

(a) The CIFs are not specifically altered for the particular transmittal of funds in question,

(b) The CIFs are generally programmed and used by the institution for customer communications, not simply for transmittal of funds transactions, and as so programmed generate other than true name and street address information;

(c) The institution itself knows and can associate the CIF information used in the funds transmittal order with the true name and street address of the transmitter of the order;

(d) The transmittal order includes a question mark symbol ("?") immediately following any designation of the transmitter other than by a true name on the order; and

(e) Any report required to be made under 31 CFR 103.21 or 31 CFR 103.22 by the institution with respect to the funds transmittal to which the transmittal order relates contains true name and street address information for the transmitter and plainly associates the report with the particular funds transmittal in question.

This exception has no application to any funds transmittals for whose processing an institution does not automatically rely on preprogrammed and prespecified CIF name and address information. Moreover, institutions are reminded that the use of nominee, "special," or coded names is barred by the Travel Rule, in the absence of the foregoing exception with respect to CIFs only. Any new customer request for use of a nominee, or "special" or coded name in a CIF after the date of this Issuance should be carefully evaluated by depository institutions as a potentially suspicious transaction requiring reporting under 31 CFR 103.21, and reported unless an examination reveals that the request is made for an independent lawful business purpose and is the sort in which the customer involved would be expected to engage.

2. A financial institution will have complied with the terms of 31 CFR 103.33(g) for a transmittal order sent prior to April 1, 1998 and on or after the date of the conversion to the expanded Fedwire message format of the bank sending the transmittal order, if

(a) The transmittal order was an order to which the terms of 31 CFR 103.33(g)(3) would have applied if the order had been sent prior to the date of such conversion, and

(b) The terms of 31 CFR 103.33(g)(3) are satisfied with respect to such order as if such paragraph continued to apply by its terms to such transmittal order.

The foregoing exceptions do not in any way modify the obligations of financial institutions under any other provisions of 31 CFR part 103, including, without limitation, the obligation to maintain and retrieve information about transmittals of funds or the contents of orders for the transmittals of funds. Terms used in the foregoing exceptions and not defined in this document have the meaning given to such terms in 31 CFR part 103. The foregoing exceptions may be modified or revoked at any time in the sole discretion of the Department of the Treasury, by document published in the **Federal Register**. Exception 1, above, will expire on May 31, 1999, for transmittals of funds initiated after that date, if not revoked or modified with respect to such expiration date prior to that time.

III. Paperwork Reduction Act

The collection of information contained in this issuance has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1506-0008. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

The collection of information in this issuance is in the *Grant of Exceptions* section of this issuance, paragraph 1.(d). This information is required to comply with the Bank Secrecy Act. This information will be used to assure that a code or "special" name (*i.e.*, a name other than the transmitter's true name) on accounts at banks and with brokers and dealers in securities are not used to launder money or hide assets derived from illegal activities. The collection of information is mandatory. All information collected pursuant to the Bank Secrecy Act, including this information collection, is confidential pursuant to 31 U.S.C. 5316(c) and may be shared with regulatory and law enforcement authorities but its availability is strictly limited. All records required to be retained by 31 CFR part 103 must be retained for five years.

The likely respondents are banks and brokers and dealers in securities.

Frequency: Each time a transmittal order contains a code or special name, *i.e.*, a name other than the transmitter's true name.

Estimated Number of Such Transmittal Orders: 5,000.

Estimate of Total Annual Burden:

Reporting burden estimate = approximately 250 hours for reporting.

Recordkeeping burden estimate = approximately 1,250 hours for recordkeeping.

Estimate of Total Annual Cost for Hour Burdens: Based on \$20 per hour, the total cost of compliance is estimated to be approximately \$33,000.

Estimate of Total Other Annual Costs to Respondents: None.

FinCEN specifically invites comments on the following subjects: (a) Whether the proposed collection of information is necessary for the proper performance of the mission of FinCEN, including whether the information shall have practical utility; (b) the accuracy of FinCEN's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

In addition, the Paperwork Reduction Act of 1995 requires agencies to estimate the total annual cost burden to respondents or recordkeepers resulting from the collection of information. Thus, FinCEN also specifically requests comments to assist with this estimate. In this connection, FinCEN requests commenters to identify any additional costs associated with the collection of information. These comments on costs should be divided into two parts: (1) Any additional costs associated with reporting; and (2) any additional costs associated with recordkeeping.

Comments concerning the accuracy of the burden estimate and suggestions for reducing the burden should be directed to the Office of Management and Budget, Attention: Desk Officer for the Treasury Department, Office of Information and Regulatory Affairs, Washington, D.C., 20503.

Signed this 16th day of January 1998.

William F. Baity,

Acting Director—FinCEN, Department of the Treasury.

[FR Doc. 98-1671 Filed 1-23-98; 8:45 am]

BILLING CODE 4820-03-P

POSTAL SERVICE

39 CFR Part 20

International Surface Airlift

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service published for comment a proposed rule amending International Surface Air Lift Service in the **Federal Register** on September 9, 1997 (62 FR 47394). The Postal Service hereby gives notice that it is adopting the proposal with minor revision.

EFFECTIVE DATE: February 28, 1998.

FOR FURTHER INFORMATION CONTACT: [Robert Michelson], (202) 268-5731.

