

ORDER NO. 4980

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Tony Hammond

Transfer of Inbound Letter Post Small  
Packets to the Competitive Product List

Docket No. MC2019-17

ORDER CONDITIONALLY APPROVING TRANSFER

(Issued January 9, 2019)

I. INTRODUCTION

On November 16, 2018, the Postal Service filed a request seeking modification of the market dominant and competitive product lists pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*<sup>1</sup> For the reasons given below, the Commission conditionally approves the Request.

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<sup>1</sup> United States Postal Service Request to Transfer Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, November 16, 2018 (Request). The Postal Service filed a non-public library reference with its Request. Library Reference USPS-LR-MC2019-17/NP1, November 16, 2018; United States Postal Service Notice of Filing Nonpublic Library Reference USPS-LR-MC2019-17/NP1 and Application for Nonpublic Treatment, November 16, 2018.

## II. BACKGROUND

### A. Inbound Letter Post<sup>2</sup>

The Postal Service receives Inbound Letter Post mailpieces from designated operators<sup>3</sup> in accordance with the Universal Postal Union's (UPU's) Universal Postal Convention (UPU Convention). The UPU Convention includes provisions relating to terminal dues, which are the remuneration paid by the designated operator of the origin country to the designated operator of the destination country for the delivery of letter post items.

Inbound Letter Post is a market dominant product consisting of inbound international letter post mailpieces, which include letters, postcards, printed papers, and small packets weighing up to 2 kilograms.<sup>4</sup> The UPU divides letter post mail into three shapes: letters and cards (format P); large letters or "flats" (format G); and bulky letters and small packets (format E). *Id.* Article 17.5. The UPU Convention limits the contents of cards, letters, flats, and bulky letters to documents only, and the contents of small packets to goods or goods and documents. *Id.* Articles 17.2, 17.3.

Under the current UPU system, format P and format G items have the same terminal dues while format E items have different terminal dues. The UPU Convention also contains provisions relating to supplementary rates for registered Inbound Letter Post letters, flats, bulky letters, and small packets, which apply in addition to terminal dues.

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<sup>2</sup> The Commission uses the term "Inbound Letter Post" to refer to the market dominant Inbound Letter Post product as defined in section 1130 of the Mail Classification Schedule (MCS).

<sup>3</sup> A designated operator is "any governmental or non-governmental entity officially designated by the member country to operate postal services and to fulfill the related obligations arising out of the Acts of the Union on its territory[.]" Universal Postal Union, Convention Manual, 2018, Article 1.12, available at: [http://www.upu.int/uploads/tx\\_sbdownloader/actManualsInThreeVolumesConventionManualEn.pdf](http://www.upu.int/uploads/tx_sbdownloader/actManualsInThreeVolumesConventionManualEn.pdf) (UPU Convention).

<sup>4</sup> UPU Convention, Article 17. Inbound international letter post mailpieces also consist of literature for the blind weighing up to 7 kilograms and M-bags weighing up to 30 kilograms. *Id.* M-bags are special bags containing newspapers, periodicals, books, and similar matter mailed to a single address. *Id.*

B. Recent Commission Actions Relating to the Inbound Letter Post Product

The UPU terminal dues system has long been a concern of the Commission. In recent Annual Compliance Determination (ACD) reports, the Commission has repeatedly expressed concerns about the financial performance of the Inbound Letter Post product. For example, in the Fiscal Year (FY) 2017 ACD report, the Commission “reiterate[d] its concern that the UPU pricing regime for the Inbound Letter Post product continues to result in noncompensatory terminal dues.”<sup>5</sup> This is a concern that the Commission has expressed in each of its ACD reports.<sup>6</sup> Additionally, the Commission has recently stated that it considers UPU terminal dues to be discriminatory “[b]ecause UPU terminal dues are not equivalent to domestic postage rates in the destination country[.]” FY 2017 ACD at 68; FY 2016 ACD at 66; FY 2015 ACD at 70.

On July 12, 2018, the Commission issued Order No. 4708 and established Docket No. PI2018-1 to examine the classification of the Inbound Letter Post product after the Postal Service repeatedly claimed that the Inbound Letter Post product, especially Inbound Letter Post small packets, is subject to “considerable,” “substantial,” and “intense” competition.<sup>7</sup>

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<sup>5</sup> Docket No. ACR2017, Annual Compliance Determination Report Fiscal Year 2017, March 29, 2018, at 68 (FY 2017 ACD).

<sup>6</sup> See Docket No. ACR2016, Annual Compliance Determination Report Fiscal Year 2016, March 28, 2017, at 66 (FY 2016 ACD); Docket No. ACR2015, Annual Compliance Determination Report Fiscal Year 2015, March 28, 2016, at 70 (FY 2015 ACD); Docket No. ACR2014, Annual Compliance Determination Report Fiscal Year 2014, March 27, 2015, at 53; Docket No. ACR2013, Annual Compliance Determination Report Fiscal Year 2013, March 27, 2014, at 59; Docket No. ACR2012, Annual Compliance Determination Report Fiscal Year 2012, March 28, 2013, at 143; Docket No. ACR2011, Annual Compliance Determination Report Fiscal Year 2011, March 28, 2012, at 143-144; Docket No. ACR2010, Annual Compliance Determination Report Fiscal Year 2010, March 29, 2011, at 130-131; Docket No. ACR2009, Annual Compliance Determination Report Fiscal Year 2009, March 29, 2010, at 108-109; Docket No. ACR2008, Annual Compliance Determination Report Fiscal Year 2008, March 30, 2009, at 81; Docket No. ACR2007, Annual Compliance Determination Report Fiscal Year 2007, March 27, 2008, at 115, 118.

<sup>7</sup> Docket No. PI2018-1, Notice and Order Initiating Public Inquiry on the Classification of the Inbound Letter Post Product, July 12, 2018 (Order No. 4708).

