



January 22, 2010

Honorable Shoshana Grove  
Secretary  
Postal Regulatory Commission  
901 New York Avenue, NW, Suite 200  
Washington, DC 20268-0001

Dear Ms. Grove:

Pursuant to 39 U.S.C. § 407(d)(2), the U.S. Postal Service (Postal Service) is providing a copy of the Canada Post Corporation—United States Postal Service Contractual Bilateral Agreement for international products and services. The Postal Service has marked the non-public version of the document as "Confidential" and "Non-Public" because the document contains information considered confidential and commercially sensitive by the affected postal operator and the Postal Service. The Postal Service considers certain portions of the document to be protected by 39 U.S.C. § 410(c)(2) and thereby not subject to mandatory disclosure under the Freedom of Information Act (FOIA). Further, the document contains the commercial information of the affected postal operator, and as such, certain portions of the instrument are subject to protection under Exemption 4 of the FOIA. Consequently, we have attached an application for non-public treatment of the document under 39 C.F.R. § 3007.21. In addition, we respectfully request that the Postal Regulatory Commission coordinate with us in the event that the document becomes subject to a FOIA request, so that we can engage in appropriate consultations with the affected postal operator.

Please feel free to contact me if further information would be helpful.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anthony F. Alverno".

Anthony F. Alverno

Enclosures

**CANADA POST CORPORATION – UNITED STATES  
POSTAL SERVICE  
CONTRACTUAL BILATERAL AGREEMENT**

**BETWEEN**

CANADA POST CORPORATION,  
a corporation incorporated under the  
*Canada Post Corporation Act*, R.S.C. 1985,  
c. C-10 as amended, and having its head  
office in the City of Ottawa in the Province  
of Ontario  
("Canada Post")

**AND**

THE UNITED STATES POSTAL SERVICE,  
an independent establishment of the Executive  
Branch of the United States Government  
having its headquarters in the City of  
Washington, District of Columbia  
(the "United States Postal Service")

This Agreement governs the exchange, between Canada Post Corporation and the United States Postal Service, of the international products and services addressed in this Agreement (the "International Products and Services") and sets out quality objectives and standards as well as "Pay-for-Performance" incentives for meeting the prescribed quality standards.

**NOW THEREFORE** in consideration of the mutual covenants set out in this Agreement, Canada Post and the United States Postal Service agree as follows:

**1. Definitions**

In this Agreement, the following terms shall have the meanings set out below:

"Parties" means Canada Post Corporation (CPC) and the United States Postal Service (USPS).

**2. Purposes of this Agreement**

The purposes of this Agreement are the following:

- (a) to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;
- (b) to set out the principles and general terms and conditions that shall apply to the exchange of International Products and Services between the Parties; and

(c) to set out the rates that will apply to the exchange of International Products and Services between the Parties.

### **3. Guiding Principles of the Agreement**

(a) The Parties agree to work together to improve the quality of postal services between Canada and the United States in order to better serve the North American market. In particular, the Parties agree to provide access to each other's operating networks and services in such a way that for each service provided, to the extent practicable:

- (i) excellence in quality of service performance will be attained and maintained;
- (ii) the flexibility required to meet changing market and logistical conditions will be supported;
- (iii) the costs to each Party of providing services will be minimized; and
- (iv) settlement and payment processes will be electronically-based to the extent practicable, with the objective being to make such processes efficient, timely, and specific to each particular service or type of service.

(b) Each Party agrees to commit the necessary resources to collaborate on product development, enhancements to current products, and specified value-added services required to meet the ever-evolving needs of their customers.

### **4. Quality of Service**

In order to encourage commitment to achievement of high levels of on-time delivery performance and high levels of delivery confirmation scan performance, the Parties agree to continued on-time measurement systems and to Pay-for-Performance arrangements as set out in Attachment 2 – Scanning and On-Time Quality of Service and Pay-for-Performance.

### **5. Rates**

(a) The Parties agree that each of the *Standard EMS Agreement on the International Exchange of EMS Items between Postal EMS Operators* and the *Multi-Services Agreement*, and any other services for which a specific agreement with its own terms and conditions is added to this Agreement as an attachment, any adjustments to the rates for the services shall be subject to the terms and conditions of the applicable attached specific agreement.

(b) Each Party agrees that for the services, other than those that are the subject of clause (a), that the other Party provides to it during each of the periods specified in Attachment 1, the first-mentioned Party shall pay the other Party the applicable rates specified in Attachment 1. If the rates are to be amended during the Term, the amendment must be made as an amendment to this Agreement.

### **6. Terms for the Delivery of EMS Items**

The terms and conditions for the delivery of EMS items shall be governed by the *Standard EMS Agreement on the International Exchange of EMS Items between Postal EMS Operators*, which is Attachment 3 to this Agreement.

### **7. Terms for Multi-Services Agreement**

The terms and conditions of the *Multi-Services Agreement*, which includes International Direct Entry Services, Domestic Entry Services and Ancillary Services, are set out in Attachment 4.

### **8. Settlement Principles**

The Parties are committed to the settlement of accounts according to the following principles:

- (a) [REDACTED]
- (b) [REDACTED]
- (c) [REDACTED]
- (d) [REDACTED]

**9. Shared Surface Transportation Costs**

The terms and conditions for the sharing of transborder transportation costs shall be governed by Attachment 5.

**General Provisions**

**10. Audit**

The Parties reserve the right to review, in accordance with a mutually agreed to schedule, the account settlement processes and practices used by each in association with the acceptance, dispatching, recording, and accounting for the volumes exchanged under this Agreement. Notwithstanding the foregoing, each Party reserves the right to restrict access to information it deems to be commercially-sensitive.

**11. Meetings**

(a) The Parties shall hold an annual meeting during each calendar year of the Term. At each annual meeting, the Parties will discuss and review the following:

- (i) the services being provided and any adjustments required;
- (ii) the addition or deletion of any services;
- (iii) implementation of plans outlined in the Agreement;
- (iv) general compliance with this Agreement; and
- (v) any rate adjustments proposed by either Party.

(b) In addition, the Parties may hold *ad hoc* meetings as required to deal with specific issues.

(c) The Parties agree to hold further meetings on Pay-for-Performance, network optimization and operational issues. The objectives of the Parties are set out in Attachment 2.

**12. Confidentiality**

(a) Confidential information shared in connection with this Agreement is subject to the confidentiality provisions that are set out in Attachment 6 of this Agreement.

(b) The Parties, through the USPS Chief Privacy Officer and Canada Post's General Manager, Privacy Leader, respectively (each being the Party in question's "Privacy Representative") shall keep each other apprised of significant changes in the administration of records pertaining to individual customers of international mail and the content of those records. In particular, each Party's Privacy Representative shall advise the other of any significant changes in connection with the following:

- (i) the purposes for which the other Party may use records about individual customers of international mail;

- (ii) the implementation of adequate measures to safeguard those records;
- (iii) measures to segregate those records;
- (iv) the time period for which those records may be kept; and
- (v) the manner in which that information is to be destroyed when the relevant time period has expired.

(c) If after having received information of a change under clause (b) the receiving Privacy Representative has a concern, the other Privacy Representative shall give due consideration to the receiving Privacy Representative's concerns with the objective, to the extent possible, of resolving the concern to the mutual satisfaction of both Parties.

### **13. Procedure Respecting USPS Postal Regulatory Commission Filings**

(a) The USPS represents that as part of its legislated requirement to secure the U.S. Postal Regulatory Commission ("PRC") approval of this Agreement and in other subsequent regulatory filings, the USPS is required to file this Agreement and supporting documentation with the PRC in a docketed proceeding. Given that this Agreement contains confidential information of CPC, the disclosure of which could cause harm to CPC, the USPS shall, prior to filing any part of this Agreement with the PRC or any redacted version of any part of this Agreement, consult with CPC with the objective of achieving consensus between the parties with respect to the scope of what the USPS will file, particularly:

- (i) the parts of the Agreement that are to be identified as non-public and claimed as exempt from disclosure;
- (ii) the wording of any redactions that are to appear in place of the parts identified as non-public; and
- (iii) the wording of any submissions that the USPS proposes to make in conjunction with the filing.

(b) CPC further understands that any unredacted portion of the Agreement and any redactions and supporting information will be available on the PRC's public website, [www.prc.gov](http://www.prc.gov). In addition, the USPS is required to file other information in connection with this Agreement (including the USPS's revenue, the USPS's cost, or the USPS's volume data) in other PRC dockets. For such filings, the parties agree that the provisions of clause (a) shall be read with the necessary changes with the objective of the parties always reaching a consensus with respect to the parts of the material to be filed that are to be identified as non-public and the wording of any redactions and submissions.

(c) The USPS agrees that CPC at all times maintains the right, in accordance with the PRC's rules, to address CPC's confidentiality concerns directly with the PRC. The USPS will provide CPC with timely notice of the docket numbers of all PRC proceedings in which the USPS has a filing requirement that may involve disclosure to the PRC of matters related to this Agreement or other confidential information of CPC.

(d) Without limiting the generality of the other clauses of this Article, the USPS represents that one aspect of its filing requirements is to give notice to the PRC as to which parts of the Agreement are to be added to the competitive products list and which are to be added to the market dominant products list. In this regard, both parties acknowledge that what may be identified as competitive products and what may be identified as market dominant products in any filing with the PRC are so identified with respect to the U.S.A. market only and would not necessarily have the same classification in the Canadian market.

## **14. Dispute Resolution Process**

(a) Except as otherwise provided in this Agreement, the Parties will endeavour to resolve all disputes between the Parties relating to this Agreement at the level of their respective representatives identified in Article 20.

(b) If the dispute still cannot be resolved, the Parties will escalate it up within their respective organizations. If the dispute cannot be resolved even after it has been escalated to the top level in each organization, *i.e.*, the level of Canada Post's President and United States Postal Service's Postmaster General (or the equivalents to those positions at the time), then, if there is still no resolution, the Parties shall engage in non-binding mediation. If a resolution still cannot be found, the Parties agree to submit the dispute to binding arbitration to take place in Geneva, Switzerland, or another mutually agreed to location, under the Rules of Arbitration of the International Chamber of Commerce (ICC) by three arbitrators appointed in accordance with the Rules. For any reason, which shall include but not be limited to the partial or full enforcement of a binding judgment by the arbitrators, either party may enter said judgment or an award of the arbitrators in any court of competent jurisdiction in the country of the party against whom the judgment or award is to be enforced.

## **15. Temporary Suspension of Service**

Except for payment obligations, neither Party shall be liable for temporary suspension of services, delays, or inability to perform due to causes outside of its reasonable control including, but not limited to, acts of God, or labour disruptions. On-Time and Scanning Pay-for-Performance objectives and penalties shall, however, be adjusted to take account of the temporary service suspensions, delays or inability to perform due to causes outside a Party's reasonable control.

## **16. Assignment**

Neither Party may assign this Agreement without the prior written consent of the other Party.

## **17. Waiver**

(a) No delay or omission by either Party to exercise any right or power accruing upon any non-compliance or default by the other Party with respect to any of the terms of this Agreement shall be construed as a waiver of such non-compliance or default.

(b) A waiver by either of the Parties of any breach of the terms of this Agreement shall not be construed to be a waiver of any preceding or succeeding breach.

(c) A Party shall not be deemed to have waived any matter under this Agreement unless that Party has given the other Party a written notice that the first-mentioned Party has waived the matter in question.

## **18. Conditions Precedent**

(a) At the time of signing this Agreement, CPC represents and warrants that it has obtained all necessary approvals for the comprehensive package of rates set out in this Agreement.

(b) At the time of signing this Agreement, the USPS represents and warrants that the only Conditions Precedent remaining to be fulfilled on its side are the rate approvals required from the PRC for the southbound "market dominant products" rates and the southbound "competitive products" rates. Accordingly, the Effective Date in Article 21 will be the date on which the last of those two approvals is given by the PRC. The Parties acknowledge that the Agreement might not be approved by the PRC. Until such time as both these Conditions Precedent are fulfilled, no obligation shall exist for the USPS or CPC and no benefit or rights granted through this Agreement shall inure to either Party.

## 19. Effect of Partial Invalidity

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect.

## 20. Notices

(a) For each of the *Standard EMS Agreement on the International Exchange of EMS Items between Postal EMS Operators*, the *Multi-Services Agreement*, and any other services for which a specific agreement setting out its own terms and conditions is added to this Agreement as an attachment, notices, requests, or other communications with respect to the specific agreement and the services provided under it shall be given in accordance with the terms and conditions of the relevant attachment without reference to any aspect of the notice provisions that are set out here in the body of this Agreement. All other notices, requests, or other communications required or permitted to be given under this Agreement ("Notices") shall, unless otherwise specifically provided for in this Agreement, be given in writing in accordance with clause (b).

(b) Notices may be:

(i) personally delivered,

(ii) sent by registered mail, or

(iii) sent by facsimile to a number provided in each Party's entry in the UPU List of Addresses

to each of the Parties at its respective address as follows:

to United States Postal Service,

EXECUTIVE DIRECTOR  
INTERNATIONAL POSTAL AFFAIRS  
1735 NORTH LYNN STREET ROOM 6043  
ARLINGTON VA 22209-6111  
USA

and to Canada Post,

GENERAL MANAGER  
INTERNATIONAL RELATIONS  
2701 RIVERSIDE DRIVE SUITE N0220  
OTTAWA ON K1A 0B1  
CANADA

and to such other individuals or addresses as the Parties may advise the other of from time to time.

(c) Any Notice sent by registered mail shall be deemed to have been received by the Party to whom it was addressed on the 5th mail delivery day following the day on which it was posted. Any Notice sent by facsimile shall be deemed to have been received by the Party to whom it was addressed on the day following the day on which it was sent.

(d) Either Party may change its address for Notice to another address by Notice to the other Party given in accordance with clause (b). All addresses for Notice must be addresses to which Notices can be personally delivered.

## **21. Term**

This Agreement and its Attachments shall bind the Parties for the period beginning on January 1, 2010 (the "Effective Date"), and ending on December 31, 2011 (the "Term"), unless terminated earlier in accordance with Article 22. Notwithstanding the Effective Date set forth in the previous sentence, Articles 1 through 30 of this Agreement and Attachment 6 (Confidentiality Provisions) shall be effective immediately upon the later of the Parties' signatures below. This Agreement and all Attachments shall remain in effect from the Effective Date until the Agreement end date or until terminated, except where an Attachment provides otherwise.

## **22. Termination**

(a) Subject to clause (b), either Party may terminate this Agreement without cause upon at least 90 days' written notice to the other Party. However, if this Agreement is terminated under the preceding sentence, each of the specific agreements that are attached to this Agreement shall be deemed to be unaffected by such termination, to the extent that those agreements contain an express method of termination. Each of the specific agreements that are attached to this Agreement may only be terminated in accordance with the terms and conditions of that specific agreement.

(b) If a Party exercises the right to terminate this Agreement in accordance with clause (a), the only liability that the Parties shall have to each other is to make final settlement of all amounts owing as of the effective date of termination. Each Party shall bear its own costs in the event of termination. In the event of termination, and unless otherwise provided, the Parties shall maintain the rates under this Agreement effective at the time of such termination until such time as they can reach a renewed agreement or December 31, 2011, whichever occurs first. In the event that any regulatory or statutory requirements do not permit the maintenance of rates under this Agreement, the parties will negotiate in good faith to give effect to those requirements taking into consideration that other aspects of this Agreement may need to be amended. Neither Party shall be liable to the other for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason.

## **23. Negotiated Commercial Arrangement**

Each of the Parties acknowledges that this Agreement sets out the terms and conditions of a negotiated commercial arrangement between the Parties and is not an agreement entered into or subject to international law. This Agreement is only binding on the United States Postal Service and Canada Post Corporation as a crown corporation.

## **24. Compliance with Applicable Laws when Operating in the Other Party's Country**

Nothing in this Agreement shall relieve a Party of its obligation to comply with the laws in force in the other Party's country with respect to any operations that the first-mentioned Party carries out in the other Party's country.

## **25. Application of the *Universal Postal Convention***

For the period during which both Parties are signatories to the *Universal Postal Convention*, the obligations of the Parties under the *Universal Postal Convention* remain in effect except to the extent that this Agreement defines other terms and conditions or arrangements between the Parties, in which case this Agreement shall take precedence.

## **26. Customer Inquiry Support and Acceptance of Liability for Claims Respecting the Loss, Rifling, or Damage of Parcels**

(a)

[REDACTED]

(b) The Parties agree to continue to receive and respond to inquiries relating to parcels received by each other's administration consistent with the mutually agreed practices and procedures developed and implemented between the parties as of July 1, 2009 using the CSS Parcels module within the IPC Customer Service System. The process and procedures to support an automated customer inquiry system are outlined here.

**(i) Provision of Inquiry, Customer Service and Support Services for Northbound Priority Mail International Parcels and Northbound Surface Parcels:**

Procedures are as follows; no charges are applied by either party.

