

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

COMPETITIVE PRODUCT PRICES  
INBOUND INTERNATIONAL EXPEDITED SERVICES 2  
(MC2009-10)

Docket No.  
CP2013-77

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING CHANGES IN  
RATES NOT OF GENERAL APPLICABILITY AND CHANGES TO PRODUCT  
DESCRIPTION FOR INBOUND EMS 2**

(August 15, 2013)

In accordance with 39 C.F.R. § 3015.5, the United States Postal Service (Postal Service) hereby gives notice of a change in rates not of general applicability for Inbound International Expedited Services 2. Prices and classifications not of general applicability for Inbound International Expedited Services 2 were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of New Prices and Classifications for Inbound Express Mail International (EMS), issued on November 3, 2008 (Governors' Decision No. 08-20),<sup>1</sup> as well as by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on March 22, 2011 (Governors'

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<sup>1</sup> A redacted copy of this decision appears as Attachment 2A to this Notice. An unredacted copy of the decision was filed under seal with the Request of the United States Postal Service Regarding Inbound Express Mail International (EMS) from Foreign Posts to Add Inbound International Expedited Services 2 to Competitive Product List; and Notice of Establishment of Rates and Classifications Not of General Applicability, Docket Nos. MC2009-10 and CP2009-12, Nov. 19, 2008.

Decision No. 11-6).<sup>2</sup> The Postal Regulatory Commission (Commission) previously determined that Inbound International Expedited Services 2 is appropriately classified as a competitive product and that an initial review of the rates indicated compliance with statutory requirements.<sup>3</sup>

Subsequently, the Commission reviewed changes in rates not of general applicability for Inbound International Expedited Services 2 effective each January 1 from 2010 through 2013.<sup>4</sup> The Commission determined in its Annual Compliance Determination Report for Fiscal Year 2012 that this product covered its attributable costs in compliance with 39 U.S.C. § 3633(a)(2).<sup>5</sup> With this filing, the Postal Service notifies the Commission of changes to Inbound International Expedited Services 2 rates that are intended to take effect January 1, 2014.<sup>6</sup>

The Postal Service also notifies the Commission in accordance with 39 C.F.R. § 3020.90 of changes to the description of the product in the Mail Classification Schedule (MCS) that are consistent with 39 U.S.C. § 3642. These changes include:

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<sup>2</sup> See Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2012-52, August 13, 2012, at Attachment 2B.

<sup>3</sup> PRC Order No. 162, Order Adding Inbound International Expedited Services 2 to Competitive Product List, Docket Nos. MC2009-10 and CP2009-12, Dec. 31, 2008, at 8.

<sup>4</sup> PRC Order No. 281, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2009-57, August 19, 2009; PRC Order No. 523, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2010-90, August 23, 2010; PRC Order No. 806, Order Approving Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2011-66, August 16, 2011; PRC Order No. 1456, Order Approving Rate Changes For Inbound International Expedited Services 2, Docket No. CP2012-52, August 30, 2012.

<sup>5</sup> PRC, Annual Compliance Determination Report FY 2012, at 170.

<sup>6</sup> Ordinarily, notice of a change in rates not of general applicability must be filed not less than 15 days prior to the effective date of the new rates. 39 U.S.C. § 3632(b)(3). In the case of Inbound EMS rates, however, the Commission previously advised the Postal Service that the Commission's review would be more meaningful if the notice of the change were filed at least 15 days prior to the Postal Service's deadline for informing the Universal Postal Union's International Bureau of the new rates, which is August 31 of each year. PRC Order No. 162, at 9.

- a change of the name of the product from “Inbound International Expedited Services 2” to “Inbound EMS 2”<sup>7</sup>
- a description of discounts to be offered to certain postal operators within the Tier 1 pricing that is offered to Pay-for-performance Plan agreement holders,
- changes in eligibility for Tier 1, and
- updates to the lists of operators within Tiers 1 and 2.

Governors’ Decision Nos. 08-20 and 11-6, rates and supporting documents establishing compliance with 39 U.S.C. § 3633(a)(2) and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. The Postal Service’s Application for Non-public Treatment of those materials is included with this Notice as Attachment 1. Redacted copies of Governors’ Decision Nos. 08-20 and 11-6 are included as Attachments 2A and 2B. A redacted version of the new rates is included as Attachment 3, and the certified statement required by 39 C.F.R. § 3015.5(c)(2) is included as Attachment 4. The new rates include an additional non-published discount range within Tier 1 for certain Pay-for-performance Plan agreement holders, which is reflected in the Postal Service’s supporting documents. The entirety of the rates in both Tiers are authorized by Governors’ Decision No. 08-20 or Governors’ Decision No. 11-6. Because the discounted rates in Tier 1 will not be offered to select EMS Cooperative members until January 1, 2014, there are no agreements currently listed in new Tier 1b at this time. To illustrate compliance with 39 U.S. C. § 3633, the Postal Service

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<sup>7</sup> The Commission’s July 31, 2013 version of the draft Mail Classification Schedule, available on the PRC’s website at <http://www.prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail> reflects the preferred product name, “Inbound EMS.” Hence, the Postal Service takes this opportunity to change the product description accordingly.

assumed a scenario for cost coverage, which would provide the greatest possible discount to all current Pay-for-performance Plan agreement holders.

Historically, the Commission has found it useful to have the Universal Postal Union EMS Cooperative's recent report cards as it reviews the Postal Service's proposed rates.<sup>8</sup> Redacted copies of the EMS Cooperative CY2012 Report Card and the EMS Cooperative quarterly report cards for CY2012 are included as Attachments 5A to 5E to facilitate the Commission's review.

Attachment 6 includes the changes to the Inbound EMS product description in the MCS, which have been made using the Commission's July 31, 2013 draft redline version of the MCS as the base document.

### ***Explanation of Change in Classification and Rates***

In Governors' Decision No. 08-20, the Governors established a classification for International Expedited Services 2 that serves as the basis for the Tier 1a and Tier 2 rates in this filing. Subsequently, the Governors adopted Decision No. 11-6. These two Decisions serve as the basis for the entirety of the rates adopted in connection with this filing.

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<sup>8</sup> For example, in Docket No. CP2012-52, in response to a request from the Commission, the Postal Service provided its EMS CY2011 Cooperative Report Cards, including performance measurements. (Response of the United States Postal Service to Order No. 1436, Docket No. CP2012-52, August 22, 2012). Furthermore, in the ACR2012 docket, the Commission requested the CY2012 EMS Cooperative Report Card and the EMS Cooperative quarterly report cards for CY2012. (Chairman's Information Request (ChIR) No. 1, Docket No. ACR2012, January 4, 2013, at 3-4.) In response, the Commission filed the EMS Cooperative quarterly report cards provided to the Postal Service for Quarters 1, 2, and 3 of CY2012, but the CY2012 EMS Cooperative Report Card and the EMS Cooperative quarterly report card for Quarter 4 of CY2012 were not available at the time of filing. (Responses of the United States Postal Service to Questions 1-9 and 12-15 of Chairman's Information Request No. 1, Docket No. ACR2012, January 14, 2013, at 15.) The Commission's Annual Compliance Determination Report was published on March 28, 2013, before the Postal Service had the opportunity to update its response to ChIR No. 1, Question 6. Therefore, the Postal Service includes with this notice the CY2012 EMS Cooperative Report Card and the EMS Cooperative quarterly report cards for all four quarters of CY2012.

