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UPU terminal dues system for the 2018–2021 period

Joint Council of Administration and Postal Operations Council proposal

1 Subject	**References/paragraphs**
Presentation of the proposal for the UPU terminal dues system for the 2018–2021 period.	§§ 1 to 21 and Annexes 1 and 2
2 Decision expected	
Congress is invited to take note of the proposal described in the document and its annexes.	§§ 1 to 21 and Annexes 1 and 2

I. Introduction

1 The purpose of the UPU terminal dues (TD) system is to compensate destination countries for the cost of handling, transporting and delivering letter-post items from abroad. Since the introduction of the TD system by the 1969 Tokyo Congress to compensate for imbalances in mail exchanges, much work has been done to improve it, with the focus shifting from imbalances to the coverage of costs incurred by international mail received.

2 Through resolution C 57/2012, the Doha Congress set out the objectives to be met and the work to be done to develop the TD system for use during the 2018–2021 period. Through resolution C 77/2012, it endorsed the methodology for the classification of countries and territories for TD and Quality of Service Fund (QSF) purposes.

II. Purpose of this Congress document

3 The aim of this document is to describe the proposal jointly prepared by the CA and POC in response to the framework defined by the Doha Congress. Resolution C 57/2012 sets out the TD system requirements to be proposed to the Istanbul Congress.

4 Resolution CA 1/2014.1 provides for the integration of the Doha Congress principles into both the TD and inward land rates (ILR) systems in a bid to facilitate the work of the POC on both UPU remuneration systems during the 2013–2016 cycle.

III. Classification of countries

5 The Doha Congress approved the methodology for the classification of countries for TD and QSF purposes, as described in resolution C 77/2012, Annex 1. The application of that methodology resulted in the distribution of countries into six groups (1.1, 1.2, 2, 3, 4 and 5).

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6 At the end of the Doha Congress cycle, countries in groups 1.1, 1.2, 2 and 3 will make up the target system countries, and countries in groups 4 and 5 the transitional system countries. Although there are six groups, the UPU member countries and territories apply only four distinct sets of TD provisions, which are proposed to continue in the next Congress Acts cycle.

7 Accordingly, Annex 1 and Attachment 1 thereto set out a proposal for the simplification of the groups as well as a procedure for appeals on country classification for the TD system in the 2018–2021 cycle. This will enable the CA to deal with requests for reclassification due to war or extremely severe economic conditions and requests for classification as detailed in Annex 2.

IV. Proposed new terminal dues system for 2018–2021

Country-specific rate

8 Countries in group III (formerly group 3) will apply country-specific rates from 2018, between themselves and other target system countries in groups I and II (formerly groups 1.1, 1.2 and 2).

Sampling and format separation

9 The proposed sampling and format separation thresholds are as follows:

	Group I (formerly group 1.1)	*Group II (formerly groups 1.2 and 2)*	*Group III (formerly group 3)*	*Group IV (formerly groups 4 and 5)*
Sampling	Mandatory	50 tonnes	75 tonnes (2018–2020) 50 tonnes (2021)	Optional
Format separation	50 tonnes 3 formats (P, G, E)	50 tonnes 2 formats (P/G and E)	75 tonnes (2018–2020) 50 tonnes (2021) 2 formats (P/G and E)	Optional

Direct access

10 It is proposed that direct access remain mandatory for countries in group I (formerly group 1.1) only, and optional for all other groups.

Quality of service link to terminal dues

11 The quality of service link to terminal dues aims to encourage designated operators to monitor, manage and improve their service quality. The quality of service link to terminal dues will remain mandatory for countries in the proposed new groups I (current 1.1), II (current 1.2 and 2) and III (current 3).

12 As regards countries in the proposed new group IV (current 4 and 5), it will become mandatory in 2020, following a two-year grace period starting in 2018. Those countries can, however, voluntarily request to apply the provisions on the quality of service link to terminal dues earlier than 2020.

13 The threshold for exempting countries from applying the provisions on the quality of service link to terminal dues will remain at 100 tonnes of total inbound mail per year.

Quality of Service Fund

14 The QSF should enable the member countries most in need in group IV (formerly groups 4 and 5) to benefit from quality improvement projects financed through the QSF.

15 If a member country does not reach the minimum yearly QSF revenue of 20,000 SDR from contributions from TD payments, the additional funds needed to reach this minimum amount should be invoiced in proportion to the volumes sent by all countries in the target system in groups I, II and III (formerly groups 1.1, 1.2, 2 and 3), and not only group I (formerly group 1.1) as currently. A Congress proposal has been made to amend article 30.6 of the UPU Convention as follows:

"The combined terminal dues payable into the QSF for improving the quality of service of countries in group~~s 4 and 5~~ IV shall be subject to a minimum of 20,000 SDR per annum for each beneficiary country. The additional funds needed for reaching this minimum amount shall be invoiced, in proportion to the volumes exchanged, to the countries in the target system ~~prior to 2010~~."

