Postal Regulatory Commission
Submitted 11/14/2014 3:30:12
PM Filing ID: 90672
Accepted 11/14/2014

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

MARKET DOMINANT PRODUCT PRICES INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS WITH FOREIGN POSTAL OPERATORS POSTNL - UNITED STATES POSTAL SERVICE BILATERAL AGREEMENT (MC2010-35) NEGOTIATED SERVICE AGREEMENT	Docket No. R2015-3

UNITED STATES POSTAL SERVICE NOTICE OF TYPE 2 RATE ADJUSTMENT, NOTICE FILING FUNCTIONALLY EQUIVALENT AGREEMENT AND APPLICATION FOR NONPUBLIC TREATMENT
(November 14, 2014)

The United States Postal Service (Postal Service) hereby provides notice of a Type 2 rate adjustment, in accordance with 39 C.F.R. § 3010.40 *et seq.*, which results in improvement over default rates established under the Universal Postal Union (UPU) Acts for inbound Letter Post items. This notice concerns the inbound portion of a bilateral agreement with Royal PostNL BV (PostNL) (PostNL 2014 Agreement), which the Postal Service seeks to include within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators (MC2010-35, R2010-5 and R2010-6) product.

The Commission determined that an agreement with China Post Group that is the subject of Docket No. R2010-6 (China Post 2010 Agreement) and the agreement with Koninklijke TNT Post BV and TNT Post Pakketservice Benelux BV that is the subject of Docket No. R2010-5 (TNT Agreement) should be included in the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-

35, R2010-5 and R2010-6) product.[1] Subsequently, the Commission determined that the inbound portion of the bilateral agreement with PostNL filed in Docket No. R2013-4 (PostNL 2013 Agreement) should be included in the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.[2]

In accordance with Order No. 2148, the Postal Service demonstrates below that the PostNL Agreement that is the subject of this docket is functionally equivalent to the TNT Agreement. Accordingly, the PostNL 2014 Agreement should be included within the same product.

In accordance with 39 C.F.R. § 3010.14, the Postal Service is required to provide public notice no later than 45 days prior to the intended implementation date, and to transmit notice to the Commission no later than 45 days prior to the intended implementation date of a negotiated service agreement. To satisfy this requirement, the Postal Service is filing the PostNL 2014 Agreement with the Commission more than 45 days before its intended effective date, which is January 1, 2015.

Attachment 1 to this Notice is the Postal Service's application for non-public treatment of these materials. A redacted copy of the PostNL 2014 Agreement is included in the public version of this filing as Attachment 2. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

[1] PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket Nos. MC2010-35, R2010-5, and R2010-6, September 30, 2010, at 12.
[2] PRC Order No. 1602, Order Approving an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Royal PostNL BV), Docket No. R2013-4, December 28, 2012, at 8.

The full text of the PostNL 2014 Agreement and supporting financial documentation establishing compliance with 39 U.S.C. § 3622 and 39 C.F.R. § 3010.42 are being filed separately under seal with the Commission.

I. Notice of Agreement and Rate Adjustment

A. Criteria under Part 3010, Subpart D of the Rules of Practice and Procedure

The Postal Service provides the following answers, descriptions, and affirmations in response to the criteria for contents of a notice of agreement in support of a negotiated service agreement, as provided in 39 C.F.R. § 3010.42. This statement provides support for the implementation of the Agreement and the establishment of the rates offered therein.

> *(a) … [A] notice of agreement that shall include at a minimum:*
> *(1) A copy of the negotiated service agreement;*
> *(2) The planned effective date(s) of the proposed rates;*
> *(3) A representation or evidence that public notice of the planned changes has been issued or will be issued at least 45 days before the effective date(s) for the proposed new rates; and*
> *(4) The identity of a responsible Postal Service official who will be available to provide prompt responses to requests for clarification from the Commission.*

As described above, a copy of the PostNL 2014 Agreement is being filed under seal in connection with the instant filing.[3] The Agreement's inbound market dominant rates are intended to become effective on January 1, 2015. Public notice of these rates is being given through the instant Notice at least 45 days before the effective date. Ms.

[3]The copy of the PostNL 2014 Agreement filed under seal in connection with this filing has been signed by the Postal Service. PostNL has indicated that it expects to sign the agreement soon. Therefore, the Postal Service intends to file under seal a copy of the PostNL 2014 Agreement executed by the Postal Service and PostNL, as well as a redacted version of that document, in this docket soon.

Lea Emerson, Executive Director, International Postal Affairs, will be available to provide prompt responses to requests for clarification from the Commission.

(b) A statement identifying all parties to the agreement and a description clearly explaining the operative components of the agreement.

The parties to the PostNL Agreement are the United States Postal Service and PostNL, the postal operator for the Netherlands (the Parties). This agreement includes inbound Letter Post, in the form of letters, flats, small packets, bags, and International Registered Mail service for Letter Post.

(c) Details regarding the expected improvements in the net financial position or operations of the Postal Service. The projection of change in net financial position as a result of the agreement shall include for each year of the agreement:
(1) The estimated mailer-specific costs, volumes, and revenues of the Postal Service absent the implementation of the negotiated service agreement;
(2) The estimated mailer-specific costs, volumes, and revenues of the Postal Service which result from implementation of the negotiated service agreement;
(3) An analysis of the effects of the negotiated service agreement on the contribution to institutional costs from mailers not party to the agreement; and
(4) If mailer-specific costs are not available, the source and derivation of the costs that are used shall be provided, together with a discussion of the currency and reliability of those costs and their suitability as a proxy for the mailer-specific costs.