SUPPLEMENTARY INFORMATION: On September 9, 1997, the Postal Service published in the **Federal Register** (62 FR 47394) a notice of proposed changes in rates and conditions of service for International Surface Air Lift (ISAL) Service. ISAL is a bulk mailing service for international shipment of publications, advertising mail, catalogs, directories, books, other printed matter, and small packets. The service is available to approximately 125 countries. To use ISAL, a mailer must send at least 50 pounds of these items at one time, presorted by country of destination. Identical piece mailings are not required to qualify. Postage for ISAL is calculated according to a rate structure including both per-piece and per-pound elements with destination countries separated into four rate groups. A discount is given to ISAL mail tendered at the Dropship ISAL Service Centers (Dropship ISCs) (formerly, gateway airport mail facilities) at New York (JFK), San Francisco, Chicago, and Miami, or when direct shipment (750 pounds or more to a single destination) can be arranged from one of the acceptance cities. An additional discount is available for M-bags (printed matter to a single addressee).

The Postal Service reviewed the current ISAL service and is making changes to ISAL preparation requirements that will reduce operating costs. The Postal Service also proposed rate discounts based on the place of mailing, the availability of transportation, and the volume of mail. The Postal Service believes that these changes make the service available to more users at more convenient locations and still will cover the cost of providing the service with a reasonable contribution to institutional costs. The Postal Service proposed the change to ISAL as described below.

The Postal Service requested comments by October 9, 1997, and by that date received seven comments: five from international mail consolidators, one from a printing/ mailing company, and one from an international mail order consulting firm.

Minimum Weight

Currently there is no required minimum amount of mail per sack prepared by the mailer. The mailer merely places the mail for a particular country in a mail sack and labels the sack to that country. This has resulted in an unacceptable number of sacks containing small amounts of mail. In some cases, the sack itself weighed more than the mail in the sack. This resulted in an excessive number of sacks, higher transportation costs, and complaints from other postal administrations. Therefore, the Postal Service proposed a minimum weight of 11 pounds for direct country sacks prepared by mailers. When there is less than 11 pounds, but 10 or more pieces (a package), the mailer will prepare this mail in a mixed country package rate group sack. This mail will be entitled to the ISAL rate as if it had been placed in the direct country sack. When there are fewer than 10 pieces to a country, this mail will be prepared in "residual" sacks by rate group. Residual mail cannot exceed 10 percent, by weight, of the rest of the mailing.

One commenter agreed with the need to establish a minimum weight for direct country sacks since it "would keep cost in line and increase the availability of equipment." Another commenter agreed with the need for change, but recommended that the 11 pound requirement be lowered and that smaller sacks be used.

The Postal Service does not believe that it is practical to procure and use smaller sacks for ISAL. The same sacks are used by the Postal Service for other types of mail. The expense of acquiring, stocking, and distributing another type of sack that would be used only for mailer-prepared ISAL is not economical or feasible. Therefore, the Postal Service will adopt the 11-pound minimum sack weight for direct country sacks.

One commenter thought the 10 percent residual mail rule was too restrictive and suggested a special rate for residual mail without a limit on the amount contained in the mailing. The Postal Service reviewed this suggestion and has decided to retain the 10 percent residual at the ISAL rate. Mailers can use the single piece rates, either air or surface, or make use of other international business products.

One commenter questioned the definition of a package and suggested that a package be considered either 10 or more pieces or 1 pound. This would allow mailers to place more mail in mixed country package sacks instead of in residual sacks. The Postal Service reviewed this and has decided to amend

the definition of a package to be 10 or more pieces to the same country or separation or 1 pound or more regardless of the number of pieces. Accordingly, International Mail Manual (IMM) 246.2, 246.941a, 946.941b, and 246.942c are amended.

Acceptance Cities

Since the inception of ISAL, the Postal Service has limited the number of cities where ISAL mailings could be deposited. This was intended to reduce the cost of maintaining an extensive transportation network. Many customers not located near an acceptance point could not use ISAL. The Postal Service proposed a Full Service rate that will be available from all post offices where bulk mail is accepted and will make ISAL accessible to all customers. Mailers may still mail at the lower Dropship ISC rate by tendering their mail to a Dropship ISC.

One commenter opposed deposit of ISAL at all post offices because it would "overload the transportation system, adversely affect service, and create problems of recognizing the product and possible improper return." The Postal Service disagrees. The majority of ISAL volume is currently deposited at ISC facilities. The amounts mailed at post offices is so small compared with total mail volume that it could not possibly overload the Postal Service's transportation system. In addition, since all ISAL will be labeled to the ISC for handling, there is no reason to believe that this mail will be mishandled in the domestic network or that there will be any overall impact on service.

Volume Discount

The Postal Service proposed to institute volume discounts for large users of ISAL. The size of the discount would be based on the amount of postage paid during the previous postal fiscal year. Mailers would receive a discount of five percent if they paid \$2 million in ISAL postage in a year, a discount of 10 percent if they paid \$5 million in ISAL postage, and a discount of 15 percent if they paid \$10 million or more in ISAL postage. Three comments expressed complete support for the discounts. One comment criticized the larger discounts as excessive, and suggested that the maximum discount be seven percent. One comment criticized the discounts because they were based on ISAL postage alone. This comment suggested that ISAL, International Priority Airmail (IPA), and Valuepost Canada services were alternative services that met similar, although different service needs and that postage paid for both should be

considered in qualifying for ISAL discounts. One comment criticized the discounts as violating the rate setting provisions of the Postal Reorganization Act. This comment argued that the discounts were rate reductions for large mailers which, in the case of consolidators, would make it difficult for smaller companies to compete. This comment also argued that there is no reason to give discounts on the basis of the previous year's volume. There was no reason to reward customers on the basis of how much ISAL postage was paid last fiscal year when the terms and conditions for mailing were different. There is no clear relationship between the amount of postage paid and the amount of contribution to institutional costs. That there is no reason to reward large customers who use both ISAL and remail, and that the rate differential between customers which qualify for no discounts and which choose not to take advantage of the International Service Center drop shipment rates is appropriate.