16 The proposed annual future contributions to the QSF are as follows:

Destination / *Origin*	*Group IV (formerly group 4)*	*Group IV (formerly group 5)*
Group I (formerly group 1.1)	10%	20%
Group II (formerly groups 1.2 and 2)	10%	20%
Group III (formerly group 3)	5%	20%
Group IV (formerly group 4)	0%	0%
Group IV (formerly group 5)	0%	0%

New target TD system

17 Resolution C 57/2012 asked for improvements to the TD system, specifically pointing to the need to link rates with the level of service and with the structure of format-separated mail exchanges. The future TD model takes the current system as the starting point.

18 One methodology was developed involving separate rate calculations for P/G format and E format items, as well as a tool enabling members to assess the impact. This methodology involves the continued application of the current 2014–2017 methodology, whereby 20 g and 175 g domestic tariffs are used for linearization and tilted to a 12.8% item-to-kilogramme ratio at the tilting point of 91.9 g (average item weight). This rate line would apply to P/G format items. The E format rate structure is created by tilting the P/G line at 375 g towards the item-to-kilogramme ratio of 44.5%.

19 The following parameters are used, which resulted from studies conducted during this cycle:

a Domestic tariffs: As explained above, 20 g (P) and 175 g (G) are used for P/G format items.

b Cost-to-tariff ratio: The current ratio is 70%. The most recent cost study revealed a ratio of 65%, but was calculated based on a limited number of responses. So, for the sake of simplicity, it is proposed that the current ratio of 70% be maintained for the 2018–2021 period.

c Item-to-kilogramme ratio: It is proposed to maintain the current item-to-kilogramme ratio of 12.8% for P/G format, and 44.5% for E format, which is the median item-to-kilogramme ratio for groups I, II and III (formerly groups 1.1, 1.2, 2 and 3), based on their domestic tariffs.

d Increase of cap and floor rates: For P/G format, it is proposed to maintain the current annual increases of 3% for the cap rates of group I (formerly group 1.1) and 6% for the cap rates of group II (formerly groups 1.2 and 2), and to apply the recommended 6% for the newly introduced cap rates of group III (formerly group 3). The floor rates of all groups mentioned above would increase by 2.8% and would remain harmonized among those groups. For E format floor rates, a 2.8% increase per year is proposed for all groups. For E format cap rates, the following is proposed:

- 3% per year for group I (formerly group 1.1);
- 9.6% per year for group II (formerly groups 1.2 and 2);
- 13% per year for group III (formerly group 3).

e Reference points for cap and floor rates: The reference point for P/G format is 37.6 g (average weight according to the IPK study). For E format, the IPK study revealed an average weight of 255 g. However, 375 g is proposed since it is the mid-point of the letter tariff weight scale of 250–500 g used in most countries.

f Tilting point for E format items: The tilting point is used to tilt the initial rate line. The tilting point is also used to create the E format caps and floor. For E format, 375 g is also proposed as the tilting point.

New transitional TD system

20 For group IV (formerly groups 4 and 5) countries in the transitional system, the application of the worldwide average composition of one kilogramme of mail according to the IPK study carried out in 2014 and the rates proposed result in the following rates:

– 4.472 SDR/kg for year 2018;

– 4.592 SDR/kg for year 2019;

– 4.724 SDR/kg for year 2020;

– 4.858 SDR/kg for year 2021.

V. Supplementary services and M bags

21 For M bags, it is proposed to maintain the current rates, but with an increase of 2.8% per year. For registered items, it is proposed to increase the surcharge from 0.67 SDR in 2017 to 1.10 SDR/item in 2018, 1.20 SDR/item in 2019, 1.30 SDR/item in 2020 and 1.40 SDR/item in 2021. For insured items, it is proposed to increase the surcharge from 1.342 SDR/item in 2017 to 1.40 SDR/item in 2018, 1.50 SDR/item in 2019, 1.60 SDR/item in 2020 and 1.70 SDR/item in 2021.

Berne, 11 February 2016

For the Postal Operations Council
Masahiko Metoki
Chairman

For the Council of Administration
Faleh Mohammed Al-Naemi
Chairman

Classification of countries and territories for terminal dues and Quality of Service Fund purposes

I. Introduction

1 The Doha Congress approved the methodology for the classification of countries for terminal dues (TD) and Quality of Service Fund (QSF) purposes, which is essentially based on the postal development indicator (PDI). The PDI was applied based on a hierarchical approach for the listing of countries in groups, using as a reference the target system countries before 2010 and the United Nations Economic and Social Council (ECOSOC) classification of least developed countries (LDCs).