The Postal Service has provided information about expected financial improvements, costs, volumes, and revenues in the financial workpapers that it has filed under seal.

(d) An identification of each component of the agreement expected to enhance the performance of mail preparation, processing, transportation or other functions in each year of the agreement, and a discussion of the nature and expected impact of each such enhancement.

For the PostNL Agreement, performance improvements include the following aspects:

- The Parties have agreed to work together to revise the Accounting Business Rules between the Parties so that the rules include changes in settlement related to the PostNL Agreement;
- The Parties are encouraged, but not required, to consider offering one another incentives for optional activities, such as sortation or separation changes; and
- Annex 3 provides suggested Office of Exchange Routing details, and information about the Offices of Exchange where Registered Mail can be accepted.

These performance improvements should enhance the performance of mail preparation, processing, transportation and other functions related to the delivery services provided for inbound Letter Post items under the Agreement.

(e) Details regarding any and all actions (performed or to be performed) to assure that the agreement will not result in unreasonable harm to the marketplace.

This agreement will not result in unreasonable harm to the marketplace. PostNL maintains a generally dominant position in the market for Letter Post originating in its home country. Therefore, PostNL is the only entity in a position to avail itself of an agreement with the Postal Service of this type and scope. The United States' Private Express Statutes also generally prohibit entities other than the Postal Service from carrying inbound international letters commercially after entry at a U.S. port, at least below certain price and weight thresholds. The Postal Service is unaware of any private

entity that would be able to serve the United States market for inbound Letter Post from the Netherlands on the terms and scale contemplated in this agreement.

In addition, the Postal Service and PostNL serve as their respective countries' designated operators for the exchange of mail, including in particular Letter Post, under rules set by the UPU. Designated operators ordinarily compensate one another for the delivery of Letter Post in accordance with terminal dues rates set by the UPU, unless a bilateral agreement is concluded.[4] Because no other entity is in a position to serve as a designated operator for the relevant types of mail either originating in the Netherlands or destined for the United States, and because no other entity is subject to terminal dues rates with respect to inbound Letter Post to the United States from PostNL, the market for the services offered under this agreement is in essence limited to its parties.

Because there is no significant competition in the relevant market when the inbound Letter Post flows are considered in totality, the Postal Service submits that the Agreement is unlikely to pose competitive harm to the marketplace.[5]

> *(f) Such other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the requested changes are consistent with applicable statutory policies.*

In this docket, the Postal Service is presenting only an agreement to deliver Letter Post in the United States that is tendered by a foreign postal operator. The rates paid by the Postal Service to PostNL for outbound delivery of the Postal Service's products in the Netherlands have not been presented to the Commission. Those rates represent supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its mailing customers for outbound products. Like an agreement

[4] See Universal Postal Convention Article 29 ¶ 11.
[5] This does not imply, however, that there is an absence of competition in this market. The market is liberalized to some degree, particularly for bulk business letters and heavier weight Letter Post.

to purchase trucking services from highway contractors or air transportation from air carriers, an agreement concerning outbound services with a postal operator is not an appropriate subject for prior Commission review.

B. Data Collection Plan

Under 39 C.F.R. § 3010.43, the Postal Service must include with its notice of agreement "a detailed plan for providing data or information on actual experience under the Agreement sufficient to allow evaluation of whether the negotiated service agreement operates in compliance with 39 U.S.C. [§] 3622(c)(10)."[6] The Postal Service intends to report information on this agreement through the Annual Compliance Report. The Postal Service will continue to cooperate with the Commission to provide any necessary information about mail flows from the Netherlands within the course of the annual compliance review process. Therefore, the Postal Service proposes that no special data collection plan be created for this agreement. Furthermore, with respect to performance measurement, the Postal Service notes that this agreement is excepted from separate reporting under 39 C.F.R. § 3055.3(a)(3) by virtue of Commission Order No. 996. That Order provided a standing exception for all agreements filed in the International Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping.[7]

C. Statutory Criteria

Under 39 U.S.C. § 3622(c)(10), the criteria for the Commission's review are whether the Agreement (1) improves the net financial position of the Postal Service or

[6] 39 C.F.R. § 3010.43.
[7] See Order No. 996, Order Concerning an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. R2012-2, November 23, 2011, at 7.

enhances the performance of operational functions, (2) will not cause unreasonable harm to the marketplace, and (3) will be available on public and reasonable terms to similarly situated mailers. The first two criteria have been addressed in Part I.A above. With respect to the third criterion, there are no entities that are similarly situated to PostNL in their ability to tender the broad-based Letter Post flows from the Netherlands under similar operational conditions, nor any other entities that serve as a designated operator for Letter Post originating in the Netherlands. Therefore, the Postal Service finds it difficult to conceive of a "similarly situated mailer" to which it could make a similar agreement available for each country-specific flow; accordingly, the Postal Service views this criterion as inapplicable in this instance.[8] Because all of the criteria set forth in 39 U.S.C. § 3622(c)(10) have been met, the Postal Service respectfully urges the Commission to act promptly by allowing the Agreement's rates to be implemented under 39 C.F.R. § 3010.40, as requested.

