identify the geographical location of a facility and that this design is no longer efficient, as it requires the majority (83%) of the IMPC code to be used for a single purpose and consequently does not adequately address other important elements needed to ensure transparency in today's postal network,

Also Considering,

how reliance of the UN/LOCODE is now constraining the flexibility of the current IMPC coding system and that there are instances where the supply of available codes at recognizable locations has been exhausted with the result that parties are now resorting to substitute location codes, which is a practice that is opaque, confusing and, in some cases, misleading,

Desirous,
of a more transparent IMPC coding system with sufficient flexibility to ensure an adequate supply of IMPC codes for the near future and of a system that can also take into consideration the different needs for transparency that may arise in the postal network due to expansion of exchange points, exchange partners, extra-territorial operators, military mail, instances of multiple designated operators from a single country, as well as the call for greater access to the network for non-designated operators and other entities,

Recognizing
that, during the Doha Cycle, POC groups studied and discussed the merits of some new approaches towards modifying the IMPC code, and were able to conclude that modifying the code beyond 6 characters would be problematic

Instructs the POC:

To modify the current IMPC coding system (in UPU Standard S34), retaining the IMPC code's current length of 6-alphanumeric characters, in the following manner:

- Replace the 5 character UN/LOCODE component currently used to identify the location of an IMPC with a 3-character UPU IB-managed location code;
- Use the two characters saved from replacing the UN/LOCODE to identify the UPU member, territorial authority, or other UPU recognized authority accountable for the operation of the IMPC; and,
- Reserve the final character of the IMPC code for use as an indicator of the IMPC's operational and or accounting purposes, (or in cases of a member country with multiple designated operators, as an indicator of the designated operator involved).

To draw up a plan and a timeline that will provide the parties concerned, adequate opportunity to make any preparations, if needed, to their systems for these modified IMPC codes to become effective no later than July 2019.

Reasons: – The current IMPC code was designed in an era where the geographic location was enough to determine who was accountable. With the arrival of new entities accessing the postal network, location alone is no longer a reliable indicator of the party (or parties) accountable – additional vital information is needed from the IMPC code, to ensure adequate transparency and accountability in today's environment.

With expansion and increased need for greater access to the postal network, and to accommodate multiple designated operators, it is important to be able to identify the UPU member, territorial authority, or other UPU recognized authority, that is accountable for the IMPC operators.

We must note that several Congresses have already called for greater transparency in the IMPC code system, and this need still exists. This need was illustrated in an analysis of despatch information conducted in 2015 in which it was revealed that many designated operators have been knowingly or unknowingly receiving ETOE shipments – and included 22 members who specifically responded to a 2013 IB survey and indicated they did not wish to receive ETOE shipments. (It should be noted that 108 members did not respond regarding their conditions to receive ETOE shipments, and therefore the complete number of members not wanting ETOE shipments is likely to be much higher.)

During the last POC cycle, other stakeholder entities had been consulted for their views on the solution being proposed. IATA representatives indicated an extremely strong preference for the transparency of this proposed design over the current design. Customs authorities consulted see no impact as they do not use the IMPC code itself; the Postal Security Group was informed and had no objections.

Moreover, making this change will have minimal negative impact to DOs that do not send or receive ETOE mail. Those who do engage in ETOE or military/diplomatic/scientific IMPC operations would need to make some adjustments. (Sending DOs would have to change their codes affected, whilst receiving DOs would merely have to note these new codes.) In approximate numbers, 25 ETOE IMPC operators would need to change 203 IMPC codes; 8 military IMPC operators would need to change 156 IMPC codes. Only 13 OE IMPC operators would need to modify approximately 20 IMPC codes to

support this new code design. Existing codes can continue to be used concurrently with modified codes during any transition period.

The instructed method provides a simple and effective way to clarify who is accountable at the member level. It gives each member or recognized authority the flexibility to assign operational or accounting codes as it deems necessary, and permits the member to make appropriate allocations to whatever designated operators it allows.

Examples of how this proposal would guide the allocation of IMPC codes have been provided in the table below. The table also illustrates how various types of exchange operations could be accommodated and how this would promote greater flexibility and increase IMPC code capacity at recognizable locations.

