

Congress of the United States
House of Representatives
Washington, DC 20515-4324

January 25, 2018

The Honorable Robert Taub
Chairman
Postal Regulatory Commission
901 New York Ave., NW
Suite 200
Washington, DC 20268

Dear Chairman Taub:

I am writing to you regarding the notice presently before your commission to unseal the material filed in response to the Chairman's Information Request No. 1, Question 1 of Order No. 4377 of January 17, 2018 for Docket No. ACR 2017. I respectfully request that the Postal Regulatory Commission (PRC) go as far as its jurisdiction permits to give the terminal dues program the full scrutiny and oversight that it deserves which is sadly long overdue.

I share the continued frustrations of many with the current terminal dues program of the United Nations sub-agency known as the Universal Postal Union (UPU). Adherence to this program requires the U.S. Postal Service (USPS) to deliver mail within the United States, including parcels, for foreign merchants from China, Hong Kong, Singapore, and India, among others, at postage rates far below what Americans pay for domestic delivery of the same parcels. This policy supported by the USPS not only causes great financial losses for the agency, but it places domestic business at a great disadvantage when competing against foreign merchants. Advocates of the status quo point to the recent 13% increase in terminal dues from China, and it may help address the losses suffered by the USPS; however, it does not even come close to rectifying how U.S. merchants are forced to pay package delivery rates that are far higher than those available to foreign merchants.

The reflexive eagerness of the USPS and the State Department to defend terminal dues and the UPU is unfortunate. The Commission has the correspondence between these two government agencies, my colleagues and myself on whether the terminal dues obligation is even binding on the U.S. at this point. Their responses have only heightened my frustration, and the frustration of many American businesses.

I am furthermore concerned by the lack of transparency that surrounds this program, secrecy cloaked under the guise of commercially sensitive information. The program has survived for as long as it has, I suspect, only because of its complexity and the absence of public disclosure. I want the USPS and its employees to thrive. Americans of all walks of life depend upon the USPS six days a week, and we must ensure its future viability. The USPS is a venerable institution that preceded the birth of our country, but it must serve American interests and abide by U.S. law.

The PRC should be commended on its preliminary determination to unseal the materials that the USPS filed in response to the Chairman's Information Request No. 1. As I understand it, only aggregated revenues, by class and shape, to the USPS from multiple countries are at issue in this proceeding. From my perspective, there is no rationale for sealing the information from the public. I encourage the PRC to go even further, and unseal not only the aggregated revenues to the Postal Service, but also aggregated volumes, again by class and shape, so that we can better identify and resolve this situation.

With your experience, could you suggest any reasons as to why USPS is unwilling to disclose separately how many inbound international letters and how many inbound parcels they receive annually? The USPS, as an institution of our government, should not be allowed to actively hurt domestic businesses and their competitiveness in favor of foreign merchants. This violates the very basic tenets of our government, and I implore this commission to assist in leveling the playing field for American businesses and those that I represent in Congress. Such a disclosure of information by the USPS would unmask the full extent of the growth of inbound international parcels under terminal dues and reveal the full extent to which the USPS has been helping foreign merchants, all while the USPS is losing money on those deliveries in the process. The USPS faces significant financial difficulties, and ending the subsidies given to foreign inbound packages should be among the first reforms to be implemented.

I agree that the USPS's traditional justification for opposing disclosure of commercially sensitive information should not apply to aggregated revenue data relating to multiple countries. That was a reflexive response and the Commission saw through it. In addition, though, I want to address this so-called "traditional rationale." There is no rationale for the USPS, a government agency, to remain secretive of programs that harm U.S. businesses and jobs. Inbound letters and packages are classified as "market dominant products," that is, regulated products, which require full disclosure under the 2006 Postal Accountability and Enhancement Act. The USPS should be fully transparent, certainly with aggregated data, on all inbound letters and packages to raise awareness of terminal dues market distortions that harm U.S. businesses and to help inform policy decisions.

Lastly, as suggested above, I further encourage the Commission to direct the USPS to disclose the inbound volumes of international letters as distinguished from inbound international parcels. Given the significant surge in international e-commerce, and the continued decline in letter volume, it is important to distinguish between these two categories.

Thank you for your review of this correspondence and your continued service in this matter. Should you have any questions regarding this letter, please feel free to contact me, or my Deputy Chief of Staff, Scott Cunningham, at 202.225.6605, or scott.cunningham@mail.house.gov.

Sincerely,


Kenny Marchant
Member of Congress