

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
EXPRESS MAIL INTERNATIONAL
BILATERAL/MULTILATERAL AGREEMENTS

Docket No.
CP2008-7

**UNITED STATES POSTAL SERVICE RESPONSE TO ORDER NO. 84 AND NOTICE
OF FILING ONGOING INBOUND INTERNATIONAL EXPEDITED SERVICES
AGREEMENTS**
(July 23, 2008)

In response to the Commission's Order No. 84, the United States Postal Service hereby provides a list of ongoing Inbound International Expedited Services (EMS) agreements, along with a copy of each agreement. The list consists of an Excel file that identifies by name all countries whose postal administrations have entered into active bilateral or multilateral agreements with the Postal Service that provide for inbound EMS.¹ Because the Commission and the Postal Service have determined that the names of foreign postal administrations with whom the Postal Service has such agreements are not confidential, this list is also included in the public portion of this filing. Because the Postal Service considers each agreement to contain commercially sensitive contractual and operational information, it has marked each agreement as confidential² and filed the agreements under seal in a nonpublic annex.

I. Summary of Bilateral Agreements

¹ This list also includes the International Standards Organization's two-letter country codes for the relevant countries, in order to facilitate the Commission's reference in accessing the nonpublic files.

² To the extent that any of the voluminous number of pages in the nonpublic filing may not have been so marked, the Postal Service submits that any omissions are inadvertent and requests that any such pages be accorded the same treatment as marked pages.

The Postal Service has 184 agreements with foreign postal administrations that are similar in form and nature.³ Each of these 184 agreements consists of the following sources:

(1) A base agreement that prescribes operational details, such as the use of barcodes, the color and design of envelopes and mailbags, and dispatch information requirements. The terms of these agreements are standardized, notwithstanding some minor modifications over time with the evolution of such technical and service aspects as barcodes and electronic messaging. These base agreements also allow each party to set the rates it will charge the other for delivery in the charging party's territory; and

(2) The rates for EMS delivery that the United States established in a letter to the Universal Postal Union's International Bureau ("IB"), which the IB issued as Circular 271 on September 10, 2007.⁴ Previously, the Postal Service communicated inbound EMS delivery rates, including those dependent on participation in the EMS Cooperative and/or the EMS Cooperative's Pay-for-Performance (PFP) plan, by letters sent unilaterally to the applicable postal administrations of origin. Although IB Circular 271 renders the price terms of these earlier letters moot, the letters have been included in this submission to the extent that they document the existence of inbound EMS arrangements with applicable postal administrations.⁵

The Postal Service notes that it already filed the current agreement with China

³ Many of these agreements have already been filed with the Commission pursuant to 39 U.S.C. § 407(d)(2). For the sake of completeness and context, however, the Postal Service is providing them again with this submission.

⁴ IB Circulars are available only to entities authorized to access the password-protected area of the UPU's website. Because they are not generally available to the public, and because this IB Circular contains commercial pricing information, the Postal Service requests confidential treatment for this document as well and has included it in the nonpublic annex.

⁵ Please note that although Taiwan is not an EMS Cooperative member, its postal administration and the Postal Service apply the PFP plan.

Post Group at the outset of this proceeding. For the sake of completeness and context, however, the Postal Service provides it again in this submission. The Postal Service notes that unlike the 184 agreements described above, China Post Group's is based on a negotiated rate structure. The China Post Group agreement will expire one year after its effective date, although it is subject to automatic renewal or negotiation.⁶

II. Summary of Multilateral Agreements

In addition, the Postal Service submits contractual documentation related to its participation in the E-Parcels Group ("EPG") and the Kahala Posts Group ("KPG"). These are multilateral organizations whose member posts apply certain performance-based penalties and incentives to EMS and other shipments.

The EPG documents applicable to the Postal Service consist of (1) a Core Agreement applicable to all EPG partners; (2) a Sub-Agreement that elaborates upon certain aspects of the Core Agreement and to which the Postal Service and certain other EPG partners are party, as well as annexes to the Sub-Agreement; and (3) letters to EPG partners notifying them of the prices that apply to relevant inbound and/or outbound shipments of Air Parcels and/or EMS, as applicable. At present, no EPG partners actually tender EMS to the United States through the EPG option, but rely instead on the terms of other arrangements, such as the EMS Cooperative. Nevertheless, the foreign posts that are parties to the EPG could potentially avail themselves of the EMS prices and terms offered through the EPG. Hence, the Postal Service provides the relevant materials in conformance with the Commission's request.