The Postal Service incorporates by reference the basic explanations for Inbound International Expedited Services 2 contained in its 2009 Request, as well as other materials filed in Docket No. CP2009-57. In those filings, the Postal Service explained that the two-tiered rate structure for Inbound International Expedited Services 2 (hereinafter, Inbound EMS 2) exists as a result of the EMS Cooperative's expectation that all of its members will participate in the Pay-for-performance Plan.<sup>9</sup> In this filing, the Postal Service provides notice of four changes, which are included in the revisions to the MCS set forth in Attachment 6. First, the name of the product has been changed from "Inbound International Expedited Services 2" to "Inbound EMS 2" to reflect more accurately the scope of the product. Second, the new description includes an additional price discount category within Tier 1 offered to select Pay-for-performance participants. Third, eligibility for Tier 1 will no longer be extended to KPG members, unless they participate in a Pay-for-performance plan. Fourth, the lists of the countries in Tiers 1 and 2 have been updated to reflect changes not previously noted, and in accordance with the Postal Service's most recent quarterly update concerning the lists of countries.<sup>10</sup>

The change of the name of the product is intended to more accurately reflect, in a less cumbersome way, what the product is. This product is available exclusively to operators that comply with EMS Cooperative standards and use EMS-branded packaging for exchange of express delivery services to the United States. The "Inbound International Expedited Services" product name does not make this criterion

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<sup>9</sup> See Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability, Docket No. CP2009-57, July 28, 2009, at 2.

<sup>10</sup> See United States Postal Service Quarterly Update in Response to Order No. 162, Docket Nos. MC2009-10 and CP2009-12, July 1, 2013.

as clear. The new, more concise name better matches to the name used by postal operators. The Postal Service notes that the product name change to “Inbound EMS” is anticipated by the Commission, because “Inbound EMS” is the title of section 2515.6 in the July 31, 2013 version of the MCS offered for public comment on the PRC’s website.

The second change offers select Pay-for-performance Plan agreement holders the opportunity to access a discount range from the Tier 1a pricing, if they are prepared to give a reciprocal discount for EMS delivery service to the Postal Service. The discount may be made available to each select operator on a bilateral basis and could range from zero to the maximum available discount. The operator must offer a reciprocal discount to the charges imposed for U.S. origin EMS items destined to the territory served by the operator. The Postal Service proposes to list the countries in this discount tier in its quarterly updates to the list of countries in Tiers 1 and Tier 2 in MCS 2515.6.7. The Postal Service proposes to file such quarterly updates in this docket, instead of in Docket Nos. MC2009-10 and CP2009-12 where the Postal Service has previously filed such updates.

The third change concerns eligibility for Tier 1 prices. Tier 1 will no longer be extended to KPG members, unless they participate in a Pay-for-performance plan. While many members of KPG are already Pay-for-performance participants, this measure will provide incentives for any remaining members to participate in performance-based EMS operations.

The fourth set of changes are housekeeping in nature to reflect changes among EMS operators. Kazakhstan has been removed from the list because there is currently no state-designated operator for delivery of EMS items in that country and the prior Pay-

for-performance Plan agreement with the operator has expired. Netherlands Antilles has been removed from the Tier 1 list, as that geopolitical entity no longer exists within the Kingdom of the Netherlands. In addition, France and Spain have been removed from Tier 1 as they do not currently have a Pay-for-performance arrangement with the Postal Service.

Also, the changes include the deletion of language in section 2515.6.6 which is repetitive of 2515.6.1e, the deletion of an inadvertently placed asterisk associated with Kosovo UNMIK on the Tier 2 list, as well as changes in accordance with the Postal Service's most recent quarterly update concerning the lists of countries in Tiers 1 and 2.<sup>11</sup>

### ***Confidentiality***

The Postal Service maintains that the portions of the Governors' Decisions, the new rates, information included in the EMS report cards, and related financial information should remain confidential. The Postal Service provides its Application for Non-public Treatment of materials filed under seal as Attachment 1.

### ***Conclusion***

For the reasons discussed above, and on the basis of the supporting information filed under seal, the Postal Service has established that these new Inbound EMS 2 rates are in compliance with the requirements of 39 U.S.C. § 3633(a)(2). Accordingly, the Postal Service respectfully submits that it has met its burden of providing notice to the Commission of changed rates within the scope established by Governors' Decision Nos. 08-20 and 11-6, as required by 39 U.S.C. § 3632(b)(3).

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<sup>11</sup> *Id.*

Additionally, the information provided demonstrates that the changes to the product description included with this notice are consistent with 39 U.S.C. § 3642 and should be incorporated into the Mail Classification Schedule as requested.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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August 15, 2013

## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT**

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission) in this docket. The materials pertain to the Inbound EMS 2 rates which will be effective on January 1, 2014. The rates and the financial work papers used to demonstrate compliance with 39 C.F.R. § 3015.5(c)(1), as well as the EMS Cooperative Report Cards, including performance measurements for calendar year 2012 (CY2012), are being filed separately under seal with the Commission. The Postal Service furnishes the justification for this application required by 39 C.F.R. § 3007.21(c) below.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).<sup>1</sup> Because the

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<sup>1</sup> The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish

portions of materials filed non-publicly in this docket fall within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and email address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

In the case of Inbound EMS 2, the other members of the EMS Cooperative of the Universal Postal Union may have a proprietary interest in the materials. Therefore, for these purposes, the EMS Unit Manager is the appropriate person to whom notice should be provided. That person is Mr. Brian Hutchins whose telephone number is +41 31 350 35 64 and whose email address is Brian.Hutchins@upu.int.<sup>2</sup>

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with the Postal Service's Notice filed in this docket, the Postal Service includes the new rates, supporting financial workpapers, and EMS Cooperative CY2012 Report Cards. The rates, financial workpapers and EMS Cooperative CY2012 Report Cards and the EMS Cooperative quarterly report

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a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, March 20, 2009, at 11.

<sup>2</sup> Due to the practical difficulties of providing adequate notice to the over 150 members of the EMS Cooperative, the Postal Service proposes that it be deemed sufficient for the International Bureau's (IB) EMS Unit Manager to be treated as the point of contact for all such third party interests. Not only is the IB's EMS Unit cognizant of the EMS membership's interests, it is also best-positioned to communicate efficiently with other EMS operators if need be.

cards for CY2012 are being filed under seal, with a redacted copy filed publicly, after notice to the International Bureau of the Universal Postal Union.