After considering all of the comments, the Postal Service has concluded that the discounts should be adopted as proposed considering ISAL and IPA mail to be included in the qualifying volume mail for ISAL discounts. International mail delivery is a competitive market. The Private Express Statutes, which generally limit competition with the Postal Service for the carriage of letters, have been suspended to allow international remail (39 CFR 320.8). The Postal Service, the postal administrations of other countries (e.g. the Netherlands and the United Kingdom), and private sector concerns all compete for the carriage of letters and other mailable matter. The international mail market is also one in which consolidators, which take international mail from many smaller mailers and merge it so as to take advantage of lower rates, are a significant factor in which delivery agent will handle the mail. Competitors of the Postal Service offer discounts to consolidators and large mailers; if the Postal Service does not act competitively, it will lose business to them.

The Postal Service is required to charge rates that apportion costs on a fair and equitable basis (39 U.S.C. § 101(d)), that are fair and reasonable, 39 U.S.C. § 403(a), and that do not make any undue or unreasonable discrimination or grant any undue or unreasonable preference, 39 U.S.C. § 403(c). What is fair, reasonable, and not unduly discriminatory or preferential is largely a question of fact in which all circumstances must be

taken into account, including the reality of a competitive marketplace. At a minimum, similarly situated mailers must receive the same or comparable treatment and pay the same rates. However, as stated by the Court of Appeals in upholding the Postal Service's authority to negotiate rates and services with large mailers, "the reasons that may compel a uniform rate of postage in the United States no longer apply to large-volume international mailers" (*UPS Worldwide Forwarding, Inc. v. U.S. Postal Service*, 66 F.3d 621, 637-38 (3d Cir. 1995)). Published volume discounts are another way to compete for large-volume international mailers, and a way to compete that involves greater certainty and less administrative effort than negotiating rates and services with them. Moreover, published volume discounts ensure that similarly situated mailers (i.e., mailers of like quantities of similar mail) pay the same rates.

Increasing discounts based on increased usage does not make rates unfair, unreasonable, unduly discriminatory, or preferential. In general, the more a mailer mails the greater the number of full direct sacks that will be prepared, thereby reducing Postal Service handling costs. Moreover, the larger a mailer, the more aggressively competitors such as the postal services of the Netherlands and the United Kingdom will bid for their business. Although the Postal Service does not have definite knowledge of what rates these competitors offer at any given time since they are under no legal obligation to disclose rates or the customers to which those rates are offered, it is known that they offer significant discounts to large mailers. Unless the Postal Service prices its services competitively by offering discounts, it will lose the business of large mailers.

Basing discounts on the amount of postage paid in the previous year is not unfair, unreasonable, unduly discriminatory, or preferential. Experience shows that while mail volumes may fluctuate from year to year, past usage is generally a good indicator of present and future usage. Moreover, mailers need certainty to plan their budgets, set their prices, and otherwise conduct their businesses. Basing rates on past usage gives mailers that certainty, since they know how much they are mailing and can reasonably foresee which level of discount they will qualify for the next year. It is fair, reasonable, and not unduly discriminatory to base discounts on volumes that are highly likely to predict usage and which also make

sense to customers in conducting their own businesses.

Differences in rates between what a smaller mailer pays to mail ISAL at any bulk mail acceptance unit and what a large mailer pays to mail at an International Service Center (ISC) with the maximum discounts are not unduly discriminatory because the large and small mailers are not situated similarly. The mail posted by the smaller mailer requires more handling and domestic transportation than the mail posted by the larger mailer, thereby increasing the Postal Service's cost. Moreover, there is more intense competition for the larger mailer's business. This is a competitive market, if the smaller mailers believe that rates are too high, then they have the option of using another service provider or a consolidator who can qualify for rate discounts. Ultimately, the market will determine which rates both the large and the small mailer will pay, whether it is to the Postal Service or to a competitor.

The Postal Service does not believe that volume discounts will affect competition between large and small consolidators. This is a competitive market in which significant discounts are already being offered to large consolidators by other providers. They already have, or can have, an advantage in the rates they pay for the mail they send. Whether discounts are offered, or not offered, by the Postal Service will not change that.

The Postal Service has concluded that the size of the discounts should not be reduced. As stated above, the Postal Service does not have definite knowledge of the rates being offered by the competitors. It appears, however, that the proposed discounts as proposed are necessary to hold the business it now has.

Several commenters requested clarification for the basis of the discount or requested that revenue for other products be included for determining the discounts. The Postal Service will count ISAL and IPA revenue to qualify for the volume discounts. If a permit holder has more than one account and/or in several cities, these revenues may be combined. Agents who prepare mail for the owner of the mail and tender it under the owner's permit during postal fiscal year 1997 will only be counted for a discount during postal fiscal year 1998. Agents must be prepared to submit postage statements that reflect their representation of the owners of the mail between September 14, 1996 through and September 12, 1997 to be included for discounts in postal fiscal year 1998 (September 13, 1997 through September 11, 1998). Each year after,

the level of discount will be determined only by the postage paid by the permit holder.

To qualify for volume discounts, mailers must apply to the Manager, Mail-order, International Business Unit, 475 L'Enfant Plaza, SW, Room 370-IBU, Washington, DC 20260-6500. The Manager will evaluate all requests and inform the mailer and the post office(s) of mailing whether discounts are approved and the level of discount. The Manager, Mail-order will inform all applicants of the total qualifying revenue and the size of their discount within 30 days of receiving the application. Mailers may appeal this determination of the Manager of Mail-order by providing the necessary documentation supporting the discount for the initial postal fiscal year 1998. The Manager of Mail-order will make a final determination on the appeal of the discount level within 5 business days from receipt of the appeal letter. IMM 246.715, is added to describe how mailers can qualify for volume discounts.

