

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

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS
CHINA POST GROUP - UNITED STATES POSTAL SERVICE
MULTI-PRODUCT BILATERAL AGREEMENT (MC2010-35)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2015-6

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING A
SIGNED INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENT WITH
FOREIGN POSTAL OPERATORS 1 NEGOTIATED SERVICE AGREEMENT**
(September 1, 2015)

On August 14, 2015, the Postal Service filed a notice requesting that the inbound portion of a Multi-Product Bilateral Agreement with China Post Group (China Post 2015 Agreement) be included within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators (MC2010-35, R2010-5, and R2010-6) products.¹

China Post has since executed the China Post 2015 Agreement. A redacted signed China Post 2015 Agreement is attached to this notice and replaces the version included as Attachment 2 to the Postal Service's initial notice filed in this docket on August 14, 2015. A nonpublic version of the China Post 2015 Agreement is also being filed separately under seal with the Postal Regulatory Commission and replaces the version filed with the Postal Service's initial notice in this docket. The text of the China Post 2015 Agreement included in the public and non-public portions of this filing is identical to the text of the draft version of the agreement that was included in the Postal Service's initial filing in this docket. With respect to the agreement filed under seal with

¹ Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, Docket No. R2015-6, August 14, 2015, at Attachment 2.

this notice, the Postal Service hereby incorporates its Application for Non-Public Treatment that was included as Attachment 1 to the Postal Service's initial notice filed in this docket.²

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business

Susan Walker
Attorney

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Washington, D.C. 20260-1137
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Susan.J.Walker@usps.gov
September 1, 2015

² *Id.* at Attachment 1.

CHINA POST GROUP – UNITED STATES POSTAL SERVICE MULTI-PRODUCT BILATERAL AGREEMENT

This Agreement ("Agreement") is between 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 China Post Group ("China Post"), the postal operator in the People's Republic of China, organized and existing under the laws of the People's Republic of China, and having a place of business at No. 3A Financial Street, Xicheng District, 100808, Beijing, China. The USPS and China Post may be referred to individually as a "Party" and together as the "Parties."

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of and/or non-objection by various entities with oversight responsibilities, which may include but not be limited to the USPS management's executive committee, the USPS Governors, and/or the U.S. Postal Regulatory Commission. Accordingly, China Post acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur, and in this respect the provisions of Articles 3 and 4 shall apply;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement as well as the terms of Article 4 of this Agreement entitled "Conditions Precedent";

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

Article 1: Purpose of the Agreement

The purposes of this Agreement are the following:

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 shall apply to the exchange of certain international products and services between the Parties; and
3. to set out the bilateral rates that will apply to the exchange of certain letter class, parcels, and Express Mail Service (EMS) products as specified in Annex 1.

Article 2: Guiding Principles of the Agreement

1. The Parties agree to work together to improve the quality of postal services between China Post and the United States Postal Service in order to better serve the market. In particular, the Parties agree to provide access to each other's operating networks and services in such a way that for each service provided:
 - (i) excellence in quality of service performance will be attained and maintained;
 - (ii) the flexibility required to meet changing market and logistical conditions will be supported;
 - (iii) the costs to each Party of providing services will be minimized; and

- (iv) the settlement and payment processes will continue to be streamlined, with the objective being to make such processes efficient, timely, and specific to each particular service or type of service.
2. In addition to the level of cooperation specifically outlined in this Agreement, the Parties intend to collaborate further on product development, enhancements to current products, and specified value-added services required to meet the ever-evolving needs of their customers.

Article 3: Oversight and Effective Date

The terms and pricing set forth under this Agreement require the approval from various entities that have oversight responsibilities for the USPS as set out in Article 4 below. Upon execution of this Agreement, the USPS shall seek such approval. This Agreement shall come into effect upon all such approvals having been obtained by USPS and notification to China Post by the USPS that all required approvals have been obtained, and the date of notification shall be "the Effective Date," unless an alternative date is proposed in the USPS's notification and agreed to by China Post in a return communication, in which case that alternative date shall be the Effective Date.

Article 4: Conditions Precedent

The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving approvals from, and/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 USPS management's executive committee, the Governors of the USPS, 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 shall exist for the USPS or China Post and no benefit or rights granted through this Agreement shall inure to either Party unless and until the Effective Date occurs and upon such occurrence the Conditions Precedent shall have been fulfilled.

Article 5: Limitation on Liability and Costs

In the event that the Conditions Precedent are not fulfilled, the USPS and China Post shall have no liability, which shall include no obligation to pay costs associated with any action taken by China Post prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, neither Party shall 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, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

Article 6: 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 shall be subject to the terms and conditions set forth in the Annexes of this Agreement.

Article 7: Monetary Transactions

1. Each Party will bear the costs and retain the revenues for any work performed by itself 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 Amendment to this Agreement. Any such Amendment shall be governed by Article 19 below.

2. All taxes and duties are the sole responsibility of the Party to whom they are duly assessed and shall not be charged to any other Party in any form unless the Parties otherwise provide in an Amendment to this Agreement. Any such Amendment shall be governed by Article 19 below.

Article 8: Customs Inspection

USPS bears no responsibility for the disposition of items in the custody of U.S. Customs & Border Protection. Further, China Post 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 9: Termination

1. Either Party may terminate this Agreement without cause upon 30 days advance written notice to be served on the other Party, with such termination effective as of 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, and failure by a Party to make timely and full payment of any undisputed invoice or portion of an invoice so constitutes good cause.
2. In the event of termination of the Agreement under this Article, the Parties shall be liable to make final settlement of all amounts owing as of the effective date of the termination. Each Party shall bear its own costs in the event of termination. All further rights and remedies shall remain unaffected.
3. In the event of termination, and as of the effective date of termination, the Parties shall revert to the default letter post and parcel post rates applicable under the Universal Postal Union Convention, and to the EMS charges normally applied in light of the Parties' respective commitments to one another (e.g., as EMS Cooperative members, KPG members, or otherwise), effective at the time of such termination, and neither Party shall 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 to the change of rates after termination.

Article 10: 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 controversy, the Parties agree that the signatories to this agreement, or their replacement, shall provide a written description of the controversy to the other Party and a suggested outcome. They will review the information provided and shall attempt in good faith to come to an agreement on the issue through correspondence, oral communications, or informal meetings.
3. If the methods described in the above paragraph prove insufficient to resolve a controversy, the Parties agree to refer that controversy to mediation, which shall consist of an informal, nonbinding conference or conferences between the Parties and the mediator, which shall perform mediation responsibilities in the English language. The mediator will be selected as mutually agreed by the Parties.
4. With the exception of controversies concerning cost or revenue liability, mediation will provide the sole means for addressing controversies related to this Agreement. If mediation does not resolve such a controversy, the parties may exercise their right to terminate.

5. For controversies related to cost or revenue liability, China Post and the USPS will first refer the matter to mediation as discussed in the above paragraph. If mediation does not resolve such a controversy, an action relating to cost or revenue liability may be instituted and maintained only in the United States District Court for the District of Columbia. The parties each irrevocably submit to the exclusive personal jurisdiction of the United States District Court for the District of Columbia and waive any objection to the laying of venue in that court, to the convenience of that forum, and to that court's personal jurisdiction over the Parties.
6. Notwithstanding the provisions of this Article 10, and without prejudice to Article 12, paragraph 1, in the event of conflict or inconsistency between the provisions of this Article 10 and Article 12, paragraph 1, the provisions of Article 12, paragraph 1 shall prevail.

Article 11: Construction

Except as otherwise provided in this Agreement, this Agreement shall be governed by and construed in accordance with U.S. Federal law.

Article 12: Indemnification and Liability

1. The Parties acknowledge that aspects of liability or indemnification (including, but not limited to air parcels, and the bilaterally negotiated air parcel product dispatched by China EMS Logistic Company via its network) 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 the Parties have taken to those instruments.
2. In the event that an entity not party to this Agreement asserts claims against China Post or USPS that are attributable to the actions of the other Party to this Agreement and are not subject to the provisions of the Acts of the Universal Postal Union, the latter Party shall 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 shall also reimburse the defending Party for all reasonable expenses incurred in connection with investigating, preparing for, or defending 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 shall be liable to the other Party nor will indemnify the other Party for any loss or 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, except for the following:
 - a. liability and indemnification as described in Article 12, paragraphs 1 and 2,
 - b. final settlement under Article 9, 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 shall 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 13: Language

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

Article 14: 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. China Post will treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the U.S. Postal Regulatory Commission.
2. China Post acknowledges that as part of securing approval of this Agreement and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the U.S. Postal Regulatory Commission ("Commission") in a docketed proceeding. China Post authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. China Post 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 be required to 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. China Post 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 China Post's request, the U.S. Postal Service will notify China Post of the docket number of the Commission proceeding to establish the rates in this instrument under U.S. law, once that docket number has been assigned.

Article 15: Severability

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

Article 16: Notices

Any notice or other document to be given 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:

Teresa Yeager
General Manager, Business Development, Asia Pacific
United States Postal Service
475 L'Enfant Plaza SW, Room 5821
Washington, DC 20260
United States of America
teresa.y.yeager@usps.gov

To China Post:

Wang Dong
Deputy Director of International Service Division
International Cooperation Department
China Post Group
No 3A Financial Street
Xi Cheng District, Beijing 100808
China
wangdong@postoa.com.cn

Article 17: Force Majeure

Neither party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, 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.

Article 18: Legal Status of this Agreement

This Agreement constitutes a legally binding agreement on the part of each signatory hereto 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 19: Amendment

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of China Post 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 shall be deemed an amendment to this Agreement. The Amendment may be contingent upon any and all necessary approvals by USPS management, the USPS Governors, the USPS Board of Governors, and/or 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 20: Assignment

This Agreement may not be assigned in whole or in part by any Party without the prior written consent of the other parties. 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 21: Applicability of Other Laws

1. The Parties acknowledge that this Agreement does not involve the USPS's 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 USPS may be required to provide copies of this Agreement to the U.S. Department of State and the U.S. Postal Regulatory Commission. China Post acknowledges that the entire Agreement, or portions thereof as 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 and/or market dominant products list.

Article 22: Entire Agreement

1. Except as otherwise provided in this Agreement, this Agreement, including all Annexes to this Agreement, shall constitute the entire agreement between the Parties concerning the exchange of international mail described herein.
2. The Parties acknowledge that the provisions of the Universal Postal Convention and applicable regulations, as well as the Statutes of the EMS Cooperative, apply except to the extent inconsistent with this Agreement.
3. The Parties confirm their adherence to all other terms and conditions relating to the exchange of EMS items set forth in their previous agreements concerning the exchange of EMS items as well as to the service guarantees, targets and levels of achievement adopted by the members of the Kahala Post Group, which are expressly incorporated into this Agreement by reference.
4. Neither China Post nor the USPS is released from any obligations arising under the China Post Group – United States Postal Service Letter Post Bilateral Agreement executed by China Post Group on June 11, 2010 and by the USPS on June 25, 2010 (“CPG – USPS 2010 Letter Post Bilateral Agreement”), which expired on September 30, 2011.
5. Neither China Post nor the USPS is released from any obligations arising under the China Post Group – United States Postal Service Contractual Bilateral Agreement executed by China Post Group on November 16, 2009 and by the USPS on November 16, 2009 (“CPG – USPS 2009 Contractual Bilateral Agreement”).
6. Neither China Post nor the USPS is released from any obligations arising under the China Post Group – United States Postal Service Multi-Product Bilateral Agreement executed by China Post Group and by the USPS on August 15, 2011. (“CPG – USPS 2011 Multi-Product Bilateral Agreement”).
7. Neither China Post nor the USPS is released from any remaining obligations arising under the China Post Group – United States Postal Service Multi-Product Bilateral Agreement executed by China Post Group and by the USPS on November 8, 2012, as modified by
 - Amendment One executed by China Post Group on May 9, 2013, and by the USPS on May 15, 2013,
 - Amendment Two executed by China Post Group and by the USPS on November 15, 2013,
 - Amendment Three executed by China Post Group and by the USPS on December 16, 2013, and
 - Amendment Four executed by China Post Group and by the USPS on January 9, 2014, (“CPG – USPS 2012 Multi-Product Bilateral Agreement”).
8. Neither China Post nor the USPS is released from any remaining obligations arising under the China Post Group – United States Postal Service Multi-Product Bilateral Agreement executed by China Post Group on April 2, 2014, and by the USPS on March 13, 2014 (“CPG – USPS 2014 Multi-Product Bilateral Agreement”).
9. Neither China Post nor USPS is released from any obligations arising under the License Agreement For The Use Of USPS Trademarks And/Or Logos On Packaging, Labels, And/Or Marketing Materials By Entities Outside Of The United States executed by China Post on August 16, 2010, and by the United States Postal Service on September 9, 2010.
10. With the exception of the Agreements mentioned in Paragraphs 3, 4, 5, 6, 7, and 8 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 shall not be binding upon either Party.

