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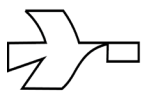**Agenda item: 11**

Report of the Supply Chain Integration Working Group
Report by the Co-Chairs

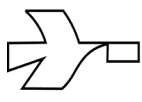| 1. Subject	References/paragraphs
Report of the Supply Chain Integration Working Group held on 15th August 2023 to the Executive Council.	§§1 – 11
2. Decisions expected The EC is invited to take note of: - Update of outcomes of POC Committee 1 (S2 and S3) toSCI WG by India; - Updates on ICS 2 and EAD - Best Practices shared by China Post; - Presentation by Sri Lanka Post on re-mailing and outstanding TD issues	§

I. Opening of the meeting and adoption of agenda:

1. Mr. Jacky Tang from China, Co-Chair of the Supply Chain Integration Working Group with Mr. Ram Naresh Sikaria from India,opened the meeting and welcomed all participants.

2. The meeting was attended physically by delegates from 10 member countries and other observers.

3. India presented the agenda and order of discussion, on which there was no objection and was adopted.

4. At the outset, India underlined the wider and inclusive participation to the Working Group meetings and appreciated the efforts of APPU Bureau in managing it successfully. India highlighted the role of working group in updating the APPU members on the work carried out and decisions taken by the UPU POC Committee 1, which is key to achieve Goals of the Abidjan Postal Strategy. India also highlighted the methodology and scope of the working group which is followed along with a brief idea of future plan.

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EC 2023 Doc 11
Published on 17 August 2023

EXECUTIVE COUNCIL 2023

II.   Update on POC Committee 1 (S2 and S3)

5. A report on the work of Committee 1, which held its meetings in October 2022 (session S2) and on May, 2023 (session S93), was presented by China, one of the Co-Chairs of the Supply Chain Integration Working Group. China informed the developments undertaken in POC Committee 1:

- Developments regarding the activities of Standards Board:
    - Progress of standardization activities and deliverables assigned to the SB for 2022–2025 were noted.
    - Approval of the proposed update to the POC Committee 1 work plan.
    - Committee took note of standards developments, enhancements and publications under the umbrella of deliverables D4, D8 and D9.
    - Grant of status 2 to standards S45, S47 and S49;

- Outcomes related to the Committee 1 Addressing Group (AG);
    - POST*CODE DataBase:
        - Examined the applicability in the improvement of EAD quality.
        - Approved the next steps for the work of expert teams 1 and 2.

    - Integration of Addressing & Geographical Information system:

        - Approved the recommendations made to secure funding for GIS integration activities to support the UPU's efforts in the area of digital transformation and modernization of postal services.

        - Approved the draft terms of reference for a feasibility study on the development of a postal spatial data infrastructure.

        - Approved the draft terms of reference for the organization of a forum on addressing and GIS integration during POC S4.

    - Committee endorsed the activities undertaken and progress made with a view to improving access to basic services and ensuring support for the "Connect.post" initiative.

    - Committee approved the implementation roadmaps for the different linguistic versions of the training.

    - Committee endorsed the updates made to the UPU knowledge center and the UPU publications on addressing.

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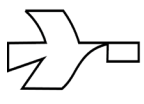Published on 17 August 2023

EXECUTIVE COUNCIL 2023

- • Committee noted, reviewed and approved modifications and streamlining of the deliverables assigned to the Addressing Group.

  – Outcomes related to the Customs Group:

- • Took note of promotion of solutions, standards and capacity-building activities.

- • Reviewed and approved the revised terms of reference of the WCO–UPU Contact Committee.

- • The preliminary results of the 2022 EAD questionnaire was presented.

- Issues related to the Transport Group

  - • Approved the progress made by the Transport Group on deliverables D6, D7, D9, D10 and D15 due by S3;

  - • Took note of the Concept paper on handling EAD requirements for items sent in transit/transshipment and advised on and endorsed the next steps proposed to advance the work on this issue;

  - • Took note of ICAO's "International Airline Financial Statistics" for 2021.

  - • Approved the basic airmail conveyance rate of 0.536 thousandths of an SDR per kilogramme of gross weight and per kilometre applicable at 1 January 2024

  - • Took note of probable implementation of Import Control System 2 – Release 2 by EU and issues and affects of implementation relating to freedom of transit, decrease in volume etc.

  - • During S2, committee adopted the proposals to amend the Convention Regulations: delete articles 17-132, 17-133, 17-134, 17-135, 17-136, 17-140, 17-141, 17-142, 17-219, 17-225, 17-226, 17-227, 17-228, 17-229, 17-230, 17- 238, 27-101, 27-102, 27-103, 27-104, 27-105, 34-106; create articles 17- 008bis, 17-008ter, 17-008quater, 17-008quinquies, 17-008sexies, 17- 008septies, 17-008octies, 17-008nonies, 27-001, 27-001bis, 27-001ter, 27-001quater, 27-001quinquies, 34-001; and amend articles 27-201, 27-208; with 1 March 2023 as the date of entry into force.

    Purpose of the Amendments:

  - • To harmonize and move the similar articles applying to both letter-post items and parcels to Volume I, the "Rules in common" section, of the Convention Regulations.

ASIAN-PACIFIC
POSTAL
UNION

EC 2023 Doc 11
Published on 17 August 2023

EXECUTIVE COUNCIL 2023

- • Language in the corresponding new article in Volume I is more generic and neutral, while provisions specific to letter post or parcels are maintained and clarified so as to avoid generating inappropriate additional requirements or responsibilities for the relevant parties which are not currently in place.

  Electronic Advanced Data:

- • EAD steering committee, presented the committee with an overview of the Global Postal Model conceptual approach for the handling of EAD requirements for items sent in transit/transshipment.

