

Postal, Paper & Logistics Update

December 2025

In brief: The longstanding delivery partnership between e-commerce giant Amazon and the USPS is looking rocky. A flurry of activity at the end of the year continues the paper industry's "rightsizing" of production capacity and supply. The logistics market is closely watching the proposed merger of the Union Pacific and Norfolk Southern railroads, while a coalition of attorneys general challenges proposed new rules for non-domiciled commercial driver's licenses. And another major trucking company is shutting down.

Built on our roots as a printer, mail industry partner and logistics leader, Quad is a marketing experience (MX) company focused on delivering streamlined solutions at scale to our clients. As the largest USPS customer, we are uniquely positioned to provide clients with best practices and insights on the latest postal, paper and logistics topics. If you have any questions or concerns during these challenging times for our industry, contact your Quad representative. We'll tap our in-house experts to investigate and get you the answers you need.

Postal

Amazon may end longstanding partnership with the USPS

After negotiations with the USPS stalled, Amazon is looking to expand its delivery network outside the agency, [according to The Washington Post](#). Reportedly, Amazon had been in lengthy negotiations with the USPS to extend its current service agreement for another four years. The agreement locks in favorable rates and sets higher delivery performance standards for package volume. The current agreement expires on Oct. 1, 2026.

Instead of extending the agreement, the USPS reportedly intends to hold a reverse auction on Jan. 6, 2026, to offer access to mail facilities to the highest bidder. This would require Amazon and other businesses to compete for postal capacity. Contracts would not be issued until March 2026. That would leave Amazon only six months to evaluate how the bidding has impacted its access, which is why Amazon is readying plans to possibly pull the billions of packages it sends through the USPS.

The Post reported that Amazon spent over \$6 billion with the USPS in 2025, which is roughly 7.5% of the USPS's total revenue.

Miscellaneous updates

- **Large mail hauler closing down.** On Dec. 1, one of the USPS's largest mail haulers, 10 Roads Express, announced it would wind down all operations over the next 60 days and cease service to the USPS by the end of January 2026, [FreightWaves reports](#). After providing mail transportation services to the USPS for more than 47 years, the company expressed gratitude for its long relationship with the agency. But it said operational shifts at the USPS over the past two years, compounded by tough business conditions throughout the trucking industry, have led to a 70% loss of revenue, with more losses expected. 10 Roads operates 2,462 trucks. The USPS said it had sufficient notice of the shutdown and that there would be no service impacts.
- **January 2026 Competitive price filing.** The Postal Regulatory Commission (PRC) has requested additional information from the USPS, which means that final approval may not come until shortly before the new pricing is implemented (scheduled for Jan. 18, 2026).
- **What to expect in the July 2026 price change.** There are several big-ticket items that we expect to be on the docket for new pricing:
 - [Periodical Rate Structure change](#) (to more closely align with the Marketing Mail rate structure).
 - [Expansion of Marketing Mail Flats](#) from 16 oz. to 20 oz. (or 24 oz. if CART [sorted by carrier route]).
 - Implementation of [new Marketing Mail Heavy Printed Matter \(HPM\) rates](#).
- **Disappointing one-month USPS financial results.** The USPS filed its unaudited [October 2025 financial results](#) with the PRC at the end of November, and the numbers for the first month of fiscal year 2026 missed many of the agency's financial targets.

Election mail buoyed October 2024 volume and revenue, making comparison with the same period last year (SPLY) less relevant. How the USPS performed this October against its own plan is a more telling measure as it tries to turn around its finances.

- Despite rate increases that went into effect this past July, the USPS posted a net loss of \$545 million in October, more than double the planned \$220 million loss, and considerably lower than the \$701 million in income it reported in 2024.
- Total revenue for the month was \$7.3 billion, 1.4% less than the \$7.4 billion planned.