### C. Presidential Memorandum and Subsequent Executive Branch Actions

On August 23, 2018, President Donald J. Trump issued a presidential memorandum to the Postmaster General and the Chairman of the Postal Regulatory Commission, among others, entitled “Modernizing the Monetary Reimbursement Model for the Delivery of Goods Through the International Postal System and Enhancing the Security and Safety of International Mail.”<sup>8</sup> The Presidential Memorandum outlines the policy of the executive branch to support efforts to further a system of unrestricted and undistorted competition between the United States and foreign merchants. Presidential Memorandum, section 2(d). It states such efforts should include ensuring that charges for the delivery of foreign-origin mail containing goods do not favor foreign mailers over domestic mailers or favor postal operators over non-postal operators. *Id.* section 2(d)(i) and (ii).

On October 17, 2018, the White House Press Secretary issued a statement indicating that the President concurred with a recommendation from the Department of State that the U.S. should adopt self-declared rates for terminal dues as soon as practical, but no later than January 1, 2020.<sup>9</sup>

In Docket No. PI2018-1, Chairman’s Information Request No. 1 requested that the Postal Service discuss the steps it plans to take to self-declare rates that meet the policies of the Presidential Memorandum.<sup>10</sup> The Postal Service explained that the

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<sup>8</sup> Presidential Memorandum for the Secretary of State, Secretary of the Treasury, Secretary of Homeland Security, Postmaster General, and Chairman of the Postal Regulatory Commission, August 23, 2018 (Presidential Memorandum), available at: <https://www.whitehouse.gov/presidential-actions/presidential-memorandum-secretary-state-secretary-treasury-secretary-homeland-security-postmaster-general-chairman-postal-regulatory-commission/>.

<sup>9</sup> See Statement from the Press Secretary, October 17, 2018 (Press Release), available at: <https://www.whitehouse.gov/briefings-statements/statement-press-secretary-38/>.

<sup>10</sup> Docket No. PI2018-1, Chairman’s Information Request No. 1, November 2, 2018.

instant Request is one of many steps it plans to take to adopt self-declared rates as soon as practical.<sup>11</sup>

### III. PROCEDURAL HISTORY

The Postal Service filed the instant Request, which proposes to: (1) remove Inbound Letter Post small packets and bulky letters from the market dominant Inbound Letter Post product, and associated inbound registered mail services from the market dominant product list; and (2) add identical services to the competitive product list. Request at 12-13. If approved, there would be a new product on the competitive product list called Inbound Letter Post Small Packets and Bulky Letters and a new category of Competitive International Registered Mail<sup>12</sup> called Inbound Competitive International Registered Mail. *Id.* These changes, along with related conforming changes, are identified in proposed revisions to the Mail Classification Schedule (MCS). *See generally id.* However, neither the Postal Service's Request nor its proposed MCS language proposes prices for the affected mailpieces. *See* Request at 9. To support its Request, the Postal Service filed a Statement of Supporting Justification and Resolution No. 18-9 of the Governors. *Id.* Attachments A and C.

On November 20, 2018, the Commission issued an order noticing the Request, appointing a Public Representative, and providing interested persons with an opportunity to submit comments.<sup>13</sup> On November 30, 2018, Chairman's Information

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<sup>11</sup> See Docket No. PI2018-1, United States Postal Service Response to Chairman's Information Request No. 1, November 16, 2018, question 1.

<sup>12</sup> The Request proposes revisions to the existing Outbound Competitive International Registered Mail component of the competitive International Ancillary Services product. Such revisions include changing the name of the component to Competitive International Registered Mail and adding the international registered mail services associated with Inbound Letter Post small packets and bulky letters as a new category called "Inbound Competitive International Registered Mail." *Id.* Attachment B at 7-8.

<sup>13</sup> Notice and Order Concerning Transfer of Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items to the Competitive Product List, November 20, 2018 (Order No. 4883).

Request No. 1 was issued.<sup>14</sup> The Postal Service filed its response to CHIR No. 1 on December 7, 2018.<sup>15</sup>

The Greeting Card Association (GCA) and United Parcel Service, Inc. (UPS) filed comments on December 10, 2018.<sup>16</sup> The Public Representative and the International Mailers Advisory Group (IMAG) filed comments on December 11, 2018.<sup>17</sup>

On December 20, 2018, the Postal Service filed a reply to comments filed by the Public Representative, UPS, and GCA.<sup>18</sup>

#### IV. POSTAL SERVICE REQUEST

The Postal Service asserts that the proposed Inbound Letter Post Small Packets and Bulky Letters product fulfills all criteria for competitive products under 39 U.S.C. § 3642. Request at 5-8. The Postal Service also states that when it proposes prices for the Inbound Letter Post Small Packets and Bulky Letters product, such prices will satisfy the requirements outlined in section 3633(a). *Id.* at 8-9. Additionally, the Postal Service notes that the proposed transfer addresses the concerns that led to the initiation of Docket No. PI2018-1 and the policies outlined in the Presidential Memorandum. *Id.*

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<sup>14</sup> Chairman's Information Request No. 1, November 30, 2018 (CHIR No. 1).

<sup>15</sup> United States Postal Service Response to Chairman's Information Request No. 1, December 7, 2018 (Response to CHIR No. 1).

<sup>16</sup> Comments of the Greeting Card Association, December 10, 2018 (GCA Comments); Comments of United Parcel Service, Inc. on Notice and Order Concerning Transfer of Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, December 10, 2018 (UPS Comments).

<sup>17</sup> Public Representative Comments, December 11, 2018 (PR Comments); Comments of the International Mailers Advisory Group, December 11, 2018 (IMAG Comments). The Public Representative and IMAG also filed motions for late acceptance of their comments. Motion of the Public Representative to File Late Comments, December 11, 2018; Motion of the International Mailers Advisory Group for Accepting Comments Filed Day Late, December 11, 2018. These motions are granted.

<sup>18</sup> United States Postal Service Reply to Comments of the Public Representative, United Parcel Service, Inc. and the Greeting Card Association, December 20, 2018 (Reply Comments). The Postal Service also filed a motion for leave to file its Reply Comments. United States Postal Service Motion for Leave to Reply to Comments of the Public Representative, United Parcel Service, Inc., and the Greeting Card Association, December 20, 2018 (Motion for Leave). The Motion for Leave is granted.

at 3. The Postal Service also notes that the transferring Inbound Letter Post small packets and bulky letters would improve consistency between the Postal Service's inbound and outbound international products because analogous outbound international products and similar inbound international products are already included on the competitive product list. *Id.* at 12. The Postal Service's rationale is described in more detail below.

