JSC “Uzbekistan Pochtasi”

POSTAL COMMUNICATION DEVELOPMENT CONCEPTION

2019
Summary

Today all the countries of the world, although to a different extent, face similar problems in determining the directions of development of national post, finding sources of its financing and compensation for losses, but so far no systematic and unambiguous solutions have been found. Moreover, the question of restructuring the mechanism of economic relations within the Universal Postal Union (UPU) is also overdue. Globalization and, in particular, e-commerce, which has no borders, have led to distortions in the system of inter-operator interactions and mutual settlements established over the years. Therefore, the interests of the UPU member states, whose principles were focused on non-commercial humanitarian purposes of postal communication development, are increasingly divergent. The very foundations of the UPU may be at risk. At the same time, a linear approach to the alignment of economic relations in the interaction of national operators will lead to a slowdown or a narrowing of e-commerce, the current development of which is largely due to non-commercial socially accessible postal tariffs.

The widespread belief that Post in today’s conditions is not needed and “dies” (and its only prospect is the delivery of goods ordered via the Internet) has led to the fact that all countries are trying to minimize the volume of their obligations under Universal Postal Service (UPS) and Universal Service Obligation (USO) and, accordingly, the amount of subsidies or other forms of state support.

Attempts of separate accounting and allocation of the so called “universal services” out of entire spectrum of national posts expenses meant something while huge volumes of letter post were normal but they don’t meet expectations when private correspondence actually stopped to exist. The reason is that small volumes of services require less of expenses. But fixed expenses, i.e. infrastructure maintenance costs do still remain. Universal postal service costs and maintenance of postal communication regulatory network at walking distance all around the country can not be compensated by means of any other commercial services. At the same time it’s incorrect to make national operators that had been turned to commercial entities practically everywhere, except the USA, to compensate the USO costs using their third-party businesses, i.e. social obligations of the state.¹

The reasons of current situation are multifactor. In many countries over the last 30-40 years their combined effect led to distortion of real mission and institutional functions of Post in the modern state.

¹ The cost of maintaining a regulatory network in Uzbekistan is shown in table 2 in section 5.
That distortion had impacted on the content of legislation and the effectiveness of regulatory mechanisms. Therefore incorrectly defined action aims and tasks have determined using ineffective economic model oriented on funding which is actually absent.

Postal communication perspectives fair for the whole world postal system that showed in the Conception may prove that the future decade is going to be a period of transformation and rapid development of Post which experiences its rebirth – i.e. evolution into the information communication sphere and convergence with the Internet.

The economic model offered gives an opportunity to do the following without using state budget funds:

a) maintenance of postal communication regulatory network (for Uzbekistan Post – 10 000 POs and 30 000 employees);

b) creation of modern transport-logistics and information infrastructure;

c) transformation of Post into multifunctional system of mass service which is deeply integrated in public administration duties, citizen’s life and activity of organizations.

The Convention makes it possible to set ambitious goals to turn the national Post into one of the advanced postal services if relevant government decisions are adopted.

1. Introduction

This Conception outlines an innovative approach defining the directions of the national Post transformation developed on theoretical and legal basis of postal service and information communications with advanced trends of world postal system being taken into consideration.

These trends are conditioned by historical regularities and, first of all, the rapid onset of the era of transition from paper using to that of electronic carriers and total digitalization that means global replacement of data carriers.

Throughout history Post (as a transportation network for material data carriers) has provided documentary communications (exchange of documents and goods) and has been an important institution of the state. Also today Post does not leave the historic scene despite Internet’s all-consuming penetration and circulating perception of it as a dying form of communication. Moreover the Conception shows for the first
time that Internet is not regarded as post gravedigger but as its reincarnation in the
new stage of development.

After decades long interval, evolutionary development of Post is rapidly
gaining momentum. Beginning natural process of convergence of the two
communication networks – Post and the Internet - makes Post even today a necessary
element of digital economy and digital state formation. This will happen as a result of
regular integration of legal basis of postal communication’s “documentary” into
regulatory mechanisms of telecommunications and will lead to a quantitative
breakthrough and acceleration of digitalization in all areas.

Unlike the informatization which is characterized by the introduction of ICTs
to raise labour productivity, comfort of life, etc., digitalization is the next stage of
development having global nature and implying incomparably deeper penetration into
all spheres of human life and activity.

The main essential feature of digitalization is to intensify transition of legally
significant interactions into electronic environment (within the framework of legal
relationships).

This will demand the establishment of a new legal ground to transfer legal
relations into electronic format and in conjunction with that to reconsider regulation
approaches in all spheres: from state governance to economic activity and people’s
daily life. In fact it means creation of electronic “digitalized” legal space for
“digitalized” relations.

Thus while digitalization is widespread the major factor in the regulatory
support of the relations and smooth functioning of the legal system (courts, registers
of state registration, notary, etc.) is to resolve the problem of legally valid
identification of these relations subjects in the electronic environment.

Only official electronic postal addresses being formed and registered according
to the Law on postal communication by the Post in National information postal
system, i.e. official e-mail can serve as such identifiers.

The identification of this pattern is one of the important theoretical
achievements of this Conception.

In the nearest years patterns mentioned above will determine the following
processes in the world postal sector:

- transforming the unified world postal territory paradigm into the set of
national postal address spaces ideology including official physical and electronic
postal addresses;
- legislative adoption of the new definitions and norms concerning physical and electronic postal addressing;
- creation of a trusted address informational space – national segments of world net – “customers identified via Internet” based on domain of official postal electronic addresses;
- transfer letter post from paper carriers to electronic ones, digitalization of documentary postal communication and establishment of national system of electronic document management for general use;
- transforming postal sector transport logistics infrastructure into a single global goods-producing network of e-commerce;
- generation of a new category network services in social sectors dealing with specialized institutions and state governance bodies in the field of social security.

Thus, at present time postal services not only keep the status of important state institutions but also move to qualitatively new significant level of performing the functions.

2. Prerequisites of transformation

Main reasons of existing situation

Determination of the directions and prospects of the national postal services development is a typical problem not only for the Republic of Uzbekistan and post-Soviet countries but also for the vast majority of nations in the world.

The Conception examines the factors that are common for the world postal sector and make actual the system reevaluation approach as to how define the mission of Post for the state and society at present time. It should be taken into account that this process is complicated by the fact that the system scientific and theoretical basis of postal communication is largely lost.

Over the past 30 years, the intensive development of telecommunications has actually led to a loss of understanding of the purpose of national postal services for the state and to the illusion of reducing their institutional role at the present stage in the public administration, in the communications industry and in the public consciousness as a whole.

In many countries that was involuntarily contributed by the agencies competent in the field of telecommunications, which were forced to focus on new types of telecommunications, were busy with work on establishing the mechanisms of its
development and the formation of the legal framework, conversion, attraction of investments, etc. In these circumstances, the postal service, which, in contrast to telecommunications, was loosing demand and the volume of services, got a leftover principle.

Indeed, the Post, as a means of personal communication, has become unclaimed. This led to a drop in revenues. At the same time, its importance as a common-use documentary communication mechanism for the exchange of documents has not diminished, but rather has steadily increased in countries with sustainable development (the indicator of the number of postal items per capita in many cases characterizes the level of administrative, legal and socio-economic development of the country).

The commercialization started at that time did not lead to the desired results, because for objective reasons, the Post can not have equal competitiveness in the markets in relation to other participants, since it, in addition to commercial activities, fulfils its main task - the state's obligations for universal service, also fixed in the acts of the UPU and, in this regard, is obliged to contain a regulatory infrastructure that provides standard services throughout the country within walking distance.

In the 1990s, in the countries of the former Soviet Union in the formation of new legislation, the true purpose and objectives of the Post were not adequately described and its institutional functions the most important for the state actually ceased to be performed, budget funding stopped.

In the post-Soviet period, JSC "Uzbekiston pochtasi", in order to reduce costs, reduced the regulatory network, however, today is in a critical financial situation, and in the near future it is very likely the emergence of economic and legal grounds for its bankruptcy.

Thus, for the normative service of the territory of Uzbekistan it is necessary to have about 10 000 post offices and not less than 30 000 employees, which was fixed by the relevant standards. However, they were not implemented after 1991, so the network and the number of employees in the postal service were forced to permanently reduce. In 2008, due to the lack of sufficient income, the post office accommodation standards were changed, resulting in a decrease in the estimated number of post offices to 5,630. In accordance with the new requirements, the number of regular jobs was reduced to 15,000. Despite the fact that this number of offices and employees is certainly not enough for postal coverage of the country and maintain the proper availability of postal services, in the subsequent period, the reduction of the network continued. A radical deterioration in the financial situation
occurred in 2017-2018 years after the decision to withdraw from the Post functions for the delivery of pensions and benefits, as well as the collection of payments for gas and electricity, which was 50% of revenue.