- October's total mail volume came in at 10.2 billion, ahead of the 9.9 billion planned but well below last year's 12.0 billion.
- Market Dominant mail volume was 9.7 billion, 4% higher than plan but almost 15% below last year.
- Total Competitive products volume was 492 million, 8.7% below plan and nearly 15% less than October 2024.
- This October's operating expenses were \$7.9 billion, 3% over plan, largely driven by an increase in non-cash workers' compensation costs, and almost 13% higher than the SPLY despite October 2024's higher mail volume.
- On Dec. 12, the USPS suspended international mail acceptance for South Sudan and Turkmenistan; it suspended international mail acceptance for Venezuela on Nov. 28.

USPS delivery performance

Below are the average in-home curves for our Marketing Mail clients who tracked their mail with Quad's IMsight application over the specified five weeks. Overall, the USPS has moved the mail well this entire fall season. Looking at the numbers in the chart below, note that the week of Nov. 10 included Veterans Day and the week of Nov. 24 was impacted by Thanksgiving.

	Week of 11/3	Week of 11/10	Week of 11/17	Week of 11/24	Week of 12/1
Early	25%	15%	22%	24%	22%
Day 1	49%	42%	48%	53%	45%
Day 2	73%	57%	76%	67%	68%
Day 3	89%	82%	89%	84%	86%
Day 4	95%	95%	94%	84%	94%
1 Day Late	97%	98%	96%	94%	97%

Letter mail moved through the USPS as expected all month. There were some delays in the processing of Flat mail in the Chicago area; Dayton, Ohio; and northern Minnesota.

During the first weeks of December, the USPS released Industry Alerts regarding delays due to weather in South Dakota, Iowa, Missouri, Illinois, Indiana, Kansas and Kentucky. As of this writing, we are continuing to see issues around Kansas City, Mo. During other winter months, weather usually does not have a big impact on mail delivery because most locations recover quickly. But with the added holiday volume, we are closely monitoring the locations mentioned to see if that holds true this year.

Last month, we reported that the USPS would be moving mixed pallets of DMU/local mail destined for Wisconsin to Chicago for processing, keeping only the loads headed to Milwaukee/Oak Creek for processing in-state. We have not seen any significant changes in processing times due to this shift.

USPS volume

Mail volume for the week ended December 6, compared to last year		
Total Mail Volume	Down 2.2%	▼
Packages	Down 17.6%	▼
Single Piece	Down 15.8%	▼
Presort First Class	Down 2.0%	▼
Marketing Mail	Up 1.2%	▲
Periodicals	Down 5.9%	▼

Mail volume for the week ended November 29		
Total Mail Volume	Down 7.2%	▼
Packages	Down 9.0%	▼
Single Piece	Down 18.1%	▼
Presort First Class	Down 2.2%	▼
Marketing Mail	Up 5.4%	▲
Periodicals	Down 6.6%	▼

Mail volume for the week ended November 22		
Total Mail Volume	Down 4.1%	▼
Packages	Down 10.9%	▼
Single Piece	Down 15.7%	▼
Presort First Class	Down 14.0%	▼
Marketing Mail	Down 6.5%	▼
Periodicals	Down 25.1%	▼

Mail volume for the week ended November 15		
Total Mail Volume	Down 5.4%	▼
Packages	Down 8.9%	▼
Single Piece	Down 17.6%	▼
Presort First Class	Down 7.1%	▼
Marketing Mail	Down 14.6%	▼
Periodicals	Down 7.6%	▼

Paper Market

As 2025 winds down, several developments in the paper market reflect the continued “rightsizing” of the global paper supply.

- Sappi Ltd. and UPM-Kymmene Corp. announced that they have executed a [non-binding letter of intent](#) to form an independent 50/50 joint venture in Europe. If completed, this would combine Sappi’s European Graphic Paper business with UPM’s Communication Papers business in Europe, the U.S. and the U.K. This includes the UPM mill in Blandin, Minn. The joint venture would not impact Sappi’s ownership of any North American assets or businesses. This venture would also likely drive further paper supply rationalization in Europe.
- [Canadian lumber curtailments](#) — reductions in mills’ production capacity — are expected to increase fiber costs for paper producers that rely on market-priced fiber for their production. The curtailments have been triggered, in part, by poor lumber demand and high U.S. tariffs on lumber into the United States.
- As paper producers seek to balance supply with demand, look for further paper supply rationalization in 2026 for grades where there is a supply surplus.