## V. COMMENTS

### A. GCA Comments

GCA generally agrees with the discussion in the Statement of Justification supporting the proposed transfer and it supports the Postal Service's Request. GCA Comments at 1. GCA acknowledges the possibility that some Inbound Letter Post small packets and bulky letters may contain letters that fall within the letter monopoly. *Id.* To exclude such letters from the letter monopoly, GCA notes that the Postal Service plans to propose prices for the Inbound Letter Post Small Packets and Bulky Letter product that are "at least six times the basic rate of postage." *Id.* at 1-2 (citing Request at 11). GCA suggests that the MCS be revised to include a requirement that prices for the Inbound Letter Post Small Packet and Bulky Letter product are at least six times the price of a First-Class Mail Single-Piece Letter stamp. *Id.* at 2.

### B. UPS Comments

UPS supports the Postal Service's Request, assuming that the Request covers Inbound Letter Post small packets and bulky letters from all 192 UPU member countries. UPS Comments at 1. UPS states that the Postal Service's Request is consistent with 39 U.S.C. § 3642. *Id.* at 3, 8. Specifically, UPS notes that Inbound Letter Post small packets and bulky letters are competitive because these mailpieces are considered part of the parcel market and that UPS and other private companies offer services that compete with them. *Id.* at 3. Additionally, UPS states that Inbound

Letter Post small packets and bulky letters are exempt from the postal monopoly because: (1) a “vast majority” weighs more than 12.5 ounces; and (2) the Postal Service plans to propose prices that are at least six times the price of a First-Class Single-Piece Letter stamp. *Id.* at 8-9; see 39 U.S.C. §§ 601(b)(1) and (2). UPS asserts that the transfer of Inbound Letter Post small packets and bulky letters should be accompanied by other proceedings to establish new prices for the affected mailpieces that ensure the proposed products meet the requirements outlined in 39 U.S.C. § 3633(a). UPS Comments at 4. UPS states that transferring Inbound Letter Post small packets and bulky letters to the competitive product list “will advance the Presidential Memorandum’s policy of promoting pricing parity between rates charged for foreign-origin mail and domestic mail.” *Id.* at 8. UPS also asserts that the transfer of Inbound Letter Post small packets and bulky letters must comply with 39 U.S.C. § 407(e) and expresses a desire for enhanced transparency for the proposed product. *Id.* at 6-7, 9-13.

### C. Public Representative Comments

In his comments, the Public Representative states that although he does not oppose the proposed transfer in theory, he does not find sufficient support for the transfer in the Postal Service’s Request. PR Comments at 3-9. Specifically, the Public Representative asserts that the Postal Service has failed to demonstrate under the various tests of 39 U.S.C. § 3642(b)(1) that it lacks market power over Inbound Letter Post small packets and bulky letters and associated inbound registered mail services. *Id.* at 4-9. He also observes that the Postal Service does not explain why the prices for registered service sold in connection with Inbound Letter Post small packets and bulky letters necessarily must be transferred to the competitive list. *Id.* at 5. However, the Public Representative indicates that the Postal Service has provided sufficient information for the Commission to give due regard to the three additional considerations required by 39 U.S.C. § 3642(b)(3). *Id.* at 9-10. The Public Representative disagrees with aspects of the Postal Service’s discussion regarding whether Inbound Letter Post



small packets and bulky letters are covered by the postal monopoly. See *id.* at 12-15. The Public Representative states that because the Postal Service did not propose any prices for the proposed Inbound Letter Post Small Packets and Bulky Letters product or for Inbound Competitive International Registered Mail, any approval of the requested transfer must be conditioned upon the proposal, review, and approval of competitive prices that meet the requirements of section 3633. *Id.* at 15-16.

#### D. IMAG Comments

IMAG does not oppose the Postal Service's Request and agrees that Inbound Letter Post small packets and bulky letters face competition. IMAG Comments at 1. In addition, IMAG notes that this docket is an example of the "uncertainty stemming from the administration's decision to withdraw the United States from the [UPU]." *Id.* IMAG notes that "[a]ffected stakeholders are scrambling to understand the implications of this regulatory activity . . . while [they] struggle to prepare for an unknown outcome of a potential UPU withdrawal, potential operational changes and the likely higher rates that will ensue[.]" *Id.*

#### E. Postal Service Reply Comments

In its Reply Comments, the Postal Service asserts that it provided sufficient justification supporting its transfer request. Reply Comments at 2. Specifically, the Postal Service states that it identified its market share of the inbound package market, competitors in the market, and similar products to Inbound Letter Post small packets and bulky letters in its Request and in its Response to CHIR No. 1. *Id.* at 2-3. The Postal Service also addresses the Public Representative's concerns regarding whether Inbound Letter Post small packets and bulky letters fall within the postal monopoly and UPS's arguments for increased transparency. *Id.* at 7-9. The Postal Service also states that the Commission should not amend the MCS language in the manner in which GCA suggests. *Id.* at 1.

## VI. COMMISSION ANALYSIS

### A. Legal Standard

Section 3642 governs the addition of products to, removal of products from, or transfer of products (or components of a product) between the market dominant and competitive product lists. The Commission may consider a change to a product's market dominant or competitive designation upon request of the Postal Service, users of the mails, or upon its own initiative. 39 U.S.C. § 3642(a). The criteria for assigning a product to either the market dominant or competitive product list is described in 39 U.S.C. § 3642(b). When transferring products between product lists, nothing prevents transfer of only part of a product. 39 U.S.C. § 3642(c).

The criteria for assigning a product to either the market dominant or competitive product list are based on the Postal Service's market power; whether or not the product is covered by the postal monopoly; and the concerns of the private sector, users of the product, and small businesses. See 39 U.S.C. § 3642(b)(1)-(3).

When including products on the competitive product list (as proposed in this docket), the product must also meet the financial requirements of 39 U.S.C. § 3633. This provision: "(1) prohibit[s] the subsidization of competitive products by market-dominant products; (2) ensure[s] that each competitive product covers its costs attributable; and (3) ensure[s] that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service." 39 U.S.C. § 3633.

