



PO Box 22
Georgetown, PE
C0A 1L0

August 29, 2008

Canada Post Corporation Strategic Review
330 Sparks Street (HCCR)
Ottawa, Ontario
K1A 0N5
(sent by e-mail)

Dear panel members,

As director of the CCPA's trade and investment research project since 1999, I have witnessed first-hand the aggressive campaign by multinational courier corporations to use international trade agreements to attack Canada Post and public postal services.

This attack has had two main thrusts: the investor-state challenge by United Parcel Services (UPS) under NAFTA's notorious chapter 11 and unrelenting pressure to expand coverage of postal services under the WTO's General Agreement on Trade in Services (GATS). Fortunately, both these efforts by the multinational courier industry have so far failed. In May last year UPS lost its NAFTA investment challenge and the push for GATS expansion has, to date, been deflected by developing countries.

I am concerned, however, that the multinational courier industry will attempt to exploit your review to advance the same objectives, namely: to reduce the scope of Canada Post's exclusive privilege, to prevent Canada Post from efficiently providing courier and other services outside the exclusive privilege, and to impose so-called "pro-competitive" regulation on Canada Post. These proposals would severely handicap Canada Post in meeting its universal service obligations to Canadians. I urge you to reject them.

The trade treaty dimensions of these issues are developed more fully in a series of CCPA publications, *Return to Sender* (by Jim Grieshaber-Otto and Scott Sinclair), *UPS vs. Canada*, by Steven Shrybman (an international trade lawyer with Sack, Goldblatt and Mitchell) and *The GATS and Postal Services: Implications for Developing Countries* (which is based on remarks I gave to a Universal Postal Union seminar in April 2002). These documents are all publicly available (see attachment) for your consideration.

As you are well aware, one of the pillars of the Canadian postal service's universal obligations is that Parliament has required Canada Post to maintain services "that are comparable for communities of the same size." Canada's immense territory, combined with its modest population, give it one of the lowest population densities among developed countries.

To meet this challenge, Canadians have invested through Canada Post in a network of postal facilities that covers the entire country — knitting its citizens together. In many rural communities, such as the one where I live in rural PEI, the post office is the only physical presence of the federal government.

The overarching purpose of the Canadian postal service is to provide high-quality, affordable postal services to all Canadians in all regions of this country. In order to achieve this public purpose, Canada Post, has been granted an exclusive privilege to collect, transmit, and deliver letter-mail. Hand-in-hand with this exclusive privilege comes a range of universal and community service obligations.

By contrast, the obligations of the multinational courier companies are exclusively to their shareholders and to profit maximisation. If these corporations succeed in their aim of restricting Canada Post to activities within a narrowly defined exclusive privilege and handicapping its ability to operate efficiently in activities outside its monopoly, Canadians, particularly those in rural areas and the north, will suffer.

Contrary to the assertions of the courier company lobbyists, Canada Post does not use revenues from its exclusive privilege over letter-mail to compete in courier services. Rather its successful express delivery service operations provide it with the resources to maintain and enhance universal postal services. Canada Post must continue to provide a full range of delivery services and to retain the flexibility to adapt to new technological demands and opportunities by offering new or enhanced delivery and communications services to Canadians.

In closing, I strongly urge your panel to reject efforts to reduce the scope of Canada Post's exclusive privilege (which would reduce public services to Canadians), to defend Canada Post's ability to provide the full range of express delivery and other services (which will provide our public post office with the revenues required to finance universal services), and to reject so-called "pro-competitive" regulation (which would simply handicap Canada Post in fulfilling its public service mandate).

Thank you for your consideration.

Yours truly,

Scott Sinclair
Senior Research Fellow
Canadian Centre for Policy Alternatives

Related CCPA publications:

Jim Grieshaber-Otto and Scott Sinclair, Return to Sender: The Impact of GATS "Pro-Competitive Regulation" on Postal and Other Public Services (2004). available at,

<http://www.policyalternatives.ca/index.cfm?act=news&do=Article&call=111&pA=6104ea04&type=5>.

Jim Grieshaber-Otto and Scott Sinclair, Renvoi à l'expéditeur: L'incidence de la réglementation favorable à la concurrence relative à l'AGCS sur les services postaux et d'autres services publics (2004). Disponible à,

<http://www.policyalternatives.ca/index.cfm?act=news&do=Article&call=691&pA=6104ea04&type=5>.

Steven Shrybman, *UPS vs. Canada* (July 2007). available at,

<http://www.policyalternatives.ca/Reports/2007/07/ReportsStudies1678/index.cfm?pa=6104ea04>.

Scott Sinclair *The GATS and Postal Services: Implications for Developing Countries*, (October 2002). available at:

<http://www.policyalternatives.ca/index.cfm?act=news&do=Article&call=355&pA=6104ea04&type=5>.