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Senate Committee on Homeland Security and Governmental Affairs
Permanent Subcommittee on Investigations
January 25, 2018

Chairman Portman, Ranking Member Carper, members of the Subcommittee, thank you for the invitation to appear before you today to discuss the growing problem with fentanyl and other synthetic opioids and the abuse of the international mail as one of the ways these drugs enter the country. The Department of State takes all of the international aspects of the opioid crisis very seriously but, because of the specific focus of today's hearing, I will limit my statement to providing an account of our efforts to increase the availability of advance electronic data (AED) for international mail items.

The Universal Postal Union (UPU) is the principal international venue where the Department discharges its responsibilities related to international postal policy. For this reason, my remarks center on efforts underway within that body to expand the exchange of AED.

The UPU is an intergovernmental organization with a membership that comprises nearly all of the world's countries. It is the first multilateral body the United States joined, and the conference that led to its establishment was an initiative of the Lincoln Administration. The UPU's mission entails guaranteeing the free circulation of postal items over "a single postal territory composed of interconnected networks." The UPU is a compact between the world's nations that their postal services will deliver one another's mail according to common rules and on the basis of reciprocity.

Advance electronic data is essentially a digital version of the postal customs declaration that is transmitted prior to the arrival of a physical postal item. U.S. Customs and Border Protection (CBP) can, as the Subcommittee is aware, use this data to increase the efficiency of its screening of international mail but AED has multiple uses, including for aviation security. Consequently, efforts to promote its exchange through the UPU have a long history. A key moment in this history was the decision of UPU member countries at their Doha Congress in 2012 to amend the UPU Convention to require countries and their designated postal operators to adopt and implement security strategies that "...include the principle of complying with requirements for providing electronic advance data on postal items adopted by the Council of Administration and Postal Operations Council, in accordance with UPU technical messaging standards." Developing the implementation measures for this amendment has been a top priority for U.S. delegations at UPU meetings ever since. Our efforts, which include many hours of work by colleagues at the United States Postal Service (USPS) and the U.S. Department of Homeland Security, are now bearing fruit, and there has been recent rapid progress on this front.

In February of 2016, after several years of discussions, the UPU's Postal Operations Council (POC) adopted regulations to implement the advance electronic data provision of the 2012 Convention amendment and a Roadmap for their implementation. The United States co-chairs, with India, the Postal Operations Council (POC) committee that oversees much of the

work required to reach the Roadmap's milestones. These milestones include final adoption of the technical messaging standard for item-level data—a goal that the POC achieved at its meeting last October. In combination, these two developments enable UPU member countries, in principle, to impose requirements for AED. UPU members must do so, however, in a manner that is consistent with the real-world capacity of the global postal network and the available infrastructure. They must also take into account whether all concerned parties in the international postal transport chain can meet the requirements for providing advance electronic data. In other words, before imposing AED requirements, UPU members must take account of the limitations and complexities of the network, including the significant challenge this presents to most postal operators to capture and provide it.

Our focus, therefore, is now on overcoming those limitations and building the capacity of foreign postal services. At the global level, this entails building out other elements of the UPU's messaging and data flows, testing the suitability of messaging tools designed for other purposes and integrating them into a unified global postal model. This work is progressing but will only have utility if postal operators develop the capacity to collect the data and use the tools available to them. The needed investment in skills and technology is happening and is being greatly accelerated by a sea change in attitudes among UPU members, who now understand that AED and other, related data management and communications technology are essential to the future of the postal sector. Postal services increasingly appreciate that these investments enable expanded business and provide a means of overcoming the delays caused by customs processing, which is an impediment to growth in e-commerce-linked shipments. Exchange of AED is a means of addressing these delays, while the investments it requires enable solutions to other problems ranging from the return of merchandise subject to duty to interface with mailers and transportation companies. Consequently, members have endorsed several initiatives aimed at positioning postal operators in developing countries to exchange AED.

