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## US 'postal Brexit' from UPU could cause massive price rises, experts fear



*USPS could charge much more for inbound international parcels in future*

The forthcoming US withdrawal from the Universal Postal Union (UPU) would be a disruptive 'postal Brexit' that could result in dramatic price increases for inbound international parcels worldwide, industry experts fear.

Last October, the Trump administration announced the US would quit the UPU-led world postal system after a 12-month period of notice, criticising cheap delivery rates for imported parcels, especially from China, that put American domestic shippers at a competitive disadvantage. But it left open a back door to remain in the UPU treaty if acceptable new terms enabling USPS to set higher rates could be negotiated.

Following intensive discussions with US and other representatives over the last few months, the UPU will hold a special conference in Berne on April 9 to discuss the current system of postal remuneration, including possible reforms to terminal dues, followed by discussions at the UPU Council of Administration meeting on April 11-12.

At present, the US government wants to leave the UPU, gaining the legal freedom to set 'self-declared' rates for inbound parcels, while negotiating use of UPU infrastructure in order to maintain international mail flows. But this scenario leaves a host of unanswered questions, including the future level of US self-declared rates, how other countries will respond, and what kind of transition could be agreed

Moderating a lively discussion on these controversial topics at the Leaders in Logistics Post & Parcel Europe conference in Madrid last week, Botond Szebeny, secretary general of PostEurop, which represents European postal operators, warned that a US withdrawal from the UPU would be a kind of "postal Brexit" with dramatic consequences.

Kate Muth, director of the US-based International Mailers Advisory Group (IMAG), described a possible "rates shock" if the US Postal Service introduced much higher prices for final-mile delivery of imported parcels, and other postal operators then retaliated with higher rates for US export parcels.

"If the US leaves, then there will be a dramatic impact," she warned. "Posts are trying to make contingency plans. It will be a kind of Brexit." She urged negotiators to agree on "some kind of transition period, not a hard exit".

Muth said any future self-declared rates for import parcels "should not be higher than domestic rates", adding: "We should not have a situation where international mailers are discriminated against by paying more than domestic companies."

The USPS board of governors is expected to review possible self-declared rates later this month, setting up a relatively short 30-day period of review by the Postal Regulatory Commission that would leave stakeholders little time to comment, she pointed out.

Looking ahead, the IMAG director warned that a US exit from the UPU could "kill USPS international business", forcing it to do separate deals with international organisations such as IPC and the Asia Pacific-focused Kahala Group.

"The market will respond but will look very different," she predicted. For example, US-based international shippers might try to avoid USPS in future by shipping through Canada or using international specialists such as Asendia or bpost, she

commented.

US-based postal industry consultant John Callan pointed out that international mail only generates about 4% of USPS revenues. "Politically it's not so important. People do not appreciate this is a big deal to a lot of stakeholders," he observed.

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