2 This methodology resulted in the distribution of countries and territories into six groups (1.1, 1.2, 2, 3, 4 and 5). At the end of the Doha Congress cycle, countries in groups 1.1, 1.2, 2 and 3 will make up the target system countries, and countries in groups 4 and 5 the transitional system countries. Although there are six groups, the UPU member countries and territories have applied only four distinct sets of TD provisions, which are proposed to continue in the next Congress Acts cycle.

II. Regrouping

3 Accordingly, a simplification is proposed whereby countries in the target system in groups 1.1, 1.2, 2 and 3 are reallocated into three groups, and countries in the transitional system in groups 4 and 5 are reallocated into one group, in both cases according to the TD provisions applicable to each of the four groups, as follows:

Current groups (2014–2017)	*Proposed groups (2018–2021)*
Group 1.1 (target system prior to 2010)	Group I (target system, level I)
Group 1.2 (target system from 2010)	Group II (target system, level II)
Group 2 (target system from 2012)	
Group 3 (target system from 2016)	Group III (target system, level III)
Group 4 (transitional system)	Group IV (transitional system)[1]
Group 5 (transitional system)	

III. Exceptional cases

4 Exceptional cases would be dealt with in the following way:

– the United Arab Emirates, classified by the Doha Congress in group 1.2 for the purpose of the QSF and the TD link to quality of service, but applying the same TD rates as countries classified in group 3, would apply a uniform set of target system provisions from 2018 to 2021, i.e. those of the new group III countries;

– the Maldives and Tunisia, reclassified in group 4 by the 2013 CA until 2017, and Libya, reclassified in group 4 by the 2015 CA until 2017, would continue applying the transitional system provisions from 2018 to 2021, i.e. those of the new group IV countries;

[1] Countries classified by the United Nations ECOSOC as LDCs would benefit from higher percentages of QSF contributions than others in the same group.

- the Dutch Caribbean would be classified in group II from 2018 to 2021, as per the technical assessment by the International Bureau contained in CA C 1 2015.1–Doc 6.Add 1.Annex 2, which recommended its classification in group 2 based on its PDI;
- any other country or territory not classified by the Doha Congress (see list in Annex 2 to resolution C 77/2012) would have the opportunity to request classification from the CA, which would be mandated by the Istanbul Congress to take a decision on such requests; and
- countries experiencing severe economic crisis or situations of war would be allowed to request a temporary reclassification according to the rules currently set out in resolution C 77/2012, Annex 1, section III. A proposal to this effect is included in the draft Istanbul Business Plan.

Classification of countries and territories for terminal dues and Quality of Service Fund (QSF) purposes

Group I (formerly group 1.1) – List of countries and territories that were in the target system prior to 2010, that apply the target terminal dues system during the period from 2018 to 2021, and that contribute to the QSF as provided for in article 28 of the Convention

Countries and territories	*Former group*
Australia	1.1
– Norfolk Island	1.1
Austria	1.1
Belgium	1.1
Canada	1.1
Denmark	1.1
– Faroe Islands	1.1
– Greenland	1.1
Finland (including the Åland Islands)	1.1
France	1.1
French Overseas Territories coming within the Union's jurisdiction by virtue of article 23 of the Constitution:	
– French Polynesia (including Clipperton Island)	1.1
– New Caledonia	1.1
– Wallis and Futuna Islands	1.1
Germany	1.1
Great Britain:	
– United Kingdom of Great Britain and Northern Ireland	1.1
– Guernsey	1.1
– Isle of Man	1.1
– Jersey	1.1
Overseas Territories (United Kingdom of Great Britain and Northern Ireland):	
– Falkland Islands (Malvinas)	1.1
– Gibraltar	1.1
– Pitcairn, Henderson, Ducie and Oeno Islands	1.1
– Tristan da Cunha	1.1
Greece	1.1
Iceland	1.1
Ireland	1.1
Israel	1.1
Italy	1.1
Japan	1.1
Liechtenstein	1.1

Countries and territories	*Former group*
Luxembourg	1.1
Monaco	1.1
Netherlands	1.1
New Zealand (including the Ross Dependency)	1.1
Norway	1.1
Portugal	1.1
San Marino	1.1
Spain	1.1
Sweden	1.1
Switzerland	1.1
United States of America	1.1
Vatican	1.1

