

PAPU REMUNERATION WORKING GROUP

Dubai 2025 Congress Proposals

Outcomes World Round Table on Remuneration

- **Specific issues:**
- Insured letter-post items: questions about the operational and settlement issues of insured letter-post items containing document and goods due to the registered service application to documents only from 2026, which attracts the P/G remuneration, instead of the E remuneration (status-quo);
- Amendments for a single surcharge for all letter-post items (irrespective of their content) with E format base remuneration (status-quo) was discussed, but did not receive support, because this solution would not address the above-mentioned operational and settlement issues – there were also questions about the possible remuneration impacts that would need to be understood better;

Outcomes World Round Table on Remuneration

Specific issues (continued):

Proposed amendments by Cuba to the IRS package proposals were discussed at the WRTR, but those amendments received no clear support, except for a country that alleged to be in the same situation, but that were not in a position to support the following amendments proposed by Cuba:

Remuneration small packets (E): increased cost-to-tariff ratio where domestic tariffs are not set in relation to costs -> extend to groups B and C (proposed art. 29.8.2 applies to Group C only)

Parcels remuneration: extend the opt-out rule to apply 100% ILRs to groups B and C where domestic tariffs are not set in relation to costs (proposed art. 33.4 applies to Group C only)

Remuneration registered items: introduce new provision for flows from groups B and C below 15t with 1.745 SDR in 2026, further increased annually by 4.5%: 1.824 SDR in 2027, 1.906 SDR in 2028, 1.992 SDR in 2029 and 2.081 SDR in 2030.

Outcomes World Round Table on Remuneration

Overall conclusions:

Before and during the regional round tables on remuneration (RRTRs), much effort has been made by the many different participants in the RIG and its expert teams towards finding a balanced outcome that could be seen as overall representative of the different views and interests of all UPU members;

The RRTRs and the WRTR were critical in socializing and building support for the IRS compromise package and to incorporate feedback from the different regions on the development of the IRS proposals;

Nonetheless, specific details need to be worked out in the Regulations – the work on the consequential proposals will start after S7

This means that the IRS proposals on the table were supported and it is expected that all UPU members should be able to accept them as a compromise.

Introduction

Content of POC C2 2025.1 Doc 4c :

- Draft Congress-Doc 37: Implementation of Congress resolution C 13/2021 concerning the Integrated Remuneration Plan and development of proposals for an Integrated Remuneration System for the 2026-2030.
- Draft amendment proposals to the Convention (Annex 1)

Article 27bis Remuneration. General provisions

Country classification system

<i>Year of joining target system</i>	<i>Resolution C 13/2021</i>	<i>PNG X/2025</i>
Before 2010	Group I	Group A
2010 and 2012	Group II	Group B
2016	Group III	
Transition system	Group IV	Group C

QS Link for parcels and small packets in next cycle (27bis.3)

Authorization for POC to set remuneration in relation to EAD (art. 27bis.5)

Insured items containing goods: remuneration 1.500 SDR/item (art. 27bis.9)

Proposals for thresholds, sampling, rate structure

Summary 1- **General rule** ([Article 28.5-8](#))

Volume flow	Below 15 tonnes	Above 15 tonnes			
Separation documents/ goods	Mixed	Separated: documents		Separated: small packets	Mixed
Volume flow (documents/ goods)	All	<i>Below 25 tonnes</i>	<i>Above 25 tonnes</i>	All	All
IPK	9.06	24.06	Sampled	Census or sampled	9.06 or sampled
Rates (2027-2030)	Country-specific	Country-specific	Country-specific	Country-specific	Country-specific

Proposals for thresholds, sampling, rate structure

Summary 2 - mail flows between group B and from **group B to A (exception 1)**([Article 28.5-8](#))

Volume flow	Below 15 tonnes	Above 15 tonnes
Separation documents/ goods	Mixed	Same as General Rule
Volume flow (documents/ goods)	All	
IPK	9.06	
Rates (2027-2030)	Country-specific subject to capped rates for small packets	

Proposals for thresholds, sampling, rate structure

Summary 3: mail flows between group C and from group C to A and B (exception 2) (Article 28.5-8)

