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POSTAL AND COURIER SERVICES

Background Note by the Secretariat

I. INTRODUCTION

This note has been prepared at the request of the Council for Trade in Services. It provides background information on postal and courier services, for discussion in the Council as part of the information exchange programme. The work contains basic and general information on trade in these services in order to facilitate further discussion of relevant issues and should not therefore be considered exhaustive. Neither postal nor courier services were addressed as such in the course of the Uruguay Round sectoral testing exercises and were not the subject of any previous background note. Aside from information and data maintained by the Universal Postal Union, few other comprehensive sources of data were identified, particularly on courier services.

In the GATS Services Sectoral Classification List (MTN.GNS/W/120), postal and courier services are listed as subsectors of communication services, a sector which also includes telecommunications and audiovisual services. In the UNCPC, these services are classified in a "post and telecommunications" sector, reflective of a long-standing but increasingly outdated tradition of postal and telecom services being offered by a single state monopoly. As the introduction of competition and other reforms have taken hold in the telecommunications sector, one of the first changes has usually been to allocate postal and telecom services to separate entities, with the postal service entities retaining monopoly rights more commonly than their telecom counterparts. For the most part, public postal service providers are State owned and have a monopoly on most types of mail services. Courier services, usually parcel delivery or expedited mail services, are often also supplied by the postal monopolies but not reserved exclusively to them. Courier services are normally supplied by privately owned companies who compete with one another and with State postal service providers. However, the competitive environment for public postal services is changing, as private service suppliers begin to expand into the correspondence market particularly in segments such as business-to-private bulk mailings and direct mail advertising which is an increasingly popular form of corporate marketing strategies. While corporatization and/or privatization of postal service monopolies is beginning gradually to take hold, only a very few countries, such as Finland, New Zealand and Sweden, have fully ended monopoly rights in their markets for the supply of public postal services. A variety of significant postal sector reforms are, however, underway. For example, a uniform plan for postal reforms is scheduled for implementation in the European Union and postal reform legislation is under debate in the United States. Most often, consideration of liberalization of postal services centres on where to draw the line between reserved and non-reserved services.

One of the important challenges to postal and courier services, both public and private, is competition from other communications services such as facsimile, electronic-mail, and data networks, particularly in the business-to-business market segment. About five years ago, the number of international messages sent by fax assumed a larger share of the market than those conveyed by post. In 1996, for the first time, the volume of electronic mail in the United States exceeded the number of letters delivered by the postal service. However, other segments such as business-to-private

and private-to-private mail may be less affected by new communications technologies, so long as public postal services are run in an efficient and customer-oriented manner and as access to postal services remains more widely available to residential customers than in-home computer terminals.

At the same time, some market segments of these services are taking advantage of new communications technologies. For example, electronic data interchange (EDI) is already considered an essential tool for achieving fast and reliable service in the express mail industry. In another example, a major foreign express mail service supplier in Canada is planning a wireless radio network to enhance its service and improve distribution. Additionally, the new technologies stimulate growth in some market segments. For both public and private delivery of parcels, the growing popularity of home shopping offered over communications services, such as television and internet, contribute to predictions for steady growth.

Definition of postal services. In the Services Sectoral Classification List (MTN.GNS/W/120), subsector 2A on postal services is cross-referenced to item 7511 in the provisional United Nations Central Product Classification (UNCPC) (Series M. No. 77, 1991). This item contains four subitems: (1) postal services related to letters consisting of pick-up, transport and delivery services of letters, newspapers, journals, periodicals, brochures, leaflets and similar printed matters, whether for domestic or foreign destinations; (2) postal services related to parcels consisting of pick-up, transport and delivery services of parcels and packages, whether for domestic or foreign destinations; (3) post office counter services rendered at post office counters, e.g. sales of postage stamps, handling of certified or registered letters and packets, and other post office counter services; and (4) other postal services which includes mailbox rental services, "poste restante" services, and public postal services not elsewhere classified (except postal giro and postal savings accounts which are classified in UNCPC under "services of monetary intermediaries"). The explicit presumption of the UNCPC is that all the above represent services are supplied by national postal administrations. There might also be a relation between postal services provided by wholly government entities and the GATS Article I provision excluding government functions. Postal services of a Member, whatever the status of the postal supplier, would be services covered by the GATS so long as, and which is usually the case, they are supplied on a commercial basis.

