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Executive Summary

The universal service obligation (USO) is a set of requirements that ensures all citizens within a country, regardless of geographic location, have access to a basic level of postal service at an affordable price, and with a consistent level of quality. Postal operators are expected to fulfill these obligations as a core part of their public mission. However, as mail volumes decline, customer expectations shift, and financial pressures grow, meeting USO commitments has become increasingly complex and challenging.

Declining mail volume and increased competition in the parcel market have impacted postal revenue, making it more difficult to sustain the costs associated with providing the USO. In response to these market changes, many countries have recognized a need to revisit their USOs and engage in discussion about the future of postal services. In this paper, the U.S. Postal Service Office of Inspector General (OIG) examines how selected countries with developed postal markets have modified USO parameters in the past 10 years and identifies overarching trends. The paper also assesses the implementation and impact of USO reforms on postal operators and draws insights relevant for the United States.

Recent USO Changes in Other Countries

In this paper, we examined USOs in 28 countries. We found that several of these countries have adjusted aspects of their USOs to help reduce costs and sustain postal service into the future. Among the USO changes we noted:

- *Reducing delivery days:* Changing delivery day mandates for letters in USOs from five or six days per week to as few as three, or instituting alternate-day delivery;
- *Slowing service standards:* Lengthening the time in which letters are required to reach their destinations by adding days to delivery standards for existing postal products, and replacing existing standard letter products with slower products;
- *Changing requirements for the network of post offices and other access points:* Prescribing a minimum number or density of postal outlets in USOs or allowing the post to replace retail outlets with automated stations, where appropriate; and
- *Altering the scope of products included under the USO:* Removing certain postal products from USOs, most commonly priority letters and parcels, allowing greater flexibility to set prices and service standards.

Processes for Changing the USO

We looked in depth at a sample of three countries out of our overall sample — Australia, Germany, and Sweden — to examine how they went about modifying their USO. We found that processes for adjusting the USO vary from country to country due to differences in who has the authority to initiate the changes, how proposed changes are presented, how feedback is collected, and how the changes are put into effect. In some countries examined, the USO is fully (or in large part) defined in national law and the authority to adjust parameters lies with the country's legislature. In other countries, some or all USO attributes are defined by formal regulations, usually issued by a government ministry or postal regulator. In general, it is easier to amend regulations or for a regulator to issue a decision than it is to change the law.

In most countries, the government ministry or department responsible for postal policy generally initiates USO reform processes and plays a leading role in reviewing the USO. Potential impacts of proposed reforms are analyzed and presented in advance of the decision-making process. Stakeholder engagement helps inform the public and gathers support for reforms. Transparent engagement processes have helped governments build understanding of the rationale for reform.

How Reforms Have Impacted Postal Operators

The OIG closely examined the impact of recent USO reforms in New Zealand, Norway, Italy, and Sweden. We found that posts have realized cost savings from implementing new delivery models but the direct impact of the USO changes on profitability and volume cannot be isolated. However, mail volumes have continued to fall in each of the four countries while parcel volumes have risen. Posts reported that pushbacks and controversy, while present during the process of preparing USO adjustments, had generally not been significant issues following the implementation of reforms. Where preparation for reform was undertaken in a clear and deliberate manner, implementation was easier, and pushbacks were muted.

Considerations for the U.S.

In the U.S., the nature of the postal USO and the processes for potentially changing it are different from the other countries researched for this paper. Notable differences in the U.S. include the absence of a government department or ministry directly responsible for setting postal policy and the lack of a formalized process specifically designed for assessing and proposing adjustments to the USO regulatory framework as user needs evolve.

In addition, except for a mandate to deliver mail six days a week, U.S. law largely defines the Postal Service's USO in broad qualitative terms. More quantitative and narrowly defined USO requirements used in some countries can provide greater transparency, predictability and accountability, while a broader and more qualitative definition allows postal operators more flexibility to adapt to changing market conditions. This gives USPS, unlike most of its international peers, discretion to interpret the USO and adjust key USO parameters — such as service standards, retail access and scope of products — to balance service quality with financial sustainability.

This paper does not suggest that the U.S. should change its USO. However, the international examples presented here may offer useful insights for the Postal Service and other stakeholders should the USO framework be reevaluated in the future. The practices from other countries highlight the value of assessing user needs and engaging stakeholders throughout the USO review process to support a more evidence-based, transparent approach.

Finally, while modifying the USO has helped other countries achieve cost savings, it was not always sufficient to ensure the long-term sustainability of the posts' mail business.

Observations

Introduction

In many countries, the postal universal service obligation (USO) defines the minimum level of postal service to which individuals and organizations are entitled. The USO generally includes, among other attributes, delivery frequency, service standards (governing the time in which an item must be delivered), requirements for the postal retail network, and the scope of products subject to USO rules. The USO may be defined by a variety of sources, including legislation, regulations, international agreements, and the national postal operator itself. Across countries, there are significant differences in the scope of services that posts must provide, but the USO usually covers core letter and parcel products, including basic domestic single-piece letter mail, single-piece retail parcel post, and cross-border letter and parcel services. (Affordable, uniform, and reasonable prices and rates constitute another common aspect of USOs but will not be a focus of this paper.)

The concept of the postal USO emerged in Europe in the early 1990s, when countries sought to balance liberalization of postal markets with the need to protect affordable, good quality, and accessible postal service.¹ In 1997, the European Union (EU) adopted certain requirements for members states' USOs, including letter and parcel delivery at least five days a week, but allowed some flexibility in how these rules would be implemented in each country.²

Governments typically designated the national postal operator as the provider of the USO. Universal service providers are required to keep separate accounts for universal and non-universal services, allowing for the determination of the net cost of providing the USO.³ The United States came to define its USO much more broadly and the U.S. Postal Service has more leeway than its international counterparts in determining many aspects of the USO itself. See Box 1 for an explanation of the USO in the U.S.

Box 1: The USO in the United States

The postal USO in the United States is made up of a collection of legal requirements and regulations broadly defined in the Postal Reorganization Act of 1970 and updated to ensure delivery service is maintained six days a week under the Postal Service Reform Act (PSRA) of 2022. The Postal Service's USO covers attributes including geographic scope, range of products, access, delivery mode and frequency, pricing, and service. Some aspects are not clearly defined and are open to interpretation, for example the legal requirements to provide "affordable prices" and "quality service." Other aspects are more clearly articulated.

The USO in the United States includes the following requirements and attributes:

1. **Delivery Frequency:** The Postal Service is legally obligated to deliver USO mail products six days a week, from Monday through Saturday. While six day a week delivery has long been in place in the U.S., it was legally codified by Congress in the 2022 Postal Service Reform Act.
2. **Service Standards:** The Postal Service can establish its service standards balanced against its responsibility to be financially sustainable. It must ask the Postal Regulatory Commission (PRC) for an advisory opinion on planned changes to most service standards, although it is not required to follow the PRC's opinion.
3. **Retail Network:** The number or location of post offices is not prescribed in U.S. law. However, U.S. Code Title 39 Section 101 states that the Postal Service must serve "rural areas, communities, and small towns where post offices are not self-sustaining" and cannot close small post offices "solely for operating at a deficit."
4. **Scope of Products in the USO:** The Postal Service and the PRC consider all USPS mail and some parcel products to be within the USO.

¹ In 1999, the Universal Postal Union (UPU), the United Nations body that coordinates international postal policy, first included the concept of a domestic USO in its Convention, although it did not stipulate specific attributes of the USO. See Article 3 of the Universal Postal Convention: Universal Postal Union, Universal Postal Convention, https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/02-actsGeneralRegulations/11_Convention_1.pdf, p.122.

² For more on the requirements for members states' USOs, see Damiano Scordamaglia, "Postal Services in the EU: A Fast-Changing Reality," European Parliamentary Research Service, September 2016, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586667/EPRS_BRI\(2016\)586667_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586667/EPRS_BRI(2016)586667_EN.pdf), p. 5.

³ See, USPS Office of Inspector General, *A Comparative Study of International Postal Models*, RISC-WP-25-001, February 27, 2025, pp. 12 – 14, <https://www.uspsaig.gov/sites/default/files/reports/2025-02/risc-wp-25-001.pdf>.

Since the 1990s, postal markets have evolved in a way that negatively affects the ability of many postal operators to sustain the level of service promised by their USOs. Mail volume decline (caused primarily by an ongoing shift toward digital communication) and increasing competition in the parcel market have impacted postal revenue and put financial pressure on national posts. As mail usage decreases, the net cost of providing the USO can become more and more difficult to sustain. In response to these market changes, countries have recognized a need to revisit their USOs and engage in discussion about the future of postal services. Some countries have chosen to change aspects of their USOs in order to reduce costs for postal operators and help them sustain postal service into the future. These changes may involve reducing delivery days, changing service standards, and altering the minimum requirements for the network of post offices or other access points.

This paper looks at other countries to understand how they have approached adjusting their USOs. It focuses on examples of 28 developed postal markets that have changed aspects of their USOs between 2015 and 2025.⁴ The report also analyzes how other governments have modified USO parameters and identifies overarching trends across countries. Finally, it assesses the implementation and impact of USO reforms on postal operators and draws insights relevant for the U.S.

Recent USO Changes in Other Countries

In the countries researched for this paper, common adjustments to USOs have been reductions in the delivery frequency of basic letter mail and slowing of delivery service standards. Other notable adjustments to the USO undertaken by some countries involve minimum requirements for the postal retail network and the scope of products included under the USO.

Many Countries Have Decreased the Delivery Frequency of Letter Mail

Traditionally, letter mail has been delivered five to six days a week in most developed postal markets. But as the number of mailpieces per delivery point declines, the cost of frequent mail delivery is supported by fewer and fewer mailpieces, and correspondingly by less postal revenue. A growing number of countries have tried to reduce costs by cutting down on the number of delivery days a week for basic letter mail. Reducing delivery days allows for cuts in fixed costs by lowering the number of staff, vehicles, and other resources required to deliver mail.