Nature of IMPC	IMPC code	UPU member/territorial/other UPU recognized authority:	UPU IB Location code:	Operational/accounting character**:	How member or recognized authority assigns characters**
Sole designated operator at primary OE	USJFKA	<u>US</u> , United States	<u>JFK</u> , John F Kennedy International Airport, New York	<u>A</u>	Today, <u>US</u> assigns characters A, C-I, K, M, P-T, Y in New York to US Postal Service.
Fictitious example of Multiple Designated operators at primary OE (Managed by UPU member assignment of operational character)	UTXNDA	<u>UT</u> , Utopia	<u>XND</u> , Xanadu International Airport, Xanadu, Utopia	<u>A</u>	<u>UT</u> could assign characters A-F in Xanadu to Utopia Post
Operator A (Utopia Post)					
Operator B (Utopia Express Post)	UTXNDG	<u>UT</u> , Utopia	<u>XND</u> , Xanadu International Airport, Xanadu, Utopia	<u>G</u>	<u>UT</u> could assign characters G-L in Xanadu to Utopia Express Post
Primary OE of territorial authority	BMBDAA	<u>BM</u> , Bermuda (who is represented by UPU member GB)	<u>BDA</u> , L F Wade, International Airport	<u>A</u>	<u>BM</u> assigns character A in Bermuda to Bermuda Post
Military OE	USFRAT	<u>US</u> , United States	<u>FRA</u> , Frankfurt Airport, Frankfurt	<u>I</u>	<u>US</u> assigns character T in Frankfurt to US Postal Service(military)
ETOE (operated by a UPU member)	DEORDL	<u>DE</u> , Germany	<u>ORD</u> , Chicago O'Hare International Airport, Chicago	<u>L</u>	<u>DE</u> assigns character L in Chicago to Deutsche Post AG. (However, in the future, A-Z would become available.)
ETOE (operated by a territorial authority)	CWMIAZ	<u>CW</u> , Curacao	<u>MIA</u> , Miami International Airport, Miami	<u>Z</u>	<u>CW</u> assigns character Z in Miami to C Post
Fictitious example Non-UPU member party OE	F1FRAA	<u>F1</u> , Freight Express Service	<u>FRA</u> , Frankfurt Airport, Frankfurt	<u>A</u>	<u>F1</u> assigns character A in Frankfurt to Freight Express Service

** Under the new system, the responsible member country could allocate the entire range (A-Z) of the 6th character "Operational/accounting" to either a single designated operator or a multiple designated operator, as needed. For example, the US could allocate the entire range (A-Z) of the 6th "Operational/accounting" character for USPS operations at USJFK, if the US desired to do so.

Currently, all member countries' designated operators share UN/LOCODES of the recognized locations for their primary OE's with other entities who are located in, or near, the same recognizable UN/LOCODE location. Of note, the current arrangement has exhausted the supply of available IMPC codes at some recognizable locations, and has given rise to assignment of less recognizable codes, such as RDB instead of LAX.

Supported by. – Barbados, Brazil, Chile, China, Japan, Saudi Arabia, Canada, Thailand

Programme and budget impact (PBI) statement (2017–2020)

Title of proposed resolution	Continuation of UPU activities in the area of improving transparency of parties responsible for international mail processing centres
Istanbul Postal Strategy	Goal 1; Improve the interoperability of network infrastructure
Istanbul Postal Strategy (Programmes 5 and 4)	Programme 5: Standards; Program 4: Information and Communication Technologies
Entity or entities preparing and presenting the PBI statement	United States, Council of Administration and International Bureau
Period of implementation	1 January 2017 to 31 December 2020

Part 1 – Overview of goals and outcomes of proposed resolution	
<i>Main goals</i>	<i>Key actions and/or indicators</i>
<p>Modify the current S34 coding system, while retaining the IMPC code's current length of 6-alphanumeric characters, in following manner:</p> <ul style="list-style-type: none"> • Replace the 5 character UN/LOCODE component currently used to identify the location of an IMPC with a 3-character UPU IB-managed location code; • Use the two characters saved from replacing the UN/LOCODE to identify the UPU member, territorial authority, or other UPU recognized authority accountable for the operation of the IMPC; and, • Reserve the final character of the IMPC code for use as indicator of the IMPC's operational and or accounting purposes 	<p>Selected members of the Standards Board and the IB Standards Programme tasked to:</p> <ol style="list-style-type: none"> 1. Develop and compile new IMPC coding system, 2. Coordinate with Postal Technology Centre (PTC) on new coding system for purpose of updating programs in the IPS dispatching and receiving module, 3. International Bureau to work with Operations and Accounting Group, PTC, and Telematics Cooperative on strategy for roll-out/ implementation of new IMPC coding system, 4. Work with PTC on a Release date to allow for 1 year phased in implementation plan 5. Reporting to POC Plenary in April of 2017 and April 2018 and to Mid-Year Congress (if this takes place)
2 Implement the new IMPC coding system (S34) via IPS for IPS users. Non-IPS users modify their own systems per UPU timeline.	a Deadline July 2019 – new systems come online.

