

# INTERCOMPANY PRICING



## Facilitating multi-lateral remuneration agreements

### Why?

To ensure that the payments of Terminal Dues for the delivery of cross-border mail are cost-covering, but also take the quality of service performance provided to the consumer into consideration. 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) is an inter-operator agreement, 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.



### INTERCONNECT

The IRA-E is the first multi-lateral Terminal Dues agreement covering both letters and parcels products and focusing on e-commerce.

The agreement is signed by 24 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 targeted 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 15 signatories including most of the major European designated postal operators.



## Benefits

### INTERCONNECT

- Covers both letters (tracked and untracked) and parcels products
- Wide coverage, with 24 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

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

To find out more about Terminal Dues, please contact [ipep@ipc.be](mailto:ipep@ipc.be)



More info