

Facing the Amazon challenge



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The Postal Service has long served as an incubator for American business by connecting every delivery point in the United States—some 160 million of them and counting—to every other delivery point in our country. We are, therefore, an essential part of the nation's economic infrastructure. There is no better example of this role than the development of the e-commerce giant Amazon. Its \$376 billion in sales revenue and 1.5 million employees made it the second-largest company in the United States (behind only Walmart) in 2020. Starting out as a modest online bookstore in 1994, it has grown into a mammoth technology company with dominant market positions in e-commerce, cloud computing, entertainment and

other sectors. The Postal Service made this explosive growth possible and turned Amazon founder and Executive Chairman Executive Jeff Bezos into one of the richest men in history. None of this would have happened without the universal delivery we provide.

Today, Amazon is by far the Postal Service's biggest individual customer. Letter carriers handle more than one billion packages a year for the company—accounting for more than one out of every eight parcels we deliver. Amazon accounts for one-third of all Parcel Select deliveries, the last-mile delivery service that generates \$9.2 billion of the Postal Service's \$32 billion in package revenues. That means that we rely on Amazon for about 10 percent of package delivery revenues and about 5 percent of our total revenues. By any measure, Amazon generates a lot of work for America's letter carriers and we are happy to provide this valuable service.

But Amazon's aggressive growth strategy, with its cutthroat approach to competitors, its conflicted relations with "partners" that sell on its platform and its hostility to the rights of its workers, is increasingly seen as a threat to the U.S. labor market and economy. This threatens the interests of letter carriers and other postal workers. In 2021, the House Judiciary Committee's Subcommittee on Antitrust and Commercial Law concluded a 16-month investigation of Amazon and other major tech companies. It found that Amazon and other companies use anti-competitive practices to advance their commercial interests. "What were once scrappy startups have become the kind of monopolies run by oil barons and railroad tycoons in the last century," the report's author concluded.

Amazon now controls a third of all the warehouse space in the United States. Even before the pandemic turbocharged e-commerce sales, Amazon was aggressively expanding its capacity to deliver its own goods and, increasingly, the goods of merchants

who use its website. Just a few years ago, USPS delivered a majority share of Amazon packages. Now Amazon delivers at least two-thirds of its own parcels and expects to become the largest private delivery company in the country in 2022—surpassing UPS and FedEx. It has built 454 delivery stations and has plans to add 275 more in the United States. This will eat into the Amazon volume delivered by USPS. Indeed, although we delivered about the same number of Amazon packages in 2021 as we did in 2020, Amazon's overall volume grew by 38 percent. This growth was achieved by creating hundreds of "delivery service providers," small companies that contract with Amazon, with the primary purpose of avoiding unionization.

Amazon's anti-union fanaticism was on display in the union organizing campaign at a fulfillment center in Bessemer, AL, last year. Its violations of labor law prompted the National Labor Relations Board to vacate the results of the April election, which the Retail, Wholesale and Department Store Union (RWDSU) lost, and to order a new election. Although we have been working on Amazon with the International Brotherhood of Teamsters and others for some time, the RWDSU campaign helped galvanize the entire labor movement, both domestically and internationally, to work together to answer the threat that the company poses to workers in many sectors of the U.S. economy.

As we enter into the new year, NALC is taking various actions to defend workers' rights and to combat Amazon's anti-competitive practices. First, we are contributing to an army of organizers to work with the RWDSU in Bessemer, reaching out to Amazon workers there to support unionization in the election rerun. Second, I've been meeting regularly at the AFL-CIO with other union presidents, including those not affiliated with the AFL-CIO, to fashion a long-term Amazon strategy. In addition to collaborating on organizing campaigns, we also will seek legislative (i.e., the PRO Act) and regulatory measures to counter Amazon's anti-labor and anti-competitive practices. Third, we have joined the international Amazon Alliance of our global federation, UNI Global Union, to work on global strategies. Among these is the "Make Amazon Pay" campaign that sparked thousands of protest actions around the world on Black Friday. And finally, we will search for ways to work with the Teamsters and other unions convened by the Strategic Organizing Center to cooperate on state, local and national initiatives to use government regulation to combat Amazon's monopolistic tactics and anti-labor agenda.

We will continue to provide excellent service to Amazon, using our 13,000 delivery units and our unparalleled last-mile delivery network. But that will not stop us from demanding fair wages for Amazon workers and fair competition in America's delivery sector. Meanwhile, we must insist that postal management focus on growing its own end-to-end delivery service, a key part of the agency's Delivering for America plan. Good union jobs and good service go hand in hand.