



## **THE PAPI TASK TEAM ON US EXECUTIVE ORDER COMPLIANCE**

### **Update & Final Report**

#### **1. Background**

- In July 2025, US issued an Executive Order suspending the USD 800 duty-free de-minimis exemption, making all postal shipments containing goods subject to prepaid customs duties starting 29<sup>th</sup> August 2025. Items without prepaid duties may be rejected or returned.
- The PAPI Task Team on US Executive Order Compliance was formed on 21<sup>st</sup> August 2025 to analyze impacts, ensure compliance, and help African Designated Operators (DOs) identify Qualified DDP solution providers.
- The Team was comprised of: Co-Chairs, Egypt and Malawi, Other members: Algeria, Cameroon, Cote d'Ivoire, DRC, Ghana, Nigeria, Senegal, and Tanzania.
- The Task Team held its meeting online on 25<sup>th</sup> August 2025 and prepared a report which was presented to members on 2<sup>nd</sup> September 2025;
- The report is attached as Annex 1 to this Update & Final Report.

#### **2. Operational and Compliance Challenges Identified**

- Air carriers are declining transportation of postal mail to the U.S., regardless of category, making dispatch routing complex.
- Many DOs have suspended mail to the US.
- Collecting duties at acceptance and remitting is costly and operationally inefficient.
- Carrier willingness to remit duties to CBP is inconsistent, and guidance on selecting Qualified Parties (QP) was not specific.

#### **3. UPU DDP Global Solution**

- The UPU Delivered Duty Paid (DDP) Global Solution was introduced as a standardized model enabling postal operators to collect duties and taxes at origin and remit them to destination customs via certified Qualified Parties, operated through the UPU Customs Declaration System (CDS).
- Previous analysis of the US Executive Order suspending the USD 800 de-minimis exemption identified major challenges in air carrier transport, costs, and inconsistent settlement guidance.
- DOs were advised to temporarily limit outbound mail to document-only and low-value non-commercial gifts ( $\leq$  USD 100) until an automated, interoperable DDP solution became available.
- The updated DDP framework now addresses these concerns through automated HS/P&R checks, landed cost estimation, enriched ITMATT messaging, reconciliation reporting, and future centralized settlement via UPU Clearing.
- The UPU Delivered Duty Paid (DDP) Global Solution is a unified international postal customs payment model that allows duties and taxes to be collected in the country of origin before dispatch, and remitted to destination customs via a certified Qualified Party (QP) service (e.g., Zonos for US-bound items).

- It is deployed and operated through the UPU Postal Technology Centre (PTC) using the Customs Declaration System (CDS).
- **Core systems involved**
  - ✓ CDS (Customs Declaration System)
  - ✓ Electronic Advance Data (EAD)
  - ✓ ITMATT / PREDES messaging
  - ✓ APIs for integration with postal IT systems
- **Duties and taxes calculation**
  - ✓ Landed Cost Calculation (LCC) estimates duties, taxes, and fees
  - ✓ Based on sender-provided customs declarations
  - ✓ Final assessment is confirmed by destination customs authorities
- **Payment and settlement models**
  - ✓ Payment at the post office
  - ✓ Shipper pre-pays a Qualified Party (QP)
  - ✓ QP invoices the shipper after shipment
  - ✓ QP settles duties with customs and invoices the Post
- **Role of Qualified Parties (QP)**
  - ✓ Customs filing and duty payment on behalf of Posts
  - ✓ Financial settlement and invoicing
  - ✓ Optional guarantees to cover differences between estimated and final duties
- **Mechanism of operation**
  1. Postal operator submits a customs declaration draft into CDS UI or API.
  2. CDS automatically performs:
    - EAD compliance validation
    - Calls UPU SAVE to validate HS code and check Prohibitions & Restrictions "P&R"
    - Landed Cost Calculation (LCC) – estimated duties, taxes, and fees
  3. CDS generates an enriched ITMATT v1 message, marked as DDP
  4. Minimum required duty/tax data is copied to the selected QP.
  5. QP remits duties to destination customs.
  6. Supported settlement and invoicing models:
    - Post pays customs
    - QP invoices the Post after customs remittance
  7. PTC issues reconciliation reports comparing:

- Estimated LCC vs final customs invoice, explaining discrepancies and reasons.

8. Future settlements will be centralized through UPU\*Clearing.

- **Fees and charges**

- ✓ UPU processing fee = 0.01 CHF per customs declaration
- ✓ CDS license and API activation fees are applied according to the PTC Schedule of Charges
- ✓ Shipment-level duty remittance fees and QP commercial pricing.

#### **4. Key advantages / features**

- ✓ Global coverage for all UPU designated operators.
- ✓ Automatic duty/tax assessment inside CDS without re-capture of data.
- ✓ EAD compliance.
- ✓ Provides customs transparency and reconciliation capability between estimated LCC and final customs assessment.