Volume flow	Below 15 tonnes	Between 15 and 75 tonnes			Above 75 tonnes		
Separation docs/ goods	<i>Mixed</i>	<i>Documents</i>	<i>Goods</i>	<i>Mixed</i>	<i>Documents</i>		<i>Goods</i>
Volume flow (documents/ goods)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	≤ 25 tonnes	> 25 tonnes	all
IPK	9.06	24.06	2027: IPK 3.66 ≥ 2028: census	9.06 or sampled	24.06	sampled	census or sampled
Rates (2027– 2030)	<i>floor rates</i>	<i>floor rates</i>	<i>floor rates</i>	<i>country- specific</i>	<i>country- specific</i>	<i>country- specific</i>	<i>country- specific</i>
Rates 2027	6.767 SDR/kg	11.497 SDR/kg	5.058 SDR/kg	country- specific	country- specific	country- specific	country- specific
Rates 2028	7.071 SDR/kg	12.008 SDR/kg	Item + kg rates (5.288 SDR/kg)				
Rates 2029	7.389 SDR/kg	12.549 SDR/kg	Item + kg rates (5.525 SDR/kg)				
Rates 2030	7.724 SDR/kg	13.120 SDR/kg	Item + kg rates (5.774 SDR/kg)				

Proposals for supplementary services

Tracked, registered and insured items:

Articles 28.10, 28.11 and 28.12

Proposal for remuneration for tracked, registered and insured items

- Tracking: 0.250 SDR for each item where the destination DO provides the timely transmission of EMD as well as EDH EMH or EMI
- Rate increases to 0.500 SDR if the destination DO meets the minimum performance target for EDH/EMH/EMI over EMD.

Year	Registered items	(b) Tracking (maximum)	Insured letter-post items		Insured parcels
	(a) Surcharge		Documents	Goods	
2026	1.745	0.500	(b) + 2.045	(b) + 1.500	(b) + 1.500
2027	2.500	0.500	(b) + 2.800	(b) + 1.500	(b) + 1.500
2028	2.613	0.500	(b) + 2.913	(b) + 1.500	(b) + 1.500
2029	2.731	0.500	(b) + 3.031	(b) + 1.500	(b) + 1.500
2030	2.854	0.500	(b) + 3.154	(b) + 1.500	(b) + 1.500

Proposals for supplementary services and add-ons

Remuneration of M Bags : [Article 28.9](#)

From 2026 (optional):

- Proposal to increase the rate by 4.5% annually

Year	<i>M bags (per kilogramme)</i>
2026	1.153
2027	1.205
2028	1.259
2029	1.316
2030	1.375

Proposals for items containing goods

Small packets (new methodology from 2027)

Parameter	Proposal	Draft Amendment Convention
Methodology	<ul style="list-style-type: none">- From 2027, discontinue default system for E-format items- Remuneration based on 11 equivalent domestic services (Art. 29)	<ul style="list-style-type: none">- Article 29.1.1- Article 29.1.6
Cost-to tariff ratio	<ul style="list-style-type: none">- 70% of domestic tariffs- Alternative cost/tariff ratio for group C	<ul style="list-style-type: none">- Article 29.1.5.2 and 29.1.6- Article 29.8.2
Maximum annual increase	<ul style="list-style-type: none">- Max. annual increase of 10% with carry-over possibility from previous year	<ul style="list-style-type: none">- Article 29.3 and 29.3.1

Proposals for items containing goods

Small packets (new methodology from 2027)

Parameter	Proposal	Draft Amendment Convention
Rate Protection	<ul style="list-style-type: none">- Maximum rates for flows below 15 tonnes between countries and territories in Group B and from those countries to Group A- Floor rates for flows below 75 tonnes from countries and territories in Group C to all countries	<ul style="list-style-type: none">- Article 29.4- Article 29.1.5.6.1
Floor rates	<ul style="list-style-type: none">- Increase floor rates by 4.5% annually	<ul style="list-style-type: none">- Article 29.1.5.6.1
Item-to-kg ratio	<ul style="list-style-type: none">- 2027: Full flexibility- 2028: annual change of 20% points (up/down)	<ul style="list-style-type: none">- Article 29.5

Proposals for items containing documents

P/G format

Parameter	Proposal	Draft amendment Convention
Methodology	No change	- Article 30.1
Floor rates	Increase floor rates by 4.5% annually	- Article 30.5
Cap rates	Increase cap rates by 7.5% annually	- Article 30.4
Maximum annual increase	Yearly increase limited to 13%	- Article 30.3