Requests to modify the product lists are covered by part 3020, subpart B, of the Commission's regulations. 39 C.F.R. §§ 3020.30 *et seq.* Section 3020.32 specifies the supporting justification that the Postal Service is required to submit when it seeks to modify the product lists. That justification must include a verification that the change does not classify as competitive a product over which the Postal Service exercises "sufficient market power" as outlined in section 3642(b)(1). See 39 C.F.R. § 3020.32(d).

B. Provisions Applicable to Transferring a Product—39 U.S.C. § 3642

1. Market Power—39 U.S.C. § 3642(b)(1)

Section 3642(b)(1) defines the market dominant category of mail products. If “the Postal Service exercises sufficient market power that it can effectively set the price of [the product under consideration] substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products” the product shall be classified as market dominant. 39 U.S.C. § 3642(b)(1). The competitive category of products shall consist of all other products.

In a previous transfer proceeding, the Commission explained that to assess a transfer under section 3642(b)(1), an appropriate market segment within the broader market should be identified.<sup>19</sup> The Commission then considers the “appropriate market segment within which the Postal Service’s product operates based on a comparison of similar products or service offerings from different service providers.” *Id.* at 11. Therefore, a transfer request must provide “sufficient information . . . describing the applicable market(s), competitors, and similar products.” *Id.* at 29.

The Postal Service identifies the “relevant market” as the “inbound package market” and states that customers will use the Inbound Letter Post Small Packets and Bulky Letter product “primarily to ship goods as an alternative to competitive parcel products offered by the Postal Service and other parcel products offered by private delivery service companies.” Response to CHIR No. 1, question 3.a; Request at 5. Additionally, the Postal Service observes that private companies have acknowledged that they offer services that compete with Inbound Letter Post small packets and bulky

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<sup>19</sup> Docket No. MC2015-7, Order Conditionally Approving Transfer, July 20, 2017, at 9-11 (Order No. 4009). In Order No. 4009, the Commission noted that a broad market definition (in that case, the overall parcels market) “may not produce meaningful results for the purpose of an 39 U.S.C. § 3642(b)(1) analysis.” Order No. 4009 at 10.

letters and have advocated for the transfer of such mailpieces to the competitive product list.<sup>20</sup>

The Postal Service has previously identified competing Postal Service products as Inbound Parcel Post (at UPU Rates); Inbound Air Parcel Post (at non-UPU Rates); any applicable Inbound Competitive Multi-Service Agreements with Foreign Postal Operators negotiated service agreements; Inbound EMS; and domestic package shipping services such as Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select.<sup>21</sup> The Postal Service also states that FedEx, UPS, DHL, Amazon, and integrators and consolidators all offer competing international shipping services.<sup>22</sup> Although the Postal Service acknowledges differences between Inbound Letter Post small packets and bulky letters and the identified competing services, it states that these services still compete for relevant mailpieces. Request at 6.

The Postal Service asserts that its “share of the relevant market falls below the threshold for market dominance.” *Id.* at 7. It states that market research, filed in Library Reference USPS-MC2019-17/NP1, indicates that the Postal Service “has a limited

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<sup>20</sup> Request at 5-6. In its comments, UPS asserts that it and other private companies offer services that compete with Inbound Letter Post small packets and bulky letters. UPS Comments at 3.

<sup>21</sup> Docket No. PI2018-1, Responses of the United States Postal Service to Questions 1-11 of Commission Information Request No. 1, August 1, 2018, question 2.a.

<sup>22</sup> Response to CHIR No. 1, question 4; see Docket No. PI2018-1, Responses of the United States Postal Service to Questions 1-6 of Commission Information Request No. 2, October 5, 2018, question 2 (Docket No. PI2018-1, Response to CIR No. 2). UPS’s comparable products include UPS Worldwide Express, Worldwide Saver, Worldwide Express NA1, Worldwide Expedited, and UPS Express Plus. Docket No. PI2018-1, Response to CIR No. 2, question 2.b. FedEx’s comparable products include International Priority and International Economy. *Id.* question 2.a. DHL’s comparable products include DP DHL GM Packet and DHL Express. *Id.* question 2.c. Amazon’s comparable services include its drop-ship and logistics services and its in-store and direct delivery services. *Id.* question 2.f. The Postal Service also identifies One World Express, Aramex, First Flight, and DTDC as integrators and consolidators that offer products that compete with its “inbound letter post” products. *Id.* question 2.g. Additionally, the Postal Service notes that “[f]oreign postal operators offer products that compete with Inbound Letter Post small packets and bulky letters through their operation of extra-territorial offices of exchange.” Request, Attachment A at 6.

market share for end-to-end inbound package volume, even when last-mile delivery volume is included.”<sup>23</sup>

The Postal Service acknowledges that the proposed transfer will be accompanied by a price increase. Request at 7-8. However, it states that this “price increase does not demonstrate market power.” *Id.* Rather, it anticipates that it will lose a “measurable amount of volume to competitors.”<sup>24</sup> Additionally, the Postal Service observes that the Commission previously recognized that price increases that are necessary to achieve full cost coverage are not evidence of market power. Request at 8.

In its comments, GCA agrees that the Postal Service’s Request satisfies the requirements of 39 U.S.C. § 3642(b)(1). GCA Comments at 1. UPS also agrees that Inbound Letter Post small packets and bulky letters should be reclassified from the market dominant to the competitive product list because such mailpieces are “contestable by private sector companies and reclassification would comport with market realities.”<sup>25</sup> Although the Public Representative agrees that there is competition for the relevant mailpieces, he states that the Postal Service’s Request “fails to make a showing that none of the tests for market dominance in [section] 3642(b)(1) apply to [Inbound Letter Post] small packets and bulky letters.” PR Comments at 4. Furthermore, the Public Representative states that the Postal Service’s Request does not explain why registered services associated with Inbound Letter Post small packets and bulky letters should be transferred to the competitive list. *Id.* at 5.

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<sup>23</sup> *Id.* The Postal Service provides its share of the end-to-end inbound package market, as well as its share of the relevant market when last-mile delivery volume is included, under seal. See Response to CHIR No. 1, question 3.c.

