

Nauru's Proposals for the 27th UPU Congress An Information Paper for the APPU EC

Subject	References/paragraphs
<p>Nauru has advanced two proposals for consideration by Congress. These proposals seek:</p> <ul style="list-style-type: none"> - the reservation of one seat on each of the Council of Administration (CA) and Postal Operations Council (POC) for the Pacific island nations within Group IV "Southern Asia and Oceania"; and - the waiver of Nauru's UPU "debts in arrears" and the immediate lifting of sanctions imposed on Nauru earlier this year. 	<p>§1 and §3.1 to 3.5</p> <p>§1 and §3.6 to 3.8</p>
<p>Decisions expected</p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> - Note that both proposals encompass amendments to the UPU's General Regulations. - Note that the reservation of seats for the Pacific Island UPU members is relatively straight forward. They seek an equitable representation below their share of the UPU membership. - Note that Nauru has substantial grounds for seeking immediate waiver of its UPU "debts in arrears". - Note that with the seeking of the waiver of its UPU "debts in arrears", Nauru is also seeking that other SIDS countries (with populations less than 200,000) may also subsequently apply to the CA for similar consideration. - Note that the IB is yet to publish these proposals, but Nauru is reasonably confident that they will advance to Congress. - Note the implications for APPU members of these proposals. 	<p>§3.9</p> <p>§3.1 to 3.5 and §4.3</p> <p>§4.5 to 4.7</p> <p>§3.8</p> <p>§1</p> <p>§5.1</p>

1. Introduction

Nauru has advanced two proposals for consideration by the 27th UPU Congress. They have implications for other members of the APPU, particularly the Pacific island members. They are:

- Amendments proposed to the General Regulations to reserve one seat on each of the CA and POC for the Pacific island UPU members within Group IV "Southern Asia and Oceania"; and

- A resolution which seeks the immediate waiver of Nauru's UPU "debts in arrears" and, if agreed, the submission of consequential amendments to Congress to amend the General Regulations so that the CA could consider similar applications for removal of "debts in arrears" of the small island developing nations with populations of less than 200,000.

These proposals have been forwarded to the UPU's International Bureau, but at the time of writing this paper we have not yet been advised that they will be published for Congress consideration. They were submitted after the initial closing dates for such proposals had passed. With the deferment of Congress and there being *no fixed date* for its commencement at the time of their submission, however, Nauru considers that these proposals will indeed be accepted.

2. Background

2.1 A detailed paper advising of the intentions of the Pacific Postal Group Incorporated (PPG) and their respective governments in regard to the first of these proposals was tabled as Doc 19 to the 2019 APPU EC in Tokyo. That paper advised of the intentions to seek the reservation of seats on the CA and POC, but incorrectly advised in several places and on the supporting slides that the reservation of two (2) seats would be sought on each body for the Pacific island UPU members who constitute around 5% of the UPU membership.

2.2 The waiver of Nauru's accumulated "debts in arrears" is a matter that Nauru has brought before the 2018 and 2019 Extraordinary UPU Congresses and, most recently, its President and Minister for Posts addressed the UPU CA Plenary in February this year to this end. Until now no concerted action has been taken to correct this situation and a Congress decision is now sought by means of a resolution. To enable the waiver of the UPU debts (both capital and interest) of other SIDS countries by the CA, changes would be required to the UPU General Regulations and these are proposed, subject to the approval of Nauru's resolution.

2.3 As an outcome of the serious consideration that is now being given to the 'flawed' UPU contribution scheme, Nauru and other small island developing states (SIDS - with populations less than 200,000) have been assigned some relief in the form of lower UPU annual contributions at the rate of 0.1 contribution units per annum. This decision was taken by the 2018 Extraordinary UPU Congress and, following the implementation of changes to the UPU General Regulations from 1 July 2019, it took effect for the 2020 contribution year.

3. Proposals

Reservation of one seat on each of the CA and POC for the Pacific island UPU members

3.1 Nauru has advanced the proposals to reserve one (1) seat on each of the CA and POC for the Pacific island members within Group IV "Southern Asia and Oceania" to the IB for inclusion in the next UPU Congress Agenda.

3.2 The proposal requires the amendment of Articles 106 and 112 of the UPU's General Regulations and, if these are adopted to reserve one seat for the Pacific island nations on each UPU body, then a consequential amendment may be necessary to both articles to state:

“In the event that the Pacific island member countries do not propose a candidate for the reserved seat, it will automatically revert to Group IV and be assigned in accordance with the provisions of this Article”.

3.3 It is intended that these seats would be rotated amongst the Pacific island UPU members with the passage of each UPU Congress.