Proposals for items containing goods

Parcels (new methodology from 2027)

<i>Parameter</i>	<i>Proposal</i>	<i>Amendment Convention</i>
Methodology	<p><u>Similar to small packets:</u></p> <ul style="list-style-type: none"> - Remuneration based on 7 equivalent domestic services (including tracking) - For Group C (IV): opt out- 100% full 2026 ILRs capped (161% floor revenues)- validation by comp. authority 	<p>- Article 33.1.2.1</p> <p>- Article 33.4</p>
Cost-to tariff ratio	<ul style="list-style-type: none"> - 100% of domestic tariffs to determine CS rates 	
Transition revenue	<ul style="list-style-type: none"> - To mitigate impacts of introducing a new remuneration sytem for parcels a transition revenue will be calculated over 2027-2030: <p>2027 ("ceiling revenue for 2027" x 0.25) + ("Full ILR 2026 revenue" x 0.75);</p> <p>2028 ("ceiling revenue for 2028" x 0.50) + ("Full ILR 2026 revenue" x 0.50);</p> <p>2029 ("ceiling revenue for 2029" x 0.75) + ("Full ILR 2026 revenue" x 0.25);</p> <p>2030 ("ceiling revenue for 2030" x 1.00) + ("Full ILR 2026 revenue" x 0.00).</p>	<p>- Article 33.2</p>

Proposals for items containing goods

Parcels (new methodology from 2027)

Parameter	Proposal	Draft Amendment to the Convention
Maximum annual decrease	<ul style="list-style-type: none">- Limited to 10% compared to the previous year's revenue- If the transition revenue is lower than the previous year's rates reduced by 10% then the latter applies	- Article 33.3.2
Maximum annual increase	<ul style="list-style-type: none">- Limited to 20% compared to the previous year's revenue	- Article 33.3.1
Floor rates (Minimum rates)	<ul style="list-style-type: none">- Current floor rates are increased by 60% in 2027, then increased by 4.5% annually- Floor rates apply if floor revenues > transition revenue	- Article 33.5
Item-to-kg ratio	<ul style="list-style-type: none">- Full flexibility- Item rate cannot be less than 0.500 SDR	- Article 33.7.1

Proposals for quality of service linked to remuneration

- RIG ET 3 will continue working out the details of the PfP systems to incentivize performance improvements and to remunerate according to the quality of service and features as they are provided by the DOs
- **Proposal to include in the IRP 2026-2029** a clear mandate to introduce in the course of the next Congress cycle a QS link system for parcels that is similar to the ones in place for terminal dues or EMS to be introduced by 1 January 2027, or as soon as possible.

Proposal of a general nature for the IRP 2026-2029



IRP (2026-2029) Draft Proposal of a general nature n° 2

Annex 1 : Proposal of a general nature

Instructions given by the 28th Congress to the POC, CA and IB to implement the IRP (2026-2029) and develop proposals for an integrated remuneration system (IRS) for the 2030-2033 period. The objective will be to guide the work in the 2026–2029 work cycle

Attachment 1

Integrated Remuneration System (IRS) principles for the next work cycle (Annex 1) as endorsed by the CA at S5 and which are contained in document CA C2 2024.1-Doc 8

Attachment 2

Country classification for remuneration purposes 2026-29 (Annex 2) as endorsed by the CA at S6

Proposal of a general nature for the IRP 2026-2029

Instructions to POC, CA and IB to implement IRP and develop the future remuneration systems in the next work cycle with focus on:

- Review the remuneration of basic services seeking further modernization, integration and alignment of the remuneration systems, in particular concerning items containing goods
- Review the remuneration of supplementary services and services that can be added on to the basic and supplementary services
- Transition: simplification of the remuneration systems and further progress the work towards a single terminal dues system
- Incentivize quality of service and operational improvements that enhance the customer, operational and supply chain visibility of all items, in particular those containing goods, traveling through the UPU network
- Capacity-building and training activities to be conducted to support member countries with the implementation of the UPU remuneration systems