Direct Shipment Rates

The Postal Service proposed that direct shipment rates continue to be available for mailers tendering 750 pounds or more to one country at any office from which the Postal Service can obtain direct transportation to the destination country. A new rate schedule has been developed for this service to reflect current costs.

One commenter agreed with having separate direct shipment but stated that the \$0.25 per pound rate difference might be too low. Another commenter favored the current rate structure of having the same rates for Gateway (Dropship ISC) and Direct Shipment, at least in major markets, arguing that by having to pay a higher rate, the value of drop shipment option would be greatly decreased.

The cost of providing Direct Shipment service is higher than the cost of providing service from ISCs. The mailer also avoids having to transport mail to an ISC. The price difference of \$0.25 per pound reflects the Postal Service's additional cost for providing Direct Shipment service.

Price Adjustments

Five commenters noted the general size of the rate increase. Depending on the method of analysis, the destination rate group, and the origin of the mail, commenters found that the rates applicable to these mailings might increase substantially (anywhere from 10 to 50 percent). One of the commenters stated that the Dropship

ISC and volume rates were very good, but that the increase for the Western Hemisphere was excessive and suggested a separate rate group for Mexico. Several commenters suggested that some of the proposed rates would not be competitive with other alternatives.

The Postal Service has carefully reviewed the proposed rate structure to ensure that the proposed not only meets the requirements of postal rate making, but also offers the most competitive and economical rates possible. Changes in the rates reflect the need to cover costs, make a contribution to the institutional costs of the Postal Service, and exhibit the effects of customer worksharing and competitiveness. Based on these comments and criteria, the Postal Service has decided to reduce the proposed rates of Rate Group 2, South America, by 10 cents a pound. IMM 246.71 is revised to reflect this change. The comment suggesting a specific country rate to Mexico raises an interesting idea. However, the Postal Service needs sufficient time to evaluate the impact of this concept on ISAL mailers. It also needs sufficient time to conduct such a review without delaying implementation of the new ISAL rates in which all ISAL mailers benefit. The Postal Service will continue to study this concept. The analysis period will be at least 6 months.

Labeling Requirements

One commenter questioned the need for the mailer to use two sack labels (one label and Tag 155). The commenter stated that such preparation is cost prohibitive and suggested using palletized mail preparation. The commenter also suggested that mail for rate groups 1 and 4 be combined because both groups are labeled to the same dispatch point.

One of the main benefits of ISAL is that it allows the mailer to prepare mail to the finest point possible and avoid the cost of the Postal Service handling the mail. It is therefore necessary for the mailer to prepare sack labels and tags. In addition, under certain circumstances, the Postal Service accepts ISAL on pallets. This significantly reduces preparing large mailings to a single country destination.

Corrections

There were several errors in the original text of IMM part 246, published in 62 FR 47394-47399.

1. Exhibit 246.71, Footnote 3, is corrected to show the delivery zones for Osaka, Japan as 52-93.

2. In IMM 246.941, the maximum weight of a package is changed from 20 pounds to 11 pounds.

3. In section 246.943.a.1, Exhibit A is changed to Exhibit 246.71 and the information for Osaka is corrected to read: Osaka OSA (for postal codes 52-93).

4. Section 246.2 is changed to reflect that residual mail cannot exceed 10 percent of the combined weight of qualifying mail (consisting of Direct Country Sacks, M-Bags, Direct Country Package Sacks).

Conclusion

Accordingly, the Postal Service adopts the following amendments to the International Mail Manual, which is incorporated by reference in the Code of Federal Regulations. See 39 CFR 20.1.

List of Subjects in 39 CFR Part 20

Foreign relations, Incorporation by reference, International postal services.

PART 20—[AMENDED]

1. The authority citation for 39 CFR part 20 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 401, 407, 408.

2. The IMM is amended to incorporate part 246, International Surface Air Lift Service, as follows:

246 International Surface Air Lift (ISAL) Service 246.1 Definition

International Surface Air Lift (ISAL) is a bulk mailing system that provides fast, economical international delivery of publications, advertising mail, catalogs, directories, books, other printed matter, and small packets. The cost is lower than airmail and the service is much faster than surface mail. ISAL shipments are flown to the foreign destinations and entered into that country's surface or non-priority mail system for delivery.

246.2 Qualifying Mail and Minimum Quantity Requirements

Only printed matter as defined in 241 and small packets as defined in 260 that meet all applicable mailing standards may be sent in this service. There is a minimum volume requirement of 50 pounds per mailing except for the Direct Shipment option, which requires a minimum 750 pounds to a single country destination. Small packets may not be enclosed in M-bags and do not qualify for the Full Service, Direct Shipment, or Dropship ISC M-bag rates. Mail is prepared as (1) direct country sacks when there are 11 pounds or more to a single country or required country separation; (2) mixed country package sacks when there are 10 or more pieces

or at least 1 pound of mail to a single country, but less than 11 pounds; and (3) residual mail when there are fewer than 10 pieces or less than 1 pound of mail to a single country. Residual mail may not exceed 10 percent, by weight, of the mail presented in direct country sacks, M-Bags, and mixed country package sacks. Qualifying residual mail is subject to the appropriate ISAL rate (Full Service, Direct Shipment, M-Bag, or Dropship ISC).

Note: A package is defined as 10 or more pieces of mail to the same country separation or 1 pound or more regardless of the number of pieces. Packages of letter-size pieces of mail should be no thicker than approximately a handful of mail (4 to 6 inches). Packages of flat size mail may be thicker than 6 inches but must not weigh more than 11 pounds.

246.3 Service Options 246.31 Availability

ISAL service is available to the foreign countries listed in exhibit 246.71 from all post offices where bulk mail is accepted and from the Dropship ISCs listed in 246.32.