3.4 As the changes require amendment of the UPU General Regulations, if adopted the changes would not come into force until 1 January 2021 at the earliest, and therefore would not be applicable until the 28th Congress expected in 2024.

3.5 If Pacific island countries stand for election at the 27th Congress (as they are expected to do), irrespective of the decision on this proposal, they would contest seats as would other candidates in Group IV.

The waiver of Nauru's UPU “debts in arrears”

3.6 Nauru's proposal is framed in a resolution seeking Congress's decision to waive Nauru's debts and to lift immediately the automatic sanctions placed on Nauru earlier this year, permitting Nauru to vote at Congress.

3.7 The waiver of Nauru's debts in arrears is the only feasible option for Nauru in light of all the information contained within the resolution, stating that Nauru cannot repay these debts, even on an amortized basis over ten years, nor is it feasible to just set aside the interest as the CA may do. Nauru's UPU debts and interest accrued have grown to *unconscionable* levels for a small nation of just 11,500 people. They arose within a flawed UPU annual contribution system which is now being extensively considered for further amendment following the changes adopted in at the 2018 Extraordinary UPU Congress.

3.8 The resolution also seeks changes to be made consequentially to the UPU General Regulations to permit other Small Island Developing Nations (with populations of less than 200,000) and who are similarly burdened with UPU “debts in arrears” that cannot be repaid in full or by means of an amortization scheme, to apply to the Council of Administration to have these debts set aside. The conditions to be met include:

- the member country concerned makes such an application to the Council of Administration;
- presents its case as to why it is unable to repay the UPU “debts in arrears”; and
- has paid its UPU membership dues for the current and prior years on at least the basis of 0.1 UPU contribution units since 2020.

3.9 The proposals are subject to a Congress decision requiring a majority of those voting, as a change to the UPU's General Regulations is required.¹

4 Basis of the Proposals

Reservation of Seats on CA and POC

4.1 The proposal is founded on a simple premise. To date, the Pacific island countries have not played a significant role in the development of the UPU, its decisions, standards, policies and procedures. These countries have found a voice and recognise that the UPU and its members do need to understand the inherent difficulties and support required to sustain a global postal network.

4.2 The Pacific islands first joined the UPU commencing with Nauru in 1969, but in the 50 years since no Pacific island member has been represented on the CA or POC. The Pacific island member countries are just seeking equitable representation and inclusion on these UPU bodies as the islands are facing unique challenges that will require urgent attention. They believe that their representation on these bodies could drive stronger integration, growth opportunities and better coordination across the Pacific region and member countries, strengthening the postal network and the Union.

4.3 Given that the Pacific member countries represent approximately 5% of the UPU membership, Nauru is proposing on their behalf that one seat on the CA and POC bodies be reserved for their participation (2.5% of the available seats on each body).

4.4 If successful, the seats would be rotated between the Pacific members. In the event that one seat is reserved on each body but only one or no candidates from the Pacific islands stand for election at a Congress, then it is expected that the unfilled seats would return for general allocation within Group IV according to the principles adopted by the CA and POC concerning the assignment of their seats.²

Waiver of Nauru's UPU "debts in arrears"

4.5 The reasons advanced for Nauru's proposal by means of a resolution are well documented in the supporting material for the resolution and the position therein adopted. However, simply put in the covering letter to the UPU's Director General by Nauru's President, His Excellency Lionel Rouwen Aingimea MP:

"the current UPU "debts in arrears" for Nauru is impossible to repay, the basis on which they were assigned was flawed, and it is time for the UPU to regard these as "bad debts" for both the UPU and Nauru, and the most appropriate action for the UPU is to write them off."

4.6 There can be no doubt that Nauru's UPU debts should be waived – they have the potential to bankrupt the postal service if they are not set aside.

¹ See art 17.2 of the Rules of Procedure of Congresses and art 156 of the UPU General Regulations

² See art 106 (CA) and art 112 (POC) of the UPU General Regulations

4.7 If we look back at the sums allocated to Nauru each year as a UPU annual contribution, it can be seen that they were being required to pay an amount per capita that was over 400 times that of the contribution sought per capita from the most vibrant, developed economies – the allocation system was definitely **unfair**, but the voice of the small island nations could not be heard.

4.8 Nauru, as many small nations have done, just watched the sums of UPU debts accumulate with no realistic prospect in view for their repayment.

5 Implications for APPU Membership

5.1 Whilst APPU members are being asked to note these proposals, they should consider their position on them carefully, as their support will be sought. Their position on these proposals may also influence the voting intentions of the Pacific island countries in regard to the elections for positions on the CA and POC at the next Congress.