Definition of courier services. In the Services Sectoral Classification List, subsector 2B on courier services is cross referenced to UNCPC item 7512 which contains two subitems: (1) multi-modal courier services consisting of pick-up, transport and delivery services, whether for domestic or foreign destinations of letters, parcels and packages rendered by courier and using one or more modes of transport¹; and (2) other courier services for goods, not elsewhere classified, e.g. trucking or transfer services without storage, for freight.

Relation to other services/sectors. Postal and courier services are dependent on physical means of delivery, particularly air and road transport services. Road transport may be a significant means of delivery of parcels and other items within geographic regions or contiguous countries, and air transport is the predominant means of delivery among distant locations. However, air and road transport services are identified as sectors in their own right in the Services Sectoral Classification List. Moreover, that list includes freight transportation among the subsectors of these and most other transport subsectors. While the CPC explicitly excludes transport of mail by air from its definition of courier services, first, it nowhere defines the scope of "mail" and, second, it does not make clear whether the exclusion applies only to "mail" services based exclusively on air transport or to any air

¹UNCPC specifies that these services can be provided by using either self-owned or public transport media, but excluding courier services for mail by air which are classified in the UNCPC under "mail transportation by air" in Air Transport Services. The distinction between these and similar UNCPC items under postal services is that these are presumed to be services that can be provided by suppliers other than national postal administrations.

transport component of any courier service suppliers' operations. Notably, the UNCPC makes no similar exclusion for transport of mail by road means, even though such an item also appears in the CPC under road transport services. These definitional ambiguities can result in overlap between coverage of commitments in the different sectors or, at least, point to an important relation between the commitments. Clarity regarding such issues may be particularly important for highly integrated courier services suppliers, such as those operating their own fleet of trucks and/or airplanes. Some Members have dealt with the ambiguities by entering text in their schedules explaining the scope of the courier service commitment with respect to means of transport. Nevertheless, given the way courier services suppliers operate, it is likely that the exclusion of most air transport services by the GATS Annex on Air Transport and MFN exemptions taken for measures relating to road transport have an impact on courier services commitments undertaken.

II. ECONOMIC IMPORTANCE OF THE SECTOR

A. POSTAL SERVICES

In 1995, 403 thousand million letters were handled by about six million postal service employees throughout the world, according to *Post 2005*, a study on postal traffic trends recently issued by the Universal Postal Union (UPU). Detailed data is presented in Table 1. Nearly 98 per cent of these items remain in the domestic service of the country of posting while just over 2 per cent cross national borders as international postal service. According to the study, letter volumes worldwide are expected to increase between now and 2005, despite an expected loss of market share owing to diversion to electronic media and growing competition from other service providers. The Director General of the UPU has noted that in light of the information revolution, all current providers of postal services - whether or not they enjoy monopoly protection - will have to face a future environment quite different from the present.

An annual increase of 2.5 per cent is forecast in domestic letter traffic worldwide between 1995-2005, compared to only 0.9 per cent between 1985 and 1995. In high income countries, however, growth will slow from 2.7 per cent (1985 - 1995) to an annual average of 2.3 per cent. At present 86 per cent of the domestic mail in industrial countries is generated by the business sector. The UPU forecast for 2005 shows a significant increase in the business-to-household segment, accompanied by a decline in the household-to-household segment.

The core international postal services consist of nonexpedited delivery of letter post mail (letters, small packets, printed matter, and publishers' periodicals). UPU forecasts that international mail will experience stronger growth, ranging from 3.4 to 5.2 per cent, with low-income countries expected to have the highest average annual growth rate at 5.1 per cent. In the United States in 1994, letter post mail accounted for 99 per cent of the Postal Service's total international mail piece volume and 77 per cent of its total international revenues from postal services. In 1992, the latest year for which market share data was calculated, the U.S. Postal Service handled over 1.2 billion pieces of international letter post mail, accounting for US\$930 million, or 75 per cent, of the Postal Service's estimate of US\$1.3 billion in total U.S. international letter post mail revenues.