**For Inquiries:**

- US Sender (American or Canadian) initiates inquiry with USPS no earlier than 10 Days after Date of Mailing. (No later than 6 months after Date of Mailing.)
- USPS verifies scan events. If status of article is unknown, USPS submits Full Investigation via the CSS Parcels module within the IPC Customer Service System (CSS).
- CPC confirms delivery of parcel via CSS. CPC investigates status of parcel and provides status via CSS.
- CPC sends CN18 to Canadian addressee to ascertain delivery status. If addressee is contacted via letter, a pre-paid Business Reply envelope addressed to the USPS is included with letter.
- CPC responds to USPS via CSS: "Letter sent to customer to confirm delivery" and closes Full Investigation request within 20 days.
- USPS receives confirmation of delivery from CPC or Canadian customer, OR in the event of Loss: if article is deemed lost after 20 days from start of Full Investigation, US Sender (American or Canadian) is sent a claim form.
- USPS assumes full liability.

**For Damaged or Missing Contents:**

- Canadian Addressee contacts CPC for article received damaged or missing contents. Canadian Addressee is informed that the US Sender (American or Canadian) must initiate the inquiry with the USPS. US Sender initiates inquiry with USPS.
- USPS submits Full Investigation with Canada via CSS.
- CPC sends addressee a questionnaire to confirm damage or missing contents. A pre-paid Business Reply envelope addressed to the USPS is included with letter.
- CPC responds to USPS via CSS: "Letter sent to customer to confirm damage (or Missing Contents)" and closes Full Investigation request within 20 days.
- USPS receives confirmation of damage (or missing contents) from addressee. USPS sends the US Sender a claim form.
- USPS assumes full liability.

**(ii) Provision of Inquiry, Customer Service and Support services for Southbound Xpresspost-USA (exclusion applies to LE articles) Parcels and Expedited Parcel-USA**

Procedures are as follows; no charges are applied by either party.

**For Inquiries:**

- Canadian Sender (Canadian or American) initiates inquiry with CPC no earlier than 10 Days after Date of Mailing. (No later than 6 months after Date of Mailing.)
- CPC verifies scan events. If status of article is unknown, CPC submits Full Investigation via the CSS Parcels module within the IPC Customer Service System (CSS).

- USPS confirms delivery of parcel via CSS. USPS investigates status of parcel and provides status via CSS.
- USPS sends CN18 to American addressee to ascertain delivery status. If addressee is contacted via letter, a pre-paid Business Reply envelope addressed to CPC is included with letter. USPS responds to CPC via CSS: "Letter sent to customer to confirm delivery" and closes Full Investigation request within 20 days.
- CPC receives confirmation of delivery from USPS or American customer OR in the event of Loss: if article is deemed lost after 20 days from start of Full Investigation, Canadian Sender (Canadian or American) is sent a claim form.
- CPC assumes full liability.

**For Damaged or Missing Contents:**

- American Addressee contacts USPS for article received damaged or missing contents. American Addressee is informed that the Canadian Sender (whether Canadian or American) must initiate the inquiry with CPC.
- Canadian Sender initiates inquiry with CPC. CPC submits Full Investigation with USPS via CSS.
- USPS sends addressee a questionnaire to confirm damage or missing contents. A pre-paid Business Reply envelope addressed to CPC is included with letter.
- USPS responds to CPC via CSS: "Letter sent to customer to confirm damage (or Missing Contents)" and closes Full Investigation request within 20 days.
- CPC receives confirmation of damage (or missing contents) from addressee. CPC sends the Canadian Sender a claim form.
- CPC assumes full liability.

**27. Survival of Various Articles of the 1981 Postal Convention**

With respect to the "Postal Convention between Canada and the United States of America" that was signed on September 14, 1981, by the Postmasters General of Canada and the United States (the "1981 Postal Convention"), the Parties agree to apply Article 7 and Article 23 of the 1981 Postal Convention and, shall consider taking such steps as necessary to suspend the outdated provisions of the 1981 Postal Convention and in any event, between the Parties, the Parties shall consider those outdated provisions to be suspended.

**28. Previous Bilateral Agreement Superseded**

The Canada Post – United States Postal Service Bilateral Agreement that was signed on December 31, 2008, by the United States Postal Service as represented by its Managing Director, Global Business and Senior Vice President, Paul Vogel and signed on December 23, 2008 by Canada Post as represented by its Chief Operating Officer, Jacques Cote, is superseded by this Agreement.

**29. Entire Agreement**

(a) This Agreement, including the Attachments listed in clause (b), and any other document or portion of a document that is expressly incorporated into this Agreement by reference constitutes the entire umbrella agreement between the Parties for the exchange of International Products and Services and no representations, negotiations, or conditions either oral or written shall bind the Parties except as expressly set out in this Agreement. However, where an attachment to this Agreement is itself set up with a signature block at the end of the attachment, it is a specific agreement in itself and the services to be provided under that specific agreement shall be provided in accordance with the terms and conditions of that specific agreement.

(b) The Attachments to this Agreement as of the signing date are as follows:

Attachment 1 - Rates

Attachment 2 - Scanning and On-Time Quality of Service and Pay-for-Performance

Attachment 3 – Standard EMS Agreement on the International Exchange of EMS Items between Postal EMS Operators,

Attachment 4 - Multi-Services Agreement

Attachment 5 - Terms for Shared Surface Transportation Costs  
Attachment 6 – Confidentiality Provisions

(c) Subject to Article 13, the entire Agreement, or portions thereof, will be filed with the U.S. Postal Regulatory Commission with a notice to add it to the competitive and/or market dominant products list.

### **30. Amendments to this Agreement**

(a) This Agreement may only be amended, or extended, by mutual written agreement signed by authorized representatives of Canada Post Corporation and the United States Postal Service.

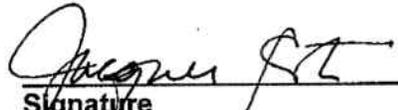
(b) Any amendments may be contingent upon each Party obtaining not only its own executive or board approvals, but also approvals or non-objections from governmental bodies that have oversight responsibility. Each of the Parties shall attempt to obtain all such approvals prior to signing any amendment; to the extent either of them has not been able to do so, however, the amendment shall describe the approvals that have not yet been obtained and provide that the amendment will not become effective until such time as all required approvals have been given.

This Agreement is made in duplicate between:

**United States Postal Service**

**Canada Post Corporation**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

**Pranab Shah**  
**Vice President and Managing**  
**Director, Global Business**

**Jacques Côté**  
**Chief Operating Officer**

*December 30, 2009*  
\_\_\_\_\_  
Date

*December 24, 2009*  
\_\_\_\_\_  
Date

## TABLE OF CONTENTS

1.	DEFINITIONS.....	1
2.	PURPOSES OF THIS AGREEMENT .....	1
3.	GUIDING PRINCIPLES OF THE AGREEMENT .....	2
4.	QUALITY OF SERVICE .....	2
5.	RATES .....	2
6.	TERMS FOR THE <i>DELIVERY OF EMS ITEMS</i> .....	2
7.	TERMS FOR <i>MULTI-SERVICES AGREEMENT</i> .....	2
8.	SETTLEMENT PRINCIPLES .....	2
9.	SHARED SURFACE TRANSPORTATION COSTS .....	3
10.	AUDIT .....	3
11.	MEETINGS .....	3
12.	CONFIDENTIALITY.....	3
13.	PROCEDURE RESPECTING USPS POSTAL REGULATORY COMMISSION FILINGS.....	4
14.	DISPUTE RESOLUTION PROCESS.....	5
15.	TEMPORARY SUSPENSION OF SERVICE.....	5
16.	ASSIGNMENT .....	5
17.	WAIVER .....	5
18.	CONDITIONS PRECEDENT .....	5
19.	EFFECT OF PARTIAL INVALIDITY.....	6
20.	NOTICES .....	6
21.	TERM.....	7
22.	TERMINATION .....	7
23.	NEGOTIATED COMMERCIAL ARRANGEMENT.....	7
24.	COMPLIANCE WITH APPLICABLE LAWS WHEN OPERATING IN THE OTHER PARTY'S COUNTRY.....	7
25.	APPLICATION OF THE <i>UNIVERSAL POSTAL CONVENTION</i> .....	7
26.	CUSTOMER INQUIRY SUPPORT AND ACCEPTANCE OF LIABILITY FOR CLAIMS RESPECTING THE LOSS, RIFLING, OR DAMAGE OF PARCELS.....	7
27.	SURVIVAL OF VARIOUS ARTICLES OF THE <i>1981 POSTAL CONVENTION</i> .....	9
28.	PREVIOUS BILATERAL AGREEMENT SUPERSEDED.....	9
29.	ENTIRE AGREEMENT .....	9
30.	AMENDMENTS TO THIS AGREEMENT.....	10

# ATTACHMENT 1 RATES

## **Rates for the Contractual Bilateral Agreement between Canada Post Corporation and the United States Postal Service**

Terminal dues rates listed in the tables included below are product stream rates per item and per kilogram stated in Special Drawing Rights (SDRs) unless noted otherwise. The rates are set on the conditions that current work sharing arrangements are substantially maintained. Any changes to current work sharing (i.e., sortation and preparation) arrangements will be subject to negotiation and mutual agreement first being reached including, but not limited to, agreement as to any impact on pricing.

**Northbound 2010-2011**

**Attachment 1 - Northbound Rates by Stream**

	Service Description (Northbound)	Stream ID = Category + Subclass + Receptacle Type	2010 Rates (SDR's)		2011 Rates (SDR's)	
			Per item	Per kg	Per item	Per kg
	<b>PRIORITY LETTER-POST</b>					
1.1	Priority Letter Tray					
1.2	Priority Flat Tray					
1.3	Priority Bag					
1.4	Priority Large Container					
2	Priority M-Bag					
3.1	Priority IPA Letter Tray					
3.2	Priority IPA Flat Tray					
3.3	Priority IPA Bag					
3.4	Priority IPA Container					
4	Priority Registered Mail Bag					
	<b>SAL LETTER-POST</b>					
5.1	SAL Letter Tray					
5.2	SAL Flat Tray					
5.3	SAL Bag					
5.4	SAL Large Container					
6	SAL M-Bag					
	<b>NON-PRIORITY LETTER-POST</b>					
7.1	Non-Priority Bag					
7.2	Non-Priority Large Container					
	<b>PRIORITY PARCEL POST</b>					
** 8.1	Priority Parcels Bag					
** 8.2	Priority Parcels Large Container					
	<b>EXPRESS MAIL (EMS) SERVICE</b>					
9.1	Express Mail Service					
9.2	Express Mail Service					
9.3	Express Mail Service					
9.4	Express Mail Service					
	<b>Non-billable services</b>					
10.1	Empty Equipment (from Priority site)					
10.2	Empty Equipment (from Priority site)					
10.3	Empty equipment					

\*\* 8.1 - 8.2 Include Delivery Confirmation surcharge

**Southbound 2010-2011**

**Attachment 1 - Southbound Rates by Stream**

	Service Description (Southbound)	Stream ID = Category + Subclass + Receptacle Type	2010 Rates (SDR's)		2011 Rates (SDR's)	
			Per item	Per kg	Per item	Per kg
	<b>PRIORITY LETTER-POST</b>					
1.1	Priority Letter Tray					
1.2	Priority Flat Tray					
1.3	Priority Bag					
1.4	Priority Large Container					
2.1	Priority "IPA" Letters					
2.2	Priority "IPA" Flats					
2.3	Priority "IPA" Bag					
2.4	Priority "IPA" Large Container					
3	Priority Registered Mail Bag					
4.1	Xpresspost (Document)					
4.2	Xpresspost (Document)					
4.3	Xpresspost (Document)					
	<b>NON-PRIORITY LETTER-POST</b>					
5.1	Non-Priority Flat Tray					
5.2	Non-Priority Large Container (Flat trays)					
5.3	Non-Priority Bag					
5.4	Non-Priority Large Container					
	<b>PRIORITY PARCEL POST</b>					
6.1	Xpresspost (Merchandise)					
6.2	Xpresspost (Merchandise)					
	<b>NON-PRIORITY PARCEL POST</b>					
** 7.1	Expedited parcels Bag					
** 7.2	Expedited parcels Large Container					
** 7.3	Expedited parcels Outside Parcel					
	<b>EXPRESS MAIL (EMS) SERVICE</b>					
8.1	Express Mail Service					
8.2	Express Mail Service					
8.3	Express Mail Service					
8.4	Express Mail Service					
8.5	Express Mail Service					
	<b>Non-billable services</b>					
9.1	Express Mail Service Returns					
9.2	Express Mail Service Returns					
9.3	Missent - US to US					
9.4	Empty Equipment					
9.5	Empty equipment					

\*\* 7.1 - 7.3 Include Delivery Confirmation surcharge

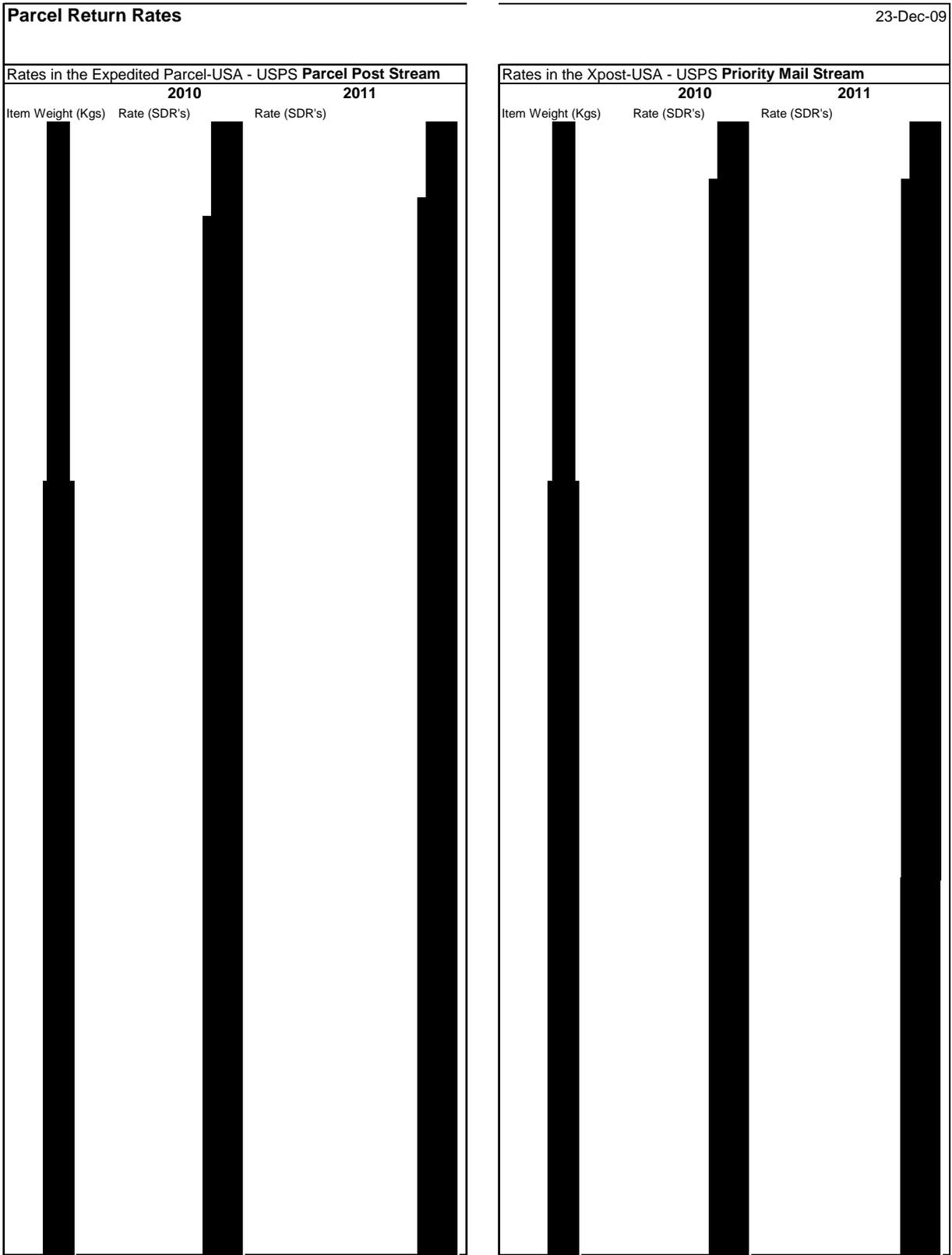
## Specifications of Mail Product Categories and Formats

The rates for the stream categories above shall be based upon the following format and product definitions:

- Letters            Any piece which has:
- a length less than or equal to 292 mm (11 1/2 inches) and
  - a width less than or equal to 155 mm (6 1/8 inches) and
  - a thickness equal to or less than 6 mm (1/4 inch)
  - and which has a weight of less than or equal to 2 kilograms
- Flats              Any piece exceeding any maximum limit for a Letter and which has:
- a length less than or equal to 381 mm (15 inches) and
  - a width less than or equal to 292 mm (11 1/2 inches) and
  - a thickness less than or equal to 20 mm (3/4 inch)
  - and which has a weight of less than or equal to 2 kilograms
- Packets           Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Union Letter Post regulations Article RL 122 and which has a weight of less than or equal to 2 kilograms
- Parcels           Any piece corresponding to size limits as set forth in the Universal Postal Union Parcel Post regulations Article RC 115 and which has a weight of less than or equal to 30 kilograms
- M-Bags           Printed matter in a direct sack to a single foreign address, subject to the Reservations of Canada and the United States of America in Universal Postal Union Prot Article RL II, which has a weight less than or equal to 30 kilograms
- Registered Mail    Any piece that meets the size and weight dimensions of Letters, Flats, or Packets and bears a Registered label on the mail piece
- Xpresspost-USA    Any Document or Package which bears Xpresspost-USA identification, and which bears a Priority Mail logo and a Delivery Confirmation barcode, and which has the following dimensions:  
XpressPost-USA Documents are pieces which meet the same size and weight dimensions of Letters or Flats; and,  
XpressPost-USA Packages are pieces which meet the same size and weight dimensions of Packets or Parcels
- Expedited Parcel – USA    Any surface parcel corresponding to size limits as set forth in the Universal Postal Union Parcel Post regulations Article RC 115 and which has a weight of less than or equal to 30 kilograms
- EMS                See Attachment 3



# Merchandise Return Service



**ATTACHMENT 2  
SCANNING AND ON-TIME  
QUALITY OF SERVICE MEASUREMENT  
AND PAY-FOR-PERFORMANCE**

**A. OBJECTIVES:**

1. Provide incentives to encourage competitive levels of customer visibility for scanning of USPS northbound products and CPC's southbound products.
2. Agree on scanning performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each parties' products.
3. Provide incentives to encourage competitive levels of on-time service performance for delivery of USPS northbound products and CPC's southbound products.
4. Agree to on-time delivery performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each parties' products.
5. Both parties agree that they will provide treatment in the receipt, processing and delivery of postal traffic which is at least comparable to that provided to similar postal traffic from other postal administrations.
6. Both parties agree that they will give best efforts to unload, receive, process and deliver inbound international mail in accordance with operating plans for such international inbound mail.