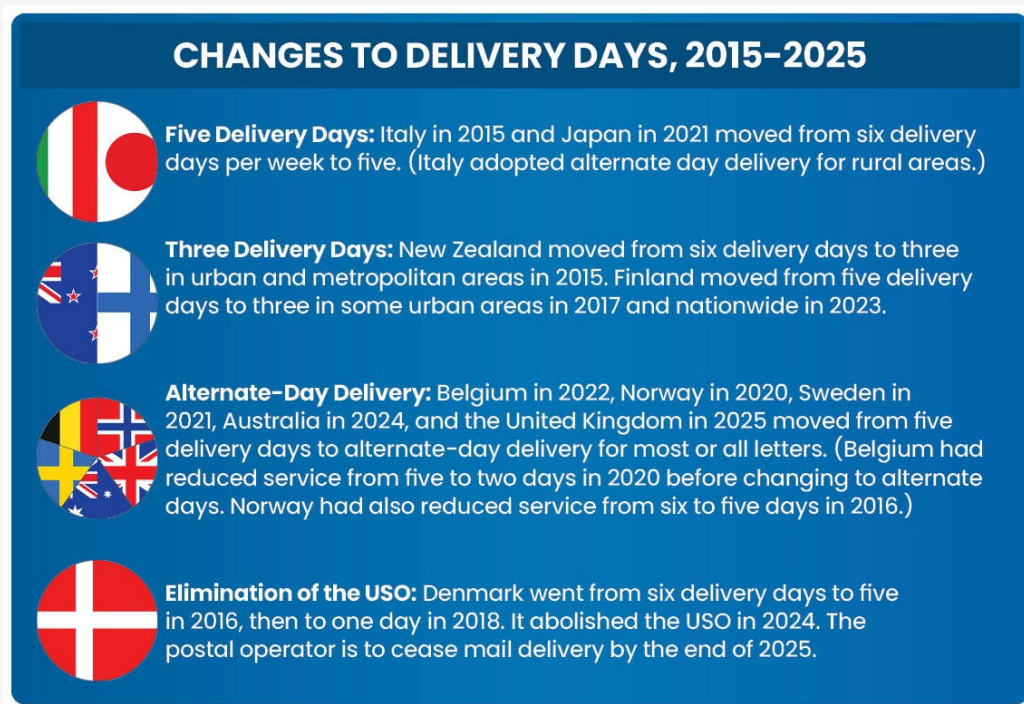
Over the past decade, 10 countries in our 28-country sample have reduced delivery day mandates in their USOs.⁵ Some have moved from six days to five. Others have moved from five to three. An increasingly popular option is to adopt an alternate-day delivery model, which typically involves customers on a specific postal route receiving letter mail on Monday, Wednesday, and Friday of one week and then on Tuesday and Thursday of the next week. See [Figure 1](#) for a breakdown of delivery frequency changes by country over the past decade.

⁴ The countries in our sample are the following: Australia, Austria, Belgium, Brazil, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Lithuania, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the U.K.

⁵ Notably, the European Commission's Postal Services Directive obligates E.U. member states to provide at least five days a week of mail delivery. However, several countries in the E.U. and subject to this directive have reduced delivery frequency below that threshold. In July 2025, the European Regulators Group for Postal Services stated that the current five-day mandate has become obsolete and should be changed. See: *ERGP Report on the Outline of the Future Regulatory Postal Framework*, European Regulators Group for Postal Services, July 2, 2025, <https://webgate.ec.europa.eu/circabc-ewpp/d/d/workspace/SpacesStore/f1d8ad07-415d-429f-9673-0cb8e41dc806/download>.

Figure 1: USO Changes to Delivery Frequency

Source: USPS OIG analysis.



There is nuance in how delivery frequency changes are implemented. Countries may make changes to delivery days that affect all communities, or they may choose to vary delivery frequency for different populations, for example by requiring different levels of service in urban versus rural areas. New Zealand, for example, preserved higher levels of service for rural communities; it went from six delivery days to three in more densely populated urban and metropolitan areas in 2015 but preserved six-day letter mail delivery in rural areas (in 2017, it reduced rural service to five days per week). Italy, in contrast, took the opposite approach and reduced service for rural communities; it instituted alternate-day delivery for areas with fewer than 200 inhabitants per square kilometer, up to a maximum of 25 percent of the population, while delivering letters to other parts of the country five days a week. Some countries have also changed their standards more than once in the past ten years, progressively decreasing delivery frequency.

Denmark has been notable in aggressively reducing delivery days as part of its overall approach to postal service. In 2018, it moved from five days to one day a week of mail service. In 2024, it went even further, eliminating the USO entirely.

Slowing Service Standards Has Also Been a Common Measure

Delivery service standards are the basic requirements for the time within which an item should be delivered. These standards vary between countries and often within a country (as is the case in the U.S.) depending on the specific mail product and an item's origin and destination. Service standards are often connected to a performance target for the postal operator; in Sweden, for example, the post should deliver 95 percent of letter mail within two days. Countries may choose to slow delivery standards to allow posts to save money on mail processing and transportation, for example by allowing a post to cut back on its usage of more expensive air transportation in favor of ground options with fuller loads.

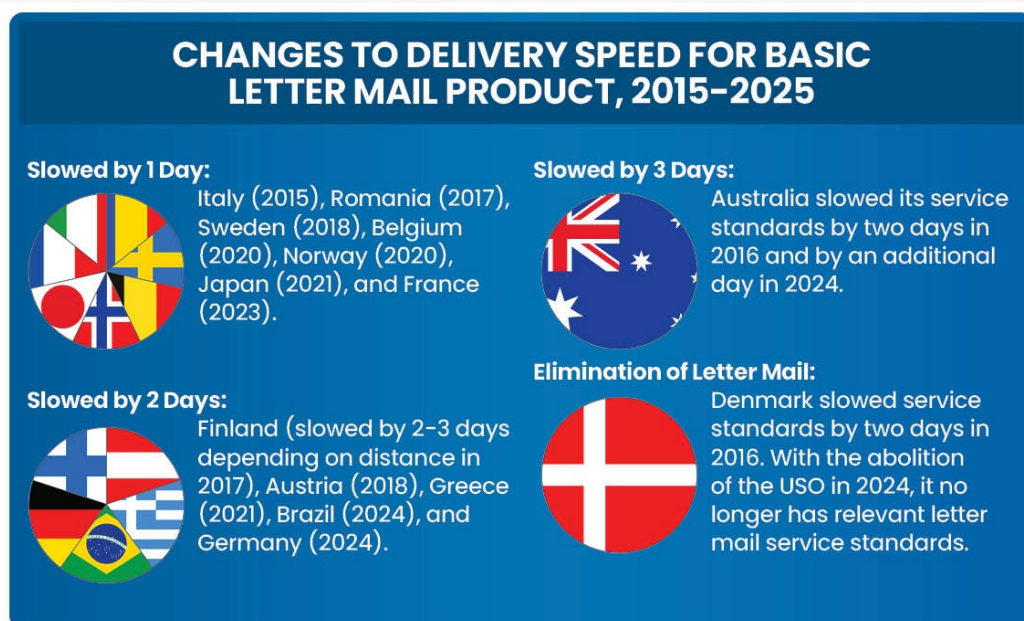
Fourteen out of 28 countries in our sample have slowed their service standards by one to three days. Some countries have extended their delivery standards for existing postal products. Others have phased out some existing letter products or replaced them with slower products. Recent examples include France, where in 2022 the postal regulator approved the elimination of the priority letter mail product and extended service standards for a slower USO mail product from two days to three days (these changes were implemented the next year). Germany

lengthened the service performance target for letters by two days, from between one to two days to between three to four days, in 2024. Australia, a large country where standards vary by distance, moved its letter mail standards from between one and four days to between three and seven days

in 2016, and then to between four and eight days in 2024.⁶ Customers in these countries who wish to send official mail can pay more for a priority letter product that is not part of the USO. See Figure 2 for an overview of countries that slowed their service standards over the past decade.

Figure 2: USO Changes to Service Standards

Source: USPS OIG analysis.



Some Countries Have Cut Back on Post Offices and Other Access Points

Decreasing the number of postal access points, including post offices, is another way for a postal operator to decrease costs. Many countries prescribe a minimum number or density of postal outlets in their postal USOs. For example, Australia's USO mandates a minimum of 4,000 retail outlets, of which 2,500 must be in areas that are not major cities. Canada's USO includes thresholds for how far communities can be from a postal outlet, for example requiring that 98 percent of the population live within 15 kilometers of the nearest postal retail location. While the USO often imposes minimum requirements on the size of retail networks, it rarely specifies the types of outlets in those networks – for example, whether the post must operate them or whether it can outsource operations to third-party retailers.

Compared to delivery frequency reductions and service standard changes, cutbacks to the post office network have been less common over the past 10 years. This may in part be due to the political pushback that efforts to close post offices often spark in communities; this tends to be more controversial than other adjustments to USOs. Diversified posts need post offices to provide nonpostal services (such as financial services). Posts that provide many nonpostal services at counters may be less inclined to reduce their retail presence. Due to legal criteria and demanding procedures that limit downsizing, some posts have instead focused on outsourcing the operation of retail locations to private businesses over the last decade. Postal operators have also expanded alternate, lower cost methods of access such as parcel lockers or partnerships with other retailers.⁷

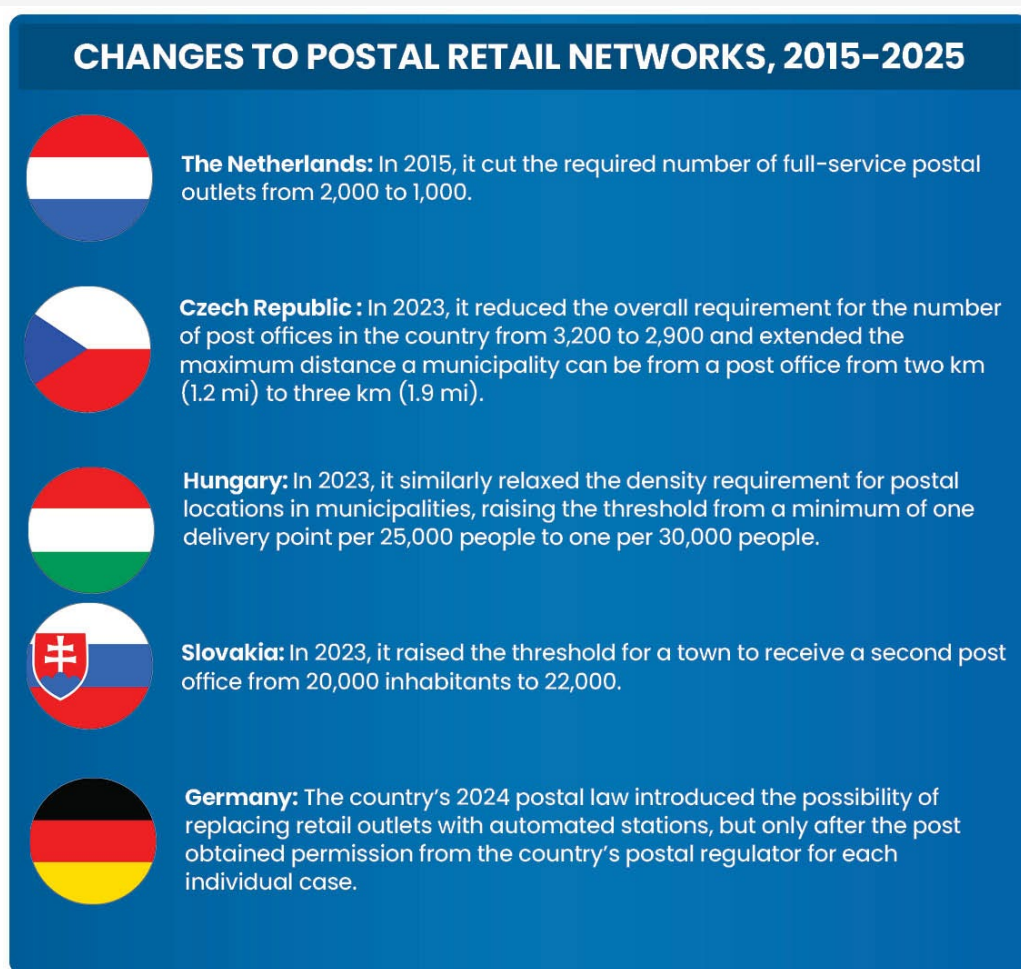
⁶ When it announced USO changes in December 2023, the Australian government clarified that the extra day to deliver regular letters across Australia was added "to reflect the new delivery frequency," i.e., the move to alternate day delivery. Minister for Communications, *Ensuring Australia Post Can Deliver More for Australians*, Press Release, December 6, 2023, <https://minister.infrastructure.gov.au/rowland/media-release/ensuring-australia-post-can-deliver-more-australians>.