Article 23: Term

1. The Parties intend that the Effective Date of the settlement rates for the products set forth in Annex 1 of this Agreement shall be October 1, 2015.
2. The USPS will notify China Post of the Effective Date of the Agreement after receiving the approval of the entities that have oversight responsibilities for the USPS. USPS shall have no obligation to notify China Post of the status of the approval process or of potential fulfillment of the approval process. The Agreement shall remain in effect after the Effective Date until December 31, 2016, unless terminated sooner pursuant to Article 9 of this Agreement. Before the expiration of this period, the Agreement shall be reviewed by both Parties to determine whether to extend or modify this Agreement.

Article 24: 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 shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall 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 shall include but not be limited to any recordation requirements. China Post acknowledges and agrees that USPS is the exclusive owner of the trademarks USPS ePACKET®, ePacket®, Commercial ePacket™, United States Postal Service®, and United States Postal Service® and Eagle Design, among other USPS marks (also known as the "USPS Marks"), and that China Post is using the USPS Marks with permission and under license from USPS. USPS acknowledges and agrees that China Post has the ability to sublicense the mark ePACKET and in the spirit of joint cooperation, the Parties agree to work on an agreement regarding the ePACKET mark separate and apart from this agreement.

Article 25: Survival

The provisions of Articles 5, 9, 10, 11, 12, 13, 14, 15, 16, 22, 23, and 24 shall survive the conclusion or termination of this agreement, as well as any other terms insofar as they apply to the Parties' continuing obligations to one another under the articles listed above.

IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of this Agreement.

China Post

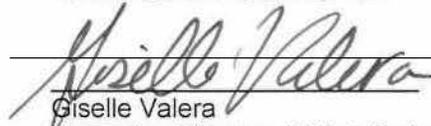


LI Xiong
Vice President

8/21/2015

Date

United States Postal Service

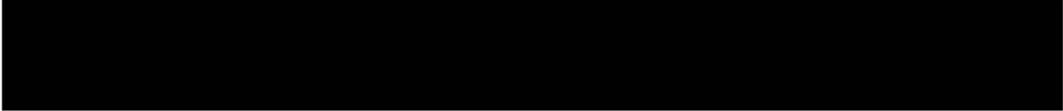


Giselle Valera
Managing Director, Global Business, and Vice President

8/27/2015

Date

List of Annexes

- Annex 1 Settlement Rates
- Annex 2 China to United States Small Packet with Delivery Scanning Collected by China EMS (also known as "ePacket™ Collected by China EMS")
- Annex 3 Co-Designed Label Samples for ePacket™ Collected by China EMS
- Annex 4 Detailed Item Content Restrictions
- Annex 5 Terms for Operational and Transportation Initiatives
- Annex 6 Business Rules for International Mail Settlement of Products Listed in Annex 1
- Annex 7 
- Annex 8 
- Annex 9 
- Annex 10 
- Annex 11 

Annex 1: Settlement Rates

Rates

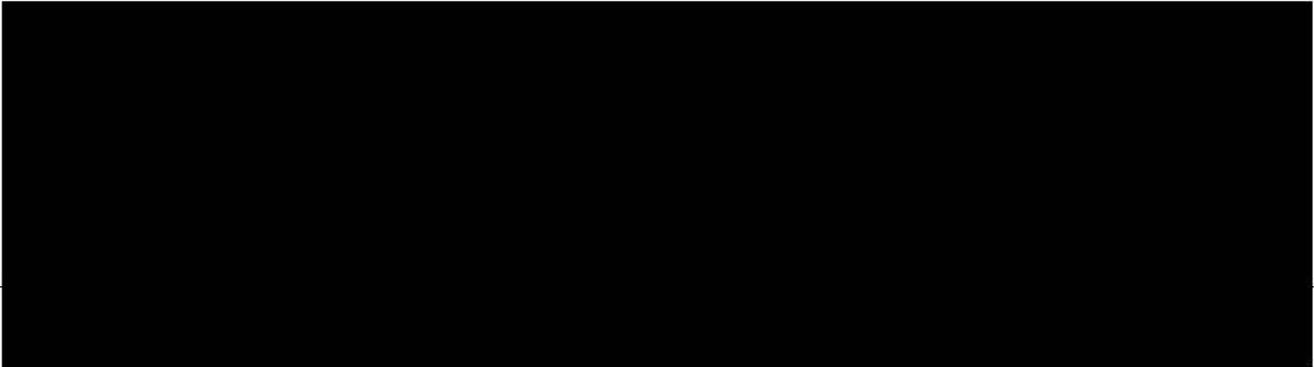
The rates below shall be in effect for the term of this Agreement, as set forth in Article 23. Changes in rates during the term of this Agreement will be negotiated and agreed to in accordance with Article 19.

Settlement rates listed in the tables included below are product stream rates per piece and per kilogram stated in Special Drawing Rights (SDRs) unless noted otherwise. The rates are set on the conditions that current work-sharing arrangements are substantially maintained. Any changes to current work-sharing (i.e., sortation and preparation) arrangements will be subject to negotiations and mutual written agreement, including, but not limited to, agreement as to any impact on pricing.

Additionally, each Party is encouraged, but not required, to consider offering to the other Party incentives for optional activities, such as sortation or separation changes.

Inbound products China to USA in SDR			
Stream	Service Description	Proposed Settlement Charges (SDR / Piece)	Proposed Settlement Charges (SDR / Kg)
A, UD, BG	SMALL PACKET WITH DELIVERY SCANNING COLLECTED BY CHINA EMS LOGISTIC COMPANY VIA ITS NETWORK	Surcharge	
A, UX, BG	SMALL PACKET WITH DELIVERY SCANNING COLLECTED BY CHINA LETTER POST VIA ITS NETWORK	Surcharge	
A, CN, BG	AIR PARCELS – ORDINARY		
A, CV, BG	AIR PARCELS – INSURED		
B, CN, BG	SAL PARCELS – ORDINARY		
B, CV, BG	SAL PARCELS – INSURED		
C, CN, BG	SURFACE PARCELS – ORDINARY		
C, CV, BG	SURFACE PARCELS – INSURED		
A, ED, BG	EMS – DOCUMENTS		
A, EM, ALL	EMS – MERCHANDISE		
A, EN, BG	EMS – MIXED ^{7B}		
A, CZ, BG			

Outbound products USA to China in SDR			
Stream	Service Description	Proposed Settlement Charges (SDR / Piece)	Proposed Settlement Charges (SDR / Kg)
A, UX, BG	SMALL PACKET WITH DELIVERY SCANNING		
A, CN, BG	AIR PARCELS – ORDINARY		
A, ED, BG	EMS – DOCUMENTS		
A, EM, BG	EMS – MERCHANDISE		
A, EN, BG	EMS – MIXED		
A, CU, BG			



/6 Sortation shall occur in accordance with Annex 5 and as stated elsewhere in this Agreement.

/7 Settlement shall occur in accordance with Annex 6.



The rates for the mail stream categories above shall be based upon the following format and product definitions.

Specifications of Letter Post Product Categories and Formats

China to United States Small Packet with Delivery Scanning Collected by China EMS (ePacket™ Collected by China EMS)

Refer to Annexes 2 and 3 of this Agreement



Specifications of Parcel Post Product Categories and Formats



The admitted maximum weight limit for China to United States Air Parcels and Surface Parcels is 31.5kg (70 lbs). The maximum weight limit for USPS Priority Mail International to China is up to 30kg (66 lbs).

The admitted maximum size for China to United States, as well as for United States to China, Air Surface Parcels is 1.05m x 1.05m x 1.05m or 2m length & greatest circumference (42 inches x 42 inches x 42 inches or 79 inches length & greatest circumference.

Specifications of EMS Product Categories and Formats

The parties to this agreement also confirm their adherence to all other terms and conditions relating to the exchange of EMS items set forth in their previous agreements concerning the exchange of EMS items as well as to the service guarantees, targets and levels of achievement adopted by the members of the Kahala Post Group, which are expressly incorporated into this Agreement by reference.

Processing of EMS Items Exceeding Maximum Weight and Size Limitations

USPS shall return to China Post all EMS items exceeding size and weight limitations, as specified in the below table. USPS shall also return to China Post all parcel items that exceed the size and weight limitations as specified in the above section on Parcel Post. USPS shall charge China Post any applicable handling fees and return transportation charges for such returned EMS or parcel items, as assessed by USPS. Such fees and charges shall be paid by China Post as part of the settlement process.

Mail Type	Maximum Weight	Maximum Volume
EMS	70 lbs (31.5 kg)	108 inches (2.74 m) combined length and girth and 60 inches (1.52 m) for any one dimension*

*Length is the longest side of the parcel, and girth is the measurement around the thickest part that is perpendicular to the length.

Annex 2: China to United States Small Packet with Delivery Scanning Collected by China EMS (also known as “ePacket™ Collected by China EMS”)

For the purposes of this Annex 2 the product ePacket™ Collected by China EMS is defined as small packet with delivery scanning under UD mail subclass code. ePacket™ Collected by China EMS uses the item prefix LK, LN and LS.

Package Specific Preparation Requirements

1. **Package Dimensions and Weight.** Each ePacket™ Collected by China EMS package shipped under this agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual or as bilaterally agreed. Specifically, each package shall not exceed 2 kilograms in weight or limits of size specified in UPU Article RL 122.
2. **Package Contents.** Packages shall conform to the importation restrictions of the United States as set forth in the *Mailing Standards of the United States Postal Service*, International Mail Manual, section 710 (“Treatment of Inbound Mail”), which can be accessed online at http://pe.usps.com/text/imm/immc7_001.htm; and in accordance with the United States country listing in the Universal Postal Union’s List of Prohibited Items, which can be accessed at the Universal Postal Union website at <http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>. Packages should also conform to USPS’s regulations on Mailable Dangerous Goods as set forth in IMM section 135, which can be accessed online at http://pe.usps.com/text/imm/immc1_013.htm. USPS shall not be responsible for the contents or customs status of any packages imported under this Agreement. For packages seized or disposed of by U.S. Customs and Border Protection and not released, the sending post will not be charged postage for those packages. For packages detained but eventually released, applicable postage will apply. The sending post agrees to communicate these requirements to shippers as a condition of shipment.
3. **Package Labeling.** The bilaterally agreed upon, co-designed label will be displayed on the outside of each ePacket™ Collected by China EMS. In addition, each item will display a completed and accurate customs declaration. The barcode shall utilize the LK, LN and LS prefixes of the UPU S10 barcode construct. The sample label is presented in Annex 3.

