



PACKAGE COALITION

DELIVERING AMERICA'S ECONOMY

WHAT THEY ARE SAYING:

HOW CHANGES TO POSTAL PACKAGE SERVICES COULD NEGATIVELY IMPACT U.S. CONSUMERS & BUSINESS

Edward Hudgins, Heartland Institute, August 2019

“FedEx has announced it will offer home package deliveries seven days a week in many parts of the country starting in 2020. This is good news for consumers and another indication of the growing importance of e-commerce. However, it calls into question the probable effectiveness of proposals by the Trump administration and some on Capitol Hill to cover huge U.S. Postal Service (USPS) deficits by having the service charge higher rates for the packages it delivers. If anything, USPS rates might already be too high, which would account for FedEx’s expansion of its delivery services.”

Washington Times Editorial Board, July 2019

“Postal deliveries are made daily to just about every home and office in the United States. Since postal carriers are already making a stop, the USPS can charge less to carry packages to places where a stop is already scheduled. Unlike the big delivery companies, they’re not making special trips. Over the last decade, the Post Office has generated more than \$144 billion in revenue and \$42 billion in profit from parcel delivery. That’s \$42 billion that doesn’t come from first-class or bulk mail or the sale of stamps to collectors on the first day of issue.”

The Cedar Rapids Gazette, December 2018

“Recommendations for U.S. Postal Service reform were handed to the Trump administration by the latest federal task force studying the issue. Proposed changes would hit rural Iowa the hardest...What they have proposed...could further isolate rural residents, add expense for rural businesses that ship goods, downgrade some currently dependable rural jobs and make rural newspaper distribution more difficult and costly.”

The New York Times, December 2018

“On Dec. 4, a Trump task force on the postal system followed up with recommendations for partial privatization and other changes that would reduce services and raise delivery prices, particularly for rural communities. Specifically, the task force urges the Postal Service to change its pricing system to maximize profits on commercial package deliveries. This would be a major blow to families who buy products online and live along high-cost delivery routes.”

The Detroit News, August 2018

“E-commerce has revolutionized the economy, giving consumers access to every imaginable product, at the best prices, without leaving their homes. However, some claim the U.S. Postal Service (USPS) loses money on packages it delivers for Amazon and other large online retailers, and, as a result, they are calling for rate hikes targeted against the internet giant. Despite the serious problems facing USPS, trying to squeeze more money out of Amazon or other e-commerce retailers would only tax Amazon’s customers and plunge USPS into even deeper debt.”

The Washington Post Editorial Board, December 2018

“On the fraught question of package charges to Amazon and other e-commerce businesses, the report supports neither the president’s extravagant criticism nor the notion that there is no room for improvement. It notes that packages make up a growing and profitable part of the Postal Service’s business, without which its plight would be even worse.”

The Detroit News, December 2018

“But the report errs seriously in recommending what amounts to a mechanism that will force the post office to charge higher rates on the companies that use USPS delivery services to satisfy consumer needs. USPS revenues from delivering packages for Amazon and other shippers have increased over the past decade. Package deliveries today contribute \$7 billion over and above their costs to the USPS balance sheet.”

Politico, December 2018

“Package delivery has been a rare bright spot on the Postal Service’s earnings statement. Mail carriers are delivering more packages than ever before—as the number of standard letters steadily declines—bringing in \$21.5 billion in revenue in the most recent fiscal year.”

President of the American Postal Workers Union Mark Dimondstein in Roll Call, December 2018

“There are challenges, there’s no question that first-class letters are less, but our saying is the internet taketh and the internet giveth,” Dimondstein said. “The Postal Service is a wonderful service — it belongs to the people of the country, and it is the low-cost anchor of the package delivery system.”

Information Technology & Innovation Foundation, June 2018

“If the Trump Administration and Congress want to fix the Postal Service’s finances, reforms on the competitive products side are not the place to look. As previously noted, packages provide a healthy surplus that reduces net USPS losses from market-dominant products—hardly evidence of cross-subsidization from market-dominant products to competitive products.”

Deutsche Bank Markets Research, April 2018

“USPS package-related revenue net of “attributable cost” covered 23.6% of total institutional costs in F2017, well above the above mentioned 5.5% threshold—making the losses associated with package deliveries likely significantly lower than the \$1.50 loss per package mentioned in a recent Presidential tweet—it appears this number is being calculated assuming the 5.5% allocated cost metric, when in fact, it’s significantly higher.”

SLS Consulting

“If USPS increased prices of competitive products by \$1.50: “the price increase will cost American households about \$16.2 billion dollars annually, more than half of which will wind up benefiting the shareholders of UPS and FedEx.”

Former Postmaster General Jack Potter in the Wall Street Journal, March 2018

Former Postmaster General Jack Potter said delivering packages for companies like Amazon Inc. and FedEx Corp. has been a boon to the Postal Service. “That’s actually the solution right now,” said Mr. Potter, who held the top job from 2001 to 2010. “It’s well justified that they deliver those packages, and they make money on it.”

Forbes, August, 2018

“Based on data in the USPS’s annual report, the shipping and package segment is indeed one big bright spot for the USPS: It’s the only segment that has seen increased revenue each year since at least fiscal 2014.”

The Washington Post, August 2018

“Rather than solving the problem, privatization would create a host of new ones. The administration has cited the “successful model” of postal privatization in other countries, but such efforts in Europe have resulted in severe job losses and wage cuts for postal workers, and increased prices and reduced mail delivery access for customers. These are the inevitable consequences of a system that views postal services as a vehicle for private gain instead of a public good.”

The New York Times, April 2018

“Yet there is a bright spot—its business of package shipping, including Amazon orders, which grew to 5.7 billion packages last year from 3.3 billion in 2008. Several years ago, the Postal Service added Sunday delivery for Amazon packages.”

CBS News, April 2018

“Packages and shipping are one area that’s growing for the postal service, bringing in more than \$19 billion in revenue last year even as volume of letters and magazines declined. In fact, its projected revenue growth ‘is driven entirely by increases in shipping and packages,’ the postal service said in its latest annual report.”

Politifact, April 2018

“Amazon isn’t causing the United States Postal Service to lose a fortune. In fact, it’s contributing to its biggest growth sector, package delivery. Deals like the one with Amazon brought in \$7 billion in fiscal year 2017. While we don’t know the deal USPS crafted with Amazon, we know it’s not losing money. A 2006 law codified profitability into law, and an independent regulatory commission that reviews their deals annually gave it a green light on March 29.”

Time, April 2018

“The Postal Service is making money off package delivery for shippers like Amazon, while much of the money it is losing is due to a 2006 law which requires that it pre-fund future retirees’ health benefits, among other things.”

Wall Street Journal, March 2018

“The agency, however, has recorded strong growth in package delivery—the category that would account for Amazon, and many other online retailers. Revenue rose last year more than \$2 billion, or 11% to \$19 billion. The number of parcels delivered rose from 5.1 billion to 5.7 billion, an increase of 11.7%.”