This has led to further significant reductions, and the number of existing post offices has now been reduced to 1,745 and the number of employees to 6,600, but the income for their maintenance is not sufficient.

Today's performance parameters of the National operator are extremely low. The annual volume of shipments is 17 million items of written correspondence, about 100 thousand parcels, 1.2 million postal orders. This is 0.5-0.8 shipments per capita per year (in most CIS countries the volume of shipments is 20-30, and in EU countries - 300 shipments per capita per year). One employee of the Post of Uzbekistan accounts for 4.5 thousand people served by the population. In European countries, this figure is more than 150-800 people.

**A brief analysis of the state of post regulation**

The Russian Federal law “on postal communication”, developed in the 90s and having serious shortcomings, is the basis of the legislation on postal communication of the majority of the countries belonging to The Regional Commonwealth in the field of Communication.

Thus, it does not actually define the scope of regulation of postal communication, does not distinguish it from transport and forwarding activities, including courier, gives incorrect definitions of even the basic concepts - “postal communication”, “postal communication service”, “postal address”, “postal item”, does not disclose the purpose of the postal service, its legal nature, institutional and social objectives, the economic basis and in general its role in the state.

As a result, the procedural and other legislation does not sufficiently clearly regulate the use of administrative and legal functions of Post, which on the one hand leads to underutilization and therefore to degradation of the production capacity of Post, and on the other - to reduction of the effectiveness of legal and socio-economic systems: tax administration, judicial and enforcement proceedings, law enforcement, national security, as well as public administration and economic subjects as a whole.

On the background of the mentioned imperfection of the legislation on the postal service, the significant factors restraining development are excessive regulation on the part of the related legislation.
Thus, the limited authorities of officials raise doubts of the potential partners and investors in the legal sufficiency and validity of their decisions and obligations. An example of excessive regulation and the lack of sufficient authorities of state companies’ officials is the inability in practice to direct employees to foreign business trips to work with potential partners, since the long and complex bureaucratic procedure of registration significantly complicates the process of internal and, especially, international contacts, including when attracting investments and makes it difficult to implement in practice.

The authorities of the General Director of JSC “Uzbekistan pochtasi” in the current situation are insufficient to ensure the proper volume and efficiency of necessary management decisions, including the effectiveness of the initiation of the process of attracting investment.

In general, there is a situation in which the state has no motivation to finance the Post, and the latter does not have today the market product that can provide the necessary income for the maintenance of the network.

As a result, the state and society not only do not use the unique administrative, legal, economic, social and political resource of the post, but also do not know about its existence.

3. The institutional nature of postal services.

Some theoretical aspects

The search for directions of development of postal communication and ways out of the systemic crisis should begin with an objective definition of its essence and legal nature, as well as its role and importance for the state and society at present stage.

All the last decades, attempts to formulate the directions of development of postal services faced a difficult contradiction. On the one hand, the state aims to “transform” the Post in an effective commercial enterprise, and on the other – the requirement to fulfill its social and international obligations, arising from membership in the UPU, at the expense of the national operator's own funds. Therefore, the conceptions and strategies of the postal sector were often less effective.

In view of the established attitude to Post as an archaic form of communication, for more than two decades the understanding of the purpose of Post

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from the society and public administration was reduced to the sending of mail, the implementation of postal money transfers, delivery of pensions and benefits, periodic printed publications and as a distribution network for business, including e-commerce.

Theoretical and normative legal base of postal communication ceased to be relevant and was in unsatisfactory condition. Scientific and professional staff had been largely lost. Neither at the level of public administration, nor in society, nor in the professional environment the purpose of the Post is considered in accordance with its real significance and potential. To some extent, these conclusions are valid for the entire world postal system.

The “social function” of the Post is seen as a burden that needs to be minimized, but there is no clear understanding of its essence.

Electronic commerce and other commercial activities cannot and should not “cross-subsidize” the obligation of the state to be present in all localities within walking distance. However, as will be shown below, the Post can quickly regain its position and become an important self-sustaining institution with a very broad and complex set of objectives.

**Universal Postal Convention. Obligations of the States within the Universal Postal Union.**

Postal communication is essentially a global communication. The principles of its functioning are fixed in the Universal Postal Convention and other Acts of the UPU that has 192 member states.

In accordance with the Charter, the UPU aims to ensure the development in all the countries of high-quality, efficient and affordable universal postal service (UPS – Universal Postal Service) for free communication between people around the world through:

- guarantees of free circulation of postal items on the world common postal territory, which is formed by interconnected postal networks of UPU member countries;
- adoption of common standards for technology and interoperability;
- promotion of effective technical cooperation;
- ensuring that the changing needs of customers are met.

Universal Postal Convention and its Regulations (the main documents regulating the obligations of countries) are general rules and principles of the
organization of national postal services and their (international) interaction. Current changes are adopted at UPU Congresses, which are held every four years (UPU Acts are ratified by UPU member countries and are also their international obligations).

These obligations include:
- organization of universal postal service;
- provision of international postal exchange and international postal transit;
- harmonization of national legislation in accordance with the Acts of the UPU, as well as the preparation of future changes in legislation in accordance with the resolutions and recommendations of the UPU, according to the development trends of the world postal system.

The implementation of these international obligations is ensured by the government of the country and its designated operator – the National postal operator.

**The essence of postal services**

The identification of the essence of postal services is of great importance for determining the directions of reforming the industry legislation, the formation of the actual economic model of postal services and the organizational structure of the National operator. In this regard, it is necessary to understand its legal, administrative, social and economic aspects.

Post has historically been formed as an institution to meet a number of basic needs that are vital for the existence of the state and society. These are the requirements for the exchange of information, documents, goods and money, which are provided by Post by sending written (documentary) correspondence, distribution of periodicals, sending parcels and postal transfers. An important distinguishing feature is the level of availability of these services, provided throughout the country and guaranteed by the state.

One of the basic needs of the society, the satisfaction of which is provided by Post is the forwarding of written correspondence, including documents.

The forwarding of registered postal items between identified users has an important and unique feature: the legal significance of the sent messages and the legal force of the documents remain, i.e. the documentary nature of the communication is ensured.

At the same time, due to its universality (ubiquity) Post covers all objects of law (real estate), located in the territory or under the jurisdiction of the state, and, accordingly, all subjects of law. In fact, the Post office is an authorized by the state
trusted third party in the process of documentary communications between government agencies, citizens and organizations.

Consequently, Post is necessary for the functioning of the legal system of the state and is one of the institutions that provide administrative, legal, socio-economic and information unity of the sovereign territory.

This institutional understanding of Post is reflected in the principles of Universal Postal Service ² enshrined in article 1.18 and article 3 of the Universal Postal Convention (UPC), on the basis of which the postal services of all countries are created and operate.

The UPC defines universal postal service as the guaranteed provision of qualitative and basic postal services on a permanent basis (i.e. according to the state standards of accessibility and quality), in all localities (i.e. regardless of remoteness and inaccessibility) and at affordable prices for all users (i.e. regulated by the state).

From the abovementioned, including the definition of universal service, a number of important conclusions are drawn.

Universal postal service is carried out in accordance with obligations of the state, regardless of the economic feasibility of this activity.

Universal postal service is the main activity for Post, so it should be considered not only as a subject of economic activity, but also as an institution that fulfills the obligations of the state (i.e. public law functions).

The obligation of the state to finance universal postal services arises from the lack of economic feasibility of this activity and inability to provide it through market mechanisms.

Therefore, in all countries there are special actors for such (public-legal) activities, i.e. national operators (designated operators).

At the same time, delegating to them the obligation to carry out activities for the organization of universal postal service, the state must provide the necessary and fair compensation for losses either by direct subsidies or by providing sufficient rights, benefits or preferences.

However, funding for these functions in most post-Soviet countries is not supported by the budget funds, moreover, it is transferred to the national operator itself. Therefore, the most important issue of postal communication is finding alternative to the budget sources of funding.

It follows from the above that postal services are activities for delivery on the principles of universal postal service, i.e. from any locality, to any address in the

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² Universal postal service: the permanent provision of qualitative basic postal services at all points in a member country's territory, for all customers at affordable prices.

