

INTERNATIONAL MAILERS' ADVISORY GROUP

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TO: Postal Regulatory Commission

FROM: Richard N. Miller, Executive Director

Subject: Comments on PAEA Implementation

The International Mailers Advisory Group ("IMAG") appreciates this opportunity to share the views of our association and our members on the matter of future ratemaking procedures and rules governing international mail services.

The Postal Accountability and Enhancement Act of 2006 ("PAEA") distinguishes between those international mail services that will be subject to the rules devised for competitive services versus those devised for market-dominant services.

Section 3621 of the PAEA states that the statutory provisions relating to market-dominant products shall apply with respect to "single-piece international mail." Section 3631 provides that all other "bulk international mail" will be subject to the provisions relating to competitive products under subchapter II of chapter 36.

IMAG respectfully submits that, read in context, "single-piece international mail" generally refers to mail that may have been deposited in a postal collection box or individual letters or packages that may have been presented at a postal retail counter; mail that is clearly intended as a cross-border exchange between consumers or between consumers and international businesses.

For purposes of consistency with the categorization of domestic competitive services, IMAG further suggests that the following international services be categorized as "bulk international mail" products: Global Express Guaranteed, Express Mail International, Priority Mail International, and First-Class Mail International weighing more than 12.5 ounces.

As a market-dominant product under the PAEA single-piece international mail must be priced in a manner that is sufficient to recover its attributable costs and to make a fair share contribution to the recovery of overhead costs.

With respect to international products that are classified as competitive products, the PAEA provides the Postal Service (and particularly its Governors) with considerable pricing discretion. IMAG respectfully suggests that the Commission's regulations should afford the Postal Service significant freedom to define and structure competitive international services subject to the general limitation that each competitive product cover its attributable costs and that competitive products collectively cover an "appropriate share" of institutional costs.

Thank you for your consideration, and we will be happy to discuss any of these views at your convenience.