Receptacle Preparation Requirements

1. **Separation from other products.** The ePacket™ Collected by China EMS product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other Letter Post products (such as Registered Mail and ePacket™ Collected by China Letter Post), Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing ePacket™ Collected by China EMS items.
2. **Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the bilaterally agreed-upon mail subclass code of “UD.”
3. **Receptacle Routing.** To expedite the processing and delivery of these packages, the sending post may present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 5.

Dispatch Preparation Requirements

1. **Separation from other products.** The ePacket™ Collected by China EMS product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including but, not limited to, other Letter Post products (such as Registered Mail and ePacket™ Collected by China Letter Post), Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in dispatches containing ePacket™ Collected by China EMS.
2. **Dispatch Identification.** Each dispatch will contain the bilaterally agreed-upon mail subclass code of "UD" and unique dispatch numbers, which shall not repeat within any settlement period.
3. **ePacket™ Collected by China EMS Dispatch Manifesting.** Each dispatch will be manifested using the existing PREDES messages, whereby the number of receptacles and the total weight and number of pieces contained in each receptacle will be transmitted as accurately and timely as possible.
4. **Sortation.** Each sortation of each item in each dispatch must be in accordance with the sortation requirements in Annex 5.

Financial Requirements

USPS and China Post shall settle ePacket™ Collected by China EMS volumes, and other Letter Post volumes in accordance with current Letter Post settlement procedures in accordance with Annex 6. However, ePacket™ Collected by China EMS volumes will be identified and segregated from other Letter Post volume through the assignment of the "UD" mail subclass. At the end of the settlement period, the corresponding rate, as determined in this agreement, shall be applied to the corresponding Letter Post volume, as identified by the mail subclass. China Post agrees to generate unique dispatch numbers throughout the course of the settlement period.

Return Service, Customer Inquiries and Compensation

1. **Return Service.** Return service for undeliverable, refused, or missent packages will be provided consistent with the current procedures for letter-post small packets.
2. **Customer Inquiries.** USPS will not accommodate customer inquiries made by customers in either China or the United States through retail units, customer service hotlines, or other channels for ePacket™ Collected by China EMS under this Agreement.
3. **Compensation.** USPS does not offer indemnity or insurance for ePacket™ Collected by China EMS. Accordingly, unless the Parties agree otherwise in a separate written agreement, USPS shall have no such liability.

Service Standards

ePacket™ Collected by China EMS under this Agreement carry no day-certain or time-specific guarantee. USPS will use the First Class Delivery Network to deliver ePacket™ Collected by China EMS once the packages are cleared through U.S. Customs & Border Protection and entered into the U.S. domestic mail stream.

Annex 3: Co-Designed Label Samples for ePacket™ Collected by China EMS

Below is a sample label for ePacket™ Collected by China EMS.

F	 中国邮政 CHINA POST	Airmail Postage Paid China Post
From:	 UNITED STATES POSTAL SERVICE® ePacket™	2
FOREIGN SENDER STREET ADDRESS CITY COUNTRY POSTAL CODE		11111
<small>Customs information available on attached CN22. USPS Personal Scan barcode below for delivery event information.</small>		
TO:	US RECIPIENT NAME STREET ADDRESS SUITE/ APT NUMBER WASHINGTON DC 11111-1111	
USPS DELIVERY CONFIRMATION		
		
XXXXXXXXXXXX		

Annex 4: 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 135 and 710; the United States country listing in the Universal Postal Union's List of Prohibited Items; and Domestic Mail Manual section 601. 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.com/text/imm/immc7_001.htm

<http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>

<http://pe.usps.gov/text/dmm300/601.htm>

Annex 5: Terms for Operational and Transportation Initiatives

- A. The Parties agree that all inbound settlement rates agreed by the USPS and China Post are based on the following sortation and inductions by China Post.

Based on the first 2-digits of the recipient postal code, China Post shall induct the corresponding items into the appropriate U.S. point of entry:

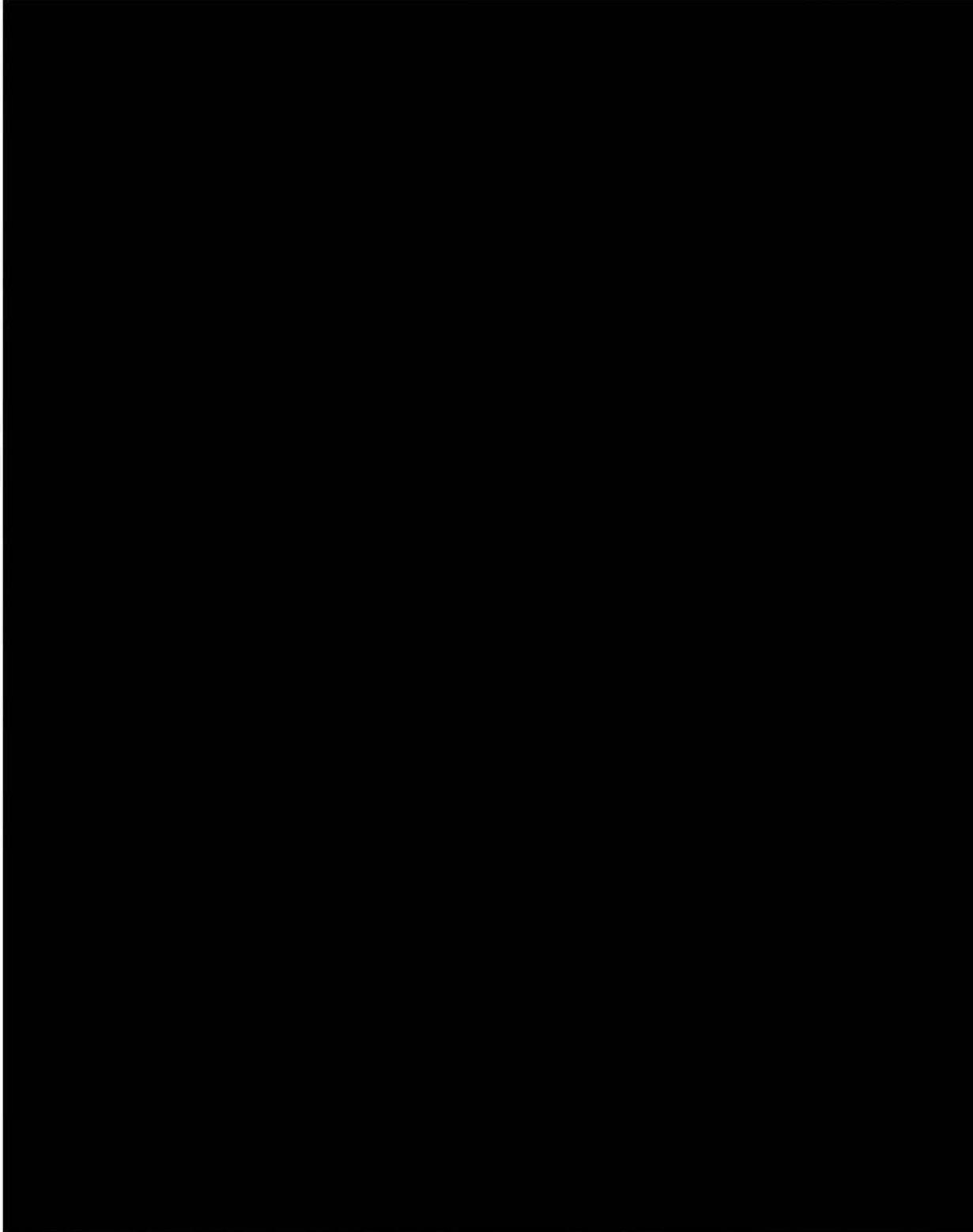
Nationwide for all OEs			
Destination Postal Code	Sort Key on label	U.S. Point of Entry	Requirement
[Redacted Content]			

For ePackets collected by China EMS and China Letter Post, based on the first 3-digits of the recipient postal code, China Post shall provide a minimum of 5 sorts and inductions into the corresponding U.S. points of entry nationwide. At the Shenzhen, Guangzhou, and Hangzhou OEs, China Post shall provide an additional 20 sorts and inductions into the corresponding U.S. points of entry. The detailed sortation scheme follows at the end of this Annex 5.

- B. The Parties agree to exchange EMSEVT data and work together to implement a timeline for using the EMSEVT operationally. The Parties will work together to transfer best practices including but not limited to data transfer, storage, and security. The Parties agree to implement a pilot at the Guangzhou Office of Exchange and use a phased approach starting with EMS.
- C. USPS and China Post will work bilaterally to resolve daily operational challenges in good faith, for the purpose of improving customer service and for operational and transportation optimization, including but not limited to:
 - i. Ongoing work to ensure proper use of barcode prefixes, e.g. LN, LS, LK collected by China EMS and LZ collected by China Letter Post only to be used for ePackets from China Post to USPS.
 - ii. Resolve missing check digits on DelCon barcodes on ePackets to USPS
 - iii. Proper visibility of tracked mail, including Into and Out of Customs Scanning
 - iv. Improved efficiencies and make-up of Sac Vides returns
- D. USPS will make reasonable efforts to attempt to devise a solution for providing services in relation to volume from China Post's New Jersey warehouse to United States domestic addresses.

Detailed Sortation and Induction Scheme:

For ePacket volumes from the Shenzhen, Guangzhou, and Hangzhou OEs:





Receptacle Tags:

China Post and USPS agree to work out a solution to differentiate ADC sacks together before September 18, 2015.

Annex 6 – Business Rules for International Mail Settlement of Products Listed in Annex 1

For certain EMS, Parcel, and ePacket flows between China and the United States, this Agreement establishes new bilateral rates for EMS, Parcels, and ePacket. Below is a summary description of the business rules that will be used by China Post and USPS to implement the terms shown in this Agreement for the products listed in Annex 1.

China Post and USPS agree to the following guiding principles of the overall settlement process. These principles include:

1. China-to-United States EMS Mail Stream

- EMS Dispatching: Both Operators will dispatch EMS items using only the receptacle types and codes of bags (BG), bulk containers (CN), and outside pieces (PC). In particular:
 - Individual small items that fit into a receptacle will not be dispatched as outside items
 - Individual small items cannot reflect both item barcodes and receptacle barcodes.
 - Only large items that cannot be put in a bag will be coded as PC if they are too large to fit in bags or bulk containers.
 - All other items will be dispatched in receptacles such as bags and bulk containers.
- The Operators agree that dispatch numbers will not be reused within a calendar year and that all dispatches must be in sequence.
- Dispatch numbers for each origin/destination pair shall start with 0001 on January 1 and end with 9999.
- Mail Streams.
 - The EMS mail streams from China Post to the United States consist of A ED for documents and A EM for merchandise.
- Settlement Rate.
 - The per piece and per kilogram settlement rates are as shown in Annex 1 of this Agreement.
- Preparation of Quarterly EMS Invoice.
 - EMS settlement shall occur quarterly.
 - The accounting periods are the UPU's calendar quarters from January-March, April- June, July-September and October-December.
 - USPS will provide an item-level EMS bill and data file.
 - The data file will be in a tab delimited text format.