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territory of the country and the member states of the UPU, on a permanent basis, at affordable (i.e. regulated) rates, in compliance with the standards approved by the state. Postal services can be provided only by the entity having a regulatory infrastructure in all localities, that is, only by the national operator (designated operator).

It also follows that the postal legislation should be the legislation on the activities of one entity – the national postal operator, and any similar activities carried out by a non-designated operator and outside the universal postal service is a courier (freight forwarding) and should be regulated by separate legislation.

In the terminology of the communication industry, the main task of the national postal operator is to ensure the availability of communication – to “connect” customers to the network. Post customers are “addressees”, which, unlike “senders” have a permanent relationship with the Post. Therefore, it is important to revise the concept of postal services and include in its composition universal postal address service. The transition from the collection of payment from senders to the subscription fee for the service of the postal address is not only an alternative to budget subsidies, but also objective due to activity essence of the Post (the economic model is set out in section 5).

Postal address. National postal address space.

As shown in the previous paragraph, the Post is not an ordinary market entity engaged in economic (commercial) activities, but as a participant of state activity performs public functions and not only carries out the exchange of items (documents, information, material values, money) between postal addresses, but also forms the national postal addressing system and the national postal address space.

According to the theory of communications, any type of communication first of all requires the formation of the address space: in telephone communication - telephone numbers, in radio communication - radio frequencies, in the Internet – IP addresses, in postal communication - postal addresses.

At the same time, a postal address (as opposed to, for example, a telephone number, IP address or town-planning address) carries a significant legal burden not directly linked to relations in the field of communication.

Since the basis of socio-political and administrative-legal structure of the state is the principle of administrative-territorial division, postal address is one of the main identifiers of objects and subjects of law (which are, respectively, objects and
subjects of postal addressing). Fixation and definition of legal relations is also carried out by the criterion of location, place of residence and place of action.

At the same time, there are essential differences between town-planning and postal addresses. The town-planning address is assigned to the object (real estate), and the postal address – to the subject (subject of postal addressing). The postal address contains in the address data not only the geographical identifier (town-planning address), but also the surname, name and patronymic (if any) of an individual or the name of a legal entity, the legal user of this object or registered at this address. In contrast to the town-planning address, the postal address itself, as well as its formation and maintenance, is the subject of services provided to the subject of postal addressing by the National operator. Moreover, this service, in fact, is public and for users has mandatory public-legal nature.

While registering legal entities and individuals, the legislation provides for the indication of the postal address. This, in addition to the legal fixation of the location, means the actual obligation of trouble-free receipt of written (documentary) correspondence, from which it follows that the state must ensure the formation and maintenance of the postal address. This is the responsibility of the National operator.

The town-planning addresses taken at the postal service by the National operator turn to postal addresses. The existence of legislation regulating this sphere is the main condition for the formation of the national postal address space and is extremely important for ensuring the effective functioning of the entire legal system of the state.

Thus, postal addresses have a special legal content. They are the main state identifiers, details and attributes of legal documents, contracts, acts of civil status, as well as any status of a legal entity and an individual, including citizenship and jurisdiction. In fact, postal addresses are “points of connection” of legal subjects to the legal system of the state.

The set of systemically formalized state postal addresses (including official e-mail addresses), objects of postal addressing, linking their postal routes and channels, postal communication infrastructure, as well as the system of relations of postal addressing subjects (subjects of law), the National operator and the state forms the postal address space of the country.

National postal address space is one of the components of the institutional support of the statehood, including its legal personality and sovereignty, and its formation and maintenance is legally conditioned and natural purpose of the national postal service.
The legislation on postal services will be amended norms, consolidating the national postal address space as a technological, organizational and legal environment in which security of information and communication interaction (space of trust) is ensured.

The security of information and communication interaction is understood as the characteristic of postal communication, which ensures the authenticity, reliability and integrity of postal items. In case of protected information and communication interaction, the prevention of unauthorized access to postal items is also guaranteed within the established limits.

The prevention of unauthorized access is ensured by compliance with the relevant requirements to ensure the security of information and communication interaction in the national postal address space, the procedure for user identification and the implementation by the National operator of the function of a trusted third party.

Today, the national postal address space is not actually formed. There is no relevant legislation, including on postal addressing, so there is no full-fledged national postal service.

In particular, organizations are registered only at the addresses of buildings that are “geographic” addresses. Therefore, a significant number of business entities (organizations, their separate units, private entrepreneurs) are registered at one such address and do not have their own separate mailing address.

This reduces the efficiency of public administration. For example, the implementation of the requirements of tax legislation on the registration of separate divisions of organizations in tax authorities in most cases is difficult due to the lack of a mechanism providing rented premises with separate postal addresses and, accordingly, their registration. As a consequence, the state in many cases do not have data on where an activity is carried out, where income is generated and faces problems in exercising appropriate control.

These and other aspects of the administrative and legal structure of public administration are implemented through the creation of a state system of postal addressing, covering residential land (the territory of settlements intended for housing, public buildings and structures, separate communal and industrial facilities). At present, there is no holistic approach to the establishment and maintenance of such a system.

The regulatory framework of the national postal address space will also cover system of national addressing and registration (SNAR).
The basis of SNAR will be the national postal address register (NPAR) - the information system of the national operator, which will contain data on postal addresses (including electronic) of all legal entities and individuals, as well as other information, including their actual location/residence, the number of separate units, jobs, etc.

This is a unique database, which can not be formed and maintained up to date by any other service, because it is the Post, due to its legal nature, covers and serves on a permanent basis all citizens and all organizations.

The register will streamline and digitalize many processes of public administration, including in the field of protection of property rights, combating the shadow economy, the official system of document circulation of general use, necessary in the implementation of legal relations between the subjects of law – the state, citizens and organizations.

The national postal address register is in fact the basis of the “digitized state”. It will provide a completely new level of efficiency in the system of public administration, including cadastral registration, registration of rights, registration of individuals and legal entities, provision of public services on the principle of “one window”, real-time population census, etc.

The creation of a full-fledged national postal address space and granting all its participants the status of postal addressing subjects (with the right to register a separate serviced postal address) is an important part of the proposed approach.

The performance by the Post of its institutional functions on the formation and maintenance of the national postal address space on a reimbursable basis constitutes the economic basis of the reform, disclosed in section 5 of this Conception.

The formation and maintenance of the postal address space includes the organization of accounting for the location of all objects of postal addressing in the country, the assignment of postal addresses (including in digitized form), the assignment of all subjects of postal addressing of official postal e-mail addresses and the creation of "legally significant" secure e-mail (section 4), the conclusion of subscription agreements (section 5) and the maintenance of the postal address register, organization of regular mail routes and universal postal service of citizens and organizations in accordance with the new tasks of the national postal service as a multifunctional infrastructure of the state (section 6).

3 Regular mail routes are permanent channels of communication to each postal address with the possibility of confirmation of the fact of receiving and / or delivery of mail

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4. Postal communications and the digital economy.

The “offensive” of electronic communications and the transition of written messages to online formed the opinion that in the near future paper correspondence will disappear and the Post itself will become unclaimed.

Consideration of the legal essence of Post from the point of view of the mechanism of functioning of the Institute of national postal address space and as an element of ensuring the legal system of the state refutes this common point of view. The development of electronic communications not only does not “cancel” Post, but also allows it to reach a qualitatively new level due to the development of the virtual segment of the postal address space. On the other hand, the use of the legal field of postal communication opens up new opportunities for the development of electronic communications.

Dialectics of the development of information and communication determines evolutionary transformation of “physical” mail-address space into “complex”. Like the space of complex numbers containing real and imaginary parts used in mathematics, information and communication space is formed by a dialectical set of physical and virtual components, by analogy with “hardware” and “software”.

The complex nature of the postal address space is manifested in the formation of a “virtual pair”: the official postal “physical” address and the official postal e-mail address. This is happening at a certain stage of technological development, which makes it possible to form e-mail addresses based on digitized “physical” official postal addresses, which turns them into official e-mail addresses.

The strategic importance of the postal address space is due to the fact that it covers and connects all objects in the country, all citizens and all organizations and, in fact, is one of the most important institutions of the state. Taking into account the consequences of rapidly developing information and communications, and difficult to control Internet technologies, digitization of official postal addresses and the formation on their basis of official e-mail addresses, automatically and “for life” assigned to the subjects of postal addressing (organizations and citizens), is an obvious resource for the formation of the digital economy. This is significantly ahead of foreign decisions in this area.

The construction of a national postal address space, taking into account its virtualization, in advance on an “integrated basis”, opens up unprecedented opportunities in the spheres of public administration, security, tax administration, etc.
State identification of legal entities in the electronic environment.
The Post is the basis of digitalization.

