

# Charles Corporation

*Designs by Nathan*

Postal Regulatory Commission  
Submitted 7/25/2016 3:11:59 AM  
Filing ID: 96758  
Accepted 7/25/2016

July 24, 2016

To: Postal Regulatory Commission

Re: UPU Terminal Dues (last-mile handling of cross-border letter-post items under 2 kilos)

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Hello. I am Nathan Johnson, majority owner and CEO of Charles Corporation. My company manufactures and sells jewelry through e-commerce, primarily on Amazon.com. We have also sold our products on eBay.com and Etsy.com, and are continuing to expand our e-commerce channels.

I write to you today about the current negotiations on UPU Terminal Dues. My business has been directly affected by UPU Terminal Dues, specifically by the unfair competitive advantage the program grants China. As I mentioned, I used to also have a business on eBay.com. I switched to Amazon.com because I saw my business on eBay decline by over 90% in two short years. I sold high value, low cost products on eBay (jewelry made with either surgical stainless steel or sterling silver, plus crystals from Swarovski®), manufactured by my company.

Over those two years, I saw the eBay market flooded with cheap, counterfeit goods from China. I took a chance and purchased over 6,000 "Swarovski" crystals from one seller. Every single one of them was counterfeit. I escalated a case against them for trademark infringement and violating the Truth in Advertising laws. eBay mostly ignored the situation. However, a representative from the seller called me from China and admitted that not one crystal in their warehouse was from Swarovski. The next morning I discovered eBay had closed the case because the company had refunded my money, and so I couldn't pursue the case any further.

The direct result of the 2 year decline on eBay was that I canceled hiring employees and my business nearly went bankrupt. Now eBay is full of counterfeit junk. Now, after a year on Amazon.com, I'm starting to see the same influx of cheap Chinese items, often counterfeit, on Amazon. And one of their greatest competitive advantages is the huge shipping advantage granted them by UPU Terminal Dues.

China is a great example of how good intentions left unmonitored hurt our small and e-commerce business communities in the process (the very businesses that traditionally fuel most of the employment growth in our nation). China was, at one point, a weak, developing nation, that benefited from discounted UPU Terminal Dues to grow world trade. This effectively created capitalism within communism, and in general improved the human condition in China.

The day China reached a trade surplus with the United States was the day China had proven it had "grown up" and could compete effectively on the world stage on its own two feet. If China had been monitored for when it no longer needed assistance, instead of the blind continuation of using UPU Terminal Dues to keep granting China an unfair competitive advantage, we would not now have antitrust issues created by artificially low cost monopolies. Researchers are finding that China is

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damaging our small and e-commerce business, the exact businesses that traditionally have fueled most of our job growth.

China has a large trade surplus over the United States, has proven it now knows how to compete in the world economy, **and no longer requires assistance**. China has succeeded and become a strong world economy, **so the program has served its purpose and is no longer needed or appropriate**. *Countries like China should be completely removed from the list of countries given preferential treatment. Their discount rate should be the same as for the United States.*

It is time for us to eliminate preferential treatment for countries like China, who are now very effective in competing in the world market, and identify the **current third world/developing nations** that need economic growth through world trade to thrive and to improve their national human condition. I can think of several nations in Africa, for instance, that would benefit profoundly, especially nations that have been ravaged by diseases or drought, and need alternative methods to build an economy that can provide food, through the sustainable dignity of appropriate work. It is a greater charity to build the dignity of a country through the ability to sustain its own people through work; work that takes advantage of the strengths of that nation, despite adversity; than to teach a nation that it only exists if it begs and pleads, totally dependent on each day's charity for the next day of life.

Please, I implore you, end the discounts that China no longer needs. China is a world power and has a trade surplus over the United States. China is successfully hurting the small and e-commerce businesses of the United States, including mine. I want to grow, I want to hire people, and yet I fight a foe that my own nation fails to stop from counterfeiting, fails to stop from using monopoly powers, actively assists in evading our nation's child protection laws (ex. lead paint), actively assists in evading customs (ex. Amazon avoid-customs program), and actively funds through the UPU Terminal Dues program to stunt our small and e-commerce businesses (suppressing US growth in employment in the process).

Please put America first. Please stop funding world dominating nations. Please focus on helping nations that actually need help. These are simple principles. Please use the UPU Terminal Dues for good purposes. And please put in place a monitoring system that helps the UPU Terminal Dues program wean off nations who have succeeded and no longer need the program, so that other nations can be assisted.

Thank you,



"...if you give a man a fish he is hungry again in an hour; if you teach him to catch a fish you do him a good turn." *Anne Isabella Ritchie (Mrs. Dymond, Britain, circa 1885)*