Part 2 – Overview of estimated funding required for implementation of proposed resolution for the period 2017–2020							
Sub-programme No.	Regular budget (first pillar)			Extrabudgetary resources (second pillar)		(third pillar)	
	Staff (m/m)		Other expenditure (CHF)	Staff (m/m)		Other expenditure (CHF)	
	P	G		P	G	P	G
5.xx	8	4	50,000				0

Details/comments regarding other expenditure and extrabudgetary resources	
1	15,000 CHF added to costs of Standards Programme to cover added work to revise and maintain new Code Lists and to share standards with PTC programmers
2	35,000 CHF for PTC costs of re-programming IPS module to reflect new IMPC coding system.

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"UNCLASSIFIED"

10/19/2021

EXPANDING THE SEAMLESS WEB

INTRODUCTION OF GIS TO
THE POSTAL ENVIRONMENT

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CONGRESS

1. Commonality of use
2. Address as a public good
3. Unaddressed population
4. Optimizing delivery development

But

1. The "old way" – complex and costly
2. New inventions – quicker and cheaper

COUNCIL OF ADMINISTRATION

Therefore –

1. Study postal integration of GIS....
2. Organize and motivate the community
3. Establish resource library
4. Identify potential funding

POSTAL OPERATIONS COUNCIL

1. Impact analysis of GIS implementation
2. Action plan for implementation
3. Address standards to accommodate geocodes

International Bureau

1. Support/advise countries on providing an address for everyone and GIS
2. Drive technical development assistance
3. Establish network of experts

Congress Urges

MEMBERS to make address development key
element of national development plans

CONSULTATIVE CTE to create lists of experts
companies, universities with relevant expertise

F-2018-05289 A-00000275876 "UNCLASSIFIED" 10/19/2021

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26th CONGRESS

Proposal of a general nature

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SPAIN

Resolution

Application of geographic information systems (GIS) to postal address development

Congress,

Considering

that research and experience has demonstrated that address systems are necessary fundamental tools which are employed by literally every governmental function and public service and every business, social, and economic unit world-wide and are a necessary component of economic development,

In view of

the increasing recognition that the availability and effective use of address information can alleviate many of the developmental challenges faced by countries, such as urban development, social inclusion, provision of basic services, and preparedness for natural disasters, pandemics and population displacement,

Recognizing

that a significant portion of the population of many countries lives in unplanned settlements, informal housing areas or rural areas which do not have systematic addressing,

Recognizing also

that addresses are a critical component of the mail and parcel delivery infrastructure and the full development of this business, including the full development of E-commerce, cannot be achieved efficiently without sound addressing systems and available address data,

Further recognizing

that the traditional means of developing and allocating addresses is a complex, technically demanding, time-consuming and expensive process,

Noting

that the development of information and communication technologies (ITCs) and the geographic information systems (GIS) have increased dramatically in recent years resulting in the invention of numerous new means for geo-locating businesses and residences more quickly and at a much lower cost than heretofore possible,

Bearing in mind

the measures adopted by previous Congresses, considerable effort has been made at international, regional and national level to underscore the importance of quality addressing and to develop and implement effective addressing systems in various countries using the most advance technology and particularly GIS,

Instructs

the Council of Administration, in consultation with the Postal Operations Council and with the support of the International Bureau to:

- conduct a study, with the aim of producing guidelines on the integration of the GIS, and more particularly geocodes and mapping, to existing and emerging addressing systems in order to identify the possible

Translator

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postal applications to tackle the lack of a comprehensive address system, strengthening operations efficiency and to stimulate commercial activity, and more particularly e-commerce and physical service delivery;

- organize advocacy activities about the importance of developing address systems, using the most advance technology for the effective implementation of the 2030 Agenda and the Sustainable Development Goals (SDG), including conferences and meetings;
- take appropriate measures to ensure capacity building of member countries in the field of addressing integrating GIS, including to gather in an online platform (library) materials and resources on address related issues such as address infrastructure development, best practices and success stories, benchmark studies, address standards and guidelines, integration of technology, etc.;
- identify actual and potential financing sources for addressing system development, including non-traditional sources,