Group II (former groups 1.2 and 2) – List of countries and territories that joined the target system in 2010 (former group 1.2) and 2012 (former group 2), that apply the target terminal dues system during the period from 2018 to 2021, and that contribute to the QSF as provided for in article 28 of the Convention

Countries and territories	*Former group*
Aruba	1.2
Antigua and Barbuda	2
Bahamas	1.2
Bahrain (Kingdom)	2
Barbados	2
Brunei Darussalam	2
Croatia	2
Curaçao	2
Cyprus	2
Czech Rep.	2
Dominica	2
Caribbean part of the Netherlands[1]	2
Estonia	2
Grenada	2
Hong Kong, China	1.2
Hungary	2
Korea (Rep.)	2
Kuwait	1.2
Latvia[2]	2
Macao, China	2
Malta	2
Territory under New Zealand:	
– Cook Islands	2

[1] Classification recommended by the 2015 CA.
[2] Initially classified in Group 3, Latvia voluntarily moved to Group 2 in 2014 (IB circular 105/2013).

Countries and territories	*Former group*
Overseas Territories (United Kingdom of Great Britain and Northern Ireland):	
– Anguilla	1.2
– Bermuda	1.2
– British Virgin Islands	1.2
– Cayman Islands	1.2
– Montserrat	2
– Turks and Caicos Islands	1.2
Poland	2
Qatar	1.2
Saint Christopher (St. Kitts) and Nevis	2
Saudi Arabia	2
Singapore	1.2
Sint Maartin	2
Slovakia	2
Slovenia	1.2
Trinidad and Tobago	2

Group III (former Group 3) – List of countries and territories that joined the target system in 2016, that apply the target terminal dues system during the period from 2018 to 2021, and that contribute to the QSF as provided for in article 28 of the Convention

Countries and territories	*Former group*
Argentina	3
Belarus	3
Bosnia and Herzegovina	3
Botswana	3
Brazil	3
Bulgaria (Rep.)	3
Chile	3
China (People's Rep.)	3
Costa Rica	3
Cuba	3
Fiji	3
Gabon	3
Jamaica	3
Kazakhstan	3
Lebanon	3
Lithuania	3
Malaysia	3
Mauritius	3
Mexico	3
Montenegro	3
Nauru	3
Territory under New Zealand:	
– Niue	3

Countries and territories	*Former group*
Oman	3
Panama (Rep.)	3
Romania	3
Russian Federation	3
Saint Lucia	3
Saint Vincent and the Grenadines	3
Serbia	3
Seychelles	3
South Africa	3
Suriname	3
Thailand	3
the former Yugoslav Republic of Macedonia	3
Turkey	3
Ukraine	3
Uruguay	3
United Arab Emirates (UAE)[3]	1.2
Venezuela (Bolivarian Rep.)	3

Group IV (former groups 4 and 5) – List of countries and territories that apply the transition terminal dues system during the period from 2018 to 2021 and that benefit from the QSF as provided for in article 28 of the Convention

Countries and territories	*Former group*
Albania	4
Algeria	4
Afghanistan[4]	5
Angola[4]	5
Armenia	4
Azerbaijan	4
Bangladesh[4]	5
Belize	4
Benin[4]	5
Bhutan[4]	5
Bolivia	4
Burkina Faso[4]	5
Burundi[4]	5
Cambodia[4]	5
Cameroon	4
Cape Verde	4
Central African Rep.[4]	5

[3] The Doha Congress classified the UAE in group 1.2 for the purposes of the QSF and the terminal dues link to quality of service, but allowed that country to apply the same terminal dues rates as countries classified in Group 3 for the 2014–2017 period.
[4] LDCs, classified in former group 5, would continue benefiting from higher QSF contributions than those received by other countries and territories classified in the new group IV.

Countries and territories	*Former group*
Chad[5]	5
Colombia	4
Comoros[5]	5
Congo (Rep.)	4
Côte d'Ivoire (Rep.)	4
Dem People's Rep. of Korea	4
Dem. Rep. of the Congo[5]	5
Djibouti[5]	5
Dominican Republic	4
Ecuador	4
Egypt	4
El Salvador	4
Equatorial Guinea[5]	5
Eritrea[5]	5
Ethiopia[5]	5
Gambia[5]	5
Georgia	4
Ghana	4
Guatemala	4
Guinea[5]	5
Guinea-Bissau[5]	5
Guyana	4
Haiti[5]	5
Honduras (Rep.)	4
India	4
Indonesia	4
Iran (Islamic Rep.)	4
Iraq	4
Jordan	4
Kenya	4
Kiribati[5]	5
Kyrgyzstan	4
Lao People's Dem. Rep.[5]	5
Lesotho[5]	5
Liberia[5]	5
Libya[6]	3
Madagascar[5]	5
Malawi[5]	5
Maldives[6]	3
Mali[5]	5

[5] LDCs, classified in former group 5, would continue benefiting from higher QSF contributions than those received by other countries and territories classified in the new group IV.
[6] These countries appealed against their classification and were reclassified from former group 3 to former group 4 by the CA in 2013 (Tunisia and the Maldives) and in 2015 (Libya) up to 2017.