Also according the UPU study, physical mail accounted for nearly 20 per cent of the world communications market as a whole in 1995. Fax and telephone accounted for 75 per cent and electronic mail just over 5 per cent. According to the study, the share of telephone and fax will remain more or less constant up to 2005 but electronic mail should double. By contrast, the share of physical mail in the communications market is expected to decline by 26 per cent. The decline, in the presence of upward forecasts for physical mail volumes, reflects the fact that the total communications market is growing at a faster rate than the postal market.

The UPU cites economic factors, which however vary greatly depending on region and socio-economic environment, as the foremost determinant of letter traffic volumes. It ranks as second

various postal factors such as quality of service. It described these and other factors such as population growth and education as having a greater impact than technological factors and the substitution of other means of communications (such as electronic mail and the Internet) when the population as a whole is taken into account. Nevertheless, the UPU expects the greatest technology substitution effect to take place in the business-to-business market in high-income countries, where more than 50 per cent of businesses will have access to electronic mail by the year 2005.

TABLE 1Postal Service Statistics

	Number of employees ('000s)			Number of inhabitants served per employee		
	1985	1990	1995	1985	1990	1995
Industrialized countries	2,580	2,670	2,540	302	301	327
Developing countries: Africa	80	90	100	5,262	5,131	5,569
Latin America and Caribbean	180	180	190	2,131	2,353	2,516
Asia and Pacific	1,850	1,930	2,140	1,399	1,468	1,447
Arab countries	100	100	110	2,014	2,186	2,323
Europe and CIS	1,150	1,120	1,020	390	420	467
World	5,940	6,090	6,100	811	859	932

Number of letter-post items	Domestic service ('000,000s)		Domestic, per capita			
	1985	1990	1995	1985	1990	1995
Industrialized countries	242,720	294,570	316,080	311	367	380
Developing countries: Africa	2,640	2,990	3,460	6	6	6
Latin America and Caribbean	4,750	5,060	7,420	12	12	16
Asia and Pacific	44,270	43,750	51,200	17	15	17
Arab countries	1,120	1,190	1,310	6	5	5
Europe and CIS	66,490	71,410	14,990	148	152	31
World	361,990	418,970	394,470	75	80	69

Number of letter-post items	International service (‘000 000s)			International, per capita		
	1985	1990	1995	1985	1990	1995
Industrialized countries	5,097	5,110	5,022	6.5	6.4	6.0
Developing countries: Africa	422	514	615	1.0	1.1	1.1
Latin America and Caribbean	460	496	496	1.2	1.1	1.1
Asia and Pacific	1,236	1,247	1,453	0.5	0.4	0.5
Arab countries	714	589	646	3.7	2.7	2.6
Europe and CIS	728	830	780	1.6	1.8	1.6
World	8,657	8,786	9,012	1.8	1.7	1.6

Source: Universal Postal Union, Website <http://www.ib.upu.org>

B. COURIER SERVICES

No comprehensive sources of trade data pertaining to courier services were identified at the time this note was researched. At least for express mail services, one estimate placed the share of services of all carriers, including public postal services, at about 57 per cent of a total international mail market worth US\$3.5 billion in 1992. U.S. figures show that its Postal Service handled express mail in 1992 accounting for US\$81.7 million, or 4 per cent, of an estimated US\$2 billion total U.S. international express services revenues.

However, available information on activities of the major courier service suppliers may shed some light on the economic environment for these services. Globally, the leading companies are DHL Worldwide Express (DHL), United Parcel Service (UPS), Federal Express, and GD Express Worldwide. Many such couriers have established affiliates in foreign countries to capitalize on rapidly expanding global demand for express courier services. In the United States, courier services are provided predominantly by large business enterprises, such as Airborne Freight Corp., DHL, Federal Express, UPS, and approximately 10,000 relatively small independent messenger and delivery services. In the U.S. market, the large companies tend to specialize in overnight courier services, whereas the smaller companies more commonly provide same-day local delivery. Major European suppliers include Kühne & Nagel, Jet Services, TAT Express and Securicor, while many small companies operate on the national level offering intra- or inter-city services. In Europe, DHL's operations reportedly are increasing by about 17 per cent annually despite highly competitive local markets.