⁷ Parcel lockers are stations that offer 24/7 parcel collection and delivery. Parcel shops are third-party storefronts that serve as pickup and drop-off points (PUDOs) for parcels.

Still, there are several examples of countries relaxing their USO requirements for the postal retail network over the past 10 years⁸ (see Figure 3).

Figure 3: USO Changes to Postal Retail Networks

Source: USPS OIG analysis.



A Few Countries Have Changed the Products Included Under the USO

There is variation across countries in the exact scope of products that are included under the USO. Countries have removed certain postal products from their USOs. Taking products out of the USO allows posts greater flexibility in providing these services, for example in setting prices and delivery standards.⁹

In general, the scope of USO products has not changed significantly for many of the countries

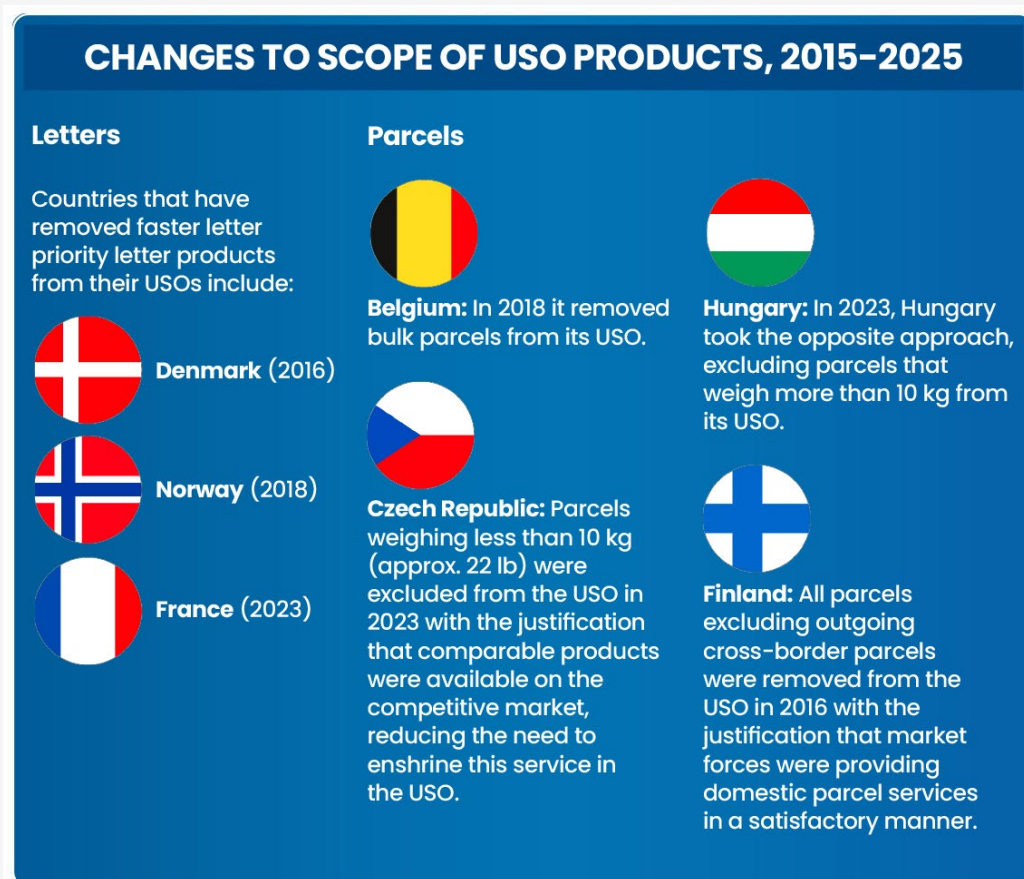
researched for this paper over the past 10 years. The most common changes involve express letter and parcel products. Some countries have removed faster express letter products from their USOs. Others have removed some categories of parcels from their USOs, with the understanding that the parcel market is often well-served by both the post and commercial competitors and that some parcel products may not require protection as part of the USO. See Figure 4 for changes that countries have implemented.

⁸ Additionally, taking stock of the decline of mail volume deposited into collection boxes, the Italian postal regulator has allowed the post to remove 38 percent of them.

⁹ For example, some countries do not include bulk or advertising mail in their USOs, and some do not include parcels at all. See: USPS OIG, *A Comparative Study of International Postal Models*, Report No. RISC-WP-25-001, February 27, 2025, <https://www.uspsaig.gov/sites/default/files/reports/2025-02/risc-wp-25-001.pdf>.

Figure 4: USO Changes to Scope of Products

Source: USPS OIG analysis.



Denmark is notable in that it has essentially removed all products from the scope of the USO and adopted a different, market-based approach to providing universal service. See Box 2 for more on Denmark’s elimination of the USO.

Box 2: Denmark’s Elimination of the USO

Denmark has implemented significant changes to its USO in the past 10 years, including changes to delivery frequency and service standards discussed in this paper. These changes have been motivated by sharp declines in letter volume, which dropped by more than 90 percent since 2000. Denmark has been strongly affected by the adoption of digital means of communication, a trend that has been strengthened by government policies promoting electronic transmittal of official documents. These trends have increased the cost of providing the USO in Denmark.

In 2023, a new Postal Act was passed that included abolition of the USO effective January 1, 2024. Denmark is the only country among those researched for this paper to take this step. Most services that were covered under the USO are expected to be provided by the open market. Notably, the national postal operator’s decision to no longer deliver letters and remove all of its letterboxes by the end of 2025 means that Danes will need to use other delivery companies to send letters.

However, the law requires that the government still be responsible for ensuring universal postal service to comply with European Union directives and the Universal Postal Union convention. As part of the reform, the Danish national regulator is required to increase its monitoring of the postal market through regular market research. For example, if the open market does not provide nationwide postal services at uniform price regardless of geographic location, the Ministry of Transportation can intervene by appointing a postal operator to provide necessary service for compensation and, if the problem persists, can tender a contract for that service.

Additionally, for specific elements of the universal service, such as service to island communities, free shipments for the blind, and the ability to send and receive international mail, the government has already determined that market forces would not adequately provide these services. The Ministry of Transportation will use public tendering processes to select operators that will be responsible for them.

Processes for Changing the USO

Changing a post's USO can be a complex process, involving multiple entities each with different roles. While no two countries have identical processes, there are several broad similarities in how USO modifications are implemented. Key to the processes outlined in this paper are two elements: understanding user needs and engaging with stakeholders to collect feedback and communicate the need for and likely impact of proposed reforms.

The Authority of Postal Stakeholders to Adjust the USO Varies Across Countries

There are variations in how USOs are defined and in the authorities that different entities have to change aspects of the USO.¹⁰ In some countries (such as Germany, Switzerland, and the Netherlands), the USO is fully (or in large part) defined in national law and the authority to adjust parameters lies with the country's legislature. In other countries (such as Australia and Sweden) some or all USO attributes are defined by formal regulations, usually issued by a government ministry, postal regulator, or both.¹¹ In general, it is easier to amend regulations or for a regulator to issue a decision than it is to change the law.

In many countries, regardless of the specific authorities held by different stakeholders, the government ministry or department responsible for postal policy generally initiates USO reform processes and plays a leading role in reviewing the USO.

In other countries the USO is defined by the law, formal regulations usually issued by a government ministry or department, and/or decisions from the postal regulator. In general, it is easier to amend regulations or for a regulator to issue a decision than it is to change the law.

Changing the USO Requires Clear Justification and the Involvement of Multiple Stakeholders

To gain additional insights into the processes involved in modifying USOs, we looked at three foreign posts: Australia, Germany, and Sweden. These examples were selected because they recently modified their USOs and represent three different approaches to proposing and implementing USO changes.

Recent discussions of USO change in these three countries reflect the realities of mail volume declines and the financial situations of many postal operators. In all three countries, stakeholders generally acknowledged the need to adjust their USOs in order to address the economic challenges faced by postal operators, ever-growing digitalization of communication, and changing user behavior. They also recognized that proposed changes to the USO to address these issues must be balanced against the objectives of providing reliable and affordable service to all parts of the country.

In general, economic stakeholders (such as postal operators, competitors, and business interests) advocate for adjusting USOs to allow greater flexibility and increase the sustainability of postal service, while social and rural interest groups caution against potential negative effects on social inclusion, equal access, and quality of service. Debate over USO changes can be controversial, with the degree of contention varying based on the substance of proposed reforms. See [Box 3](#) for a summary of the general arguments for and against common USO reform proposals across Australia, Germany, and Sweden.

¹⁰ The legal status of the post (government-owned vs. private entity) does not affect the scope of or how USO provisions apply. See: USPS OIG, *A Comparative Study of International Postal Models*, Report No. RISC-WP-25-001, February 27, 2025, <https://www.uspsaig.gov/sites/default/files/reports/2025-02/risc-wp-25-001.pdf>.

¹¹ For more on variations in the roles of postal regulators, see: USPS OIG, *Variations and Trends in Postal Regulatory Oversight*, RISC-WP-24-003, March 4, 2024, <https://www.uspsaig.gov/sites/default/files/reports/2024-03/risc-wp-24-003.pdf>.

Box 3: General Arguments for and Against Various Provisions of USO Reform in Australia, Germany, and Sweden

Reducing delivery frequency:

Pros

- Reduces fixed delivery cost by consolidating volume of mail per delivery point.
- Allows for reallocation of resources to growing parcel sector.
- Flexibility is necessary to respond to regional differences (Australia and Sweden).

Cons

- Concerns about service reliability, equal living conditions, social inclusion (particularly for older and rural users), and the needs of business customers.

Relaxing delivery service standards:

Pros

- Reduces operational costs and improves logistical efficiency.
- Adapt to changing communication habits (digitalization) reducing demand for fast letter delivery.

Cons

- Importance of timely delivery for meeting deadlines, serving vulnerable populations, and maintaining short delivery time to keep letter mail attractive.

Loosening requirements for the network of postal access points:

Pros

- Allows postal infrastructure to better reflect actual needs.
- Enhances efficiency and improves economic viability of branch network.
- Dense branch network is less essential in light of availability of digital services.

Cons

- Maintaining dense branch network is essential to ensure access to financial services, government transactions, and identity verification.
- Local post offices serve as social and economic hubs.
- Downsizing branches would result in job losses.

Source: WIK-Consult.

USO Reform Processes Vary Across Countries

Processes for adjusting the USO vary from country to country. There are similarities and differences in who has the authority to initiate the changes, how proposed changes are presented and feedback is collected, and how the changes are put into effect.