II. Functional Equivalence

In Order No. 2148, the Commission designated, "for purposes of functional equivalence comparisons in future market dominant FPO 1 [Foreign Postal Operators 1] filings, the China Post 2010 Agreement and the TNT Agreement as alternative baseline agreements, with selection of the baseline agreement in each filing at the option of the Postal Service.[9]

[8] *See* PRC Order No. 163, Order Concerning Bilateral Agreement with Canada Post for Inbound Market Dominant Services, Docket Nos. MC2009-7 and R2009-1, December 31, 2008, at 9-10 ("Given its narrow characterization of the underlying Agreement, the Postal Service's position [as to 'similarly situated mailers'] is correct. For purposes of this proceeding, the Commission concludes that it would be largely an academic exercise to consider whether a broader characterization should be employed.").

[9] PRC Order No. 2148, Order Granting, in part, Motion for Partial Reconsideration of Order No. 1864 and Modifying, in part, Order No. 1864, Docket No. R2013-9, August 11, 2014, at 8.

The PostNL Agreement that is the subject of this docket is functionally equivalent to the TNT Agreement filed in Docket No. R2010-5. The terms of the PostNL Agreement fit within the MCS language for Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1, as revised and updated in the most recent draft working copy of the MCS available on the Commission website.[10] Therefore, the PostNL 2014 Agreement and the TNT Agreement conform to a common description.

The PostNL 2014 Agreement and the TNT Agreement are constructed from a similar template and contain many similar terms and conditions. The two agreements provide rates for Letter Post tendered to the Postal Service from each foreign postal operator's territory, along with ancillary services to accompany inbound Letter Post. Each contract is with a foreign postal operator.

Therefore, the Postal Service submits that the PostNL 2014 Agreement that is the subject of this docket is functionally equivalent to the TNT Agreement, and should be added to the market dominant product list within the same Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product listing. There are, however, differences between the PostNL 2014 Agreement and the TNT Agreement. The Postal Service provides the following comparison of the Post NL 2014 Agreement and the TNT Agreement. Differences between the two agreements include the following.[11]

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[10] *See*, PRC, (draft) Mail Classification Schedule, posted January 27, 2014 (with revisions through October 1, 2014), available at http://prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail, 1602.3 Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators, at 211-212.

[11] The differences listed do not include differences that apply specifically to the sections of the PostNL Agreement that concern inbound Air Parcels and EMS. Those differences are listed in the companion filing which requests that the PostNL Agreement be included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34 and CP2010-95) product of the competitive product list.

- Both agreements are with the postal operator of the Netherlands, but the TNT Agreement was with TNT Post, a subsidiary of the postal operator for the Netherlands, and the Agreement that is the subject of this docket is with Post NL, the current postal operator of the Netherlands.
- Article 2, Guiding Principles of the Agreement, from the TNT Agreement has been removed, and the subsequent articles have been renumbered.
- Article 2, Oversight and Effective Date, includes an additional paragraph concerning the Parties working together to revise the Accounting Business Rules between the Parties.
- An additional Article 7 concerning Customs Inspection has been added, and the subsequent articles have been renumbered.
- Article 8, Termination, has been revised, and includes additional details concerning termination.
- Article 9, Dispute Resolution, has been revised.
- Article 10, Construction, has been revised to include a reference to the UPU Convention.
- Article 11, Indemnification and Liability, has been revised and includes additional paragraphs.
- In Article 13, Confidentiality Requirements, additional paragraphs have been added to clarify certain requirements under United States law related to the Agreement.

- Article 16, Force Majeure, has been revised to include a reference to UPU rules.
- Article 21, Entire Agreement, has been revised so that it makes reference to the TNT Post Agreement and the Exprès Service Agreement.
- Article 22, Term & Renewal, has been revised to state that the Agreement will remain in effect for a two-year period from the Effective Date.
- Article 23, Intellectual Property, Co-Branding and Licensing, and Article 24, Survival, have been added.
- Different individuals signed the PostNL Agreement, than those that signed the TNT Agreement.
- On the first page of Annex 1, the rates, some information in the rates table, as well as some of the footnotes below the rate table have been revised.
- On the second page of Annex 1, specifications concerning Cards have been added and some of the other specifications have been revised.
- Annex 2, Detailed Item Content Restrictions has been added.
- Annex 3, Suggested Office of Exchange Routing Details has been added.

The Postal Service does not consider that the specified differences between the PostNL Agreement and the TNT Agreement affect either the fundamental service the Postal Service is offering or the fundamental structure of the contracts. Nothing detracts from the conclusion that because there are only a few differences between the PostNL Agreement and the TNT Agreement, and because the Commission concluded that the TNT Agreement may be included in the Inbound Market Dominant Multi-Service

Agreements with Foreign Postal Operators 1 product, the PostNL Agreement should be included in the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.

III. Application for Non-Public Treatment

The Postal Service maintains that certain portions of the Agreement and related financial information should remain confidential. In accordance with 39 C.F.R. § 3007.21, the Postal Service files as Attachment 1 to this Request its application for non-public treatment of materials filed under seal. A full discussion of the required elements of the application appears in Attachment 1.

IV. Conclusion

For the reasons discussed, the Postal Service believes that the PostNL Agreement discussed herein should be included within the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-35, R2010-5 and R2010-6) product.

Respectfully submitted,

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ATTACHMENT 1

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

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,[1] the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the inbound market dominant multi-service agreement with Royal PostNL BV (PostNL) at issue in this proceeding (Agreement). The Agreement and supporting documents establishing compliance are being filed separately under seal with the Commission. A redacted copy of the Agreement is filed with the Request as Attachment 2. In addition, a redacted version of the supporting financial documentation is included with this public filing as a separate Excel file.