Logistics

There are a few issues that Quad is closely watching in the logistics space.

- In July, the Union Pacific railroad announced its intention to acquire Norfolk Southern (NS) for \$85 billion. This merger of two of the remaining six Class 1 railroads in North America would create a single railroad capable of moving freight from the East Coast to the West Coast.

For shippers wanting to move freight from coast to coast, the only alternative to this new merged company would be to coordinate transportation between BNSF Railway (which operates in the western two-thirds of the U.S.) and CSX (which operates in the eastern U.S.).

Proponents of the merger believe the combined companies would be able to move freight more quickly and seamlessly between rail lines. Opponents, which include BNSF, [as reported by the trade publication Railway Supply](#), believe this will result in less competition, creating service and pricing impacts that could ripple through the nation's supply chain.

Major U.S. ports and their various stakeholders have also raised objections to the merger. The National Association of Waterfront Employers (NAWE) sent a letter outlining its "strong concerns" to the Surface Transportation Board (STB), a federal agency regulating railroads whose approval is required to complete the merger, [FreightWaves reported](#).

On December 11, Union Pacific and Norfolk Southern notified the STB they expect to file the formal application to merge on December 19, 2025, though that timeframe is already later than the original plan. It's estimated the filing will be more than 4,000 pages long. Once submitted, the STB will have 30 days to decide whether to accept it as complete or send it back as incomplete.

- A coalition of attorneys general from 18 states and the District of Columbia is questioning the legality of a proposed new federal rule for non-domiciled commercial driver's licenses (CDLs) held by truck drivers who are foreign nationals.

The [Interim Final Rule](#) (IFR) issued in late September by the Federal Motor Carrier Safety Administration (FMCSA) demands stricter enforcement of English proficiency by truck drivers and imposes new requirements on how states issue and renew non-domiciled CDLs. The FMCSA estimates that approximately 194,000 drivers could have their commercial licenses stripped away within two years under the new rule.

The U.S. Court of Appeals for D.C. issued [an administrative stay of the IFR](#) in November. The stay prevents the rule from taking effect while the court reviews arguments made by the FMCSA and by parties challenging the IFR.



In comments filed with the FMCSA, the attorneys general said that FMCSA lacks the statutory authority to impose those restrictions and has avoided accountability by not providing advance notice of the changes to the states, [FreightWaves reported](#). They also noted that fewer drivers could mean higher costs for shippers needing to move freight.

Trucking industry groups have also submitted comments expressing concerns about the new rule. One group told the FMCSA that the rule had already resulted in many drivers with strong safety records losing or facing the downgrade of their CDLs.

- As noted in the Postal section of this newsletter, 10 Roads Express has announced it will shut down operations and end its USPS contracts by Jan. 30, 2026. [It told FreightWaves](#) that “continued and significant headwinds” across the trucking industry, compounded by fundamental operational shifts at the USPS over the past two years, had resulted in a 70% drop in revenue and led to its decision to close down. The changes included increased use of brokers and insourcing transportation.

With its 2,462 trucks and 2,606 drivers, 10 Roads represents the largest trucking shutdown since Yellow Corp. filed for bankruptcy in 2023. The closure could have a significant impact on postal line-haul operations. Quad will be closely monitoring delivery through the USPS and we are always available to discuss options to bypass most of the postal network by delivering as close as possible to the final delivery destination.

As always, your Quad representative will work diligently to find you the lowest rates with the most efficient transportation available.

1 (866) 824-2869
info@quad.com
Quad.com