The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, volumes, pricing formulas, and cost coverage projections. The redactions to the rate chart are applied to the actual prices established for 2014.

Redacted information in the EMS Cooperative CY2012 Report Cards includes delivery, tracking, and service performance information, which is commercially sensitive.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the portions of the withheld materials that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that the Postal Service would suffer commercial harm. Information about pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice.

The financial workpapers concerning the EMS rates include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, incoming volumes, and projections of variables. All of this information is highly confidential in a competitive business environment, and the Postal Service does not believe that it would be disclosed under good business practice. If the portions of the financial workpapers that the Postal Service determined to be protected from disclosure due to their commercially sensitive

nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm.

Competitors could use such information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas. Likewise, competitors would be able to take advantage of the information to offer lower pricing to customers, which could include foreign posts because they are not required to use the Postal Service for delivery of EMS items destined to the United States. Unlike the Postal Service, its competitors can subsidize any product-specific losses with profits from other customers and products.

Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Potential customers, including foreign posts, could also deduce from the rates provided in the work papers whether additional margin for net profit exists. From this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Also, competitors could use the delivery, tracking, and service performance information in the EMS Cooperative CY2012 Report Cards to assess offers and representations made to customers by the Postal Service for

any possible comparative vulnerability and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of information in the financial workpapers would be used by the Postal Service's competitors to its detriment.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to determine what the Postal Service would have to charge its customers in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates under that threshold for products similar to those that the Postal Service offers other posts and markets its ability to guarantee to beat the Postal Service on price for inbound EMS delivery. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the inbound EMS delivery market.

Harm: Foreign postal operators could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral EMS charges.

Hypothetical: The disaggregated revenue, volume, and weights are disclosed to the public. Foreign postal operators obtain the information and use it to their

advantage in negotiating bilateral EMS charges with the Postal Service in an effort to lower the rates charged for delivery of EMS in the United States.

Harm: Public disclosure of information in the financial work papers would be used by the EMS Cooperative members' competitors to the detriment of the EMS Cooperative members.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to assess the underlying costs for the corresponding products of the foreign postal operators. The competitor uses that information as a baseline to negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives. Alternatively, competitors of the foreign postal operators extract information regarding the volumes they are sending to the United States as a means of gaining market intelligence for targeting their own global expansion efforts.

Harm: Competitors could use delivery, tracking, and service performance information in the EMS Cooperative CY2012 Report Cards to assess vulnerabilities and focus sales and marketing efforts to the detriment of the Postal Service.

Hypothetical: The information in the EMS Cooperative CY2012 Report Cards is released to the public. Another expedited delivery service's employee monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor then uses this delivery, tracking, and service performance information to develop plans to more effectively compete against the Postal Service or to develop comparative advertising.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international expedited and parcels products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products (including other postal operators), as well as actual or potential customers of a postal operator or expedited/parcel integrator for this or similar products, should not be provided access to the non-public materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE  
ESTABLISHMENT OF NEW PRICES AND CLASSIFICATIONS FOR INBOUND EXPRESS MAIL  
INTERNATIONAL (EMS) (GOVERNORS' DECISION NO. 08-20)**

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November 3, 2008

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability produced pursuant to EMS Cooperative<sup>1</sup> procedures for inbound Express Mail International (EMS) tendered by foreign postal administrations,<sup>2</sup> and such changes in classification as are necessary to implement the new prices.<sup>3 4</sup> This decision establishes three price tiers, effective January 1, 2009, that fall within price floor and price ceiling formulas for inbound EMS. The price floor and price ceiling formulas are specified in Attachment B, and management's analysis of and recommendation in favor of their use is explained in Attachment C. We have reviewed the analysis and conclude that the three price tiers established by EMS Cooperative procedures and the prices for each tier set by management are consistent with the formulas, and that the classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7.

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<sup>1</sup>The EMS Cooperative is a voluntary group established in 1998 by the Universal Postal Union's (UPU's) Postal Operations Council. The UPU is a specialized United Nations multilateral organization that facilitates the exchange of international mail. One hundred fifty EMS operators are currently members. Inbound EMS prices for those international posts who are not members of the EMS Cooperative are also set using the same timetable and procedures.

<sup>2</sup>Under these procedures, each destination administration sets its charges once a year by notifying all partners either directly or through the UPU's International Bureau no later than August 31 of the year prior to the effective date. The Postal Service normally makes notification through the UPU International Bureau, but also sends letters directly to the origin administrations.

<sup>3</sup>The Mail Classification Schedule (MCS) language describing the three EMS price tiers seeks to address Postal Regulatory Commission (Commission) suggestions that a consistent approach be adopted for "organizing competitive product negotiated agreements within the Mail Classification Schedule." PRC Order No. 84, Order Concerning the China Post Group Inbound EMS Agreement, Docket No. CP2008-7, June 27, 2008, at 6. Classification language appears as Attachment A.

<sup>4</sup>Specific operational agreements must also define how EMS is exchanged between and among posts. The USPS has many such bilateral/multilateral agreements, at least some of which may be supplanted by an umbrella operational agreement while the price tiers approved herein are effective.

The PAEA provides that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. We have previously determined that prices established according to the formulas listed in Attachment B are appropriate for EMS.<sup>5</sup> Inclusion of those formulas here, and management's analysis of them, confirms our decision that they retain their vitality and that such formulas are appropriate in the instant circumstances. Under the UPU process, each destination administration sets prices for three tiers:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) EMS Cooperative: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

As a general matter, the three tiers are mutually exclusive; at times, however, a foreign post may migrate from the second tier to the first.

We are satisfied that the prices established pursuant to EMS Cooperative processes and falling within the formulas in Attachment B meet the applicable statutory and regulatory requirements. The price floor formula provides greater than 100 percent coverage of the costs attributable to each of the price tier. We accept and rely upon the certification in Attachment D that the correct cost inputs for the formulas have been identified. In addition,

[REDACTED]  
[REDACTED] should cover attributable costs and provide a contribution toward the Postal Service's institutional costs. The formula should thus prevent a cross-subsidy from market dominant products. As noted in the certification in Attachment D, the price tiers established pursuant to this Decision should not impair the

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<sup>5</sup> The same formula ranges were established and made applicable to incoming EMS from China Post in a non-UPU context. See Governors' Decision No. 08-5 filed in PRC Docket No. CP2008-7. An unredacted copy of our decision was filed under seal on May 20, 2008, while a redacted copy was filed on July 23, 2008.

ability of competitive products as a whole to cover an appropriate share of institutional costs.

