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Officers of the International Mailers' Advisory Group

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IMAG Briefing Draws Large Turn-out at National Postal Forum

Postal Regulatory Commissioner **Ruth Goldway** kicked off the main agenda items at last week's well attended IMAG briefing at the NPF. Commissioner Goldway, who has tracked international postal issues for a number of years, indicated that under the new postal law, most international mail products of interest to IMAG members were going to be considered Competitive rather than Market Dominant. The PRC's mandate has historically been focused on domestic mail, but now includes review of international mail, and in a recent communication to the private sector (*see IMAG bulletin dated April 2*) the Commission sought input from the private sector, and IMAG in particular. The new law gives the Commission 18 months to come up with a system allowing for benchmarks and flexibility not unlike the domestic system. Goldway noted that one area where the Postal Service is not competitive is in tracking and tracing. She feels the Service needs to be much more efficient in this regard, and said she would welcome input from IMAG. As for liaison with the Universal Postal Union, Goldway said that the language in the new law is specific in giving the PRC "a place at the table," and they will work closely with the US State Department in that regard. The State Department represents the USPS at the UPU. The Commissioner said that the PRC has 18 months to 2 years of hard work ahead adapting to the new law and is staffing up to meet the challenge.

The other featured guest at the briefing was **Sue Presti**, Executive Director of XLA (Express Delivery and Logistics Association). An authority on customs issues, Presti ran through a comprehensive update on progress in technology and facilitation, including fall-out from the effects of restrictions imposed by the Federal Transportation Security Administration (TSA). In referring to the TSA, Presti cautioned the group that because

of SSI (Sensitive Security Information), there were some topics she could not elaborate on. She expressed a mixture of admiration and frustration with the Department of Homeland Security in general, saying that they are seriously disorganized, with rules, regulations, and personnel changing almost daily. She praised the hard work and long hours of many in the TSA, but said they are hampered by somewhat chaotic conditions. Presti reminded the group that there are really two customs tracks: the postal track and the private carrier track. The express industry has frequently complained about unequal treatment at the borders, and there is little question that the Postal Service has historically received less scrutiny than private express shipments. Presti feels that this disparity will begin to narrow as changes in procedures and technology continue to progress, and security issues force further changes. A good example of progress in the area of customs is the attempt to streamline procedures through the concept of "the single window." This is a process whereby the clearance of a shipment is coordinated simultaneously with the various agencies that may have oversight in a particular shipment, such as the USDA and Fish and Wildlife, for example. In other words, instead of having to deal separately with each stakeholder, the clearance is coordinated with multiple agencies at one stroke through electronic information transfer. Though the US is making considerable progress in this regard, Presti said that the ASEAN countries are even further advanced. Presti's comments served to accent the important role that efficient customs procedures play in trade facilitation, a major concern to members of organizations such as IMAG.

USPS Final International Rates Little Changed from Proposed

The USPS released its final ruling on international product and price changes in a March 23 DMM Advisory. The total average increase in international rates is about 13 percent, essentially the same as the Postal Service proposed in December. The Service received a number of comments (including a submission from IMAG) questioning the magnitude of increases in International Priority Air (IPA) and International Surface Airlift (ISAL). Under certain circumstances, customers of these services can negotiate prices different from the newly published rates. It should also be noted that a new feature allowing more flexibility with M-BAGS was announced. Previously, 11 lbs was the minimum rate for an M-BAG, but the USPS has now introduced a 5 lb rate, eliminating the burden of paying the full 11 lb rate for a partially filled bag. IMAG members have expressed their appreciation for the change.

Another area of concern to IMAG members was the proposed elimination of surface-transported economy services. In confirming this in the final rules, the Postal Service pointed to continuing volume decline, diminished surface delivery networks and inconsistent delivery times. However, the USPS noted that "customized agreements may be developed that involve different prices and standards from those presented in this rule."

(Note: PostCom Bulletin was one source for this article)

International Business Moves up in USPS Transformation Plan

What a difference a year can make. “**Renewed Focus on International**” proclaims the heading up front in the recently published Progress Report on the USPS Strategic Transformation Plan. This is a far cry from the back seat that International has taken in recent years. Up until late last year, PMG **Jack Potter** had made it clear that the revenues (\$1.8 billion, give or take) and the growth potential in international were too modest to deserve more investment in time and money. But with the post’s renewed emphasis on seeking new sources of revenue the step-child was given a second look. Though the PMG’s expectation for revenue increases may be a bit optimistic, the US international mailing community welcomed the shift in priorities, and, as previously reported, IMAG has been working closely with the new USPS Global Business team headed up by Senior Vice President **Paul Vogel**.

At the Postal Forum, Vogel formally announced the launch of the new Global Business group to a “sold out” house. He said his group would focus on growing postal business through customized, flexible international shipping solutions. The new postal law retains much of the pricing freedom the Postal Service has enjoyed for years in its international products. For the first time, international will come under the purview of the Postal Regulatory Commission (see related article above) but it allows the USPS to continue to negotiate rates with customers and introduce new products more easily. The changes underway will result in a much closer alignment of international and domestic products and the elimination of redundant services that are often confusing to customers.

Italian Post Upgrades Postcode System

Poste Italiane, which is introducing a new postcode system, has announced (somewhat belatedly) that its sorting centers will continue automatic processing of old Zip codes for a period of at least six months starting from last September (2006). If that is true, it would mean that such processing would cease about now. But the same news release also implies that automatic “shunting” will not phase out until September 2007, when the new system takes effect. So, take your pick. Either way, old Zip codes will continue to be worked manually. Meanwhile, Post Italiane is urging mailers to start adopting the new system as soon as possible.

