# Trump Seeks to Reduce Counterfeiting Enabled by Universal Postal Union

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WASHINGTON—U.S. companies fighting Chinese knockoffs have cheered President Donald Trump’s decision to withdraw the United States from the Universal Postal Union (UPU), an agency that governs international postal rates.

A small business owner from New Jersey is confident that the move will eliminate over 90 percent of the counterfeit problem he faces.

Trump [announced](https://www.theepochtimes.com/us-announces-withdrawal-from-universal-postal-union_2692115.html) in October last year that the United States was starting the yearlong withdrawal process from the postal union, a 145-year-old organization that’s now an agency of the United Nations.

Under the UPU framework, mail services for small packages shipped from countries such as China to the United States cost significantly less than what the United States Postal Service (USPS) charges American mailers for a similar service. That inequality in shipping costs puts U.S. businesses at a significant disadvantage.

Jayme Smaldone, a small business owner from Rahway, New Jersey, first became aware of the UPU problem more than a year ago when he noticed Chinese knockoffs of his product popping up like weeds on various e-commerce sites.

Smaldone runs a 9-employee company called [Mighty Mug](https://themightymug.com/). He produces innovative coffee and travel mugs that automatically grip to tables or desks when bumped. Since its inception in 2011, Mighty Mug has sold more than four million units across the United States and overseas.

Smaldone said he was shocked to find out about the UPU problem and see how the shipping rates of Chinese companies were so low. He pays the USPS $6.30 to ship a one-pound package within the United States.

“But a competitor knocking me off, sending it 8,000 miles from China, pays $1.30,” he said.

The problem is exacerbated for packages weighing more than a pound. For example, the cost of shipping a four-pound package from New Jersey to California is $18. But a Chinese competitor that ships the same product to the same address pays $3.70, he said.

These subsidized rates, also known as terminal dues, are set by the UPU for delivery of lightweight packages that weigh up to 4.4 pounds.

“I thought this was a very big issue that somehow flew under the radar,” Smaldone said.

He spent more than a year raising awareness of the UPU and its discriminatory rate structure. He spoke with other business owners, trade associations, journalists, and government officials to explain the problem. He said the USPS executives ignored him when he complained about the inequity in rates. He was told not to waste his time to fix the problem.

However, his turning point occurred when he decided to write an 18-page letter to Trump, explaining why the postal union rates were unfair.

Smaldone sent the letter to the president, Commerce Secretary Wilbur Ross, and Trump’s trade adviser, Peter Navarro. He also sent letters to his state’s senators—Sens. Cory Booker (D-N.J.), Bob Menendez (D-N.J)—and the congressmen both in his home and business district.

“I sent the letter to probably eight people. And no one responded except, interestingly enough, the White House, which I thought was really incredible,” he said.

Smaldone said he talked to the White House officials who promised him they would resolve the problem. Several months later he saw on the news Trump’s decision to withdraw the United States from the UPU.

“The whole story is crazy,” Smaldone said.

## 2,700 Knockoffs

Half of all internet commerce originates from China. Due to the old UPU treaty, the world’s second-largest economy can still enjoy subsidized rates reserved for developing nations such as Cuba and Gabon, and the subsidy is one-sided.

According to Smaldone, these subsidies weren’t much of a problem in the past, when consumers generally bought their products from retailers. But with the advancement of internet and online shopping, the mail has become the primary way for products to travel and this helped fuel growth of knockoffs online, he said.

Since Mighty Mug has a patent, the company can request the removal of knockoff listings. Over the last six months, the company removed 2,700 knockoffs, most shipping directly from China.

Counterfeiting will always be around, but if the UPU problem gets resolved, the overwhelming majority of the counterfeits will go away, Smaldone said.

“If I have to put a number on it, I would say over 90 percent.”

Instead of withdrawing from the UPU, Smaldone hopes that the United States will resolve the problem with the organization and remain in it.

“I think it’s the easiest thing and something that we probably should have looked at five years ago,” he said.

The Trump administration is currently renegotiating a fair shipping deal with the UPU. If the postal union overhauls its rules, the administration will rescind the notice of withdrawal and remain in the UPU, according to the White House.

Since the announcement of the withdrawal last year, there was a round of negotiations between the postal union and the United States, said a senior administration official, who added that there would be follow-up meetings.

“It’s the United States’ strong preference to remain in the UPU but we can’t do so if taxpayers are forced to subsidize the shipping of packages from other countries like China,” the official said.

The United States prefers to adopt self-declared rates for terminal dues, meaning that it would determine the rates. So far, UPU officials presented Washington several options in hopes of addressing U.S. concerns.

The options that don’t include self-declared rates aren’t acceptable to the United States, the official said.

“We’re moving forward with establishing self-declared rates and really, it’s up to the UPU to determine whether the union is better off with the United States in it or not.”