



August 2017

INTERNATIONAL MAIL SECURITY

Costs and Benefits of Using Electronic Data to Screen Mail Need to Be Assessed

Accessible Version

GAO Highlights

Highlights of [GAO-17-606](#), a report to congressional requesters

Why GAO Did This Study

Expanding international use of e-commerce has increased the volume of global trade, potentially increasing threats sent to the United States via international mail and express cargo. Some in Congress have called for additional measures to identify prohibited items, such as increased collection of EAD that may provide CBP with information to better focus its screening efforts by targeting mail for inspection. GAO was asked to review the security of inbound international mail.

In this report, GAO addresses, among other objectives, (1) how inbound international items are inspected as they arrive in the United States; and (2) what options exist to collect EAD and the costs and benefits of using it to target mail for inspection. GAO reviewed documentation and interviewed officials from CBP, USPS, the U.S. Department of State, and, based on 2015 inbound international volume, the three largest express consignment operators. GAO also conducted site visits to all of USPS's International Service Centers and two express consignment operators' facilities, to observe screening operations and interview officials.

What GAO Recommends

GAO recommends that CBP, in coordination with USPS: (1) establish measureable performance goals to assess pilot programs and (2) evaluate the costs and benefits of using EAD to target mail for inspection compared with other targeting methods. CBP and USPS agreed with these recommendations.

View [GAO-17-606](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov

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What GAO Found

Express consignment operators (like FedEx and DHL) and the U.S. Postal Service (USPS) work with U.S. Customs and Border Protection to inspect inbound international express cargo and mail. Express consignment operators are required to provide "electronic advance data" (EAD)—such as the shipper's and recipient's name and address—for all inbound express cargo. U.S. Customs and Border Protection (CBP) uses this information to target inspections. USPS is not required to provide this information to CBP. Nonetheless, as of March 2017, advance data are unavailable for roughly half of inbound international mail. Although USPS and CBP have two pilot programs under way to target mail for inspection based on EAD, they have not established specific and measureable goals and therefore lack the performance targets needed to evaluate the effectiveness of the pilots. Without these performance targets, USPS and CBP are unable to make well-informed decisions about the possible expansion of these pilots in the future. While USPS officials reported in November of 2016 that they planned to expand one of the pilots, CBP officials stated that the pilot was not ready for expansion because of USPS's inability to provide 100 percent of targeted mail to CBP for inspection. USPS stated that it is working to address challenges related to identifying targeted mail within sacks containing hundreds of individual pieces of mail (see figure).

Examples of Mail Accepted at the U.S. Postal Service's International Service Centers



Pallets (left) and dollies (right) containing sacks of mail are delivered to the International Service Centers.

Source: GAO. | GAO-17-606

Options for collecting EAD include negotiating agreements with foreign postal operators and legally requiring EAD, but the costs and benefits of using EAD to target mail for inspection are unclear. USPS and CBP officials stated that having EAD to target mail for inspection could result in saving time and resources and increase the percentage of inspections that identify threatening items. However, USPS has not calculated the cost of collecting EAD from countries with which it has data-sharing agreements, and neither USPS nor CBP has collected the necessary information to determine the extent to which the use of EAD would provide benefits relative to current methods of choosing mail for inspection. For example, CBP has collected data on the rate of seizures per inspection for current pilot programs, but it has not collected comparable data for other screening methods it uses to target mail for inspection. As such, USPS and CBP risk spending resources on efforts that may not increase the security of inbound international mail or that may not result in sufficient improvement to justify the costs.

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Abbreviations

ACAS	Air Cargo Advance Screening
CBP	U.S. Customs and Border Protection
DEA	Drug Enforcement Administration
EAD	electronic advance data
FDA	Food and Drug Administration
ISC	International Service Center
MOU	memorandum of understanding
NTC	National Targeting Center
OIG	Office of Inspector General
SEACATS	Seized Asset and Case Tracking System
TSA	Transportation Security Administration

UPS	United Parcel Service
UPU	Universal Postal Union
USDA	U.S. Department of Agriculture
USPIS	U.S. Postal Inspection Service
USPS	U.S. Postal Service

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August 2, 2017

Congressional Requesters:

The United States receives hundreds of millions of letters and packages every year from all over the world. In fiscal year 2016, the U.S. Postal Service (USPS) alone handled about 621-million pieces of international mail bound for addressees in the United States, an increase of about 54 percent over 2012. The expanding international use of e-commerce and the ease and expediency of cross-border transactions have resulted in a much higher volume of global trade, as consumers are potentially importing goods and services when they make purchases over the internet.