- • Noted recent developments arising from regional requirements for transit/transshipment EAD that are not in line with the approaches originally proposed under the Global Postal Model.

- Outcomes of the Postal Security group:

  - • Approved the revisions to the dangerous goods training and certification guidelines on controlling the introduction of dangerous goods into postal networks as a living document.

  - • Committee noted the ongoing capacity-building activities and approved the updated "Guidelines for the enactment of postal criminal laws" as a living document.

  - • The committee noted the progress on the development of the Dangerous Goods Search Tool and the upcoming pilot in October 2023

  - • Committee noted the signing of a memorandum of understanding between the UPU and the Transnational Alliance to Combat Illicit Trade (TRACIT).

  - • Noted the ongoing work to conduct S58 and S59 security certifications, recognize security leaders within the postal sector and engage process review consultants in an effort to establish a robust worldwide security network.

  - • Committee noted the continued work of the Illicit Goods Mitigation Expert Team and approved the brochure on illicit trade via small parcels through national Posts for submission to the POC Plenary for approval and subsequent dissemination to all UPU member countries

6. Member Countries appreciated the detailed, informative and explanatory presentation made by China.
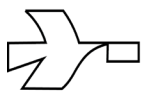
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EC 2023 Doc 11
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EXECUTIVE COUNCIL 2023

III.   Presentation on EAD and ICS2:

7.   A presentation on the EAD and issues relating to ICS2 was done by India as co-chair of the working group. The following were the outcomes and related discussions of the POC relating to EAD and ICS2.

- Updates on Electronic Advance Data
   - Presented the latest developments regarding EAD.
   - Updated the committee on the potential impact for member DOs and their air transport providers of the requirements of Import Control System 2 (ICS2)
   - ICS2 impacts on the acts of the union viz the single postal territory
   - The IB informed members that a letter on this matter had been sent from the UPU Director General to the President of the European Commission on 25 April 2023.

   - Member countries were informed of the amendment proposals brought out by France in the POC S3 session, wherein, few proposals were approved after some text modification and a package of proposal related to transit/ transshipment could not be approved and was referred to an Expert Team constituted for examining the operational, technical and regulatory requirement of ICS2 for mail transit through European Union (EU) countries.

   - Working Group also presented the timelines and progression of ICS2 and apprised the member countries with respect to the result of the pilot between few EU and non-EU countries as presented by the UPU in S3 session.

   - The impact of ICS2 was informed along with the operational, legal and technical issues including UPU freedom of transit regulations.

   - India, as co-chair, then requested "La Poste" as observer, to highlight their perspective on the amendment proposals brought in S3 session and to update the region with the latest status of ICS2 implementation. Ms Yan from La Poste explained the EU perspective regarding DOs not having much say in implementation of ICS2 by European Commission.

   - India as co-chair, further suggested member countries to initiate the operational and technical solution in place by taking some possible simple steps which includes Capturing good quality data, Updating to latest version of IPS, Generating CARDIT with AR Flag, Identifying airlines with RESDIT capacity, Managing any open referrals.

   - After the presentation, floor was open for any comments, discussions or clarifications and few countries then took the floor for comments and suggestions which were noted down.

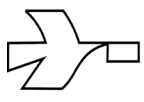The brief interventions were as follows:

- Singapore, advised for a single unified voice of the region in UPU regarding ICS2 and also shared the technical difficulties being faced in generating CARDIT with AR FLAG.

- Australia seek clarity from La Poste for any special arrangement, if being made to bring proposals in Extraordinary Congress on proposed amendments. La Poste, clarified that any proposal from Expert Team will be presented to Extra Ordinary Congress as POC and CA proposal.

- Australia also enquired on any response on DG UPU letter to European Commission. La Poste updated regarding a response from European Commission as received in July last week, wherein European Commission responded that there will not be any derogation of the already decided implementation dates. Co-Chair of SCWG requested the APPU bureau to access the copy of the letter from IB for sharing with member countries.

- Australia also informed member countries regarding the last meeting of the transport group, wherein, a roadmap for ICSR3 was discussed.

- China, suggested for writing to European Commission in this regard and highlighting non-readiness of member countries for the ICS2 and its adverse impact on global mail volume. This suggestion was noted down by the Working group for further action.

- India, echoed the same regarding implementation of ICS2 without legal, operational and technical solutions in place, and also highlighted that DOs might have to start looking for alternate options in such scenarios for last mile delivery.

- Iran also echoed the concerns of adverse impact of ICS2 on mail volume and on the UPU core concept of freedom of transit and single postal territory.

- Samoa took the floor and suggested a practical approach of initiating operational and technical readiness along with the single unified voice of the region in all multilateral forums.

- All the suggestions, comments made by member countries have been noted.

IV. **Presentation by China Post to Strengthen cooperation in the supply chain to ensure the safe and efficient transportation of cross-border mail:**

8. China Post made a presentation strengthening cooperation in the supply chain to ensure the safe and efficient transportation of cross-border mail. The presentation highlighted the Challenges affecting the safe and efficient transportation of cross-border mail.

V. **Presentation by Sri Lanka Post on remaining issue and outstanding account settlement:**

9. Sri Lanka Post made a presentation on the issue of remaining activities leading to non-settlement of Terminal Dues. The following were the key issues:

- Re-mailing issue, wherein, mail origination is not same as IMPC used
- Unresponsiveness of some DOs on accounting and payment settlement issues

EXECUTIVE COUNCIL 2023

- Lack of UPU involvement in settling payment disputes and no proper mechanism to address such issues.

VI. Any other business

10. No other matters were raised.

Co-Chairs APPU-EC Supply Chain Integration Working Group:
India and China

Represented by:
Jacky Tang- China
Ram Naresh Sikaria- India