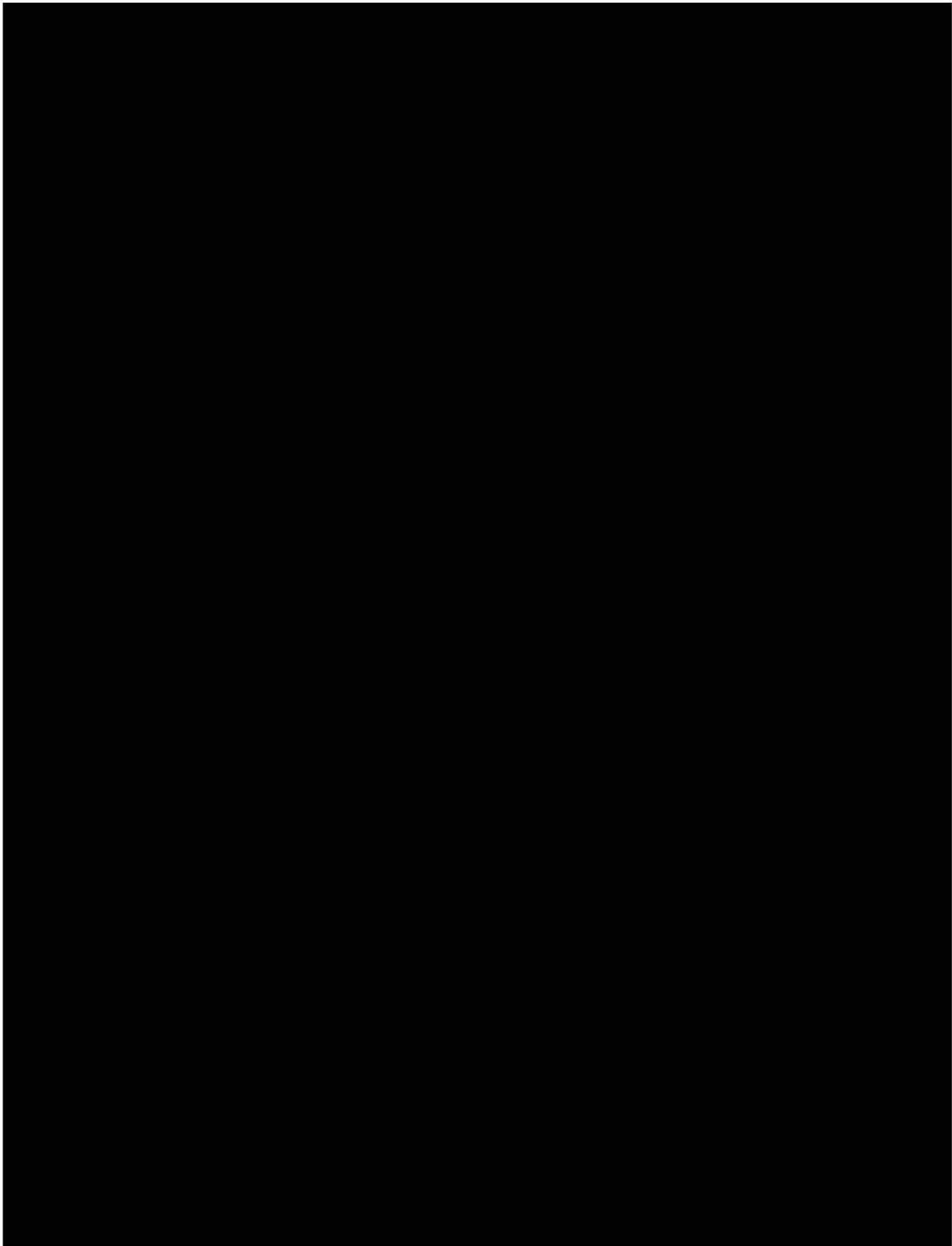
- Attributes of billable items for the period:
 - Item has a D, E, F, G, H or I scan.
 - The date of the most recent item scan will determine whether an item is billable during the period.
 - Summary invoice weight for settlement from USPS will be based on the pre-advised item weight for an item that received a D, E, F, G, H or I scan.
 - If an item weight is not available, the weight applied will be based on the quarterly average weight per Item, which is derived from the total preadvised receptacle weight for the applicable quarter divided by the total preadvised number of items in those receptacles.
 - China Post has the right to review and adjust the applied item weight.
 - China Post will provide supporting documentation upon request.
 - Non-EMS items identified during the analysis that were dispatched/received within an EMS dispatch and did not receive EMS-level service will be billed in the appropriate stream.
- China Post has 60 days following receipt to review, accept or amend the quarterly invoice.
- If acceptance is not provided within 60 days, the original invoice is considered accepted as rendered.
- If supporting data is not provided with China Post's acceptance, the original invoice is considered accepted as rendered.
- If the parties fail to agree on the invoice acceptance within the 60-day review period, a provisional payment is due for the undisputed portion of the invoice within 30 days of the end of the review period.
- Otherwise, payment is due to the USPS in whole within (a) 30 days of China Post's notification of acceptance or (b) China Post's acceptance by default as a result of China Post not having provided any response concerning USPS' quarterly invoice within 60 days.
- When China Post processes the above payment, China Post can apply the UPU "Net-Out" method
- If the payment is not received within 30 days following acceptance by China Post, USPS will reach out to the designated China Post business managers to facilitate payment. If payment is not received in a timely manner, despite best effort to facilitate communication, USPS maintains the option to assess a 6% interest charge on the value of the accepted invoice, compounded monthly, until the past due account balance (including accrued interest) is paid in full.
- Supplemental Invoice.
 - If USPS and China Post are not able to reach agreement on the total invoiced amount, a supplemental invoice will be created by USPS following the dispute date.

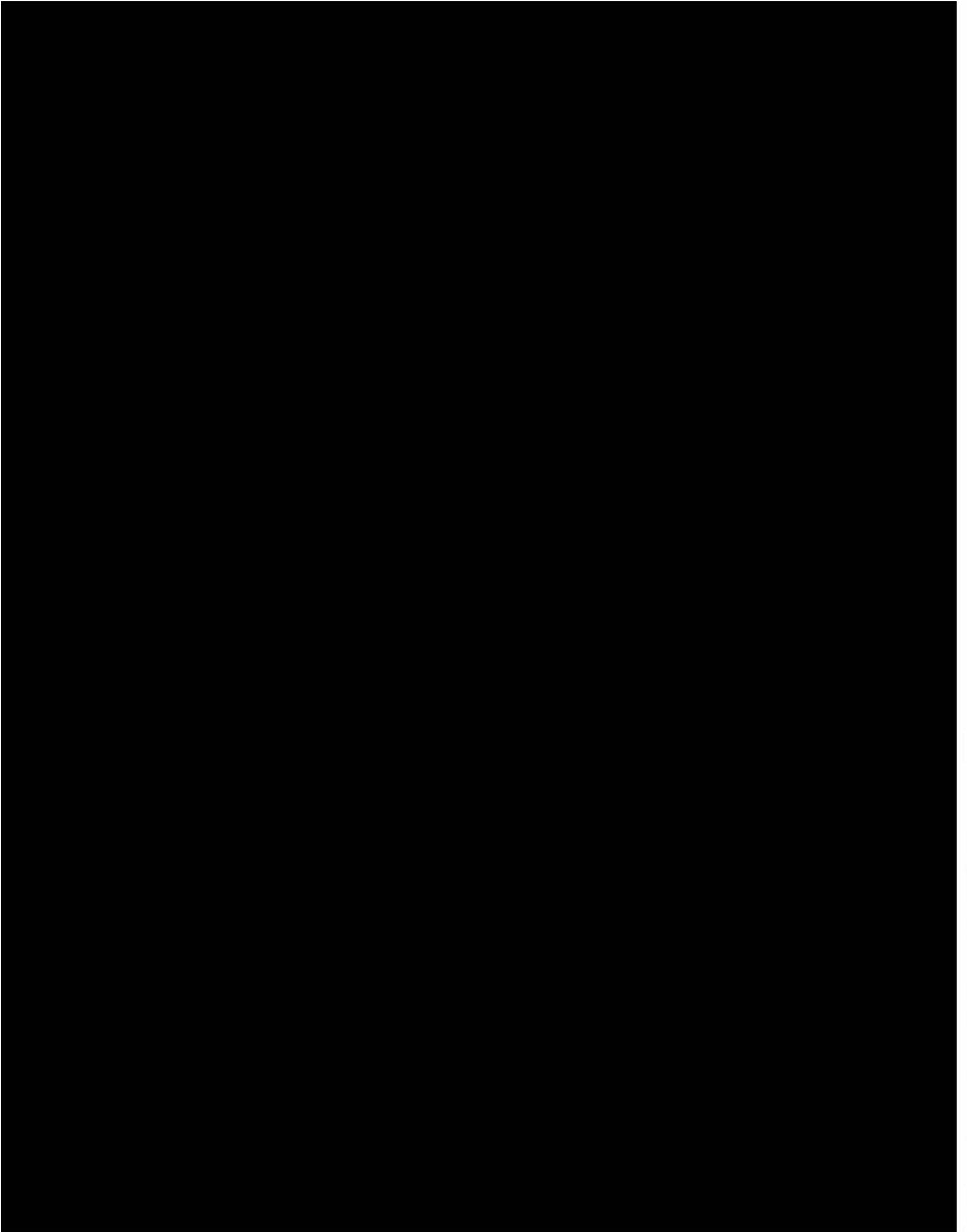
- China Post has 60 days from receipt to review, accept or amend the supplemental invoice.
- If acceptance is not provided within 60 days, the supplemental invoice is considered accepted as rendered.
- If supporting data is not provided with the notification of acceptance, the original supplemental invoice is considered accepted as rendered.
- If the parties fail to agree on the supplemental invoice acceptance within the 60-day review period, a provisional payment is due for the undisputed portion of the supplemental invoice within 30 days of the end of the review period.
- Otherwise, payment is due for the supplemental invoice in whole within (a) 30 days of China Post's notification of acceptance or (b) China Post's acceptance by default as a result of China Post not having provided any response concerning USPS' quarterly invoice within 60 days.
 - Any remaining disputed volumes will be resolved jointly by USPS and China Post.

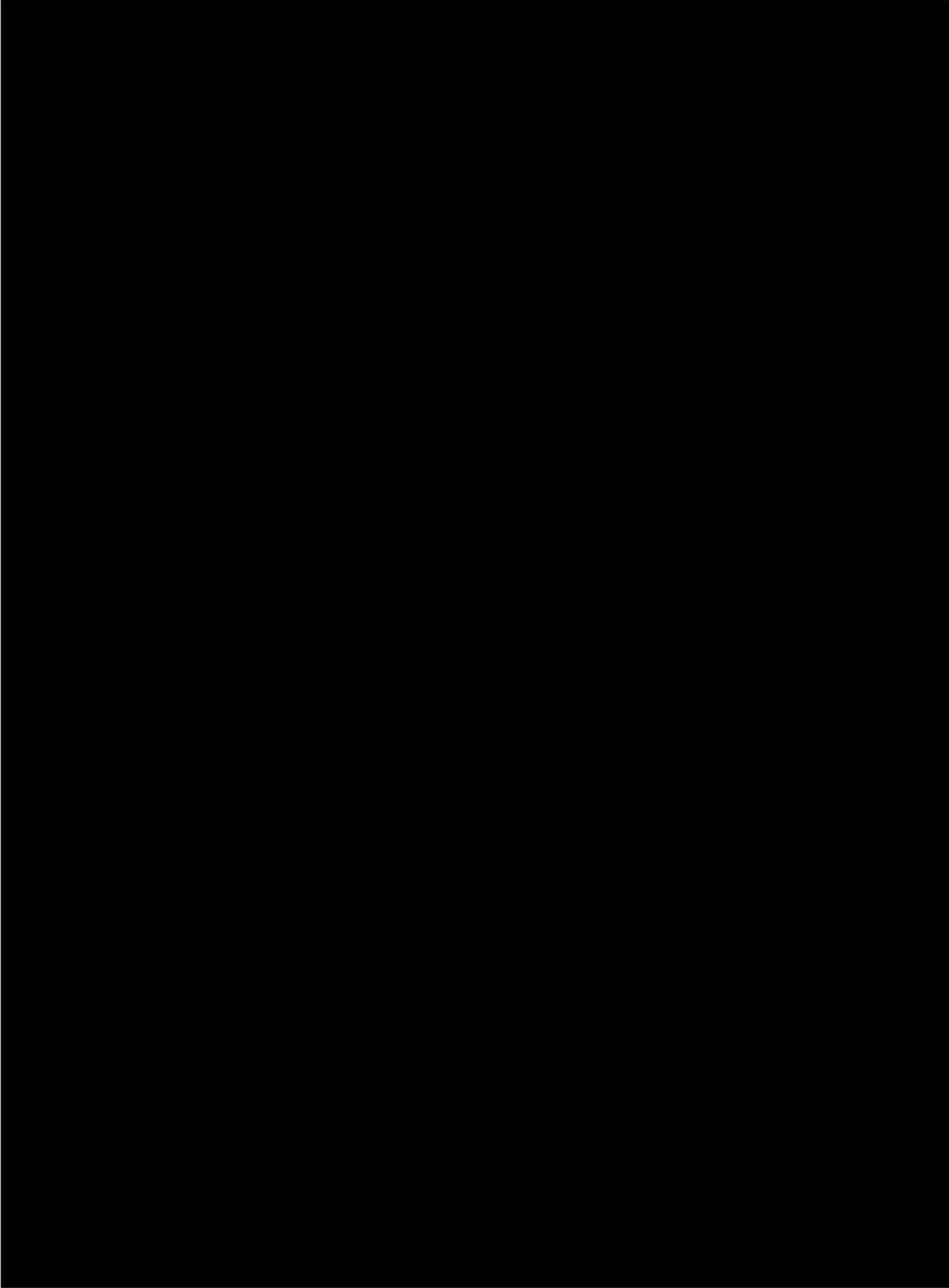
2. China-to-United States ePacket™ Mail Stream