For the effective development of the digital economy and the digital state, it is necessary to create a trusted space that allows the implementation of legally significant relations in the electronic environment. In this regard, the task of determining the identity, legal capacity and legal personality of the participants in these relations comes to the fore.

The national postal service will form and provide citizens and organizations not only with “physical” but also with e-mail addresses. At the same time, by analogy with the “physical” postal addresses, which today are the official identifiers, these official e-mail addresses will also be the official identifiers of legal entities in the electronic environment.

Currently, the e-mail address is mistakenly understood as an account created by the user to receive the service of (non-guaranteed) electronic messages on various private resources (Google, Yandex, etc.). In the regulatory environment deep understanding of the concepts of “electronic address”, “email”, “e-mail box”, etc. is missing. This situation is more or less common in most countries.

Official e-mail addresses will be assigned to legal entities and individuals (postal addressing entities) and registered in the national postal address register. At the same time, individuals will be provided with official e-mail addresses by right of birth. The obligation of the national operator to provide legal entities and individuals with official e-mail addresses, and legal entities and individuals-to receive them, should be fixed by law (the obligation to register an official e-mail address should be legally described by analogy with the obligation to register at the physical address, or the obligation to obtain a passport, etc.).

Official e-mail addresses will be part of the unified information system of the National operator, which will provide the exchange of correspondence between these addresses. This information system will have unique properties: on the one hand, it will be a “secure e-mail”, since all its users will be identified; on the other hand, it will cover all individuals and legal entities.

Thus, the legal basis of postal communication, extended to the sphere of information and communications, creates a unique feature – makes the electronic environment trusted, and mass communications on the Internet – documentary.

This creates the basis for the operation of electronic documents of general use.
The lack of a legal framework for public electronic document management is a major obstacle to the digitalization of the economy and the state. Using the proposed approach eliminates this obstacle and shows that Post is the basis of digitalization.

**Prerequisites of Post and the Internet convergence**

The convergence of Post and the Internet is due to the fact that the two global communications systems use different media and modes of transmission, but have common features.

While material carriers are used their physical transportation is provided by Post. With the appearance of electronic media it is the telecommunications system to provide its transportation (signal transfer).

In the near future we should expect the implementation of the legal framework of postal communication as a system of documentary communications in the field of regulation of information and communications. As a result, Post and Internet will converge and a global trusted information space will be created – a set of protected national segments of the Internet and national trusted (postal) social networks, as well as new categories of communication. A real secure electronic post with all the attributes and legal conditions of today’s Post as a documentary communication system will be created and a universal service will be introduced – a guaranteed documentary electronic post.

Together with the infrastructure capabilities and legal framework of Post, introduced into the Internet environment, the formation of national protected segments of “the Internet” – “the Internet of identified users” - will be an effective tool of the state and society in the struggle for compliance with moral and ethical standards in relation to the posted (published) content, as well as ensuring security and combating offenses, protecting the rights and freedoms of citizens in the electronic environment.

The information system of the National operator will allow implement a unique service provided to each subscriber of the postal service-the official e-mail box. This is a service of a lifetime archive of electronic documents, within which the National operator will ensure the storage of documents of a citizen or organization in electronic form: identity cards, driver's licenses, civil status certificates, property certificates, medical cards, licenses, contracts, constituent documents, etc.
The official e-mail box does not allow the deletion or editing of sent and (or) delivered correspondence in electronic form. The service will ensure the safety of documents and the possibility of their use by the owner of the electronic mailbox, including for the provision, if necessary, to state bodies or other organizations, as well as for their use as evidence in accordance with procedural legislation.

Official e-mail boxes will be created by the National operator and will be provided to the postal addressing entities on the basis of the subscription agreement (section 5).

Delivery of postal item to the official e-mail box will be recognized as the fact of provision of postal services by the National operator.

Access to official e-mail boxes will be provided using information and telecommunication networks, including through the official website of the National operator in the network Internet, which will actually serve as a “virtual” post office.

The National operator will provide services of “hybrid post” - sending e-mail and turning it into “paper” form and back. It should be noted that this service will be upgraded to enable the delivery of documentary correspondence within the time limits set for telegrams.

Correspondence in electronic form through the personal account (official e-mail box) of the subscriber in the virtual post office is automatically routed to the nearest post office to the addressee, printed and delivered by the postman (in the subscriber's mailbox, or with delivery under signature) in the next exit to the site (twice a day). In the presence of the mark "urgent" it is delivered immediately. At the same time, the legal significance of procedural actions and the legal force of the document remain. This is confirmed not only by the electronic signature of the sender, but also by an electronic postmark, which will certify the date, time and place of action in respect of postal items, accompanying or other documents.

Some principles of informatization and digitalization of Post a few years ago were included in the Acts of the Universal Postal Union as recommendations for the modernization of national postal legislation of the UPU member-states. Resolutions of the 25th Congress of UPU C42 / 2012 and C43/2012, amendments to the Regulations of the Convention, introduced such concepts as “electronic postal services”, “postal registered electronic mail”, “electronic mailbox”, “electronic postmark”; initiated the implementation of the project “.post.”

Development in this direction is faced with the lack of a systemically developed conceptual approach. This Conception will allow eliminate this gap and
for the first time in detail in the form of the law to describe the legal framework of the new Post.

5. Economic model of the organization of the main activities of the National operator.

Over the past 30 years, in an era of rapid development of telecommunications Post has been seen as a system of communication losing its value and with a very uncertain future. But during this period, the theoretical part of its administrative, legal, socio-political and economic role was largely lost. Since it is impossible to have a state without Post, almost all countries, depending on postal traditions, consider various measures and activities that could ensure the self-sufficiency of national postal services: banking and insurance, e-commerce, retail, etc.

However, to date, no country has found a final and definite solution to the perspective, at least medium-term, development of the national postal service and its financial and economic model. In the authors’ opinion, the following is the most effective economic model that allows to ensure the full development of the national post and to realize its legal, administrative, socio-political and economic potential.

Payment models for services in the communications industry

The specifics of activities in the communications industry, especially the activities of national postal operators and significant operators in telecommunications, requires the construction of network infrastructure and compensation of permanent costs for its maintenance. In telecommunications, two models of activity are most often used – conditionally, services for passing traffic and services for connecting to the network. Accordingly, two models of payment for services are applied:

a) tariff fee (for the volume of traffic, or by time);

b) subscription fee (for connection to the network and the ability to use it within the established limits).

For example, in telecommunications these approaches are used both individually and in combination – in the form of tariff plans. With small amounts of traffic, the use of the “subscription fee” model allows to calculate and guarantee compensation of the constant component of the costs for the maintenance of the network infrastructure.
In the regulatory framework of postal communication, in contrast to telecommunications, currently only a model of payment “for traffic” is provided, i.e. payment for sending item only by the sender.

From the legislation regulating postal services, it follows that the legal relationship under the civil-legal contract for the provision of services is envisaged in fact only with the sender and only for the period of service.

At the same time, it should be kept in mind that the postal network is created in order to ensure the availability of postal communication for “recipients”, at their location (residence). Therefore, the maintenance of the territorial infrastructure should be entrusted, in particular, and the addressee (in fact, who are the subscribers), for which this infrastructure is established and functioning.

A systemic problem affecting both the organization and the economic condition of post-Soviet postal services is the absence in formed in the 1990s legal framework of postal communication of the most important definitions, for example, of “postal address”, “subject of postal addressing”, “subscriber”, “universal postal service”. The legal framework has not been developed and, accordingly, there are virtually no mechanisms of subscriber relations in the postal service. Thus, legal relations with the addressee, who is essentially a subscriber, are defined superficially and in practice are virtually absent. At the same time, in many cases (for example, in e – commerce) it is the recipients who initiate the traffic of the mail addressed to them.

“Traffic fee” model - the reason for the losses of postal communication

As it was described earlier, in accordance with the Universal Postal Convention, a member country of the Universal Postal Union ensures compliance with the principles of universal postal service (i.e. the provision of basic traditional postal services in all settlements within walking distance, on a regular basis, according to approved standards and socially accessible (i.e. regulated by the state) tariffs).

In other words, the national operator must maintain infrastructure and workers throughout the country, regardless of the volume of mail and the economic feasibility of the services. At the same time, traffic (the volume of services provided to senders) is formed unequally and fragmentary and it is not enough to cover the cost.