Even after the temporary period, mail with “wrong or insufficient” addresses will be delivered when possible, otherwise it will be treated as UAA.

The new postcode data is available on-line in Access 2000 format at www.poste.it, or by CD. It contains:

- Italian Regions, Provinces and Municipalities;
- 8.500 Neighbourhoods;
- All the streets of the 27 most important towns.

Several IMAG service-bureau members now have this data in-house. Please contact IMAG for the names.

In related news, Poste Italiane recently declared the fifth consecutive year of profits for the company, after more than five years of losses. The post has recently diversified into banking and insurance.

The USO Factor in European Commission's Goal to Liberalize Posts

In a presentation last December on European postal liberalization to the Postal Rate (now Regulatory) Commission by Royal Mail, the nagging question of Universal Service Obligation (USO) kept popping up. In a comprehensive review of the status of the EU directive to end postal monopolies by 2009, **Murray Buchanan**, Head of International Policy and Deputy Director, Royal Mail, expanded on a number of the steps (and obstacles) still to be considered in the ambitious goal set by the European Commission. One dramatic reminder was the fact that if the law "sunsets" without further ado in 2009, all posts become unregulated per se!

Buchanan noted that meantime, the reductions in the reserved area (measured by grams) are gradual, and that the largest amount of volume falls below 20 grams. So certainly, that's going to be the biggest target for competition. But the stickiest wicket in all this may be USO. To many minds, USO means, at the minimum, a delivery and collection 5 days per week, and non-discrimination in prices by private operators. Interestingly, Buchanan said that the move to protect USO is more apparent in the southern states. Other postal experts have also noted that there is a fear in a number of nations that services will be curtailed, delivery days eliminated, delivery points dropped, etc. It's not too surprising that this concern is more predominate to the south, where traditional (social) rights are strongly guarded; witness the continuing obstacles to progress in trade agreements put up by the agricultural lobbies.

The stickiest question has always been how to handle USO with the private delivery players. One option being looked at is to require them to either provide a USO level of service outright, or pay into a mitigation fund. Whichever way, the UK feels they need a USO safety net for business mail. If the UK is wrestling with this, think of what is going on in the other 26 EU countries.

"Plane" Irony

It's a study in irony to hear that France's La Poste is going to sell Europe Airpost, its airline division that carries mail, cargo and passengers. The airline operates about 20 aircraft, and was started in 1991. Not surprisingly (especially in France) employees of the airline have already protested with strike actions. La Poste director general Jean-Paul Bailly confirmed the pending sale of Europe Airpost when facts recently emerged in the press. La Poste is planning to switch the transport of mail to TGV high-speed trains under a plan to set up a joint subsidiary with national rail operator SNCF. The USPS, in contrast, phased out train transport of mail long ago, and recently announced its intention to discontinue surface (ground/ocean) mail to international destinations. *Viva La difference!*

SPECIAL REPORT

Fundraising Internationally: Solving the logistics

By Erica Waasdorp, President, A Direct Solution

For a nonprofit organization, fundraising internationally can be a powerful way to expand its mission and revenue. However, there are a few logistics and regulatory hurdles that need to be covered first.

No matter in which country the organization raises funds 99.9% of all nonprofits who work internationally, will have local administrative, office, public relations, legal and financial support in each country. This is crucial because nonprofits have an image to uphold and typically provide its donors with the good feeling that their money is well spent and well cared for. Donors would not feel comfortable if they knew that their money was 'siphoned' off to another country or if they could not reach anybody for questions.

However, this does not mean that all of the marketing has to be directed locally. That could become very expensive. One of the answers is: develop, print, laser and insert all appeals in one place and then deliver the mail to the postal operator in each country through direct injection/direct insertion. The donor does not even know the package was printed elsewhere.

An organization that does this very well, the International Fund for Animal Welfare, based in Yarmouth Port, Massachusetts, has been raising funds in many countries through this method for years. Printing and mailing from the US, into other countries, their campaigns often amount to millions of pieces of direct mail in multiple languages with different payment forms. Their postal representatives and consolidators work closely with printers and vendors to ensure that deadlines are met and that all guidelines are adhered to. In the case of the Netherlands, it took years for IFAW to get permission to print the payment forms in the U.S. but it's finally happening now, saving a lot of additional logistical hurdles.

Running multiple programs from one central headquarters presents challenging production specifications! But you only have to work with one agency, one creative concept and you're ready to mail! Logistically this can be very challenging, but you learn as you go and improve each time. It's crucial though to have local copywriters review and adapt the copy to accommodate for cultural differences. As for creative, it's been proven that what works in the US, typically works in other countries. People are universally motivated by the same things and they will give if asked to give, as long as the reason for giving is there.

So, if an organization is interested in raising funds internationally, I'd recommend to ensure that there is a country office set up, that all the regulatory, legal and financial matters are adhered to and then try testing the new market in the most cost-effective way: adding the test quantities to the mailings done in the 'headquarters country'

and sending the mailings through direct injection. Make sure that all vendor partners are on board in the learning curve and are interested in investing their staff into understanding the specialties involved.

Erica Waasdorp, is president of A Direct Solution, a fundraising/direct marketing consultant, based in Marstons Mills, MA. A native of Netherlands, Erica worked for International Fund for Animal Welfare in Yarmouth Port, MA and later joined DMW Worldwide as Vice President Fundraising. She can be reached at 508 428 4753 or via ewaasdorp@adirectsolution.com More information can be found via: www.adirectsolution.com