The three price tiers authorized pursuant to this Decision may not go into effect until submitted to the Postal Regulatory Commission with a notice that complies with 39 C.F.R. § 3015.5. The notice must include a financial analysis demonstrating that the price tiers cover attributable costs, based on [REDACTED]

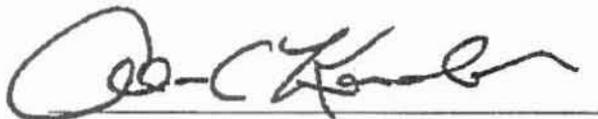
[REDACTED] Attachment B. The notice must also include a certification from a Postal Service official that the numerical values chosen for the price tiers are appropriate, in that they represent the best available information and that the price tiers should not result in a cross-subsidy from market dominant products and should not impair the ability of competitive products, as a whole, to cover an appropriate share of institutional costs.

#### ORDER

In accordance with the foregoing Decision of the Governors, the formulas set forth herein which establish the three price tiers produced pursuant to EMS Cooperative processes for inbound EMS, and the classification changes necessary to establish those prices, are hereby approved and ordered into effect.

Prices and classification changes established pursuant to this Decision will take effect on January 1, 2009, after review by the Postal Regulatory Commission.

By The Governors:



Alan C. Kessler  
Chairman

## CHANGE IN MAIL CLASSIFICATION SCHEDULE

*The Postal Service requests the addition of one new product to Competitive Product List:*

Inbound International Expedited Services 2 (MC2009-10, CP2009-12)

*This new language should appear as follows in the Competitive Product List:*

### PART B—COMPETITIVE PRODUCTS

#### 2000 COMPETITIVE PRODUCT LIST

##### EXPRESS MAIL

Express Mail  
Outbound International Expedited Services  
Inbound International Expedited Services  
    Inbound International Expedited Services 1 (CP2008-7)  
    Inbound International Expedited Services 2 (CP2009-12)

\* \* \*

*Three pricing tiers also should be included in the Mail Classification Schedule (MCS).<sup>1</sup> ]*

Inbound International Expedited Services 2 (MC2009-10, CP2009-12).

Pursuant to EMS Cooperative procedures, each destination administration sets three price categories or tiers:

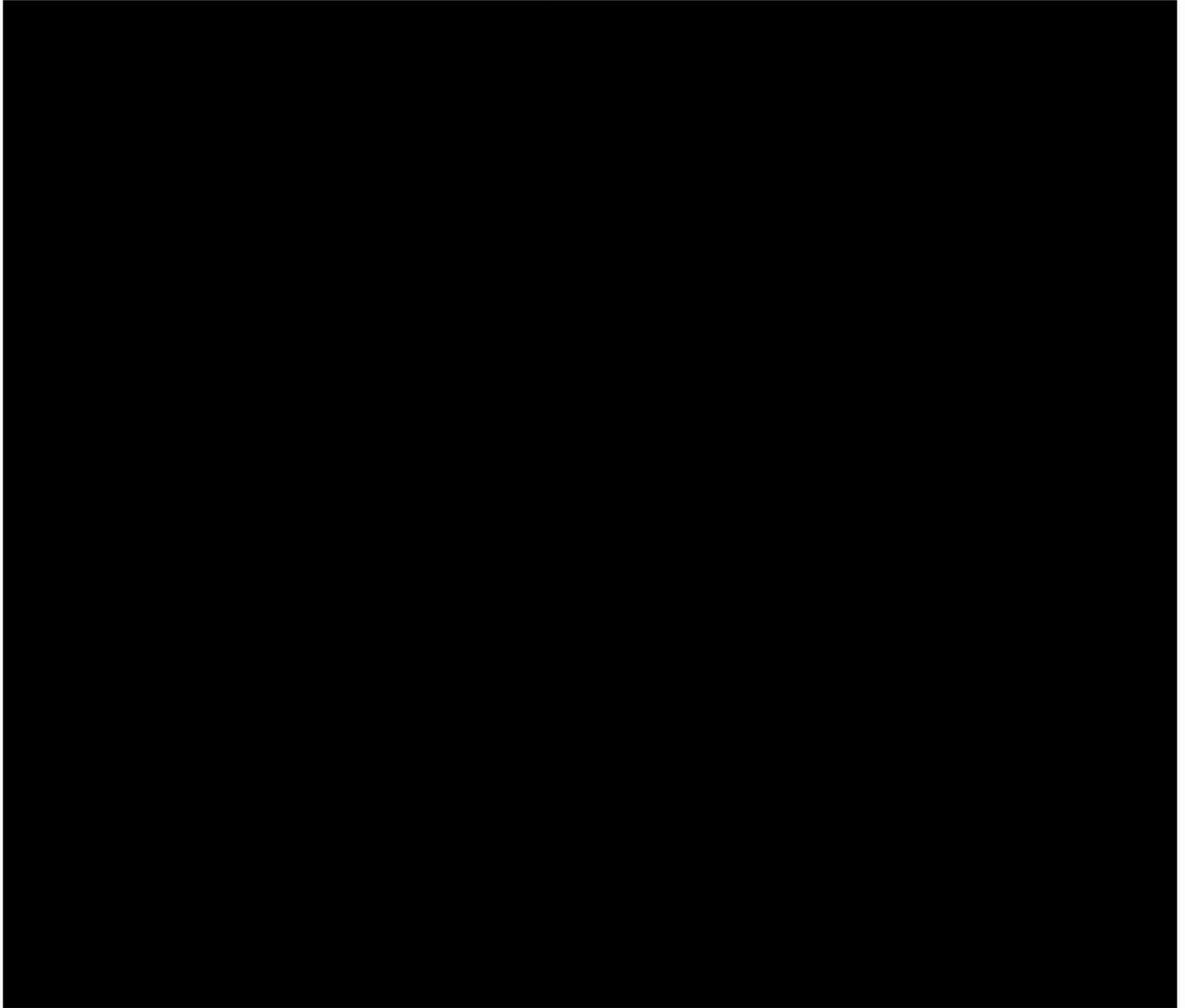
- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) Not pay-for-performance: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

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<sup>1</sup> Based on PRC Order Nos. 79 and 84, the proposed MCS language is a clean sheet approach.