<sup>24</sup> *Id.* at 8. The Postal Service states that price increases “will make entry into the small packet market more viable and enable competitors to compete more effectively with the Postal Service for these items,” which will adversely affect the Postal Service’s volumes. Response to CHIR No. 1, question 2.

<sup>25</sup> UPS Comments at 3-4 (internal marks and citations omitted). UPS also states that transferring the associated inbound registered mail services to the competitive product list is “consistent with both market realities and [the Postal Accountability and Enhancement Act of 2006.]” *Id.* at 2.

In its Reply Comments, the Postal Service states that it did sufficiently identify its market share of the inbound package market, competitors in the market, and similar products to Inbound Letter Post small packets and bulky letters in its Request and in its Response to CHIR No. 1. Reply Comments at 2-3. Additionally, the Postal Service asserts that by demonstrating that Inbound Letter Post small packets and bulky letters satisfy the statutory and regulatory requirements for transfer to the competitive product, it also demonstrates that the associated inbound registered mail service meets those same requirements. *Id.* at 6.

Based on the above, the Commission finds that the Postal Service does not exercise “sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.” See 39 U.S.C. § 3642(b)(1). Thus, the market power provisions of 39 U.S.C. § 3642(b)(1) do not prevent the transfer of Inbound Letter Post small packets and bulky letters, and associated registered mail services, to the competitive category.

## 2. Postal Monopoly—39 U.S.C. § 3642(b)(2)

A product subject to the Private Express Statutes (PES) may not be transferred from the market dominant product list. See 39 U.S.C. § 3642(b)(2).

The Postal Service asserts that Inbound Letter Post small packets and bulky letters are not subject to the PES. Request at 10-12. The Postal Service states that many documents contained in Inbound Letter Post small packets and bulky letters do not fall within the definition of a “letter” and, therefore, are excluded from the PES. *Id.* at 10.

Additionally, the Postal Service asserts that three exceptions apply to letters sent as Inbound Letter Post small packets and bulky letters. First, the Postal Service states that because many documents combined with goods would likely consist of invoices and advertising relating to goods, these letters are exempt from the PES. *Id.* Second, the Postal Service asserts that, in many circumstances, Inbound Letter Post small

packets and bulky letters containing letters would be expected to weigh more than 12.5 ounces and thus, it would fall outside the PES as it exceeds the weight threshold outlined in 39 U.S.C. § 601(b)(2). *Id.* Third, the Postal Service states that when it proposes prices for the Inbound Letter Post Small Packets and Bulky Letters product, “the minimum price at an average weight per piece” could be at least six times the price for a First-Class Mail Single-Piece Letter stamp.<sup>26</sup> Accordingly, the Postal Service asserts that the remaining Inbound Letter Post small packets and bulky letters that are not covered by the first two exemptions would be covered by the price threshold exemption outlined in 39 U.S.C. § 601(b)(1). *Id.*

UPS and GCA both assert that if prices for the Inbound Letter Post Small Packets and Bulky Letter product were more than six times the price of a stamp for a one-ounce First-Class Mail Letter, then such mailpieces would be exempt from the PES.<sup>27</sup> However, the Public Representative asserts that a number of Inbound Letter Post small packets and bulky letters may contain letters that fall within the PES because the price threshold exception does not apply to Inbound Letter Post small packets and bulky letters as the exception only applies to private carriers.<sup>28</sup> In its Reply Comments, the Postal Service states that the price threshold is a “precaution against the theoretical possibility” of Inbound Letter Post small packets and bulky letters not being excluded or exempt from the PES based on its content or weight. Reply Comments at 7 (internal marks and citations omitted).

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<sup>26</sup> *Id.* at 11. The Commission notes that 39 U.S.C. § 601(b)(1) applies to the individual mailpieces, not to the product overall.

<sup>27</sup> UPS Comments at 8-9; GCA Comments at 1-2. UPS also acknowledges that because “vast majority” of Inbound Letter Post small packets and bulky letters weigh more than 12.5 ounces, such mailpieces are exempted from the PES. UPS Comments at 8.

<sup>28</sup> PR Comments at 14-15. The Public Representative observes that if the United States withdraws from the UPU, then Inbound Letter Post small packets and bulky letters would no longer be subject to UPU requirements. *Id.* at 12. Accordingly, the Public Representative suggests that the Postal Service revise the description for the Inbound Letter Post Small Packets and Bulky Letters product so that personal correspondence is prohibited. *Id.* He states that such a prohibition would ensure that mailpieces sent as the Inbound Letter Post Small Packets or Bulky Letters product would not contain letters and, as a result, would fall outside the postal monopoly. *Id.*

Based on the above, the Commission finds that the Postal Service appears to have properly interpreted the regulations concerning the cargo exception, the advertisement suspension, and the weight threshold exception of the PES for letter material sent as Inbound Letter Post small packets and bulky letters. Mailing letter material within these exceptions is allowed by statute, is not subject to the PES prohibitions, and does not prevent the transfer of this product.

As the Postal Service and GCA note, there may be some Inbound Letter Post small packets and bulky letters that are not covered by these exemptions. Request at 10-11; GCA Comments at 1-2. The Postal Service represents that those Inbound Letter Post small packets and bulky letters would be covered by the price threshold exemption outlined in 39 U.S.C. § 601(b)(1). Request at 11.

### 3. Other Considerations—39 U.S.C. § 3642(b)(3)

The Commission also must consider the availability and nature of private sector enterprises engaged in the delivery of the product, the views of those using the product, and the likely impact on small business concerns. 39 U.S.C. § 3642(b)(3).

#### a. The availability and nature of enterprises in the private sector engaged in the delivery of the product involved

The Postal Service asserts that Inbound Letter Post small packets and bulky letters compete primarily against the shipping services offered by integrators, such as FedEx, UPS, DHL, and Amazon, and freight forwarders and consolidators. Request, Attachment A at 6; Response to CHIR No. 1, question 4; *see supra* at 12 n.22. Additionally, UPS states that it and other private companies offer services that compete with Inbound Letter Post small packets and bulky letters. UPS Comments at 3. The Public Representative states that the Request provides sufficient guidance to the Commission about the availability and nature of enterprises in the private sector engaged in the delivery of the product involved. PR Comments at 10.



