April 19, 2019

Postal Regulatory Commission
901 New York Ave. NW, #200
Washington, DC 20268-0001

Re: Comments to Docket No. ACR2018, Order No. 5055; Notice of a Preliminary Determination to Unseal Library Reference PRC-LR-ACR2018-NP3

Thank you for the opportunity to comment on this important matter. The National Association of Manufacturers (NAM) is the largest manufacturing trade association in the United States, representing over 14,000 manufacturers small and large in every industrial sector and in all 50 states. Manufacturing employs more than 12.75 million women and men across the country, contributing more than $2.33 trillion to the U.S. economy annually.

The NAM filed prior comments to several dockets in support of unmasking the basic contour of the revenues from, and shapes of, inbound international mail. We argued then, and do now, that it is wholly appropriate for the Postal Regulatory Commission (PRC) to require the United States Postal Service (USPS) to provide such data, and that such data is not commercially sensitive when USPS may appropriately aggregate it. The PRC has agreed at several stages in this ongoing matter and has issued orders such as Order No. 4394 directing USPS to make the data public.¹ We continue to weigh in on this issue because the subsidies involved, combined with unacceptably loose customs rules, support the growing influx of counterfeit products from countries like China.

USPS continues to oppose efforts to unseal high-level aggregated data that would identify financial risks and trends in the Inbound Letter Post product category. In doing so, USPS maintains that on the one hand these products are competitive, but on the other hand they must take prices based on the Universal Postal Union terminal dues framework. In the Postal Service’s view, unmasking aggregated data would harm them without a countervailing public benefit.

The PRC has not yet deemed the Inbound Letter Post product to be a competitive product under the framework of the Postal Accountability and Enhancement Act of 2006 (PAEA), but a key subset of this product class—small packets exchanged through e-commerce—clearly does compete with private sector actors who are fully subject to costly customs rules. USPS undercutters competitors in this segment to such an alarming extent that the Postal Service loses hundreds of millions of dollars each year. The Postal Service continues to argue that while they believe they are bound to cross-subsidize this product by a non-treaty international agreement, they nevertheless are concerned that increased transparency as to the effects of this agreement would lead to a loss in business.

¹ Determination to Unseal the Material Filed in Response to Chairman’s Information Request No. 1, Question 1, January 26, 2018, at 8 (Order No. 4394).
The NAM continues to believe that the USPS has framed the arguments at-issue in this matter in the wrong order. The PRC must conduct a balancing test in this matter between the relative sensitivity of this aggregated and anonymized data on the one hand, and the public interest in transparency and oversight over a vital public institution on the other. We encourage the Commission to assign greater value to the public interest side of the equation. Even unmasking this data to a limited extent will permit more effective oversight over the USPS. For manufacturers, this oversight will help demystify the extent to which these subsidies encourage importation of counterfeit products. At the same time, uncontained and spiraling losses in this product category only harm USPS, manufacturers, and the broader economy.

While we believe the public interest must come before commercial intrigue in this matter, the commercial arguments are similarly not in the USPS’s favor. Given the nature and extent of losses on Inbound Letter Post, the USPS must cross-subsidize this product by cannibalizing profits elsewhere. The absurdity of this situation is readily apparent: if USPS loses business on inbound packets, they will be less unprofitable. On the other hand, a private-sector delivery company could only out-compete the USPS on this product by losing money themselves—a situation that investors would not tolerate. USPS’s arguments in favor of protecting a competitive advantage for a money-losing product are completely unpersuasive.

The NAM continues to believe that a strong and financially sound postal service provides critical benefits to the United States, and in particular to U.S. manufacturers. Our members depend on the USPS to bring their products to market and to support our entire economy.

On behalf of manufacturers in the United States, we appreciate the opportunity to provide our input on this critically important issue. We look forward to working with you to reduce the impact of unfair competition and to restrain the growth in counterfeit products entering the United States.

Respectfully,

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