

IMAG INSIGHTS

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SPRING THROUGH SUMMER, PLENTY OF ACTION IN STORE

INBOUND RATES WILL BE REVEALED

Some years ago, summer meant a quieter time in the mailing and shipping industry. Not so any longer. And definitely not this coming summer.

On July 1 – less than four months’ away –international shippers will see inbound and outbound rates increase as the United States and reciprocating countries move to self-declared rates on packets.

Just how much of an increase is still not known. However, we will at least know the rates the Postal Service has set for Inbound Packets. The Postal Regulatory Commission [just ruled](#) that USPS must unseal its Inbound Packets rates seven days after the UPU publishes them.

The Postal Service has presumably filed its intended self-declared rates with the Universal Postal Union (UPU), as the deadline for designated operators to file self-declared rates was March 1. The UPU will publish the rates on or after April 1, most likely in a “circular” that is posted on the password-protected part of the UPU website. So, it’s not clear if the posting will be public and non-designated operators will have access to the rates. Likewise, it’s not immediately evident which countries have filed self-declared rates on a reciprocal basis with the United States.

The PRC’s final determination to require the Postal Service to make its Inbound Packets rates public comes after a series of proceedings around Inbound Packets, to which IMAG filed comments. Back in December, the PRC [approved](#) USPS’s requested rates for Inbound Letter Post Small Packets and Bulky Items (Inbound Packets), but kept them under seal. Subsequently, the Commission issued a preliminary [ruling](#) in late January that the Postal

April 27 IMAG Meeting in Orlando

The spring IMAG member meeting will be a **luncheon on Monday, April 27**, in Orlando, tied to the [National Postal Forum](#). The following IMAG discounts are available for NPF:

- To register for a Full, Three-Day or Two-Day registration, when you get to the “Discounts,” click on “I have a different discount” and then type in **IMAG20** in the box and click APPLY, for a 15% discount.
- For the Monday Only registration (with international sessions stacked around our luncheon meeting), select the Monday Only option and then in the “I have a different discount” type in **IMAG120** to get a \$99 registration for that day.
- Also, plan to attend the Women in Logistics and Delivery Services (WILDS) reception on Sunday evening, April 26. Details soon.

As of now, NPF and USPS say the Forum is still on, but they will continue to monitor the COVID-19 situation and update accordingly.

Thank you to our sponsor, The Mail Group.

Service should unseal (make public) its self-declared rates for Inbound Packets shortly after the UPU's International Bureau publishes these rates. In [comments](#) on the preliminary ruling, IMAG asked the PRC to qualify "shortly" and set a number of days by which USPS should publish its rates. The PRC noted IMAG's comments in its ruling and directed USPS to unseal its rates seven days after the UPU publishes them.

[CANADA INCHES CLOSER TO IMPLEMENTATION OF USMCA](#)

Canada still hasn't passed implementing legislation to enact the U.S.-Mexico-Canada Agreement (USMCA) on trade, but it inched closer with its House Standing Committee on International Trade completing its clause-by-clause review of the agreement.



On Feb. 27, the committee [reported the bill](#) to the House of Commons, which was adjourned until March 9. House Leaders were expected to meet today (March 10), to decide if any amendments will be discussed. The committee did not make any substantive changes to the bill. IMAG's [submission](#) to the committee, which supported the higher de minimis thresholds and argued for expanding them to postal shipments, came at the 11th hour and wasn't expected to move the needle given how unlikely it was the Canadian government would alter the agreement in any major way.

Meanwhile, the Standing Senate Committee on Foreign Affairs and International Trade is now conducting a "pre-study" of the bill, with its first [hearing](#) scheduled for Tuesday, March 10.

Nothing prevents Canada from tackling de minimis as a domestic policy issue outside of the USMCA at any time, especially if the new trade agreement creates some distortion in the market. IMAG at least has its position on the record, which should help as we make overtures to Canadian allies.

The Congressional Research Service issued a [report](#) recently on USMCA for those interested in learning about the broader aspects of the trade deal.

[MORE INFORMATION ON NORWAY VAT CHANGES](#)



As IMAG members learned earlier this year, Norway is eliminating VAT and customs/duties/taxes/fees for low-value ecommerce goods on April 1.

Foreign providers of electronic services to Norwegian consumers are obliged to collect and pay VAT to Norwegian tax authorities. On April 1, foreign sellers and online marketplaces must also register, declare and pay VAT on low-value goods (below NOK 3,000, or about US\$339) sales to Norwegian consumers (B2C). Previously, goods from abroad were not assessed if valued at less than 350 Norwegian Kroner (about US\$39), including postage/shipping costs and insurance.

Norway Post recently shared a [website link](#) and documents that contain additional details. The documents include:

- A letter that explains the new scheme in English.
- Guidelines, how to sell goods to Norwegian recipients in the new scheme.

- A brochure with information on “how to.”
- How to mark the items.
- A note describing transitional provisions in Norway.

