

Advisory Committee on International Postal and Delivery Services

Minutes for the meeting of the committee: 1:00 p.m. to 3:00 p.m. on June 16, 2020, via Webex videoconference.

Members of the Advisory Committee

John Callan – Ursa Major

Peter Chandler – U.S. Postal Service

Shea Felix – stamps.com

Jennifer Warburton – Postal Regulatory Commission

Daniel Randall – Customs and Border Protection

Peter Graeve – Military Postal Service

Patrick Hedren – National Association of Manufacturers

Keith Kellison – UPS

Merry Law – WorldVu

Michael Mullin – Express Association of America

Kate Muth – International Mailers Advisory Group

Todd Nissen – USTR

Brian Palmer – Amazon

Michael Plunkett – Association for Postal Commerce

Charles Prescott – Direct Marketing Association

Robert Reiner – Guidehouse

Ashley Shillingsburg – E-bay

Stephen Simchak – American Property Casualty Insurance Association

Paul Steidler – Lexington Institute

Tim Walsh – Pitney Bowes

Designated Federal Officer: Stephen Newhouse – U.S. Department of State

Other USG Officials Participating:

Robert Taub – U.S. Postal Regulatory Commission

Stuart Smith – U.S. Department of State

Stephan Anderson – U.S. Department of State

Opening and Adoption of the Agenda (Agenda items 1 and 2)

Stephen Newhouse opened the meeting at 1:00 p.m. The entire session was open to the public, hosted on a Webex videoconference platform, with contact information published in the Federal Register notice. Mr. Newhouse noted that the pandemic obliged the State Department to convene the Committee on a virtual basis for the first time and he outlined the ground rules for conducting the meeting. Kate Muth sought a clarification on how to make interventions, noting the platform did not have a way to raise hands or a chat function. After responding, Mr. Newhouse then asked Stuart Smith of the State Department to proceed with substantive discussion.

Mr. Smith said he would like to open by recognizing the participation of Robert Taub, Chairman of the Postal Regulatory Commission. Mr. Taub noted the importance of the issues currently in the international postal arena, chief among them the establishment of self-declared terminal dues. Mr. Taub said that the U.S. State Department plays a critical role in promoting reform and for that reason the Advisory Committee represents an important forum for government, industry and the public. He closed by saying that the Postal Regulatory Committee stands ready to support the process of reform.

Impact of Covid 19 pandemic (Agenda item 3)

Dale Kennedy, Manager for Postal Product Classification at the U.S. Postal Service, said that numerous USPS employees had missed work since the covid-19 pandemic struck in March. Nonetheless, the USPS sought to minimize the impact on operations. To that end, it had created a so-called Covid Group, chaired by Executive VP Kristin Seaver and including four vice presidents, that meets daily to review USPS response. While at one point 130 foreign post offices had either ceased operations or had stopped accepting mail, it is a point of pride that the USPS never stopped receiving mail or paused its domestic service.

During this period of disrupted flow, there has been massive public uptick in interest in the USPS service alert page on its website. That page has gone from about 30 thousand hits per day to over 300 hundred thousand daily page views at present. In response, the USPS has posted additional information on the actions of foreign post offices as well as logged USPS actions through Domestic Mail Manual (DMM) Advisories. On outbound international mail, there have been significant issues related to airline capacity, as most passenger flights have been canceled. In response, the USPS has reverted to using ocean shipping to Europe and South

America at least six times since the pandemic started. The USPS is committed to keep outbound mail flowing.

Outcome of Universal Postal Union (UPU) Extraordinary Congress in Geneva 2019 (Agenda item 4)

Presenting on the Extraordinary Congress outcomes, Mr. Smith discussed the agreement to allow the United States to self-declare terminal dues for packets and small parcels, with an effective date of July 2020. Mr. Smith also discussed the related agreement in which the USPS undertook to provide limited term financial support to the UPU. In substantial part, these funds will be used to enhance postal security, particularly as regards provision of advance electronic data (AED) by member country post offices.

Keith Kellison, representing UPS, praised the results of the 2019 Extraordinary Congress and said that he did not think that anyone present in the meeting would have thought two years ago that we would get so far. For him, the results show that negotiators need to keep pushing U.S. principles at the UPU.

Stephen Anderson, the State Department official who led U.S. negotiations in Geneva at a working level, took the floor to stress the importance of the October 2018 Presidential Memorandum, which conditioned the United States' membership in the UPU on reform of terminal dues. The Memorandum created the necessary leverage to get to a successful outcome.