While this expansion may provide increased opportunities for businesses of all sizes to compete on a global scale, it could also increase the potential for threats to national security, in addition to public health and safety, because international mail and express cargo can be used to send illegal or otherwise prohibited items to the United States.¹ For example, there has been a recent increase in deaths in the United States related to the synthetic opioid fentanyl, a controlled substance, which could arrive in the United States in international mail or express cargo.² USPS and express consignment operators—such as FedEx, DHL, and the United Parcel Service (UPS) —play key roles in this area, as they handle

¹For the purposes of this report, the term threats will include not only threats to physical security (such as bombs or other weapons) but also threats to health and safety (such as illegal/inadmissible drugs), to U.S. businesses (such as counterfeit pharmaceuticals and merchandise), and to ecology (such as agricultural items that could contain invasive species and pests).

²In general, under federal statute, controlled substances may only be imported into the United States for medical and scientific purposes or other legitimate needs of the United States. In addition, federal statute and Drug Enforcement Administration (DEA) regulations prohibit any person or entity from importing any controlled substance into the United States unless that person or entity is registered with DEA and specifically authorized by DEA to import the controlled substance.

inbound international items.³ U.S. Customs and Border Protection (CBP) also has a critical role as the primary federal agency tasked with targeting and inspecting suspicious inbound international items and seizing illegal goods entering the country.

Some Members of Congress and others have called for additional security efforts related to inbound international mail, such as increasing the collection of electronic advance data (EAD) that may provide CBP with information to better focus its targeting and inspection efforts. For the purpose of this report, EAD refers to electronic data collected and shared among postal operators (such as USPS), cargo carriers (such as those transporting express cargo), and customs agencies (such as CBP) in advance of the scheduled arrival of cargo (including mail and express cargo) in the United States to identify inbound international items that may pose a threat to the United States. These data include the sender's name and address, recipient's name and address,⁴ contents' description, number of pieces, and total weight.

You asked us to review issues related to the security of inbound international mail. In this report, we address:

1. types of items CBP has seized from mail and express cargo sent to the United States;

³Express consignment operators are, in general, defined as those entities moving cargo by special express commercial service under closely integrated administrative control with reliable, timely, door-to-door delivery. Under the Trade Act of 2002 as amended, and implementing regulations, all cargo, including express cargo but not including inbound international mail, is subject to requirements for electronic advance data (EAD). Despite important differences—including the level of control of shipments at the point of acceptance—the door-to-door delivery provided by express consignment operators is more comparable to services provided by USPS than other cargo services. As such, we have reviewed efforts to screen inbound international mail and express cargo only, and have not included other types of cargo. For the purposes of this report, the term inbound international items will refer to those items handled by USPS and express consignment operators, but does not include non-express cargo shipped to the United States.

⁴Rather than the term "recipient," CBP's EAD regulations require consignee name and address. In general, for non-consolidated shipments, the "consignee" is the party to whom the cargo will be delivered in the United States. For consolidated shipments, the consignee is the identity of the container station, express consignment or other carrier but the carrier or another party must also provide the party to whom the cargo will be delivered in the United States as reflected on associated house air waybills. 19 C.F.R. § 122.48a(d).

-
2. how inbound international items are inspected as they arrive in the United States; and
 3. options to collect electronic advance data for mail and the costs and benefits of using these data to target mail for inspection.

Specific details that are related to the screening process and foreign postal operators and that CBP and USPS considered sensitive are not included in this report. For the purpose of this report, we use the term “screening” to refer to the process of identifying inbound international items for inspection. Additionally, in referring to any item handled by USPS—including letters and packages—we use the term “mail.” When referring specifically to items handled by express consignment operators, we use the term “express cargo.”

To describe the types of items CBP has seized in mail and express cargo sent to the United States, we reviewed and analyzed CBP data on seizures of mail and express cargo items for fiscal years 2012 through 2016 as documented in CBP’s Seized Asset and Case Tracking System (SEACATS). Specifically, we reviewed information on fiscal year, item description, and statute cited as the basis for the seizure. To determine the reliability of SEACATS data for the purposes of this report, we reviewed related documentation; conducted electronic and manual data testing to identify missing data, outliers, and obvious errors; and interviewed appropriate CBP officials about related internal controls and procedures and the limitations of the data. We found these data to be sufficiently reliable for the purpose of providing contextual information about the types and quantity of threats identified by CBP in inbound international items. However, we have taken into account some limitations of the data, as described in appendix I of this report.

To describe how inbound international items are inspected as they arrive in the United States, we reviewed applicable laws and regulations; USPS and CBP guidance; USPS Office of Inspector General’s reports; and international mail agreements, including requirements set by the Universal Postal Union (UPU).⁵ We conducted site visits to all five USPS International Service Centers (ISC)—the facilities at which USPS receives the majority of inbound international mail—to interview officials, observe

⁵The international movement of mail amongst member countries is governed under the Universal Postal Convention by the UPU, a United Nations specialized agency with over 190 UPU member countries.

the CBP inspection process, and identify associated challenges.⁶ We interviewed officials from USPS, CBP's Office of Field Operations and its National Targeting Center, and the Transportation Security Administration (TSA) and representatives from the three largest express consignment operators (based on CBP cargo volume data for fiscal year 2015): UPS, FedEx, and DHL.