The Postal Service hereby furnishes the justification required for this application 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);

The materials designated as non-public consist of information of a commercial nature that would not be publicly disclosed under good business practice. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).[2] Because the portions of the materials that the Postal Service seeks to

[1] PRC Order No. 225, Final Rule Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.
[2] In appropriate circumstances, the Commission may determine the proper 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

file under seal fall within the scope of information not required to be publicly disclosed, 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 e-mail 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 the instant Agreement, the Postal Service believes that the only third party with a proprietary interest in the materials is the foreign postal operator with whom the contract is made. Through text in the agreement, the Postal Service has already informed the postal operator, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and the operator's ability to address its confidentiality concerns directly with the Commission. Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operator, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Ms. Haley McKittrick, Acting Manager, International Relations. Ms. McKittrick's phone number is (202) 268-4315, and her email address is Haley.E.McKittrick@usps.gov.[3]

a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). 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 a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

[3] The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a

(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 its Request filed in this docket, the Postal Service included an Agreement and financial work papers associated with that Agreement. These materials were filed under seal, with redacted copies filed publicly, after notice to the affected postal operator. The Postal Service maintains that the redacted portions of the Agreement and related financial information should remain confidential.

With regard to the Agreement filed in this docket, the redactions withhold the actual prices being offered between the parties under the Agreement, as well as certain negotiated terms, including business rules concerning settlement procedures, and plans for future products. The redactions applied to the financial work papers protect commercially sensitive information such as underlying costs and assumptions, negotiated pricing, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the work papers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

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

If the portions of the Agreement 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

Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver to designate a Postal Service employee as the contact person under these circumstances, for the reasons provided in the text above.

suffer commercial harm. Information about negotiated pricing, business rules concerning settlement procedures, and plans for future products is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Foreign postal operators could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to foreign postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial work papers include specific information such as costs, assumptions used in pricing decisions, the negotiated prices themselves, projections of variables, and contingency rates included to account for market fluctuations and exchange risks. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing, in light of statutory, regulatory, or policy constraints. Thus, competitors would be able to take advantage of the information to offer lower pricing to postal customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services markets. Given that these

spreadsheets are filed in their native format, there is a high likelihood that the information would be used in this way.

Potential customers could also deduce from the rates provided in the Agreement or from the information in the workpapers whether additional margin for net contribution exists under Agreement's prices. The settlement charges between the Postal Service and the foreign postal operator constitute costs underlying the postal services offered to each postal operator's customers, and disclosure of this cost basis would upset the balance of Postal Service negotiations with contract customers by allowing them to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each foreign postal operator or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the foreign postal operator involved in the Agreement at issue in this docket could use the information in the work papers in an attempt to renegotiate the rates in its instrument by threatening to terminate its current Agreements.

Price information in the Agreement and financial spreadsheets also consists of sensitive commercial information of the foreign postal operator. Disclosure of such information could be used by competitors of the foreign postal operator to assess the foreign postal operator's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The foreign postal operator would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

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

Harm: Public disclosure of the prices in the Agreement, as well as any negotiated terms, would provide foreign postal operators or other potential customers extraordinary negotiating power to extract lower rates from the Postal Service.

Hypothetical: The negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the price and determines that there may be some additional profit margin below the rates provided to either operator. The other postal operator, which was offered rates comparable to those published in the Agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered.

Harm: Public disclosure of the business rules concerning settlement procedures and plans for future products would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: The business rules concerning settlement procedures and plans for future products are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the business rules and plans for future products and uses the information to its advantage in negotiations with the Postal Service. Also, a competitor could obtain the plans for future products and use the information to further develop its own products, to the detriment of the Postal Service.

Harm: Public disclosure of information in the financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing delivery service obtains unredacted versions of the financial workpapers from the Postal Regulatory Commission's website. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to comply with business or legal considerations regarding cost coverage and contribution to institutional costs. It then sets its own rates for products similar to what the Postal Service offers its customers below that threshold and markets its purported ability to beat the Postal Service on price for international delivery services. 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 one or more relevant international delivery markets. Even if the competing providers do not manage wholly to freeze out the Postal Service, they will significantly cut into the revenue streams upon which the Postal Service relies to finance provision of universal service.

Harm: Public disclosure of information in the financial workpapers would be used detrimentally by the foreign postal operator's competitors.

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 foreign postal operator's underlying costs for the corresponding products. The competitor uses that information as a baseline to negotiate with U.S. companies to develop lower-cost alternatives.

(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 delivery 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) should not be provided access to the non-public materials. This includes the counter-party to the Agreement with respect to all materials filed under seal except for the text of the postal operator's Agreement, to which that counter-party already has access.

(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.

ROYAL POSTNL BV – UNITED STATES POSTAL SERVICE STRATEGIC BILATERAL AGREEMENT

This Agreement binds the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L'Enfant Plaza SW, Washington, DC 20260, and Royal PostNL BV ("PostNL"), a company registered in the Netherlands with a registered office at Prinses Beatrixlaan 23, 2595 AK The Hague. The USPS and PostNL may be referred to individually as a "Party" and together as the "Parties."

INTRODUCTION

The Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and services pursuant to the terms and conditions in this Agreement;

The Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of or non-objection by certain bodies with oversight responsibilities, which may include but not be limited to the USPS management's executive committee, the USPS Governors, and the U.S. Postal Regulatory Commission. Accordingly, PostNL acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur, and in this respect the provisions of Article 2 and 3 will apply;

Subject to the acknowledgements above, the Parties desire to be bound by the terms of this Agreement;

In consideration of the mutual promises set forth below, the Parties agree as follows:

Article 1: Purpose of the Agreement

The purposes of this Agreement are:

1. To foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;

2. To set out the principles and general terms and conditions that will apply to the exchange of certain international products and services between the Parties; and

3. To set out the rates that will apply to the exchange of certain international products and services between the Parties, as set forth in Annex 1.