- b. The views of those who use the product involved on the appropriateness of the proposed action

The Postal Service states that users of the proposed Inbound Letter Post product are likely concerned with potential price changes. Request, Attachment A at 7. The Postal Service acknowledges that it will be necessary to increase prices so that the proposed Inbound Letter Post Small Packets and Bulky Letters product covers its costs and is consistent with the policies in the Presidential Memorandum. *Id.* However, it asserts that it has “little incentive” to set prices above the prices for similar services offered by competitors because then the relevant mail volume would shift to competitors. *Id.*

In its comments, IMAG notes that its members are concerned about the effect of transferring Inbound Letter Post small packets and bulky letters and the recent actions by the Administration on prices for both inbound and outbound mail. IMAG Comments at 1. The Public Representative states that the Request provides sufficient guidance to the Commission on the views of those who use the product on the appropriateness of the proposed transfer. PR Comments at 10.

- c. The likely impact of the proposed action on small business concerns (within the meaning of section 3641(h))

The Postal Service states that transferring Inbound Letter Post small packets and bulky letters is unlikely to result in any disproportionate impact on small business concerns. Request, Attachment A at 7. Furthermore, the Postal Service notes that the users of Inbound Letter Post small packets and bulky letters, and associated registered mail services, are foreign postal operators whose interests are not a direct or primary concern of U.S. postal regulation. *Id.* The Postal Service observes that many domestic small businesses that ship to U.S. customers have supported price increases for Inbound Letter Post small packets and bulky letters. *Id.* at 7-8. It asserts that price increases for Inbound Letter Post small packets and bulky letters might increase costs

for domestic small businesses to import supplies, but that these concerns should be ameliorated by the fact that competitors' prices will limit such price increases. *Id.* at 8.

The Public Representative states that the Request provides sufficient guidance to the Commission on the likely impact of the proposed action on small business concerns. PR Comments at 10.

d. Summary of other considerations

Based on the record before it, the Commission concludes that the Postal Service adequately considered private sector competitors, the views of customers, and small business concerns. After taking these other considerations into account, the Commission remains persuaded that the proposed transfer is justified under 39 U.S.C. § 3642(b)(3).

C. Provisions Applicable for Competitive Products—39 U.S.C. § 3633

The Commission must examine each competitive product to ensure that: (1) competitive products are not subsidized by market dominant products; (2) each competitive product covers its attributable costs; and (3) competitive products collectively cover an appropriate share of institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. § 3015.7.

The Postal Service states that “[p]revious cost coverage data for the Inbound Letter Post product are not legally determinative here, because the transfer would be combined with efforts in subsequent proceedings to establish new rates for Inbound Letter Post small packets and bulky letters, and inbound registered service associated with such items.” Request at 8-9. The Postal Service expects these new rates to be “fully remunerative and provide healthy contribution to institutional costs.” *Id.* at 9. Furthermore, the Postal Service asserts that because it expects the proposed Inbound Letter Post Small Packets and Bulky Letters product to cover its attributable costs in FY 2019, transferring the proposed product to the competitive product list would not cause the contribution to institutional costs from competitive products to fall below 5.5 percent

of institutional costs. *Id.* Accordingly, the Postal Service states that the proposed Inbound Letter Post Small Packets and Bulky Letters product should satisfy all subsections of 39 U.S.C. § 3633(a). *Id.*

Given that the Postal Service does not provide proposed new rates for Inbound Letter Post small packets and bulky letters, and inbound registered service associated with such items, the Commission is unable to determine whether the transfer will be compliant with the requirements of 39 U.S.C. § 3633(a). As a result, the Commission grants the Request subject to the following conditions:

1. The Postal Service files a notice of price adjustment for the Inbound Letter Post Small Packets and Bulky Letter product and associated inbound registered mail services that contains sufficient justification that the proposed prices will satisfy 39 U.S.C. § 3633(a) and 39 C.F.R. part 3015
2. The Commission issues an order finding that proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product and associated inbound registered mail services satisfy 39 U.S.C. § 3633(a) and 39 C.F.R. part 3015
3. The transfer of Inbound Letter Post Small Packets and Bulky Letters and associated inbound registered mail services conditionally approved by this Order is not effective until the effective date of the prices authorized in the subsequent order referenced above

Additionally, the Commission intends to consider whether the proposed prices are consistent with the policies outlined in the Presidential Memorandum.<sup>29</sup>

D. The Mail Classification Schedule and Proposed Conforming Changes

In its Request, the Postal Service proposed related revisions to the MCS. Request, Attachment B. CHIR No. 1, question 7 proposed some clarifying revisions to the Postal Service's draft description of the Inbound Letter Post Small Packets and Bulky Letter product. In its Response to CHIR No. 1, the Postal Service confirmed the accuracy of these revisions. Response to CHIR No. 1, question 7. The Commission adopts the clarifying edits as suggested in CHIR No. 1, question 7.

The changes to the MCS, which incorporate the transfer of Inbound Letter Post small packets and bulky letters from the market dominant Inbound Letter Post product to the competitive Inbound Letter Post Small Packets and Bulky Letters product, the transfer of associated registered mail services, and conforming changes, with minor changes to the proposed language as discussed above, appear following the signature of this Order. These changes will not go into effect until the conditions discussed in section VI.C, *supra* are met.

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<sup>29</sup> This includes whether the proposed prices provide for a "system of fair and nondiscriminatory rates for goods that promotes unrestricted and undistorted competition" and ensure that the prices do not favor foreign mailers over domestic mailers or favor postal operators over private companies. Presidential Memorandum, sections 2(d)(i)-(ii) and 3(a)(i). The Postal Service states that it is premature to discuss whether self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product will be offered to non-designated postal operators in addition to designated postal operators because the prices and classifications for the proposed product "have not yet been developed." Response to CHIR No. 1, question 6. The Commission recommends that the Postal Service explain whether it plans to offer the proposed product to non-designated postal operators in addition to designated postal operators when it files proposed prices, as the Commission intends to consider this issue when it reviews proposed prices for the Inbound Letter Post Small Packet and Bulky Letter product.