Expansion of foreign courier service suppliers in South America has reflected increasing demand for expedited delivery services, as well as other factors such as the relative inefficiency of public postal services. Geographic proximity has made South America an attractive market for U.S. courier service suppliers. DHL, the largest supplier of courier services to South America, now ships about 2.5 million pieces of expedited parcels, packages, and similar products monthly to customers in the region. In addition, the activities of foreign courier service suppliers extend beyond bilateral service between their country of origin and the country in which they have a commercial presence. For example, about 35 per cent of DHL's business originating in South America is shipped to the United States, about 25 per cent stays within the region, and most of the remainder goes to Europe.

UPS and Federal Express also compete in the region. For example, Federal Express operates in more than 40 locations in Latin America and the Caribbean.

In Asia and the Pacific, DHL is the largest supplier of express courier services, accounting for about 36 per cent of the region's shipments. Other leading suppliers are Australian-owned TNT Express Worldwide, accounting for 27 per cent, Federal Express with 13 per cent, and UPS with 5 per cent. Economic growth in Asia and the Pacific had contributed to significant increase in demand for courier services. To meet demand and improve capacity for overnight delivery, many courier service suppliers establish distribution centers in the region which, in addition to facilitating service to customers in the country where the center is located, enable them to establish air-cargo networks to more easily distribute to other countries in the region.

III. ANALYSIS OF NATIONAL SCHEDULES

A. POSTAL SERVICES

Six WTO Members have scheduled GATS commitments pertaining to postal services, and only two appear to commit to fully opening their postal markets to foreign suppliers. Two of the schedules indicate that the commitments are limited to "accelerated international mail" while one other schedule limits the scope of the commitment to items above a certain weight level. Such specifications would seem to indicate that these commitments are confined to the types of service usually scheduled under courier services. Finally, one of the six schedules lists services as being reserved to a monopoly.

B. COURIER SERVICES

Thirty-three WTO Members scheduled commitments on courier services. Table 2 shows that of these 33 schedules, 42 per cent committed to market access for cross-border supply with no limitations and 39 per cent listed no limitations on market access for commercial presence, an important mode of supply for courier service operations. On national treatment for commercially present suppliers, 42 per cent of the Members concerned listed no limitations and 58 per cent entered limitations of some type. It should also be noted that the commitments do not necessarily reflect the current status of de-facto market access for courier services. Some Members who have not bound these services in their schedules, nonetheless allow foreign courier service suppliers to operate in their markets.

TABLE 2

Analysis of the 33 Schedules with Commitments on Courier Services
(Percentages of full, partial and no commitments by mode of supply)

	Cross-border supply			Consumption abroad			Commercial presence			Presence of natural persons		
	F	P	N	F	P	N	F	P	N	F	P	N
Market Access	42	30	27	55	33	12	39	58	3	15	76	9
National Treatment	45	30	24	55	30	15	42	58	0	9	79	12

F: Full commitment (indicated by "none" in the market access column of the Schedule)
P: Partial commitment (limitations inscribed in the market access column of the Schedule)
N: No commitment (indicated by "unbound" in the market access column of the Schedule)

Note: The figures in this table reflect only those entries inscribed under "courier services" commitments in the schedule. It should, however, be borne in mind that entries made in the horizontal section of the Schedule relate to commitments made in this and all other scheduled sectors.

IV. HOW THE SERVICES ARE SUPPLIED, HOW THEY ARE REGULATED AND TYPES OF MEASURES OFTEN PERCEIVED AS BARRIERS TO TRADE

As noted above, the relation between postal and courier services is that the latter represent a subset of postal-type services, i.e. the express mail and parcel delivery, that are usually removed from (or often were never subject to) the exclusive purview of national postal monopolies. It might be anticipated that the range of services removed from "reserved" status may grow, though probably incrementally, in most countries, allowing existing courier service suppliers to branch out into other postal services and perhaps enabling new breeds of private postal service suppliers to evolve. Also, a trend for liberalization may become more palatable as new means of electronic communications make it incumbent on postal services to adapt structures and practices to lower costs and offer more price-competitive and efficient services.

To the extent that corporatization, privatization and competition in postal services could become more common, regulatory authorities will face issues similar to those recognized in the liberalization of the telecommunications sector. Re-regulation to safeguard against anti-competitive practices, to ensure the benefits of open markets and to protect consumers in a new environment may become relevant. Some of the kinds of regulatory decisions involved could relate to tariff setting, cross-subsidization, universal service obligations, and standards for service quality.