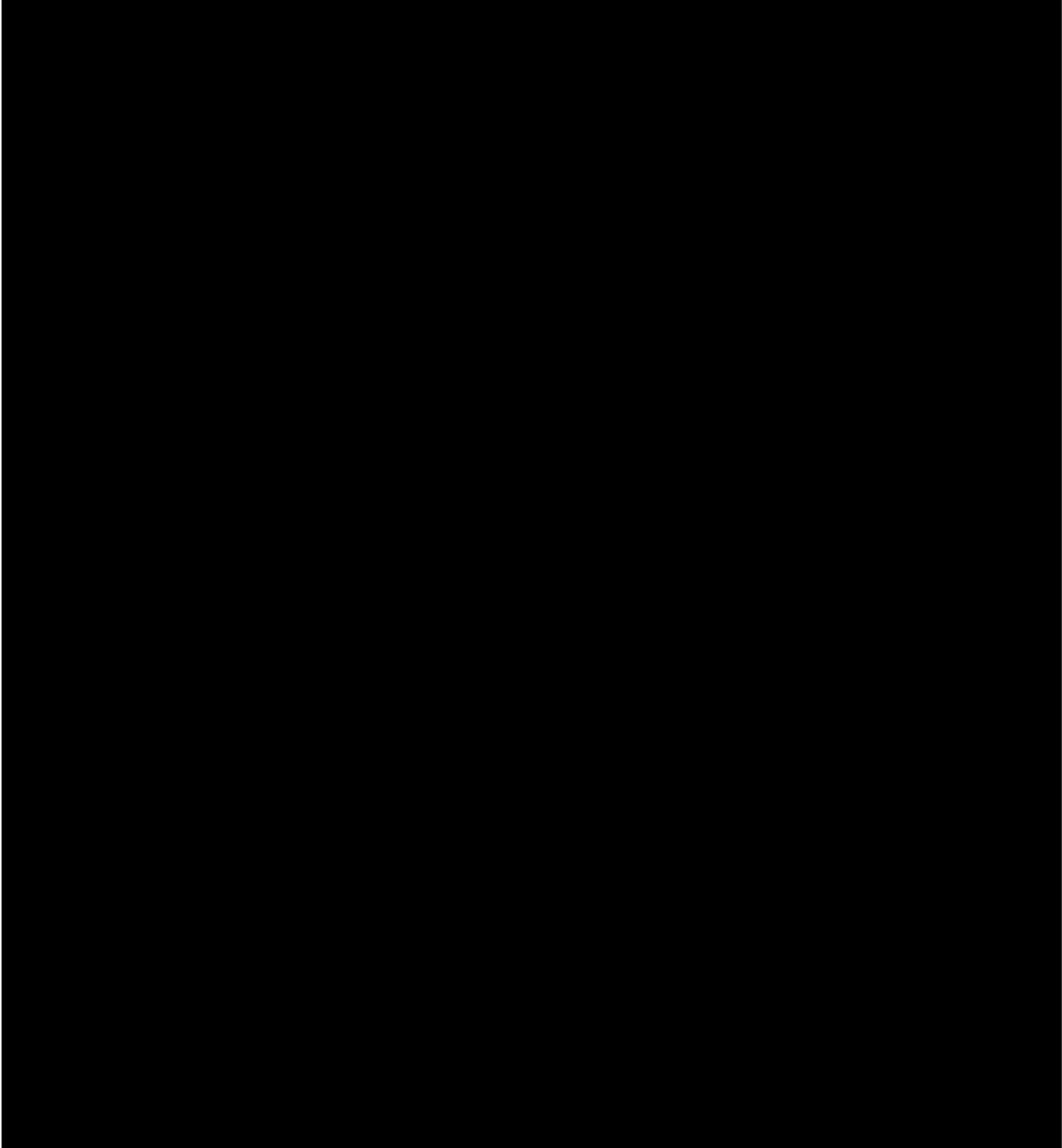
**Attachment B**

**Price Formulas for Inbound Express Mail International (EMS)**



**Attachment C**

**Analysis of Price Formulas for Inbound Express Mail International (EMS)**



**Attachment D**

**Certification as to the Price Formulas for Inbound Express Mail International  
(EMS)**

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the price floor formula and price ceiling formula for Inbound Express Mail International (EMS) which are set forth in Attachment B.

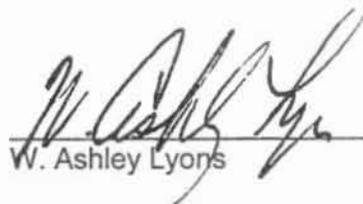
I hereby certify that these formulas adequately represent all necessary cost elements. If the Postal Service were to enter into agreements that set prices above the price floor, the Postal Service would be in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The price floor formula is designed to ensure that each agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. Even if all the agreements for Inbound EMS are signed at the price floor, they should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

  
W. Ashley Lyons

**Certification of Prices for Inbound Express Mail International (EMS)  
Entered by Foreign Posts**

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the rate elements and prices for Inbound Express Mail International (EMS) sent by foreign posts for delivery in the Postal Service domestic service area; these prices were set in accordance with UPU/EMS Cooperative procedures by a letter to the International Bureau of the Universal Postal Union (UPU) dated August 28, 2008.

I hereby certify that the numerical cost values underlying the EMS prices are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of more than [REDACTED], are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that EMS should cover its attributable costs and preclude the subsidization of competitive products by market dominant products.

  
\_\_\_\_\_  
W. Ashley Lyons

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 11-6)**

---

March 22, 2011

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments, but nonetheless arise from other sources, such as the Universal Postal Convention.

**RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE**

**Governors' Decision No. 11-6**

**Page 2**

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to present such product description to the Postal Regulatory Commission.

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established all prices that will cover [REDACTED] [REDACTED] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a quarterly basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant, new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

**RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE**

**Governors' Decision No. 11-6**

**Page 3**

This Decision does not supersede or otherwise modify Governors' Decision Nos. 08-5, 08-6, 08-7, 08-8, 08-10, 08-20, 08-24, 09-5, 09-6, 09-7, 09-14, 09-15, 09-16, 10-1, 10-2, 10-3, 10-6, and 10-7, nor does it affect the validity of prices and classifications established under those Decisions. Management may also continue to present to the Postal Regulatory Commission for its review, as appropriate, rate and classification changes to succeed the minimum and maximum non-published rates in Decision Nos. 10-2 and 10-6.

**ORDER**

In accordance with the foregoing Decision of the Governors, the prices set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:



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Louis J. Giuliano  
Chairman

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

## Attachment A

### **Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates**

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each "product") will be [REDACTED]

[REDACTED]

