

POSTAL SERVICE

39 CFR Part 20

Changes in International Postal Rates and Fees

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service, after considering the comments submitted in response to its request published in the **Federal Register** on March 20, 1995 (60 FR 14878-14888), for comments on proposed changes in international postage rates, hereby gives notice that it is implementing the proposed rates, except the air parcel post rates for Canada, which are revised as explained below.

EFFECTIVE DATE: 12:01 a.m., Sunday, July 9, 1995.

FOR FURTHER INFORMATION CONTACT: John Alepa, (202) 268-2650.

SUPPLEMENTARY INFORMATION: On March 20, 1995, the Postal Service published in the **Federal Register** a notice of proposed changes in international postage rates (60 FR 14878-14888). The Postal Service requested comments by April 19, 1995, and by that date received four comments: Two from private individuals, one from a competitor delivery service, and one from a mailer using International Surface Air Lift.

One of the private individuals urged the Postal Service to retain the surface letter rates because of considerable rate differences for weights over 1/2 ounce. The commenter additionally stated that the volume of such mail is low because the Postal Service discourages the use of the surface letter rates by mishandling surface letters.

The Postal Service disagrees. The Postal Service does not discourage the use of surface rates. However, because of the low volume of surface letters, processing costs are higher for surface letter class (LC) items than processing costs for air LC. The high costs associated with processing and dispatching surface LC items, therefore, make it desirable to eliminate the surface rates and merge all LC into a single mailstream that will provide the lowest combined cost and improve overall service. For these reasons, the Postal Service is eliminating the surface LC rates.

The second private individual commented on four areas of the proposed rates.

First, the commenter stated that the 1-ounce rate of \$1.00 for letters to countries other than Canada and Mexico "is not needed since the 40-cent

increment will cover that." The Postal Service is uncertain of the meaning of the comment because this is just another way of presenting the rate and because 1/2-ounce and 1-ounce letters are most common and many people like to know what those rates are without performing the calculation.

Second, the commenter observed that the aerogramme rate for Canada and Mexico is higher than the proposed 1/2-ounce letter rates to Canada and Mexico. This is true. The proposed 1/2-ounce rates are 46 cents to Canada and 40 cents to Mexico, and the proposed aerogramme rate is 50 cents to all countries. This rate difference has been in place for many years. It is not practical to produce, distribute, and stock aerogrammes in three separate denominations at all post offices in the United States. For this reason, the Postal Service will continue to produce aerogrammes at a single rate for worldwide use.

Third, the commenter observed that the parcel post rates to Canada are inconsistent because the surface rates exceed the air rates for items weighing more than 10 pounds. The commenter is correct. The air parcel post rates published at 60 FR 14883-14884 were in error; the correct rates are published in section VB of this notice.

Fourth, the commenter noted inconsistencies in the rates for Canada and Mexico "where there are some weights where Canadian rates are less than Mexican rates and other weights where the reverse is true." The commenter further observed that "if the rates are related to the costs involved, it would appear that they should be more consistent." It is true that rates are based on the cost involved; however, the costs for mail sent to Canada and to Mexico are not the same. To the contrary, one of the costs in international rates is terminal dues (reimbursements between postal administrations exchanging mail), which are not the same for Canada and Mexico. Specifically, the United States and Mexico use the terminal dues specified by the Universal Postal Convention, whereas the United States and Canada have a bilateral agreement that provides for different terminal dues payments. In addition, there are different transportation and handling costs to each of these countries. As a result, in some weight steps, Canadian rates are less than Mexican rates, and for other weight steps the reverse is true.

The mailer using International Surface Air Lift (ISAL) observed that the effective rate increases are high for certain lightweight ISAL items. The Postal Service proposed changing the

rate structure for ISAL to simplify the rates for this service and to associate the rate to cost more closely. Currently, there is a piece rate of 32 cents for all items weighing 2 ounces or less. Items weighing more than 2 ounces are charged only a per-pound rate based on the rate group assigned to the destination country. By averaging the rate for all items weighing 2 ounces, the same rate is charged notwithstanding that items that weigh closer to 2 ounces incur higher costs than items that weigh less. The proposed structure more closely reflects how the costs are incurred.

The competitor delivery company questioned the factual support for some of the rate changes. This commenter noted that some Express Mail International Service (EMS) rates increase whereas others decrease. The commenter also questioned the reassignment of some countries among country groups. The commenter requested the Postal Service to release cost and other information to support these changes and asserted that making such changes without providing such information would violate the Postal Reorganization Act and the Administrative Procedure Act (APA). The Postal Service disagrees. The international mail business is highly competitive, with private companies, other postal administrations, and alliances between private companies and postal administrations all competing for outbound U.S.-origin mail of all kinds. The information about costs and markets that this commenter requested the Postal Service to disclose is commercially sensitive and could be used by competitors to take business away from the Postal Service, to the detriment of the Postal Service's remaining customers. There is no legal requirement for the Postal Service to disclose commercially sensitive information and, indeed, such information is exempted from disclosure under the Freedom of Information Act. See 39 U.S.C. 410(c)(2). Similarly, the APA does not apply to the Postal Service except in those specific instances when the Postal Reorganization Act makes it applicable. 39 U.S.C. 410(b)(1). See, e.g., 39 U.S.C. 3001(j). Nothing in the Postal Reorganization Act makes the APA applicable to the establishment of international rates. Accordingly, withholding the commercially sensitive information requested by this commenter violates neither the Postal Reorganization Act nor the APA.

The notice published on March 20, 1995, contained an error in section VIE2 at 60 FR 14884. The indemnity limit for