Countries and territories	*Former group*
Mauritania[7]	5
Moldova	4
Mongolia	4
Morocco	4
Mozambique[7]	5
Myanmar[7]	5
Namibia	4
Nepal[7]	5
Nicaragua	4
Niger[7]	5
Nigeria	4
Overseas Territories (United Kingdom of Great Britain and Northern Ireland):	
– Ascension	4
– St Helena	4
Pakistan	4
Palestine[7]	5
Papua New Guinea	4
Paraguay	4
Peru	4
Philippines	4
Rwanda[7]	5
Sao Tome and Principe[7]	5
Senegal[7]	5
Sierra Leone[7]	5
Solomon Islands[7]	5
Somalia[7]	5
South Sudan[7]	5
Sri Lanka	4
Sudan[7]	5
Swaziland	4
Syrian Arab Rep.	4
Tajikistan	4
Tanzania (United Rep.)[7]	5
Territory under New Zealand:	
– Tokelau	4
Territory under United States of America:	
– Samoa	4
Timor-Leste (Dem. Rep.)[7]	5
Togo[7]	5
Tonga (including Niuafo'ou)	4

[7] LDCs, classified in former group 5, would continue benefiting from higher QSF contributions than those received by other countries and territories classified in the new group IV.

Countries and territories	*Former group*
Tunisia[8]	3
Turkmenistan	4
Tuvalu[9]	5
Uganda[9]	5
Uzbekistan	4
Vanuatu[9]	5
Viet Nam	4
Samoa[9]	5
Yemen[9]	5
Zambia[9]	5
Zimbabwe	4

[8] These countries appealed against their classification and were reclassified from former group 3 to former group 4 by the CA in 2013 (Tunisia and the Maldives) and in 2015 (Libya) up to 2017.
[9] LDCs, classified in former group 5, would continue benefiting from higher QSF contributions than those received by other countries and territories classified in the new group IV.

Appeals on country classification for the terminal dues system in the 2018–2021 cycle

a Requests for reclassification due to war or extremely severe economic conditions

1 A country in group IV, but not in the United Nations Economic and Social Council list of least developed countries (LDCs), may request a temporary downward reclassification due to war or extremely severe economic conditions, in order to benefit from higher Quality of Service Fund (QSF) contributions applicable to those LDCs. The request should substantiate the reason given for the reclassification request. It should be documented with verifiable supporting data and information.

2 Such requests could be received and examined by any CA session and should be sent to the International Bureau two months before the beginning of the relevant CA session.

3 The International Bureau should conduct a technical analysis of requests received and make them available to CA members no later than two weeks in advance of the beginning of the relevant CA session.

4 The temporary downward reclassification decided by the CA will be valid for two years at the most, with a possible extension after that period upon a new decision by the CA, but not beyond the end of the cycle.

b Requests for classification

5 Any country or territory not classified by Congress and therefore not listed in Annex 1.Attachment 1 will have the opportunity to submit a classification request to any CA session.

6 Such requests could be received and examined by any CA session, and must be submitted by the above-mentioned two-month deadline before the beginning of the relevant CA session (see § 2).

7 The International Bureau's technical analysis of requests received will be made available to CA members no later than two weeks in advance of the beginning of the relevant CA session.

8 The classification decided by the CA will be valid for the whole period (2018–2021), but not beyond the end of the cycle.

Universal Postal Convention

The undersigned, plenipotentiaries of the governments of the member countries of the Union, having regard to article 22.3 of the Constitution of the Universal Postal Union concluded at Vienna on 10 July 1964, have by common consent and subject to article 25.4 of the Constitution drawn up in this Convention the rules applicable throughout the international postal service.