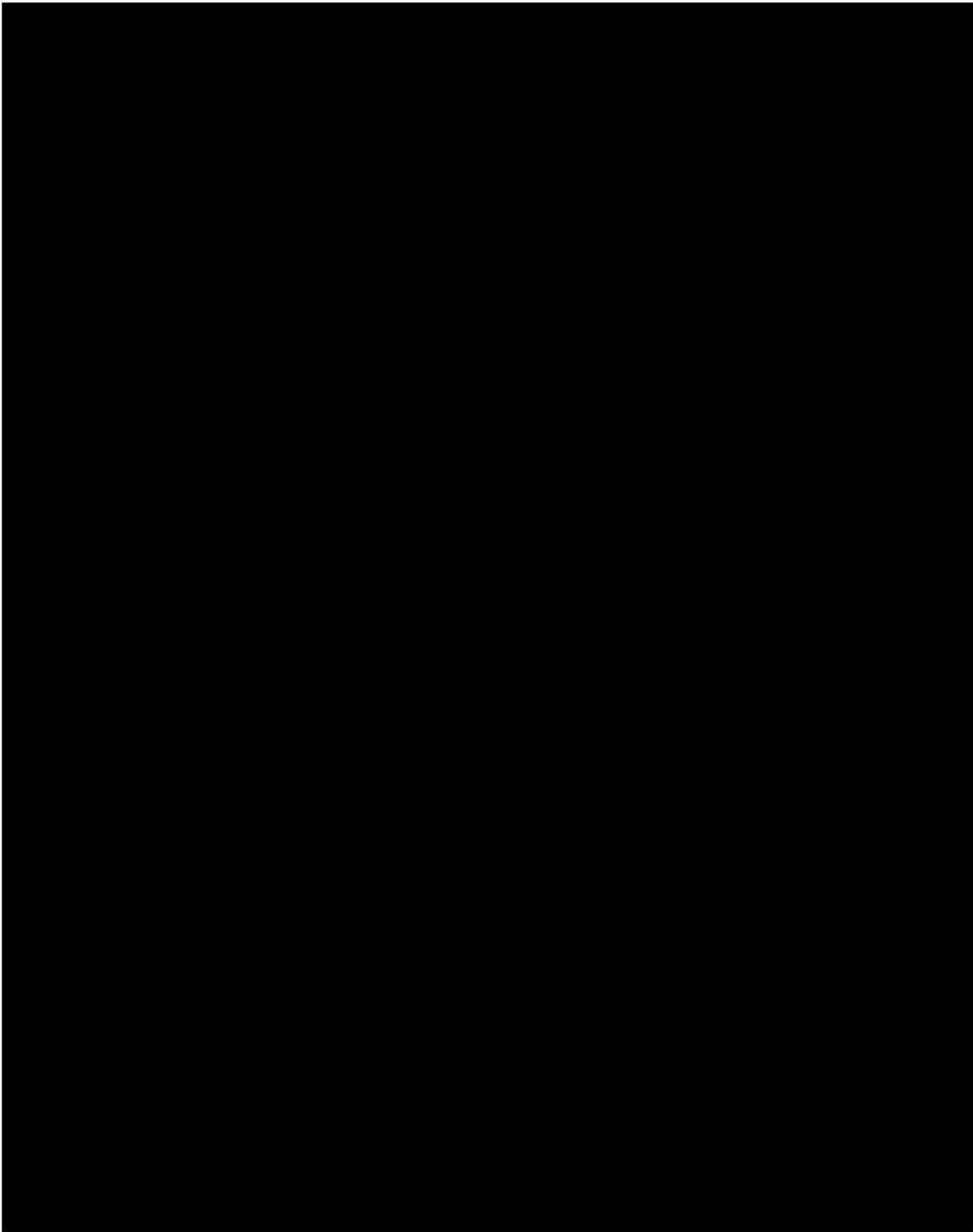
- ePacket Dispatching: Both Operators will dispatch ePacket items using only the receptacle types and codes of bags (BG). In particular:
 - Individual small items that fit into a receptacle will not be dispatched as outside items
 - Individual small items cannot reflect both item barcodes and receptacle barcodes.
 - Only large items that cannot be put in a bag will be coded as PC if they are too large to fit in bags or bulk containers.
 - All other items will be dispatched in bags and bulk containers.
- The Operators agree that dispatch numbers will not be reused within a calendar year and that all dispatches must be in sequence.
- Dispatch numbers for each origin/destination pair shall start with 0001 on January 1 and end with 9999.
- Mail Streams.
 - The ePacket™ mail streams from China Post to the United States consist of A UD BG and A UX BG.
- Settlement Rate.

