

Before the Postal Regulatory Commission
Washington, DC 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND E-FORMAT LETTER POST

Docket No. CP2019-155

COMMENTS OF THE INTERNATIONAL MAILERS ADVISORY GROUP

The International Mailers Advisory Group (IMAG) respectfully submits these comments pursuant to the Docket No. CP2019-155 (October 29, 2019) regarding the Postal Service's notice of rates not of general applicability for Inbound Letter Post Small Packets and Bulky Letters and for Inbound Registered Service Associated with such Items (collectively referred to herein as Inbound E-format Letter Post) and for notice of July 1, 2020, as the effective date for such rates.

IMAG is a trade association formed in 1997 that represents primarily U.S.-based international mailers and shippers. Our core mission is to address barriers to the efficient flow of information and goods across borders. Our member [companies](#) are made up of consolidators, hardware and software solutions providers, and ecommerce platforms. We estimate IMAG members are responsible for over \$1 billion annualized postage or shipping spend and move billions of dollars in goods each year. Members use a wide array of shipping and delivery partners, including designated operators (posts), the integrators, local couriers, freight forwarders, and new market entrants.

The Postal Service's filing addresses the Commission's directive from Order No. 5152 (Order Approving Range of Rates for Inbound Letter Post Small Packets and Bulky Letters and Associated International Registered Mail Service, Docket No. CP2019-155, July 12, 2019) that the Postal Service file notice of the specific per-item and per-kilogram prices at least fifteen days before their planned effective date.

The Postal Service states that the specific self-declared rates submitted in this filing are within the range of rates that the Commission previously favorably reviewed and conform to the statutory requirements for competitive products under 39 U.S.C. § 3633. However, the

Postal Service has not revealed the actual rates publicly, and requests non-public treatment of the unredacted specific self-declared rates and supporting financial data that are being filed under seal.

IMAG opposes the Postal Service's request to treat these rates as non-public, as we did in our initial comments on CP2019-155. While we agree that negotiated service agreement rates deserve non-public treatment, a domestic benchmark rate does not. The Postal Service has confirmed that Option V as approved by the Extraordinary Congress (and now incorporated into the Second Protocol to the 2016 Universal Postal Convention, Draft Acts from October 18, 2019 – herein the Acts of the Geneva Congress) allows the United States to negotiate bilateral agreements with rates that supersede the published self-declared rates. Thus, IMAG contends, the published rate needs to be just that – published. Published, by its definition, means “to make available for public view.”

The Acts of the Geneva Congress, which will enter force on January 1, 2020, indicate the published rate eventually will have to be shared with all countries that intend to self-declare rates reciprocally with the United States in 2020. The Acts of the Geneva Congress say this must be done by March 1, 2020, and for future years, when all eligible countries begin the transition to self-declared rates, the date will be by June 1 of each year. Thus, the rates will eventually be made non-public.

We find the Postal Service argument that making the rates public at this time would result in one party or another (either the Postal Service or foreign postal operators) obtaining an unfair advantage in establishing their respective self-declared rates to be baseless. The Acts of the Geneva Congress set out the terms for setting the rates. They direct designated operators (DOs) to set the self-declared rate at a ceiling of 70% of a domestic service offered by the designated operators that is equivalent to bulky (E) and small packet (E) letter-post items. Thus, the ratio and other terms are set in the acts.

IMAG asserts that a DO wouldn't negotiate a bilateral agreement without knowing another DO's self-declared rate. The USPS argument that making a published rate public gives another country an unfair advantage doesn't make sense. It seems hard to fathom a DO would

even begin to negotiate a bilateral agreement in earnest without knowing the list price and having a baseline for the rates to actually be charged.

The Postal Service's argument in this case seems equivalent to arguing that it should not make a published Priority Mail Commercial rate public because it intends to negotiate individual agreements with large commercial shippers. This argument doesn't hold up. Indeed, in its current international product offerings – in which the Postal Service operates in a very competitive market – list prices are publicly available but negotiated service agreement prices – and nearly every consolidator has a contract – are not.

Finally, the Commission recognized in Order No. 5152 commenters' concerns about the lack of transparency around the range of rates in the original USPS filing. To that end, the Commission strongly encouraged the Postal Service to provide greater information to the public when it filed specific prices, as well as to consider publishing a default price as suggested by the Association for Postal Commerce in its initial comments. "These measures should assist in analyzing and addressing the public policy concerns related to the product," the Commission said. IMAG believes the Postal Service should take advantage of this opportunity and provide the transparency requested by the Commission in this latest filing for an Inbound E-Format Letter Post rate.

Respectfully submitted,



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