246.32 Dropship ISAL International Service Centers

ISAL deposited at the following Dropship ISAL ISCs qualify for the Dropship ISC rates shown in 246.71:
 AMC JFK BLDG 250, JFK International Airport, Jamaica, NY 11430-9998
 San Francisco P&DC, 1300 Evans Ave, San Francisco, CA 94188
 AMC San Francisco,* BLDG 660 Rd 6, San Francisco CA 94158-9998
 Miami P&DC, 2200 NW 72 Ave, Miami FL 33152
 AMC Miami,* Miami International Airport, Miami FL 33159-9998

Chicago O'Hare Dropship ISAL Service Center, International Processing Center Annex, 3333 N. Mount Prospect RD, Franklin Park IL 60131

246.4 Special Services

The special services described in Chapter 3 are not available for items sent by ISAL.

246.5 Customs Documentation

See 244.6 and 264.5 for the requirements for customs forms.

246.6 Permits

Mailers depositing mail at a Dropship ISC must maintain an advance deposit account at that city if postage is paid by advance deposit account.

246.7 Postage

246.71 Rates

Rate group	Per piece	Full service per lb.		Direct shipment per lb.		Dropship ISC per lb.	
		Regular	M-bag*	Regular	M-bag*	Regular	M-bag*
1	\$.25	\$3.10	\$2.50	\$2.35	\$1.75	\$2.10	\$1.50
2 .....	.10	4.00	2.60	3.25	1.85	3.00	1.60
3 .....	.10	3.95	3.00	3.20	2.25	2.95	2.00
4 .....	.10	6.25	4.25	5.50	3.50	5.25	3.25

See exhibit 246.71 for network countries and individual rates.

* Small packets may not be mailed at these rates.

246.711 Full Service Rates

ISAL mailings presented at any post office that accepts bulk mail, other than a Dropship ISC listed in 246.32, and not eligible for the direct shipment rate and are paid at the full-service rates. Postage for regular ISAL is paid on a per-piece and a per-pound basis. M-bags are subject to the M-bag pound rate only. Small packets are not eligible for the M-bag rates and may not be included in M-bags.

246.712 Direct Shipment Rates

Mailers are eligible for the direct shipment rates from the acceptance post office (except Dropship ISCs) when the Postal Service is able to arrange direct transportation from the origin office to the destination country. To qualify, mailers must present a minimum of 750 pounds to each destination country. Mailers must contact the post office of mailing at least 14 days before the first desired mailing date. A postal employee must complete PS Form 3655, International Surface Airlift (ISAL) Direct Shipment Option Advisement and Confirmation of Transactions, and fax it to the distribution network office

(DNO) to obtain a contract for transportation. If the DNO cannot arrange direct transportation, the direct shipment rate does not apply. The Postal Service may cancel direct shipment rates and service when direct transportation is no longer available.

246.713 Dropship ISC Rates

ISAL mailings transported by the mailer to the Dropship ISCs listed in 246.32 are eligible for the Dropship ISC rate.

246.714 Volume Discount

Mailers who spend \$2 million or more combined on ISAL and IPA in the preceding postal fiscal year may receive discounts off the rates shown in 246.71:

- a. over \$2 million to \$5 million: 5 percent discount
- b. over \$5 million to \$10 million: 10 percent discount
- c. over \$10 million: 15 percent discount

Mailers entitled to these discounts must place the full per-piece rate on each piece of mail if payment is by postage meter or mailer-precanceled stamps. The discount is calculated on the postage statement.

246.715 Qualifying for Volume Discounts

To qualify for volume discounts, mailers must apply in writing to the Manager, Mail-order, International Business Unit, 475 L'Enfant Plaza, SW, Room 370-IBU, Washington, DC 20260-6500. The Manager evaluates all requests and informs the mailer and the post office(s) of mailing whether discounts are approved and the level of discount. Mailers must supply the following information:

The postal fiscal year for the qualifying mail.

The permit number(s) and post office(s) where the permits are held.

The total revenue for the postal fiscal year.

The post office(s) where the discount is to be claimed.

The combined ISAL and IPA revenue is counted toward the discounts. The Postal Service will count as revenue to qualify for the volume discounts postage paid by only a permit holder. If a permit holder has more than one account, or accounts in several cities, then these revenues may be combined to qualify for discounts. Agents who prepare mail for the owner of the mail and mail paid by the owner's permit may not include

*Plant verified mail is transported to these facilities by the mailer.

in the revenue to qualify for the discounts, except for the initial year (Postal Fiscal Year 1997, which is September 14, 1996 through September 12, 1997).

Customers may be required to substantiate their request by providing copies of all mailing statements for the appropriate postal fiscal year. All decisions of the Manager, Mail-order are final. A new section (246.715) is added to describe how mailers can qualify for volume discounts.

246.72 Payment Methods

246.721 Postage Meter, Permit Imprint, or Precanceled Stamps

Postage must be paid by postage meter, permit imprint, or mailer-precanceled stamps. Postage is computed on Form 3650, Postage Statement—International Surface Air Lift. Form 3650 is required for all ISAL mailings.

246.722 Piece Rate

The applicable per piece postage must be affixed to each piece (except M-bags. See 246.723) by meter or mailer-precanceled stamps, unless postage is paid by permit imprint. Mailers may use a permit imprint only with identical weight pieces unless authorized under the postage mailing systems in DMM P710, P720, or P730. All of the permit imprints for printed matter shown in exhibit 152.3 are acceptable.

246.723 Pound Rate

Postage for the pound rate portion must be paid either by meter stamp(s) attached to the finance copy of the postage statement or from the mailer's advance deposit account.