Article 2: Oversight and Effective Date

1. The terms and pricing set forth under this Agreement require the approval from certain bodies that have oversight responsibilities for the USPS as set out in Article 3 below. Upon execution of this Agreement, the USPS will seek such approval. This Agreement will come into effect upon all such approvals having been obtained by the USPS and notification to PostNL by the USPS that all such approvals have been obtained, and the date of notification will be "the Effective Date," unless an alternative date is proposed in the USPS' notification and agreed to by PostNL in a return communication, in which case that alternative date will be the Effective Date.

2. The Parties will work together to revise by December 31, 2014, the Accounting Business Rules between the Parties so that the rules include changes in settlement related to this Agreement.

Article 3: Conditions Precedent

The Parties acknowledge and understand that all obligations of the USPS under this Agreement will be contingent on the USPS receiving approvals from, or non-objection by (hereinafter "Conditions Precedent") one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include but are not limited to: approvals or, if applicable, non-objection, from the USPS Governors, the USPS Board of Governors, and the U.S. Postal Regulatory Commission. The Parties acknowledge that the Agreement might not be approved by such bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under the Agreement, no obligation will exist for the USPS or PostNL and no benefit or rights granted through this Agreement will inure to either Party unless and until the Effective Date occurs and upon such occurrence the Condition Precedents will have been fulfilled.

Article 4: Limitation on Liability and Costs

In the event that the Conditions Precedent are not fulfilled, the USPS and PostNL will have no liability, and no obligation to pay costs associated with any action taken by PostNL or the USPS. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS will not be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, including, but not limited to, damages for loss of business profits; business interruption; any other loss; and attorney's fees and any other cost incurred by either Party attributable to such non-approval.

Article 5: Price Changes; No Effect on Service Terms

For each of the services with specific terms and conditions set forth in an attachment to this Agreement, any adjustments to the rates for the services will be subject to the terms and conditions set forth in the Annexes in this Agreement.

Article 6: Monetary Transactions

1. Each Party will bear the costs and retain the revenues for any work performed by it and by agents or contractors on its behalf, unless the Parties agree to other arrangements to allocate costs or revenues and those arrangements are incorporated in an annex or a subsequent amendment to this Agreement. Any such amendment will be governed by Article 18 below.

2. All taxes and duties are the sole responsibility of the Party to whom they are duly assessed and will not be charged to any other Party in any form unless the Parties otherwise provide in an annex or subsequent amendment to this Agreement. Any such amendment will be governed by Article 18 below.

Article 7: Customs Inspection

The USPS bears no responsibility for the disposition of items in the custody of U.S. Customs & Border Protection or any other U.S. government agency with authority over imports and exports. Further, PostNL understands that all contents of any item, including items that are treated as sealed mail under USPS regulations, are subject to inbound search and inspection by U.S. Customs & Border Protection, regardless of when the USPS elects to conduct verification and acceptance of any inbound items.

Article 8: Termination

1. Either Party may terminate this Agreement without cause upon 30 days advance written notice served on the other Party, with such termination effective at the end of the calendar month in which the 30-day notice period expires. The right to terminate the Agreement for good cause remains unaffected.

2. In the event of termination of the Agreement under this Article, the Parties will be liable to make final settlement of all amounts owing as of the effective date of the termination. Each Party will bear its own costs in the event of termination. All further rights and remedies will remain unaffected.

3. In the event of termination, and as of the effective date of termination, the Parties will revert to the default rates applicable under the Universal Postal Union Convention effective at the time of such termination, and neither Party will be liable to the other for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason incurred as a result of the change of rates after termination.

Article 9: Dispute Resolution

1. The Parties intend to resolve all controversies under this Agreement informally through correspondence, oral communications, and informal meetings.

2. If the method described in the above paragraph proves insufficient to resolve a dispute, the Parties agree that the signatories to this Agreement, or their replacement, will be provided a written description of the dispute by each Party and a suggested outcome. They will review the information provided and will attempt in good faith to reach an agreement on the issue through correspondence, oral communications, or informal meetings.

3. If the methods described in the above paragraphs prove insufficient to resolve a controversy, the Parties agree to refer the controversy to mediation, which will consist of an informal, nonbinding conference or conferences between the Parties and the mediator, which will perform mediation responsibilities in the English language. The mediator will be selected through mutual agreement by the Parties.

4. With the exception of disputes concerning cost or revenue liability, mediation will provide the sole means for addressing disputes related to this Agreement. If mediation does not resolve such a dispute, the Parties may exercise their right to terminate the Agreement.

5. For disputes related to cost or revenue liability, after attempting resolution through the actions outlined in paragraphs 1 and 2 of this Article, PostNL and the USPS will first refer the matter to mediation as discussed in paragraph 3 above. If mediation does not resolve such a dispute, or the Parties are unable to agree upon a mediator, a dispute relating to cost or revenue liability will be referred to arbitration for final settlement under the Rules of the International Chamber of Commerce ("the Rules") by three arbitrators who have substantial experience in business disputes and are appointed in accordance with the Rules. Unless the Parties agree otherwise, the place of arbitration will be determined by the arbitrators. The arbitration proceedings will be conducted in the English language, and will apply the federal law of the United States of America. If no federal law is applicable, the parties agree to use the mutually agreed upon laws of one of the fifty states of the United States of America. If the parties do not agree to one state's laws, the arbitrators will determine the applicable law. For any reason, which includes but is not limited to the partial or full enforcement of a binding judgment by the arbitrators, either party may enter said judgment or an award of the arbitrators in any court of competent jurisdiction.