Under such burdensome conditions and as part of the provision of services to senders, the operation of Post cannot be profitable.
The solution to this problem is impossible by raising tariffs, because to compensate for losses, today’s tariffs would have to be increased thousands of times. The current economic model based on pay for traffic and providing services to senders by socially available (adjustable) rates suggests the need for state subsidies. So Post anyway is provided with direct and/or indirect state support, i.e. direct subsidies and/or preferences.

In Uzbekistan and other post-Soviet countries, only one form of state support, which is hidden in fact, is currently used, i.e. the state, in the absence of subsidies, “closes its eyes” and de facto allows not to comply with the standards of accessibility and quality, and thus not to provide regular postal services to a large part of the country.

The infrastructure, which has been reduced by almost 6 times compared to the standard, and currently having 1745 post offices and 6.6 thousand employees with low salaries, is not provided with cost coverage and with revenue of 132.5 billion UZS ($16.2 million) has losses of 33.3 billion UZS ($4.1 million) (see Tables 1 and 2).

Table 1. Selected indicators of JSC "Uzbekistan pochtasi" for 2018

| Number of OPS at the end of the year, (units.) | 1 745 |
| Number of employees at the end of the year (thousand people) | 6.6 |
| Costs (bln UZS/mln USD.) | 165.8/20.2 |
| Revenue (bln UZS/mln USD.) | 132.5/16.2 |
| Financial results (bln UZS/mln USD.) | -33.3/-4.1 |

Table 2. Analytical calculation of costs necessary for the maintenance of the network of the National operator (excluding profitability and investment)

| Number of OPS, units | For network size in 2018. | For standards accepted in 2008. | For standards active until 2008. |
| Number of employees, thousand people | 6.6 | 19.4 | 30.0 |
| Average salary in the Post, (ths.soum/ mo.) | 1 600 | 1 600 | 1 600 |
| The ratio of the average salary in the Post to the average salary in the country | 1.00 | 1.00 | 1.00 |

\[\text{in billion soums}\]

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<table>
<thead>
<tr>
<th>Payroll with deductions</th>
<th>158.4</th>
<th>476.8</th>
<th>737.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other expenses</td>
<td>94.8</td>
<td>252.4</td>
<td>418.9</td>
</tr>
<tr>
<td><strong>TOTAL expenses</strong></td>
<td><strong>253.2</strong></td>
<td><strong>729.2</strong></td>
<td><strong>1 156.2</strong></td>
</tr>
<tr>
<td><strong>in million dollars</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll with deductions</td>
<td>19.3</td>
<td>58.1</td>
<td>89.9</td>
</tr>
<tr>
<td>Other expenses</td>
<td>11.6</td>
<td>30.8</td>
<td>51.1</td>
</tr>
<tr>
<td><strong>TOTAL expenses</strong></td>
<td><strong>30.9</strong></td>
<td><strong>88.9</strong></td>
<td><strong>141.0</strong></td>
</tr>
<tr>
<td>Reference:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>exchange rate (thousand UZS / US)</td>
<td>8.2</td>
<td>8.2</td>
<td>8.2</td>
</tr>
</tbody>
</table>

Even the existing state regulations regarding the accessibility of postal services, significantly reduced in 2008, defines the need in terms of employees – not less than 19 thousand people and the number of post offices at least 5 630. For the maintenance of such a network, annual revenues should be about 730 billion soums per year ($89 million).

Return to the regulations that provide international standards of universal postal service, assumes 10 thousand post offices and at least 30 thousand employees, which will require 1156.2 billion UZS ($141 million).

The scale of the resources required in the case of shortened regulations – approx $89 million, and in the case of compliance with international standards – about $141 million. It is 5.5 and 8.7 times more than current revenue and, in practice, means the impossibility of such an achievement of revenues from core activities while maintaining the current economic model of "paying for traffic", i.e. a payment for provision of services to the senders.

In 2018, the number of post offices was 1745, the number of employees was 6.6 thousand people. With a salary of 50% of the national average, the cost of maintaining the network is $20 million, and the expected revenue is about $16 million. Thus, the deficit (financial gap) even with such a reduction in the network is $4 million.

**Subscription service - model of service delivery to addressees.**

**Financial capacity of the national postal address-space**

As shown above, universal postal service cannot be provided by the economic model of providing rare services to senders and charging them for mailing – "traffic fees".

This model was developed at a time when the Post was part of the state bodies and subsidized by the state. However, together with the policy of "commercializing" the Post stopped being subsidized by the government in 1990-2000. At the same time,
the development of the Internet led to objective reasons for the fall in volumes, which led to a decrease in the already insufficient revenue from its own activities.

As shown above, there is now a clear contradiction. The state burdens the Post with the need to maintain a regulatory network in order to ensure the availability of services within the universal postal service (tariffs for which are also controlled by the state), but does not compensate for the losses. Thus, the state obliges the economic entity to carry out activities (in fact – within the framework of the state order), which is obviously unprofitable.

It should be noted that subscription services under subscription contracts and the economic model of charging a subscription fee are organic for the communications industry.

The postal network, as well as the telecommunication network, most of the time operates in "standby", and includes:
- infrastructure, including postal facilities – offices, posted according to the regulations, postal communication centers, including sorting centers, etc.
- the postal routes (similar to communication channels) with postal transport operating in them;
- postal addresses and subscriber mailboxes (analogues of telephone numbers and subscriber communication devices).

All this requires constant operating costs, which, as and in telecommunications, do not depend linearly on the volume of services provided – the volume of traffic.

The new economic model of organization of postal communication provides the transition from the provision of fragmented services to the complex service of postal addresses and the collection of subscription fees.

In this case, Post revenues are formed objectively and depend on the size of the serviced national postal address space, and not from the volume of mail.

Assessment of the financial capacity of the national postal address space while using the postal address subscriber service model is shown in Table 3.

**Table 3: Financial potential of a subscription service (before tax)**

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Quantity of postal addresses of households (million units.)</td>
<td>6,0</td>
<td>6,0</td>
<td>6,0</td>
<td>6,0</td>
</tr>
<tr>
<td>2 Quantity of postal addresses of organizations (million units.)</td>
<td>0,55</td>
<td>0,70</td>
<td>0,85</td>
<td>1,00</td>
</tr>
<tr>
<td>3 Household tariffs (USD)</td>
<td>1,0</td>
<td>1,2</td>
<td>1,5</td>
<td>2,0</td>
</tr>
<tr>
<td>4 Organizations tariffs (USD)</td>
<td>10,0</td>
<td>12,0</td>
<td>15,0</td>
<td>20,0</td>
</tr>
<tr>
<td></td>
<td>Revenue from subscription services for postal addresses, total (million USD)</td>
<td>138.0</td>
<td>187.2</td>
<td>261.0</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>5</td>
<td>Including from households</td>
<td>72.0</td>
<td>86.4</td>
<td>108.0</td>
</tr>
<tr>
<td>6</td>
<td>Including from organizations</td>
<td>66.0</td>
<td>100.8</td>
<td>153.0</td>
</tr>
</tbody>
</table>

It is clear from the calculations that the maintenance of the network infrastructure numbering 5,630 post offices and 19,000 employees requires about $89 million (Table. 2, p.14) and enough income from the subscriber service of postal addresses of organizations (Table. 3).

For the maintenance of the network infrastructure numbering 10 thousand post offices and 30 thousand employees, it requires approx. $141 million. (Table. 2, p.14). In the first and second scenarios, it is necessary to charge a subscription fee for the service of postal addresses both of legal entities and households, in the rest – only legal entities.

**The nature and content of the subscriber of postal service**

The essence of the subscriber’s postal service is to establish permanent contractual relations of the postal service with the subjects of postal addressing (individuals and legal entities). It applies to all postal addressing objects (real estate objects – residential and non-residential buildings, premises, including rent) and assumes a fixed subscription fee for the formation, registration and maintenance of the postal address.

Subscription service will be provided on the basis of the subscription agreement.

It should be noted that at present (without the conclusion of the subscription agreement and without the implementation of the provisions referred to its essential conditions) to service organizations is extremely difficult, namely: without assigning objects (including rented premises) postal address; placement, operation and maintenance of a special post office box; determine the list of persons authorized by the subject of postal addressing to receive post; determine the conditions of access mode for postmen, the entrance of postal transport to the object of postal addressing, etc.