A. POSTAL SERVICES

Despite this gradual opening up to competition, the characteristics of the postal service suppliers are still fairly similar in most countries. A national public postal service monopoly on mail items up to a certain weight level remains the most common market structure for the service, although a gradual erosion of the scope of the monopoly and the development of new postal-type services outside monopoly areas have taken place. According to the UPU, by 2005 the typical postal administration will probably be a corporatized state enterprise with a monopoly or an exclusive licence in the letter post market, but which is increasingly commercial in outlook. However, such monopolies are also likely to remain highly regulated in terms of pricing matters. UPU foresees that only a minority of postal service suppliers will be, or will be modelled on, fully private corporations. In exchange for monopoly privileges, national regulation commonly holds national postal suppliers responsible for providing universal service in the form of homogeneous and reasonable rates, accessibility of letter boxes, a dense network of postal offices, and for meeting and improving upon certain standards for quality of service. Table 3 provides an overview of the regulatory structure and levels of competition taking place in postal markets. One interesting feature to point out in the table, is that while most low income countries have postal monopolies with fairly broad reservation of services to them, the lower market shares attributable to their national postal suppliers would seem to indicate that on a de facto basis, their suppliers already face significant competition.

Since private courier companies often provide services that are more dependable, faster and cheaper than those offered by the national postal service suppliers, the postal suppliers have been increasingly concerned in recent years about losing market share in the growing international mail market to the private companies. Moreover, as trade barriers have fallen, courier service suppliers seek to take larger shares of additional international mail services. Postal service suppliers have also been concerned about the effects of competition not only with private companies but also among national postal service suppliers for bulk business mail. After express and parcel delivery services, bulk mailing is often one of the first to be liberalized. Reposting (or the posting of mail in a country other than the country in which it is prepared) is another form of emerging competition, because the volume of postal expenditure in some sectors such as financial services or mail-order selling has spurred corporate customers to search for ways to take advantage of the lowest national postal rates available. These developments are leading to new rivalries between the national operators as they begin to compete with other national counterparts for reposting or for bulk mail clients within their own territories. Efforts by postal services to reduce costs have also led to the use of franchising with

grocery stores, petrol stations, municipal offices often providing various postal services. In addition, national operators have found it economically necessary to enhance their participation in growing markets for services such as express mail or electronic mail.

Since 1874, international regulation of postal services has been conducted under the auspices of the UPU, an international organization consisting of 189 members. Its members are considered to constitute a "single postal territory" within which they guarantee the free circulation of mail. They negotiate agreements and other instruments that collectively address issues that arise in the course of the Members' responsibilities for effecting cross-border transit of mail. The Universal Postal Convention, sets the basic UPU principles and guidelines for the exchange of letter post mail and to a lesser extent for express mail. Other UPU agreements and guidelines apply to parcel post and financial services, such as postal money orders. The Universal Postal Convention defines general guidelines on international postal service and regulations on the operations of letter post mail. These include the rates, called terminal dues, that countries pay each other as compensation for processing and delivering in-bound mail, the methods of calculating and collecting terminal dues, the maximum and minimum weights, the size limits of letter post mail, and the conditions of acceptance. The representatives of UPU members (i.e. the national postal service suppliers) may also enter into bilateral agreements to exchange express mail and plurilateral agreements to exchange all categories of international mail under conditions more favourable than might be possible in negotiations at a global level.

Legal and regulatory controversies are arising as competition in postal service markets becomes more common and economically significant. At a minimum, the private suppliers already compete with public postal suppliers in global and in most national markets in courier services. Private sector competitors argue that the national postal services benefit unfairly from their status as government entities and their positions as the designated national representatives to the UPU and its deliberations. They argue that public postal suppliers' role in the UPU places them in the position of being, at once, regulators and competitors. Of particular concern are two provisions of the 1989 Universal Postal Convention - one (Article 25) permitting postal administrations to refuse to handle mail brought into the country by private suppliers and another providing that terminal dues rates need not be directly related to costs. In an effort to ease some such concerns, the UPU has established a private operators-UPU Contact Committee to provide for dialogue and to help determine areas of common interest. Competitors also contend that the public postal suppliers gain a competitive advantage by their ability to establish international mail rates without independent regulatory review and that the rates they charge for some services do not cover costs. Regarding terminal dues, competitors are wary about some new cost-based terminal dues agreements being negotiated among public postal suppliers. While postal suppliers say these agreements aim to bring the terminal dues system more in line with costs, competitors argue that they include provisions to discourage reposting and that the higher terminal dues still disadvantage competitors since, if the parties exchange the same volumes of mail, no payments are actually rendered. But at the same time, some public postal suppliers have begun to complain that some regulatory controls and responsibilities applied to them, and which their competitors do not incur, make it more difficult for them to compete.