In Australia, delivery frequency and delivery standards were changed. In Germany and Sweden,

delivery frequency was not changed but delivery standards were modified. Australia and Germany implemented changes to their postal network infrastructure. The USO reforms implemented in each country are summarized in [Figure 5](#). More detailed information can be found in [Appendix B](#).

Figure 5: Summary of Recent USO Reforms in Australia, Germany, and Sweden

	Australia (2024)	Germany (2024)	Sweden (2018)
Delivery frequency	Daily → every 2 nd business day	No change (6 days/week)	No change (5 days/week)
Delivery standards	3 days → 4 days or 4 days → 5 days	95% D+1 → D+3 99% D+2 → D+4	Before: 85% D+1 97% D+3 After: 95% D+2
Postal access points	Reclassified 70 post offices to “Remoteness Areas” ¹²	Allow for increased use of automated stations	No req. min number of post offices; must “meet the needs of users”

Note: For delivery standards, “D” refers to the drop-off day. “D+1” indicates that mail is delivered within one working day of drop-off.

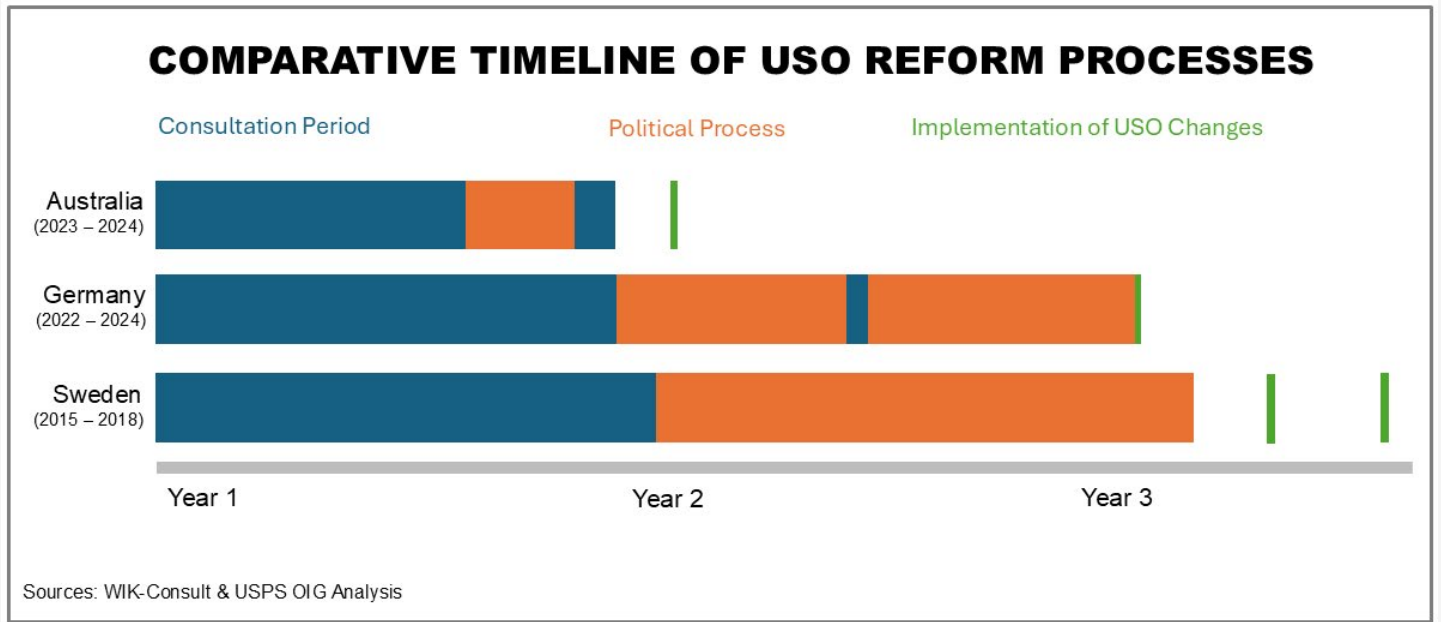
Source: WIK-Consult and USPS OIG analysis

Sampled Countries Exhibited Differences in Duration and Required Processes for Changing the USO

The duration of the legislative process varied, as the required procedures for implementing changes differ significantly across the three countries. Australia’s process was relatively quick, taking about a year from the publication of a discussion paper to the publication of the Final Performance Standards Amendment Regulations. In Germany, the process

took just over two years from publication of a discussion paper to the passage of legislation in the parliament. And in Sweden, close to three years elapsed between the launch of the Swedish Inquiry Commission and the adoption of final legislation. Figure 6 provides a comparative timeline of USO reforms in the three countries.

Figure 6: Comparative Timeline of USO Reform Processes



¹² “Remoteness areas” divide Australia into five classes of remoteness on the basis of a measure of relative access to services.

The three examples demonstrate variations in the way the USO is adjusted and codified. In Germany, the fundamental provisions regarding the USO are defined by law. In Australia, requirements for the USO are specified in regulations (specifically the Australian Post Corporation Performance Standards Regulations), and in Sweden service standards are determined by regulations and do not require legislative action, while changes in delivery frequency require a new law.

Levels of stakeholder interest and involvement in the process varied as well. In Australia, the topic of USO reform was very controversial, with extensive public consultations, strong opposition from unions and rural groups, and substantial media attention. The issue of USO reform in Germany was met with a moderate level of controversy, particularly regarding delivery times and potential job losses. The Swedish debate was comparatively less heated than those in Australia and Germany, with reforms largely driven by a cooperative and inclusive approach with non-public background discussions and analysis conducted by a government appointed Inquiry Commission.

General observations of the processes in Australia, Germany, and Sweden include:

- **Legislatures and government ministries were key actors in USO adjustment processes.**

In Germany, amendments to these statutory provisions require a formal legislative process involving the national bicameral legislature. In Australia, changes to the USO can be made by ministerial order, which is significantly faster than undergoing the full parliamentary process. In Sweden, the Ministry of Infrastructure initiates and coordinates the drafting of new postal legislation.

- **Potential impacts of various proposed USO changes were analyzed and presented in advance of the decision-making process.** The German Federal Ministry for Economic Affairs and Climate Action (BMWK, the ministry responsible for postal policy) published a key issues paper in January 2023 containing high-level proposals for an amendment to the Postal Act. The Australian

Department of Infrastructure, Transport, Regional Development, Communication, and the Arts (DITRDC) published a discussion paper entitled “Postal Services Modernization” in March 2023. This paper started public discussion and was covered by the press. In Sweden, the Inquiry Commission published an interim report in April of 2016, and another report that September. The interim report in particular helped shape the changes to Sweden’s universal service obligation.

- **Stakeholder input was an important part of the process in each country.** Australia’s DITRDC implemented a consultation period through March and April 2023 during which it held discussions with consumers, small businesses, trade unions, licensees, industry associations, and government bodies.¹³ More than 1,000 written submissions were collected; 105 were published. In Germany, BMWK initiated an online process for collecting stakeholder feedback in June 2022 and held a second round of stakeholder engagement the following year. In Sweden, public input was collected over a period of several months early in the process. From late 2015 to mid-2016, the Swedish Inquiry Commission held discussions with numerous stakeholders, collected and evaluated written submissions, and accepted input from a panel of consultants they had previously commissioned.
- **Careful preparation was a prerequisite to smooth USO reform implementation.** In all three countries examined, essential decisions concerning the modification of service and infrastructure requirements were made relatively early in the process. During the subsequent legislative process, only minor adjustments were made. Once proposed modifications were identified, the remainder of the process entailed collecting stakeholder input, sharing information with the general public, and refining, modifying, and communicating the proposals. The value of the process appeared to be as much about informing the public of impending changes and gathering broad support for reforms as it was about altering proposed USO adjustments due

¹³ Licensees are individuals or businesses who operate Licensed Post Offices (LPOs) under an agreement with Australia Post.

to stakeholder feedback. Drafts of proposed USO changes were made public about halfway through the overall process in Germany and Sweden, and about three-quarters of the way through in Australia. In each instance, there was time allocated for discussion and for adjusting the proposals prior to their ultimate approval and implementation.

How Reforms Have Impacted Postal Operators

In order to evaluate how USO reform has impacted postal operators, we looked at four foreign posts: NZ Post (New Zealand), Posten Bring (Norway), Poste Italiane (Italy), and PostNord (Sweden).¹⁴ While it can be difficult to definitively link USO reforms to changes in these posts' financial and operating conditions, we examine available information on their impact.

Sweden, as noted above, instituted alternate-day delivery and added one day to service standards. Norway also adopted alternate-day delivery and slowed service standards by two days. New Zealand reduced delivery frequency from six days a week to five days a week in rural areas and three days a week in urban areas. Italy instituted alternate-day delivery in rural areas.

Impact on Costs, Revenue, and Profit

Each of the sample posts evaluated (New Zealand, Norway, Italy, and Sweden) realized cost savings due to the implementation of new models for letter delivery, but the effect of USO adjustments on the profitability of these posts is more difficult to determine.

USO reforms reduced both operational and personnel costs. The extent to which USO reforms cut costs varied:

- **New Zealand:** Prior to adopting USO changes, NZ Post had estimated that the implementation of an alternate-day delivery model would result in cost savings of around NZ 23 million (US\$13.5 million) and a reduction in employment by 400 full-time employee equivalents (FTEs).¹⁵ Changing
- **Norway:** In Norway, Posten Bring's switch to alternate-day reduced operating costs in mail operations by around 35 percent. The total cost savings amounted to NOK 740 million (US\$84 million), equivalent to more than 10 percent of the 2019 operating expenses of Posten Bring's mail division. It is notable that Posten's switch from five-day to alternate-day delivery, basically halving the number of routes to be served on a given day, did not result in a 50 percent cut in delivery costs. This is due to density effects on the remaining routes, as more mail had to be delivered per route on a given day, creating more work for carriers. Posten Bring's workforce shrank by 33 percent since implementation of the reforms, from 12,398 FTEs in 2015 to 8,287 in 2024. During the planning phase, Posten paused taking on new permanent hires, offering instead only temporary contracts, and extended voluntary retirement offers to employees aged 62 and above.
- **Italy:** Poste Italiane estimated that the cost savings resulting from the implementation of the alternate-day delivery model ranged between 30 percent and 50 percent of the total costs previously incurred in the individual delivery areas. The post relied on attrition and retirement arrangements to reduce employment. Between 2015 and 2024, the number of full-time equivalents at Poste Italiane declined by 23 percent, from 135,500 to 104,300.
- **Sweden:** PostNord Sweden's planned cost savings closely matched actual savings. The switch from five-day delivery to alternate-day delivery

the USO allowed NZ Post to reduce its delivery personnel by 20 percent, which contributed to cost savings. Most of the reduction was achieved by voluntary resignation offers (with severance) and the remainder through attrition, with the post not refilling vacancies in the 12 months leading up to reform implementation. Overall, NZ Post considered alternate-day delivery to be successful in lowering costs.

¹⁴ In order to more accurately gauge the impacts of USO reform, we intentionally chose to look at countries where reform was undertaken several years ago, rather than those where changes were recently implemented.