Also instructs

the Postal Operations Council to:

- support the Council of Administration and the International Bureau in producing and promoting the study;
- study all operational recommendations resulting from the study on the implications of introducing the geographic information systems (GIS), such as geocodes, mapping or geo marketing by DOs, and prepare an impact analysis;
- establish and implement a concrete action plan and roll out map for the effective implementation by DOs of practical recommendations of the study, particularly with countries willing to improve their postal markets and develop geo-marketing and marketing for demand prevision;
- continue developing and promoting international address references and standards, such as S42, to allow for integration of the GIS technology, particularly geocodes and mapping,

Further instructs

the International Bureau to:

- support and advise member countries in their efforts to provide an address for everyone using the most advanced ICTs, with special attention to the most vulnerable populations;
- coordinate address-related technical assistance activities and the formation and management of a network of experts in that connection,

Urges

Union member countries to

- make address development, especially in unplanned settlements, a key element of their policy and national development plans during the upcoming cycle as one of the bases for national and international communication (letters) and trade (goods);

Further urges

the Consultative Committee to

- assist the Council of Administration and the International Bureau in the task of developing a list of professionals, universities and companies (non-profit and for profit) with expertise in address-related services and products integrating GIS, and particularly geocodes and mapping which shall be linked to the unique online platform.

Reasons. –

The postal addresses have recently undergone a major change in parallel with the Information technology. This change has strengthened for new uses than originally planned. A postal address identifies a location and provides valuable information when it clustered with other address information and all sorts of attributes that could indicate a trend or a forecast of a variable. The Geographic Information Systems (GIS), together with the Global Positioning System (GPS) and other tools, such as personal digital assistants (PDA) or smartphones,

have become an essential tool for obtaining spatial information on postal addresses and for producing analysis of various types of variables. By adding this geographical component, it allows for visualizing and modeling of actions and measures globally oriented vision and with an analytical capacity never seen before. The integration of this technology to the address information provides a wide range of applications as a mayor tool for demand forecasting or sectorial analysis in industrialized countries, or locating any type of settlement, as well as planning and providing basic services in developing countries.

Supported by – Argentina, Botswana, Burundi, Cuba, Paraguay, Portugal, Saudi Arabia, Uganda, Uruguay and USA.

UPU S42-8 / ISO 19160-4 INTERNATIONAL POSTAL ADDRESSING STANDARD: FEATURES AND PURPOSE

by Dr. Josef Lubenow

lubenow@msn.com

President, Lubenow and Associates

20 July 2016

INTERNATIONAL STANDARD FOR POSTAL ADDRESSING

- UPU S42-8 ready for approval
 - to upgrade S42-7 from 2012
 - S42 process started in 2001
 - under auspices of UPU Standards Board
 - Sponsors: USPS, UPU Direct Mail Advisory Board (DMAB)
- Specifies name and address elements and components, and country based templates to assemble addresses
- Same standard submitted as ISO 19160-4
- Also proposed as a European CEN standard

ECONOMIC IMPORTANCE OF UAA MAIL

- USPS Undeliverable As Addressed (UAA) mail still a \$1.3 B problem
- USPS 155 B mail pieces, estimated 40% of world volume
- Percentage of UAA mail worse wherever databases, address validation, change of address (COA) capability not available

WHY A GLOBAL

F-18-5269 A-00002758/6 "UNCLASSIFIED" 10/3/21

ADDRESSING STANDARD?

- Provides a common vocabulary
- Store global addresses in single format
- Global systems also can serve single nations
- Develop once, run anywhere
- Prevents UAA mail by prior address validation
- Foster development of international change of address (ICOA)
- Foster development of delivery point databases (like DSF)
- Exchange information through central hub (such as UPU .post)
- Countries can still control their own data
- Useful for both cross-border and domestic mailings
- Useful for secure customs declarations
- Useful for EU harmonized address labels

S42 and Related UPU

Standards and Documents

- UPU S42-8 = Postal Address Components and Template Language
 - for list of name/address elements and definition of Postal Address Template Description Language (PATDL) templates for rendition rules by country
- Exchange of Name and Address Data (ENAD) = UPU S53
 - for XML data input and output
- PATDL User's Guide (technical document)
 - guide for developers