Within the framework of the subscription agreement, the national operator will provide:
- formation and provision of official postal addresses in the non-residential sector (including in the case of several legal entities residing at the same town planning address) and official e-mail addresses;
- document flow between organizations including via secure email;
- providing as a trusted third party services of remote conclusion of contracts, signing of acts of work performed, invoices, etc. (with certification of date, time and signatures of the parties), including in electronic form;
- acceptance and delivery of money\funds, including for payment of wages;
- material and technical supply (on the nomenclature of production corresponding to a delivery potential of Post);
- delivery of goods including those ordered by employees in the framework of distance trade (e-commerce);
- subscription and delivery of periodicals;
- provision of postal and financial services;
- creation of allocated postal communication channels and courier (freight forwarding) services.

It should be noted that the subscriber service will be carried out according to the developed quality standard directly at the location of the subscriber (organization or its separate division).

This approach helps to achieve a positive effect on the quality of service and availability of services for user organizations by transferring the provision of most of the services from the post offices to the objects of postal addressing, i.e. offices of organizations. At the same time, due to the “unloading“ of post offices, proactive prevention of the problem of queues (and, accordingly, the poor quality of service to citizens) which is relevant throughout the post-Soviet space, is carried out.

All documentary correspondence, including in electronic form, will be sent as registered, legally significant (due to law) and may be used as evidence in accordance with procedural law.

This confirms that the subscriber postal service ensures the observance of the rights of citizens and organizations.

Organizations will be obliged to receive registered in the postal address register postal addresses for all objects of postal addressing - real estate objects (non-residential buildings, premises, as well as part of the building, premises on a leasehold basis) in respect of which they have any legal basis for ownership, use or disposal, which is the basis of the obligation to register a separate postal address. Thus, subscriber service extends to all objects of postal addressing.
Thus, it is within the framework of subscriber postal service that the task of forming and maintaining the postal address space is organically solved.

It is necessary to include into the construction law the requirement of installation of the subscriber post office boxes by the National operator in residential and non-residential buildings, as well as the requirements take into account the conditions for delivery of postal and e-commerce items while designing the buildings.

The requirement on formation and service of the postal address, and also its registration in the postal address register (arising at registration of the rights of possession, use, the order of object of real estate) it is expedient to include in structure of the obligatory requirements of the legislation regulating operation of buildings and rooms, along with those concerning housing and communal services, fire safety, technical supervision, etc.

The amount of the subscription fee will be determined by the National operator on the basis of calculation of the maintenance and development of the postal network corresponding to the regulations of postal communication, updated at the level of world standards and approved by the Ministry for development of information communications and technologies.

The subscription fee will be no more than 30% of the total cost of services in the amount of quantitative limits of post recalculated in the current tariffs.

Quantitative limits are determined by the National operator, approved by the Ministry for development of information communications and technologies and comprise in a month: for postal addresses of households - not less than 1 parcel, 10 items of written correspondence and also from 2 to 5 postal money transfers and from 1 to 3 types of periodicals; for postal addresses of organizations and individual entrepreneurs - not less than 10 parcels, 100 items of written correspondence and also from 5 to 10 money transfers and from 2 up to 4 types of periodicals.

Within the established quantitative limits without charging will be the reception and delivery of post (including goods in the framework of e-commerce), periodicals, as well as postal money transfers. In addition, subscribers will be provided free of charge services like “pharmacy by post”, “universal legal assistance” and other services in the framework of social projects (see section 6).

At the same time, legal entities will receive the above additional services directly at their location and significant savings on transaction costs.

Currently, organizations are forced to use their own couriers, drivers and other personnel as messengers and deliverers or use the expensive services of courier
companies, most often foreign. When passing to subscription services these costs of organizations are “converted” into Post revenues and it should be stresses that they receive services of a fundamentally different quality and composition.

It should be particularly noted in this model about the possibility of free delivery of parcels with goods purchased in the framework of Internet trade which can give a unique effect of the explosive development of e-commerce, attract large investors to the country, organize a large number of new jobs and create a powerful international reaction.

For the first time in the world online stores and other suppliers, including foreign ones, will be able to send post with goods for free and, due to this, reduce prices.

This experience will be taken over by many countries because of the demands of their population, national organizations for the protection of the rights of consumers, e-commerce associations, etc.

At the expense of Post subscriber post office boxes of the total housing stock will be replaced by modern safe type devices that prevent unauthorized access and allow to get posts with the material (commodity) insertion without fearing for their safety as well as to carry out sending correspondence directly from the household (or apartment building).

In case of subscriber service a unique effect of social communication is achieved – by analogy with the “private-banking” service, the postal worker (head of the communication Department, postman, courier, freight forwarder) knows each postal subscriber (organization and authorized employees) “in person” and carries out operations personally.

The proposed approach in terms of free delivery by the National operator of a number of subscription publications is used for the first time in the world and is also one of the few possible solutions for improving the situation in the market of print media and subscription publications, which is in stagnation due to the inaccessible prices for postal services in the context of the development of electronic media.

In addition, this will have a positive impact on the quality of the content, as the implementation of the requirements established by the state for it will be decisive for the inclusion of publications in the social (free) subscription catalogue - a list of subscription publications the delivery of which within the established limits will be carried out by the National operator without charging.
Admission to the social (free) subscription catalogue will be determined by the authorized body of state according to the criteria established by the normative legal act.

The introduction of the social subscription catalogue and the implementation of the above approach will lead to an explosive growth of the market of print media and periodicals as well as their circulation.

**Experience of using the proposed approach**

Abroad many organizations are served by post under contracts. Depending on the conditions the service is carried out in the post office by renting a subscription box; at the location of the organization with or without the allocation of space. In the allocated rooms service points can be organized without the attached postal worker and also offices of postal communication of the closed type with attachment of the postal worker for full or part-time work. Payment for postal services is carried out on the basis of the number of postal items and tariffs, the amount of time spent by the postal worker to service the organization, the cost of transport from the post office to the location of the organization. However, the systemic subscription service (by analogy with telecommunication) has not been applied yet; the form of payment – the subscription fee – has not been used.

Uzbekistan enjoys an experience of the postal service of subscriber organizations in the framework of OCP - official city post.

This type of postal service originated in the Soviet Union in 1929 on the model of the German Post and was intended to accelerate the promotion of official post (documents) to legal entities.

Almost all organizations in Soviet times had a contract for OCP.

The official city post – OCP – is a way of postal service at which sending and delivery of post to the city organizations and enterprises were carried out with delivery of post to the persons responsible for its reception.

Letters, periodicals, notices and notifications were delivered through the OCP on a mandatory basis. Payment for services of OCP was carried out by separate tariffs for each postal item and the agreement for a constant amount regardless of the number of items. Delivery of “insurance post” (postal items with declared value) and parcels within the framework of the OCP could be carried out for an additional fee.

Currently this form of postal service is in stagnation.

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The form of subscription service was and is now a service for the provision of the use of subscription postal boxes in the post office to citizens and organizations. Subscription postal boxes are lockable sections for storing postal items until they are received by the addressee (delivery).

In this form of service the subscriber must arrive at the post office and he does not know whether the subscription postal box contains a postal item. In addition, access to the subscription postal box is limited by the operating time of the post office.

6. **Mail – a multifunctional system of mass service**

When determining the directions of Post development it is necessary to take into account that it has a historical socio-cultural and supranational international significance and as a result of the reform it also becomes a multifunctional system of mass service, providing not only postal, but also many other socially important and popular services (delivery, legal, consulting, social, etc.).

The multifunctionality of Post follows from the proposed approach considering its purpose not only in the traditional activities of posting and in the performance of the function of public law (actually state) to provide documentary communications between all subjects of postal addressing (subjects of law, subjects of activity) throughout the country.

In cooperation with the state and local governments the Post will perform a number of tasks in order to promote the effectiveness of their functions: the functions of registration of rights, inventory and cadastral registration of buildings and premises, registration of individuals and legal entities, holding of national events such as referendums, elections, population census, etc.

For example, the implementation of accounting functions through the use of Post capabilities, including in the electronic environment, will be much more efficient and cost-effective than through their distribution among individual departments and the actual duplication of territorial structures.

Post offices will perform the functions of universal public service centers (UPSC) which will provide not only postal services, but also public services, as well as other socially significant services.

At the same time the functioning of the system of addressing and registration creates conditions for the qualitative improvement of the judicial, tax, customs, pension systems, executive proceedings, law enforcement and national security.

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This multifunctionality will make it possible to use the (still hidden) potential of Post, including in the field of social communications and thus to increase the socio-economic activity of the population.

At the same time the Post is becoming a major employer – 20-30 thousand postal workers, traditionally state-oriented, but with competitive wages and high social status.

This creates conditions for Post’s deep integration into the everyday life of citizens and the activities of organizations.