#### **5. Risk management**

- ✓ Differences may occur between estimated and final duties
- ✓ DOs are advised to:
  - Use legal disclaimers to customers
  - Invoice additional amounts when applicable
  - Outsource risk via QP guarantees
  - Or manage risk internally through handling fees

#### **6. Conclusion**

The UPU DDP Solution provides a standardized, global, and interoperable framework enabling postal operators to offer DDP services comparable to express carriers, while improving customer experience, customs compliance, and financial settlement efficiency.



## THE PAPU TASK TEAM ON US EXECUTIVE ORDER COMPLIANCE

### MEETING REPORT

#### 1. BACKGROUND

- On 30<sup>th</sup> July 2025, the President of the United States of America signed an Executive Order suspending the de minimis duty-free exemption for all imports into the US, regardless of value, country of origin, or mode of transport, effective 29<sup>th</sup> August 2025. The implementation of the Executive Order will have dire operational and financial implications on African Postal Operators sending parcels and small packets to the USA;
- The General Secretariat convened an online Consultative meeting for PAPU Member States on 21<sup>st</sup> August 2025 to discuss the Executive Order, its implications, and recommend compliance and advocacy measures;
- The PAPU Task Team on US Executive Order Compliance, comprising members from the PAPU Working Groups on Supply Chain and Remuneration, was created as a joint ad hoc Team by Members attending the PAPU Consultative meeting on the US Executive Order on 21<sup>st</sup> August 2025;
- The PAPU Task Team on US Executive Order Compliance held its meeting online on 25<sup>th</sup> August 2025;
- PAPU Member States that attended were the Co-Chairs, Egypt and Malawi, and the other members, namely Algeria, DRC, Ghana, Nigeria, Senegal, and Tanzania.
- PAPU Member States that were absent were Cameroon and Côte d'Ivoire.
- The General Secretariat presented Terms of Reference (ToRs) to guide the work of the Task Team;
- The Co-Chair of the Task Team, Egypt, presented a Paper that served as a framework for the meeting and provided invaluable input to the discussions of the day.

#### 1.1 Reference Documents

<b>EmIS 156/2025</b>	<b>United States of America – Suspension of duty-free de minimis exemption</b>
<b>US Executive Order</b>	<b><u>SUSPENDING DUTY-FREE DE MINIMIS</u></b>
<b>US Executive Order</b>	<b><u>FURTHER MODIFYING THE RECIPROCAL TARIFF RATES</u></b>

#### 2. THE TASK TEAM AND ITS OBJECTIVE.

A Task Team was created to analyze and advise on the implications of the US Order on the African Postal Sector.

<b>The Team</b>	<b>Task Team on US Executive Order Compliance</b>
<b>Members</b>	<p><b>Lead Countries:</b> Egypt &amp; Malawi</p> <p><b>Members:</b> Algeria, Cameroon, Cote d'Ivoire, Democratic Republic of Congo (DRC), Ghana, Nigeria, Senegal, and Tanzania</p> <p><b>Secretariat:</b> PAPU General Secretariat</p>
<b>Objectives</b>	Assess the impact of the US Executive Order suspending duty-free <i>de-minimis</i> treatment on Designated Postal Operators and ensure compliance.

## 2.1 TERMS OF REFERENCE OF THE TASK TEAM

No.	Task Description	Status
i.	Analyze the implications of the US Executive Order on African postal operations;	
ii.	Assess the impact on shipment processing, customs clearance, and duty collection;	
iii.	Identify operational and compliance challenges;	
iv.	Follow up on the proposed global solutions to be provided by UPU or other entities to overcome challenges and adapt to new procedures;	
v.	Share information and best practices with members;	
vi.	Support African DOs in identifying qualified Delivery Duty Paid (DDP) solutions providers.	

## 3. THE US EXECUTIVE ORDER ANALYSIS

USA Executive Order eliminates the \$800 de minimis threshold for duty-free imports. All goods entering the U.S. - regardless of value or origin- will now be subject to customs duties. The Policy aims to combat illicit drug trafficking, reduce trade manipulation, and enforce tariff compliance.

### 3.1 Main Points:

#### I. Elimination of De Minimis for Postal Shipments:

- All **inbound** postal shipments **to the USA** will be **subject to prepaid customs duties** from **29<sup>th</sup> August 2025**.
- Items **without prepaid duties** will be **rejected**.

#### II. Exemptions still apply to:

- Letter-post items containing **documents** only.
- Non-commercial gifts are **valued at 100\$ or less**.