**B. LETTER POST**

---

General Framework for Measurement and Compensation

The general framework for measurement and compensation of Letter Post products will be the UPU level Quality Link Measurement System (QLMS). Notwithstanding the possibility that this system will become known as the Global Monitoring System (GMS), this agreement will use the term QLMS to mean whichever system is currently in effect at the UPU level.

Product streams covered

1. Northbound Letter Post streams excluding M Bags and Registered Mail
2. Southbound Letter Post streams excluding M Bags, Registered Mail and Xpresspost-USA (documents)

Measurement of On-time Delivery

Measurement of on-time delivery of product in these streams will be based on application of the technical design for the QLMS system.

The delivery standards to be applied will also be those in effect for each of the parties at the UPU level.

Measurement of on-time delivery service performance for purposes of this agreement will be limited to product actually sent from the USPS to Canada Post, or from Canada Post to USPS. The parties may therefore require the production of reports by International Post Corporation (IPC) in order to apply the rules of the UPU level system only to the test items sent between the parties.

### Quality of Service Pay for Performance Financial Elements

Compensation for each year will be based in general on the application of the UPU QLMS compensation formula in effect for that year.

[REDACTED]

### **C. EMS**

---

#### General Framework for Measurement and Compensation

The general framework for measurement and compensation of EMS products will be that laid out in the UPU document known as "Taking EMS Forward – Pay-for-Performance Plan 2009, Version 1, and January 2009" (also called "the EMS Plan" below).

#### Product streams covered

1. Northbound EMS (also known as the USPS product called Express Mail International)
2. Southbound EMS (a future product under consideration by Canada Post, and not yet branded)

#### Measurement of Scan Performance

Measurement of scan performance will follow the methods of the EMS Cooperative for arrival scanning and for delivery scanning.

#### Measurement of On-time Delivery

Measurement of on-time delivery and on-time transmission of delivery scan data will follow the methods of the EMS Cooperative.

The delivery standards to be applied will also be those in effect for each of the parties with the EMS Cooperative.

However, the parties may agree to inclusion of additional offices for acceptance of inbound product, and in this case associated delivery standard information, LAT/CETs, etc. would need to be communicated to either the EMS Cooperative or IPC as appropriate to support the complete

tracking of this product in either direction. Seattle will be confirmed by the USPS as a legitimate point of entry for EMS from Canada, subject to continued Customs presence. The delivery standards to be applied will also be those in effect for each of the parties at the UPU level.

### Quality of Service Pay-for-Performance Financial Elements

Pay-for-Performance compensation for each year will be based in general on the application of the EMS plan referenced above.

Further exceptions to the EMS Plan will include:

- in light of the possible introduction by Canada Post of a Southbound EMS product during the period of this agreement, the pay-for-performance financial elements for this stream will commence on the first day of a quarter, such quarter to be preceded by a full quarter of operational dispatching from Canada Post to the USPS for this product.

### Determination of Penalties

The following text will modify the general application of Article 4, paras g and h:

Penalty values for settlement purposes for each stream (northbound or southbound) will be determined on a quarterly basis as follows:

- 1) If the measured scan performance percentage for the quarter is less than the scan threshold of [REDACTED] then the scan penalty will be determined as follows:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

- 2) If the measured on-time performance percentage for the quarter is less than the on-time threshold of [REDACTED], then the penalty will be determined as follows:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### Settlement of Penalties

[REDACTED]

## D. Parcel-related Products

### General Framework for Measurement and Compensation

Given that the parties wish to have relatively customized arrangements in place for these products, there will not be a general framework based on a third-party performance plan. However, to the extent that this attachment is silent on a particular matter of interest, the parties may jointly agree to apply measures already in place at the UPU level for Parcel services in such instances or to pursue third-party options.

### Product streams covered

1. Northbound Air Parcels (also known as the USPS product called Priority Mail International)
2. Southbound Xpresspost-USA (including for purposes of pay-for-performance application to financial elements of this attachment a single stream that includes Xpresspost-USA Packages and Xpresspost-USA Documents)
3. Southbound Expedited Parcel USA

It is noted that Canada Post may choose to move its present Xpresspost-USA product into a new Southbound stream known as “EMS”.

In similar fashion, Canada Post may choose to move its present Expedited Parcel-USA product into the streams known today as Xpresspost-Packages and Xpresspost-Documents.

The distinguishing operational feature required to support the smooth application of performance measurement in all such situations will be the use of proper barcodes for each stream as described below.

### Measurement of Scan Performance

#### Basis for measurement

Scan performance for Air Parcel products (Southbound Xpresspost-USA and Northbound Air Parcels) will be measured [REDACTED]

[REDACTED] Scan performance for Southbound Expedited Parcels will be measured [REDACTED]

[REDACTED] The latter measure will be [REDACTED] when the items arrive at an exchange office that processes priority parcels.

#### Scan Bar-code Label Prefixes

Scan performance for these bar coded products will be measured based on the population of items for each product using product-specific prefixes on bar codes as listed below:

<b>Product</b>	<b>Product Specific Prefixes on Barcodes</b>
NB Air Parcel	Ca* (*a = any alpha character ranging from A to Z)
SB Xpresspost	LE or CE
SB Expedited Parcel-USA	CX

Potential shift of Xpresspost-USA to the USPS Express Mail stream and Expedited Parcel-USA shift to the USPS Priority Mail stream will result in the following usage of product prefixes on the bar codes after such a shift:

SB Xpresspost (currently LE or CE prefix)	change to Express Mail stream with E* prefix (*a = any alpha character ranging from A to Z)
SB Expedited Parcel-USA (currently CX prefix)	change to Priority Mail stream with CX prefix

#### **Exclusion of Return to Sender items**

Measurement reports will be designed to ensure the exclusion of Return to Sender items or such other items as are not in conformity with the bar-coding prefixes described above.

#### **Minimum data transmission quality expectations**

The sending party must transmit "C" scans in each quarter for [REDACTED], failing which the financial elements as described below for that product stream will not be applied for that quarter.

#### **Performance reporting frequency**

Performance reports will be produced on a monthly basis to support diagnostic activity and to support pay-for-performance. However, as noted later, pay-for-performance penalties will be determined on a quarterly basis, and quarterly reports will be used to support this activity.

#### **Cut-off time interval for inclusion of delivery scan data in the measurement reports**

In light of the requirement to match delivery scan data to its associated arrival or dispatch scan data for surface parcels, and in light of the existence of surface as well as air products under measurement in this section, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

#### **Right to retransmit scan event data**

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting, that party may with notice to the other party re-transmit the missing or incorrect scan event data. The parties will agree a suitable time interval --30 days after the issuance of the associated monthly performance measurement report -- to discover any such failure and file notice with the other party after which such re-transmission will no longer be permitted.

#### **Diagnostic measurement and reporting frequency**

The parties will conclude arrangements at the earliest opportunity with the International Post Corporation (IPC) to refine and provide scan quality measurement reports for all products on a monthly frequency, starting with January 2010. The parties will establish with IPC the deadlines for production of such reports, and the support that IPC may require in order to adhere to these deadlines.

#### **Financial Elements for Scan Quality Pay-for-Performance**

##### **Pay-for-Performance measurement and reporting frequency**

The parties will conclude at the earliest opportunity arrangement with IPC to refine and provide measurement reports for all of these same products on a quarterly frequency, starting with the period of January to March, 2010. These reports will be designed in principle on the same bases

as the monthly reports described above, but with a different time interval applied. The parties will establish with IPC the deadlines for production of such reports, and the support that IPC may require in order to adhere to these deadlines.

**Target threshold to be met**

For each of the products, the scan target threshold to be met each quarter is [REDACTED].

**Penalty Formula/Frequency**

The penalty to be assessed for each product for each quarter will be determined as follows:

- 1) if the actual measured scan performance percentage for the quarter is below the target threshold by [REDACTED] then the penalty will be:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Penalty Settlement**

Penalties will be assessed as a reduction to amount previously billed and paid for that quarter. Any quarterly penalty values will be settled and credited as part of the annual year-end settlement process.

**Measurement of On-time Delivery**

**Basis for measurement**

On-time delivery performance will continue to be measured for these products based on the proportion of items which [REDACTED] [REDACTED] subject to any exclusions indicated below.

**Delivery standards to be applied**

In principle, the delivery standards to be applied will be the delivery standards published by either party for equivalent air or surface parcel products at the UPU level subject to the following exception:

For all parcel products where either party does not have UPU level Parcel delivery standards for a particular agreed-upon point of entry, delivery standards equivalent to what would otherwise be provided as UPU delivery standards will be confirmed for these points of entry Each party will advise the other party of its delivery standards for these points of entry prior to February 1, 2010.

### **LAT/CET's**

The parties will notify a set of Latest Arrival Times (LAT's) and Critical Entry Times (CET's) for each product at each office of entry for use starting January 1, 2010, such notice to be provided to the other party prior to February 1, 2010. Thereafter, either party may notify a modified set of LAT's or CET's directly to the other party, with such notice to take effect on the first day of the second month following such notice, subject to mutual agreement of such modifications.

### **Stopping the clock while in Customs**

The principles to be applied for stopping the clock for time in Customs will be the same as would be applied for UPU Parcel services

### **Stopping the clock for Force Majeure**

The principles to be applied for stopping the clock for reasons of Force Majeure will be the same as would be applied for UPU Parcel services.

### **Stopping the clock for non-operating days**

The principles to be followed for stopping the clock for non-operating days will be the same as would be applied for UPU Parcel services.

### **Exclusion of Remote Locations**

The parties will agree a set of "remote location" postal codes/zip codes for which measurement of on-time performance will not occur, provided always that such lists represent [REDACTED] of all postal codes/zip codes otherwise being measured, and provided that such lists are supported by an explicit description of the rationale for exclusion (e.g., less-than-5(-or-6)-day delivery to this location).

### **Exclusion of Return to Sender items**

Measurement reports will be designed to ensure the exclusion of Return to Sender items or such other items as are not in conformity with the bar-coding prefixes described above.

### **Right to retransmit scan event data**

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting, that party may with notice to the other party re-transmit the missing or incorrect scan event data. The parties will agree a suitable time interval --30 days after the issuance of the associated monthly pay-for-performance measurement report -- to discover any such failure and file notice with the other party after which such re-transmission will no longer be permitted.

### **Cut-off time interval for inclusion of delivery scan data in the measurement reports**

In light of the requirement to match delivery scan data to its associated arrival scan data, and in light of the existence of surface as well as air products under measurement in this section, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

**Diagnostic measurement and reporting frequency**

The parties will conclude arrangements at the earliest opportunity with the International Post Corporation (IPC) to refine and provide on-time delivery measurement reports for all products on a monthly frequency, starting with January 2010. The parties will establish with IPC the deadlines for production of such reports, and the support that IPC may require in order to adhere to these deadlines.

**On-Time Quality Pay-for-Performance Financial Elements**

**Pay-for-Performance measurement and reporting frequency**

The parties will conclude at the earliest opportunity arrangement with IPC to refine and provide measurement reports for all of these same products on a quarterly frequency, starting with the period of January to March, 2010. These reports will be designed in principle on the same bases as the monthly reports described above, but with a different time interval applied. The parties will establish with IPC the deadlines for production of such reports, and the support that IPC may require in order to adhere to these deadlines.

**Target threshold to be met**

For each of the products, the on-time target threshold to be met each quarter is [REDACTED].

An exception will be made for Southbound Expedited Parcel for the year 2010, where an on-time target threshold of [REDACTED] will be applied.

**Penalty Formula/Frequency**

The penalty to be assessed for Northbound Air Parcel and Southbound Xpresspost-USA products for each quarter will be determined as follows:

- 1) if the actual measured on-time delivery performance percentage for the quarter is below the target threshold by [REDACTED] then the penalty will be:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 3) at such time as Southbound Expedited Parcels-USA are dispatched to USPS for delivery through the Priority Mail network, then the penalties will be applied based on the formula above.

The penalty to be assessed for Southbound Expedited Parcel-USA products dispatched to travel in the USPS non-priority network for each quarter will be determined as follows:

- 1) if the actual measured on-time delivery performance percentage for the quarter is below the target threshold [REDACTED] then the penalty will be:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 3) at such time as Southbound Expedited Parcels-USA are dispatched to USPS for delivery through the Priority Mail network, then the penalties will be applied based on the formula above for Northbound Air Parcels and Xpresspost-USA.

**Penalty Settlement**

Penalties will be assessed as a reduction to amount previously billed and paid for that quarter. Any quarterly penalty values will be settled and credited as part of the annual year-end settlement process.

Appendix "A" – Pay-for-Performance table.

---

**CPC - USPS Contractual Bilateral Agreement 2010-2011**

Attachment 2 - Appendix A

December 23, 2009

**Scanning and On-Time Quality of Service and Pay for Performance**

	<b>EMS (SB/NB)</b>	<b>NB Air Parcels / SB XP-USA</b>	<b>SB Expedited Parcels</b>	<b>Letter Post (NB/SB)</b>				
<b>Pricing Elements</b>								
Pricing Basis (Delivery Confirmation Bundling)	Price includes all features	Price includes all features	Price includes all features	NA				
<b>Scanning Elements</b>								
Included Scans								
Performance Target Threshold								
Measure								
Payment for items w/ missing scans and below threshold ("failures")								
<b>On-Time Elements</b>								
Categories Included								
Delivery Standards								
Holiday Exclusion Treatment								
Remote Location Treatment								
LAT / CETs								
Data Transmission Standards								
Performance Target Threshold								
Delivery time measure								
Payment for items late and below threshold ("failures")								
<b>Reporting Elements</b>								
Diagnostic Reporting Frequency								
P4P Calculation Frequency								
Invoicing Frequency								

\*\*

Lists of LATs and CETs still to be exchanged (including sites such as Seattle/off UPU network)



**Standard EMS Agreement on the International Exchange of EMS Items between Postal EMS Operators**

**Table of Contents**

Preamble .....	2
Article 1 Purpose of the Agreement.....	2
Article 2 Definitions.....	2
Article 3 Bilateral Agreements .....	2
Article 4 Revision of the Agreement .....	3
Article 5 Eligibility.....	3
Article 6 EMS Operators' responsibilities.....	3
Article 7 EMS Operational Guide.....	3
Article 8 Service standards.....	3
Article 9 (omitted).....	4
Article 10 Prohibitions.....	4
Article 11 Limits of weight and size .....	4
Article 12 Treatment of items wrongly accepted.....	4
Article 13 Items arriving out of course and to be redirected.....	5
Article 14 Undeliverable items.....	5
Article 15 Inquiries.....	5
Article 16 Reporting requirements.....	5
Article 17 Quality control and improvement .....	5
Article 18 Delivery payment systems and rates.....	6
Article 19 Accounting and settlement .....	6
Article 20 Charges and fees to be collected from the addressee.....	6
Article 21 Protection of EMS items .....	6
Article 22 Delivery irregularities .....	7
Article 23 Subcontracting.....	7
Article 24 Emergencies.....	7
Article 25 Suspension of Agreement .....	8
Article 26 Application of the UPU Convention.....	8
Article 27 Detailed Regulations.....	8
Article 28 Additional rules and regulations.....	8
Article 29 Entire Agreement.....	8
Article 30 Arbitration.....	8
Article 31 Entry into force and duration .....	9
Article 32 Failure to comply with Agreement .....	9
Article 33 Nature of Agreement.....	9
Attachment 1 – Removed.....	10
Attachment 2 .....	10



## **Preamble**

The list of EMS operators published in the EMS Cooperative website ([www.ems.coop](http://www.ems.coop)) have adopted this Agreement and its Regulations as the basis for the exchange of EMS items between EMS operators in accordance with Letter Post Regulations – Section L – Article 14 – item 1.2. This Agreement for the exchange of EMS items accepted by all EMS Cooperative members and those non-members which are signatories to it, shall therefore normally form the legal basis for the exchange of EMS items between the signatories, without any further requirement (except as provided in Article 3 below).