Finally, the Postal Service provides an agreement with its KPG partners that sets service objectives and performance levels for EMS and other services between the

⁶ None of the other bilateral EMS agreements filed here have a definite expiration date.

parties. The KPG agreement does not govern prices or rates for delivery. Rather, it establishes an additional layer of operational commitments and customer service guarantees, subject to indemnification, for postal traffic between the partners. This agreement expires on December 31, 2008, although it is subject to renewal.⁷

II. Approach to Classification

The Commission also ordered the Postal Service to provide suggestions regarding the development of a consistent approach to organizing competitive product negotiated agreements within the Mail Classification Schedule. In particular, the Commission noted the apparent inconsistency between the proposed Mail Classification Schedule (MCS) language for Inbound EMS and that proposed for outbound international customized agreements in Docket Nos. CP2008-5 and CP2008-8. Specifically, the Postal Service proposed listing the former within the MCS section for Express Mail, Inbound Express Mail International, and the latter within the MCS section for Negotiated Service Agreements, Outbound International. The Commission stated that the intent of the overall Negotiated Service Agreements category is to organize all negotiated agreements, thereby suggesting that Inbound EMS Agreements might more properly be categorized under a new MCS section for Negotiated Service Agreements, Inbound International.

In its Submission of Additional Mail Classification Schedule Information in Response to Order No. 43 (filed on November 20, 2007), the Postal Service proposed that Inbound EMS be classified as a product and applicable bilateral or multilateral agreements as price categories within that product classification. The Postal Service adopted this approach because it viewed these agreements as distinct from customer

⁷ In contrast, the EPG Agreement and its related materials do not contain a definite termination date.

agreements in several respects. For instance, the Postal Service exercises a primary role in developing customer-oriented products, whereas EMS's features are essentially defined by an international cooperative of providers under UPU auspices. Hence, in its November 20, 2007, submission in Docket No. RM2007-1, the Postal Service suggested aggregating all agreements with foreign posts and treating each agreement as a price category within the scope of a large group of similar agreements under one product name. If the Commission determines not to adopt this approach, however, and instead treats each agreement or set of similar agreements with foreign posts as separate products, then the Postal Service concurs that it would be consistent to classify Inbound EMS Agreements within the MCS section for Negotiated Service Agreements.

Respectfully submitted,

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Code	Country Name
AL	Albania
DZ	Algeria
AO	Angola
AI	Anguilla
AG	Antigua & Barbuda
AR	Argentina
AM	Armenia
AW	Aruba
AU	Australia
AT	Austria
AZ	Azerbaijan
BS	Bahamas
BH	Bahrain
BD	Bangladesh
BB	Barbados
BY	Belarus
BZ	Belize
BJ	Benin
BM	Bermuda
BT	Bhutan
BO	Bolivia
BA	Bosnia and Herzegovina
BW	Botswana
BR	Brazil
BN	Brunei Darussalam
BG	Bulgaria
BF	Burkina Faso
BI	Burundi
KH	Cambodia
CM	Cameroon
CV	Cape Verde
KY	Cayman Islands
CF	Central African Republic
TD	Chad
CL	Chile
CN	China, People's Republic of
CO	Colombia
KM	Comoros
CG	Congo
CD	Congo, Democratic Republic of the
CR	Costa Rica
CI	Côte D'Ivoire (Ivory Coast)
HR	Croatia
CY	Cyprus
CZ	Czech Republic
DK	Denmark
DJ	Djibouti
DM	Dominica
DO	Dominican Republic
TP	East Timor
EC	Ecuador
EG	Egypt
SV	El Salvador
GQ	Equatorial Guinea
ER	Eritrea
EE	Estonia
ET	Ethiopia
FJ	Fiji
FI	Finland
FR	France
PF	French Polynesia
GA	Gabon
GM	Gambia
GE	Georgia
DE	Germany
GH	Ghana
GR	Greece
GD	Grenada
GT	Guatemala