To describe changes in USPS's inbound international volume, we reviewed USPS data on inbound international mail volume. To determine the reliability of volume data, we interviewed appropriate USPS officials about the systems used to generate the data and related internal controls. We found these data to be reliable for the purpose of describing general trends in USPS's inbound international mail volume. We reviewed available reports, plans, and performance information related to pilot programs conducted by USPS and CBP using EAD to target mail for inspection for the period from July 2014 through January 2017 (the time period for which data were available). To determine the reliability of performance data related to these pilot programs, we interviewed appropriate CBP officials about related procedures and the limitations of the data. We found these data to be sufficiently reliable for the purpose of providing information on the current status of the pilots. To assess CBP's and USPS's efforts related to these pilots, we compared available documentation on the goals and performance of the pilots to federal internal control standards related to defining program goals.⁷ We did not assess the effectiveness of CBP's screening efforts for inbound international express cargo or mail because that was outside the scope of our review.

To identify options to obtain additional EAD for inbound mail as well as related considerations, we interviewed officials from USPS and the Department of State and reviewed existing agreements for EAD with foreign postal operators, UPU documents related to the collection and sharing of EAD, and proposed federal legislation. To identify the benefits and costs of using EAD for targeting mail for inspection, we interviewed officials from USPS and CBP's Office of Field Operations and its National Targeting Center and reviewed related agency performance information

⁶We also visited two express consignment operator facilities (selected based on whether the facilities process inbound international express cargo) to observe how inbound express cargo is routed to CBP for inspection.

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

and reports. To assess USPS's and CBP's efforts to collect and implement EAD, we compared these efforts to GAO guidance on program evaluation.⁸ Additional information on our research objectives, scope, and methodology is available in appendix I.

We conducted this performance audit from August 2016 through August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Several federal agencies and other entities have responsibility for the movement of inbound international mail and express cargo into the United States. The Universal Postal Union (UPU), a United Nations specialized agency with over 190 member countries, governs the international movement of mail amongst member countries under the Universal Postal Convention. The Department of State (State Department) represents the United States, along with USPS, at the UPU Congress and other UPU meetings, including those at which policies and requirements related to mail security are discussed. As the designated postal operator in the United States, USPS accepts and delivers inbound international mail on behalf of designated postal operators around the world.⁹ Inbound international mail generally arrives in the United States via five international service centers (ISC) located in New York City, New York; Miami, Florida; Los Angeles, California; San Francisco, California; and Chicago, Illinois. Ground handlers employed by air carriers transport mail

⁸GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: January 2012).

⁹UPU member countries, including the United States in collaboration with USPS, promise to deliver mail sent from other member countries and to reimburse each other for the delivery of that mail under agreements negotiated through the UPU. For additional information, see GAO, *International Mail: Information on Designated Postal Operators and Universal Service in Selected Countries*, [GAO-16-813R](#) (Washington, D.C.: Sept. 26, 2016).

to ISCs, where it is accepted by USPS. In general, USPS is required to present¹⁰ all inbound international mail to CBP for inspection.¹¹

Express consignment operators accept items from customers in foreign countries and transport and deliver those items in the United States. For cargo arriving by aircraft, express consignment operators are required to provide EAD to CBP prior to the scheduled arrival of express cargo in the United States.¹²

A number of federal agencies are responsible for screening mail and express cargo upon arrival in the United States. Under the Department of Homeland Security, CBP has, among other responsibilities, primary responsibility for enforcing customs and agriculture laws and regulations and for preventing terrorists and their weapons from entering at U.S. ports of entry. As such, CBP operates 328 ports of entry at which it inspects inbound cargo, including express cargo and mail, to enforce laws and regulations while seeking to ensure the safe and efficient flow of goods through U.S. ports of entry. CBP coordinates with other federal agencies—including TSA, the U.S. Postal Inspection Service (USPIS), and the Food and Drug Administration (FDA)—to assess the compliance of inbound items with applicable laws and regulations. For additional information on the above entities as well as others with a role in ensuring the security of inbound international items, see appendix II.

¹⁰In this context, the term “present” describes the process of providing CBP physical access to inbound international mail for purposes of examination. See 19 C.F.R. §§ 145.0, 145.2(b).