2012 DOHA UPU CONGRESS RESOLUTIONS

- Resolution C48 on “Address infrastructure strategy” instructs the POC as follows:
- Develop delivery point database management software based on S42 and S53 to be made available to designated operators as needed on a non-discriminatory basis;

2012 DOHA UPU CONGRESS RESOLUTIONS

- Resolution C48 further instructs the POC:
- Develop, subject to the availability of funding, an international change-of-address exchange server capability to be used by designated operators, other operators and trusted industry players on a reasonable and non-discriminatory basis, based on UPU standards, making use of the secure UPU “dot.post” top level domain, with data offered by universal service providers in accordance with applicable privacy regulations;

Countries Covered

- 45 approved countries
- 10 complete and awaiting approval
- 10 more in development
- 8 more countries committed to process
- Can be covered officially through postal operator or unofficially through online resources

Current Country Status

APPROVED:			READY FOR APPROVAL:	IN DEVELOPMENT:
Azerbaijan	Great Britain	Slovakia	Austria	Bosnia and Hercegovina
Australia	Greece	South Africa	Iceland	Cuba
Bahrain	Indonesia	Spain	Ireland	Ecuador
Belarus	Iran (Islamic Rep.)	Tanzania	Mexico	India
Belgium	Italy	Thailand	Mongolia	Japan
Botswana	Lithuania	Trinidad and Tobago	Norway	Kenya
Brazil	Malaysia	Turkey	Sweden	Philippines
Bulgaria	Morocco	Ukraine	Denmark	Singapore
Canada	Namibia	Uganda	South Korea	Moldova
Chile	Netherlands	United States of America	Switzerland	Saint Lucia
China (People's Rep.)	New Zealand	Uzbekistan		
Czech Rep.	Poland	Venezuela (Bolivarian Rep.)		
Finland	Portugal	Viet Nam		
France	Saudi Arabia	Zambia	Prospects	CIS-RSS Region (Russia, Kazakhstan, Armenia, Georgia, Turkmenistan, Tajikistan, Kirgizstan)
Germany	Serbia	Zimbabwe		
			Latvia	Arab region

INTERNATIONAL DIVISION OF LABOR

- Bangkok meeting 2011 – India, China, Vietnam, Iran, Malaysia, Indonesia, Thailand, Philippines
- Nordic countries 2012
- Turkey, Eastern Europe: 2014
- Sub-Saharan Africa: 2015
- 2015 workshop in Saudi Arabia for Middle East
- IB staff from: Poland, China, Peru, Spain
- ISO: Japan, South Korea, South Africa
- S42 working group: France, US, South Africa

F 2018 05269 A 00000275876 "UNCLASSIFIED" 10/19/2021

RENDITION ENGINES

- Rendition engines can now stably be developed
- Capable of being certified by correctly processing approved templates
- Work with multiple languages and scripts
- Handle all address types per country specification
- Support multinational name and address files
- Challenge: need to identify country of address to select template
- Challenge: prior parsing of input into elements or composites
- Goal: make rendition engine widely available
- Goal: allow for shared development of further templates
- S42-8 engine has been developed by Lubenow and Associates and GrayHair Software based on current draft standard

E-2018-05269 A-00000275876 "UNCLASSIFIED" 10/19/2021

UPU Continuing Role

- Country templates are downloadable
- Approval of new templates by country and S42 working group
- Renewal of certification every three years
- Test data sets in Excel and XML expected to be available along with a rendition engine, with several candidates under development
- This allows others to test templates as part of the project and to create new templates

Postal Name and Address Validation

By Dr. Josef Lubenow, Lubenow and Associates

July 20, 2016

The capability of validation of postal names and addresses prior to mailing was enabled in the United States by the USPS at least thirty years ago. The National Change of Address (NCOA) service began in 1986, updating names and addresses in mailer files based on input from the public, and the Delivery Sequence File (DSF) became available in 1991, representing a full database of delivery points. But these services have been slow to develop globally. Even now the majority of countries lack these tools. And when they exist they are often not accessible from outside the country.

International mail has always had higher error rates than domestic mail. When an international mail item goes awry because of correctible name and address errors, an unnecessary cost is incurred, causing harm for the mailer, the would-be recipient, and the sending and delivering Posts.

International address validation software has always been plagued by limitations. Besides the sheer lack of delivery point databases and deficiencies in move updating, a common standard vocabulary for name and address components has yet to emerge that can be shared worldwide. What is needed is a unified method of storage and update with which countries and mailers can interchange information with a common protocol, and reliably render valid addresses regardless of language, script and address type, within constraints on available space.