TABLE 3

Structure and Competition in the Postal Market

Status of national supplier	Africa	Central America/ Caribbean	North America	South America	Asia & Pacific	Western Europe	Eastern Europe
Ministry	78%	90%	50%	82%	78%	65%	55%
Independent state enterprise	22%	10%	50%	18%	19%	30%	41%
Private company	0%	0%	0%	0%	3%	5%	4%
Post separated from telecoms	32%	36%	100%	56%	40%	95%	78%
Separation of regulator and operator	43%	33%	100%	100%	38%	62%	86%
Competition		Asia & Pacific	Africa	Eastern Europe	Western Europe & North America	Latin America	World
Domestic service:							
Market share of national supplier 1995		89%	89%	95%	98%	63%	97%
Change by 2005		-4.9%	-14.2%	-9.6%	-2.2%	-2.9%	-3.4%
International service:							
Market share of national supplier 1995		81%	80%	91%	66%	85%	71%
Change by 2005		+2.2	-4.7	-11.4	-6.6	-13.7	-5.7
Volume of letter-post lost to electronic substitution by 2005:							
Business-business		14%	23%	20%	12%	30%	17%
Commercial, excl. advertising		7%	9%	9%	8%	26%	9%
Advertising		15%	10%	13%	5%	10%	11%
Financial		4%	11%	10%	8%	35%	16%
Competition by level of development				Low income	Middle income	High income	
Domestic service:							
Market share of national supplier 1995				58%	91%	98%	
Change by 2005				+18.2%	-12.2%	-2.4%	
International service:							
Market share of national supplier 1995				70%	92%	67%	
Change by 2005				+5.9%	-11.7%	-5.9%	
Volume of letter-post lost to electronic substitution by 2005:							
Business-business				7%	22%	12%	
Commercial, excl. advertising				23%	9%	8%	
Advertising				25%	10%	5%	
Financial				2%	21%	7%	

Source: Post 2000, Universal Postal Union

B. COURIER SERVICES

The development of multinational enterprises and the increasing requirements of professional clients have since the 1970s played a major role in the growth of the express mail service. Industrial subcontractors have become major clients of the express service, with enterprises trying to reduce their stocks, both of intermediate products and finished goods (just-in-time method). In a recent ILO study on multinational enterprises in the courier service industry, it was noted that one of the main developments in recent years has been the growth of the role of "integrators", large international operators which have become specialized in international parcel services. They are referred to as "integrators" because they combine land and air transport services with freight forwarding, customs broking and other information-intensive activities that enable them to provide efficient pick-up and delivery services. Some railway companies have established their own mail service and DHL has offered equity participation to two airline companies.

Suppliers of courier services most commonly gain access to foreign markets through commercial presence, usually in the form of foreign affiliates in the market to be served. In some countries, however, suppliers deliver packages through contractual agreements with locally owned service suppliers, often trucking or air transport operations in the market to be served. In addition to transporting packages within the country in which a commercial presence or other arrangement is maintained and between that country and its country of origin, a service supplier also typically supplies service between countries in the region where it has established a commercial presence and between countries in a region and other, or third-country, destinations abroad. Couriers may establish national and/or regional sortation hubs (distribution centers) at airports and other locations where their products are routed (usually by truck) to sub-hubs for final delivery. A large portion of trade in courier services is carried out by air. Even among contiguous countries, air carriage may predominate and a more limited amount of inter-country trade, e.g. 20 to 25 per cent between the United States and Canada, may be conducted by the use of trucks crossing national boundaries. Normally, in such circumstances, truck deliveries are reserved for deliveries of no more than 500 miles from national borders.