E. Additional Issues

1. Enhanced Transparency of the Inbound Letter Post Small Packets and Bulky Letter Product

In its comments, UPS recommends that the Commission require the Postal Service to report data on volume, revenue, weight, attributable cost, and volume-variable costs for the Inbound Letter Post Small Packet and Bulky Letter product and existing international competitive products in future Annual Compliance Review proceedings.<sup>30</sup> In its Reply Comments, the Postal Service states that the proposed Inbound Letter Post Small Packets and Bulky Letters product should be subject to the same reporting requirements as other competitive products.<sup>31</sup>

The Commission finds that it is not necessary to require the Postal Service to report the data as requested by UPS because there are already annual reporting requirements in place. For example, pursuant to the Commission's reporting requirements, the Postal Service's annual compliance report must include an analysis that demonstrates that each product complies with all of the applicable statutory and regulatory requirements. 39 C.F.R. § 3050.20(a). Specifically, the Postal Service is required to report: (1) the volume and revenue generated by each product; and (2) the attributable costs of, and the contribution to institutional costs made by, each product. 39 C.F.R. § 3050.21(a)-(c).

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<sup>30</sup> UPS Comments at 10-11. UPS specifically requests that the Commission require the Postal Service to file such information publicly. *Id.* The Commission's reporting regulations do not require the Postal Service to provide information publicly or non-publicly with the Commission. However, if the Postal Service files information non-publicly, then it must file an application for non-public treatment that, among other things, describes the non-public data, the rationale for claiming that the data is non-public, and the nature and extent of the harm alleged to result from disclosure and the likelihood of each harm. Non-Public Information, 83 Fed. Reg. 31,258, 31,275 (July 3, 2018) (to be codified at 39 C.F.R. pt. 3007). If the Postal Service files information non-publicly, then an interested participant may request access to the applicable information or for the Commission to unseal the information filed non-publicly. *Id.* at 31,277, 31,279.

<sup>31</sup> Reply Comments at 8-9. The Postal Service notes that the Commission has accepted "higher degrees of aggregation" for competitive products for reporting purposes. *Id.* at 9.

Furthermore, such a request is outside the scope of this transfer docket. If UPS believes that the current reporting requirements do not result in transparency sufficient for it to comment on the compliance of any product during the annual compliance review proceeding, then it may request the Commission to initiate a rulemaking docket to revise the reporting requirements or may file a motion requesting issuance of an information request.<sup>32</sup>

## 2. Consistency with Section 407(e)

In its comments, UPS asserts that the transfer of Inbound Letter Post small packets and bulky letters must comply with 39 U.S.C. § 407(e), which requires that the Customs Service and other appropriate Federal agencies apply the customs laws of the United States and all other laws relating to the importation or exportation of shipments of international mail that are competitive in the same manner to shipments by the Postal Service and private companies. UPS Comments at 6-7 (citing 39 U.S.C. § 407(e)(2)).

Section 407(e) is outside the scope of this transfer docket. Accordingly, the Commission's review of the Request does not include analysis of how the Customs Service and other appropriate federal agencies will apply the customs laws and importation and exportation laws of the United States to the proposed Inbound Letter Post Small Packets and Bulky Letter product.

## VII. CONCLUSION

It has been demonstrated that some statutory requirements have been met, which allows for the removal of Inbound Letter Post small packets and bulky letters from the market dominant Inbound Letter Post product and the addition of the Inbound Letter Post Small Packets and Bulky Letters product to the competitive product list. The Postal Service has yet to propose prices for the new competitive Inbound Letter Post

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<sup>32</sup> See, e.g., Docket No. RM2018-2, United States Postal Service Petition for Rulemaking on Periodic Reporting, December 27, 2017; see also 83 Fed. Reg. 31,273.

Small Packets and Bulky Letters product or associated inbound registered mail services, and therefore, has not demonstrated compliance with 39 U.S.C. § 3633. See Request at 9. In addition, the Postal Service has not yet determined whether the proposed prices will be available to non-designated operators in addition to designated operators. Response to CHIR No. 1, question 6. Thus, the request to transfer the price category is conditionally approved pending the proposal, review, approval, and implementation of new prices. In addition to the statutory requirements, the Commission's review of the proposed prices will consider whether they are consistent with the policies outlined in the Presidential Memorandum.

The associated revisions to the competitive product list and the MCS appear below the signature of this Order and are effective once the conditions are met.

#### VIII. ORDERING PARAGRAPHS

*It is ordered:*

1. The removal of Inbound Letter Post small packets and bulky letters from the Inbound Letter Post product on the market dominant product list and the addition of the Inbound Letter Post Small Packets and Bulky Letters product to the competitive product list is conditionally approved pending the proposal, review, approval, and implementation of new prices.
2. The addition of Inbound Competitive Registered Mail category to the Competitive Registered Mail component of the International Ancillary Services product on the competitive product list is conditionally approved pending the proposal, review, approval, and implementation of new prices.

3. The Commission accepts the revisions to the draft Mail Classification Schedule presented in the Attachment to this Order, which will be effective upon the proposal, review, approval, and implementation of new prices.

By the Commission.

Stacy L. Ruble  
Secretary



## CHANGE IN PRODUCT LIST

The following material represents changes to the product list codified in Appendix B to 39 C.F.R. part 3020, subpart A—Competitive Product List. These changes reflect the Commission's order in Docket No. MC2019-17. The Commission uses two main conventions when making changes to the product list. New text is underlined. Deleted text is struck through.

### **Appendix B to Subpart A of Part 3020—Competitive Product List**

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#### **International Products\***

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##### Inbound Letter Post Small Packets and Bulky Letters

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## CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

### Part A—Market Dominant Products 1000 Market Dominant Product List

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#### 1100 First-Class Mail

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#### 1130 Inbound Letter Post

##### 1130.1 Description

- a. Inbound Letter Post consists of inbound International pieces (originating outside of the United States and destined for delivery inside of the United States) that ~~are subject to the provisions of the Universal Postal Convention of the Universal Postal Union~~ contain only documents, and encompasses letters (to include aerogrammes and postcards), packages, postcards, and large letters, and small packets, up to 2 kilograms. Inbound Letter Post items in transit through the United States from a foreign origin for delivery to a foreign destination are included in the Inbound Letter Post Grouping. Inbound Letter Post includes items for the blind that correspond to the applicable format.