¹⁵ Post and Parcel, *New Zealand Post to Switch to Alternate-Day Mail Delivery from July*, February 12, 2015, <https://postandparcel.info/64020/news/new-zealand-to-switch-to-alternate-day-mail-delivery-from-july/> and CEP Research, *New Zealand Post Cuts Standard Mail Delivery to Three Days from July Onwards*, February 12, 2015, <https://www.cep-research.com/2015/02/12/new-zealand-post-cuts-standard-mail-delivery-to-three-days-from-july-onwards/>.

cut delivery costs by roughly one-third. As with Norway, half the number of routes were operated on a given day, but these routes handled higher volumes. PostNord's sales revenue declined by 15 percent between 2015 and 2024 while the share of revenues from mail communication declined from 59 percent to 44 percent over the same period. The number of employees decreased with the roll-out of the new delivery model, falling from 19,300 in 2021 to 16,200 in 2024, a 16 percent reduction.

While the changes helped generate measurable savings in the four countries examined, their direct impact on profitability is difficult to estimate because it cannot be isolated from other factors. Despite the cost reductions noted above, not all of the posts examined are profitable. While these changes are a step in the right direction, they are not the ultimate solution to the posts' significant financial challenges.

- **New Zealand:** NZ Post was unprofitable in five of the nine financial years following 2015 and had small positive operating margins in the others.
- **Norway:** The mail business segment of Norway's Posten Bring has been profitable, with the EBIT margin (operating earnings divided by operating sales) mostly above five percent. However, Posten Bring receives government funding that represents a significant percentage of their mail revenue, reaching 29% in 2024.
- **Italy:** Poste Italiane's mail revenue has declined while parcel revenue has increased. Although the company receives 262 million euros (US\$305 million) annually in state compensation for USO costs, their mail, parcels and distribution division posted a loss in 2024.
- **Sweden:** PostNord Sweden's revenues from mail communication have declined by 37% between 2015 and 2024, accompanied by significant price increases for letter mail over the same period. Overall, however, PostNord's combined communication (letter) and logistics (parcel) services have achieved modest positive profit margins since 2015. PostNord Sweden does not receive any USO compensation from the state.

The cost savings reported by these countries above — combined with, in Norway and Italy, government funding for their USO — have not been sufficient to erase the fundamental issues facing these postal markets and ensure the long-term financial sustainability of their letter mail business. As a result, discussions to further adjust their USOs may continue, as is currently the case, for example, in New Zealand and Norway.

Impact on Mail Volume

Generally, pinpointing the precise effect of recent USO changes on volume is challenging, due to other factors such as digitization of communication, economic recessions, and closures of retail shops during COVID-19. Over the past decade, mail volumes have steadily fallen in each of the four countries examined. In New Zealand, letter volume per capita fell at an average annual rate of 13.8 percent annually between 2015 and 2024. In Norway, the decline averaged 12.9 percent annually over the same period; in Italy, 6.4 percent; and in Sweden, 10.7 percent. Given the myriad other factors impacting mail volume, it is doubtful that USO changes played a significant role in these declines.

Impact on User Sentiment or Public and Stakeholder Perception

Interviews with representatives of the posts in the four countries confirmed that discussions on regulatory relief and planned changes to delivery models had incited public and political discussions before the final decision, with at least some stakeholders taking stances against reform. After the implementation of USO changes, however, these concerns appear not to have been an ongoing challenge. Public acceptance of reforms benefitted from efforts to communicate with the public about the need for and effect of these changes, and from the generally minimal impact that these changes ultimately had on the quality of service. The specific impact on users is difficult to determine, however, due to minimal public and political discussions after the implementation of reforms.¹⁶

- **New Zealand:** For NZ Post, planning started one year before implementation and included efforts

¹⁶ Stakeholder perception may also vary according to the level of maturity of the postal market (as measured by mail per capita) and whether the post is able to compensate for the loss of mail revenue by increasing revenues obtained from other sources (such as parcels).

to inform and convince customers, unions, and the public. According to NZ Post, the general public was relatively receptive; this is in part because the changes made to delivery frequency did not significantly affect service standards. As part of their communication process, the post emphasized that the switch to alternate-day delivery in residential and urban areas would minimally impact the delivery time standard of D+3.

- **Norway:** In Norway, there were 456 media articles in June and July 2020 detailing changes to the USO, according to Posten Bring. A majority (59 percent) of these articles positively described the change, while 33 percent were neutral and only 8 percent were negative. There was intense political discussion before the implementation of the model but no significant debate post-implementation. The post said that the market and the public appeared to accept the changes and the new level of service.
- **Italy:** In Italy, the strongest opposition to the proposed changes came from rural communities and the publishers that rely on postal delivery of newspapers and magazines, who believed that the switch to alternate-day delivery posed a threat to their business model. Because letter volume had been quite low even before the reforms, discussions about the new delivery model were modest and without much resistance from other groups. Poste Italiane implemented an information campaign to explain the new alternate-day delivery method to users, posting notices in post offices and on mailboxes and publishing announcements on its website. User surveys, commissioned by the post, showed that consumers were not very sensitive to changes in delivery speed.
- **Sweden:** PostNord said that changing the delivery model has not had much impact on user sentiment. Delivery standards had not increased significantly, as most letters were still delivered within one business day. In Sweden, key discussions around the reforms took place

among the post, the regulator, politicians, and businesses between 2018 and 2020. As a result of the USO reform, PostNord decided to establish a new delivery model, and began to communicate with the public in 2019. The loudest group of opponents were the newspaper publishers, due to the reduction of delivery frequency in rural areas. In response, PostNord launched a specific, more expensive product for five-day delivery of newspapers. Publishers have so far not used this express product. As a result, rural households that subscribe to newspapers usually receive two editions of the paper on “thick” delivery days when customers receive standard letter mail.¹⁷

The USO in the U.S. is More Broadly Defined

In the U.S., the nature of the USO and the processes for potentially changing it are different from the other countries researched for this paper. The U.S. law defines the Postal Service’s USO more qualitatively and broadly than other countries. A more quantitative and narrowly defined USO provides greater transparency, predictability and accountability, whereas a broader and more qualitative definition allows postal operators more flexibility to adapt to changing market conditions. Aside from the six-day mail delivery mandate, U.S. law sets only general qualitative requirements, giving USPS discretion to interpret and adjust USO parameters such as service standards, retail access and scope of products covered, to balance service quality with financial sustainability. Changes to most service standards are subject to an advisory review by the PRC.

Authority to Change the USO in the U.S.

A key difference in the way the USO is defined in the U.S. is that there is no government department or ministry responsible for overseeing and adjusting the postal USO. In the countries discussed above, postal ministries initiated the process for adjusting the USO and had clear roles in advancing the reform process. In the U.S., the Postal Service existed as a government department (the Post Office Department) until 1971, when it was transformed into an independent establishment, but no government department was given responsibility for postal policy. The PRC, as the

¹⁷ PostNord Sweden has implemented an alternating “thin/thick” delivery model. On thin delivery days, customers receive express mail and parcel letters only; on thick days, they receive all postal items including standard letter mail.

postal regulator, is empowered to address only one key aspect of USO parameters: regulating market dominant prices; the law does not give it a formal role in preparing or proposing changes to the USO.

Congress and the Postal Service are the two bodies that most clearly have the ability to change the USO, but the White House may also step in to explore policy changes. In the U.S., postal reform — including USO reform — may be addressed by presidential task forces. Most recently, a Presidential Task Force on the United States Postal System was established in 2018 and issued several recommendations regarding USPS operations and governance.¹⁸ Among the Task Force’s recommendations was that the USO should be “clearly defined” to allow the Postal Service to “make business decisions in a timely and efficient manner.”¹⁹ The Task Force further stated that the USO should distinguish between the types of mail and packages for which a social or macroeconomic rationale exists for government protection (in the form of price caps and mandated delivery standards), versus those types of mail and packages that are commercial in nature and “therefore would not have a basis for similar government protection.”²⁰ These recommendations did not lead to any changes to the USO.

Changes to Key Aspects of the USO in the U.S.

The Postal Service has made recent changes to service standards, but delivery frequency, requirements for the retail network, and the scope of products considered part of the USO have been largely unchanged over the past 10 years. The authority to change the USO differs by the specific parameter.

Delivery Frequency

In the U.S., adjusting delivery frequency would require amending postal law. USPS does not have authority over delivery frequency, as Congress included an obligation to deliver six days per week (Monday through Saturday) in the Postal Service Reform Act of 2022.²¹

The idea of cutting delivery frequency from six to five days a week, eliminating Saturday letter delivery, has been considered for some time. The Postal Service went as far as announcing the impending elimination of Saturday letter delivery in 2013, citing the need to cut costs given the agency’s difficult financial situation.²² The change was scheduled to take place that August, but the Postal Service rolled back that decision after facing resistance from Congress and other stakeholders.²³ Postal workers’ unions have notably been among the groups in opposition to such a move.

Service Standards

Neither Congress nor the PRC sets delivery service standards. The Postal Service therefore can establish its own standards. It must ask the PRC for an advisory opinion on planned changes to most service standards, but it is not required to abide by the PRC’s decision.

A recent adjustment to service standards in the U.S. came in FY 2022, when the Postal Service changed standards for First-Class Mail letters from one to three days (depending on distance) to between one and five days.²⁴ The PRC found that the proposed changes were not inconsistent with statutory requirements but questioned the Postal Service’s ability to implement the plan in a way that delivered efficient and reliable service.²⁵

¹⁸ See, *United States Postal Service: A Sustainable Path Forward – Report from the Task Force on the United States Postal Service*, December 2018, https://home.treasury.gov/system/files/136/USPS_A_Sustainable_Path_Forward_report_12-04-2018.pdf.

¹⁹ *Ibid.*, p. 41.

²⁰ *Id.*

²¹ See, Postal Service Reform Act of 2022 (PSRA), §202(a), <https://www.congress.gov/117/plaws/publ108/PLAW-117publ108.pdf>. Prior to 2022, Congress had included provisions regarding six-day delivery in annual appropriations bills.

²² U.S. Postal Service, Postal Service Announces New Delivery Schedule: *Six Days of Package Delivery, Five Days of Mail Delivery Begins August 2013*, Release No. 13-019, February 6, 2013, https://about.usps.com/news/national-releases/2013/pr13_019.htm.

²³ Postal Service officials told the OIG that it rolled back the decision after Congress enacted a law that extended the appropriations rider, which made implementation in August legally unavailable.

²⁴ To support its Regional Transportation Optimization (RTO) initiative, the Postal Service revised its service standards in FY 2022 to add 4- and 5-day delivery windows. An OIG audit in 2025 found that despite lowering standards, service performance for First-Class Mail and Priority Mail was negatively impacted due to challenges with implementing major network changes. USPS OIG, *Delivering for America: First-Class and Priority Mail Service Performance Update*, Report No. 25-028-R25, May 7, 2025, <https://www.uspsig.gov/sites/default/files/reports/2025-05/25-028-r25.pdf>.