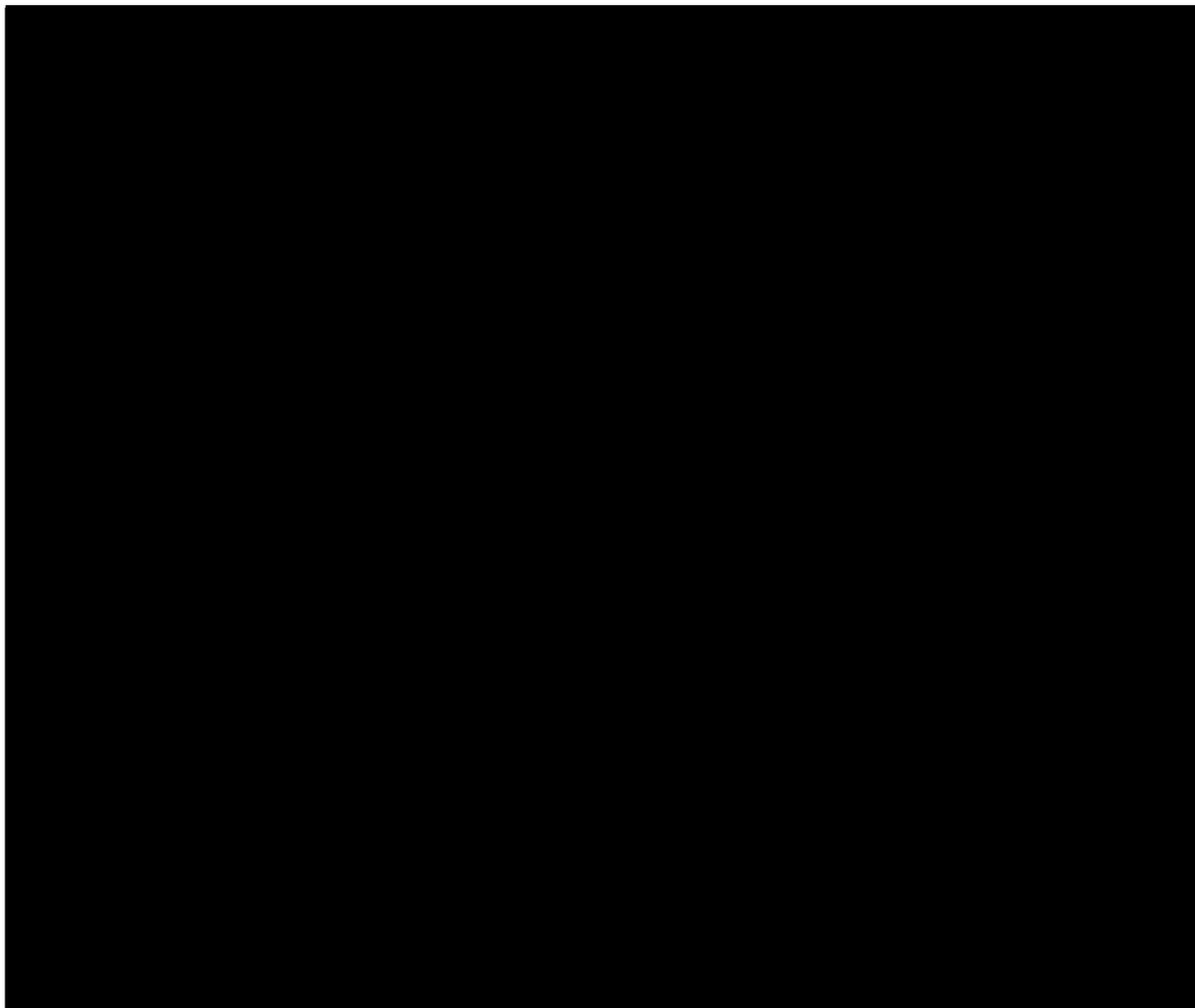
The cost coverage for a product equals [REDACTED]

[REDACTED]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Express Mail, Parcel Return Service, Priority Mail International, Express Mail International, International Priority Airmail, International Surface Air Lift, Inbound Air Parcel Post, Inbound Surface Parcel Post, Inbound Direct Entry, and Inbound International Expedited Services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[REDACTED]

**RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE**



[REDACTED]

Prices established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. § 3633(a)(3), which, as implemented by (39 C.F.R. § 3015.7(c)) requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)).

**CERTIFICATION OF GOVERNORS' VOTE  
IN THE  
GOVERNORS' DECISION NO. 11-6**

I hereby certify that the Governors voted on adopting Governors' Decision No. 11-6, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.

  
\_\_\_\_\_  
Julie S. Moore  
Secretary of the Board of Governors

Date: 3/22/2011

**Inbound EMS 2**  
**Rates to Become Effective January 1, 2014**

	Rate per item	Rate per kilogram
Tier 1a (Non-discounted Pay for Performance members)	SDR [REDACTED]	SDR [REDACTED]
Tier 1b (Maximum discount for Pay for Performance members)	SDR [REDACTED]	SDR [REDACTED]
Tier 2 (Other Posts)	SDR [REDACTED]	SDR [REDACTED]

### Certification of Prices for Inbound EMS

I, Steven Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for Inbound EMS to be in effect as of January 1, 2014. These prices were established by means of the pricing formula set forth in the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on March 22, 2011 (Governors' Decision No. 11-6).

I hereby certify that the numerical cost values underlying the new Inbound EMS prices are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision No. 11-6, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that Inbound EMS should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. These prices should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



---

Steven Phelps

**1. Delivery Performance**

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Delivery on-time	■	■	■	■	■
Delivery 1 day late	■	■	■	■	■
Delivery 2 days late	■	■	■	■	■
Delivery 3 days late	■	■	■	■	■
Delivery more than 3 days late	■	■	■	■	■
No delivery information	■	■	■	■	■
Items Held in Customs	■	■	■	■	■

**3. Call Center performance**

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Response on-time through Rugby	■	■	■	■	■
Phone answered within 20 seconds	■	■	■	■	■
Phone answered in between 20 seconds and 1 minute	■	■	■	■	■
Phone busy	■	■	■	■	■
Phone not answered	■	■	■	■	■
Accessibility by e-mail 24 hours a day	■	■	■	■	■
Response by e-mail within 24 hours	■	■	■	■	■

**2. Tracking**

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
EMA over EMC	■	■	■	■	■
EMC over EMA	■	■	■	■	■
EMD over EMC	■	■	■	■	■
EMC over EMD	■	■	■	■	■
EMF over EME	■	■	■	■	■
EMF over EMD	■	■	■	■	■
EMH/EMI over EMD	■	■	■	■	■
EMD over EMH/EMI	■	■	■	■	■
Transmission on-time	■	■	■	■	■
RESDES over PREDESv2	■	■	■	■	■
RESCON over PRECON	■	■	■	■	■
Missing EMH/EMI events	■	■	■	■	■
No delivery zone indicator	■	■	■	■	■
No Office of Exchange Code	■	■	■	■	■
EMH/EMI before EMD	■	■	■	■	■
No Standard	■	■	■	■	■

**4. EMS Customs Information**

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Overall customs score	■	■	■	■

**5. EMS Service Information**

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Provision of Written Proof of Delivery -	Yes	Yes	Yes	Yes	Yes
EMS Operational Guide update	Yes	Yes	Yes	Yes	Yes
Participation in EMS Pay-for-Performance	Yes	Yes	Yes	Yes	Yes



**EMS Cooperative Report Cards**

Prepared by PricewaterhouseCoopers

Period

**1. Quarter 2012  
Aggregate Report Card**

EMS Operator

**United States of America**

**1. Delivery Performance**

Indicator	Current result	Last quarterly result	Current global result
Delivery on-time	████	████	████
No delivery information	████	████	████
Items Held in Customs	████	████	████

Results based on information provided by International Postal Corporation (PC) using systems validated by PricewaterhouseCoopers (PwC). PwC is not responsible for the data shown in the results.