## **Article 1 Purpose of the Agreement**

The purpose of this Agreement is to establish terms and conditions, including detailed regulations which shall entirely govern the exchange of EMS items between the EMS Operators who have signed it (list of signatories published in the EMS Cooperative website ([www.ems.coop](http://www.ems.coop))).

## **Article 2 Definitions**

As used herein the following terms shall have the indicated meanings:

- A. "EMS items" means mail items as defined by Letter Post Regulations – Section L – Article 14 – item 1.2. An EMS item may contain documents or merchandise or both.
- B. "EMS Operator" means the entity designated by an EMS Operator to provide EMS service. "Origin Operator" is used in the Agreement to designate an EMS operator which has tendered an item or dispatch to another operator for delivery. "Delivery Operator" is used in the Agreement to designate an EMS operator which has accepted an EMS item or dispatch from another operator for delivery.
- C. "Convention" means the Universal Postal Convention adopted by the Congress of the Universal Postal Union from time to time.
- D. "Regulations" means those Articles setting out procedures and other information relevant to the implementation of this Agreement by EMS Operators (i.e. Articles 101 to 147).
- E. "Receptacle" means a bag, sack, container or other device in which EMS items are enclosed.
- F. "Dispatch" means one or more receptacles containing EMS items tendered collectively by the Origin Operator to the Delivery Operator.
- G. "Rugby System for International Inquiries" means the Internet based system used by EMS Cooperative members to make inquiries concerning the status of EMS items.
- H. "EMS Pay-for-performance" means the Plan used by EMS Cooperative members to link quality of service with payment, as amended in this bilateral agreement and noted in Main Agreement Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay for Performance.

## **Article 3 Bilateral Agreements**

- A. Should any EMS operator which is a signatory to this agreement wish – for legal, regulatory or commercial reasons – to formally base the exchange of international EMS items on bilateral agreements/contracts with certain other signatories, it may do so provided that any such bilateral agreements are as far as possible in the standard form specified in attachment 2 to this Agreement in order to ensure that all international exchanges of EMS items between the signatories to this Agreement are entirely based on its Articles and Regulations.



- B. Signatories to this Agreement should also – as far as possible – use the concise standard bilateral agreement specified in attachment 2 as the basis for the exchange of EMS items with non-signatories to this agreement with the aim of maximizing the coverage of the standardized EMS service provided by the terms of this Agreement.

#### **Article 4 Revision of the Agreement**

- A. The EMS Cooperative, being the structure charged initially by 1999 Beijing Congress Resolution C 83 “*to assume full competence for all operational, commercial, technical and economic matters concerning EMS*”, and confirmed by 2004 Bucharest Congress Resolution C 61, may make additions or amendments to this Agreement and its Regulations through its annual General Assembly or in other ways which may be prescribed in the Statutes of the EMS Cooperative.
- B. Such changes shall normally become effective on the first day of the calendar year following their adoption by the Cooperative.
- C. Any signatory to this Agreement which finds that it is unable to implement or to comply with the amended Agreement may withdraw from the date of the implementation of the changes. Advance notice of its intention to withdraw from the Agreement should normally be provided by the operator concerned to the EMS Unit at least one month beforehand.

#### **Article 5 Eligibility**

Any EMS Operator which provides an inward and/or outward international EMS service shall be eligible to be a Signatory to this Agreement provided that it fulfils the following requirements:

- i. In the case of an EMS operator providing an outward international EMS service, use of the UPU’s standard EMS identifier and barcode and the EMS logo on all its outward EMS items.
- ii. Provision to the EMS Unit and maintenance of an up-to-date entry for the EMS Operational Guide.
- iii. Possession and continuous operation of an EMS tracking system (for all EMS operators receiving annual delivery traffic in excess of 5,000 items) OR undertaking to implement such a system within a specified period to be agreed with the EMS Cooperative.

#### **Article 6 EMS Operators’ responsibilities**

Both Origin and Delivery Operators shall faithfully perform each of the tasks assigned to them in the Agreement and its Regulations.

#### **Article 7 EMS Operational Guide**

- A. All EMS Operators shall regularly furnish and keep up to date all information required by the EMS Unit for their entries in the EMS Operational Guide.
- B. The EMS Unit shall regularly provide a copy of the EMS Operational Guide to all Cooperative members and other EMS Operators, and shall also make the Guide available on its website to members free of charge.

#### **Article 8 Service standards**

- A. Delivery Operators shall establish a scheduled pattern of service for inward EMS items, on the basis of delivery zones and location indicators (as defined in Article 123 of the Regulations) and shall publish EMS Delivery Standards for incoming EMS dispatches in the EMS Operational Guide for each of its designated EMS Offices of Exchange.



- B. The pattern of service established by Delivery Operators, and the associated Delivery Standards published in the EMS Operational Guide, are to be considered as a minimum and the Delivery Operator will endeavour to improve them whenever possible.
- C. Updated standards shall be regularly submitted by the Delivery Operator to the EMS Unit of the International Bureau for publication in the EMS Operational Guide.

**Article 9 (omitted)**

**Article 10 Prohibitions**

- A. The parties acknowledge that, in accordance with Article RL 253 of the UPU Letter Post Regulations, to which their countries are parties, certain provisions of the UPU Convention concerning prohibitions provide limitations on the insertion of articles in EMS items.
- B. Each Delivery Operator shall communicate to the International Bureau of the UPU for publication in the UPU List of Prohibited Articles, IB circulars, or the EMS Operational Guide necessary information concerning Customs or other regulations affecting inward EMS items as well as prohibitions or restrictions governing entry of postal items in its service.
- C. Origin Operators should inform customers of prohibitions applicable to the insertion of articles in EMS items as provided for by the UPU Convention and List of Prohibited Articles, and by the legislation of the country of origin and of countries of destination.
- D. Origin operators shall inform EMS customers that it is prohibited to enclose coins, banknotes, currency notes or securities of any kind payable to the bearer, traveler's cheques, platinum, gold or silver, precious stones, jewels or other valuable articles in uninsured EMS items. Radioactive materials, perishable biological substances and infectious substances defined in the UPU Convention shall not be admitted in the EMS service.

**Article 11 Limits of weight and size**

- A. EMS items shall be admitted up to a maximum weight of 30 kg. In addition, EMS items shall not normally exceed 1.50 metres for any one dimension or 3 metres for the sum of the length and the greatest circumference measured in a direction other than length.
- B. The exchange of EMS items whose individual weight exceeds 30 kg shall be optional, at the discretion of delivery operators, with a maximum weight of 50 kg.
- C. Any Delivery Operator which does not apply the standards in Article 11A or which is willing to accept oversize items, or overweight items as provided for in Article 11B, shall notify the EMS Unit of the International Bureau of the UPU, for publication in the EMS Operational Guide, the size and weight limits it applies for inbound EMS items.

**Article 12 Treatment of items wrongly accepted**

- A. When an item containing an article prohibited under Article 10 has been wrongly admitted to the post, the prohibited article shall be dealt with according to the legislation of the country of the operator establishing its presence.
- B. When the weight or the dimensions of an item exceed the limits defined in Article 11 and the regulations of the Delivery Operator do not permit delivery, it shall be treated as an undeliverable item and the procedures specified in Article 120 of the Regulations shall be applied. If, however, the regulations of the Delivery Operator do permit the delivery of EMS items exceeding the weight or size limits defined in Article 11, the item should be delivered to the addressee. In such cases the Delivery Operator shall be entitled to claim a supplementary charge, the amount of which shall be published in the EMS Operational Guide, which shall not exceed 50% of its normal delivery payment rate.



- C. When a wrongly admitted item is neither delivered to the addressee nor returned to origin, the Origin Operator shall be informed how the item has been dealt with and of the restriction or prohibition which required such treatment. The E2 Verification Note (annex 2 of the Regulations) may be used for this purpose. Additional charges incurred by the Delivery Operator in the treatment of such items shall be at the cost of the Origin Operator.

#### **Article 13 Items arriving out of course and to be redirected**

- A. EMS items arriving out of course shall be redirected to their final destination by the same route as is used by the transit operator to send its own items. The transport costs shall be reimbursed by the Origin Operator in accordance with the Regulations.
- B. For forwarding items misdirected to the Delivery Operator by the Origin Operator, the Origin Operator will pay the Delivery Operator the cost of transportation.
- C. Neither the Delivery Operator nor the Origin Operator is responsible for the cost of returning items sent in error by the sender, or items misdirected by the sender to the addressee. Any cost associated with return shall normally be the responsibility of the sender unless the addressee opts to pay for the return of the item.

#### **Article 14 Undeliverable items**

Undeliverable items shall be treated by Delivery Operators in accordance with Article 120 of the Regulations and disposed of accordingly.

#### **Article 15 Inquiries**

- A. Delivery Operators shall make suitable arrangements for the prompt treatment of inquiries from Origin Operators, senders or addressees relating to inward EMS items in accordance with Article 136 of the Regulations.
- B. Inquiries shall be accepted only within a period of four (4) months from the date on which the item was posted.
- C. This article does not authorize routine requests for confirmation of delivery.

#### **Article 16 Reporting requirements**

- A. All Delivery Operators which have tracking systems will record in electronic form and transmit to the Origin Operator via the GXS or POST\*Net networks the tracking event data specified in the Regulations at the required times.
- B. EMS Operators will be required to make event data transmitted available to a third party designated by the EMS Cooperative for the purpose of monitoring quality of service performance and the quality of the event data itself.
- C. All EMS Operators shall agree to receive all tracking event messages transmitted to them by all other parties to this Agreement.
- D. The format and message syntax to be used in the exchange of EMS event data between operators shall be those specified in the Article 132 (132.1 to 132.8)

#### **Article 17 Quality control and improvement**

- A. All EMS Operators shall make every possible effort to improve their achievement of service standards, including maintaining a programme of quality control.
- B. Delivery Operators shall cooperate with Origin Operators when they conduct quality control testing of the service being rendered by the Delivery Operator.



- C. All parties to this Agreement are jointly committed to ensure that the service levels required are provided in accordance with the terms and conditions of the Agreement and its Regulations. Furthermore, the parties are committed to develop the service jointly where possible with the goal of improving the quality of service, reducing costs incurred in providing the service and any other process improvements to the mutual benefit of the parties.

#### **Article 18 Delivery payment systems and rates**

The rates to be applied for delivery of EMS items are set out in a separate attachment (Main Agreement Attachment 1 Rates).

#### **Article 19 Accounting and settlement**

- A. The procedure for settlement of accounts shall be as follows:
  - (a) an invoice shall be prepared monthly by the Delivery Operator, showing:
    - i. the total number and weight of EMS items received;
    - ii. the charge payable per item and per kilogram in accordance with Article 18 of the Agreement;
    - iii. the total charge payable
  - (b) consistent with the USPS/CPC settlement agreement, the invoice will be an electronic upload to the appropriate GXS mail box and will occur the Sunday following the second Saturday of the month and consist of an overall summary level (of all products), as well as Origin-Destination summary level.
  - (c) after verifying the invoice, within thirty (30) days, the Origin Operator returns a copy with payment to the Delivery Operator. Should the Origin Operator wish to dispute the invoice, a copy of the invoice duly amended is to be returned to the Delivery Operator within those same thirty (30) days. If the Delivery Operator disputes the amendments, it will confirm the actual data by sending data from the PREDESv2 records to the Origin Operator. If the Delivery Operator has not received notice of amendment or acceptance within 30 days from the date of invoicing, the account is regarded as fully accepted.
  - (d) Payment terms will be consistent with the USPS/CPC settlement process and shall be made 30 days after receipt or next business day if the 30 days after receipt falls on a weekend or a holiday.

#### **Article 20 Charges and fees to be collected from the addressee**

- A. Each Delivery Operator shall be authorized to collect from the addressee the customs duty and other applicable non-postal fees, if any, payable on each item it delivers and to charge for the collection of such fees. Delivery Operators shall indicate what kind of charges they will collect from addressees prior to the conclusion of this Agreement. Any standard non-postal fees or postal charges for collection should be notified in the EMS Operational Guide.
- B. EMS Operators may collect only the rates, charges, and fees provided for under this Agreement.

#### **Article 21 Protection of EMS items**

- A. The Delivery Operator must protect and safeguard EMS items from loss, depredation, or damage while they are in its custody or control. The Delivery Operator must prevent unauthorized persons from having access to EMS items. The Delivery Operator must transport EMS items on the ground and in the air in securely closed containers, or vehicles.
- B. The Delivery Operator shall, except as otherwise specifically required by law, preserve the secrecy of correspondence contained in EMS items.



- C. The Delivery Operator shall not disclose or use, except in the performance of this Agreement or as required by law, the name or address of any EMS sender or addressee obtained in the performance of this Agreement without the written approval of the Origin Operator.

## **Article 22 Delivery irregularities**

Except as otherwise provided in this Agreement, the following actions or failures to act by the Delivery Operator are irregularities under this Agreement:

- i. Refusal  
Refusal or failure to accept EMS items as specified in this Agreement.
- ii. Misdirection  
Misdirecting an EMS item to a destination other than the destination to which it is addressed, unless the misdirection is the result of following directions placed on a receptacle by the Origin Operator.
- iii. Delayed delivery  
Failure to tender EMS items to the addressee for delivery in accordance with the measurable service standards defined in the EMS Operational Guide, and validated by the EMS Cooperative.
- iv. Failure to protect  
Failure to protect and safeguard EMS items from depredation or other hazards while in the Delivery Operator's custody or control. This includes failure to prevent unauthorized persons from having access to EMS items, and failure to transport EMS items on the ground or in the air in securely closed containers, or other vehicles.
- v. Failure to report  
Failure to transmit tracking or delivery status data as required by Article 16 of this Agreement and Articles 121 and 133 of the Regulations unless it is impossible to transmit for reasons outside the control of the Delivery Operator.
- vi. Failure to respond  
Failure to respond to inquiries from Origin Operators within the period of time specified in Article 136 of the Regulations.
- vii. Failure to return  
Failure to promptly return undeliverable items within 3 days after the expiry of the holding period as specified in Article 120 of the Regulations.

## **Article 23 Subcontracting**

- A. The Delivery Operator may subcontract work associated with customs clearance, transport or delivery of EMS items provided that the terms and conditions of this Agreement and its Regulations are fully observed and fulfilled.
- B. Payment of any subcontractor shall be the sole responsibility of the Delivery Operator.

## **Article 24 Emergencies**

Nothing herein shall prohibit the Delivery Operator from taking temporary measures to maintain service in emergencies. In such circumstances notification of the nature of the emergency liable to disrupt EMS service and details of any material measures taken by the Delivery Operator must be notified by telephone, e-mail or fax to the EMS Unit within 24 hours of such action being taken. The probable duration of the emergency should also be advised where possible. The same procedure shall be applied when the suspended EMS services are resumed after the conclusion of the emergency.



#### **Article 25 Suspension of Agreement**

- A. If a Delivery Operator is unable to perform this Agreement in whole or in part, for reasons beyond its control, such as acts of God, force majeure, acts of governments or governmental agencies (does not include disputes between the Delivery Operator and airport authorities or noise abatement restrictions), the Agreement may be suspended by the Delivery Operator, in whole or in part, for such reasonable time as it takes for service to be restored. Any other article of this Agreement notwithstanding, an Origin Operator may obtain alternative services from a third party during periods when a Delivery Operator is unable to perform this Agreement (see also C below).
- B. Any Delivery Operator suspending the Agreement in such circumstances must inform other EMS operators concerned and the EMS Unit of such suspension and of the resumption of service within 24 hours of such action being taken. Notification should be by telephone, e-mail or fax.
- C. An Origin Operator may also at any time obtain alternative services from a third party when – in the opinion of the Origin Operator – a Delivery Operator is incapable of providing an acceptable EMS delivery service, either as a result of inadequate published standards or pattern of service, or of delivery irregularities as specified in Article 22 above. In such cases an Origin Operator shall immediately inform the EMS Unit, and the Delivery Operator, of the action taken and of the reasons for it, so that the EMS Board may consider whether action under Article 32 of the Agreement is required.

#### **Article 26 Application of the UPU Convention**

The Parties acknowledge that, in accordance with Article RL 253 of the UPU Letter Post Regulations, to which their countries are parties, aspects of EMS not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union.

#### **Article 27 Detailed Regulations**

Details of implementation of this Agreement shall be governed by its Regulations.

#### **Article 28 Additional rules and regulations**

Each EMS operator is authorized to adopt implementing rules and regulations for its internal operation of the service not inconsistent with this Agreement or its Regulations.