6. Notwithstanding the provisions of this Article, and without prejudice to Article 11, paragraph 1, in the event of conflict or inconsistency between the provisions of this Article and Article 11, paragraph 1, the provisions of Article 11, paragraph 1 will prevail.

Article 10: Construction

Except as otherwise provided in this Agreement, this Agreement will be governed by and construed in accordance with the federal law of the United States. Where provisions of the UPU Convention are referenced as applicable to the terms of this Agreement, the Parties intend that the terms of the UPU Convention will be used only to determine the reasonableness of the Parties' conduct.

Article 11: Indemnification and Liability

1. The Parties acknowledge that aspects of liability or indemnification (including, but not limited to registered mail and air parcels) in favor of third parties not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union and any reservations that the Parties have taken to those instruments.

2. In the event that an entity not party to this Agreement asserts claims against PostNL or USPS that are related to the exchange of the products specified in Annex 1 and that are attributable to the actions of the other Party to this Agreement, the latter Party will indemnify the defending Party for, and hold the defending Party harmless from, any losses, damages or liabilities suffered by the defending Party as a result. In that instance, the indemnifying Party will also reimburse the defending Party for all reasonable expenses incurred in connection with the investigation, preparation, or defense of any such claim, whether in an administrative, regulatory or judicial proceeding, and whether or not the indemnified Party is named in the proceeding.

3. Neither Party to this Agreement will be liable to the other Party, or will indemnify the other Party for any loss or damage including special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason, except for the following:
    a. liability and indemnification as described in Article 11, paragraphs 1 and 2;
    b. final settlement under Article 8; or
    c. any actual damage or loss suffered by a Party as a result of a breach of this Agreement by the other Party.

4. Nothing in this Agreement will be construed as an acknowledgment or concession regarding the validity of any claim or the entitlement of any Party to any amount of damages.

Article 12: Language

The official version of this Agreement, including all supporting documentation and correspondence, is in English. The English language is the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement will be in the English language. In the event of

inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning will control.

Article 13: Confidentiality Requirements

1. The Parties consider the rate information included in this Agreement to be commercially sensitive information and agree that it should not be disclosed to third parties except as required by law. PostNL and USPS will treat as confidential and not disclose to third parties, absent express written consent by the other Party, any information related to this Agreement that is treated as non-public by the U.S. Postal Regulatory Commission.

2. The Parties may share confidential information about their businesses. Subject to the provisions of subparagraph 13.7 below, confidential information includes the terms of this Agreement and all information concerning either Party's markets, customers, organization, administration, operation, business, finance, methods and systems (including any secret process or trade secret).

3. The Parties will take the same measures (being not less than reasonable measures) to protect the other Party's confidential information in their possession, as they take to protect the confidentiality of their own information.

4. The Parties agree that all confidential information will be used by the recipient Party only for the purposes intended and will not be disclosed to any third Party unless:

   (a) the disclosing Party has obtained the prior written consent of the other Party;
   (b) the confidential information is known to either Party prior to disclosure by the other Party;
   (c) the confidential information is public knowledge (except because of a breach of this clause or obligations of confidentiality under this Agreement);
   (d) the confidential information is required to be disclosed by law, court order or administrative order to disclose; or
   (e) the confidential information is requested by any governmental body in the proper exercise of its oversight or investigatory jurisdiction.

5. The obligations of this clause will survive termination of this Agreement and will end on the second anniversary of the expiration or termination of this Agreement.

6. At the expiration or termination of this Agreement, the Parties must cease using any confidential information of the other Party and must immediately return to the other Party or destroy and certify the destruction of all confidential information held on behalf of the other Party.

7. PostNL acknowledges that United States law may require the filing of this Agreement and supporting documentation with the U.S. Postal Regulatory Commission ("Commission") and the U.S. Department of State. PostNL authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. PostNL further understands that any unredacted portion of this Agreement or supporting documentation may be posted on the Commission's public website, www.prc.gov. In addition, the USPS may file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including Commission docket numbers ACR2015, ACR2016, and ACR2017.

   PostNL has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website: www.prc.gov/Docs/63/63467/Order225.pdf. At the request of PostNL, the USPS will notify PostNL of the docket number of the Commission proceeding, if any, used in connection with this Agreement.

Article 14: Severability

If any of the provisions of this Agreement are void or unenforceable, the other provisions will survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement.

Article 15: Notices

Any notice or other document provided under this Agreement will be in writing and addressed as set out below. Notices may be delivered by hand, email, or Express Mail.

To the USPS:

Executive Director, International Postal Affairs
United States Postal Service
475 L'Enfant Plaza SW, Room 5136
Washington, DC 20260-0004
Lea.Emerson@usps.gov

To PostNL:

PostNL International Mail
Director International Relations
Mr. Jan Sertons
P.O. Box 30259
2500 GG DEN HAAG
THE NETHERLANDS
Jan.sertons@postnl.nl

Article 16: Force Majeure

Neither party will be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including catastrophic weather events, earthquakes, fires, floods, wars, sabotage, accidents, labor disputes or shortages, governmental laws, ordinances, rules and regulations, whether valid or invalid, court orders, whether valid or invalid, inability to obtain material, equipment, or transportation, and any other similar or different contingency.

