

## **USPS Policy: Self-Declared Rate Proposal Seeks to Establish Parity Between Domestic and International Delivery Rates; Likely Positive for Domestic Producers, Amazon, UPS and FedEx; Negative for Shopify and Wish**

In a [filing](#) with the Postal Regulatory Commission (PRC) late yesterday, the USPS submitted a range new rates for the delivery of inbound international packets that would significantly increase the cost of shipping a small package to the United States.

The new rates could provide a boon to domestic merchants like Amazon (AMZN), which has previously [lobbied](#) for changes to the international shipping system claiming that the current rates discriminate against domestic retailers. Companies like Wish and Shopify (SHOP), which ship products directly from manufacturers in China to consumers in the US, however, could be hurt by the large increases in those shipping rates.

Competitors to the USPS, such as UPS (UPS) and FedEx (FDX), could also benefit from the increased cost of international shipping, making their logistics offerings more competitive with those of traditional postal operators.

Amazon, UPS, FedEx, Shopify, and Wish did not immediately respond to request for comment.

**Proposal accommodates potential outcomes of UPU negotiations.** The USPS provided the PRC with a range of potential rates, noting that “the Postal Service does not yet know which scenario will prevail in the UPU [Universal Postal Union] negotiations, and to preserve its flexibility, it has established a range of acceptable rates within which rates can eventually be selected as circumstances evolve.”

Those circumstances refer to whether the United States stays in the UPU.

Last October, President Trump announced that the United States would be withdrawing from the UPU over its inability to reform the international system for postal reimbursement, known as terminal dues. The U.S. is set to withdraw from the UPU in October.

Member nations of the UPU are currently [weighing proposals](#) for reform of the terminal dues system, including one proposal that addresses many of President Trump’s concerns, which are shared by several other developed nations.

The range of rates offered by the USPS mimic current domestic shipping rate tables, with different rates for different mail classes and shippers that have negotiated service agreements with the USPS.

The USPS states that the proposal provides “the State Department with maximum negotiating flexibility to achieve the President’s stated goal to remain within the UPU following elimination of the economic distortion caused by the current terminal dues system.”

The administration has charged that the limits placed on how much the US can charge for delivery of international shipments unfairly subsidizes foreign merchants at the expense of domestic merchants. The USPS filing seeks to address this imbalance, stating that “the proposed rates would fully reimburse the Postal Service for its costs, even at the low end of the range, and indeed would clearly do so to a much greater extent than domestic rates for comparable services.”

It is not known whether the proposal will be used as a bargaining tactic by the State Department, with the lower rates functioning as a carrot if the UPU accedes to the Trump Administration’s terms and the higher rates functioning as a stick should the U.S. leave the UPU.

**New rates seek parity with domestic shippers.** The USPS has selected a combination of domestic First-Class Mail and Priority Mail rates as the basis of its proposal, noting that they most closely correspond with the international ePacket product in terms of both weight and service, as ePackets do not exceed 4.4 pounds.

While the USPS did not disclose the actual rates it would charge for commercial reasons, it gave some points of reference. According to the filing, “the maximum rate is determined by reference to the retail rates for FCPS-Retail [First-Class Package Service] at lower weights and for PM-Retail at heavier weights at which FCPS-Retail is not available domestically. The minimum rate in the range generally corresponds to the Postal Service’s commercial rates for FCPS and PM (taking into account both published and negotiated service agreement (NSA) rates paid by commercial mailers for those products).”

China, which has drawn the ire of the Trump administration, is estimated to reimburse the U.S. 60 cents per package for delivery of ePackets, [according to](#) Mark Schoeman, an international shipping expert with the Colography Group.

According to the most recent USPS [price list](#), the retail price for a four-pound Priority Mail package can be between \$8.75 and \$30.05, depending on the distance travelled, while the corresponding commercial price can be between \$7.71 and \$24.78.

For First-Class packages, a 13-ounce package, the largest weight allowed under the program, retail rates can range between \$5.71 and \$6.27, and commercial rates can be between \$4.94 and \$5.53. However, negotiated service agreement rates for both Priority and First-Class packages can be significantly lower, though those prices are not publicly available.