²⁵ Postal Regulatory Commission, *Advisory Opinion on Service Changes Associated with First-Class Mail and Periodicals*, Postal Regulatory Commission Docket No. N2021-1, July 20, 2021, p. 4, https://apwu.org/wp-content/uploads/2025/08/prc_docket_no_n2021-1_advisory_opinion_7.20.2021_service_standard_change.pdf.

In 2024, the Postal Service announced further service changes related to their Regional Transportation Optimization (RTO) initiative. As part of the changes, post offices far from regional hubs will have the pick-up and drop-off of mail occur simultaneously once daily, primarily in the morning. The changes are expected to reduce trips and provide greater flexibility in transportation scheduling. USPS officials have stated that while the changes do not relax overall service standards, they add an additional day in Leg 1 for mail entered at RTO post offices, while also accelerating the service standard bands for Leg 2. According to USPS, the changes implemented in 2025 will have no impact for approximately 75 percent of First-Class Mail, and around two-thirds of mail would be delivered in three or fewer days. USPS said that other products, like Marketing Mail and Periodicals, would actually see improved service standards.²⁶

Requirements for the Postal Retail Network

The Postal Service is less constrained than other posts in that the number or location of post offices is not prescribed in law. However, it legally must serve “rural areas, communities, and small towns where post offices are not self-sustaining” and cannot close small post offices “solely for operating at a deficit.”²⁷ The process for closing a post office is detailed in the Code of Federal Regulations. According to U.S. Code, the public must be given at least 60 days’ notice of the proposed action and is afforded the right to file public comments. The public also has the right to appeal the decision to close a post office to the PRC; the PRC can either affirm the Postal Service’s decision or return the matter back to USPS for further consideration, but the PRC cannot change the decision.²⁸

In practice, post office closures in the U.S. face stakeholder opposition and may impact local communities. For example, a 2011 Postal Service plan to review thousands of post offices for potential closure met strong resistance and the agency

switched its approach the next year by focusing on reducing operating hours at smaller post offices.²⁹

Scope of Products in the USO

The distinction between USO and non-USO products is not as relevant for postal regulation in the U.S. as it is in other countries; more important is the division between Market Dominant and Competitive products. U.S. law does not codify a detailed list of USO products; both the PRC and the Postal Service interpret the USO broadly and have determined that it covers both Market Dominant and Competitive products – in other words, the Postal Service’s mail and parcel business. In the U.S. regulatory framework, “Market Dominant” products are those in which USPS is considered to have a monopoly over the service, such as First-Class and Marketing Mail. “Competitive” products, such as shipping and packages services, are those in which the Postal Service competes with private companies. This distinction is meaningful because the two categories are subject to different levels of regulatory oversight. The PRC has the authority to determine the system for setting postage rates for Market Dominant products, while USPS has greater freedom in setting rates for Competitive products.

Lessons Learned from USO Adjustment Efforts

The experiences of governments that have adjusted their USOs highlight the value of two key practices: researching what users need and engaging stakeholders throughout the USO reform process. While this paper does not suggest that the U.S. should change its USO, the examples discussed above may offer useful insights for the Postal Service and other stakeholders should the USO’s legal framework be reevaluated in the future. USPS and postal stakeholders could benefit from a more structured, systematic process for monitoring the USO, evaluating user needs, and exploring potential future changes to the USO.

26 United States Postal Service, *USPS Operational Improvements and Corresponding Refinements Within Existing Service Standard Day Ranges*, 3661 Fact Sheet, August 21, 2024, <https://about.usps.com/newsroom/usps-operational-improvements-08-21-2024.pdf>.

27 39 U.S. Code § 101.

28 See, 39 CFR 241, <https://www.ecfr.gov/current/title-39/chapter-I/subchapter-D/part-241>.

29 The Postal Service’s 2009 Stations and Branches Optimization and Consolidation (SBOC) initiative led to the closure of 131 post offices. In 2011, it launched the Retail Access Optimization Initiative (RAOI) to evaluate post offices for potential closure. However, due to strong stakeholder opposition, none were closed as part of RAOI. In 2012, USPS launched its Post Office Structure Plan (POStPlan), which reduced operating hours at about 13,000 post offices as an alternative to closures.

Understanding User Needs Was Essential for Informed USO Strategies

Making effective adjustments to a country's USO requires an understanding of what the users of postal services – households, businesses, or other organizations – need. To this end, many countries, including those profiled in this paper, support formal research into user needs.³⁰ This research facilitates an evidence-based approach to evaluating options for the future of postal service in a changing market. User needs studies may be carried out by different stakeholders. Two notable examples of countries that have recently carried out user needs studies are the U.K. and Belgium.

In the U.K., the postal regulator commissioned an independent research firm to carry out a user needs study in 2024. The goal was to understand the potential impact of suggested changes to postal service, specifically the elimination of Saturday letter delivery and slowing service standards by one day. The firm gathered feedback from both individuals and businesses, finding that affordability and reliability were higher priorities than maintaining existing service standards and keeping Saturday delivery. Most users indicated that the proposed changes would continue to meet their needs, even if they are somewhat inconvenient. This research, along with broader stakeholder engagement and consultation, helped inform changes that the regulator made to the USO in July 2025, including a switch to alternate-day delivery and a slight relaxation of service standard targets.³¹

Belgium's postal regulator initiated a similar project in 2020, commissioning a research firm to assess the changing needs of postal users, including the impact of potential USO changes. This research, which also targeted both individuals and businesses, identified some key differences in the attitudes of residential and business users regarding postal service, including that businesses found greater value in next-day delivery and access to post offices over

other postal access points. Businesses were also more sensitive to potential slowdowns in delivery standards. The report recommended changes including the removal of faster priority mail from the USO, adjusting service standards for packages, and adapting the retail network.

It is unclear whether U.S. consumers would have similar attitudes toward USO adjustment as those reported in Belgium, the U.K., or other countries. The OIG is unaware of a comprehensive study of user needs that has been conducted in the U.S. to guide future thinking around USO priorities, user expectations, and long-term sustainability since a 2015 OIG report.³² Given that mail volumes in the U.S. remain significantly higher than in many other countries where declines have been faster, potential changes to the USO may have broader and more complex impacts. This makes research about the specific needs and attitudes of residential and business users especially important, as even small adjustments could affect a larger base of customers than countries with lower volumes.

Successful USO Reform Processes Required Stakeholder Engagement

Once there is an evidence-based understanding of potential paths forward, publicly making the case for change becomes a key step. Integral to the processes of USO adjustment described in this paper is the need to clearly outline potential reform options in advance of formal decisions on their implementation and to gather stakeholder feedback. The specific mechanisms for these steps vary depending on countries' regulatory and policymaking framework and traditions.

In the countries profiled above, discussion on USO adjustment typically involves the government ministry responsible for postal policy taking the first step, for example issuing a paper describing challenges in the postal market and setting out potential USO changes to help address those challenges. This allows the public and stakeholder

³⁰ For additional information about user needs in the EU, see, *European Regulators Group for Postal Services Report: Universal Services in Light of Changing Postal End Users' Needs*, pp. 6 – 30, <https://ec.europa.eu/docsroom/documents/20672/attachments/1/translations/en/renditions/native>.

³¹ Ofcom, *Statement: Review of the Universal Postal Service and Other Postal Regulation*, July 10, 2025, <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/consultation-review-of-the-universal-postal-service-and-other-postal-regulation/statement-docs/statement-review-of-the-universal-postal-service-and-other-postal-regulation.pdf?v=400219>, pp. 3- 4.

³² In 2015, the OIG released results of a survey attempting to quantify the relative value of the different services provided as part of the USO. See: USPS OIG, *What Postal Services Do People Value the Most? A Quantitative Survey of the Postal Universal Service Obligation*, Report No. RARC-WP-15-007, February 23, 2015, https://www.uspsig.gov/sites/default/files/reports/2023-01/rarc-wp-15-007_0.pdf.

groups to examine potential reforms and consider their likely impact. These proposals may receive media coverage inspiring public discussion of proposed reforms. In the U.S., where no department is directly responsible for postal policy, this step could be carried out by another entity, for example a presidential task force or a Congressional committee. Other organizations, such as the USPS OIG, the Government Accountability Office, and industry trade associations conduct analyses of postal operations, as well. Another option, illustrated in this paper by the example of Sweden, is to incorporate a broad set of stakeholders into a commission charged with evaluating challenges and determining solutions. Depending on the specific political and institutional culture of a country, this commission could be seen as a more impartial owner of the reform process.

Even if the Postal Service has the authority to make changes to USO parameters itself, stakeholder engagement still can add value in communicating these changes to the public and creating a sense of buy-in to the reform process. The Postal Service has faced challenges in implementing desired changes in the face of stakeholder resistance, for example following its 2011 Retail Access Optimization Initiative to evaluate post offices for potential closure and its 2013 announcement that Saturday mail delivery would be terminated; both these initiatives were rolled back following stakeholder resistance. Previous USPS OIG audits have identified instances in which the Postal Service struggled to sufficiently communicate with rural populations about the implementation of measures that affected service standards. For example, after the agency implemented its Local Transportation Optimization (LTO) initiative, an OIG audit found that affected customers had not been informed about the LTO changes and its impact on mail delivery originating from their area. More than 60 percent of the total population affected by these changes reside in rural areas.³³

Once changes are proposed, there should be clear mechanisms for gathering stakeholder feedback. The examples in this paper demonstrate that collecting

comments through an online platform gives any interested individual or group the opportunity to state their preferences and concerns. Extensive consultations with a wide range of stakeholders allow for more detailed discussions of USO adjustments and help those groups feel more involved in the process. USO reform may include more than one round of feedback collection as proposals are presented and refined. Taking time to collect input from the public can help those leading the reform process craft better, more responsive policies and also helps the public feel that, regardless of the outcome of the process, they have been listened to and their concerns taken seriously. Final changes to postal regulations or laws are less likely to be a surprise, potentially lessening political pushback.

Countries Continuously Evaluated and Adjusted Their USOs

The countries profiled in this paper demonstrate that adjusting the USO's legal framework is not a one-time exercise, but rather an ongoing process. In Sweden, for example, the reform process that began in 2015 and culminated in the 2018 approval of changes to delivery standards was followed in 2020 by a renewed public inquiry examining possible new changes, including further extension of mail delivery service standards, and discussions around those changes are still ongoing. This paper also mentions several examples of countries that made multiple changes to their USO over the past decade, indicating continued engagement in a process to evaluate and refine the USO.

In the U.S., the interpretation of the USO regarding service standard changes has undergone multiple revisions over the past several years via a review process with the PRC. In contrast, significant changes to the USO's legal framework happen less frequently; the most notable examples involve legislation passed by Congress. In 2006, among other changes, the Postal Accountability and Enhancement Act changed the regulatory structure and instituted a new rate setting process for Market Dominant products. In 2022, among other changes, the Postal Service

³³ The Local Transportation Optimization (LTO) initiative aimed to reduce the number of transportation trips to and from select post offices by delaying transportation of originating mail to the processing facilities from the same day it was collected to the following morning. Postal Service officials told the OIG that the LTO initiative was a pilot effort, and the Postal Service followed extensive public processes regarding the subsequent implementation of its Regional Transportation Optimization (RTO) initiative, such as seeking an advisory opinion from the PRC. See: USPS OIG, *Network Changes: Local Transportation Optimization*, Report No. 24-142-R25, December 18, 2024, <https://www.uspsoig.gov/sites/default/files/reports/2024-12/24-142-r25.pdf>.