Code	Country Name
GN	Guinea
GY	Guyana
HT	Haiti
HN	Honduras
HK	Hong Kong
HU	Hungary
IS	Iceland
IN	India
ID	Indonesia
IQ	Iraq
IE	Ireland
IL	Israel
IT	Italy
JM	Jamaica
JP	Japan
JO	Jordan
KZ	Kazakhstan
KE	Kenya
KI	Kiribati
KP	Korea, Democratic People's Republic of
KW	Kuwait
KG	Kyrgyzstan
LA	Laos, People's Democratic Republic
LB	Lebanon
LS	Lesotho
LR	Liberia
LT	Lithuania
LU	Luxembourg
MO	Macau
MK	Macedonia
MG	Madagascar
MW	Malawi
MY	Malaysia
MV	Maldives
ML	Mali
MT	Malta
MR	Mauritania
MU	Mauritius
MX	Mexico
MD	Moldova, Republic of
MN	Mongolia
ME	Montenegro
MA	Morocco
MZ	Mozambique
NA	Namibia
NR	Nauru
NP	Nepal
NL	Netherlands
AN	Netherlands Antilles
NC	New Caledonia
NZ	New Zealand
NI	Nicaragua
NE	Niger
NG	Nigeria
NO	Norway
OM	Oman
PK	Pakistan
PA	Panama
PG	Papua New Guinea
PY	Paraguay
PE	Peru
PH	Philippines
PL	Poland
PT	Portugal
QA	Qatar
RO	Romania
RU	Russia
RW	Rwanda
KN	Saint Kitts and Nevis

Code	Country Name
LC	Saint Lucia
VC	Saint Vincent & the Grenadines
WS	Samoa
ST	Sao Tome & Principe
SA	Saudi Arabia
SN	Senegal
SC	Seychelles
SL	Sierra Leone
SG	Singapore
SK	Slovakia
SI	Slovenia
SB	Solomon Islands
SO	Somalia
ZA	South Africa
ES	Spain
LK	Sri Lanka
SD	Sudan
SR	Suriname
SZ	Swaziland
SE	Sweden
CH	Switzerland
SY	Syria
TW	Taiwan
TZ	Tanzania
TH	Thailand
TG	Togo
TO	Tonga
TT	Trinidad & Tobago
TN	Tunisia
TR	Turkey
TC	Turks & Caicos Islands
TV	Tuvalu
UG	Uganda
UA	Ukraine
AE	United Arab Emirates
GB	United Kingdom (Great Britain)
UY	Uruguay
UZ	Uzbekistan
VU	Vanuatu
VE	Venezuela
VN	Viet Nam
YE	Yemen
YU	Yugoslavia
ZM	Zambia
ZW	Zimbabwe

Code	Country Name
AI	Anguilla
AZ	Azerbaijan
BS	Bahamas
BB	Barbados
BY	Belarus
BZ	Belize
BI	Burundi
KY	Cayman Islands
CL	Chile
CR	Costa Rica
CY	Cyprus
CZ	Czech Republic
SV	El Salvador
FI	Finland
HK	Hong Kong
ID	Indonesia
IL	Israel
JP	Japan
KR	Korea, Republic of
MY	Malaysia
MV	Maldives
MX	Mexico
AN	Netherlands Antilles
NZ	New Zealand
RU	Russia
KN	Saint Kitts and Nevis
LC	Saint Lucia
TW	Taiwan
UG	Uganda
GB	United Kingdom (Great Britain)
UY	Uruguay

Group	Partners
E Parcel Group	Belgium
	Denmark
	Finland
	France
	Germany
	Greece
	Iceland
	Ireland
	Italy
	Lithuania
	Luxembourg
	Netherlands
	Norway
	Portugal
	Slovak Republic
	Slovenia
	Spain
Sweden	
Switzerland	
United Kingdom	
Kahala Posts Group	Australia
	China
	France
	Hong Kong
	Japan
	Korea (Republic of)
	Spain
United Kingdom	