The transformation of Post into a multifunctional service deeply integrated into the lives of citizens and the activities of organizations, will allow to implement important social projects on the basis of its infrastructure.

“Universal legal assistance” - notary services, legal advice and public services

The post offices of a new type are turning to universal public services centers (UPSC), which will provide different types of public services, as well as notary services and legal advice (at the same social rates).

These services are in demand and have a high social significance, despite the fact that most of them are simple. Legal assistance will be provided including the preparation of applications, appeals, complaints, delivery under the signature to the public administration, the mahalla committees, municipal services and other organizations.

Provision of essential goods

The post offices will provided to the population (including for free in emergency situations) commodities (mainly of domestic manufacturers) according to a specific list: long-term storage food sets, baby food, household kits, clothes, emergency tools, drugs, etc.

Parceltrade. Overcoming the “product inequality”

The National operator will organize a new generation service in the field of distance trade.
An important difference of this service is the provision by Post (as a trusted third party) of compliance guarantees with the requirements of the legislation on consumer protection and mutual guarantees of participants of civil turnover. The legal service of the Post will provide appropriate mechanisms to ensure the responsibility of sellers to buyers, to authorize sending organizations and verify the certification of goods.

The order of goods will be made according to the catalogues placed in the post offices or through the Internet (through online hypermarket //market.uz.post). Payment will be made by credit card, through the payment system or by e-mail transfer (cash on delivery).

**Pharmacy by Post**

The Post will enter into direct contracts with regional wholesale pharmacy warehouses under state control. At the same time, the delivery of medicines will be carried out by cash on delivery, at home, in terms corresponding to the terms of Express delivery, according to the prescriptions of doctors authorized in the system and sent through the Post website, as well as on orders of citizens in cases of non-prescription leave.

The service provides an opportunity for physicians, regardless of the locality, to use the full range of medicines permitted for use in the Republic of Uzbekistan when choosing prescriptions. At the same time the cost of medicines is significantly reduced by eliminating the retail margin of the pharmacy network. In addition, direct Post delivery significantly reduces the risk of receiving counterfeit medicines by patients.

**Distance learning**

A necessary condition for the development of distance education is the availability of geographically accessible trusted examination centers.

A network of such centres for use by all subjects of the training programme will be set up in post offices to provide and consume distance education services at all levels (from secondary to higher education, professional training and advanced training, retraining, re-profiling, etc.)
Charity and mutual aid

Despite the high demand and the large number of organizations and individuals wishing to participate in the provision of assistance, the volume of addressed charity is insignificant largely due to the high transaction costs and lack of trust.

On the basis of the national postal address register, together with social protection bodies, charitable and other organizations, a rapid open information resource with data on potential recipients of charitable assistance will be created.

It will be possible to send a postal order to a specific address, or ready parcel-kits (with clothes, shoes, medicines, products, including baby food, toys, etc.) offered by Post and partner organizations. A service is possible, in which Post on the order of the benefactor sends certain sets to the specified persons or institutions (orphanages, hospitals, hospices, etc.) with a given frequency.

To do this Post on its infrastructure throughout the country creates operational warehouses, to which domestic producers (including small businesses) direct their products as for sale.

Post acts as a guarantor of the delivery of money and goods, as well as their quality directly to the specified recipients.

Thus the Post creates a platform to help those in need and a new market segment throughout the country for goods, including of small and medium-sized businesses.

Postal program of assistance to labour migrants

Currently, approximately 3 million citizens of Uzbekistan carry out temporary labor activities on the territory of the Russian Federation and facing difficulties of a legal nature, including violations of human rights.

The state takes all possible measures to protect the rights of migrant workers.


Decree of the President of the Republic of Uzbekistan No. 3839 “On additional measures to further improve the system of external labour migration of the Republic of Uzbekistan” was issued on July 5, 2018.
As noted in the resolution of the President of the Republic of Uzbekistan, despite the measures taken to regularize the processes of external labour migration, to conclude international agreements on the organized recruitment of citizens for employment abroad, to create favorable conditions to ensure their safe passage to the place of work outside the Republic, there are still large flows of illegal labour migration; rates of organized employment of citizens abroad as well as employment of persons returning from labour migration are on low level.

Due to the fact that it requires servicing large masses of people this process faces organizational difficulties.

The national operator has an extensive network of offices that makes it to provide mass services and thus arrange solution of this socially significant problem.

Within the framework of this activity the functions of the National operator will be as follows:

1. Preparation and issuance of documents required for obtaining patents by candidates for employment.
   1) Document confirming knowledge of Russian language, knowledge of history of Russia and bases of the legislation of the Russian Federation.
      The examination will be organized in postal communication facilities by invited specialists from accredited educational institutions, including secondary schools, in accordance with the procedure established by the Russian Federation and the issuance of a standard document on the confirming that exam has been passed.
   2) Health insurance policy.
      Sales of health insurance policies valid in the territory of the Russian Federation will be organized in the post offices of Uzbekistan.
   3) Document on the absence of diseases of drug addiction, tuberculosis, leprosy, syphilis and HIV.
      The post of Uzbekistan will issue the directions on the form of the established sample to medical institutions with which the relevant agreements are signed.
      Reference: it is additionally necessary to conclude an international agreement in terms of medical examination of candidates for employment in the Russian Federation on the territory of the Republic of Uzbekistan in accordance with the second paragraph of article 5 of the Agreement between the Government of the Russian Federation and the Government of the Republic of Uzbekistan “On the organized recruitment and involvement of citizens of the Republic of Uzbekistan to the implementation of the temporary labor activity on the territory of the Russian Federation”.

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4) Contract of the Russian Post on the provision of services to migrant workers in the territory of the Russian Federation.

Uzbekistan Post service: issues enumerated contract form and as an agent of the Russian Post concludes with the candidate for employment a Contract allowing actions in the framework of the order of the Ministry of Internal Affairs of Russia № 888 of November 27, 2017 “On approval of the standard form of the Agreement on cooperation between the Ministry of Internal Affairs of Russia and the subject of the Russian Federation which implies participation of the organization authorized by the subject of the Russian Federation in provision of public services for registration and issuance of patents to foreign citizens and persons without citizenship”.

2. Sending documents to the Russian Federation

Uzbekistan Post service: formation of registered letters and letters with declared value, with attachments from the abovementioned documents with the list of attachments, the notification of delivery and sending them to the main post offices of the respective cities in the Russian Federation.

4. Issuance of a joint SIM card of the Russian and Uzbek operators, which is assigned in parallel two numbers with automatic activation depending on the country of residence.

5. Pilot project on arrangement of Charter flights for migrant workers to destination cities.

Uzbekistan Post service: sale of airline tickets through the website of Uzbekistan Post.

6. Organization of The Russian-Uzbek labour exchange.

Stage 1

1) Creation in cooperation with the Russian Post of an information resource where the Uzbek Post publishes on a fee basis profiles of candidates for employment with a description of their skills and photographs of their work, and the Russian Post publishes profiles of employers, their objects and volumes of work, a description of living conditions of the employee and other necessary data.

2) In case of mutual acceptance of the conditions specified in the profiles of the employer and the employee, there is an online signing of the employment contract which comes into effect from the date the patent is granted. The signature of the
worker is bound by the electronic signature of the Post of Uzbekistan, the signature of the employer – by electronic signature of the Russian Post.

3) Employers from the Russian Federation pay a fee for the selected profile and a security deposit, which actually is part of the future salary of the migrant, as a guarantee of employment and availability of residence,

Uzbekistan Post service: posting of profiles of candidates for employment in the information system of the labor exchange on a paid basis.

Russian Post service: posting of employers’ profiles, acceptance of postal transfers of the security deposit and visit of the postman “to the address” in order to check the availability of accommodation for employees and its compliance with the stated conditions.

Stage 2

Creation on the Russian Post social infrastructure (hostels, boarding houses, pioneer camps) of the territorial infrastructure of the Russian-Uzbek labor exchange for temporary accommodation of newly arriving candidates for employment and its transformation into a Federal outstaffing organization acting as a single employer in relation to labor migrants.

Basis: Intergovernmental agreement and resolution of the President of the Republic of Uzbekistan № 3839 of July 5, 2018.

Additionally it is necessary:
To create the “Russian-Uzbek labour exchange” information system.
To create an infrastructure for temporary accommodation of newly arriving candidates for employment on the basis of the Russian Post’s hostels, boarding houses, pioneer camps.

At the same time the following functions will be carried out on the territory of the Russian Federation within the framework of the agreement under preparation with the Russian Post.

1. Coverage of the project in the media and through outdoor advertising, consultation of employers and candidates for employment in the postal communication facilities.