Section I
Rules applicable in common throughout the international postal service

Article 1
Definitions

1 For the purposes of the Universal Postal Convention, the following terms shall have the meanings defined below:

1.1 parcel: item conveyed under the conditions of the Convention and the Parcel Post Regulations;

1.2 closed mail: labelled bag or set of bags or other receptacles sealed with or without lead, containing postal items;

1.3 misrouted mails: receptacles received at an office of exchange other than the one mentioned on the (bag) label;

1.4 personal data: information needed to identify a postal service user;

1.5 missent items: items received at an office of exchange meant for an office of exchange in another member country;

1.6 postal item: generic term referring to anything dispatched by the Post's services (letter post, parcel post, money orders, etc.);

1.7 transit charges: remuneration for services rendered by a carrier in the country crossed (designated operator, other service or combination of the two) in respect of the land, sea and/or air transit of mails;

1.8 terminal dues: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for letter-post items received;

1.9 designated operator: any governmental or non-governmental entity officially designated by the member country to operate postal services and to fulfil the related obligations arising out of the Acts of the Union on its territory;

1.10 small packet: item conveyed under the conditions of the Convention and the Letter Post Regulations;

1.11 inward land rate: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for parcels received;

1.12 transit land rate: remuneration owed for services rendered by a carrier in the country crossed (designated operator, other service or combination of the two) in respect of the land and/or air transit of parcels through its territory;

1.13 sea rate: remuneration owed for services rendered by a carrier (designated operator, other service or a combination of the two) participating in the sea conveyance of parcels;

1.14 universal postal service: the permanent provision of quality basic postal services at all points in a member country's territory, for all customers, at affordable prices;

1.15 transit à découvert: open transit through an intermediate country, of items whose number or weight does not justify the make-up of closed mails for the destination country.

[redacted]

[redacted]

Section IV
Basic and supplementary services

Article 16
Basic services

1 Member countries shall ensure that their designated operators accept, handle, convey and deliver letter-post items.

2 Letter-post items are:

2.1 priority items and non-priority items, up to 2 kilogrammes;

2.2 letters, postcards, printed papers and small packets, up to 2 kilogrammes;

2.3 items for the blind, up to 7 kilogrammes;

2.4 special bags containing newspapers, periodicals, books and similar printed documentation for the same addressee at the same address called "M bags", up to 30 kilogrammes.

3 Letter-post items shall be classified on the basis either of the speed of treatment of the items or of the contents of the items in accordance with the Letter Post Regulations.

3bis Within the classification systems referred to in 3, letter-post items may also be classified on the basis of their format as small letters (P), large letters (G) or bulky letters (E). The size and weight limits are specified in the Letter Post Regulations.

4 Higher weight limits than those indicated in paragraph 2 apply optionally for certain letter-post item categories under the conditions specified in the Letter Post Regulations.

5 Subject to paragraph 8, member countries shall also ensure that their designated operators accept, handle, convey and deliver postal parcels up to 20 kilogrammes, either as laid down in the Convention, or, in the case of outward parcels and after bilateral agreement, by any other means which is more advantageous to their customers.

6 Weight limits higher than 20 kilogrammes apply optionally for certain parcel-post categories under the conditions specified in the Parcel Post Regulations.

7 Any member country whose designated operator does not undertake the conveyance of parcels may arrange for the provisions of the Convention to be implemented by transport companies. It may, at the same time, limit this service to parcels originating in or addressed to places served by these companies.

8 Notwithstanding paragraph 5, member countries which, prior to 1 January 2001 were not parties to the Postal Parcels Agreement shall not be obliged to provide the postal parcels service.

[redacted]

[redacted]

B. Terminal dues

Article 27
Terminal dues. General provisions

1 Subject to exemptions provided in the Regulations, each designated operator which receives letter-post items from another designated operator shall have the right to collect from the dispatching designated operator a payment for the costs incurred for the international mail received.

2 For the application of the provisions concerning the payment of terminal dues by their designated operators, countries and territories shall be classified in accordance with the lists drawn up for this purpose by Congress in its resolution C 77/2012, as follows:

2.1 countries and territories in the target system prior to 2010;

2.2 countries and territories in the target system as of 2010 and 2012;

2.3 countries and territories in the target system as from 2014 (new target system countries);

2.4 countries and territories in the transitional system.

3 The provisions of the present Convention concerning the payment of terminal dues are transitional arrangements, moving towards a country-specific payment system at the end of the transition period.

4 Access to domestic services. Direct access

4.1 In principle, each designated operator of a country that was in the target system prior to 2010 shall make available to the other designated operators all the rates, terms and conditions offered in its domestic service on conditions identical to those proposed to its national customers. It shall be up to the designated operator of destination to decide whether the terms and conditions of direct access have been met by the designated operator of origin.

4.2 Designated operators of countries in the target system prior to 2010 shall make available to other designated operators of countries that were in the target system prior to 2010 the rates, terms and conditions offered in their domestic service, on conditions identical to those proposed to their national customers.