Note: To be identified clearly in ITMATT

#### III. New Customs Duty Calculation Methods:

The duties will be calculated based on the **IEEPA** <sup>1</sup>tariff rate applicable to the country of origin. Within the transition period from 29<sup>th</sup> August 2025 to 28<sup>th</sup> February 2026, Postal Operators and carriers must choose one of the following two methods (one method must be applied consistently per month):

##### A. Flat-Rate Tariff (Temporary Option for 6 Months)

IEEPA Tariff Rate	Flat Duty per Item
Less than 16%	80 USD
Between 16% and 25%	160 USD
Above 25%	200 USD

##### B. Ad Valorem Tariff (Permanent from February 2026)

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<sup>1</sup> **IEEPA** is tariff classification system (International Emergency Economic Powers Act tariff categories) Annex 1 for the Executive Order (**which contain all the countries and the tariff**) the countries that is not listed in Annex I to this order will be subject to an additional ad valorem rate of duty of

- The duties will be calculated as a percentage based on the **IEEPA** tariff rate to the origin country.

#### **IV. Prepaid Duties Requirement:**

- Postal shipments must be prepaid- duties cannot be collected upon delivery.
- Senders are responsible for duty payment before dispatch.
- Designated Operators to collect duties from senders and forward to the carrier for onward remittance to CBP

#### **V. Authorized Duty Collection Entities:**

- The order considers transportation carriers as qualified duty collection entities to remit the collected duties to **CBP**<sup>2</sup>.

**NB. Not all carriers are willing to fulfill this role.**

### **4. KEY IMPACTS ON AFRICAN DOs**

- Expected decline in outbound volumes to the US.
- Increased shipping costs for outbound postal items to the US.
- Further investment is required to develop and implement technical solutions to enable Delivered Duty Paid (DDP) services for outbound postal items destined for the US.
- The complexity of managing agreements with qualified partners:
  - Transferring the duty amount to the US in advance;
  - The Declared value vs the Accepted value;
  - The Settlement (How to collect the difference from the senders);

#### **4.1 Challenges**

- Most airlines have notified DOs that they will no longer transport mail destined for the USA, regardless of mail category.
- In most cases, mail from Africa to the USA is conveyed by more than one airline, hence the need to engage the final leg carrier;
- Clarity needed on how to handle the exemptions since airlines are declining the transportation of mail to the USA regardless of the mail category;
- More Countries (DOs), about 30 so far, have suspended the acceptance of open and closed transit mail for items containing goods to the USA;
- The process of collecting duties at acceptance and remitting them through airlines is both cumbersome and costly to Designated Operators;
- Guidance on the recommended choice of DDP solution provider to engage is not specific.

### **5. RECOMMENDED ACTIONS FOR AFRICAN POSTAL OPERATORS**

#### **a) Immediate Decisions on Outbound Mail**

DOs shall take immediate action to limit the outbound mail to the US on:

- Letter-post items containing **documents** only.
- **Non-commercial** gifts (**non-documents**) valued at **100 USD** or less.

#### **b) Self-Assessment on Readiness**

Each African Designated Operator should urgently evaluate its current position with respect to the US Executive Order, focusing on:

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<sup>2</sup> **CBP** US Customs Border Protection

- i. Outbound mail volume to the USA
- ii. Postal systems (IPS/IPS .Post, CDS, or others).
- iii. Composition of Postal items to USA (content, value, category)
- iv. Air transport routes used (transit).
- v. International transport carriers.

**c) Operational & Technical Solutions**

- i. Designated Operators must deploy DDP solutions or integrate with their current postal systems to comply with the Order.
- ii. However, the decision of a qualified partner to supply Delivered Duty Paid solutions rests solely with CBP. The CBP <sup>3</sup>official website contains a list of entities qualified to be authorized Duty Collection parties.

**d) Engagements with other Stakeholders**

- i. Africa should closely follow developments regarding how far the PTC has gone in developing a DDP solution before engaging private entities;
- ii. PAPU General Secretariat will facilitate engagements with identified private parties so that Designated Operators can appreciate the proposed solutions.
- iii. The PAPU General Secretariat will engage the African Airlines Association (AFRAA) on the issue of Duty collection by African airlines.

**e) Continuous Coordination with the UPU**

- Continuous coordination with the (UPU) to stay informed of global updates, guidance, and support on implementing the Executive Order.
- The following clarifications are to be sought:
  - i. How exemptions to the Order will be handled since transit DOs and mail carriers are declining handling of all mail to the US, regardless of category;
  - ii. Will DOs be compensated for the collection of duties on behalf of the USA?
  - iii. How exchange rate conversions will be handled since duty will be collected in local currencies and needed instantaneously yet exchange control processes may take long;
  - iv. Update from PTC on the development of the DDP solution;
  - v. Which are the recommended private DDP solution providers?

## 6. CONCLUSION

Compliance with the Executive Order poses a major challenge for African DOs. To this end, continuous consultation is needed to mediate its adverse effects on, among other things, mail operations and revenue collections.

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<sup>3</sup> <https://www.cbp.gov/trade/basic-import-export/e-commerce>