**2. Call Center performance**

Information published in the EMS Operational Guide	Current Result
Phone number	<input checked="" type="checkbox"/>
Fax number	<input checked="" type="checkbox"/>
E-mail	<input type="checkbox"/>

Indicator	Current result	Last quarterly result	Current global result
Phone answered within 20 seconds	████	████	████
Fax answered	████	████	████
E-mail answered	████	████	████
Response on-time through Rugby System	████	████	████

Results based on measurements/test carried out by PwC.

**3. Tracking**

Indicator	Current result	Last quarterly result	Current global result
EMA over EMC	████	████	████
EMD over EMC	████	████	████
EMF over EME	████	████	████
EMH/EMI over EMD	████	████	████
Transmission on-time	████	████	████

REDES over PREDES	████	████	████
RESCON over PRECON	████	████	████

Missing EMH/EMI events	████	████	████
No delivery zone indicator	████	████	████
No Office of Exchange Code	████	████	████
EMH/EMI before EMD	████	████	████
No Standard	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

**4. EMS Service Identification**

Indicator	Current result
Presence of item barcode	Yes
EMS item identifier according to UPU Standard S10	Yes
Presence of receptacle barcode	Yes
EMS receptacle identifier according to UPU Standard S9	Yes

Results based on information provided by PC using systems validated by PwC. PwC is not responsible for the data shown in the results.

**5. EMS Service Information**

Indicator	Current result
Provision of Written Proof of Delivery - WPOD	Yes
EMS Operational Guide update	Yes
Participation in EMS Pay-for-Performance	Yes

Results based on information provided by the EMS Unit using procedures validated by PwC.



**Report 1.5 - Aggregated**

**EMS Cooperative Report Cards**

Prepared by PricewaterhouseCoopers

Period

**2. Quarter 2012  
Aggregate Report Card**

EMS Operator

**United States of America**

**1. Delivery Performance**

Indicator	Current result	Last quarterly result	Current global result
Delivery on-time	████	████	████
No delivery information	████	████	████
Items Held in Customs	████	████	████

Results based on information provided by International Postal Corporation (IPC) using systems validated by PricewaterhouseCoopers (PwC). PwC is not responsible for the data shown in the results.

**2. Call Center performance**

Information published in the EMS Operational Guide	Current Result
Phone number	<input checked="" type="checkbox"/>
E-mail	<input type="checkbox"/>

Indicator	Current result	Last quarterly result	Current global result
Phone answered within 20 seconds	████	████	████
E-mail answered	████	████	████
Response on-time through Rugby System	████	████	████

Results based on measurements/test carried out by PwC.

**3. Tracking**

Indicator	Current result	Last quarterly result	Current global result
EMA over EMC	████	████	████
EMD over EMC	████	████	████
EMF over EME	████	████	████
EMH/EMI over EMD	████	████	████
Transmission on-time	████	████	████

RESDES over PREDES	████	████	████
RESCON over PRECON	████	████	████

Missing EMH/EMI events	████	████	████
No delivery zone indicator	████	████	████
No Office of Exchange Code	████	████	████
EMH/EMI before EMD	████	████	████
No Standard	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

**4. EMS Customs Information**

Indicator	Current result	Last quarterly result
Overall customs score	████	████

Results based on information provided by the EMS Unit. PwC is not responsible for the data shown in the results.

**5. EMS Service Information**

Indicator	Current result
Provision of Written Proof of Delivery - WPOD	Yes
EMS Operational Guide update	Yes
Participation in EMS Pay-for-Performance	Yes

Results based on information provided by the EMS Unit using procedures validated by PwC.



**EMS Cooperative Report Cards**

Prepared by PricewaterhouseCoopers

Period

**3. Quarter 2012  
Aggregate Report Card**

EMS Operator

**United States of America**

**1. Delivery Performance**

Indicator	Current result	Last quarterly result	Current global result
Delivery on-time	████	████	████
No delivery information	████	████	████
Items Held in Customs	████	████	████

Results based on information provided by International Postal Corporation (PC) using systems validated by PricewaterhouseCoopers (PwC). PwC is not responsible for the data shown in the results.

**2. Call Center performance**

Information published in the EMS Operational Guide	Current Result
Phone number	<input checked="" type="checkbox"/>
E-mail	<input type="checkbox"/>

Indicator	Current result	Last quarterly result	Current global result
Phone answered within 20 seconds	████	████	████
E-mail answered	████	████	████
Response on-time through Rugby System	████	████	████

Results based on measurements/test carried out by PwC.

**3. Tracking**

Indicator	Current result	Last quarterly result	Current global result
EMA over EMC	████	████	████
EMD over EMC	████	████	████
EMF over EME	████	████	████
EMH/EMI over EMD	████	████	████
Transmission on-time	████	████	92.83%

REDES over PREDES	████	████	████
RESCON over PRECON	████	████	████

Missing EMH/EMI events	████	████	████
No delivery zone indicator	████	████	████
No Office of Exchange Code	████	████	████
EMH/EMI before EMD	████	████	████
No Standard	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

**4. EMS Customs Information**

Indicator	Current result	Last quarterly result
Overall customs score	████	████

Results based on information provided by the EMS Unit. PwC is not responsible for the data shown in the results.

**5. EMS Service Information**

Indicator	Current result
Provision of Written Proof of Delivery - WPOD	Yes
EMS Operational Guide update	Yes
Participation in EMS Pay-for-Performance	Yes

Results based on information provided by the EMS Unit using procedures validated by PwC.



**EMS Cooperative Report Cards**

Prepared by PricewaterhouseCoopers

Period

**4. Quarter 2012  
Aggregate Report Card**

EMS Operator

**United States of America**

**1. Delivery Performance**

Indicator	Current result	Last quarterly result	Current global result
Delivery on-time	████	████	████
No delivery information	████	████	████
Items Held in Customs	████	████	████

Results based on information provided by International Postal Corporation (PC) using systems validated by PricewaterhouseCoopers (PwC). PwC is not responsible for the data shown in the results.

**2. Call Center performance**

Information published in the EMS Operational Guide	Current Result
Phone number	<input checked="" type="checkbox"/>
E-mail	<input type="checkbox"/>

Indicator	Current result	Last quarterly result	Current global result
Phone answered within 20 seconds	████	████	████
E-mail answered	████	████	████
Response on-time through Rugby System	████	████	████

Results based on measurements/test carried out by PwC.

**3. Tracking**

Indicator	Current result	Last quarterly result	Current global result
EMA over EMC	████	████	████
EMD over EMC	████	████	████
EMF over EME	████	████	████
EMH/EMI over EMD	████	████	████
Transmission on-time	████	████	████

REDES over PREDES	████	████	████
RESCON over PRECON	████	████	████

Missing EMH/EMI events	████	████	████
No delivery zone indicator	████	████	████
No Office of Exchange Code	████	████	████
EMH/EMI before EMD	████	████	████
No Standard	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

**4. EMS Customs Information**

Indicator	Current result	Last quarterly result
Overall customs score	████	████

Results based on information provided by the EMS Unit. PwC is not responsible for the data shown in the results.

