



February 20, 2018

Small Business & Entrepreneurship Council

Re: PRC Docket No. ACR2017; Comments Related to Inbound Letter Post

Dear Commissioners Taub, Acton, Langley, and Hammond:

The Small Business and Entrepreneurship Council (SBE Council) is a nonprofit advocacy, research and education organization that works to protect small business and promote entrepreneurship. For nearly twenty five years, SBE Council has worked on a range of initiatives to improve the ecosystem for startups and small business growth. Our network of supporters, including entrepreneurs and small business owners, state and local business organizations, corporate partners and associations work with us to strengthen the environment for robust entrepreneurship, investment, innovation and small business success.

For the purposes of this docket, SBE Council aims to reiterate its ongoing concerns surrounding the procedures adopted by the U.S. Postal Service (USPS) that, in effect, have created an unbalanced consumer market in which foreign business interests are promoted to the detriment of businesses within the United States, and especially small businesses.

American small businesses continue to be competitively impacted by this disparity as foreign companies are charged much lower rates by the USPS to complete deliveries within the U.S. in comparison to the prices that American small businesses face to send items from one domestic location to another.

As an example, reports have indicated that shipping one parcel from China to some east coast U.S. destinations – at distances of 7,000 miles or more – would cost only \$3.66 for USPS delivery. For shipping within the U.S., the same one pound package would cost at least \$7.20. This figure is based on new Flat Rate Box pricing that went into effect earlier this year on January 21st.

Given the significant disadvantages, American small businesses are becoming increasingly familiar with the role of the Universal Postal Union in negotiating these rates. Regrettably, U.S. representatives from the State Department have not been adequately instructed by the Postal Service leadership to achieve pricing formulas that translate to operations that produce, at a minimum, revenue neutral results. The USPS latest ACR data reveals yet another substantial loss of \$170 million on inbound letter post.

Furthermore, the most recent indications from the State Department reveal major, unsatisfactory efforts to address this uneven and unfair “playing field” facing the nation’s small businesses. In a July 2017 letter, State Department officials noted that rates for small inbound packages from China would increase by 13 percent starting in 2018. With domestic shipping rates continuing to rise each year, this rate adjustment for competitors abroad does little to correct the overall pricing imbalance.

Addressing concerns with the international subsidies and the ongoing annual losses on inbound letter mail depends on the Postal Service enhancing how it discloses key data surrounding all mail and parcels that the agency handles on a country by country basis. For this reason we support the Commission’s proposal to unseal the revenue, cost, and weight data for all inbound items, by UPU country group and shape, for 2017.

Reviewing this information for 2017 and subsequent years will be critical for the Commission, Postal leadership, lawmakers, and international trade stakeholders to ensure that objectives for equitable and financially viable delivery markets can be achieved.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with the first name "Karen" and last name "Kerrigan" clearly distinguishable.

Karen Kerrigan
President
Small Business & Entrepreneurship Council

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Protecting Small Business, Promoting Entrepreneurship