2. Creation of the “Russian-Uzbek labor exchange” information system in cooperation with Uzbekistan Post.

3. Opening in the cities main post offices of “Uzbekistan labor migrants” joint post office boxes to receive post with documents of candidates for employment.
4. Carry out actions (and documenting them) in accordance with the order of the Ministry of Internal Affairs of Russia № 800 of October 20, 2017 as well as registration of documents that is possible only on the territory of the Russian Federation.

5. Purchase and installation of means necessary for carrying out fingerprint registration of candidates for employment and their photographing in the postal communication facilities.

6. Creation of an internal courier service for the delivery of documents of candidates for employment to the territorial departments of the Ministry of Internal Affairs on migration and getting patents there.

7. Creation of places of temporary accommodation of arriving candidates for employment in regions of the Russian Federation on the basis of the Russian Post’s hostels, boarding houses, pioneer camps.

8. Carry out the receiving party functions, including the registration of a candidate for employment by migration departments (until his/her employment).

Basis: Order of the Ministry of Internal Affairs of Russia № 888 of November 27, 2017 “On approval of the standard form of the Agreement on cooperation between the Ministry of Internal Affairs of Russia and the subject of the Russian Federation which implies participation of the organization authorized by the subject of the Russian Federation in provision of public services for registration and issuance of patents to foreign citizens and persons without citizenship”.

Additionally it is necessary:
1) to conclude agreements between the Ministry of Internal Affairs of the Russian Federation and each of subjects of the Russian Federation;
2) to conclude an agreement between the Russian Post and Uzbekistan Post.

**Postal and banking services**

The creation of the post-financial projects:
- payment system of cross-border postal transfers between the postal communications offices of the national operators of the CIS countries on the basis of a Single Eurasian payment platform created by the Eurasian development Bank;
- transactional bank on the basis of postal communication offices (experience of Kazakhstan Post);
- microfinance organization on the basis of postal communication offices for the people and small businesses.
The Conception of postal communication development implies the provision of postal and banking services to postal subscribers that are especially in demand in small and remote settlements. Within the framework of postal and banking activities the management of subscribers’ payments will be carried out including in the form of a subscription fee for the service of postal addresses.

It seems optimal to determine the niche and competitive advantages of this activity on the model of Kazakhstan Post through introduction of special rules in the banking legislation allowing the national operator to carry out certain types of banking operations.

In contrast to the traditional approach in different countries, in the context of widespread digitalization, these advantages are created not so much by the network of post offices, but by the legal content of postal activities, opening a new and exclusive niche of financial services in synergy with quasi-banking activities.

The legal basis of postal activity allows provision of:
- services of “postal-savings” money order (in the current terminology – “on demand” postal money order) - postal transfer by an individual with the ability to specify a group of persons as the addressee (beneficiary);
- creation of postal savings instruments providing individuals with joint ownership of funds,
  stored in accounts in the banking system (similar to used abroad “joint” accounts “and/or”);
- introduction of payment and savings instruments in the form of electronic postage stamps (similar to crypto currency) provided in the form of postage stamps, including those made of precious metals;
- easy access to the international financial markets instruments (stocks, bonds, etc.) in any post office.

Postal savings instruments are highly reliable due to the legal content of postal money order services and will be secured also on the reserves created by Post.

Receipt of funds “on demand” postal transfer is guaranteed at a rate of 100% because of the legal content of this service. Protection against inflation is provided by the use of postage stamps made of precious metals\(^4\), including in the form of registration on a post metal account or by access to securities market instruments.

\(^4\) In different countries since the XIX century Posts were establishing the postal savings institutions. The world postal system has accumulated extensive experience of their work and ways of providing financial services, including savings services. Currently it is reasonable to rely on the experience of using postage stamps secured by silver or gold.

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As described in section 5, the Conception supposes a transition to subscription service of postal addresses for a fixed subscription fee under subscription contracts.

Settlements with subscribers, i.e. users of postal services are associated with high transaction costs for Post. Therefore, it needs to manage these small but regular and numerous payments with the help of banking technologies and payment systems (payment card issued).

In addition to the abovementioned, according to the Conception the organization of widespread banking services is provided by Post through remote “provision” of commercial banks services as postal services: based on improved money order service and forwarding of documentary correspondence, payment orders (including in electronic form), and as a banking agent.

High social importance of this activity of the national operator should be noted separately. With this approach, by analogy with universal postal service, a new kind of banking services, i.e. “universal” postal and banking service which is pervasive and universal (from the point of view of its structure, territorial and price affordability) will be gradually formed.

The provision of banking services within the framework of subscriber postal service allows to ensure low transaction costs for customers.

There is a real possibility of combining traditionally similar functional responsibilities of “postal operator” and “operator of cash management”. A qualified postal operator “attached” to the user’s postal address can simultaneously perform standard cash transactions.

Here subscriber postal service of organizations mainly at their location (and of individuals at the place of work) is assumed. This will be a unique social service as mass services to the population will be provided actually on a personalized basis (a format close to “private-banking”).

The proposed approach makes it possible to create a unique service of savings and investments (primarily for citizens whose “sleeping” funds do not enter the economy) and at the same time creates conditions for the replacement of foreign currency as a mean of accumulation of national savings instruments.

7. Enlarged road map

The Conception will be implemented in two main areas:
- changing in the legislation of the Republic of Uzbekistan;
- creating of the material and technical base of the National operator.
Changes in legislation

The implementation of reforms within the framework of the Conception includes, first of all, the improvement of legislation in the sphere of postal communication and related areas.

As shown above, the current law on postal communication does not define the sphere of regulation of postal communication, does not distinguish it from courier and freight forwarding activities, not disclose the purpose of the postal service, its legal nature, institutional and social tasks, economic basis and its role in the state in general.

Changes in legislation are necessary for implementation of Post’s legal-administrative, socio-political and economic potential.

The sphere of regulation will be systemized as well as legal and economic bases of the activity will be created (including the new economic model making possible provision of necessary volume of financial resources).

It is necessary to develop and adopt a new law regulating relations in the field of postal services. It should be noted that, as shown in section 3, postal activities are the activities of one subject-entity – the National operator.

In addition, it is necessary to modernize legislation in related areas, which includes not only amendments to existing laws, but also the development of new laws.

In particular, the following laws need to be amended:
1) On communication
2) On telecommunications
3) On electronic document circulation
4) On information
5) On electronic identity card
6) On electronic digital signature
7) On information security
8) On personal data
9) On e-commerce
10) On banking activities,
11) On insurance activities,
12) On payment systems,
13) On combating money laundering
14) On public services (in terms of public services in electronic form)
15) On direct investments
16) On advertising
17) On procurement of goods, works and services for state needs
18) On procurement of goods, works and services of particular category of activity subjects.

The implementation of the Conception also implies the development and adoption of new laws:
1) On information security
2) On digital assets, electronic money and electronic payment systems
3) On the national segment of the Internet
4) On critical information infrastructure
5) On public-legal activities
6) On public-private partnership
7) On transport and forwarding activities (in terms of courier services).

Reference: currently this activity is regulated by the Cabinet of Ministers of the Republic of Uzbekistan.

**Formation of material and technical base**

Simultaneously with the improvement of the legislation it is necessary to ensure the process of formation of the material and technical basis for the functioning of the national postal service.

During the first stage of transformation (2019-2021) the postal network will be brought in line with the standards in order to provide universal postal service. The number of post offices will be increased to 5,630 including through the construction of a new type of post offices (UPSC). In addition, the reconstruction of communication centers, city post offices and regional branches will be carried out. The number of employees will be increased to 10 thousand people with a salary not lower than the average in the country.

The transport and logistics infrastructure will be constructed consisting of 14 logistics centers and 25 thousand cars of various categories (electric scooters for postmen, city taxis, trucks, city buses, main trucks) will be provided.

The development of the information infrastructure of the National operator includes the construction of 3-4 Tier III data centers; computerization of postal
facilities; the creation of new information systems, including those based on blockchain technology.

At the second stage of implementation of transformations (2021-2023) it is expected to complete the formation of transport, logistics and information infrastructure and increase the number of post offices to 10 thousand and the number of employees up to 30 thousand people (in accordance with the updated regulations).

Implementation of the Conception does not require budgetary funds. The application of the economic model of subscriber postal service allows to ensure the activity of the National operator.

At the same time, taking into account the current situation of JSC “Uzbekistan pochtasi” state support is needed to initiate reforms. It might be provided through tax and customs exemptions and preferences for income-generating activities.

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