246.8 Weight and Size Limits

Any item sent by ISAL must conform to the weight and size limits for the types of printed matter described in 243 or for small packets in 263.

246.9 Preparation Requirements

246.91 Addressing

See 122.

246.92 Marking

Items must be endorsed with the appropriate markings as shown in 244.2 for printed matter and in 264.2 for small packets. For publishers' periodicals (Periodicals Mail), the imprint authorized under 244.211c(2) or 244.211c(3) may be used in place of the "PRINTED MATTER—PERIODICALS" endorsement. Individual items paid by meter postage or mailer-precanceled stamps must be endorsed "International Surface Air Lift" or "ISAL."

246.93 Sealing and Packaging

Printed matter must be prepared to protect the contents and permit easy inspection. If not contained in envelopes or wrappers, folded items must have the open edges secured by tape, tabs, or wafer seals of sufficient quantity and strength to keep the items from opening during postal handling.

246.94 Makeup Requirements for ISAL

246.941 Packaging the Following Guidelines Apply

a. General: All ISAL mail must be prepared in packages within sacks as appropriate. A package is defined as 10 or more pieces of mail to the same country or separation or 1 pound or more regardless of the number of pieces. Packages of letter-size mail pieces should be no thicker than approximately a handful of mail (4–6 inches). Packages of flat size mail may be thicker than 6 inches but must not weigh more than 11 pounds. Packages and sacks must be prepared and labeled as described below. All mail pieces in a package must be "faced" in the same direction (*i.e.*, arranged so that the addresses read in the same direction, with an address visible on the top piece). Pieces that cannot be bundled because of their physical characteristics may be placed loose in the sack.

b. Thickness Packages of letter-size mail should be no thicker than approximately a handful of mail (4 to 6 inches). Packages of flat-size mail may be thicker than 6 inches but must not weigh more than 11 pounds. Each package must be securely tied. Placing rubber bands around the length and then the girth is the preferred method of securing packages of letter-size mail. Plastic strapping placed around the length and then the girth is the preferred method of securing packages of flat-size mail.

a. Direct Country Packages. When there are 10 or more pieces or 1 pound or more to the same country, then such pieces must be prepared as a direct country package. If there is less than 11 pounds of mail to the same country, then the direct country package must be labeled with a facing slip showing the destination country or country separation. The facing slip must be placed on the address side of the top piece of each package in such a manner that it will not become separated from the package. The pressure-sensitive labels and optional endorsement lines used domestically for presort mail are prohibited for International Surface Airlift Mail.

b. Residual Packages. If there is not enough mail to prepare a direct country package (fewer than 10 pieces or less than 1 pound), the mail is considered residual mail. When there are fewer than 10 pieces to the same country, then such pieces should be combined in packages with other mail for countries within the same rate group that similarly have fewer than 10 pieces. Such mixed country packages must be labeled with a facing slip marked "Residual, Rate Group ____." The designated rate group (#1, #2, #3, or #4) must be inserted as appropriate. The facing slip must be placed on the address side of the top piece of each package in such a manner that it will not become separated from the package. The pressure-sensitive labels and optional endorsement lines used domestically for presort mail are prohibited for International Surface Airlift Mail.

(Exception: The 10 piece criterion is when there are fewer than 10 pieces to the same country which weigh more than 11 pounds. Such mail pieces should be packaged together as a direct country package and placed in a direct country sack. Pieces that cannot be packaged because of their physical characteristics may be placed loose in the sack.)

946.942 Sacking

Once packages of ISAL mail are prepared, the packages are then placed into one of three types of designated sacks:

a. Direct Country Sack. Prepare a direct country sack if there are at least 11 pounds of mail to the same country. The mail must be packaged and enclosed in a gray plastic ISAL sack and labeled to the country with Tag 155, Surface Airlift Mail. The maximum weight of a direct country sack must not exceed 66 pounds.

b. Mixed Country Package Sack. Prepare a mixed country package sack for those direct country packages where there is less than 11 pounds of mail to the same country. The mail must be packaged as direct country packages, identified with a facing slip showing the destination country or country separation, and enclosed in a green pouch labeled to the dropship ISAL service center. Tag 155, also must be attached to the sack. Prepare a mixed country package sack for each of the respective rate groups for which there is a direct country package and label as follows:

Rate group 1—AMC Kennedy—JFK 003
Rate group 2—AMC Miami 33159
Rate group 3—AMC San Francisco 941

Rate group 4—AMC Kennedy—JFK 003
 c. Residual Sack. Prepare a residual sack for those packages of mail that contain fewer than 10 pieces or less than 1 pound of mail to any one country (residual packages). The mail must be packaged as residual packages, appropriately identified with a facing slip, and enclosed in a green pouch labeled to the dropship ISAL service center. Tag 155 also must be attached to the sack. The mailer must prepare a residual sack for each of the respective rate groups for which there is a residual package and label it as follows:
 Rate group 1—AMC Kennedy—JFK 003
 Rate group 2—AMC Miami 33159
 Rate group 3—AMC San Francisco 941
 Rate group 4—AMC Kennedy—JFK 003

246.943 Sack Labeling

Depending on the type of sack, labels are prepared as follows:

a. Direct Country Sack. For a direct country sack, use a gray plastic ISAL sack. Use Tag 155 to label each sack with the destination country's name. Mailers must complete four blocks on Tag 155:

1. To (Pour) Block: enter the name of the ISAL country foreign exchange office, its three-letter exchange office code, and the country's name. See Exhibit 246.71 for the name of the foreign exchange office and its three-letter exchange office code. As an example, for Ireland, this block will be as follows:

