



## THIRD EXTRAORDINARY CONGRESS

Convention – Proposal

| **20.28.3.Rev 1**

### Article 28

Terminal dues. General provisions

**AUSTRIA, DENMARK, FINLAND, GERMANY, IRELAND, ITALY, LATVIA, LIECHTENSTEIN, POLAND, SPAIN, SWEDEN, SWITZERLAND, UKRAINE**

Paragraph 10. Amend as follows:

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 Regulations shall be referred to as “bulk mail”. The payment for bulk mail shall be established as provided for in articles 29 and 30.

**Reasons.** – Remailing and arbitrage opportunities for e-commerce goods (E-format items) have been identified as a new phenomenon following the introduction by the Istanbul Congress (as of 2018) of the threshold for sampling and differences in E-format rates. This phenomenon is similar to bulk mail for letters; however, it needs to be dealt with separately. The definition of bulk mail needs to be expanded. Furthermore, it is proposed to add the definition currently in the Convention to the Regulations, to give the POC the opportunity to react quickly to new trends.

The Istanbul Congress created a more cost-covering and equitable terminal dues system for e-commerce items exchanged between countries in groups I, II and III which carry out billing on the basis of a rate per kilogramme and a rate per item.

For countries in group II or III sending flows below 50 or 75 tonnes per year, the per-kilogramme and per-item components are converted into a total rate per kilogramme on the basis of a worldwide average composition of one kilogramme of mail (article 29.17 of the Convention). For countries in group IV, a simple terminal dues system, based more on social considerations, was maintained.

Owing to the differences in systems, there is scope for arbitrage by abusing the terminal dues system which was intended for countries with low volumes or stronger social needs. These differences in terminal dues are due to increase up until 2021, and could jeopardize the whole terminal dues system.

In order to limit the ability to abuse the system by sending e-commerce items “in bulk” via countries billing on the basis of a pure rate per kilogramme, the bulk mail mechanism should be updated: often, there is no easily identifiable sender’s address, making it difficult to identify items sent in large quantities by one sender. This problem should be overcome by using the composition of the total inbound weight as an indicator that e-commerce items are sent in bulk. If 90% or more of the inbound weight over a period of four weeks is composed of small packet (E) items – identifiable via a CN 22 or CN 23 label – or bulky (E) letter-post items, it can be assumed that e-commerce items in large quantities are routed via such a country. If this weight composition is registered over a period of four weeks – a period which allows for arbitrary fluctuations but also for sufficiently quick reactions on the side of the receiving country – the bulk mail mechanism can be applied with immediate effect.

In such cases, the receiving designated operator (DO) will be entitled to apply the E-format bulk mail rates for the items pertaining to this format. The number of items will be established either: a) by sampling the receiving DO on a continuous basis, or agreeing a fixed IPK with the sending DO; or b) through the transmission by the sending DO of letter bills indicating the number and the weight of the items, in line with article 17-127.

Proposed date of entry into force: 1 January 2020.

| **Supported by.** – Cyprus, Russian Federation.

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