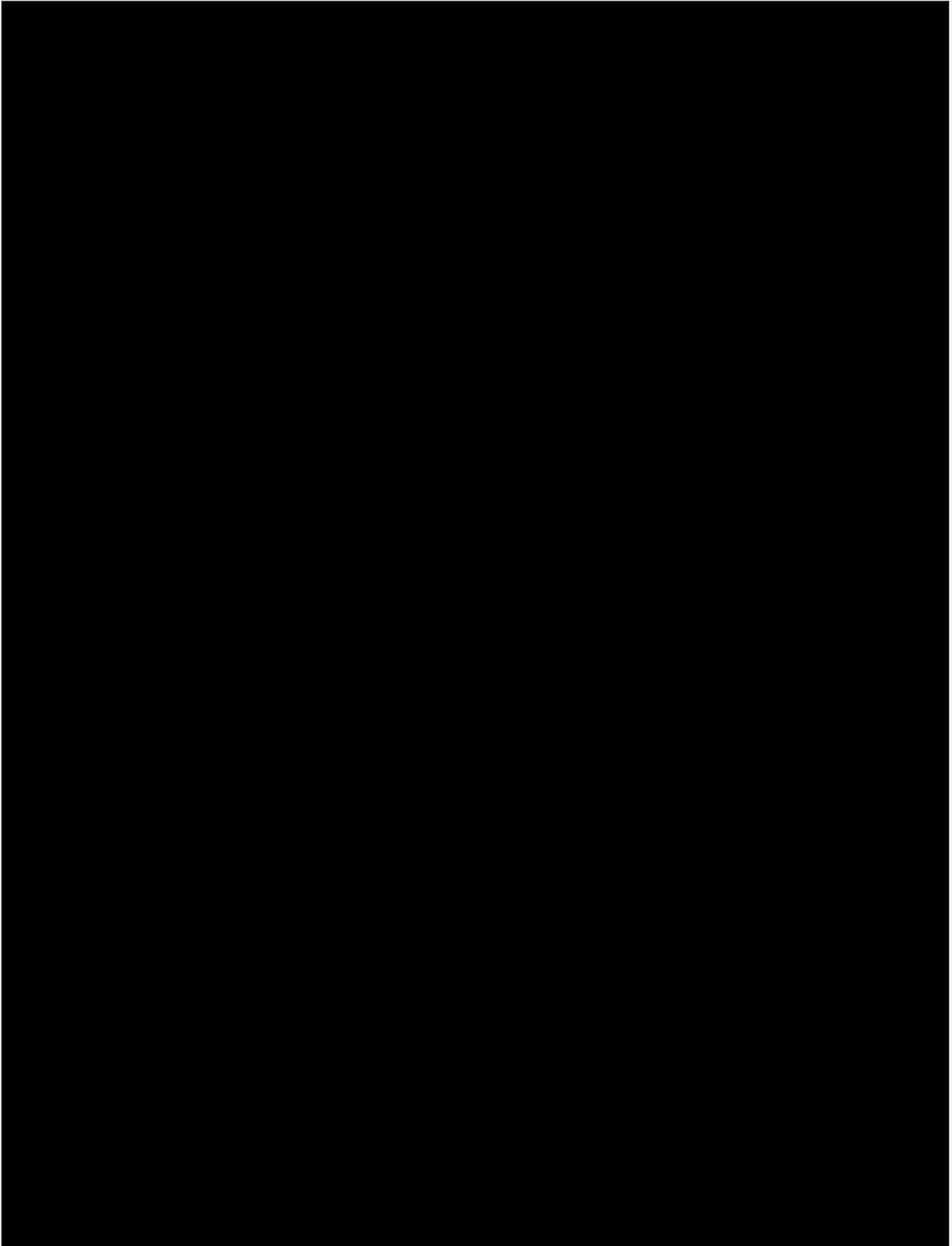


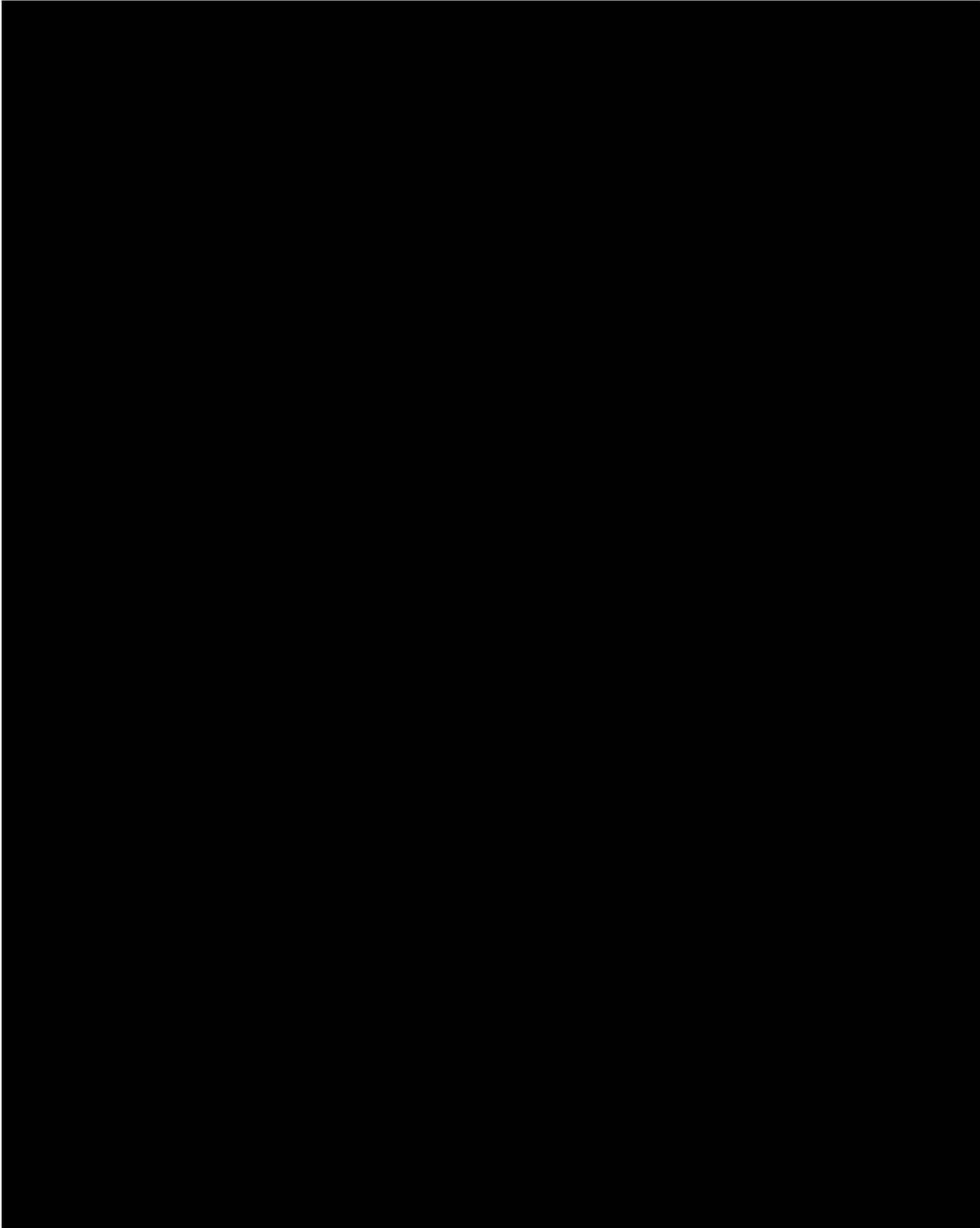


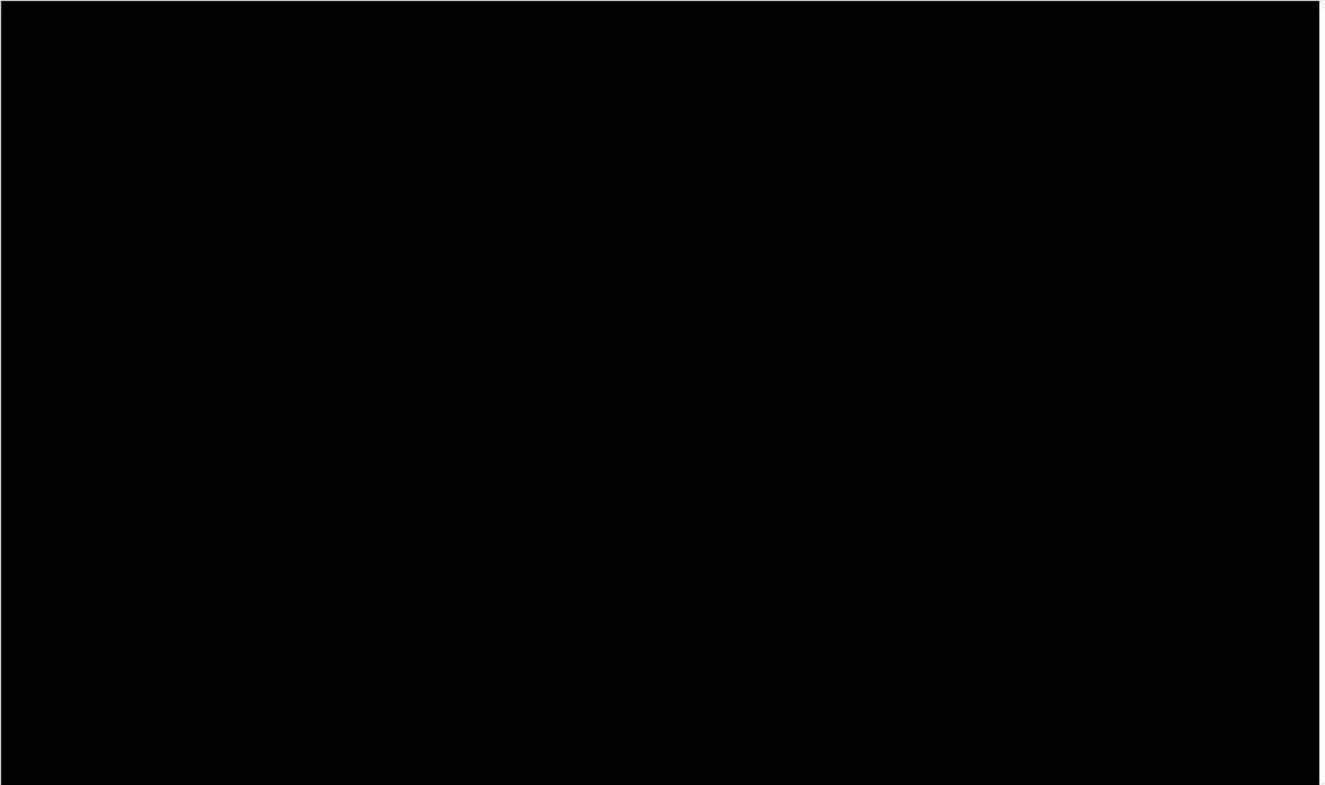




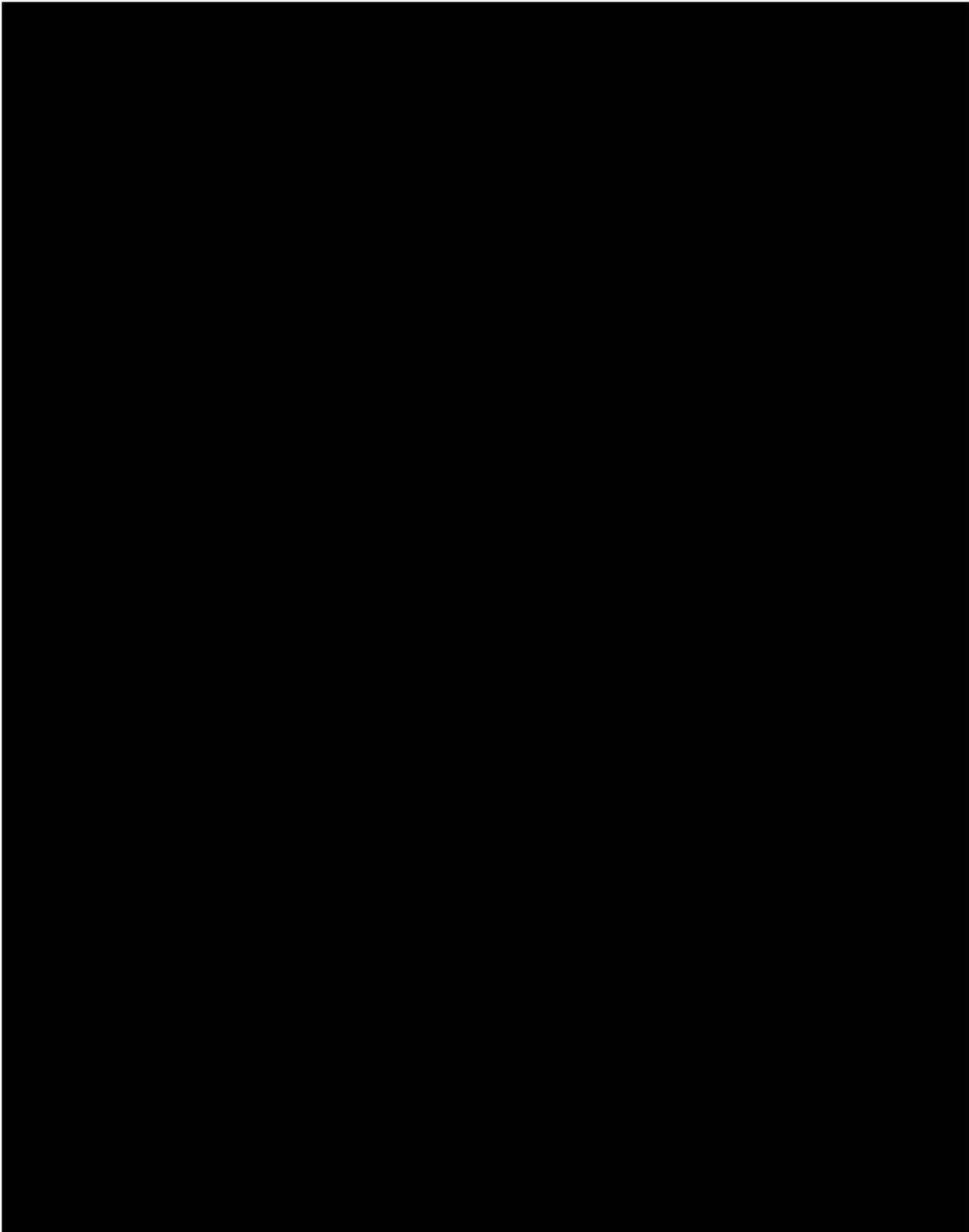