#### **Article 29 Entire Agreement**

This Agreement shall constitute the entire Agreement between the parties for the provision of this service. Any prior understanding or representation of any kind between signatories to this Agreement preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement

#### **Article 30 Arbitration**

Any dispute which arises between signatory EMS Operators concerning the interpretation or application of this Agreement and its Regulations which cannot be resolved by the Operators concerned to their mutual satisfaction shall be settled by arbitration. The arbitrators shall be two nominated members of the EMS Cooperative Board (excluding any Board member whose EMS



Operator may be a party to the dispute) and the Manager of the EMS Unit, assisted by the Legal Advisor to the EMS Cooperative/or the Legal Advisor to the UPU in an advisory capacity (non-voting).

### **Article 31 Entry into force and duration**

- A. This Agreement and the associated Regulations form an integral part of the Agreement. This Agreement takes effect on January 1, 2010.
- B. The EMS Cooperative Pay-for-Performance Plan 2009, version 1 January 2009, is an integral part of the Agreement. All conditions of the EMS Cooperative Pay-for-Performance Plan 2009 are associated with this Agreement except where noted in Main Agreement Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay for Performance.

### **Article 32 Failure to comply with Agreement**

- A. Operators which have signed this Agreement, but which subsequently fail to meet the eligibility criteria set out in Article 5 within the time limits specified – or which have ceased for a period of at least three (3) months to meet these criteria – will be asked by the EMS Unit to provide reasons for this failure and a guarantee to remedy the deficiencies identified within a specified time-span (not exceeding two (2) months).
- B. Delivery Operators which are consistently responsible for irregularities as specified in Article 22 of the Agreement may also be required by the EMS Unit to explain the reasons for such failures.
- C. The case of any operator failing to comply with the terms of the Agreement with regard to eligibility (A above), or responsible for repeated irregularities (B above), shall be drawn to the attention of the EMS Cooperative Board by the EMS Unit for consideration at its next meeting.
- D. In such cases the Board shall decide:
  - i. whether the operator in question should continue to be considered an eligible signatory to the Agreement;
  - ii. that, where appropriate, a solicitation should be launched by the EMS Cooperative to find an EMS delivery partner which will be able to provide the facilities and standards of service required.

### **Article 33 Nature of Agreement**

Both signatories acknowledge that this instrument sets out the terms and conditions of a mail exchange arrangement and is not an agreement entered into or subject to international law. This Agreement is only binding on the signatories and it is not binding on their governments.



**Attachment 1 – Removed**

**Attachment 2**

**Table: Differences applied and article references**

Please, indicate below which articles in the EMS Standard Agreement are reference base for the bilateral agreement and also add the description language on the bilateral change agreed:

<b>Article reference in the EMS Standard Agreement</b>	<b>Description of agreed change related to the EMS Standard Agreement to be applied on bilateral basis between the EMS Operators A and B signatories of the EMS Standard Agreement</b>
2	Under H.: Revise to read as follows: “EMS Pay-for-Performance” means the Plan used by EMS Cooperative members to link quality of service with payment, as amended in this bilateral agreement and noted in Main Agreement Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay for Performance.
3	Remove the following part: C. Any proposed bilateral agreements on EMS between signatories to this Agreement should be notified to the EMS Unit, which should be informed of any provisions of such agreements which are different from or additional to those included in this Agreement and its Regulations.
9	This Article and all related Regulations concerning liability do not apply.
10 A	Revise to read as follows: A. The parties acknowledge that, in accordance with Article RL 253 of the UPU Letter Post Regulations, to which their countries are parties, certain provisions of the UPU Convention concerning prohibitions provide limitations on the insertion of articles in EMS items.
18	Revise to read as follows: The rates to be applied for delivery of EMS items are set out in a separate attachment (Main Agreement Attachment 1 Rates).
19	Revise to read as follows: A. The procedure for settlement of accounts shall be as follows: (a) an invoice shall be prepared monthly by the Delivery Operator, showing: i. the total number and weight of EMS items received; ii. the charge payable per item and per kilogram in accordance with Article 18 of the Agreement; iii. the total charge payable (b) consistent with the USPS/CPC settlement agreement, the invoice will be an electronic upload to the appropriate GXS mail box and will occur the Sunday following the second Saturday of the month and consist of an overall summary level (of all products), as well as Origin-Destination summary level. (c) after verifying the invoice, within thirty (30) days, the Origin Operator returns a copy with payment to the Delivery Operator. Should the Origin Operator wish to dispute the invoice, a copy of the invoice duly amended is to be returned to the Delivery Operator within those same thirty (30) days. If the Delivery Operator disputes the amendments, it will confirm the actual data by sending data from the PREDESv2 records to the Origin Operator. If the Delivery Operator has not received notice of amendment or acceptance within 30 days from the date of



	<p>invoicing, the account is regarded as fully accepted.</p> <p>(d) Payment terms will be consistent with the USPS/CPC settlement process and shall be made 30 days after receipt or next business day if the 30 days after receipt falls on a weekend or a holiday.</p>
20	<p>Revise to read as follows:</p> <p>B. EMS Operators may collect only the rates, charges, and fees provided for under this Agreement.</p>
26	<p>Revise to read as follows:</p> <p>The Parties acknowledge that, in accordance with Article RL 253 of the UPU Letter Post Regulations, to which their countries are parties, aspects of EMS not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union.</p>
29	<p>Revise to read as follows:</p> <p>This Agreement shall constitute the entire Agreement between the parties for the provision of this service. Any prior understanding or representation of any kind between signatories to this Agreement preceding the date of this Agreement (to include any commercial law agreements between the parties, but not any agreements purporting to be executed under international law) shall not be binding upon either party except to the extent incorporated in this Agreement</p>
31	<p>Revise to read as follows:</p> <p>A. This Agreement and the associated Regulations form an integral part of the Agreement. This Agreement takes effect on January 1, 2010.</p> <p>B. The EMS Cooperative Pay-for-Performance Plan 2009, version 1 January 2009, is an integral part of the Agreement. All conditions of the EMS Cooperative Pay-for-Performance Plan 2009 are associated with this Agreement except where noted in Main Agreement Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay-for-Performance.</p>
33	<p>Add Article 33 to read as follows:</p> <p>Both signatories acknowledge that this instrument sets out the terms and conditions of a mail exchange arrangement and is not an agreement entered into or subject to international law. This Agreement is only binding on the signatories and it is not binding on their governments.</p>

**Table: Differences applied and article references for EMS Pay-for-performance Plan:**

3	Removed
4	Paragraph a removed
4	Paragraph g: % delivery charge paid for penalized items below threshold – [REDACTED] Threshold – [REDACTED]
6	Paragraphs b, l, m, n, and o removed
8	Removed
9	Removed
10	Removed
Attachment 2	Pay-for-Performance Partners' Agreement Form removed

**ATTACHMENT 4**  
**MULTI-SERVICES AGREEMENT**  
**(for the provision of International Direct Entry,  
Domestic Entry, and Ancillary Services)**

This Agreement governs the terms and conditions of the services defined below provided by Canada Post Corporation (CPC) to the United States Postal Service (USPS). CPC and the USPS agree as follows:

**1.0 SERVICES**

1.1 Subject to the terms and conditions of this Agreement, Canada Post shall provide the services listed below.

1.1.1 "International Direct Entry Services" refers to:

- Addressed Admail™ (including Dimensional Addressed Admail)
- Publications Mail™
- Incentive Lettermail™ and single piece Lettermail™

The above are subject to Postal Customs Clearance upon entry into Canada.

1.1.2 "Domestic Entry Services" refers to:

- Business Reply Mail™
- Unaddressed Admail™
- Xpresspost™

Xpresspost™ and Unaddressed Admail™ are subject to commercial Customs clearance upon entry into Canada.

1.1.3 "Ancillary Services" refers to:

- Postal Box Rental
- Postal Box Clearing and Forwarding

The International Direct Entry Services, the Domestic Entry Services and the Ancillary Services are individually and collectively referred to in this Agreement as "the Services".

1.2 The Services will be subject to the requirements described in the Agreement. The Customer Guides shall be deemed to form part of this Agreement except as modified herein.

1.3 In the event of any conflict or inconsistency between the terms of this Agreement, including its appendices, and any documents incorporated herein by reference (other than the Canada Post Corporation Act or its regulations), the Agreement shall be read in the following order of priority, to the extent of the conflict or inconsistency:

- (a) the clauses of the main body of this Agreement (i.e., the provisions of this document),
- (b) the applicable Customer Guides (including the Canada Postal Guide),
- (c) Annex 1, 2, and 3,
- (d) the Price Sheets, and
- (e) All other documents.

1.4 This Agreement is made in accordance with, and subject to the provisions of the *Canada Post Corporation Act, R.S.C. 1985, c.10* and the Regulations made or continued there under, as amended.

- 1.5 Items meeting the requirements specified in this Agreement will not be subject to Article 26, paragraph 1 "Posting abroad of letter-post items" of the Universal Postal Convention of the 24<sup>th</sup> Congress held in Geneva.

## 2.0 DEFINITIONS

- 2.1 In this Agreement, the following terms shall have the corresponding meanings set out below:

**"Ancillary Services"** means those services described in Section 1.1.3.

**"Arriving Exchange Office"** means the Canada Post Office of Exchange located in Toronto, Ontario, Canada or such other Canada Post Office of Exchange the parties may agree to in writing.

**"Customer Guide"** means the Customer Guides or other documentation available from Canada Post from time-to-time which describes each of the Services listed in Sections 1.1.1 and 1.1.2, including any amendments thereto and all documents referenced therein (including, but not limited to, the Canada Postal Guide) and any amendments thereto. A copy of such documents is available at [www.canadapost.ca/customer\\_guides](http://www.canadapost.ca/customer_guides) or upon request.

**"Domestic Entry items"** means those mail items sent using the services described in Section 1.1.2 and which meet the applicable Service requirements. Such items (excluding the Business Reply Mail<sup>TM</sup>) are sent by the USPS to Canada and deposited with Canada Post at an approved Canada Post postal facility.

**"International Direct Entry items"** means those mail items sent using one of the services described in Section 1.1.1 and which meet the applicable Service requirements. Such items are sent by the USPS to Canada from an Originating Exchange Office and deposited with Canada Post at the Arriving Exchange Office, after receiving postal clearance.

**"Effective Date"** means the date the last party signs this Agreement.

**"Originating Exchange Office"** means an Office of Exchange located in the United States of America.

**"Originator"** means the person (e.g., company or other organization) that has intellectual property rights over the mail items (e.g., whose logo/brand may appear on/in the mail items), which are mailed in accordance with this agreement.

**"Service(s)"** means the Canada Post services, individually or collectively, described in Section 1.1

**"Shipment"** means each Deposit of items lodged by an Originator with the USPS, which meet the applicable Service requirement.

**"Term"** means the period set out in Section 9 of this Agreement.

- 2.2 Other terms not specifically defined in this Agreement have the meanings defined in the applicable Customer Guide, the Canada Postal Guide or other Canada Post publication of application to Customers generally.

### 3.0 GENERAL PROVISIONS FOR INTERNATIONAL DIRECT ENTRY ITEMS

#### 3.1 International Direct Entry Mail

International Direct Entry items mailed under this Agreement shall be treated as domestic items once inducted in the postal system in Canada and shall be delivered in accordance with Canadian service standards.

##### 3.2.1 Preparation, Samples and Deposit of Items Meeting Service

**Requirements:** The USPS shall ensure all items being deposited as a Shipment meet all the conditions for preparation, packaging, addressing and depositing requirements as outlined in this Agreement including in particular those applicable to the Service the Shipment is to qualify for (e.g. the approved Canadian postage indicia for the applicable Service). In accordance with each applicable Customer Guide, the USPS acknowledges it is responsible to provide samples for each Shipment.

Incentive Lettermail™ Guide

<http://www.canadapost.ca/tools/pg/customerguides/CGinplet-e.asp>

The mail preparation requirements for Incentive Lettermail can be found at the following link: <http://www.canadapost.ca/tools/pg/preparation/default-e.asp>

CPC classification requirements for Standard or Non Standard or Incentive Lettermail can be found at the following link: <http://www.canadapost.ca/tools/pg/standards/PSIm-e.pdf>

Incentive Lettermail must be inducted at any Letter Receipt Verification Office in Canada with an Order. The only acceptable proof of payment for Incentive Lettermail is postal indicia. CPC's postal indicia requirements can be found at the following link: <http://www.canadapost.ca/tools/pg/indicia/default-e.asp>

#### 3.3 Contracting Options

**Option A (Access to Discounts):** The USPS will be responsible to ensure each Originator who wishes to ship items pursuant to this Agreement completes such documentation as Canada Post may require for Publications Mail or Addressed Admail. In particular, each Originator will be responsible to complete and enter into the agreement with Canada Post for the applicable Service(s). Such Agreement with Canada Post will be the same as the standard agreements signed by Canada Post with its domestic customers. The "Bill To" information will identify either the Originator or the USPS and will be determined on a case-by case basis. The "Bill To" party will be liable for each such Shipment sent under this Agreement, including but not limited to payment and volume obligations. If the Originator is entitled to any rebates, such rebates will be paid directly to the "Bill To" address. Should the USPS be identified as the "Bill To" party, it will be responsible to make the necessary arrangements with the Originator with respect to such rebates.

**Option B (No discounts):** If the USPS wishes to take full responsibility for each Originator's shipment, it may ship qualifying Publications Mail or Addressed Admail, items under this Agreement at the Applicable Published Prices (e.g., standard non discounted "published" prices available to Canadian customers). Neither the USPS nor the Originator will be entitled to and waive all rights to any rebates or discounts that may otherwise be available. The USPS will be responsible to complete the applicable documentation and use the following customer agreement authorization number [REDACTED] on documentation along with the Originator name.

### 3.4 **Details of Dispatch for International Direct Entry Items**

3.4.1 The USPS agrees to comply with the dispatch information described in 3.4.2 below for each International Direct Entry Shipment. The USPS shall provide Canada Post with the name and address of the Originator of the International Direct Entry items, and provide the appropriate paperwork relevant to each Shipment being sent using the Electronic Shipping Tools. In the case of Option A of paragraph 3.3, the USPS agrees to include the Originator's name, customer number and agreement number. In the case of Option B of Paragraph 3.3, the USPS agrees to include the Originator's name and customer agreement authorization number. The USPS shall also indicate its customer number [REDACTED] as the "Mailed By" and "Paid By" party in the relevant documentation.

#### 3.4.2 Dispatch Information, Labels and Bills

##### 3.4.2.1 Use of Specific Dispatches for International Direct Entry items

- a) Specific dispatch types assigned by the UPU, such as AUH for items requiring priority airmail treatment in Canada and CUH for items requiring non-priority treatment in Canada (Addressed Admail and Publications Mail are non-priority services in Canada. CUH is required for these items.)
- b) All dispatches must be documented electronically in the UPU PREDES message format using AUH or CUH coding as noted in 3.4.2.1 (a) above.
- c) Each pallet or receptacle will bear a CN35 receptacle label with a PREDES message compatible bar code.

##### 3.4.2.2 Exchange Office

International Direct Entry items from the USPS may be dispatched to the:

- Montreal Exchange Office using the CAYMQA code
- Toronto Exchange Office using the CAYTOA code
- Vancouver Exchange Office using the CAYVRA code.

##### 3.4.2.3 Labels and Bills for International Direct Entry Items

Dispatches of International Direct Entry items must conform to UPU requirements for receptacle labels.

USPS and Canada Post do not exchange paper documents therefore Letter Bills will not be enclosed with the dispatches.

The practice of sequentially numbered dispatches, sequentially numbered receptacles, total dispatch weight via PREDES is required. Note that International Direct Entry shipments must not be documented on commercial air waybills.

Canada Post's Electronic Shipping Tools must be used for all customer manifesting and International Direct Entry mailings. A physical copy of the Electronic Shipping Tool documentation must be attached to each pallet or receptacle.

### 3.5 **Processing stream**

The type of mail containerization / receptacle as well as the receptacle disposition and returns shall be as provided for in the applicable Customer Guide and related documents unless otherwise mutually agreed to.

### 3.6 **Electronic message exchanges**

The USPS shall send a standard UPU-format PREDES message for International Direct Entry dispatches. Canada Post shall provide an electronic confirmation of receipt in a standard UPU-format RESDES message.

### 3.7 **Mailings that do not meet Applicable Requirements**

Please replace the above with: The following replaces Section 5 (5.1 – 5.5) in the applicable Communications Guide and Section 8.3.5 in the Parcel Services Guide, under the General Terms and Conditions section entitled “Criteria for Qualification”:

International Direct Entry mailings presented for mailing to CPC may be verified to determine compliance with the applicable terms and conditions.

In the event that Canada Post determines any item or mailing is not in compliance with the requirements for the designated type of service set out in the Agreement (or with the *Canada Post Corporation Act* and *Regulations*), Canada Post will discuss with the USPS alternatives including:

- (a) how to make the order documentation and/or Shipment compliant; and
- (b) the prices, surcharges and/or handling fees applicable based on the level of mail preparation and other requirements. In all cases the USPS will be responsible for such prices, surcharges and/or handling fees as may be applicable and agreed to.

