

Ad Hoc Expert Meeting on

**Addressing the Transport and Trade
Logistics Challenges of the
Small Island Developing States (SIDS):
Samoa Conference and Beyond**

11 July 2014

Contribution by the Universal Postal Union

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I. The UPU and international trade

1 The posts have traditionally been viewed as a facilitator of communication between peoples. However, developments in ICT and e-commerce have extended this traditional view. For example, the development of ICT enables MSMEs to market their products globally. As MSMEs the world over look to the posts to transport their products, the postal sector is gearing up to meet this growth in demand. Trade facilitation for MSMEs is today part of the UPU's mission. Moreover, as a key provider of financial services and as a key enabler of migrant remittances, the posts play an important part in oiling the global economic machine.

2 Three factors will influence the success of the posts in meeting MSME demand. The first is the increasingly sensitive security environment. The second is the need for electronic connectivity between all stakeholders involved in postal transport such as airlines, shipping companies, customs administrations, posts, and security authorities. The third is the need for improved transport infrastructure. Since the posts are a subset of the logistics industry, these three factors apply to the wider logistics industry as well.

II. The security environment

Scrutiny and screening

3 The focus on aviation and maritime security increased dramatically after the Yemen terrorist incidents of October 2010. Cargo and mail are now subject to increased scrutiny. Screening is done to more exacting specifications. ICAO, WCO and the IMO have undertaken new security initiatives. For example, ICAO and WCO have established Working Groups dealing with mail and cargo security. The UPU collaborates with both organizations has developed postal security standards that are based on the relevant ICAO and WCO standards.

4 The European Union and some states are requiring that mail and cargo entering their territory will require screening at the origin before departure by parties that have been independently certified as meeting the concerned EU or state standards. The EU ACC 3 initiative is an example. This requirement will have a direct impact on Island States that have direct transport connections with EU countries or with other states having specific security requirements.

Advance information

5 The international security community is putting advance information regimes in place for air cargo and airmail. Item-level information will soon be required to be sent to destination security authorities before takeoff. Destination security authorities will then perform a risk assessment and then inform the origin if the concerned shipment can be loaded onto the aircraft. A DNL (Do Not Load) message will be issued only if the risk is assessed to be life threatening. The UPU has developed software (Customs Declaration System) that allows posts to provide item-level information to customs and that allows communication with destination security agencies for risk assessment purposes.

III. Electronic connectivity between stakeholders – automation of former paper-based processes

6 Paper-based processes have now been automated. Communications between posts and between posts and airlines are now increasingly automated. The post-customs interface will soon be automated as well. The original motive behind automation of the post-customs interface was the electronic transmission of fiscal information to preclear items for distribution to final addressees (consignees) in advance of arrival of the item. This same interface and the same dataset will also be used by destination security agencies to perform risk assessments of traffic in advance of arrival. Documentation would earlier travel with mail. Now, paper forms are being replaced by EDI messages. The automation of former paper-based processes has made mail flow more efficient. Analogous developments in the business sector, with a more streamlined process for the electronic submission of export and import information to customs and other government agencies, have led to quicker clearance times and reduced trade transaction costs.

IV. The need for improved transport infrastructure

7 High quality postal services are critically dependent on the cost and availability of air transport links. Most Small Island developing States have air services to some neighboring island countries, many of which are also Small Island developing States. However, in most cases, the service frequencies (number of flights per week) on international routes are low. It is expected that economic development driven by new technology, tourism and new MSMEs will stimulate demand for both air and maritime transport links.

V. Key factors affecting mail flows (trade) in general and e-commerce in particular

8 The UPU has launched a strategic project designed to foster and promote e-commerce and thus promote and foster MSMEs. This project involves many areas, some of which are listed below:

- Validation, recording and proof of electronic transactions
- Supply chain transparency through tracking and tracing
- Landed cost calculators – calculation of shipping costs, taxes and duties in advance
- Provision of training material – the Joint WCO–UPU Customs Guide and the UPU Transport Guide
- Availability of online training packages – the UPU’s TRAINPOST system
- Building trust in e-commerce– the .post top-level domain
- Post–Customs interface (clearance time, taxes and duties, prohibitions and restrictions)
- Security – protection against theft
- Delivery costs
- Reliability of end-to-end-services
- Conformity of delivered products
- Dealing with customer complaints
- Delivery options (home/office)
- Payment security and options
- Returns handling (logistics, refunds)
- Integration of cross-border networks
- Safeguards against purchases that are illegal for import or export
- Accurate price quotes, with no hidden fees
- Accurate estimate of delivery dates

VI. Conclusions

9 The UPU believes it can best serve the transport and trade logistics challenges of the SIDS through its mission objective of facilitating trade for MSMEs located in these States and contributing thereby to their economic development, which in turn should stimulate demand for both air and maritime transport links.