Reform Act codified six-day delivery and required the Postal Service to transport letters and parcels on the same integrated network. These measures have had limited impact on the definition of the USO in the U.S. and occurred more than a decade apart from each other. Similar to other countries, the U.S. could benefit from a more sustained approach to evaluating the USO and exploring the need for and scope of potential adjustments to the USO's legal framework in response to user needs, mail volume, financial conditions, and other factors affecting the Postal Service's ability to provide efficient and high-quality service.

Impact of USO Adjustments Were Significant but Not Necessarily Transformative

While posts researched for this paper reported that adjustments to USO parameters, specifically delivery frequency and letter service standards, resulted in cost reductions, it should be noted that these changes alone were not always sufficient to transform the financial conditions of postal operators or the realities of modern postal markets. While such changes may help posts better manage lower per capita mail volumes, they have not always made mail delivery significantly more profitable. In the future, these countries may need further changes to the USO or the provision of financial assistance to posts to help them sustain service.

It is also the reality that cost savings from USO adjustments typically come in large part from reductions to personnel. For example, reducing delivery frequency and serving fewer delivery points per day allows posts to downsize their delivery staff. These measures are inherently controversial and often require negotiation and coordination with labor unions and other stakeholders sensitive to employees' interests. Posts have tried to manage these measures through early retirement packages and other means, but they have generally experienced some pushback to these job cuts.

Conclusion

Postal markets have changed significantly in the past few decades, with falling mail volumes and the growth of private competition in the package market affecting the economic models of postal

operators around the world. The concept of the postal USO has helped preserve essential levels of postal service for individuals and organizations, but many countries have decided that traditional levels of postal service were financially unsustainable and no longer reflective of user needs. The past decade has shown us examples of countries decreasing the frequency of mail delivery, slowing service standards, reducing requirements for the postal retail network, and changing the scope of products within the USO. These changes have had positive effects in reducing postal operators' costs, but they have not solved the problem of posts' long-term profitability in the face of structural mail volume decline and increasing parcel competition. The impact of any such reforms in the U.S., where mail volumes are higher than any other country, is not certain.

The realities facing the U.S. Postal Service differ substantially from those of other countries examined here, both in terms of mail volumes and in the specifics of its USO. While this paper does not suggest that the USO in the U.S. should be changed, the experience of other countries can help inform the approach to sustaining the USO over time. Countries researched for this report have invested in understanding user needs and have carefully approached potential USO adjustments by publicly discussing proposals and collecting stakeholder feedback. The examples outlined in this paper indicate that understanding user needs and engaging with stakeholders are key to implementing evidence-based reforms and maximizing public understanding and buy-in. In the U.S., past efforts to modify aspects of the USO, including delivery frequency and reductions to the retail network, faced resistance. A better understanding of user needs and improved communication with residential and business users may improve the foundation for discussions about future reforms and allow for more effective implementation of meaningful adjustments to the USO.

Summary of Management's Comments

Management reiterates that Congress intentionally defined the Universal Service Obligation (USO) in broad, qualitative terms to provide the Postal Service with the flexibility to adapt to shifting market conditions by reviewing the interpretation of the USO rather than necessitating the onerous legislative process that would be necessary if the statute set forth a more prescriptively defined USO.

Management expresses concern that the paper “suggests a lack of transparency regarding ongoing changes impacting our customers.” Specifically, they cite their requests for advisory opinions from the PRC on various recent initiatives under the Delivering for America plan (DFA). The Postal Service also states that the white paper conflates the Local Transportation Optimization (LTO) pilot with the broader Regional Transportation Optimization (RTO) initiative, which underwent extensive public review, and believes that the OIG did not fully highlight the Postal Service’s efforts to communicate these initiatives to the public.

Finally, USPS raises concerns about the accuracy of some of the information presented in the OIG’s paper, citing a lack of clear sourcing or reliance on broadly referenced prior analyses.

Evaluation of Management's Comments

The OIG appreciates the Postal Service’s review of our white paper and believes the paper provides insights addressing concerns regarding the USO’s statutory framework, transparency, and research methodology.

Regarding the definition of the USO, the report acknowledges that Congress intentionally defined it in broad, qualitative terms, giving the Postal Service flexibility to adapt to changing market conditions. Our analysis found that this flexibility provides USPS

with greater discretion than is typically available to posts in other countries. The Postal Service can interpret the USO and adjust many key parameters, such as service standards, retail access, and the scope of products in the USO, to balance service quality with financial sustainability. Therefore, while Congress alone can change the statutory USO, the Postal Service retains a significant role in adjusting how the USO is practically fulfilled.

Regarding transparency and public engagement, the report does not imply that USPS makes operational decisions in isolation. The white paper notes multiple advisory requests to the Postal Regulatory Commission (PRC), including those related to RTO, and acknowledges the Postal Service’s statement that RTO involved extensive public review. The LTO example is presented as an illustration of challenges in communicating service changes, particularly in rural areas. By highlighting these examples, the paper underscores the importance of stakeholder engagement and evidence-based decision-making in adjusting the USO, consistent with international best practices. Footnote 33 provides additional context on both the RTO and LTO initiatives.

Finally, regarding the concerns that several figures in the white paper lacked clear sourcing or broadly referenced prior OIG analysis, it has long been common practice for the OIG to cite “OIG Analysis” for figures that synthesize large amounts of information. However, every finding and piece of information is supported by verifiable evidence and sources. All data and analyses undergo independent internal review in accordance with CIGIE’s Blue Book Standards, as discussed in Appendix A of this paper. This process ensures that the OIG can have complete confidence in the accuracy and integrity of its findings.

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Appendix A: Additional Information

Objectives, Scope, and Methodology

The first objective of this paper was to analyze how international governments have modified universal service obligation (USO) parameters, identifying overarching trends. The second objective was to assess the implementation and impact of USO reforms on postal operators and draw insights relevant for the United States.

The scope of this paper was USO changes implemented by 28 countries with developed postal markets between 2015 and 2025. The specific USO changes that were assessed in this white paper were:

1. Reductions in the delivery frequency of basic letter mail;
2. Slowing of delivery service standards;
3. Adjustments in the requirements for the network of post offices and other access points; and
4. Changes in the scope of products included under the USO.

The project team developed our list of sample countries based on the 19 European countries covered by the European Regulators Group for Postal Services (ERGP) Regulatory Framework studies and the 21 non-European countries under the International Post Corporation. We then selected the 28 countries that have adjusted their USO in the past 10 years for analysis. The 28 countries in our sample are the following: Australia, Austria, Belgium, Brazil,

Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Lithuania, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the U.K.

To accomplish our first objective, the OIG conducted desk research on USO modifications made by the 28 international governments chosen through the process described above. For our second objective, the project team partnered with WIK-Consult, a German economics consulting firm with experience in the global postal sector, to research the processes for changing the USO in Australia, Germany and Sweden. We selected these countries in conjunction with WIK because they represent different models of postal reform processes. Our team also worked with WIK to examine lessons learned and the impact of USO changes for Italy, New Zealand, Norway, and Sweden. These countries were chosen as they have been transforming their operations from a letter-driven to a parcel-led business in response to declining letter volume. The project team also conducted additional desk research on postal user needs studies from the U.K. and Belgium.

The inspection was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. We discussed our observations and conclusions with management on September 8, 2025 and included their comments where appropriate.

Prior Coverage

Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>A Comparative Study of International Postal Models</i>	<ol style="list-style-type: none"> 1. Describe how the Postal Service compares to international post operators in terms of legal and regulatory environment, governance and legal status, regulatory oversight, and methods of funding; financial health; and main operational strategies. 2. Provide insights into how these different frameworks and strategies may influence the long-term financial stability of postal operators. 	RISC-WP-25-001	February 27, 2025	\$0
<i>Variations and Trends in Postal Regulatory Oversight</i>	<ol style="list-style-type: none"> 1. Provide an overview of the main oversight activities of the Postal Regulatory Commission (PRC) and postal regulators in selected countries with developed postal markets. 2. Examine current and future trends and challenges in postal regulation and regulatory oversight. 	RISC-WP-24-003	March 4, 2024	\$0
<i>A Primer on Service Standards</i>	To provide an overview of the Postal Service's process for establishing service standards by addressing how the Postal Service determines and revises its service standards and how it measures mail products' performance against service standards.	RISC-WP-21-008	September 2, 2021	\$0
<i>Reevaluating the Universal Service Obligation</i>	<ol style="list-style-type: none"> 1. Provide an overview of the Postal Service's current universal service obligation (USO) and the challenges faced in continuing to provide services that meet its USO. 2. Identify recent changes in foreign posts' USOs that may provide valuable insight for the U.S. Postal Service. 3. Assess the importance of gathering information on stakeholder needs prior to redefining the USO. 	RISC-WP-20-004	May 6, 2020	\$0
<i>What Postal Services Do People Value the Most? A Quantitative Survey of the Postal Universal Service Obligation</i>	<ol style="list-style-type: none"> 1. Provide the results of a quantitative survey measuring respondents' preferences between levels of service and price. 2. Assess implications of survey results for USPS and its service offerings. 	RARC-WP-15-007	February 23, 2015	\$0

Appendix B: Changing the USO in Australia, Germany and Sweden

Australia

In Australia, the topic of USO reform was very controversial, with extensive public consultations, strong opposition from unions and rural groups, and substantial media attention. Potential changes to the post office network, including reducing the minimum number of outlets, were especially contentious.

The desire for USO reform was primarily driven by financial pressures due to a rapid decline in letter volumes and broader changes in communication behavior. Australia Post reported a record half-year loss of AUD 189.7 million (US\$126.1 million) in early 2023. The Australian government decided to take action to enable Australia Post to meet the needs of users while ensuring financial sustainability.

The reform process began with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' (DITRDC) publication of a discussion paper in March 2023, which initiated discussion with key stakeholders to inform specific options for reform.³⁴ In June 2023, a report summarizing this consultation stage was prepared.

In October 2023, around seven months after the release of the initial discussion paper, DITRDC published an Impact Analysis Report outlining three reform options:

- Status quo – no changes to the current regulatory framework;
- Reform of existing regulatory framework – adjustments to existing obligations (e.g., delivery frequency, delivery timeframes, network density); and
- Deregulatory options – removal or relaxation of existing requirements (e.g., abolition of the Priority Letter Service, easing of minimum service standards).

After assessing the options based on their financial, social, and regulatory impacts, their effectiveness in meeting policy objectives, and their level of acceptance among stakeholders, DITRDC recommended reforms to the existing regulatory framework (option 2). These included reducing delivery frequency from five days a week to alternate-day delivery and slowing service standards by one day for standard letters. The department took a critical view of proposals to reduce the number of post offices due to the potential social risks, particularly for rural and vulnerable groups.

The next stage of the process involved sharing the proposed changes and collecting further feedback. In February 2024, the government published draft regulations to implement the recommended changes. This led to a second consultation by DITRDC that ran through the end of that month; twelve written submissions from this stage were published. The government then published the final regulations in April 2024, with the changes enacted shortly thereafter.