4.3 Designated operators of countries that joined the target system from 2010 may opt to make available to a limited number of designated operators the application of domestic conditions, on a reciprocal basis, for a trial period of two years. After that period, they must choose either to cease making available the application of domestic conditions or to continue to make their own domestic conditions available to all designated operators. However, if designated operators of countries that joined the target system from 2010 ask designated operators of countries that were in the target system prior to 2010 for the application of domestic conditions, they must make available to all designated operators the rates, terms and conditions offered in their domestic service on conditions identical to those proposed to their national customers.

4.4 Designated operators of countries in the transitional system may opt not to make available to other designated operators the application of domestic conditions. They may, however, opt to make available to a limited number of designated operators the application of domestic conditions, on a reciprocal basis, for a trial period of two years. After that period, they must choose either to cease making available the application of domestic conditions or to continue to make their own domestic conditions available to all designated operators.

5 Terminal dues remuneration shall be based on quality of service performance in the country of destination. The Postal Operations Council shall therefore be authorized to supplement the remuneration in articles 30 and 31 to encourage participation in monitoring systems and to reward designated operators for reaching their quality targets. The Postal Operations Council may also fix penalties in case of insufficient quality, but the remuneration shall not be less than the minimum remuneration according to articles 30 and 31.

6 Any designated operator may waive wholly or in part the payment provided for under 1.

7 M bags weighing less than 5 kilogrammes shall be considered as weighing 5 kilogrammes for terminal dues payment purposes. The terminal dues rates to be applied for M bags shall be:

7.1 for the year 2014, 0.815 SDR per kilogramme;

7.2 for the year 2015, 0.838 SDR per kilogramme;

7.3 for the year 2016, 0.861 SDR per kilogramme;

7.4 for the year 2017, 0.885 SDR per kilogramme.

8 For registered items there shall be an additional payment of 0.617 SDR per item for 2014, 0.634 SDR per item for 2015, 0.652 SDR per item for 2016 and 0.670 SDR for 2017. For insured items, there shall be an additional payment of 1.234 SDR per item for 2014, 1.269 SDR per item for 2015, 1.305 SDR per item for 2016 and 1.342 SDR for 2017. The Postal Operations Council shall be authorized to supplement remuneration for these and other supplementary services where the services provided contain additional features to be specified in the Letter Post Regulations.

9 For registered and insured items not carrying a barcoded identifier or carrying a barcoded identifier that is not compliant with UPU Technical Standard S10, there shall be a further additional payment of 0.5 SDR per item unless otherwise bilaterally agreed.

10 For terminal dues payment purposes, letter-post items posted in bulk by the same sender and received in the same dispatch or in separate dispatches in accordance with the conditions specified in the Letter Post Regulations shall be referred to as "bulk mail". The payment for bulk mail shall be established as provided for in articles 30 and 31.

11 Any designated operator may, by bilateral or multilateral agreement, apply other payment systems for the settlement of terminal dues accounts.

12 Designated operators may exchange non-priority mail on an optional basis by applying a 10% discount to the priority terminal dues rate.

13 The provisions applicable between designated operators of countries in the target system shall apply to any designated operator of a country in the transitional system which declares that it wishes to join the target system. The Postal Operations Council may set transitional measures in the Letter Post Regulations. The full provisions of the target system may apply to any new target designated operator that declares that it wishes to apply such full provisions without transitional measures.

Article 28
Terminal dues. Provisions applicable to mail flows between designated operators of countries in the target system

1 Payment for letter-post items, including bulk mail but excluding M bags and IBRS items, shall be established on the basis of the application of the rates per item and per kilogramme reflecting the handling costs in the country of destination. Charges corresponding to priority items in the domestic service which are part of the universal service provision will be used as a basis for the calculation of terminal dues rates.

2 The terminal dues rates in the target system shall be calculated taking into account, where applicable in the domestic service, the classification of items based on their format, as provided for in article 14 of the Convention.

3 Designated operators in the target system shall exchange format-separated mails in accordance with the conditions specified in the Letter Post Regulations.

4 Payment for IBRS items shall be as described in the Letter Post Regulations.

5 The rates per item and per kilogramme shall be calculated on the basis of 70% of the charges for a 20-gramme small (P) letter-post item and for a 175-gramme large (G) letter-post item, exclusive of VAT or other taxes.

6 The Postal Operations Council shall define the conditions for the calculation of the rates as well as the necessary operational, statistical and accounting procedures for the exchange of format-separated mails.

7 The rates applied for flows between countries in the target system in a given year shall not lead to an increase of more than 13% in the terminal dues revenue for a letter-post item of 81.8 grammes, compared to the previous year.

8 The rates applied for flows between countries in the target system prior to 2010 may not be higher than:

8.1 for the year 2014, 0.294 SDR per item and 2.294 SDR per kilogramme;

8.2 for the year 2015, 0.303 SDR per item and 2.363 SDR per kilogramme;

8.3 for the year 2016, 0.312 SDR per item and 2.434 SDR per kilogramme;

8.4 for the year 2017, 0.321 SDR per item and 2.507 SDR per kilogramme.