Now there is progress to report. The UPU S42 standard, under development since 2001 and on the way to becoming an ISO standard (19160-4) for postal addresses, has made possible a common international approach to parsing, storing, and rendering postal addresses. S42 includes a well vetted list of name and address components and a template language (PATDL) to allow for assembly of rendered addresses from the standard parts. This makes it possible for all countries to have their own NCOA and DSF, under their own auspices, providing a technical basis for an international change of address (ICOA) capability and international address validation. Development of an ICOA and a validation process will make it possible for all global mail to be validated as complete, correct and current, before it is sent, and can allow for each name and address combination in the world to be unique and distinct.

An informed reader might wonder whether the above can really be accomplished in the light of national and regional privacy laws and regulations. Consider though that a workable system could consist of a hub-and-spoke network, with the UPU as the hub, where enquiries from outside are forwarded to a country controlled web site which can verify the source of the request. A reply message could provide a generic notice, if warranted, that mailing to that party at that address would be counterproductive. With the common vocabulary, this amounts to NCOA and DSF on an international scale. The country decides what information can be shared. The reader will note that if even that much advance notice is not permitted, a huge burden of waste and inefficiency will be perpetuated. As for the prospective mailer, if notified of an issue, they could seek the new address through other channels. They could mail anyway, having been warned. Or they could change plans. But beyond this minimal information flow, many situations exist, such as commercial communications, when release of the corrected address would be routinely permitted by prior agreement of all parties.

In recent years the defects of current postal addressing systems have led to the introduction of many other proposed addressing methods, most often geocodes connected to latitudes and longitudes, and using those coordinates as a basis for developing multi-digit and multi-character geocodes, or other methods of identifying delivery points. S42 is entirely compatible with geocoding, whether as a location of a structure or of a device holder, and can support any position for a geocode within an address. This applies whether or not it denotes a delivery point, identifies a customer, or is needed as part of a complete, correct and current address. Using standardized postal addresses with postcodes or geocodes preserves the advantages of descriptive addresses, by using locally known terms, that are already familiar, by connectedness, in that your address resembles your neighbor's, by grouping in contiguous areas, for marketing and social science purposes, and by partial descriptive redundancy, in case of error. Geocoding by itself is not sufficient to preserve these advantages.

Rendition engines, that is, software serving as reference applications for the standard, process a set of address types for each country, covering every part of the populated world, with varying scripts and languages, all stored in a single standard format. Using a work group of specialists, working together with relevant in-country authorities, the task is to find a set of rules that comprises a template for all valid cases for a country or domain. Addresses can then be rendered conforming to these rules. At the same time, they can be stored to incrementally generate or update a database. They can provide the best rendition for the available space, based on samples submitted by the country, and using a template approved by the country. The process can be designed to facilitate adoption of the standard, allow development of alternative engines to produce valid renditions, and permit an open methodology for improving the templates while filling in remaining gaps. Currently there are 45 approved templates, with more ready for approval or under development, and a recent Middle East regional workshop expected to add to the coverage.

Users of S42 may include the UPU itself, individual Posts, large mailers, and small enquirers, the latter via Web services through the UPU .post domain. Rendition engines will be developed by private industry and in some cases, by other agencies. Those interested will especially include financial institutions, large retailers, government agencies, NGOs, and anyone wanting to work with definitive postal addresses on a cross border basis with global scope.

S42: CURRENT COUNTRY STATUS**Approved:**

Azerbaijan
Australia
Bahrain
Belarus
Belgium
Botswana
Brazil
Bulgaria
Canada
Chile
China (People's Rep.)
Czech Rep.
Finland
France
Germany
Great Britain
Greece
Indonesia
Iran (Islamic Rep.)
Italy
Lithuania
Malaysia
Morocco
Namibia
Netherlands
New Zealand
Poland
Portugal
Saudi Arabia
Serbia
Slovakia
South Africa
Spain
Tanzania
Thailand
Trinidad and Tobago
Turkey
Uganda
Ukraine
Uzbekistan
United States of America
Venezuela (Bolivarian Rep.)
Viet Nam
Zambia
Zimbabwe
TOTAL: 45

Ready For Approval:

Austria
Denmark
Iceland
Ireland
Mexico
Mongolia
Norway
South Korea
Sweden
Switzerland
TOTAL: 10

