

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

COMPETITIVE PRODUCT PRICES  
INBOUND PARCEL POST (AT UPU RATES)

Docket No. MC2017-58

COMPETITIVE PRODUCT PRICES  
INBOUND PARCEL POST (AT UPU RATES)

Docket No. CP2017-86

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**

(December 27, 2016)

The United States Postal Service (Postal Service) respectfully provides its responses to Chairman's Information Request No. 1, issued on December 21, 2016. Responses were due December 27, 2016. Each question is reprinted verbatim in the attached and is followed by the Postal Service's response.

Respectfully submitted,

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1. Universal Postal Union (UPU) International Bureau Circular 168 indicates that the Postal Service must enter into a bilateral agreement with a foreign postal operator before the Postal Service may exchange ECOMPRO mailpieces with that operator. Notice, Attachment 3 at 1.
  - a. Please confirm whether the Postal Service plans to use standardized language for the ECOMPRO bilateral agreements. If confirmed, please provide the standardized language.
  - b. Please provide any ECOMPRO bilateral agreements the Postal Service has entered into to date.
  - c. Please describe the Postal Service's timeline for the negotiating and entering into future ECOMPRO bilateral agreements and list the foreign postal operators with whom the Postal Service plans to seek ECOMPRO bilateral agreements.
  - d. Please provide updates to parts b and c if the responses change during the pendency of these dockets.

**RESPONSE:**

- a. Not confirmed. Pursuant to current UPU Parcel Post Regulations Articles RC 116bis and RC 195, a formal bilateral contract to initiate the exchange of ECOMPRO items is not needed if both the Postal Service and the foreign postal operator voluntarily initiate the exchange of air parcels in accordance with the UPU's ECOMPRO regulations without the execution of an agreement. The operators may, however, decide to enter into a data sharing or data privacy agreement to facilitate the exchange of advance electronic customs data (ITMATT) if they have not already done so. Some operators might also insist on executing a formal agreement to initiate the exchange, but the regulations do not make that essential. The Postal Service may, in the future, execute bilateral agreements with foreign designated postal operators for discounted rates for ECOMPRO, but the Postal Service has not yet executed any such bilateral agreements. Certain language may become standardized in part for such future bilateral agreements (e.g., for advance electronic customs data), but no such bilateral agreements have been executed.

- b. N/A; see response to 1.a.
- c. See response to 1.a. The Postal Service has already communicated with all of the foreign designated postal operators listed in UPU International Bureau (IB) Circular 168 (Attachment 3 to the Postal Service's December 19, 2016 Notice) to seek their concurrence to initiate the exchange of ECOMPRO items on or after January 22, 2017. In addition, in the future, the Postal Service may send proposed bilateral agreements to certain foreign designated postal operators offering discounted rates from the ECOMPRO rates fixed by the UPU, but the Postal Service has not yet determined when or to which operators it will send such proposed bilateral agreements for consideration and possible countersignature.
- d. The Postal Service can provide any updates to those responses before the Commission determines whether to approve the UPU rates and MCS change. In addition, if the Commission approves the UPU rates, the Postal Service has proposed a process for subsequently filing any bilateral agreements for discounted ECOMPRO rates with the Commission in these dockets, as described in the Postal Service's Notice filed on December 19, 2016.

2. Please describe the planned termination process for an ECOMPRO bilateral agreement with a foreign postal operator.

**RESPONSE:**

See response to 1.a. Foreign designated postal operators may communicate to the Postal Service that they opt not to send items to the United States under the UPU's voluntary ECOMPRO delivery category. If, in the future, the Postal Service executes any bilateral agreement with a foreign designated postal operator for discounted rates from the ECOMPRO rates fixed by the UPU, the bilateral agreement may specify the term of the bilateral agreement's effectiveness and any process for early termination.

3. Please discuss any requirements the Postal Service would have to meet before terminating the acceptance and delivery of ECOMPRO mailpieces within the UPU system.

**RESPONSE:**

See response to 2. If the Postal Service were to withdraw its rates for accepting any ECOMPRO items within the UPU system, it would need to notify the UPU's International Bureau under Parcel Post Regulation Article RC 195.2.3ter.4.

4. The Postal Service did not file revenue and cost data for Inbound Parcel Post that incorporates the proposed ECOMPRO offering as required under 39 C.F.R. § 3015.3(c)(1).
  - a. Please confirm that the required data are necessary to find that the Inbound Parcel Post product (that includes the proposed ECOMPRO offering) satisfies the requirements of 39 U.S.C. § 3633.
  - b. If not confirmed, please explain.
  - c. If confirmed, please confirm that proposed Inbound Parcel Post prices for Inbound Air Parcel Post and Inbound Surface Parcel Post mailpieces can be approved independent from the proposed classification change.

**RESPONSE:**

- a. Confirmed. The required data for the product including the ECOMPRO option is being filed today under separate cover.
- b. N/A.
- c. Confirmed.

5. Please refer to the language proposed by the Postal Service that modifies section 2310.6 of the MCS. Notice, Attachment 9. Please review the revised language below and confirm that it accurately describes the change proposed by the Postal Service.

#### 2310.6 Prices

Foreign postal operators pay the Postal Service inward land rates for the delivery of inbound mail. The Universal Postal Union (UPU) Postal Operations Council (POC) sets the amount paid for incoming ~~air~~ parcel flows tendered by postal operators with which there is no contractual relationship governing the applicable price. The Postal Service, upon notification to the UPU, may enter into bilateral agreements with foreign postal operators to pay the Postal Service specified rates for the acceptance and delivery of e-commerce parcels, also known as "ECOMPRO" mailpieces. Payment by the foreign postal operators is made in accordance with Universal Postal Convention Part III, Chapter 2 and associated UPU Parcel Post Regulations. This information is available in the Parcel Post Manual at [www.upu.int](http://www.upu.int).

#### RESPONSE:

The revised language does not accurately describe the change proposed by the Postal Service in full. Under UPU regulations, the Postal Service must notify the UPU's International Bureau of the base rates applicable to parcels under the UPU's optional e-commerce delivery category (ECOMPRO), and the UPU's Postal Operations Council then fixes those rates based on the base rates and applicable bonuses. See Parcel Post Regulations Articles RC 116bis.2.6, 195.2.3ter, & 195.3.3bis. If that occurs, then designated operators may agree between themselves to exchange items under the UPU's ECOMPRO regulations and such fixed rates, and the regulations do not make the execution of a "bilateral agreement" a pre-condition for the exchange of ECOMPRO items under those fixed rates. The Postal Service may, however, execute bilateral agreements with foreign designated postal operators for discounted rates from the ECOMPRO rates fixed by the UPU, but the Postal Service does not need to notify the UPU of such bilateral agreements.