Dublin DUB Ireland

2. Customer Permit No. Block: Enter permit number.

3. Kg. Block: Enter the combined weight of the sack and its contents in kilograms (1 pound = 0.4536 kilogram).

4. Date Block: Enter date as shown on PS Form 3650, Postage Statement—International Surface Air Lift.

After completing the above items on Tag 155, attach it to the neck of the sack.

b. Mixed Country Package Sack. For a mixed country package sack, use a domestic green nylon pouch and label it to the appropriate dropship ISAL service center as follows:

Rate group 1—AMC Kennedy—JFK 003

Rate group 2—AMC Miami 33159

Rate group 3—AMC San Francisco 941

Rate group 4—AMC Kennedy—JFK 003

Labels are prepared as follows:

Content:

Line 1: Dropship ISAL

Service Center

Line 2: ISAL DRX

Line 3: Mailer, Mailer

Location

Example:

AMC KENNEDY—JFK 003

ISAL DRX

ABC COMPANY, NEW YORK, NY

For the mixed country package sack label, use Content Identification Number (CIN) 753.

In addition, use Tag 155 to label each sack with the appropriate drop ship ISAL service center. Mailers must complete four blocks on Tag 155:

1. To (Pour) Block: enter the name of the dropship ISAL service center and rate group:

AMC Kennedy—JFK 003

Rate Group 1

AMC Miami 33159

Rate Group 2

AMC San Francisco 941

Rate Group 3

AMC Kennedy—JFK 003

Rate Group 4

2. Customer Permit No. Block: Enter your permit.

3. Kg. Block: Enter the combined weight of the sack and its contents in kilograms. (1 pound = 0.4536 kilogram).

4. Date Block: Enter date as shown on Form 3650.

After completing the above items on Tag 155, attach it to the sack.

c. Residual Sack. For a residual sack, use a domestic green nylon pouch and label it to the appropriate dropship ISAL service center as follows:

Rate group 1—AMC Kennedy—JFK 003

Rate group 2—AMC Miami 33159

Rate group 3—AMC San Francisco 941

Rate group 4—AMC Kennedy—JFK 003

Labels are prepared as follows:

Content:

Line 1: Drop ship ISAL

Service Center

Line 2: ISAL WKG

Line 3: Mailer, Mailer

Location

Example:

AMC KENNEDY—JFK 003

ISAL WKG

ABC COMPANY, NEW YORK, NY

For the residual sack label, use CIN 754.

In addition, use Tag 155 to label each sack with the appropriate dropship ISAL service center. Mailers must complete three blocks on Tag 155:

1. To (Pour) Block: Enter the name of the drop ship ISAL service center and rate group:

AMC Kennedy—JFK 003

Rate Group 1

AMC Miami 33159

Rate Group 2

AMC San Francisco 941

Rate Group 3

AMC Kennedy—JFK 003

Rate Group 4

2. Customer Permit No. Block: Enter your 10-digit ISAL permit or customer identification number.

3. Kg. Block: Enter the combined weight of the sack and its contents in kilograms. (1 pound = 0.4536 kilogram).

4. Date Block: Enter date as shown on Form 3650.

After completing the above items on Tag 155, attach it to the sack.

246.944 Sack Separation

When presenting an ISAL shipment to the Postal Service, the mailer must physically separate the sacks of mail by type (direct, mixed, residual) and rate group (1, 2, 3, 4) at time of mailing.

246.945 Direct Sacks to One Addressee (M-bags) for ISAL

M-bags may be sent in the ISAL service to all ISAL destination countries. Weight, makeup, sacking, and sorting requirements must conform to part 245. Tag 158 must show the complete address of the addressee and the sender. Tags 155 and 158 must be attached securely to the neck of each sack. M-bags may not contain small packets.

246.95 Mailer Notification

Mailers who wish to mail shipments that weigh over 750 pounds but who are not eligible for direct shipment rates must notify the ISAL coordinator at the office of mailing at least 14 days before the planned date of mailing. Specific country information and weight per country must be provided. No prior notification is required for mailers with 750 pounds or less.

EXHIBIT 246.71.—INTERNATIONAL SURFACE AIR LIFT SERVICE NETWORK COUNTRIES AND RATES

Country	City	Code	Rate group
Albania	Tirana	TIA	1
Algeria	Algiers	ALG	4
Angola	Luanda	LAD	4

