## Postal Union to Weigh U.S. Bid for Higher Package-Delivery Fees

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         U.S. must convince postal body at Geneva meeting

         Vote on U.S. position set in face of Trump’s ultimatum

The U.S. has one more chance to convince the Universal Postal Union that each country should set its own international rates for delivering small packages, which make up the bulk of global e-commerce.

A vote of UPU member countries was announced Friday in favor of convening a special gathering, scheduled for Sept. 24-25 in Geneva, Switzerland, where the U.S. will try to amend the UPU’s rules to allow self-declared rates. If the U.S. doesn’t win that vote, it’s likely to withdraw from the UPU in October.

President Donald Trump [announced](https://www.whitehouse.gov/briefings-statements/statement-press-secretary-38/) on Oct. 17, 2018, that the U.S. was initiating the one-year withdrawal process from the postal union, the United Nations organization that regulates global mail delivery. But if the UPU could overhaul its rules, Trump said, the U.S. would rescind the notice and remain.

“This decision underscores the importance member countries attach to keeping the UPU intact and responsive to the needs of all,” UPU Director General Bishar Hussein said in a statement. The UPU said additional ballots were still coming in, but that 128 ballots—or the two-thirds necessary—had been received.

### Votes Stuck in Mail

The president’s primary concern is the terminal dues, the highly subsidized rate set by the UPU for delivery of lightweight packages sent from countries such as China. That rate, far less than the domestic delivery cost charged by the U.S. Postal Service, puts American businesses engaged in e-commerce—from small retailers to large manufacturers—at a disadvantage.

The U.S. Postal Service recovers only a fraction of its costs under the terminal dues rate set by the UPU, which also undercuts private carriers such as [FedEx Corp.](https://www.bgov.com/core/companies/app/#!/100554) and [UPS Inc.](https://www.bgov.com/core/companies/app/#!/143027) that can’t deliver to homes and businesses in the U.S. for the same price.

Working committees of the UPU met in April, but were unable to advance the State Department’s preferred proposal to allow the U.S. to set its own rates for the inbound delivery of small packets and bulky letters, the only option that would have satisfied the White House.

Instead, the UPU’s Council of Administration asked member countries to convene an extraordinary congress to discuss remuneration, with a May 15 deadline to respond. The result was delayed as ballots mailed on or before that date arrived slowly at UPU headquarters in Bern, Switzerland.

The Trump administration has been clear about the need for changes at the UPU and will be fully prepared for an orderly withdrawal in October 2019, a U.S. government official said in an email.

However, the administration is hopeful it will be able to achieve the president’s objectives and remain in the UPU through the extraordinary congress in September, the official said.

Groups backing a new rate system have said it wouldn’t be too difficult for the U.S. Postal Service to negotiate contracts with the relatively few foreign postal operators that handle most of the world’s mail.

Just five major postal systems— the U.S., Great Britain, Germany, France and China—send out more than half of all mail, while 30 countries’ postal operators account for more than 92 percent of all outbound mail, Jim Campbell, an attorney and postal policy consultant to private carriers, has estimated.

### New Rates Proposed

In announcing the U.S.’s intent to withdraw from the postal union last October, the president directed the U.S. Postal Service to set its own “fair and nondiscriminatory rates” to deliver small packages from foreign post offices.

On May 20, the U.S. Postal Service filed a rate proposal for approval by the Postal Regulatory Commission, but asked that all information be kept non-public because, it said, the proposal included commercially sensitive information and negotiated contract data.

Private carriers are concerned that keeping rates secret and making them only available to government postal operators would continue to undercut their business. The commission issued a [notice](https://www.prc.gov/dockets/showdocket/CP2019-155) on the proposal and asked for public comment by June 21.

U.S. exporters and outbound mailers fear the rates charged by foreign postal operators will rise in tandem with the new, higher U.S. rates, with planning further complicated by not knowing exactly what the U.S. rates will be.

“It’s hard to do any true analysis—we don’t know the full financial implications of this move,” said Kate Muth, executive director of the International Mailers Advisory Group.