



BEFORE THE POSTAL REGULATORY COMMISSION

NOTICE OF A PRELIMINARY DETERMINATION TO UNSEAL THE MATERIAL
FILED IN RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1, QUESTION 1

ORDER NO. 4377 (January 17, 2018)

Docket No. ACR 2017

COMMENTS OF THE INTERNATIONAL HOUSEWARES ASSOCIATION

On behalf of the International Housewares Association (IHA), we are pleased to file these comments in response to the order issued by the Postal Regulatory Commission (PRC) stating its intention to require that the U. S. Postal Service (USPS) unseal the information on terminal dues revenues and shapes for aggregated groups of countries. The IHA is in full support of what the Commission proposes to do and thanks the PRC for taking this important step.

The IHA is the 80-year-old voice of the housewares industry, which accounted for (U.S.) \$346.9 billion at retail worldwide in 2015 (\$82.2 billion at retail in the U.S.). The not-for-profit, full-service association annually sponsors the world's premier exposition of products for the home, the International Home + Housewares Show. The IHA represents about 1,800 small-to-medium sized companies engaged in the manufacturing and/or marketing of housewares products. These businesses utilize a broad cross-section of distribution channels such as department, discount, drug, hardware, food, variety and catalog stores, as well as other channels, including mail order house and home shopping networks, in taking their wares to market.

Over the past 10 years, E-commerce has grown by leaps and bounds and is a major focus for the business profile of IHA member companies. As technology and innovation have allowed this immensely successful new channel of commerce to develop, our industry has become aware of an arcane arrangement between international postal services which allows Chinese businesses to ship within the U.S. for only a small fraction what U.S. businesses are charged to ship within our own country via the USPS. This loophole in international law, called Terminal Dues, mandates how much a receiving country's Post can be compensated for the transit of a package once it enters that country. Terminal Dues are negotiated and decided by the Universal Postal Union (UPU), which is the postal arm of the United Nations.

The idea of the UPU and, subsequently Terminal Dues, had a well-intentioned beginning. But any benefit or value the terminal dues arrangement may have provided in its beginning for less developed nations is all but eliminated as the category of nations taking advantage of below-cost subsidized postal delivery rates still includes China, Singapore, Hong Kong, and India. This massive exploitation accrues to the benefit of businesses in these foreign countries and to the direct detriment of U.S.-based companies, both brick and mortar and E-commerce who compete with merchants in those countries.



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By requiring the USPS to unseal information on terminal dues revenues and shapes for aggregated groups of countries, the PRC would take a positive first step toward bringing greater transparency in terminal dues. Yet, aggregated country data, as the Commission contends, would protect any individual Post's claims as to proprietary data. Moreover, we encourage the PRC to request further disclosure of volumes of inbound international parcels that are protected by terminal dues and, thereby, creating an unfair competitive disadvantage for U.S. businesses like those who are members of the IHA.

Respectfully submitted,

Phil Brandl
President/CEO
International Housewares Association