The Postal Service shared those documents with IMAG in a March 2 email. Contact katemuth@comcast.net if you didn't get the email or need it resent.

OPENING OF UPU TO PRIVATE SECTOR

The UPU is wrestling with an existential question: How widely should it open itself to the private sector? The debate was the focus of a day-long event in Berne on Feb. 13, which IMAG had the privilege of participating in. (See IMAG's prepared statement [here](#).)



Leading the charge to open the UPU is the reform-minded Director General Bishar Hussein, in his final year as the DG. He has the support of much of the private sector, even as a fully formed concept of an open UPU is still taking shape.

In the other camp are many of the designated operators (DOs), which cite their unique obligations as providers of universal service and their concern that private entities would cherry-pick the best opportunities and leave all the responsibilities to the DOs.

Four panels at the Feb. 13 forum discussed what wider stakeholder engagement might look like, along with the opportunities and challenges. The first panel of diplomats and ministers addressed the question of “why open the UPU?” Industry representatives on the second panel considered the UPU value proposition. The third panel heard from international organizations that had already been through institutional transformation and the final panel – made up of a designated operator and international organizations – looked at takeaways and next steps.

IMAG's [comments](#) focused on a few key ideas, notably the need to engage the full range of stakeholders and not just the largest providers. We urged the UPU to undertake a comprehensive reform initiative while taking immediate steps to open more widely to private sector, such as:

- Better transparency and greater access to UPU data and analytics, including access to postal network tracking systems.
- Allow private sector participation on the same basis as postal-operator participation in working groups established to solve technical issues that impact the private sector.
- Allow access to UPU technology/technical solutions that would allow the private sector to work with posts to build solutions together that benefit customers.

A task force created to explore this issue of private sector participation held a meeting the day after the forum and made a presentation to the UPU's Council of Administration (CA) two weeks later. The CA recommended the task force extend its work from March to July 2020 with the goal of presenting a proposal to the Abidjan Congress in August. It also decided to reconfigure the task force to be composed of up to five member states from each of the five regions to take the work forward. (Those members have not yet been named.)

Current leadership of the task force – co-chairs from Belgium and Kenya – will continue the work of what the UPU should open (institutional change and opening of products and services) and how (clear roadmap with timelines). The task force is also expected to draw on the input of the chair of the Consultative Committee, which has been working on its own transformation effort.

Customs Roundup

[PRECLEAR; NEW LEGISLATION; EXECUTIVE ORDER; DHS REPORT; AND MORE](#)

The Trump Administration has made cleaning up counterfeits and curbing contraband through the international mail and express consignment channels a priority. The White House [Executive Order](#) of January 31 and the Department of Homeland Security (DHS) [report](#) from earlier in January take aim at ensuring ecommerce is safe and lawful for consumers.

Earlier this year, U.S. Customs and Border Protection (CBP) announced the selection of nine entities for its [Section 321 Data Pilot](#), a voluntary collaboration with online marketplaces, carriers, technology firms, and logistics providers to secure ecommerce supply chains and protect American consumers. At the heart of the 321 pilot is ensuring data can answer these three questions: “Who sold the goods? What is in the box? Who is it going to?”

Likewise, Congress is zeroing in on these issues. Two years ago, it passed the STOP Act (Synthetics Trafficking and Overdose Prevention Act) to address illicit narcotics in the [international mail system](#). A few months ago, the Senate Finance Committee released a bipartisan staff [report](#) on counterfeits. And just last week, a bipartisan group of House lawmakers introduced the Stopping Harmful Offers on Platforms by Screening Against Fakes in E-Commerce ([SHOP SAFE](#)) Act to stop the online sale of dangerous counterfeits by incentivizing platforms to engage in best practices to curb counterfeits on their sites.

The SHOP SAFE Act would:

- Establish trademark liability for companies who sell counterfeits that pose a risk to consumer health and safety.
- Require online platforms to establish best practices to vet sellers to ensure their legitimacy, remove counterfeit listings, and remove sellers who repeatedly sell counterfeits.
- Call for online marketplaces to take steps necessary to prevent the continued sale of counterfeits by the third-party seller or face contributory liability for their actions.

Against this backdrop, [PreClear](#) held an Anti-Counterfeiting Forum in Washington, DC, last week to hear from government and industry leaders on enforcement efforts, as well as to discuss new technologies in use today to stop unsafe, illegal, and counterfeit goods at the country of origin before they enter the United States. PreClear is just such a technology: it screens products prior to shipping using its patented product review and classification system that automatically identifies suspected counterfeit, illegal, or pirated goods based on documented customs rules and publicly available information.

Intellectual property rights (IPR) violations are a huge problem, with more than half a million non-compliant packages a day imported into the United States, said Tim Trainer, Principal, Global Intellectual Property Strategy Center. This comes at a cost of about \$15.6 billion in value each year, but it also impacts the health and safety of consumers because counterfeit goods, such as baby car seats or air bags and other car parts, can be harmful.