In Development:

Bosnia and Herzegovina
Cuba
Ecuador
India
Japan
Kenya
Philippines
Singapore
Moldova
Saint Lucia
TOTAL: 10

Prospects:

Arab region
Latvia
CIS-RCC Region:
Russia
Kazakhstan
Armenia
Georgia
Turkmenistan
Tajikistan
Kirgizstan
TOTAL:>8

S42 CONTRIBUTORS AND SUPPORTERS

Following is a list of contributors to S42 based on available documentation and our common recollections. Many others worked on specific countries, and also deserve credit for their efforts. Those involved in compiling this list are marked with an asterisk*.

Key Contributors

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Background Information:**Lubenow and Associates**

Established 2001 to pursue S42 and related initiatives

Funded along the way by Pitney Bowes, Group 1, Time Warner, and GrayHair Software

Seven versions of S42 have appeared; an eighth is planned to coincide with ISO 19160-4 (pending approval)

Dr. Josef Lubenow helped found the UPU S42 working group in 2001 and has been an editor for the UPU standards S42 (International Postal Address Components and Template Language) and S53 (Exchange of Name and Address Data). The same work is proposed as an ISO 19160-4 standard as well as a CEN (European Committee for Standardization) and UPU standard. With Patricia Vivas, he co-authored the UPU Addressing and Postcode Manual in 2009. He was an elected leader of the USPS Mailers Technical Advisory Committee (MTAC) from 1995-2007, serving as MTAC Industry Chair from 2001-2002, as well as chairing subcommittees on Engineering and Technology and on Addressing, and continues as an MTAC member ex officio. Having served on the Board of the Association for Postal Commerce (PostCom) for 25 years, he is now an Emeritus Board member. In 2013, he received a Ph.D. in Philosophy from the University of Chicago for a dissertation "On the Foundations of Human Rights". He is president of the postal consulting firm Lubenow and Associates, based in Chicago, and focusing on international postal addressing and intelligent mail.

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International Address Hygiene

Joe [Lubenow], Charlie [Prescott], and I agree on the importance of addressing — addresses create inclusion in the economic and public sectors. But it is difficult to provide an economic value for many of these benefits.

One specific benefit has an immediate economic value. Address hygiene processing decreases UAA mail and other address-related delivery problems, with concomitant, provable advantages to delivery companies and mailers. With addresses that can be described within a standard, it is possible to check addresses to make sure they conform to the formats accepted by the destination country. With a database of addresses, it is possible to check that specific addresses are deliverable.

Without both the address templates and the database, that is not possible. We mail into a void, not knowing if the address is sufficient or deliverable.

With standards and databases, we can have the international equivalent of the USPS programs to verify addresses before mailing. Those programs have significantly reduced UAA mail within US domestic mail, with savings to the USPS and mailers — and to other private deliver companies which use the USPS database. (That database has value by itself: others license it.)

The way of doing this for international addresses is somewhat different because multiple countries with different address formats are usually processed at the same time. To do this processing, one needs to know the formats of addresses in destination countries. Addresses for each country from a mailer's file are compared to the country's format and corrected as required. With a database of address information from the country, it is possible to go further and verify address information. This depends on the information made available by the destination country: is the locality a valid postal destination in that country, is the postal code if one exists correct for that locality, does the street exist in that postal code in that city, and so on. At the highest level of verification, one can verify that the specific address is a valid mail destination.

Currently, private address hygiene companies are providing these services. The private services vary in a bit in their specific services but the address processing is dependent on information on address formats and on address data. They all depend on proprietary information they have gathered in addition to the information provided by individual countries. Many countries do not provide the detailed addresses needed for verification of specific addresses. Some, including the U.S., restrict what is available outside the country because of security concerns or due to national privacy laws.

Right now, international address hygiene is used by some companies that mail large quantities of international addresses. It is not affordable to companies with smaller international files nor to companies that mail outside the country only occasionally and is unavailable to individuals. It is possible to create a truly international address hygiene service: the UPU Congress approved such a development but it is unfunded. On a more limited scale, it would be feasible now between, say the U.S. and Canada or the U.S. and the U.K.

I am looking forward to the international equivalent of US address verification. With the additional costs involved in moving mail internationally, the potential savings would be substantial. Unfortunately, the current allocation of payments at the UPU does not encourage this development.

-- Merry Law, WorldVu LLC