All Force Majeure events will be treated consistently with the application of the pertinent UPU rules, as if they were controlling, unless otherwise stated in an annex or subsequent amendment made subject to Article 18 below.

Article 17: Legal Status of this Agreement

This Agreement constitutes a legally binding agreement on the part of each signatory and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into or subject to international law. This Agreement does not involve the creation of a wholly-owned subsidiary of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency or partnership relationship be created between any of them by this Agreement.

Article 18: Amendment

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of PostNL and USPS. Neither a Party's acquiescence in any performance at variance to this Agreement, nor a Party's failure to exercise any right or enforce any obligation will be deemed an amendment to this instrument. The amendment may be contingent upon any and all necessary approvals by USPS management, the USPS Governors, the USPS Board of Governors, and the U.S. Postal Regulatory Commission. If such approvals are required, the amendment will not become effective until such time as all necessary approvals are obtained.

Article 19: Assignment

This Agreement may not be assigned in whole or in part by any Party without the prior written consent of the other Party. Each Party may, however, delegate certain of its responsibilities under this Agreement to a subsidiary or other affiliate entity within its organizational structure without the need for consent by the other Parties so long as such subsidiary or entity would be bound by this Agreement.

Article 20: Applicability of Other Laws

1. The Parties acknowledge that this Agreement does not involve the USPS' acquisition of property or services and is not subject to the Contract Disputes Act (41 U.S.C. § 601 et seq.).

2. The Parties recognize that performance under this Agreement may be subject to laws enacted or enforced by governmental entities and is contingent on each Party obtaining all consents, authorizations, orders, or approvals required under applicable law or policy to effectuate the Agreement.

3. The Parties understand that the USPS may be required to provide copies of this Agreement to the U.S. Department of State and the U.S. Postal Regulatory Commission. PostNL acknowledges that the entire Agreement, or portions of it that the USPS determines to be appropriate, will be filed with the U.S. Postal Regulatory Commission with a notice to add it to the competitive or market dominant products list.

Article 21: Entire Agreement

1. This Agreement and its annexes will constitute the entire agreement between the Parties concerning the exchange of international mail described in the Agreement. Except as otherwise indicated in this Agreement, any prior agreement, understanding, or representation of any kind pertaining to the subject matter of this Agreement and preceding the date of this Agreement will not bind either Party.

2. The Parties will be bound by their commitments under the E-Parcel Group Agreement for the Delivery of Day-Certain Cross-Border Parcels – Core Agreement and Sub-Agreement B to the Agreement for the Delivery of Day-Certain Cross-Border Parcels (collectively, "EPG Agreements"), if applicable, but only to the extent consistent with this Agreement. [redacted] In the event of any inconsistency between this Agreement and a commitment under the EPG Agreements, then this Agreement will prevail over any such inconsistent terms.

3. Neither PostNL nor the USPS is released from any obligations arising under the TNT POST – United States Postal Service Strategic Bilateral Agreement executed by TNT POST on July 16, 2010 and by the USPS on July 22, 2010 (TNT POST – USPS 2010 Bilateral Agreement), or the Royal PostNL BV – United States Postal Service Strategic Bilateral Agreement executed by PostNL on November 15, 2012 and by the USPS on November 14, 2012 (PostNL – USPS 2012 Bilateral Agreement).

4. The Parties acknowledge that the provisions of the Universal Postal Convention and applicable regulations apply except to the extent inconsistent with this Agreement. In particular, Quality of Service bonuses established or permitted under the Universal Postal Convention and applicable regulations will apply to mail tendered under this Agreement.

5. The exchange of Exprès items between the Parties will take place in accordance with the terms of the Exprès Service Agreement and its procedures, as adopted

on December 23, 1999, and amended from time to time by the parties to the Exprès Service Agreement.

6. With the exception of the Agreements mentioned in Paragraphs 2, 3, 4, and 5 of this Article, or as otherwise indicated in this Agreement, any prior agreement, understanding, or representation of any kind pertaining to the subject matter of this Agreement and preceding the date of this Agreement will not bind either Party.

Article 22: Term & Renewal

The USPS will notify PostNL of the Effective Date of the Agreement within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS. USPS will have no obligation to notify PostNL of the status of the approval process or of potential fulfillment of the approval process. The Agreement will remain in effect for two years after the Effective Date unless terminated pursuant to Article 8. Before the expiration of this two-year period, the Agreement will be reviewed by both Parties to determine whether to extend or otherwise modify the Agreement.

Article 23: Intellectual Property, Co-Branding, and Licensing

The Parties acknowledge that in the service of improving existing international products or developing new international products under this Agreement that such products may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use will be subject to separate written agreements. The Parties acknowledge and agree that neither Party will use the other Party's trademarks, logos or intellectual property until such time that a license for each specific such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which will include but not be limited to any recordation requirements.

Article 24: Survival

The provisions of Articles 4, 8, 9, 10, 11, 12, 13, 14, 15, 21, 22, and 23, as well as any other terms to the extent that they apply to the Parties' continuing obligations to one another under the articles listed above, will survive the conclusion or termination of this Agreement.

The Parties agree to be bound as of the latest date of signature to the terms and conditions of this Agreement.