Canada Post, at its discretion, may refuse to accept the item(s) or mailing that do not meet the applicable requirements for deposit.

### 3.8 **Obtaining a Canadian Return Address (Postal Box Clearing and Forwarding Agreement)**

The USPS acknowledges that items requiring a Return to Sender service must have a valid Canadian return address on the outside cover.

If an Originator requires a Canadian return address, the USPS may enter into the then current standard “Postal Box Rental” and/or a “Postal Box Clearing and Forwarding Agreement” (examples of current agreements are attached as Annexes 2 and 3) as such agreement may be amended from time-to-time. Such Ancillary Services will be provided in accordance with the then applicable Agreement. The USPS will be responsible to pay all the applicable fees and taxes and otherwise meet the terms and conditions of such agreements.

## 4.0 **GENERAL CONDITIONS FOR DOMESTIC ENTRY ITEMS**

### 4.1 **Contracting Options (Unaddressed Admail)**

**Option A (Access to Discounts):** The USPS will be responsible to ensure each Originator who wishes to ship items pursuant to this Agreement completes such documentation as Canada Post may require for Unaddressed Admail. In particular, each Originator will be responsible to complete and enter into the agreement with Canada Post for the applicable Service(s). Such Agreement with Canada Post will be the same as the standard agreements signed by Canada Post with its domestic customers. The “Bill To” information will identify either the Originator or the USPS and will be determined on a case-by-case basis. The “Bill To” party will be liable for each such Shipment sent under this Agreement, including but not limited to payment and volume obligations. If the Originator is entitled to any rebates, such rebates will be paid directly to the “Bill To” address. Should the USPS be identified as the “Bill To” party, it will be responsible to make the necessary arrangements with the Originator with respect to such rebates.

**Option B (No Discounts):** If the USPS wishes to take full responsibility for each Originator's shipment, it may ship qualifying Unaddressed Admail items as per the Canada Postal Guide (available at [www.canadapost.ca/postalguide](http://www.canadapost.ca/postalguide)) at the Applicable Non-Contract Published Prices. Neither the USPS nor the Originator will be entitled to and waive all rights to any rebates or discounts that may otherwise be available.

## **4.2 General Provisions for Xpresspost Items**

4.2.1 Xpresspost items shipped under this Agreement must meet all requirements for mail being "shipped within Canada". Domestic requirements for Xpresspost are outlined in the CPC Parcel Services Customer Guide. Such items shall be treated as domestic items once inducted in the postal system in Canada by the USPS (or its agent acting on its behalf) and shall be delivered in accordance with the applicable Canadian domestic service standards.

The application of a work sharing discount associated with the automation of the shipment documentation process, however, will be contingent upon the U.S. Postal Service compliance with Canada Post requirements for Xpresspost software and item level bar codes to generate electronic billing information within Canada Post.

### **4.2.2 Preparation, Samples and Deposit of Items Meeting Service**

**Requirements:** The USPS shall ensure all items being deposited as a Shipment meet all the conditions for preparation, packaging, addressing and depositing requirements as outlined in CPC Parcel Services Customer Guide

<http://www.canadapost.ca/cpo/mc/business/productsservices/shipping/parcelservicescustomerguide.jsf> CPC domestic conditions include in particular those applicable to the Service the Shipment is to qualify for (e.g., the approved Canadian postage indicia for the applicable Service). In accordance with each applicable Customer Guide, the USPS acknowledges it is responsible to provide samples for each Shipment.

In particular, and within a timeframe to be mutually agreed between CPC and the U.S. Postal Service, all shipments will be expected to conform to the following conditions:

- 1) each shipment will be accompanied by electronic shipment manifest data that is compliant with Canada Post's Electronic Shipping Tool (EST) requirements; and
- 2) individual postal items must have a single return address in Canada.

Parcel Services Customer Guide

<http://www.postescanada.ca/cpo/mc/business/productsservices/shipping/parcelservicescustomerguide>

### **4.2.3 Induction Deposit Points for Xpresspost Items**

The USPS, or its agent, acting on its behalf, shall deposit all Xpresspost items at any Receipt Verification Office in Canada.

### **4.2.4 Return Service within Canada for Xpresspost Items**

All items will bear the Canadian Return Address (belonging to a commercial vendor who will facilitate returns to USPS). The cost for returns in Canada shall be borne by the USPS unless such items have been postage paid by the party sending the return item.

## **5.0 PRICES, SETTLEMENT AND ACCOUNTING**

### **5.1 Prices**

The prices for services offered under this Agreement are as follows:

- 5.1.1 Xpresspost - Annex 1 provides to the USPS a separate price sheet outlining base prices and other applicable charges. The pricing in the attachment is based on volume commitment of [REDACTED] pieces per year and on compliance with the requirement for preparation and deposit of items described above. The pricing for 2010 is specified in Annex 1. During the Term of this Agreement, the prices applicable to each Xpresspost mailing deposited by the USPS in accordance with this Agreement shall be calculated based on this Price Sheet, as it may be amended from time-to-time. The Customer Guide contains provisions for notice of changes to the price sheet.

Notwithstanding the usual price notifications that are sent from Canada Post from time-to-time adjusting prices for each customer, including the USPS, based on their then current volume commitment level and product preparation compliance, Canada Post will in advance of any such notification, do the following:

- i) determine the number of Xpresspost items sent by the USPS in the 12-month period leading up to the notification date;
  - ii) compare this number to the then current the USPS annual commitment level;
  - iii) if the actual number of items exceeds the commitment level, notify a new higher commitment level with prices adjusted according to CPC domestic business practice; and
  - iv) if the actual number of items is below the commitment level and/or product preparation compliance is proving to be an ongoing issue, notify an equivalent or lower commitment level with prices adjusted in the latter case, according to CPC business practice.
- 5.1.2 Postal Box Rental – The prices for Postal Box Rental are specified in the Canada Postal Guide (available at [www.canadapost.ca/postalguide](http://www.canadapost.ca/postalguide)).
- 5.1.3 Postal Box Clearing and Forwarding – The prices for Postal Box Clearing and Forwarding are specified in Appendix A to Annex 3, which Price Sheet may be amended from time-to-time.
- 5.1.4 For all other Services not described above, the prices applicable to each mailing deposited under this Agreement shall be the Applicable Published Prices for such service.

## 5.2 **Transfer of Funds**

All payments due as a result of this Agreement shall be paid within 30 days of invoice. The USPS shall transfer funds to the applicable USPS account held with Canada Post to cover such amounts. Such funds transfer shall be in Canadian currency.

## 5.3 **Time to Dispute**

The USPS shall have 15 days from the invoice date to dispute Canada Post's charges. In the event of such a dispute, the USPS must still make timely payment to cover the undisputed balance of the invoice. The Administrations shall work together to resolve any dispute to their mutual satisfaction.

## 5.4 **Payment Terms**

Except as otherwise provided for in this Agreement, all provisions relating to payment shall be as provided for in the applicable Agreement for the Services.

## 6.0 **CONFIDENTIALITY**

The terms of this Agreement are strictly confidential and shall not be made public or accessed by third parties without the prior written consent of authorized representatives from both parties.

## 7.0 GENERAL TERMS AND CONDITIONS

### 7.1 Authorized Users

All references to Authorized Users in the Agreement (e.g., Customer Guide) shall be deemed eliminated. The USPS is not entitled to designate any Authorized Users under this Agreement.

### 7.2 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein. In the event of dispute, the matter shall be adjudicated in Ontario, by an Ontario court of competent jurisdiction.

### 7.3 Notices

*The following replaces Notices section of the Customer Guide (Section 8.22 in Communications Guide and Section 7.2.23 in Parcel Services Guide):*

Except as otherwise provided for in this Agreement, any notice given by either party shall be in writing and delivered personally, sent by Courier with signature or by registered mail.

- a) Notices regarding operational and implementation issues may also be sent by e-mail.
- b) Amendments made to the Customer Guide or Canada Postal Guide by Canada Post may be sent to the USPS via e-mail or by hard-copy to the USPS contact listed below.

Notices shall be sent to Canada Post at:

#### **AGREEMENT MONITORING**

CANADA POST CORPORATION  
2701 RIVERSIDE DR SUITE C0157  
OTTAWA ON K1A 0B1

#### **General Contact**

Contact name: Ewa Kowalski, Manager International Relations  
Address: Canada Post  
2701 Riverside Drive, Suite N0220  
Ottawa ON K1A 0B1  
Canada  
Email: ewa.kowalski@canadapost.ca  
Phone # +1-613-734-6201  
Fax # +1-613-734-9793

#### **Implementation and Operational Issues**

Contact name: Lily Fayad-Wallace, Product Manager  
Address: 2701 Riverside Drive, Suite N0260  
Ottawa ON K1A 0B1  
Canada  
e-mail: lily.wallace@canadapost.ca  
Phone: +1-613-734-8849  
Fax: +1-613-734-9793

## Canada Post Price and Service Information

Contact name: Scott Brunton, Director, International Sales  
Address: Canada Post  
4 Queen Street, 5<sup>th</sup> floor  
St-Catherines ON L2R 5G3  
Canada  
e-mail: scottc.brunton@canadapost.ca  
Phone # +1-905-688-2615 Ext 2001  
Fax # +1-905-688-2211

Notices shall be sent to the USPS at:

## THE UNITED STATES POSTAL SERVICE

### General Contact

Contact name: Janice Gould Alodah  
Program Manager, International Postal Affairs  
Address: United States Postal Service  
1735 North Lynn Street, Room 6043  
Arlington, VA 22209-6111  
USA  
Phone: 703-292-3571  
Fax: 202-292-4030  
Email: [janice.gould.alodah@usps.gov](mailto:janice.gould.alodah@usps.gov)

### Implementation/Operational Issues and Price/Service Information

Contact name: Barry E. Burns  
International Product Manager  
Address: United States Postal Service  
1735 North Lynn Street, Room 2030  
Arlington, VA 22209-2030  
USA  
Phone: 703-292-3824  
Fax: 703-292-3729  
Email: [barry.e.burns@usps.gov](mailto:barry.e.burns@usps.gov)

#### 7.4 Ownership of Mail

*The following replaces the "Ownership of Mail" provision in the applicable Communications Customer Guides (Section 8.24):*

The United States Postal Service agrees that items posted under this Agreement will be deposited only on behalf of an Originator.

#### 7.5 Termination

*The following replaces the "Termination" provision of the Customer Guide (Section 8.21 in the Communications Services Customer Guides and Section 7.2.22 in the Parcel Services Customer Guide):*

Either the United States Postal Service or Canada Post may terminate the Agreement, or any service, at any time, without cause, by giving thirty (30) calendar days notice in writing to the other. Canada Post may immediately terminate the Agreement upon written notice to the United States Postal Service if the United States Postal Service continues to

be in default of any of its material obligations for thirty (30) days after being provided with notice of the default and not having remedied the default within the thirty (30) day period.

Termination of the Agreement shall be without prejudice to any rights of the United States Postal Service or Canada Post that have accrued prior to the date of termination.

Neither party shall have a right to damages as a result of termination of the Agreement.

## **8.0 Entire Agreement and Amendment**

8.1 This Agreement, including Annexes 1, 2, and 3 and any other document or portion thereof specifically referenced herein or in the Customer Guides, embodies the entire Agreement for the provision of the Services between the Parties and no representations, negotiations, or conditions either verbal or written shall bind the Parties except as expressly set out in this Agreement. This Agreement supersedes and invalidates all other agreements relating to the subject matter hereof which may have been made by the Parties either orally or in writing prior to the date hereof, including without limiting the foregoing, any non-disclosure or confidentiality agreements but does not invalidate any outstanding payment obligations arising under any such prior agreements.

8.2 This Agreement may only be altered, amended, or extended by mutual consent, by means of correspondence between officials of Canada Post or the United States Postal Service who have been authorized to make such alterations or amendments. Any such amendments must be agreed to in writing.

8.3 This Agreement shall be deemed to have been signed on the same date as, and by the same representatives of the parties who signed, the Canada Post Corporation – United States Postal Service Contractual Bilateral Agreement. However, as a specific agreement attached to the latter agreement, this Agreement sets out its own terms and conditions and shall be interpreted as a complete agreement in itself without reference to the terms and conditions of the agreement to which it forms an attachment.

## **9.0 Agreement in Force**

9.1 The Effective Date of this Agreement shall be January 1, 2010 and shall have effect until December 31, 2011. This Agreement shall be automatically extended for one (1) year (December 31, 2012), if no termination notice is given from one of the two Parties.

**ANNEX 1**  
**XPRESSPOST™ PRICING**

For 2010, the rate sheet is attached.  
Pricing for 2011 will be issued in early December 2010 with 30 days notification prior to price change.

SEE ATTACHED

# Xpresspost™ Prices

**XPRESSPOST™**

Fast	✓
Tracked	✓
On-Time Delivery Guarantee	✓
Signature	\$
Cost-Effective	✓

**SPEED\*: MAJOR CENTRES**

- Local – Next day
- Regional – Next day (some exceptions may apply)
- National – 2 days
- For more information about delivery service standards within Canada, visit [canadapost.ca/deliverystandards](http://canadapost.ca/deliverystandards).

**FEATURES AND OPTIONS INCLUDED IN THE PRICE**

- On-Time Delivery Guarantee
- Tracking and Delivery Confirmation
- \$100 Coverage for Loss or Damage
- Card For Pickup, Leave At Door, Do Not Safe Drop\*\*

**WEIGHT**

**RATE CODE**

(kg)	(lb)														

\* Delivery standards are in business days for items sent between most major urban centres and are dependent upon origin and destination. All Canada Post services (including without limitation, delivery guarantees) are subject to terms and conditions. All terms and conditions can be found at [canadapost.ca/postalguide](http://canadapost.ca/postalguide).

\*\* Available to customers who use an electronic shipping system.

**WEIGHT**

**RATE CODE**

(kg)	(lb)													

**OTHER SERVICES AND CHARGES**

- Liability Coverage – \$1.15 per additional \$100 up to \$5,000\*\*\*
- Signature Capture – \$1.50 (online image)
- Signature Hardcopy – \$7.25
- COD up to \$25,000 – \$7.25\*\*\*\*
- Proof Of Age Required – \$2.00\*\*
- Mailing Tube Surcharge – \$1.00
- Oversize Item (if length, width or height exceeds one [1] metre) – \$7.50
- Unpackaged item – \$7.50
- Scheduled Pickup – weekly fee based on weekly volume:  
0 – 14 items – \$15.00  
15 – 120 items – \$6.00  
121+ items – \$0
- On-Demand and Third-Party Pickup – \$3.50 per pickup (minimum 10 pieces per pickup)
- Return Service – Return shipping charges are the responsibility of the original sender. Price is equal to the original postage paid, less any option fee. In instances where there is no originating address on an item bearing a Parcel Return Label, the originating shipper will be charged a national price from Rate Code 31 for the return.
- Proof of Identity option fee – \$10.00 per item
- Fuel Surcharge may apply.

**AUTOMATION INCENTIVE**

Customers using a Canada Post-approved electronic shipping system may qualify for additional discounts.  
[canadapost.ca/newuser](http://canadapost.ca/newuser)

\*\* Available to customers who use an electronic shipping system.  
\*\*\* Certain items are excluded.  
\*\*\*\* \$1,000 cash limit.

