



POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Office of the Chairman

April 13, 2018

VIA U.S. MAIL AND EMAIL

Kevin E. Moley
Assistant Secretary for International
Organization Affairs
Bureau of International Organization Affairs
U.S. Department of State
2201 C Street NW, Room 6323
Washington, DC 20520

Dear Assistant Secretary Moley:

In accordance with 39 U.S.C. § 407(c)(1), I am writing to provide the Secretary of State with the Postal Regulatory Commission's (Commission) views with respect to the consistency of proposals to amend rates or classifications for market dominant products at the April 2018 Universal Postal Union (UPU) Postal Operations Council (POC) session with the standards and criteria established by the Commission under 39 U.S.C. § 3622.

After reviewing all proposals available as of April 12, 2018, the Commission has identified one proposal that requires a view. This proposal (enclosed), from a standing group of POC Committee 2 (Physical Services and E-Commerce), is contained in the document "POC Committee 2 2018.1-Document 6, Annex 5." It would amend Article 18-104, International Business Reply Service (IBRS), of the Regulations of the Universal Postal Convention (Regulations), to take effect on January 1, 2019. This proposal would reduce the rate paid to designated postal operators for the return of

IBRS small packets and bulky letters.¹ The new rate would be based on 80 percent of the terminal dues paid for the delivery of small letters (P format) and large letters or flats (G format), rather than 80 percent of the higher terminal dues paid for the delivery of small packets and bulky letters (E format).²

Theoretically, the proposal could result in less revenue paid to the Postal Service for the return of IBRS small packets and bulky letters to mailers in other countries and could lower the Postal Service's costs for the return of IBRS small packets and bulky letters from other countries to U.S. mailers. IBRS rates are only applied if the IBRS mail flow between designated postal operators is over 1,000 items per year. According to the data provided by the Postal Service, no bilateral IBRS mail flows exceed the minimum threshold.³ Therefore, in actuality, it is unlikely that this proposal would impact the Postal Service financially.

In addition, the Commission finds that this proposal facilitates operational and accounting processes and reduces costs for the Postal Service because the separation of small packets and bulky letters from small and large letters within IBRS mail would not be necessary. Furthermore, streamlining the Postal Service's operational and accounting processes would promote and encourage the efficient operation of international postal services.

The Commission finds that this proposal is consistent with the standards and criteria established by the Commission under 39 U.S.C. § 3622 as it should increase the

¹ E format IBRS mail is part of the UPU letter post product and consists of small packets containing goods and bulky letters containing documents weighing less than 50 grams (1.76 ounces).

² The total rate paid for the return of IBRS items would continue to include the UPU rate for international air conveyance.

³ The Postal Service does not report IBRS costs in the International Cost and Revenue Analysis report. See Docket No. ACR2011, Responses of the United States Postal Service to Questions 1-18 and 26-27 of Chairman's Information Request No. 2, February 7, 2012, question 6(a); Docket No. ACR2012, Responses of the United States Postal Service to Commission Requests for Additional Information in FY 2012 Annual Compliance Determination June 26, 2013, question 1.


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Postal Service's efficiency, reduce its costs, and promote and encourage the efficient operation of international postal services.

On behalf of the Postal Regulatory Commission, I wish the U.S. delegation the greatest success at the POC session.

With best wishes, I am

Sincerely yours,



Robert G. Taub
Chairman

Enclosure

cc: Joseph Murphy
Chief, International Postal Policy Unit
Office of Specialized and Technical Agencies
Bureau of International Organization Affairs