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##### 1130.2 Size and Weight Limitations

###### Small Letters (P Format), Small Packets, and Packages

	<b>Length</b>	<b>Height</b>	<b>Thickness</b>	<b>Weight</b>
Minimum	5.5 inches	3.5 inches	0.007 inch	none
Maximum	<u>249.6 inches<sup>1</sup></u>	<u>6.5 inches<sup>2</sup></u>	<u>0.196 inch<sup>3</sup></u>	<u>4 pounds3.5 ounces</u>
	<del>Length plus height plus thickness of 36 inches</del>			

#### Notes

1. Postcards subject to maximum of 6 inches; aerogrammes subject to maximum of 8.66 inches.

2. Postcards subject to maximum of 4.25 inches; aerogrammes subject to maximum of 4.33 inches.
3. Postcards subject to maximum of 0.196 inch; aerogrammes subject to maximum of 0.016 inch.

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Large Letters (Flats) (G Format)

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>5.5 inches</u>	<u>3.5 inches</u>	<u>none</u>	<u>none</u>
<u>Maximum</u>	<u>15 inches</u>	<u>12 inches</u>	<u>0.787 inch</u>	<u>17.6 ounces</u>

*Rolls*

	<b>Length</b>	<b>Length plus twice the diameter</b>	<b>Weight</b>
<b>Minimum</b>	4 inches	6.75 inches	none
<b>Maximum</b>	36 inches	42 inches	4 pounds

1130.3 Minimum Volume Requirements

	<b>Minimum Volume Requirements</b>
Letters, Small Packets, and Packages	none
Postcards	none
Rolls <u>Large Letters (Flats)</u>	none

1130.4 Price Categories

The following price categories are available for the product specified in this section:

- UPU-Terminal Dues
  - Letters, postcards, and large letters and small packets up to 2 kilograms

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1130.6 Prices

Foreign ~~postal operators~~ ~~administrations~~ pay the Postal Service for the delivery of inbound letter post mail at prices set by the Universal Postal Convention, known as terminal dues, as determined by applicable self-declared rates or international agreement. Payment by the foreign administration is made in accordance with the Universal Postal Convention Article 12 and associated UPU Letter Post Regulations. This information is available in the Letter Post Manual, which are available at [www.upu.int](http://www.upu.int).

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**Part B—Competitive Products**  
**2000 Competitive Product List**

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**International Products\***

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Inbound Letter Post Small Packets and Bulky Letters

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**2300 International Products**

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2300.2 Included Services

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- Inbound Letter Post Small Packets and Bulky Letters (2340)

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**2340 Inbound Letter Post Small Packets and Bulky Letters**

2340.1 Description

- Inbound Letter Post Small Packets may contain goods or documents and goods, and Bulky Letters contain documents. Inbound Letter Post Small Packets and Bulky Letters service includes rolls and E format items for the blind.
- Inbound Letter Post Small Packets and Bulky Letters service is sealed against inspection.

- c. The insertion of correspondence, with the exception of archived materials, exchanged between persons other than sender and the addressee or persons living with them, is prohibited.
- d. Inbound Letter Post Small Packets and Bulky Letters service includes transit revenue for small packets and bulky letters transiting from a foreign country to another foreign country through the United States.
- e. Postage and other charges paid by the sender are determined by the foreign postal operator in the country of origin.

2340.2 Size and Weight Limitations

Small Packets and Bulky Letters (E Format)

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>5.5 inches</u>	<u>3.5 inches</u>	<u>0.007 inch</u>	<u>none</u>
<u>Maximum</u>	<u>24 inches</u>			<u>4.4 pounds<sup>1</sup></u>
	<u>Length plus height plus thickness of 36 inches</u>			

Notes

- 1. Items for the blind subject to maximum weight of 15.432 pounds.

Rolls (E Format)

	<u>Length</u>	<u>Length plus twice the diameter</u>	<u>Weight</u>
<u>Minimum</u>	<u>3.94 inches</u>	<u>6.69 inches</u>	<u>none</u>
<u>Maximum</u>	<u>35.43 inches</u>	<u>40.94 inches</u>	<u>4.4 pounds</u>

2340.3 Minimum Volume Requirements

	<u>Minimum Volume Requirements</u>
<u>Small Packets and Bulky Letters</u>	<u>none</u>

2340.4 Price Categories

The following price categories are available for the product specified in this section:

- Inbound Letter Post Small Packets and Bulky Letters Rates

#### 2340.5      Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- International Ancillary Services (2615)
  - Competitive International Registered Mail (2615.2)
  - Customs Clearance and Delivery Fee (2615.6)

#### 2340.6      Prices

Foreign postal operators pay the Postal Service for the delivery of inbound letter post mail at prices known as terminal dues, as determined by applicable self-declared rates or international agreement.

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#### **2600**      **Special Services**

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#### **2615**      **International Ancillary Services**

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#### **2615.2**      **~~Outbound~~ Competitive International Registered Mail**

##### 2615.2.1      Description

*Outbound Competitive International Registered Mail*

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- d. Regardless of the declared value of a registered item, the maximum amount of indemnity payable for loss, damage, or missing contents is limited to the amount set by UPU Letter Post Regulations Article RL 155.4. This information is available in the Letter Post Manual at [www.upu.int](http://www.upu.int) and the International Mail Manual.
- e. ~~Outbound Competitive International Registered Mail service is subject to both U.S. Postal Service requirements and the prohibitions and restrictions of the destination country.~~

*Inbound Competitive International Registered Mail*

Inbound Competitive International Registered Mail Service is available for Inbound Letter Post Small Packets and Bulky Letters. A signature may be obtained at the time of delivery. Indemnity in the event of loss or damage may be offered. Tracking may be offered to certain origin operators under a supplementary remuneration program.

2615.2.2 Prices

*Outbound Competitive International Registered Mail*

	<b>(\$)</b>
Per Piece	15.50

*Inbound Competitive International Registered Mail*

Payment is made in the form of surcharges or supplemental revenue paid by foreign postal operators under applicable self-declared rates or international agreement.