**ANNEX 2 – POSTAL BOX RENTAL AGREEMENT AND FORM**

SEE ATTACHED



Postal Box Agreement

Convention de location de case postale

PLEASE PRINT IN BLACK INK

VEUILLEZ ÉCRIRE EN LETTRES MOULÉES À L'ENCRE NOIRE

Recept: N° de 123456  
Mo: 1093

Customer's Name / Nom de l'utilisateur

Customer First Name / Prénom du client

Postal Box No. / N° de case postale

Address / Adresse

City / Ville

Province / Province

Postal Code / Code postal

Customer's Signature / Signature du client  
Date of Signature / Date de signature

Signature / Signature

Date of Signature / Date de signature

Customer Postal Box Mailing Address / Adresse de case postale du client

For Canada Post Outlet Use Only / Réservé à Postes Canada

City Address / Adresse municipale

Postal Box No. / N° de case

Post Office Name / Nom du Bureau de poste

City / Ville

Province / Province

Postal Code / Code postal

Customer ID verified (Types of ID's) / Identité du client vérifiée (Types de documents)

Driver's License / Permis de conduire

Professional Health Card / Carte santé / Carte d'assurance maladie

Birth or Baptismal Certificate / Certificat de naissance / Certificat de baptême

Passport / Passeport

Other / Autre

Duration of Rental / Durée de la location

From / Du

To / Au

Total No. of Months / Nbre total de mois

Rental Location

Rental Price / Prix de location

Rental Key / Clé de location

Rental Total / Total de location

Grand Total / Grand total

Refund / Remboursement

41-012-021 (06-11)

GST Registration No. / N° d'enregistrement de la TPS 113021-405

GST (Quebec) Registration No. / N° d'enregistrement de la TVQ (Québec) 1003032789

Customer (Please retain copy)

Client (Veuillez conserver la copie)

Post Office

Bureau de poste



**ANNEX 3**

Agreement No.: \_\_\_\_\_

**POSTAL BOX CLEARING AND FORWARDING AGREEMENT**

**BETWEEN:**    **CANADA POST CORPORATION**, a corporation incorporated under the Canada Post Corporation Act, R.S.C. 1985, c. C-10, as amended

(the "Corporation")

**AND:**           **NAME: THE UNITED STATES POSTAL SERVICE**

having its headquarters at  
475 L'Enfant Plaza SW  
Washington D.C. 20260  
USA  
("the United States Postal Service")

Name on Postal Box: \_\_\_\_\_ **THE UNITED STATES POSTAL SERVICE**

In consideration of the terms and conditions contained in this Agreement and other good and valuable consideration, the corporation and the United States Postal Service agree as follows:

**1.0    INTERPRETATION**

- 1.1**    This Agreement is made in accordance with the provisions of the Canada Post Corporation Act, R.S.C. 1985, c. C-10, as amended (the Act), and the regulations made pursuant thereto, as amended from time to time and shall in all respects be governed by and interpreted in accordance with the Act and its Regulations.
- 1.2**    "Business Day" means each of Monday, Tuesday, Wednesday, Thursday and Friday but does not include any such day which falls on a holiday, statutory or otherwise, observed by the Corporation in the province where it performs the Services.
- 1.3**    "Clearing Service" means the clearing of Domestic Mail and International Mail from the Postal Box once on a designated Business Day during the Term.
- 1.4**    "Delivery Method" means in respect of the Forwarding Service, the method of delivery described in Appendix "A".
- 1.5**    "Destination Address" means the address provided by the United States Postal Service for forwarding of domestic Mail or International Mail specified in Appendix "A".
- 1.6**    "Domestic Mail" means any message, information, funds or goods that may be transmitted by post for delivery in Canada but does not include Personal Contact Items.
- 1.7**    "Forwarding Service" means the forwarding of Domestic Mail or International Mail which has been cleared by the Corporation from the Postal Box to the Destination Address using the Delivery Method.
- 1.8**    "International Mail" means any message, information, funds or other document that may be transmitted by post for delivery outside of Canada but does not include Personal

Contact Items nor any item that contravenes the Transportation of Dangerous Goods Act, 1992.

- 1.9** "Personal Contact Items" means mail for which the addressee's signature is obtained on delivery, a proof of delivery card is returned to the United States Postal Service or a record is kept by the delivery post office and includes, without limitation, items of certified mail, signature mail, and proof of delivery mail, security registered mail and registered mail.
- 1.10** "Postal Box" means a postal box which is not the primary mode of delivery for the United States Postal Service, container or other centralized delivery receptacle, rented or otherwise, provided by the Corporation to the United States Postal Service for the deposit by the Corporation of mail addressed to the United States Postal Service from time to time and includes a postal container service where the volume of mail addressed to the United States Postal Service cannot be accommodated by a postal box or other delivery receptacle.
- 1.11** "Services" means the Clearing Service and Forwarding Service provided by the Corporation under the terms of this Agreement.

## **2.0 TERM**

- 2.1** This Agreement shall bind the United States Postal Service and the Corporation from the 1st day of January 2010 to the 31<sup>st</sup> day of December 2011 (the "Term"), unless terminated earlier in accordance with the provisions hereof.
- 2.2** The Term may be extended and renewed on the same terms and conditions contained in this Agreement, provided that the United States Postal Service gives written notice to the Corporation of its intention to renew within thirty (30) days prior to the expiration of the Term or any subsequent renewal term, as the case may be. Subject to Article 7.1, there shall be no limit on the number of times this Agreement may be renewed in this manner.

## **3.0 SCOPE OR SERVICES**

- 3.1** Subject to the Corporation's reasonable processing capacity and the terms and conditions of this Agreement, the Corporation agrees to perform the Services at the frequency described in Appendix "A". In no event shall the Services be performed, as a minimum, less frequently than one Business Day per week during the Term.
- 3.2** The United States Postal Service agrees that the performance of the Forwarding Service shall be limited to the forwarding of Domestic Mail or International Mail depending on the Destination Address specified in Appendix "A".
- 3.3** In the event that the Destination Address is located outside of Canada, the United States Postal Service represents and warrants that all International Mail shall comply with the Transportation of Dangerous Goods Act and all other customs and legislative requirements regarding the posting of International Mail in effect from time to time. The Corporation reserves the right to refuse to extend the Forwarding Service to any of the United States Postal Service's International Mail where it determines, in its sole discretion, that such International Mail does not meet the requirements of this Agreement.
- 3.4** Where the Destination Address is located outside of Canada, and the Corporation is required to execute any form of customs declaration or any other document regarding the International Mail Forwarding Service on behalf of the United States Postal Service, the United States Postal Service agrees to indemnify and save the Corporation harmless from and against any liabilities, costs, charges and expenses that the Corporation may

sustain or incur in respect of any action, suit or proceeding that is commenced against it or in respect of any claim which is made against it for or in respect of or in any way related to or arising out of the performance of the International Mail Forwarding Service by the Corporation.

- 3.5** The Corporation is not responsible for special, general or consequential damages arising from the loss, mishandling, damage to, destruction of, delay or failure to deliver any piece of Domestic Mail, International Mail or Personal Contact Items.

#### **4.0 PERSONAL CONTACT ITEMS**

- 4.1** The United States Postal Service agrees that the Forwarding Service will not be performed by the Corporation in respect of Personal Contact Items. Where the Corporation clears Personal Contact Items from the Postal Box, the Corporation will follow its established procedures in effect at the time for the retention of Personal Contact Items and the forwarding of corresponding notices to the United States Postal Service at the Destination Address. The United States Postal Service acknowledges that it is responsible for the pickup of all Personal Contact Items cleared by the Corporation from the Postal Box under this Agreement.

#### **5.0 RATES**

- 5.1** The United States Postal Service agrees to pay the Corporation the rates set out in Appendix "A" for the Services plus any applicable taxes.
- 5.2** The Corporation may amend the rates specified in Appendix "A" on thirty (30) days written notice to the United States Postal Service.
- 5.3** The rates referred to in this Article 5.0 are exclusive of any Postal Box rental fees and Forwarding Service rates which shall be due and payable by the United States Postal Service to the Corporation from time to time in accordance with the Corporation's normal Postal Box billing procedure set forth in a separate agreement executed by the United States Postal Service simultaneously with this Agreement.

#### **6.0 PAYMENT**

- 6.1** Upon the execution of this Agreement and, thereafter, prior to any renewal pursuant to the Article 2.2, the United States Postal Service agrees to pay the full amount due to the Corporation for the Clearing Service specified in Appendix "A" prior to the commencement of the Services.
- 6.2** Subject to Article 6.3, the Customer shall maintain a deposit account with the Corporation, which deposit account shall be established prior to the commencement of the Services. The Customer hereby authorizes the Corporation to charge against the Customer's deposit account all amounts payable by the Customer for the Forwarding Service including any applicable PST or GST. The Customer shall maintain sufficient funds in its deposit account at all times in order to cover its financial obligations to the Corporation under the terms of this Agreement. No interest will be paid to the Customer by the Corporation on any funds held in a deposit account.
- 6.3** Where the United States Postal Service elects to have the Services performed once each Business Day during the Term, the United States Postal Service may be eligible to pay for the Forwarding Service by the Corporation's billing method; provided that the United States Postal Service executes a Billing Option, in the Corporation's standard form, as amended from time to time.

- 6.4** Payment on account of the Forwarding Service is due to the Corporation on the last day of each month during the Term and, unless otherwise agreed to by the Corporation pursuant to Article 6.3, the Corporation shall have no obligation to provide invoices to the Customer in respect of such payment. If the customer fails to pay any amount to the Corporation when due, interest shall accrue on such unpaid amount from the due date of payment to the date of actual payment at the rate of [REDACTED] per annum.

The Corporation reserves the right to change the rate of interest charged on overdue accounts on sixty (60) days written notice to the Customer.

- 6.5** The Customer agrees to reimburse the Corporation of all costs, including legal fees and bank charges incurred by the Corporation in collecting any late or dishonored payment.

## **7.0 TERMINATION**

- 7.1** Either party may, upon not less than thirty (30) days' written notice to the other party, terminate this Agreement on the date specified in the notice.

## **8.0 OBLIGATIONS ON TERMINATION**

- 8.1** Termination or expiry of this Agreement shall be without prejudice to any rights of the parties that have accrued prior to termination.

- 8.2** Where the United States Postal Service terminates this Agreement under Article 7.1, the United States Postal Service may be entitled to a refund in respect of amounts paid for the Clearing Service under Article 6.1. Any such refund shall be determined in accordance with Appendix A and shall be calculated in respect of the period following the effective date of termination up to the end of the Term; provided that no refunds shall be paid to the United States Postal Service unless the Term of this Agreement is six (6) months or more and no refunds shall be payable in respect of renewals of three (3) month terms.

- 8.3** The United States Postal Service shall have no right to damages as a result of any termination of this Agreement.

## **9.0 NOTICE**

- 9.1** Any notice required or permitted hereunder shall be in writing and may be delivered personally or mailed by prepaid registered post addressed to the United States Postal Service's address specified on the first page of this Agreement or to the Corporation at:

MANAGER, CONTRACT MONITORING  
CANADA POST CORPORATION  
SUITE E-0550  
OTTAWA ON K1A 0B1

- 9.2** Notice sent by prepaid registered post shall be deemed duly given and received on the third Business Day following the date of mailing.

- 9.3** Either party may change its address upon written notice to the other party.

## **10.0 AUDITS AND REPORTS**

- 10.1** The United States Postal Service shall provide the Corporation with such records and reports as the Corporation may require from time to time relating to the Services and, without limiting the foregoing, shall provide the corporation, on request, information

relating to the Domestic Mail or International Mail posted and received by the United States Postal Service under this Agreement, including details of mail volumes.

#### **11.0 ASSIGNMENT**

11.1 This Agreement may not be assigned by the United States Postal Service without the prior written consent of the Corporation, which consent may be arbitrarily withheld.

#### **12.0 ENTIRE AGREEMENT**

12.1 This Agreement, including Appendix "A", embodies the entire agreement of the parties, and no representations, negotiations, or conditions either verbal or written shall bind the parties except as herein expressly set out. With the exception of blank spaces expressly provided for the insertion of dates, names and addresses, no agent, representative, employee or officer of the Corporation has authority to supplement or modify any provision of this Agreement, and any such purported addition or modification shall be void and of no effect.

12.2 This Agreement shall be deemed to have been signed on the same date as, and by the same representatives of the parties who signed, the Canada Post – United States Postal Service Contractual Bilateral Agreement. However, as a specific agreement attached to the latter agreement, this Agreement sets out its own terms and conditions and shall be interpreted as a complete agreement in itself without reference to the terms and conditions of the agreement to which it forms an attachment.

#### **13.0 WAIVER**

13.1 The failure of the Corporation to require performance by the United States Postal Service of any provisions hereof shall in no way affect its right thereafter to enforce such provision, nor shall the waiver by either party of any breach of covenant be taken or held to be a waiver of any further breach of the same or any other covenant.

#### **14.0 GOVERNING LAW**

14.1 This Agreement shall be governed by and construed in accordance with the laws of the Province where the Clearing Service is performed by the Corporation and the laws of Canada applicable therein.

#### **15.0 ENGLISH LANGUAGE**

15.1 It is the express wish of the parties that this Agreement, as well as all related documents, be written in the English language. Les parties ont demandé expressément que la présente ainsi que tout document afférent soient rédigés en anglais.

#### **16.0 LIMITATION OF LIABILITY**

16.1 Canada Post and its agents (including, but not limited to authorized dealers) shall not be responsible for any direct, indirect, general, special or consequential damages arising out of or in any way connected to this Agreement regardless of whether such damages are based on contract or tort.

In witness whereof, the parties have executed this Agreement by their proper officers duly authorized in that behalf on the dates set out in Section 12.2.

APPENDIX "A" to ANNEX 3 – POSTAL BOX CLEARING AND FORWARDING AGREEMENT

**AGREEMENT NO:** \_\_\_\_\_

**DESTINATION ADDRESS** (Including Postal Code):

To be advised upon initiation of the service.

---



---



---

**FREQUENCY OF SERVICES** (Please specify)

To be advised upon initiation of the service.

---



---



---

**DELIVERY METHOD:** Priority Courier

**FORWARDING SERVICES RATES** (per applicable Priority Courier):

To be advised upon initiation of the service.

---



---



---

**CLEARING SERVICES RATES** (excluding GST and any applicable provincial taxes):



**CUSTOMER'S POSTAL BOX #:**

---

**CUSTOMER SERVICE REFUNDS** (on unused pre-paid contract balance for Clearing Service cancelled within):

CLEARING SERVICE COMMITMENT	0 - 3 Months	4 - 6 Months	7 - 9 Months	10 - 12 Months
3 Months				
6 Months				
9 Months				
12 Months				

**ATTACHMENT 5**  
**TERMS FOR SHARED SURFACE TRANSPORTATION COSTS**

Both Parties agree that [REDACTED]

If either Party decides to cancel such a surface transportation contract being used to carry mail in both directions, they must provide the other Party with advance notice, consistent with the terms of the contracts, but not to exceed 60 days, to make other preparations.

[REDACTED]

Monthly invoices for shared transportation will be reviewed by both parties and payment for offsetting accounts will be reconciled on a quarterly basis.

## **ATTACHMENT 6**

### **CONFIDENTIALITY PROVISIONS**

All references in these provisions to "this Agreement" shall mean the agreement to which these provisions are attached.

1. The Parties agree that the Agreement of which this Attachment forms a part contains "Confidential Information". The Parties also agree that any personal information about an identifiable individual (including, but not limited to, the name and address of an individual) provided to it by the other Party or obtained by the other Party in providing services under this Agreement is "Confidential Information". With respect to all other information, the Parties agree that no obligations shall arise with respect to information not in writing and appropriately marked as "Protected", "Confidential", "Proprietary" or with a mark having a similar meaning. Each Party, as Disclosing Party, further agrees that information disclosed under this Agreement or related to this Agreement shall only be subject to these confidentiality provisions if the Disclosing Party reduces it to a written document that is appropriately marked as "Protected", "Confidential", "Proprietary" or with wording having a similar meaning, and provided to the other Party, as "Receiving Party" either at the time of its initial disclosure or if disclosed orally, within ten (10) business days after the initial oral disclosure. All information so identified and disclosed (the "Confidential Information") to a Party, as Receiving Party, shall be held in confidence by the Receiving Party and may not be released by the Receiving Party to third parties or used outside of the stated purposes of this Agreement, except to the extent paragraphs 6, 7, 8, 9, 10 and 11 of this Attachment are applicable, unless such disclosure or use is authorized in writing by an authorized representative of the Disclosing Party.

2. Neither this Agreement, nor the disclosure of Confidential Information under this Agreement, nor the ongoing discussions and correspondence between the Parties, shall constitute or imply any promise or intention to make any purchase or use of products, facilities, or services by either Party or any commitment by either Party with respect to any other present or future transaction.

3. Each Party, as Receiving Party, agrees that the Confidential Information that the other Party discloses to it under this Agreement shall be held in confidence during the period that covers the Term of this Agreement and three (3) years thereafter. During that period, neither Party, as Receiving Party, shall disclose or use the other Party's Confidential Information outside of the intended purposes of this Agreement unless written consent is first obtained from the Disclosing Party, or unless the Receiving Party is no longer obligated to hold in confidence the information for the reasons specified in paragraphs 6, 7 or 8. All employees, agents or consultants of a Party, as Receiving Party, who are required to come into contact with the other Party's Confidential Information shall be notified of its confidential nature and shall be required by the Receiving Party to be bound by confidentiality provisions applicable to this Agreement, but not necessarily expressly applicable, and no less stringent than those set out in this Agreement.

4. Each Party shall provide the same care to avoid disclosure or unauthorized use of the other Party's Confidential Information as it would provide to maintain the confidentiality of its own confidential information, but in no event less than reasonable and prudent care. Each Party, as Receiving Party, agrees not to reproduce in any form or to distribute or sell, except as required in conjunction with the stated purposes of this Agreement, the Confidential Information of the other Party. Each Party shall retain the other Party's Confidential Information in a secure place that may be accessed only by those of its employees, agents, and consultants who need to know such information for the purposes of this Agreement.

5. Upon demand by the Disclosing Party, the Receiving Party shall promptly return, or provide evidence of destruction of, all the Disclosing Party's Confidential Information and copies thereof except that one (1) copy may be retained for record purposes.

6. The Receiving Party shall be under no obligation to hold in confidence any Confidential Information that:

- a. is publicly available (other than as a result of a breach of this Agreement) at the time that the Receiving Party proposes to disclose it;
- b. was known to the Receiving Party prior to the time of the disclosure by the Disclosing Party;
- c. is properly received by the Receiving Party on a non-confidential basis from any third party with respect to whom the Receiving Party has no reason to suspect other than that the third party is lawfully entitled to make such disclosure;
- d. is required by an order by a court (subject to paragraph 7), legislative body, or regulatory authority to be disclosed because of an express determination that the information is not a trade secret, or privileged or confidential commercial or financial information; or
- e. the Receiving Party can demonstrate was independently developed by it without breach of this Agreement.

