

The Fast Increasing International Postal Delivery Costs

The International postal delivery costs are based on the so called Terminal Dues.

The Terminal Dues methodology has been initiated in 1969 by the **Universal Postal Union**. The original system was based on a situation where two countries had imbalanced mail flows. In this case the country that sent more mail would have to pay a fee to the country that received more mail. This via the UPU financial clearance system.

The terminal dues system has since 1969 seen a continuous evolution with the goal to create and maintain a system that:

1. Takes into account the different delivery costs of different countries. This by installing a system in which the terminal due tariffs for development countries where (much) lower than for developed countries.
2. Counteracts the re-mail activities that arose as a result of this differences in terminal dues for different countries. Re-mail consisted of developed country postal companies and private carriers channelling their mail and parcels via developing countries so that they could profit from the lower terminal due tariffs those countries had available.

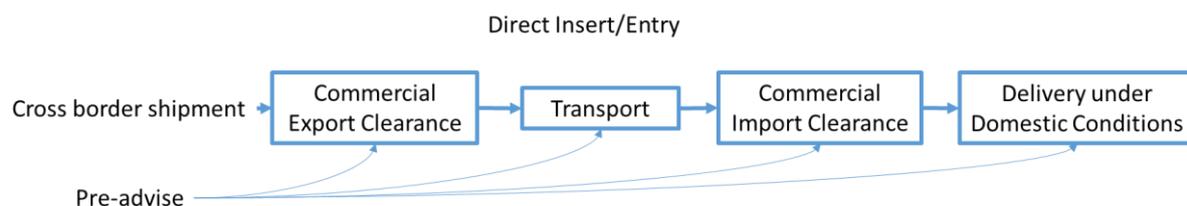
In general sense it can be mentioned that the terminal dues always have been lower than the domestic tariffs of designated postal operators in developed countries.

During the 2019 UPU congress the USA has put a lot of pressure to change the terminal due system. The system that has been agreed is called the « self-declared rate » and is mainly applicable for letter mail packets < 2kg. In effect from 1 July 2020 a Designated Operator may ask for self-declared rate for letter mail packets. Estimation is that the self-declared rates will be comparable to a post's standard public offering and will lead to a very significant cost increase for sending post. Estimates are that the Terminal Dues will on average increase between 20% and 30% in 2020 and 2021. Expectations for 2025 are between 165% and 300%. Depending on country of origin and destination

As an answer to this huge cost increase most posts are being busy developing direct insert or direct entry solutions. Those solutions are consisting of commercial (freight) clearance and the handover of mail parcels after clearance to destination posts or private delivery companies on the basis domestic delivery conditions such as downstream access.

Domestic tariffs for large mailers and larger mailings are for all posts (and private delivery companies) much lower than their standard public offering.

A direct insert or direct entry solution requires that the availability commercial transport and customs documentation that accompanies mail parcel.



Efficient commercial import solution that are fitting eCommerce shipments like Type 86 Entry in the USA or Bulk Clearance solutions in the EU or UK are only applicable for non-prohibited or restricted items and are all requiring an export and nation specific import custom code.

SKS can support Posts, Carriers and eCommerce Marketplaces in the development and implementation of cross border eCommerce supply chains that are based on direct insert/entry.

The SKS is consisting of a network of Associates that are all experienced and understanding the developments and can support the definition and implementation of strategies that will meet the current challenges such as:

- The definition and implementation of new international delivery strategies for Posts and Carriers
- The setup of new international delivery infrastructure and networks for Retailers and eCommerce Marketplaces
- The setup of new supply chains that are meeting the current and fast changing regulatory demands

For more information please contact

SKS & Partners Ltd

Info@skspartners.eu