As a result of the USO changes, delivery frequency shifted from daily to every other day for many items. Delivery times for letters were increased by a day (for example, delivery for letters sent from the capital city of a state to an address within that capital city increased from three to four days, and letters from a capital city to another city within the same state increased from four to five days). Infrastructure criteria were unchanged, while approximately 70 post offices were reclassified as being outside major cities; this measure did not impact the services provided at these outlets.

Through the process, stakeholders lined up on both sides of the USO reform components, as detailed in [Table B-1](#).

³⁴ Commonwealth of Australia, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Postal Services Modernisation Discussion Paper*, March 2023.

Table B-1: USO Reform in Australia

USO Reform Components	Supporters	Opponents
Reduced delivery frequency	<ul style="list-style-type: none"> ■ Australia Post ■ Business associations ■ Logistics associations 	<ul style="list-style-type: none"> ■ Trade unions ■ Social welfare and environmental organizations ■ Local postal stakeholders ■ Electoral authorities ■ Consumer protection authorities
Relaxed delivery standards	<ul style="list-style-type: none"> ■ Australia Post ■ Business associations ■ Logistics associations 	<ul style="list-style-type: none"> ■ Trade unions ■ Social welfare and environmental organizations ■ Electoral authorities ■ Consumer protection authorities
More flexible retail network requirements	<ul style="list-style-type: none"> ■ Australia Post ■ Parcel service providers ■ Business associations ■ Council on the Aging Australia (with concerns) 	<ul style="list-style-type: none"> ■ Trade unions ■ Social welfare and environmental organizations ■ Local postal stakeholders ■ Business partners of Australia Post

Source: WIK-Consult

Germany

Various stakeholders had called for revising postal regulations due to market developments and changing user needs for years. After the 2021 federal election, the three largest political parties formed a coalition and agreed to modernize postal legislation.

The process in Germany also involved publicizing potential reforms and collecting feedback but was more focused on the legislative process than was the case in Australia and Sweden. Following publication of the coalition agreement, the Federal Ministry for Economic Affairs and Energy (BMWE) published a topic paper with questions related to postal reform and initiated an online process for collecting stakeholder feedback in June 2022; that process collected statements from 10 stakeholders.³⁵ After publishing a key issues paper in January 2023 containing high-level proposals for an amendment to the Postal Act, BMWE held a second round of stakeholder engagement that collected 21 statements, which were published. BMWE then published a draft bill and solicited additional public comments.

The November 2023 draft of the German Postal Act slowed service standards but left unchanged the existing standards for delivery frequency (to remain at six days, Monday through Saturday) and the minimum number and location criteria of postal access points. One month later, however, an amendment was added to allow for increased flexibility in locating postal access points. In June 2024, a provision evaluating the use of automated stations in place of universal service post offices where appropriate was added. A “consultation period” following publication of the draft bill drew responses from 26 stakeholders.

BMWE published the bill in December 2023, and the Federal government referred the bill to the legislature. Parliamentary committees published their recommendations on the draft bill, including the need for amendments, and in March, the Economic Affairs Committee held a hearing of nine nominated experts and stakeholders. The parliament’s two chambers agreed on the final bill and approved the law in July 2024.

³⁵ Contributions came primarily from associations and unions, as well as directly affected competitors, but not from citizens or communities.

The final July 2024 law required 95 percent of letters to be delivered within three working days (D+3), rather than the previous 80 percent required to be delivered within D+1. Further, 99 percent of letters must be delivered within four working days (D+4), up from 95 percent D+2.

While the law retains a minimum of 12,000 postal access points, located according to distance and density criteria, it allows for deviations if this

corresponds to the needs of local users. In addition, the law allows for automated stations to serve as substitutes for universal service post offices, taking into account the local demand for postal services and the availability of universal service branches, particularly in rural areas.³⁶

The positions of the various stakeholders on USO reform components are detailed in Table B-2.

Table B-2: USO Reform in Germany

USO Reform Components	Supporters	Opponents
Reduced delivery frequency	Broad consensus not to change the delivery frequency (no public statement from Deutsche Post)	<ul style="list-style-type: none"> Trade unions Associations for newspapers and e-commerce
Relaxed delivery standards	<ul style="list-style-type: none"> DHL Regulatory authorities (BNetzA and the Monopolies Commission) Association of parcel operators DICE (Research institute) Consumer protection organizations (with concerns) 	<ul style="list-style-type: none"> Trade unions Municipalities Letter and parcel competitors Interest groups from the e-commerce sector Digitalization advocates The printing and press industry
Allowing the use of automated stations	<ul style="list-style-type: none"> The association of parcel operators Municipalities Consumer protection organizations The association for digitalization DHL 	<ul style="list-style-type: none"> Public institutions (Bavarian State Ministry for Economic Affairs, Regional Development and Energy)

Source: WIK-Consult

Sweden

The Swedish government began to review its postal legislation in 2015. The process incorporated public input in a somewhat different manner than did Australia or Germany. The government launched the Swedish Inquiry Commission to assess the postal market and evaluate the need to reexamine such obligations as five-day delivery frequency and existing service standards. The Commission consisted of nine members from a variety of institutions, including representatives from universities, the postal regulator, the Competition Authority, the Agency for Regional and Economic Development, and various government ministries. Their overall objective was

to design rules that ensured universal postal service throughout the country at reasonable prices, without state support.

After reviewing the Inquiry Commission’s reports, the Swedish Ministry of Infrastructure drafted proposed amendments to the Postal Services Act and the Postal Services Ordinance. After a public parliamentary hearing in June 2017, the Ministry of Infrastructure completed the draft ordinance and draft postal law. The government forwarded the draft legislation to Parliament in November 2017. A government minister explained the specifics of the

³⁶ Automated stations in Germany facilitate various postal services, including parcel drop-off and pick-up, stamp purchasing, and letter mailing. These kiosks, which have been in existence for several years, had not previously been classified as post offices, limiting their contribution to the postal network’s universal service obligations.

draft postal a law in a session of Parliament later that same month. In January 2018, the ordinance was put into effect by the Swedish government (parliamentary approval was not required); and in January, following debate, the revised Postal Services Act was adopted by Parliament and became law in April.

The enacted Swedish USO reform did not modify delivery frequency, which remained one collection and one delivery every working day, five days a week.³⁷ Delivery time standards changed: prior to

reform, 85 percent of letters were required to be delivered by the next working day (D+1), and 97 percent by D+3. After reform, 95 percent of letters were required to be delivered by D+2. There were no changes to the minimum number and location criteria of postal access points; there remain no defined requirements regarding network density, distance, or location. The only stipulation was that the network of access points “meets the needs of users.”

Stakeholder positions on the proposed USO reform components in Sweden are summarized in Table B-3.

Table B-3: USO Reform in Sweden

USO Reform Components	Supporters	Opponents
Reduced delivery frequency	The Swedish Ministry’s proposal to retain the current 5-day a week delivery standard was accepted without controversial discussions.	<ul style="list-style-type: none"> ■ N/A
Relaxed delivery standards	<ul style="list-style-type: none"> ■ National postal operator (PostNord) ■ Postal regulator (PTS) 	<ul style="list-style-type: none"> ■ Social welfare organizations ■ Rural user groups ■ User associations ■ Sender groups ■ Unions for federal employees and civil servants
Introduction of infrastructure requirements	<ul style="list-style-type: none"> ■ Postal operators (PostNord and Bring Citymail) ■ Postal regulator (PTS) 	<ul style="list-style-type: none"> ■ Social welfare organizations ■ Rural user groups ■ Unions for federal employees and civil servants

Source: WIK-Consult

³⁷ The Swedish postal regulator was given additional regulatory authority to issue regulations as to when and where exemptions to the five-day rule may apply.

Appendix C: Management's Comments



September 29, 2025

PAOLA PISCIONERI
RESEARCH DIRECTOR
RESEARCH AND INSIGHTS SOLUTION CENTER

SUBJECT: Management Response - International Approaches to Amending the
Universal Service Obligation (WP-2025RISC006)

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG's) white paper: *International Approaches to Amending the Universal Service Obligation*. We very much appreciate our ongoing dialogue throughout the engagement.

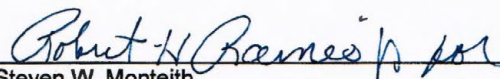
As the white paper acknowledges, U.S. law defines the Postal Service's Universal Service Obligation (USO) more qualitatively and broadly than other countries. Specifically, the Postal Reorganization Act of 1970 defined the USO in broad, qualitative terms, a decision that Congress has reaffirmed through subsequent legislative acts as recently as 2022. This reflects a deliberate policy choice by Congress. By statute, the Postal Service must provide adequate, reliable, and efficient postal services across the Nation in a financially self-sufficient manner, providing delivery through an integrated network for mail and packages at least 6 days a week. Additionally, the Postal Service has significant discretion to determine how to fulfill these obligations in a manner that best balances considerations of service adequacy with the need for cost-effective operations. Congress designed the Postal Service to have the flexibility to adapt to shifting market conditions in a timely fashion by reviewing the interpretation of the USO rather than necessitating the onerous legislative process that would be necessary if the statute set forth a more prescriptively defined USO.

In providing background information on how different countries approach the USO, the OIG also comments on certain activities by the Postal Service that could create a false impression without further context. For example, the paper suggests a lack of transparency regarding ongoing changes impacting our customers, which we believe to be unwarranted. The Postal Service has been very transparent regarding our Delivering for America (DFA) initiatives, through which we have been exercising our responsibility as noted above to balance service levels with the need to ensure efficient, financially sustainable operations. In doing so, we have engaged in extensive processes to explain the reasons for our initiatives and obtain stakeholder feedback since 2021, including affirmatively filing four separate requests for advisory opinions from the Postal Regulatory Commission (PRC) to consider various service standard and related operational changes. This belies any assertion that the Postal Service has not been transparent. Indeed, the PRC noted the "breadth and complexity" of the Postal Service's most recent such request, regarding the various operational changes involved with the

Regional Transportation Optimization (RTO) initiative, the establishment of a new processing network based on Regional Processing and Distribution Centers (RDPCs) and Local Processing Centers (LPCs), and associated service standard changes.

Specifically, it is incorrect for the OIG to conflate the Local Transportation Optimization (LTO) pilot and the RTO initiative, suggesting both as an example of opaque communication by the Postal Service. As explained in the related management response regarding the LTO pilot, no communication was given to affected customers about potential service impacts because we initially believed LTO could be implemented in a manner consistent with our current service standards. Furthermore, after the LTO pilot, the Postal Service refined our approach with the implementation of the RTO initiative, which, as noted above, involved extensive public processes, including the filing of a request for an advisory opinion from the PRC.

Lastly, the Postal Service notes that multiple figures throughout the paper lack sources, or in some cases broadly reference a prior OIG Analysis, which obfuscates the accuracy and validity of the information discussed.



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OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE



Tristan Dreisbach, Rick Schadelbauer, Lauren Yeom, and Jean-Philippe Ducasse contributed to this report.

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