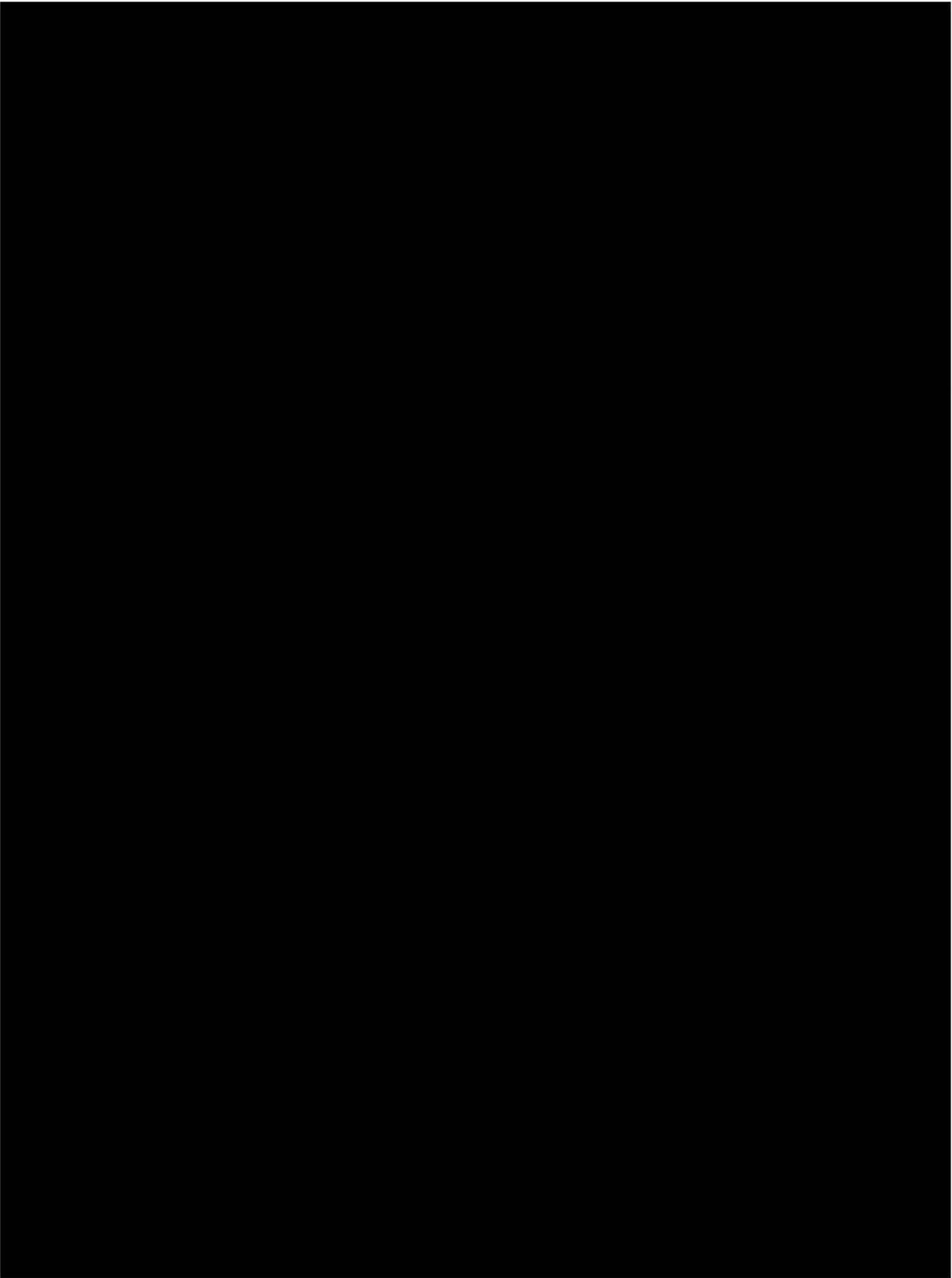




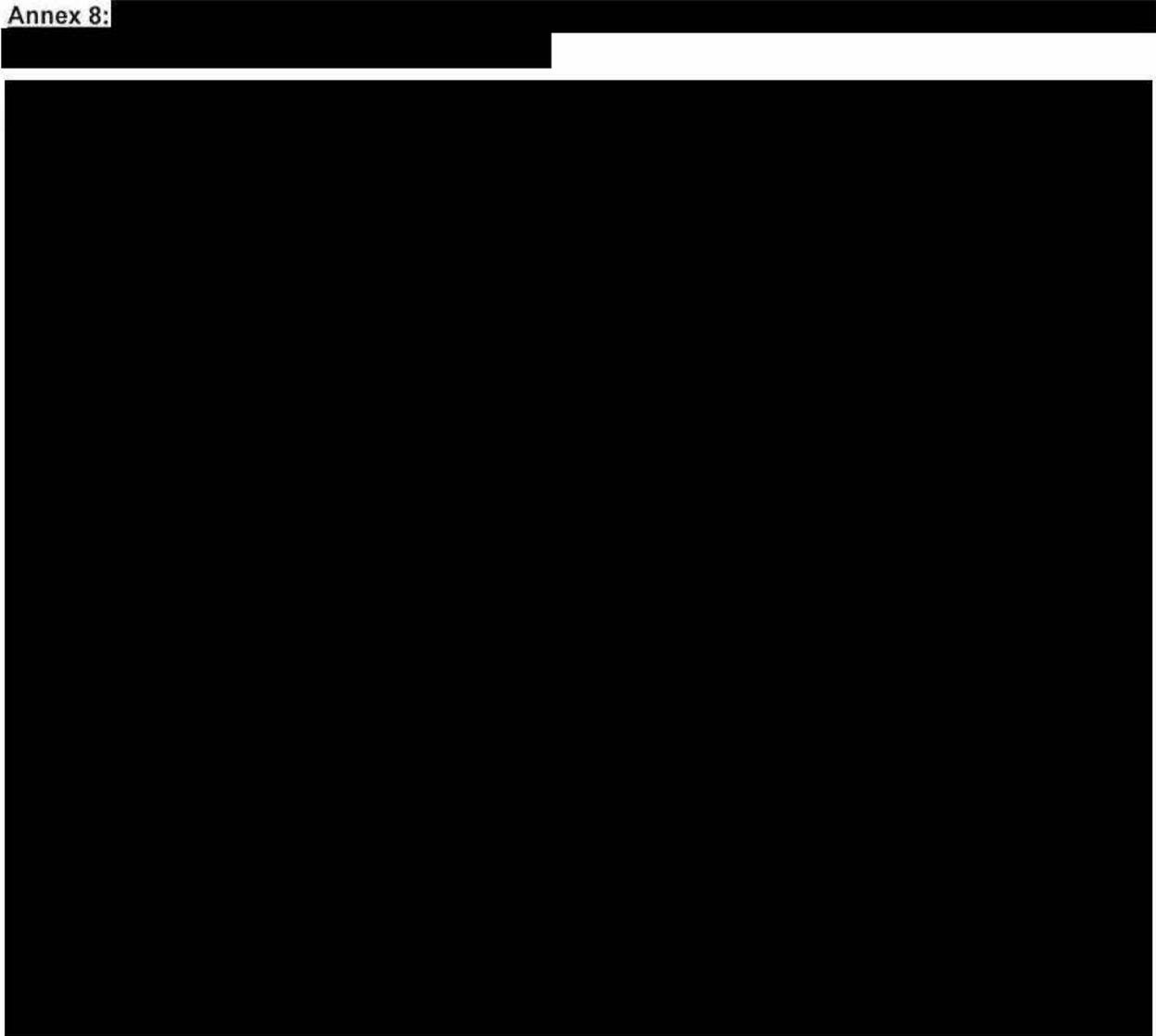


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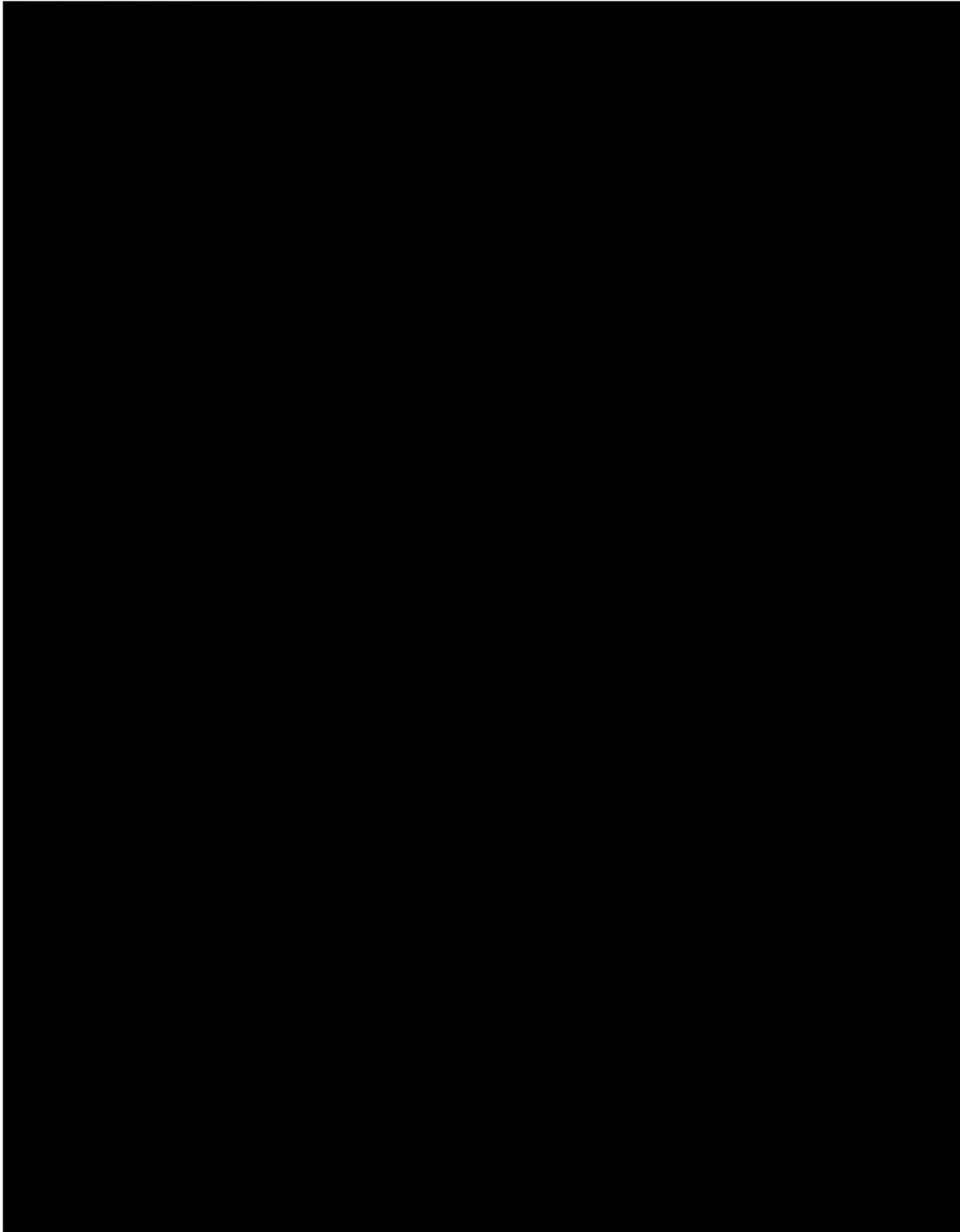