Amy Strauss, Trade Policy Director, Foreign Investment and Trade, Office of Strategy, Policy, and Plans at the Department of Homeland Security, said the DHS report looks to place responsibility for cleaning up counterfeits across all actors in the ecommerce market – a position echoed by Laurie Dempsey, Director of the IPR and E-Commerce Division, Trade Policy and Programs at U.S. Customs & Border Protection, Office of Trade (the office heading up the 321 Pilot). The approach is that “we are all in this together” and so responsibility should not fall entirely on government or private sector. And within the private sector, it isn’t just the holders of intellectual property that are responsible for protection:

“All relevant private-sector stakeholders have critical roles to play and must adopt identified best practices, while redoubling efforts to police their own businesses and supply chains,” according to the DHS report, “Combating Trafficking in Counterfeit and Pirated Goods Report to the President of the United States.”

Strauss said the DHS report looks at a series of reforms for both government and private sector with a few key elements for both. On the government side:

- Ensure entities with financial interest in imports bear responsibility for what is brought into United States.
- Increase scrutiny of the Section 321 environment (de minimis).
- Suspend and debar repeat offenders.

On the private sector side, a top priority is to know and vet third-party sellers, Strauss said. From the DHS report: Best practices need to ensure that “ecommerce platforms, online third-party marketplaces, and other third-party intermediaries, such as customs brokers and express consignment carriers, must take a more active role in monitoring, detecting, and preventing trafficking in counterfeit and pirated goods.”

IMAG has invited one or both to speak at an upcoming meeting or to provide a webinar to members. In the meantime, if you would like the PowerPoint presentation provided by PreClear at the forum, please email katemuth@comcast.net.

IN BRIEF

- **Shipping Services File Update** – IMAG’s executive director and board of directors will meet with postal officials later this month to discuss setting up a working group on potential changes to the Shipping Services file, which we heard at our February meeting are on the horizon for July. USPS will be adding elements to the Shipping Services file (see [slides](#) from

Thank you to members that have paid their 2020 dues. If you need a reminder notice, please let us know. Those members not on a calendar year schedule will get renewal notices tied to their anniversary date.

meeting) including HTS codes (harmonization codes) and recipient phone number. It's hopeful the July 1 date will be pushed back but formation of a working group now would still prove useful. We will update as information is available.

- **GAO Report Considers Customs Fees** – The Government Accountability Office (GAO) issued a recent report, “[International Mail: Stakeholders' Views on Possible Changes to Inbound Mail Regarding Customs Fees and Opioid Detection Efforts](#),” that explores assessing additional customs fees on inbound mail to support federal efforts to detect opioids in the mail. Stakeholders said the effectiveness and any unintended consequences of a new fee would depend on its design, such as the fee's type, applicability, and collection. As of January 1, the STOP Act assesses a \$1 customs fee on each item mailed to the United States via Express Mail Service (EMS) to help fund customs processing-related efforts, such as CBP's inspection of international mail for illicit opioids and other prohibited items. The STOP Act included a provision for GAO to examine whether additional customs fees on other inbound international mail were warranted. GAO notes that any new fees would require legislation. In the report, CBP officials said that customs fees do not serve as deterrents for sending illicit items to the United States. Postal Service officials said a new customs fee on international mail could hurt USPS and customers because a new fee could make it cost-prohibitive to use mail for lower-value inbound international mail shipments.
- **Industry Alerts** – IMAG members are encouraged to check this USPS [site](#) for updates on coronavirus and other service impacts, and to subscribe to Industry Alerts by emailing IndustryAlert@usps.gov.
- **Package Platform Update** – IMAG will hold a members-only call on the Package Platform and issues that pertain to international shipping on March 18. Look for a Zoom invitation. As a reminder, the Mailers Technical Advisory Committee Work Group on the Package Platform (WG 182) is now focusing on international issues. Although deployment is a year away, the Postal Service has highlighted some potential changes to international elements that require industry input.
- **PRC Final Rule on UPU Info** – The PRC has revised its rules related to its process for developing views submitted to the Secretary of State on certain international mail issues. Under the postal law, the State Department serves as the head of the United States delegation to the UPU. The law states that the Secretary of State, before concluding a treaty, convention, or amendment establishing a market dominant rate or classification, must request the Commission's views to ensure the rate or classification is consistent with the modern rate-setting criteria. This [final rule](#) adopts clarifying changes to the PRC's rules to better reflect its procedures related to the posting of relevant proposals and Commission views.
- **Connect With Your IMAG Colleagues** – We have posted an email list of all IMAG members on the distribution list on the members-only section of the [website](#). The password is IM2017AG. Updates will be posted as changes are made to master file. Please let us know of any changes.

About IMAG:

The International Mailers' Advisory Group is the premier representative of the U.S. international mailing sector. Its core mission is to address barriers to the efficient flow of goods and information across borders for companies utilizing postal services.

For more information on IMAG, visit our website www.internationalmailers.net or www.imag.world. Or contact IMAG Executive Director Kate Muth at katemuth@comcast.net

