

# Q&A: Trump, the post office and Amazon

April 13 2018, by Joseph Pisani

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In this Dec. 14, 2017, file photo, boxes for sorted mail are stacked at the main post office in Omaha, Neb. A task force will study the U.S. Postal Service under an executive order from President Donald Trump, who has spent weeks criticizing online retailer Amazon and accused it of not paying enough in shipping costs. (AP Photo/Nati Harnik, File)

A task force will study the U.S. Postal Service under an executive order from President Donald Trump, who has spent weeks criticizing online retailer Amazon and accused it of not paying enough in shipping costs.

The order doesn't mention Amazon by name, but Trump has tweeted that the company should pay the post [office](#) more for shipping its packages. "Only fools, or worse, are saying that our [money](#) losing Post Office makes money with Amazon. THEY LOSE A FORTUNE, and this will be changed," he tweeted earlier this month.

The U.S. Postal Service has indeed lost money for years, but package delivery has actually been a bright spot.

Here's what you need to know about Trump's order, Amazon and the post office:

Q: What does the executive order do?

A: It creates a [task force](#) to look into the post office's finances and [costs](#), including its pricing in the package delivery market. Trump asks the task force, which will be led by Treasury Secretary Steven Mnuchin, to offer recommendations and possible changes. "The USPS is on an unsustainable financial path and must be restructured," Trump said in the order.

Q: Is this task force related to Amazon?

A: Amazon is not named, but Trump has said he wants the company to pay more in shipping costs. In a tweet last month, for example, Trump wrote, "This Post Office scam must stop. Amazon must pay real costs."



In this Aug. 3, 2017, file photo, packages pass through a scanner at an Amazon fulfillment center in Baltimore. A task force will study the U.S. Postal Service under an executive order from President Donald Trump, who has spent weeks criticizing online retailer Amazon and accused it of not paying enough in shipping costs. (AP Photo/Patrick Semansky, File)

**Q:** What does Amazon pay the U.S. Postal Service?

**A:** The details of its contract are not publicly known, and both Amazon and the post office have declined to comment. Amazon executive Jay Carney said this week at a Yale University event open to the public that the company's contract is profitable for the post office and that it is renewed and reviewed every year. Carney, who oversees Amazon's public and government relations, didn't comment on Trump's tweets, saying: "We're focused on what we do every day, on our customers, on the responsibilities we have."

Q: Is the U.S. Postal Service losing money?

A: Yes, the post office has been losing money every year for more than a decade, adding up to \$65 billion in losses, as Trump's executive order states. In its most recent year, its losses narrowed to \$2.7 billion from the year before as it paid less in retiree health benefits during that time; its losses in the previous year were more than double that number.

Q: Is the post office losing money because of Amazon?

A: The U.S. Postal Service's finances have mainly been hurt by high pension and [health care costs](#) for its workers, as well as declines in revenue from first-class letters and other mail. Revenue from shipping and package services, which includes boxes from Amazon and other e-commerce companies, rose 12 percent to \$19.5 billion in fiscal year 2017 compared with the previous year. First-class mail revenue fell 7 percent to \$25.6 billion in the same period.



In this June 19, 2017, file photo, President Donald Trump, left, and Satya Nadella, Chief Executive Officer of Microsoft, center, listen as Jeff Bezos, Chief Executive Officer of Amazon, speaks during an American Technology Council roundtable in the State Dining Room of the White House in Washington. A task force will study the U.S. Postal Service under an executive order from Trump, who has spent weeks criticizing online retailer Amazon and accused it of not paying enough in shipping costs. (AP Photo/Alex Brandon, File)

A 2017 analysis by Citigroup concluded that the postal [service](#), which does not use taxpayer money for its operations, was charging below-market rates as a whole on parcels.

Q: How much of Amazon's package volume is shipped through the post office?

A: Amazon hasn't released those numbers, and neither has the U.S. Postal Service. Amazon uses a mix of the U.S. Postal Service, UPS, FedEx and other shipping services.

Q: Could raising package [shipping costs](#) hurt Amazon?

A: Fast and reliable shipping is the cornerstone of Amazon's business and what its customers expect. Higher shipping prices could increase costs for the company, but Wall Street analysts say changes by the U.S. Postal Service may not hurt Amazon all that much, since it can take its business elsewhere or continue to build up its own shipping service. Raising prices may in fact hurt the [post office](#) more: "What are the options for the USPS?" analysts at Stifel wrote in a note late last month.

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Citation: Q&A: Trump, the post office and Amazon (2018, April 13) retrieved 27 April 2024 from <https://phys.org/news/2018-04-qa-trump-office-amazon.html>

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