EXHIBIT 246.71.—INTERNATIONAL SURFACE AIR LIFT SERVICE NETWORK COUNTRIES AND RATES—Continued

Country	City	Code	Rate group
Argentina	Buenos Aires	BUE	2
Aruba	Oranjestad	AUA	2
Australia	Sydney	SYD	3
Austria	Vienna	VIE	1
Bahrain	Bahrain	BAH	4
Bangladesh	Dhaka	DAC	4
Belgium	Brussels	BRU	1
Belize	Belize City	BZE	2
Benin	Cotonou	COO	4
Bolivia	La Paz	LPB	2
Brazil	Rio de Janeiro	RIO	2
Bulgaria	Sofia	SOF	1
Burkina Faso	Ouagadougou	OUA	4
Cameroon	Douala	DLA	4
Central African Republic	Bangui	BGF	4
Chile	Santiago	SCL	2
China	Beijing (Peking)	PEK	3
Colombia	Bogota	BOG	2
Congo, Dem. Rep. of (Zaire)	Kinshasa	FIH	4
Costa Rica	San Jose	SJO	2
Côte d'Ivoire (Ivory Coast)	Abidjan	ABJ	4
Cuba	Havana	HAV	2
Czech Republic	Prague	PRG	1
Denmark	Copenhagen	CPH	1
Dominican Republic	Santo Domingo	SDQ	2
Ecuador	Guayaquil	GYE	2
Egypt	Cairo	CAI	4
El Salvador	San Salvador	SAL	2
Ethiopia	Addis Ababa	ADD	4
Fiji	Nadi	NAN	3
Finland	Helsinki	HEL	1
France	Paris	PAR	1
French Guiana	Cayenne	CAY	2
Gabon	Libreville	LBV	4
Germany	Frankfurt	FRA	1
Ghana	Accra	ACC	4
Great Britain	London	LON	1
Greece	Athens	ATH	1
Guatemala	Guatemala City	GUA	2
Guyana	Georgetown	GEO	2
Haiti	Port-au-Prince	PAP	2
Honduras	Tegucigalpa	TGU	2
Hong Kong	Hong Kong	HKG	3
Hungary	Budapest	BUD	1
Iceland	Reykjavik	REK	1
India	Mumbai	BOM	4
Indonesia	Jakarta	JKT	3
Iran	Tehran	THR	4
Ireland	Dublin	DUB	1
Israel	Tel Aviv	TLV	4
Italy	Rome	ROM	1
Jamaica	Kingston	KIN	2
Japan ¹	Tokyo	TYO	3
Japan ¹	Osaka	OSA	3
Jordan	Amman	AMM	4
Kenya	Nairobi	NBO	4
Korea, Rep. of (South)	Seoul	SEL	3
Kuwait	Kuwait City	KWI	4
Lebanon	Beirut	BEY	4
Liechtenstein	Basel	BSL	1
Luxembourg	Luxembourg	LUX	1
Madagascar	Antananariva	TNR	4
Malaysia	Kuala Lumpur	KUL	3
Mali	Bamako	BKO	4
Mauritania	Nouakchott	NKC	4
Mauritius	Port Louis	MRU	4
Mexico	Mexico City	MEX	2
Morocco	Casablanca	CAS	4
Mozambique	Maputo	MPM	4
Netherlands	Amsterdam	AMS	1
Netherlands Antilles	Curacao	CUR	2
New Zealand	Auckland	AKL	3

EXHIBIT 246.71.—INTERNATIONAL SURFACE AIR LIFT SERVICE NETWORK COUNTRIES AND RATES—Continued

Country	City	Code	Rate group
Nicaragua	Managua	MGA	2
Niger	Niamey	NIM	4
Nigeria	Lagos	LOS	4
Norway	Oslo	OSL	1
Oman	Muscat	MCT	4
Pakistan	Karachi	KHI	4
Panama	Panama City	PTY	2
Papua New Guinea	Port Moresby	POM	3
Paraguay	Asuncion	ASU	2
Peru	Lima	LIM	2
Philippines	Manila	MNL	3
Poland	Warsaw	WAW	1
Portugal	Lisbon	LIS	1
Qatar	Doha	DOH	4
Reunion Island	St Denis	RUN	4
Romania	Bucharest	BUH	1
Russia	Moscow	MOW	1
San Marino	Rome	ROM	1
Saudi Arabia	Dhahran	DHA	4
Senegal	Dakar	DKR	4
Singapore	Singapore	SIN	3
South Africa	Johannesburg	JNB	4
Spain ³	Madrid	MAD	1
Sri Lanka	Colombo	CMB	4
Sudan	Khartoum	KRT	4
Suriname	Paramaribo	PBM	2
Sweden	Stockholm	STO	1
Switzerland	Basel	BSL	1
Syria	Damascus	DAM	4
Taiwan	Taipei	TPE	3
Tanzania	Dar es Salaam	DAR	4
Thailand	Bangkok	BKK	3
Togo	Lome	LFW	4
Trinidad and Tobago	Port of Spain	POS	2
Tunisia	Tunis	TUN	4
Turkey	Istanbul	IST	1
Uganda	Kampala	KLA	4
United Arab Emirates	Dubai	DXB	4
Uruguay	Montevideo	MVD	2
Venezuela	Caracas	CCS	2
Yemen	Sanaa	SAH	4
Zambia	Ndola	NLA	4
Zimbabwe	Harare	HRE	4

Footnotes:

¹ To expedite service, Japan Post has requested that ISAL shipments to Japan be separated by two destinations delivery zones as follows: Osaka (OSA) for postal codes 52–79, 91, and Tokyo (TYO) for all other postal codes.

² Including the Canary Islands.

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 98–1670 Filed 1–23–98; 8:45 am]

BILLING CODE 7710–12–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[IL160–1a; FRL–5951–6]

Approval and Promulgation of Implementation Plans; Illinois

AGENCY: U.S. Environmental Protection Agency (USEPA).

ACTION: Direct Final Rule.

SUMMARY: On August 20, 1997, Illinois submitted a variance to allow Marathon Oil to emit particulate matter in increased quantities from June 14, 1996, to September 5, 1996, to allow the company to defer repairs of its control equipment until a scheduled system shutdown. The submittal included modeling to indicate that the temporary emissions increase would not be expected to cause a violation of air quality standards. USEPA is approving this variance because air quality standards continue to be protected.

DATES: This action is effective on March 27, 1998 unless USEPA receives written adverse or critical comments by February 25, 1998. If the effective date is delayed, timely notice will be published in the **Federal Register**.

ADDRESSES: Comments should be sent to: J. Elmer Bortzer, Chief, Regulation Development Section, Air Programs Branch (AR–18J), United States Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604.

Copies of the State’s submittal are available for inspection at the following address: (It is recommended that you telephone John Summerhays at (312) 886–6067, before visiting the Region 5 Office.) U.S. Environmental Protection Agency, Region 5, Air and Radiation Division (AR–18J), 77 West Jackson Boulevard, Chicago, Illinois 60604.

FOR FURTHER INFORMATION CONTACT: John Summerhays, Regulation Development Section, Air Programs Branch (AR–18J), U.S. Environmental Protection Agency,