Among the types of measures that can hamper the free flow of trade in courier services are customs regulations, the sometimes regulatory role of the postal monopolies or the scope of their privileges, licensing requirements, postal taxes, and concession fees. The benefits of GATS commitments can also be limited in so far as they may not adequately address operational issues such as customs clearance, self-handling, or, at times, the ability of the foreign supplier to conduct its own pick-up and delivery. Such measures can delay service, add to the cost of service, or limit business opportunities. For example, some countries require foreign couriers to use locally contracted service suppliers for pick-up, delivery, and customs clearance procedures.

Regarding the role of the national public postal service monopolies, in some jurisdictions, the national monopoly is responsible for extending licences to courier service suppliers, while at the same time offering its own express mail or parcel delivery services in competition with these suppliers. Postal administrations of some countries may impose regulations to control pricing and ground handling that may function to give a working advantage to the monopoly postal service supplier in services in which it competes with other courier service suppliers. For example, in some jurisdictions, taxes and concession fees applied to courier service suppliers are imposed directly by the national postal service supplier. In other cases, the scope of courier services commitments may be limited to certain of the full range of courier services that are not reserved to the national postal service supplier. However, there are also instances in which the scope of services that courier service suppliers are permitted to undertake can be broader than usual, encompassing some services most typically reserved to the national postal supplier such as delivering periodicals, selling postage stamps, handling certified and registered mail, or renting postal boxes.

Customs practices and procedures can most significantly affect trade in courier services, for example, if jurisdiction has no customs clearance policies that recognize courier services' products as such. This may require them to be treated under time-consuming procedures designed for regular cargo, if unaccompanied, or under passenger-type allowances for value and weight, if accompanied by an employee of the courier service supplier. Another example would be customs procedures offering very limited time periods available for clearance, a practice that can defeat the very customer service objectives offered by express mail suppliers to guarantee customer service every day at all hours. Also, some national customs procedures require shipments to be forwarded to approved warehouses for inspection. It should be noted, however, that many national efforts aimed at customs reform and streamlining more generally, are helping to address some of the issues raised here with respect to courier services. Moreover, the World Customs Organization, now in the process of reviewing its Convention, has under consideration some amendments aimed at simplifying customs procedures affecting postal and courier services.

As noted earlier, since the courier services often encompass some components of other service industries such as air and road transport, commitments undertaken on courier services may be affected by market access limitations in these other relevant service sectors and by various regulatory requirements relating to the means of transportation they may use. One example may be air transport regulations prohibiting express mail service suppliers to self-handle their own aircraft or rules requiring trans-shipments on an arriving aircraft to be formally imported and re-exported. Other practices can include surcharges on aircraft services or unclear methods of computing airport user fees. Some countries regulations limit the ability of foreign courier service suppliers to obtain the variety of licenses they may need (e.g. trucking, customs, postal, freight forwarding, brokerage, warehouse) to efficiently provide their services. Some such licenses may be restricted to nationals or extended only to monopoly concessions.

In addition, regulatory requirements relating to personnel, vehicle fleets, facilities, and communications can be relevant. Such measures that are horizontal in nature can include limitations on foreign investment, acquisition of land, access to domestic credit, and the entry and temporary stay of natural persons supplying services to that country. In this vein, MFN exemptions on horizontal measures can be as important a consideration as limitations listed in horizontal sections of schedules. Such measures may include those related to movement of natural persons (e.g. preferential work permit arrangements, or labour market tests).

V. SOURCES OF INFORMATION/DATA AND POINTS OF CONTACT

Universal Postal Union
Case Postale
3000 Berne 15
Switzerland
Tel. +41 31 350 33 60,
Fax: +41 31 350 31 10
Internet: <http://www.ib.upu.org>

Note: The UPU website presents, among other things, extensive data on postal services and the national postal service suppliers of its members. In addition, it contains country-by-country descriptions of the structure and regulatory situation, including the extent of competition in the supply of postal services, for 121 of its 189 member countries.

Association of European Express Carriers
(AEEC)
Brussels, Belgium
Tel: +32 (2) 640.04.95
Fax: +32 (2) 640.50.70, (2) 640.55.57

European Express Organisation (EEO)
Brussels, Belgium
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