9 The rates applied for flows between countries in the target system prior to 2010 may not be lower than:

9.1 for the year 2014, 0.203 SDR per item and 1.591 SDR per kilogramme;

9.2 for the year 2015, 0.209 SDR per item and 1.636 SDR per kilogramme;

9.3 for the year 2016, 0.215 SDR per item and 1.682 SDR per kilogramme;

9.4 for the year 2017, 0.221 SDR per item and 1.729 SDR per kilogramme.

10 The rates applied for flows between countries in the target system as from 2010 and 2012 as well as between these countries and countries in the target system prior to 2010 may not be higher than:

10.1 for the year 2014, 0.209 SDR per item and 1.641 SDR per kilogramme;

10.2 for the year 2015, 0.222 SDR per item and 1.739 SDR per kilogramme;

10.3 for the year 2016, 0.235 SDR per item and 1.843 SDR per kilogramme;

10.4 for the year 2017, 0.249 SDR per item and 1.954 SDR per kilogramme.

11 The rates applied for flows between countries in the target system as from 2010 and 2012 as well as between these countries and countries in the target system prior to 2010 may not be lower than the rates provided for in paragraphs 9.1 to 9.4 above.

12 The rates applied for flows to, from or between new target system countries, other than for bulk mail, shall be those provided for in paragraphs 9.1 to 9.4.

13 For flows below 75 tonnes a year between countries that joined the target system in 2010 or after that date, as well as between these countries and countries that were in the target system prior to 2010, the per-kilogramme and per-item components shall be converted into a total rate per kilogramme on the basis of a worldwide average of 12.23 items per kilogramme.

14 The payment for bulk mail sent to countries in the target system prior to 2010 shall be established by applying the rates per item and per kilogramme provided for in paragraphs 5 to 9.

15 The payment for bulk mail sent to countries in the target system as from 2010 and 2012 shall be established by applying the rates per item and per kilogramme provided for in paragraphs 5, 10 and 11.

16 No reservations may be made to this article, except within the framework of a bilateral agreement.

Article 29
Terminal dues. Provisions applicable to mail flows to, from and between designated operators of countries in the transitional system

1 In preparation for the entry into the target system of the designated operators of countries in the terminal dues transitional system, payment for letter-post items, including bulk mail but excluding M bags and IBRS items, shall be established on the basis of a rate per item and a rate per kilogramme.

2 Payment for IBRS items shall be as described in the Letter Post Regulations.

3 The rates applied for flows to, from and between countries in the transitional system shall be:

3.1 for the year 2014: 0.203 SDR per item and 1.591 SDR per kilogramme;

3.2 for the year 2015: 0.209 SDR per item and 1.636 SDR per kilogramme;

3.3 for the year 2016: 0.215 SDR per item and 1.682 SDR per kilogramme;

3.4 for the year 2017: 0.221 SDR per item and 1.729 SDR per kilogramme.

4 For flows below 75 tonnes a year, the per-kilogramme and per-item components shall be converted into a total rate per kilogramme on the basis of a worldwide average of 12.23 items per kilogramme, except for the year 2014, for which the total rate per kilogramme of the year 2013 shall apply. The following rates shall apply:

4.1 for the year 2014: 4.162 SDR per kilogramme;

4.2 for the year 2015: 4.192 SDR per kilogramme;

4.3 for the year 2016: 4.311 SDR per kilogramme;

4.4 for the year 2017: 4.432 SDR per kilogramme.

5 For mail flows over 75 tonnes per year the flat rate per kilogramme listed above shall be applied if neither the origin designated operator nor the destination designated operator requests the revision mechanism in order to revise the rate on the basis of the actual number of items per kilogramme, rather than the worldwide average. The sampling for the revision mechanism shall be applied in accordance with the conditions specified in the Letter Post Regulations.

6 The downward revision of the total rate in paragraph 4 may not be invoked by a country in the target system against a country in the transitional system unless the latter asks for a revision in the opposite direction.

7 Designated operators of countries in the terminal dues transitional system may send format-separated mail on an optional basis, in accordance with the conditions specified in the Letter Post Regulations. In the case of format separated-exchanges the rates in paragraph 3 above shall apply.

8 The payment for bulk mail to designated operators of countries in the target system shall be established by applying the rates per item and per kilogramme provided for in article 30. For bulk mail received, designated operators in the transitional system may request payment according to paragraph 3.

9 No reservations may be made to this article, except within the framework of a bilateral agreement.