Over half of the UPU's development cooperation budget for the 2017-2020 period is devoted to a project that aims to make postal services in developing countries operationally ready for e-commerce, which entails having the ability to meet customs authorities' requirements for AED. This project has as one of its key performance indicators supporting 80 postal operators to be exchanging AED for some portion of their flow by 2020. In addition, the UPU is also implementing a second project focused narrowly on security with an emphasis on capturing and transmitting AED. Participants in this project—all developing countries—elected to fund their own participation with money held in trust for them by the UPU from a surcharge on the payments they receive for delivering international mail (terminal dues). Notably, India is one of the countries taking part. This development is significant not only because of the growing volume of e-commerce linked mail from India but also because of its previous reluctance to endorse the imposition of AED requirements. We are also working through the regional postal organizations in our hemisphere to accelerate AED exchange through support of capacity building efforts and, most recently, through sponsorship of a measure adopted by the Postal Union of the Americas, Spain, and Portugal in November of last year that aims at deploying technology supporting post-customs interface by the end of 2019.

In addition, the Integrated Product Plan (IPP), which the most recent UPU Congress adopted in Istanbul in October 2016, with strong U.S. support, will also accelerate AED

exchange. The IPP's goal is to modernize the UPU's product offerings to better meet the changing needs of customers and supply chain partners, including customs authorities. This modernization initiative has clear benefits for the customs processing of mail. Phase 1, which commenced on January 1 of this year, introduced a new classification of mail products into items containing documents and those containing goods. The IPP facilitates compliance with customs requirements, in particular provision of AED, since Phase 1 also entails a requirement for mail items containing goods to have a UPU standard bar code label, which is a critical enabling condition. Although there is no current regulation mandating a specific use for these bar codes, their application will support AED exchange. In addition, Phase 2 of the IPP is currently under development and could entail additional requirements supportive of AED exchange in 2020. Phase 2 development will be guided by the results of a recently conducted impact study of Phase 1 implementation that POC members will review in March.

Important work has been done but there is more to do. Although the UPU has the stated goal of all postal services having the capability to exchange item-level data by the end of 2020, there is a difference between the technical ability to exchange data and the realized ability to collect and enter it for a significant part of the mail stream. Many post offices in parts of the developing world lack Internet connectivity and reliable sources of electricity, which complicates collection and transmission of data for the postal items they take in. (A 2014 survey undertaken by the UPU found that 23% of the 2,885 post offices in ten target African countries lacked a stable electricity supply, and 67% of them were not connected to the Internet.) Lack of preparedness for AED is not a problem confined to developing countries, however, and most postal services have been slow to make the needed investments in the infrastructure for item-level electronic data exchange--few, if any, countries currently have the ability to provide it for all of their mail requiring customs declarations. One notable exception to the prevailing lack of preparedness is China Post, which now supplies AED for a large portion of the mail that it sends us.

In addition to the country-level challenges, there is also the challenge posed by the complexity of the global postal network and the logistics network that supports it. USPS dispatches and receives mail items from the more than 200 designated operators of the UPU's other 191 members, all of whom are highly dependent on independent air carriers, freight agents and ground handlers for the physical movement of the mail, which introduces formidable technical challenges in building out the global postal model for AED.

Nevertheless, we are optimistic that real rapid progress is being made at both the country and the global level. Postal services around the world understand the need to incorporate advance electronic data into the fabric of global mail exchange, not only because the United States and other countries will begin to require it but also because it is essential to the evolution of international mail. This realization accounts, in part, for USPS's expanding network of pilot projects and its success in increasing the flow of AED for premium products. It also accounts for the emphasis placed on facilitating data exchange within the UPU's activities. Consequently, as work on the UPU Roadmap for AED progresses and IPP implementation proceeds, the number of countries able to provide data and the proportion of their mail stream that it covers will continue to grow. Although the work of making the global postal model a reality so that countries can comprehensively exchange the full range of AED is a long-term undertaking, we

are confident that the United States, by 2020, will be receiving AED for most of the mail entering the country.

Thank you Mr. Chairman. I look forward to answering your questions and those of other members of the Subcommittee.