7. If a court or tribunal of competent jurisdiction orders the Receiving Party to disclose any of the Disclosing Party's Confidential Information, including that which may be contained in this Agreement, then the Receiving Party shall immediately notify the Disclosing Party. If the Disclosing Party elects to oppose such order, the Disclosing Party shall immediately inform the Receiving Party by notice to that effect. If the Disclosing Party so requests, the Receiving Party shall assist the Disclosing Party in opposing such order to the extent consistent with its management's policies. Where it is not consistent with the Receiving Party's management policies to oppose such order, Receiving Party shall inform Disclosing Party by notice to that effect and consult with Disclosing Party before making a final decision with respect to opposing the order. If the Disclosing Party elects at any time to abandon its active opposition to such order, the Disclosing Party shall immediately inform the Receiving Party by notice to this effect and the exception set out in paragraph 6(d) shall, from the time of receipt of such notice, take effect.

8. The Receiving Party may release Confidential Information, including that which may be contained in this Agreement, requested by or required to be provided by the rules of any federal, state, provincial or local government body in the proper exercise of any oversight or investigatory jurisdiction or other authority. However, in all such circumstances, the Receiving Party shall advise the body to whom the Confidential Information is to be released by notice in writing that it is Confidential Information and accordingly it should be held in confidence.

9. The United States Postal Service may release Confidential Information if such release is required by the *Freedom of Information Act*, 5 U.S.C. § 552 ("FOIA"). Before any release under FOIA, the United States Postal Service will provide Canada Post with prompt written notice of the requirement to release the Confidential Information. If any request is made under FOIA that would involve potential release of any Confidential Information of Canada Post that is in the United States Postal Service's possession, the United States Postal Service shall:

- a. assert the applicability of Exemption 4 or such other Exemption as the USPS deems appropriate, to the extent the invocation of any Exemption is consistent with U.S. federal law, and

- b. the United States Postal Service shall promptly advise Canada Post of any information it requires from Canada Post in order to support the Exemption argument(s).

However, nothing in this Article is intended to limit the United States Postal Service's obligations under FOIA and the United States Postal Service's regulations implementing FOIA, including the United States Postal Service's discretion to determine whether the requested information is required to be released under FOIA. In addition, nothing in this Article is intended to modify United States Postal Service rules in Title 39, Code of Federal Regulations, section 265.8, concerning procedures to be followed when responding to FOIA requests for business information received from parties outside the United States Postal Service. In the event that the United States Postal Service or a competent judicial body determines that Confidential Information in question or any part of it is not exempt from release under FOIA, the United States Postal Service shall also promptly advise Canada Post of the steps that the United States Postal Service itself would take in similar circumstances to prevent further disclosure of the Confidential Information beyond the required disclosure under FOIA.

10. Canada Post may release Confidential Information if such release is required by the *Access to Information Act*, R.S.C.1985, c. A-1 ("ATIA"). Before any release under the ATIA, Canada Post will provide the United States Postal Service with prompt written notice of the requirement to release the Confidential Information. If any request is made under the ATIA that would involve potential release of any Confidential Information of the United States Postal Service that is in Canada Post's possession, Canada Post shall:

- a. assert the applicability of Section 20 or such other Exemption as Canada Post deems appropriate, to the extent the invocation of any Exemption is consistent with Canadian federal law, and
- b. Canada Post shall promptly advise the United States Postal Service of any information it requires from the United States Postal Service in order to support the Exemption argument(s).

However, nothing in this Article is intended to limit Canada Post's obligations under the ATIA and its regulations, including Canada Post's discretion to determine whether the requested information is required to be released under the ATIA. In the event that Canada Post or a competent judicial body determines that Confidential Information in question or any part of it is not exempt from release under the ATIA, Canada Post shall also promptly advise the United States Postal Service of the steps that Canada Post itself would take in similar circumstances to prevent further disclosure of the Confidential Information beyond the required disclosure under the ATIA.

11. Each Party, as Receiving Party, shall include confidentiality obligations, no less stringent than those set out in this Agreement, in each sub agreement under which there is any possibility of disclosure of the other Party's Confidential Information.

12. Canada Post Corporation and the United States Postal Service shall protect, indemnify, save harmless, and defend each other from and against all losses, liabilities, obligations, claims, penalties, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from the indemnifying Party's use of other Party's Confidential Information for purposes other than those specified in this Agreement.

13. The Receiving Party shall not be obligated to compensate the Disclosing Party for Confidential Information and the Receiving Party acknowledges and understands that no representations or warranties of any kind, including, without limitation, fitness for a particular purpose, merchantability, and non-infringement, are given by the Disclosing Party with respect to the Disclosing Party's Confidential Information.

14. Nothing in this Agreement shall be deemed to create, either express or implied, the power in either Party to bind the other. Neither Party shall be bound by the actions of the other, be liable for the debts of the other, or have a right to share in the profits of the other. This Agreement is not intended to be a joint venture, partnership, or other formal business organization, and neither Party is under any obligation to enter into any further agreement with, or make any additional compensation to, the other Party.

## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission. The materials pertain to the Canada Post – United States Postal Service Contractual Bilateral Agreement (Agreement), which is a commercial, operational agreement with an agency of a foreign government. The Postal Service files the Agreement pursuant to the requirements of 39 U.S.C. § 407(d). The unredacted Agreement is being filed under seal, while a redacted copy is included as an enclosure to the accompanying cover letter (Notice) to the Commission.

The Postal Service hereby furnishes the justification required by 39 C.F.R. § 3007.21(c) for this application below.

### **(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of the materials for which the Postal Service seeks non-public treatment fall within the scope of information not required to be publicly disclosed, the Postal Service asks the

---

<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

The Postal Service believes that the only third party with a proprietary interest in these materials is the foreign postal operator with whom the contract is made. The Postal Service has already informed Canada Post Corporation (Canada Post), in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Dave Eagles, Director, International Relations, Canada Post Corporation, as the appropriate contact on behalf of Canada Post. Mr. Eagles' telephone number is (613) 734-6043, and his email address is dave.eagles@canadapost.ca. Canada Post has requested that any communications regarding confidential treatment of these materials be sent with a courtesy copy to Dennis Jarvis, General Manager, International Product Management, Canada Post Corporation. Mr. Jarvis' telephone number is (613) 734-8149, and his email address is dennis.jarvis@canadapost.ca.<sup>2</sup>

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

---

<sup>2</sup> In the event of a request for early termination of non-public treatment under 39 C.F.R. § 3007.31, a preliminary determination of non-public status under 39 C.F.R. § 3007.32, or a request for access to non-public materials under 39 C.F.R. § 3007.40, the Postal Service notes, on Canada Post's behalf, that differences in the official observation of national holidays might adversely and unduly affect Canada Post's ability to avail itself of the times allowed for response under the Commission's rules. In such cases, Canada Post has requested that the Postal Service convey its preemptive request that the Commission account for such holidays when accepting submissions on matters that affect Canada Post's interests. A listing of Canada's official holidays can be found at <http://www.pch.gc.ca/pgm/ceem-cced/jfa-ha/index-eng.cfm>.

A complex commercial, operational bilateral agreement between the Postal Service and its largest trading partner forms the substance of the materials filed with this Notice and application. The final terms of the Agreement were reached after months-long negotiations that take into account the specific and unique nature of the trading relationship that exists between Canada Post and the Postal Service. The Agreement includes rates that each party will pay the other for various products and services, the operational requirements that the parties will adhere to, the manner in which they will settle their financial accounts, the pay for performance arrangements to encourage high levels of service performance, their agreement concerning the handling of customer inquiries and acceptance of liability for claims, and other operational and legal provisions. The Table of Contents on page 12 of the Agreement provides a more complete overview of the provisions of the Agreement.

The redacted portions of the Agreement fall into four basic categories of information:

(1) Specifically negotiated provisions that are unique to the Canada Post-Postal Service trading relationship and to the parties' operational capability relative to one another. Provisions falling within this category depend upon the entirety of the Agreement and might not be sustainable in other bilateral agreements with other postal operators. These provisions may include operational requirements and terms relating to processes or methods of handling certain matters to which the parties have agreed;

(2) Rates charged by the Postal Service for its products and services;

(3) Rates charged by Canada Post for its products and services to the Postal Service; these are Canada Post's unit prices, and also represent costs to the USPS for outbound delivery; and

(4) Performance measurement standards and formulas that justify pay for performance arrangements for certain products and services encompassed within the Agreement.

The chart below provides the primary justification for the redactions found in the Agreement, although in many cases more than one justification may be applicable. The Postal Service has limited its redactions to the information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

Page	Provision	Type of information
3	Article 8, paragraphs (a) through (d)	Uniquely negotiated term
7-8	Article 26(a)	Uniquely negotiated term
A-1, p2 <sup>3</sup>	Northbound Rates by Stream	USPS costs/CPC prices
A-1, p3	Southbound Rates by Stream	Rates charged by USPS
A-1, p5	IBRS 2010 and 2011 rates	USPS costs/CPC prices
A-1, p6	Merchandise Return Service rates	USPS costs/CPC prices
A-2, p2	Quality of Service	Uniquely negotiated term
A-2, p3	Determination of Penalties	Uniquely negotiated term
A-2, p3	Settlement of Penalties	Uniquely negotiated term
A-2, p4-5	Measurement of Scan Performance	Performance measurement
A-2, p6	Target threshold to be met	Performance measurement
A-2, p6	Penalty Formula/Frequency	Uniquely negotiated term
A-2, p6	Basis for measurement (of On-time Delivery)	Performance measurement
A-2, p7	Exclusion of Remote Locations	Uniquely negotiated term
A-2, p8	Target threshold to be met	Performance measurement
A-2, p8-9	Penalty Formula/Frequency	Uniquely negotiated term
A-2	Appendix A	Uniquely negotiated term
A-3, p11	Table: Differences applied and article references	Uniquely negotiated term
A-4, p3	Article 3.3, Option B	Uniquely negotiated term
A-4, p4	Article 3.4.1	Uniquely negotiated term
A-4, p7	Article 5.1.1	Uniquely negotiated term
A-4	Annex 1	USPS costs/CPC prices
A-4, p16	Annex 3, Article 6.4	Uniquely negotiated term
A-4, p18	Annex 3, Appendix A (Clearing Services Rates)	USPS costs/CPC prices
A-4, p18	Annex 3, Appendix A (Customer Service Refunds)	Uniquely negotiated term
A-5, p1	Terms for Shared Surface Transportation Costs	Uniquely negotiated term

<sup>3</sup> This page reference and those that follow indicate the page on which the identified provision can be found within a particular attachment to the Agreement. For example, Northbound Rates by Stream appears in Attachment 1 on page 2.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the portions of the contract that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about the rates the Postal Service charges is the subject of complex and detailed negotiation, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers made by the Postal Service to foreign postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Additionally, foreign postal operators or other potential customers could attempt to use the information to their advantage in negotiating the terms of their own agreements with the Postal Service.

The rates charged to the Postal Service by Canada Post are similarly negotiated and dependent upon the entirety of the agreement reached between the parties. Competitors of the Postal Service could use the information to analyze the cost structure underlying the Postal Service's published and negotiated rates to its customers in an effort to undercut those rates and lure customers away from the Postal Service. The costs to the Postal Service are, at the same time, unit pricing figures for Canada Post. Such price information consists of Canada Post's sensitive commercial information, which it would otherwise not disclose to the public. Disclosure by the PRC of such information would enable its competitors and suppliers to assess Canada Post's nonpublished pricing, and use the information to the detriment of Canada Post.

The portions of the Agreement that have been redacted as uniquely negotiated terms share the characteristic of being terms that are not found in other bilateral arrangements or which are only offered in the context of this Agreement because of the overall benefit of including them in the complex structure of the agreement. These terms, taken individually, might not be acceptable to the Postal Service under any other circumstances and, if disclosed publicly, could jeopardize negotiations with other foreign posts.

The redactions applied to performance measurement information are necessary to protect the parties' performance goals and metrics. If these terms were to be disclosed publicly, other foreign posts could use the information to gain bargaining leverage in negotiating their own agreements, and competitors of the Postal Service could use the information as a benchmark to develop lower-cost, similarly performing alternatives to the products and services offered through this Agreement.

The Postal Service considers all of these to be highly probable outcomes that would result from public disclosure of the redacted material.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of the uniquely negotiated terms of the Agreement could be used by other foreign postal operators in negotiations, jeopardizing those negotiations and limiting the Postal Service's ability to reach agreements with them for rates more favorable than the default rates available through the Universal Postal Union.

Hypothetical: Information in Attachment 2, Part D, On-Time Quality Pay for Performance Financial Elements, which includes the Formula/Frequency terms negotiated with Canada Post and is unique to this Agreement, is disclosed to the public on the Commission's website. This provision is closely tied to other commercially

sensitive information, such as agreed upon performance standards unique to these two trading partners. Another foreign postal operator reviews the term in preparation for its own negotiations with the Postal Service for air parcel traffic. That operator is encouraged to demand a similar provision in its own agreement, even though its positioning and operational arrangements with regard to the Postal Service may be quite different from that of Canada Post's. The foreign postal operator takes a negotiating position that is inflexible as a result of having the knowledge of what the bilateral agreement with Canada Post contains. The Postal Service may not be successful in its negotiation with the foreign postal operator for favorable terms under these circumstances. In the absence of the information from the Canada Post agreement, the foreign postal operator's position would likely be more flexible, enabling the parties to come to terms on a mutually beneficial arrangement based upon their own relationship, needs and capabilities.

Harm: Public disclosure of rates charged by the Postal Service for its goods and services provided under the Agreement could be used by competitors to identify possible comparative vulnerabilities and to focus its development efforts on those products and services.

Hypothetical: Canada Post's negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. A competing delivery service provider sees the prices and determines that it is able to undercut the Postal Service's prices in particular delivery areas or weight groups for certain products. Armed with this information, the competitor negotiates its own agreement with Canada Post for a subset of the goods and services included in the Canada Post-Postal Service Bilateral Agreement. The impact of this competing agreement diverts volume from the Postal Service's delivery network to the Postal Service's detriment.

Harm: Public disclosure of rates charged by the Postal Service for its goods and services provided under the Agreement could be used by other foreign postal operators to enhance their negotiating strength in bargaining for their own bilateral agreements.

Hypothetical: The negotiated prices offered to Canada Post are disclosed publicly on the Commission's website. Another foreign postal operator engaged in similar bilateral negotiations with the Postal Service reviews the rates. The foreign postal operator presumes that because the Postal Service must meet a certain statutory cost coverage for competitive products, it will be able to negotiate lower prices for itself. The other postal operator, which was initially offered rates higher than or identical to those published in Canada Post's agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered it, or it will not use the Postal Service for its inbound delivery needs.

Harm: Public disclosure of costs to the Postal Service for products and services provided by Canada Post would enable competitors to analyze the underlying cost structure of the Postal Service's products and focus development efforts on lower cost alternatives.

Hypothetical: The negotiated prices charged by Canada Post are disclosed publicly on the Commission's website. Another delivery service provider analyzes the information in light of the Postal Service's statutory cost coverage requirements. The competitor determines that because of the nature of the costs to the Postal Service, it cannot offer a certain competitive product below an estimated price point, which is above that which the competitor believes it can profitably offer a similar product under development. The competitor is encouraged to focus its product development on this relatively vulnerable product and enters the market.

Alternatively, if the competitor already offers a similar product, it sets its own rates for the product below the threshold it estimates that the Postal Service must

maintain and markets its purported ability to beat the Postal Service on price for the product. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would be able to capture market share from the Postal Service or possibly push the Postal Service out of one or more relevant international delivery markets entirely.

Harm: Public disclosure of information on costs and rates in the Agreement would be used by Canada Post's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the Agreement from the Postal Regulatory Commission's website. The competitor analyzes the information to assess Canada Post's prices for the corresponding Canada Post products. The competitor uses that information as a baseline to negotiate with suppliers to develop lower-cost alternatives.

Harm: Competitors could use performance information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's and Canada Post's detriment.

Hypothetical: The delivery standards information in Attachment 2 of the Agreement is released to the public. Another delivery service's employee monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor then uses the Postal Service's and/or Canada Post's performance targets as a concrete comparison point, advertising itself to potential customers as offering performance better than the Postal Service's and/or Canada Post's.

Harm: Other foreign postal operators could use performance information to their advantage in negotiations with the Postal Service for their own bilateral agreements.

Hypothetical: The delivery standards information in Attachment 2 of the Agreement is released to the public. A foreign postal operator monitors the filing of this information in

preparation for its own negotiations with the Postal Service for a bilateral agreement. The foreign postal operator then uses the performance measurement standards in Attachment 2 as a point of comparison in its own negotiations, insisting either that it should expect higher levels of performance from the Postal Service because of some identified distinction between the Canada Post-Postal Service relationship and its own relationship with the Postal Service or that it should be relieved of performing at Canada Post's negotiated levels on that basis.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international expedited and parcels products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service or Canada Post for this or similar products (including other postal operators) should not be provided access to the non-public materials. This includes Canada Post with respect to all materials filed under seal except for the Agreement, to which Canada Post already has access.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.