Responding to a question on the scope of the 2019 terminal dues agreement, Mr. Smith noted that smaller postal partners, with incoming flows of under 25 tons, were excluded from the agreement and that the UPU is currently still at work on defining the business rules. The US Postal Service stated that they intended to self-declare rates for 30 countries in July.

Ms. Muth commented that she represents primarily out-bound shippers. Ms. Muth noted that USPS shipping prices were set to increase in 2020 and she wondered why prices should increase during the economic downturn caused by the pandemic, especially since service quality has decreased.

STOP Act Implementation (Agenda item 5)

Dan Randall of U.S. Customs and Border Protection (CBP) presented his agency's approach to enforcement of the STOP Act of 2018, which requires that foreign post offices provide advance electronic data (AED) for 100 percent of postal items

containing goods by January 1, 2021, with an earlier deadline for goods from China. Mr. Randall explained, however, that full enforcement has not happened. He added that CBP informs Congress of its STOP Act enforcement through annual reports.

To prepare for the 2021 deadline, CBP is working on two new regulations, which are not yet finalized. CBP will consult shortly with the US Postal Service and the Department of State to identify countries which cannot meet the requirement of 100 percent of AED and to establish waiver requirements. In response to a question on timing, Mr. Randall said CBP hoped to finalize the regulations during 2020, although the drafts still required clearance from lawyers, before proceeding to the Office of Management and Budget.

Mr. Kellison asked whether CBP plans to hold foreign post offices to the STOP Act standard of 100 percent compliance with the AED requirement and therefore turn away goods mailed without AED. Mr. Randall responded that the STOP Act instructs the USPS to present to Customs only those mail items with goods that have the required AED. Normally for non-compliant items there are three options: destruction, seizure, or controlled delivery. When devising its operational approach, CBP will focus on international post offices that present the highest volumes and/or the highest risks. CBP will offer waivers to those international post offices that present the lowest volumes and the lowest risks. Therefore, it will be important to work with USPS to determine what are the likely volumes of mail subject to the STOP Act.

In response to a question by Ms. Muth on China, Anthony Alverno of the USPS responded that the Postal Service does not provide details on specific country performance. Greg Stofko from FedEx noted that while there has been considerable discussion of what percentage of parcels and small packets have advance data, there is not a lot of discussion on the quality of data. What does CBP see as the next step? Mr. Randall responded that if it finds the data poor, the CBP can reach out to the sending post office and request better data.

UPU Abidjan timing (Agenda item 6)

Mr. Smith said the UPU 27th Congress, scheduled for August 2020 in Abidjan, Cote d'Ivoire, would not go ahead as planned, owing to the pandemic. He added that the UPU Constitution provides flexibility in re-scheduling, so long as the Congress takes place by December 31, 2020. The United States is in active discussion with its partners to explore options. While not a member of the UPU

Council of Administration (CA), the United States supports the initiative of some CA members to convene an extraordinary meeting to further discuss these options. Turning to proposals made by member countries for consideration at the upcoming Congress, Mr. Smith noted that they are relatively few, some 65, as opposed to the typically 350 to 400 proposals made prior to recent UPU Congresses.

Raising a proposal forwarded by Japan, Mr. Kellison wondered if the proposal to make the UPU Acts permanent documents, rather than subject to renewal at each Congress, would in any way erode member country sovereignty. Specifically, Mr. Kellison said parts of the UPU Acts are inconsistent with the STOP Act. Mr. Stofko wondered whether permanency of the UPU Acts would not be compatible with a more robust process to allow member countries to take reservations from Act provisions. This approach would allow the United States to take a reservation where the Acts do not conform with U.S. legislation. Mr. Stofko said he mentioned this for consideration as the State Department defines its Congress approach. Mr. Smith expressed his thanks for the idea and undertook to take note.

Presenting planned U.S. single-country proposals for the UPU Congress, Peter Chandler of USPS stated that four are planned, two of which change Convention articles. Most importantly, the United States proposes to extend the principle of self-declared rates to parcels. Before 2004, member countries established their own rates for parcels. In that year, however, the UPU decided to create a system with incentives, which has resulted in the current fixed rates.

Mr. Newhouse noted that he would soon be leaving his current position in the State Department and that Mr. Smith would be named Designated Federal Officer for the Advisory Committee. Mr. Newhouse thanked Committee members for their service over the past two years and adjourned the meeting at 3:00 p.m.