PostNL	United States Postal Service
	Giselle Valera
Herna Verhagen CEO	Giselle Valera Managing Director, Global Business and Vice President
	11/14/2014
Date	Date

Annex 1: Rates

The rates below will be in effect for the term of this Agreement, as set forth in Article 22. Changes in rates during the term of this Agreement will be negotiated and agreed to in accordance with Article 18.

Settlement rates listed in the tables included below are stated in Special Drawing Rights (SDRs) unless noted otherwise. Any changes to current specifications (i.e. sortation and preparation) arrangements will require mutual written agreement as provided in Article 18 of this Agreement.

Period 1 includes the period from January 1, 2015 to December 31, 2015, and Period 2 includes the period from January 1, 2016 to December 31, 2016.

United States to Netherlands					
		2015 Rates		2016 Rates	
	Mail Stream	Piece	Kg	Piece	Kg
Priority Letter - P	A, UL, P	[redacted]			
Priority Flat - G	A, UA, G				
Priority Packet - E	A, UN, E				
Priority IPA - P	A, UZ, P				
Priority IPA - G	A, UZ, G				
Priority IPA - E	A, UZ, E				
Priority Registered - E	A, UR, E				
SAL Letter - P	B, UL, P				
SAL Flat Tray - G	B, UA, G				
SAL Bag - E	B, UN, E				
SAL M-Bag	B, UM, E				
EMS	A, ED/EM/EN				
Air Parcels	A, CN/CE				

Netherlands to the United States					
		2015 Rates		2016 Rates	
	Mail Stream	Piece	Kg	Piece	Kg
Priority Letter - P	A, non-UZ LP, P	[redacted]			
Priority Flat - G	A, non-UZ LP, G				
Priority Packet - E	A, non-UZ LP, E				
Priority IPA - P	A, UZ, P				
Priority IPA - G	A, UZ, G				
Priority IPA - E	A, UZ, E				
Priority Registered - E	A, UR, E				
SAL Letter - P	B, LP, P				
SAL Flat Tray - G	B, LP, G				
SAL Bag - E	B, LP, E				
SAL M-Bag	B, UN/UM, E				
EMS	A, ED/EM/EN				
Air Parcels	A, CN/CE				

[redacted]

Specifications of Letter Post Product Categories and Formats

The rates for the stream categories above are based upon the following format and product definitions:

Cards

Any piece which has:
- a length more than 3.5 inches but less than 5.5 inches and
- a height more than 4.25 inches but less than 6.0 inches and
- a thickness more than 0.007 inch but less than 0.016 inch, and
- which is rectangular.

Letters

Any piece which has:
- a length more than 139.70 mm (5.5 inches) but less than or equal to 292 mm (11 ½ inches) and
- a height more than 88.90mm (3.5 inches) but less than or equal to 155 mm (6 1/8 inches) and
- a thickness more than 0.18mm (0.007 inch) but equal to or less than 6 mm (1/4 inch)
- and which has a weight of less than or equal to 99.22 grams (3.5 ounces)

Flats/Large Letters

Any piece exceeding any maximum limit for a Letter and which has:
- a length less than or equal to 381 mm (15 inches) and
- a width less than or equal to 292 mm (11 ½ inches) and
- a thickness less than or equal to 20 mm (3/4 inch)
- and which has a weight of less than or equal to 2 kilograms

Packets

Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Union Letter Post Regulations Article RL 123 and which has a weight of less than or equal to 2 kilograms.

M-Bags

Printed matter in a direct sack to a single foreign address, subject to the Reservations of the United States of America in Universal Postal Union Protocol Article RL III and IX, which has a weight less than or equal to 30 kilograms.

Registered Mail

Any piece that meets the size and weight dimensions of Letters, Flats, or Packets and bears a Registered label on the mail piece.

Specifications of Parcel Post Product Categories and Formats

Parcels

Any piece corresponding to size limits as set forth in the Universal Postal Union Parcel Post Regulations Article RC 115 and which has a weight of less than or equal to 30 kilograms.

Specifications of EMS Product Categories and Formats

Express Mail Service (EMS)

An "EMS item" means a mail item as defined by Article 16 of the Universal Postal Union Convention (Doha 2012). An EMS item may contain documents or merchandise or both, and must have a weight of less than or equal to 30 kilograms.

Annex 2 – Detailed Item Content Restrictions

All items mailed under this Agreement must conform to the mailability requirements of the United States Postal Service, as detailed in the International Mail Manual sections 134, Valuable Articles, 135, Mailable Dangerous Goods, and 710, Treatment of Inbound Mail; the United States country listing in the Universal Postal Union's Customs List of Prohibited Items; and Domestic Mail Manual section 601, Mailability. As of the execution date of this Agreement, these materials are available at the following websites, respectively:

http://pe.usps.gov/text/imm/immc1_013.htm
http://pe.usps.gov/text/imm/immc1_014.htm
http://pe.usps.com/text/imm/immc7_001.htm
http://www.upu.int/uploads/tx_sbdownloader/listCustomsProhibitedArticlesEn.pdf
http://pe.usps.gov/text/dmm300/601.htm

Annex 3 – Suggested Office of Exchange Routing Details

The following table illustrates the appropriate U.S. point of entry based on the first two digits of the destination address postal code. A more detailed table based on the first three digits can be provided upon request.

First Two Digits of Postal Codes	Appropriate US Point of Entry
00-29	JFK – New York
30-34	MIA – Miami
35-79	ORD – Chicago
80-99	SFO – San Francisco

Registered mail can be entered only in LAX, JFK and MIA Offices of Exchange.