**5. EMS Service Information**

Indicator	Current result
Provision of Written Proof of Delivery - WPOD	Yes
EMS Operational Guide update	Yes
Participation in EMS Pay-for-Performance	Yes

Results based on information provided by the EMS Unit using procedures validated by PwC.



Report 1.5 - Aggregated

**2515.6 Inbound EMS**

2515.6.1 Description

- a. Inbound EMS are Inbound Express Mail services offered pursuant to negotiated service agreements. Inbound EMS service is reliable, high-speed and available from most countries.
- b. Inbound EMS items may contain matter with personal information, partially or wholly handwritten or typewritten matter, or bills or statements of account.
- c. Inbound EMS pieces are sealed against inspection.
- d. ~~There~~ Unless covered by a negotiated service otherwise provided by agreement, there is no service guarantee or postage refund for delay.
- e. Unless covered by a negotiated agreement, indemnity is paid by the country of origin to the sender and it is not reciprocal.
- f. Individual negotiated agreements must comply with the requirements specified in 39 U.S.C. § 3633.
- g. Individual negotiated agreements must be on file with the Commission no less than 15 days prior to their effective date.

2515.6.2 Size and Weight Limitations

	<b>Length</b>	<b>Height</b>	<b>Thickness</b>	<b>Weight</b>
Minimum	none	none	none	See Note 1
Maximum	36 inches			
	79 inches in combined length and girth			

**Notes**

- 1. Country-specific restrictions may apply as specified by the originating country.

2515.6.3 Minimum Volume Requirements

	<b>Minimum Volume Requirements</b>
Inbound EMS	none

#### 2515.6.4 Price Categories

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

- Bilateral/Multilateral Agreements

#### 2515.6.5 Optional Features

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

- International Ancillary Services (2615)
  - International Return Receipt (2615.3)
  - Customs Clearance and Delivery Fee (2615.6)

#### 2515.6.6 Prices

~~Imbalance c~~Charges are set by bilateral and multilateral agreements based on announcements to the Universal Postal Union International Bureau. Unless covered by a negotiated agreement, indemnity is paid by the country of origin to the sender and it is not reciprocal.

2515.6.7 Products Included in Group (~~Agreements~~)

Each product is followed by a-lists grouping countries into tiers of service ~~for -of agreements included within that product.~~

- Inbound EMS 2  
Under EMS Cooperative procedures, destination posts set prices within two pricing tiers. By mutual agreement, reciprocal discounts may be applied to the prices.

*Baseline Reference*

Docket Nos. MC2009-10 and CP2009-12

PRC Order No. 162, December 31, 2008

Tier 1a: Pay-For-Performance. Available to ~~members of the Kahala Post Group and~~ EMS Cooperative members ~~who~~ that elect to comply with pay-for performance provisions.

*~~Included Agreements~~*

Anguilla	Jordan
Aruba	<del>Kazakhstan</del>
Azerbaijan	Korea
Bahamas	<del>Lao People's Dem Rep.</del>
Barbados	Latvia
Belarus	Lithuania
Belgium	Madagascar
Belize	Malaysia
Bermuda	Maldives
Botswana	Malta
Brazil	Mauritius
Burundi	Mexico
Cayman Islands	Mongolia
Chile	<del>Netherlands Antilles</del>
Costa Rica	New Zealand
Croatia	Norway
Cyprus	Poland
Czech Republic	Russia
Denmark	Rwanda
El Salvador	Saudi Arabia
Finland	Singapore
<del>France</del>	<del>Spain</del>
Ghana	St. Kitts and Nevis
Great Britain	St. Lucia
Greece	Sweden
Hong Kong	Syria
Hungary	Taiwan
India	Trinidad and Tobago
Israel	Uganda
Italy	United Arab Emirates
Jamaica	Uruguay

Japan

Viet Nam

Tier 1b: Enhanced Pay-For-Performance. Available to EMS Cooperative members that elect to comply with pay-for performance provisions and that make arrangements with the Postal Service to reciprocally discount inbound delivery prices.

Postal Operators TBD

Tier 2: All Others postal operators that transmit EMS to the United States. ~~International posts who choose not to be members of the EMS Cooperative.~~

Included Agreements

Afghanistan	Macao
Albania	Macedonia
Algeria	Malawi
Angola	Mali
Antigua and Barbuda	Mauritania
Argentina	Moldova
Armenia	Monaco
Bangladesh	Montserrat
Benin	Morocco
Bhutan	Mozambique
Bolivia	Myanmar
Bosnia and Herzegovina	Namibia
Brunei Darussalam	Nauru
Bulgaria	Nepal
Burkina Faso	New Caledonia
Cambodia	Nicaragua
Cameroon	Niger
Cape Verde	Nigeria
Central Africa	Oman
Chad	Pakistan
Colombia	Panama
Comoros	Papua New Guinea
Congo (Dem. Rep.)	Paraguay
Congo (Rep.)	Peru
Cote d'Ivoire	Philippines
Cuba	Portugal
Djibouti	Qatar
Dominica	Romania
Dominican Republic	Saint Vincent and Grenadines
Ecuador	Samoa
Egypt	San Marino
Eritrea	Sao Tome and Principe
Estonia	Senegal
Ethiopia	Serbia
Falkland Islands	Seychelles

Fiji	Sierra Leone
<u>France</u>	Slovakia
French Polynesia	Slovenia
Gabon	Solomon Islands
Gambia	Somalia
Georgia	South Africa
Germany	<u>Spain</u>
Gibraltar	Sri Lanka
Grenada	Sudan
Guatemala	Suriname
Guinea	Swaziland
Guinea-Bissau	Tajikistan
Guyana	Tanzania
Honduras	Thailand
Iceland	Togo
Indonesia	Tonga
Iran	Tunisia
Iraq	Turkey
Ireland	Turkmenistan
Kenya	Turks and Caicos Islands
Kiribati	Ukraine
Kosovo UNMIK <sup>z</sup>	Uzbekistan
Kuwait	Vanuatu
Kyrgyzstan	Venezuela
<u>Lao People's Dem Rep.</u>	Yemen
Lebanon	Zambia
Lesotho	Zimbabwe
Liberia	
Libya	
Liechtenstein	
Luxembourg	

● ~~Inbound EMS 3~~

~~The Postal Service has a bilateral agreement with China Post which sets inbound and outbound charges for EMS and discusses improved service opportunities.~~

~~*Baseline Reference*~~

~~Docket Nos. MC2010-13 and CP2010-12~~

~~PRC Order No. 365, December 22, 2009~~

~~*Included Agreements*~~

~~China Post Group, CP2010-12, expires TBD~~