Attachment 1: IRS principles for 2026-2029 work cycle

- 1) Ensuring the provision of an **affordable and viable** universal postal service through sustainable remuneration to delivery designated operators (DOs);
- 2) Supporting the efficient and economically viable provision of modern international postal services in line with regulatory requirements and with the **flexibility** to respond to rapidly changing market conditions and customer needs;
- 3) Differentiating the various UPU-regulated postal products based on service specifications and market needs;
- 4) Recognizing the need to differentiate UPU-regulated postal services, **simplifying and harmonizing** these across formats as much as possible;
- 5) Supporting the interoperability, sustainability and development of the global postal network **under the least market-distortive** terms by:
 - a) Being transparent, straightforward and mindful of the different resource and implementation constraints among UPU members so as to support aid programs for the postal development of transitional countries;
 - b) Incentivizing improved service performance** by linking quality of service measurements to remuneration;
 - c) Ensuring non-discriminatory access to destination markets according to **country-specific, cost-coverage** remuneration rates, while:
- 6) Respecting, in particular, the right to **affordable access** to international postal services for the **least developed member countries** with limited international mail volumes;
- 7) Preventing the abusive practice of remailing;
- 8) Respecting the need for higher remuneration for the processing and delivery of inbound international mail in cases where **domestic rates are set below cost owing to social or similar policies**

Attachment 2: Future Classification of UPU countries for TD proposes

- It is proposed to streamline the country classification system by reducing the country groupings from 4 to 3 groups (A, B and C)
- Current group I will become group A, current groups II and III will be merged into a single group B, current group IV will then become group C
- The proposed country classification as follows:

Group	Countries	New group
I	countries in the target system prior to 2010	A
II	countries joining the target system as of 2010 and 2012	B
III	countries joining the target system as of 2016	
IV	countries applying the transitional TD system for the 2022–2025 period	C

Cuba proposal

Cuba introduced amendments to extend to group B the specific conditions envisaged for countries in group C as described in 31 and 51 of POC C 2 2025.1–Doc 4c.Rev 1. Following a discussion on these proposed amendments, which were supported by only two committee members, Committee 2 decided not to amend the draft proposals contained in Annex 1 of the aforementioned document.

Cuba proposal

PROPOSALS

Remuneration of small packets

Amend paragraph 31 as follows:

31 Starting from 2027, the DOs of countries and territories listed in groups B and C whose domestic tariffs in § 30 are not set in line with costs (e.g. owing to social obligations) may request the application of an increased cost-to-tariff ratio that reflects the actual costs in relation to the domestic tariffs in accordance with the principles set out in article 31-121 of the Convention Regulations, with the calculation of revenue and costs confined to small packet items, as follows:

Parcel rates

Amend paragraph 51 as follows:

51 For those countries and territories listed in groups B and C and whose domestic tariffs under § 46 point a) are not set in accordance with costs (e.g. owing to social obligations), the DO may request to opt out of the system and apply up to 100% of the full inward land rates for 2026 in 2027. This amount will be increased by 4.5% annually from the following year. A DO that requests to opt out in a later year, for example from 2028, applies 100% of the full inward land rates for 2026 from that year. These rates shall then be further increased by 4.5% annually. This mechanism eliminates outliers and, overall, results in a more balanced remuneration system for parcels. The following additional provisions shall apply:

Why should we support Cuba proposal ?

As per the IRP for 2022–2025 in resolution C 13/2021 adopted by the 27th Congress laid down the objectives and directions to develop integration of the UPU remuneration systems :

- **Ensuring** the provision of an affordable and viable universal postal service through sustainable remuneration to delivery designated operators;
- Respecting, in particular, **the right to affordable access to international postal services** for the least developed member countries with limited international mail volumes.
- Respecting the need for higher remuneration for the processing and delivery of inbound international mail in cases where **domestic rates are set below cost owing to social or similar policies.**””
- So Cuba proposal reflects the essence of **guiding principles above in terms of affordability and subsidized rates owing to social policies** .

Cuba proposal is in line with IRP guiding principles . It will improve effectiveness and inclusivity of the proposed methodology and maximize its benefits for all UPU members in similar position with no discrimination , in addition there are 5 African countries (Botswana , Gabon , Mauritius , Seychelles , South Africa) from group III , currently Group B will benefit from Cuba Proposal .

Thank You