INTERCOMPANY PRICING

FACILITATING MULTI-LATERAL REMUNERATION AGREEMENTS

WHY?

To ensure that the payments of terminal dues for delivery of cross-border mail are cost-covering, but also taking into consideration the quality of service performance provided to the consumer. This ensures that the payments between posts are fair and based on agreed service standards.

HOW DOES IT WORK?

The INTERCONNECT Remuneration Agreement - Europe (IRA-E) and the Remuneration of International Mails Agreements (REIMS) are the Terminal Dues (TD) frameworks developed by IPC and its members.

Moreover, IPC developed an electronic accounting tool called iPep to implement and improve to the use of electronic accounting and the electronic exchange of accounting data within the INTERCONNECT and REIMS communities and since 2017 also for UPU accounting for any designated postal operator. For more information about the iPep tool, please follow the QR code on the right.

INTERCONNECT

The INTERCONNECT Remuneration Agreement – Europe (IRA-E) is the first multi-lateral Terminal Dues agreement covering both letters and parcels products and focussing on e-commerce. In addition, the incentive scheme will focus on the end-to-end quality of service performance as well as on the visibility through enhanced tracking and data enrichment through structured engagement between sending posts and their customers.

The agreement is signed by 22 designated postal operators, including all major European designated postal operators.

One of the main objectives targeted under the IRA-E was to lower the Terminal Dues level in order for postal operators to be more competitive on the e-commerce market.

Therefore, this remuneration agreement is one of the building blocks of the new INTERCONNECT system setting the basis for a global postal e-commerce delivery network.
REIMS

Known as REIMS, the system was implemented in April 1999. IPC has been central to the arrangement, as the administrator of the agreement, as the facilitator of negotiations, and as the chair of steering committees and working groups.

The REIMS Agreements have two core principles:

- Payment of the terminal dues will only be made in full if a guaranteed level of quality of service is met. The agreement has qualified for two exemptions by the European Union under its competition rules.
- Payments to delivering posts, known as Terminal Dues, must be linked to actual costs and the receiving country’s domestic postal rates are accepted as a proxy for costs.

Therefore, all REIMS agreements provide a system for intercompany pricing based on cost and quality of service for postal operators.

The latest agreement, REIMS V, together with the REIMS East agreement, encompasses 20 signatories including most of the major European designated postal operators.

BENEFITS

INTERCONNECT

- Covers both letters (tracked and untracked) and parcels products
- Wide coverage, with 22 major postal operators from across Europe, and expected to grow further
- Enables a global standard for cross-border e-commerce delivery
- IPC as impartial facilitator of agreements
- Best practice sharing between the postal operators

REIMS

- Guaranteed level of quality of service, ensuring customer satisfaction
- Remuneration linked to real costs
- Wide coverage, with 20 major postal operators from across Europe covered
- Best-practice sharing between the postal operators
- IPC as impartial facilitator of agreements

MORE INFORMATION

For more information, visit our website at www.ipc.be.
To know more about Terminal Dues, please contact benoit.peetersille@ipc.be.