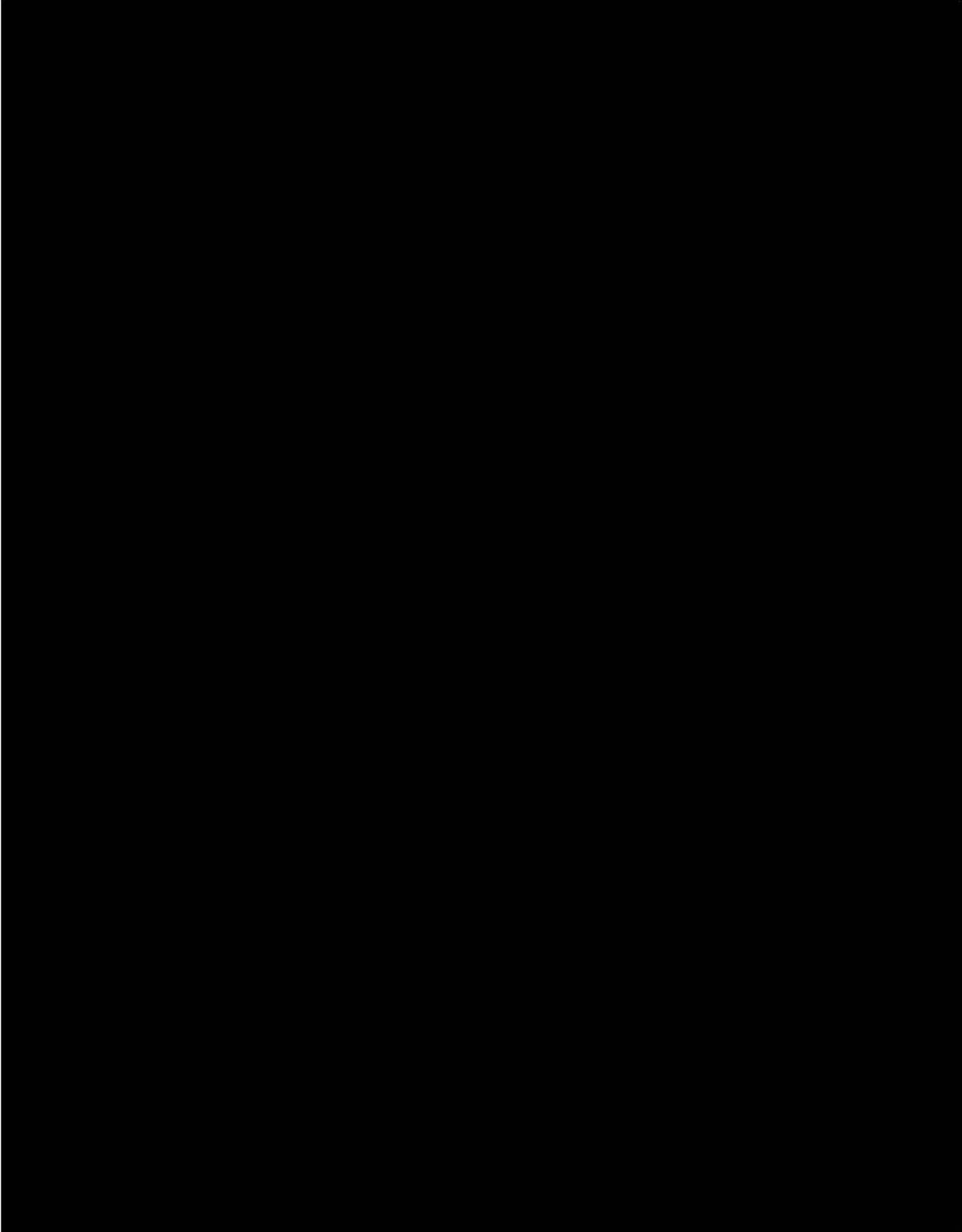


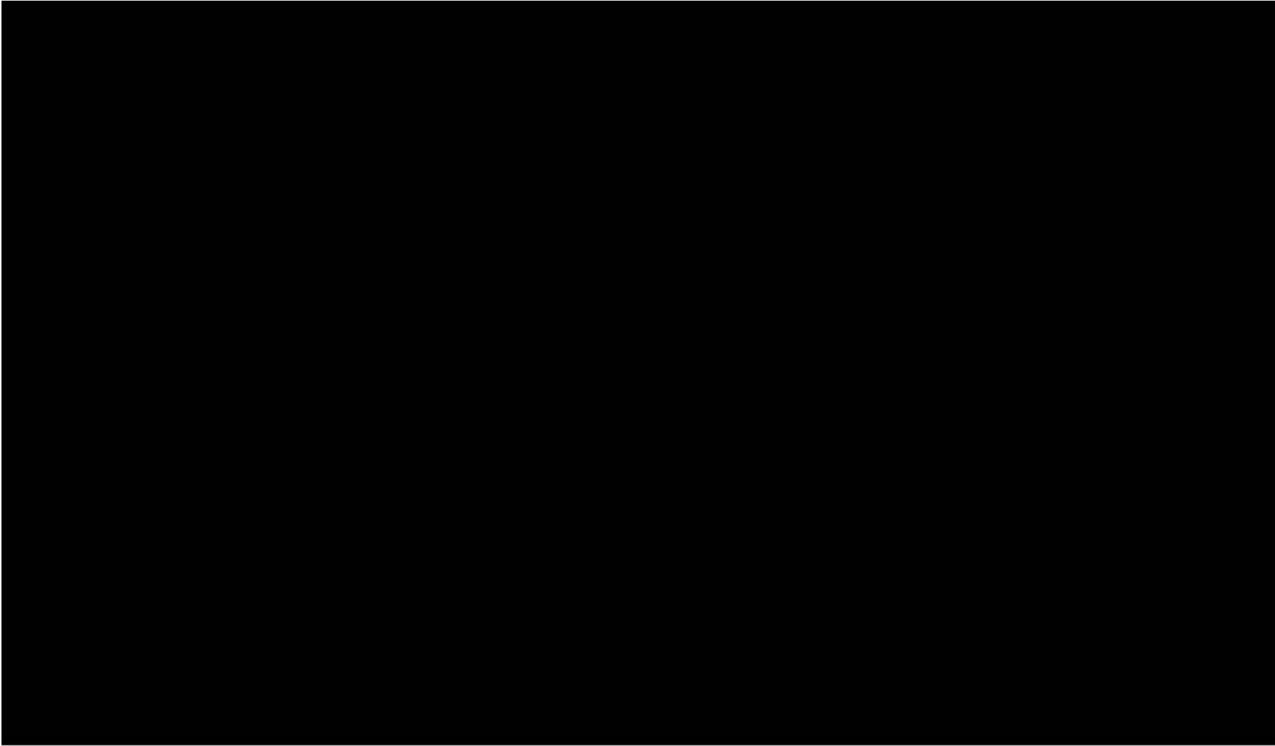
Annex 8:



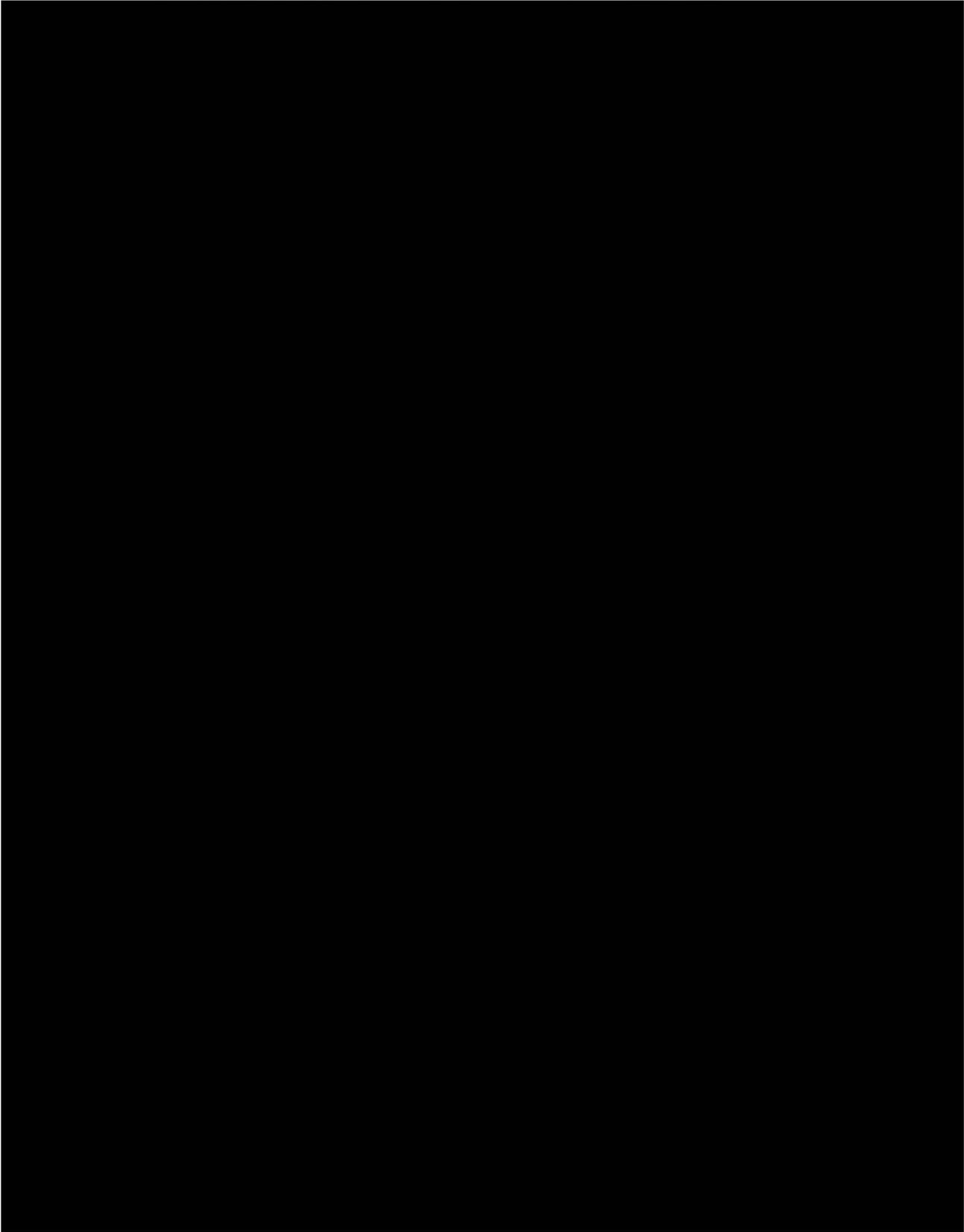
Annex 9 – [REDACTED]

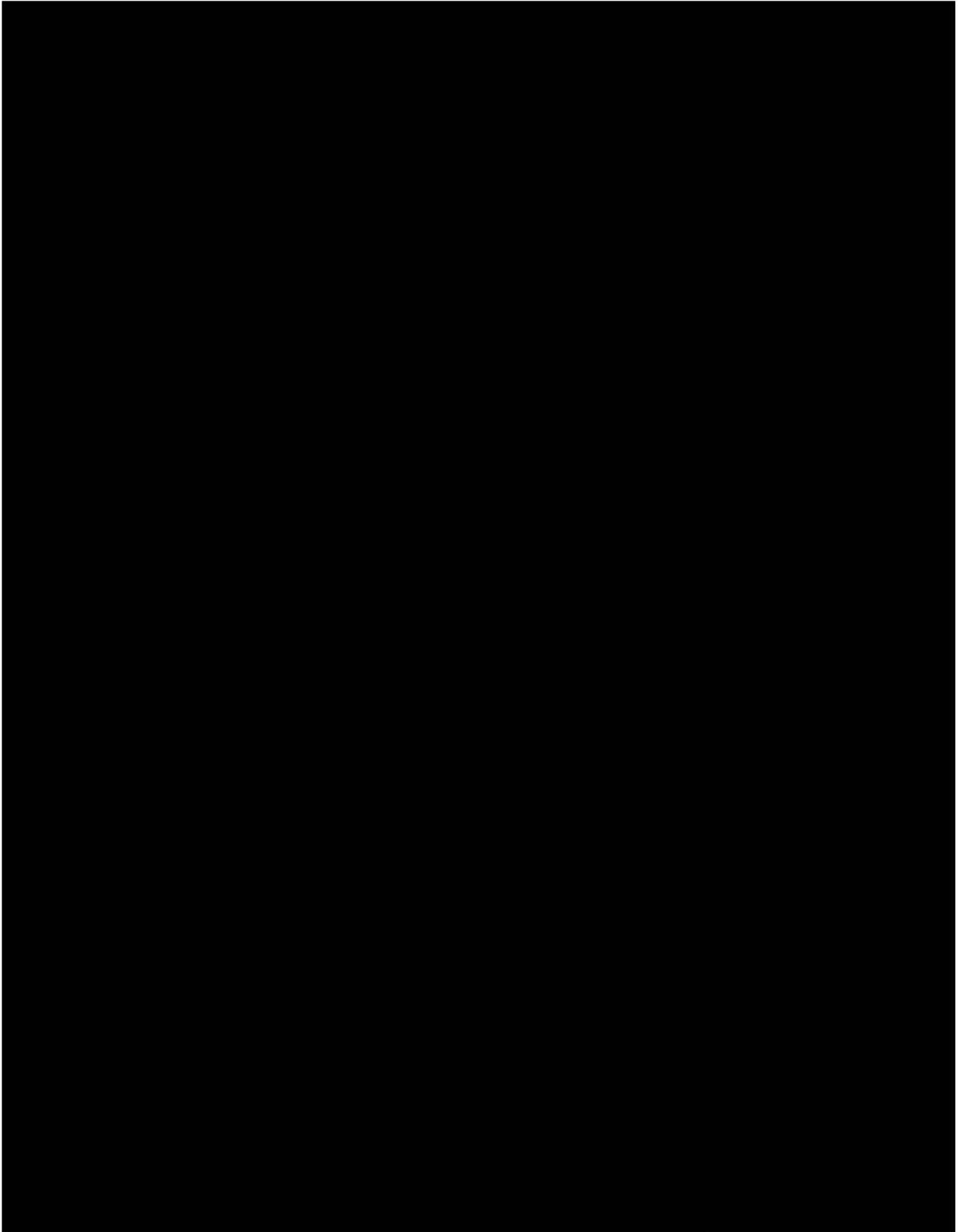






Annex 10 –





Annex 11 -