¹¹Under CBP regulations, inbound international mail not subject to examination includes (1) mail known or believed to contain only official documents addressed to officials of the U.S. Government; (2) mail addressed to Ambassadors and Ministers (Chiefs of Diplomatic Missions) of foreign countries; and (3) letter class mail known or believed to contain only correspondence or documents addressed to diplomatic missions, consular posts, or the officers thereof, or to international organizations designated by the President as public international organizations pursuant to the International Organizations Act. 19 C.F.R. § 145.2(b).

¹²19 C.F.R. § 122.48a.

CBP Seizes a Variety of Inbound Items That May Pose Threats to U.S. Security

CBP has identified and seized a variety of inbound international items that may pose a threat to U.S. security, health and safety, business, and ecology. Screening and review to identify illegal and prohibited items may occur either prior to or after the items' arrival in the United States.

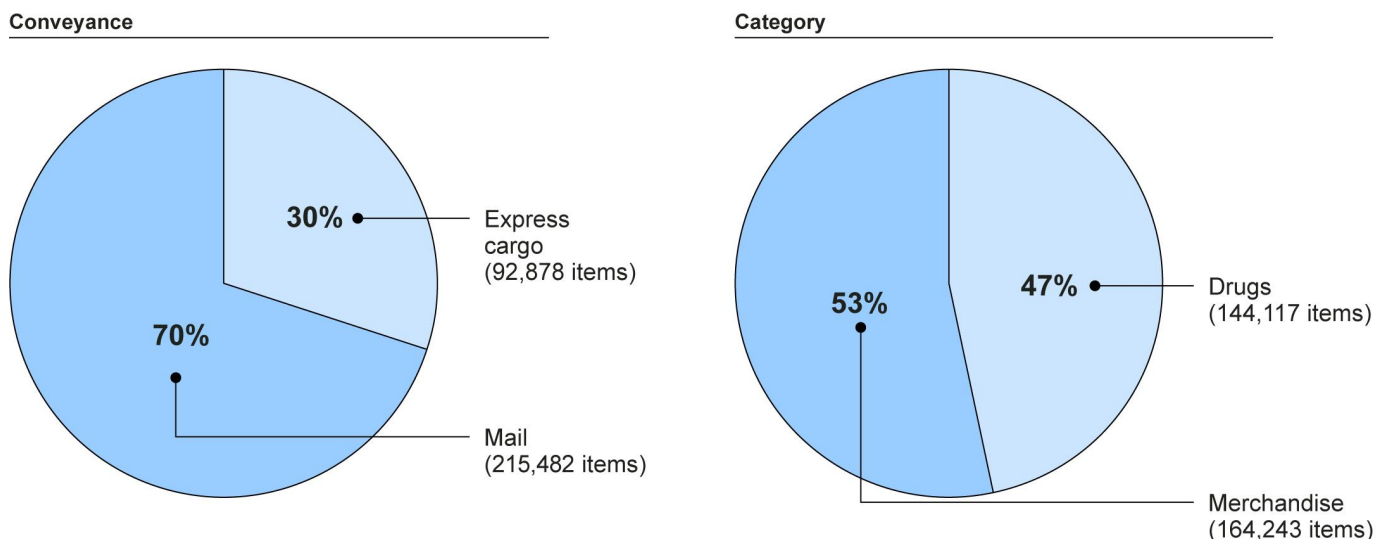
CBP's highest priority in screening inbound international items is to prevent terrorists and their weapons—including hazardous materials or weapons that may threaten the safety of airline passengers and crew—from entering the United States. Generally, measures to identify these types of threats occur prior to items arriving in the United States. For example, in 2010, individuals located in Yemen with ties to al Qaida attempted to ship explosive devices in express cargo on-board aircraft destined for the United States. Those items were identified and intercepted before reaching the United States. According to CBP, while no additional attempted attacks of that nature have been reported since, CBP has identified a substantial number of air cargo shipments that have potential ties to terrorism and that therefore may represent a threat.

CBP inspects mail and express cargo arriving in the United States and seizes illegal goods, including those that may pose threats to health and safety, ecology, and U.S. businesses. According to data from CBP's Seized Asset and Case Tracking System (SEACATS),¹³ during fiscal years 2012 through 2016 CBP conducted about 308,000 seizures of

¹³SEACATS is the system in which CBP tracks the disposition of seizures, among other enforcement actions.

threatening or illegal goods in inbound international items.¹⁴ Of those, CBP seized about 70 percent from mail and 30 percent from express cargo (see fig. 1). This does not necessarily indicate a higher rate of seizures from mail compared to express cargo, as seizure rates may be affected by differences in inbound volume among mail and express cargo, as well as differences in CBP inspection processes for each, as discussed later in this report. Seized items are categorized in SEACATS as either drugs or merchandise.

Figure 1: U.S. Customs and Border Protection (CBP) Seizures of Inbound International Items by Conveyance and Category, Fiscal Years 2012–2016



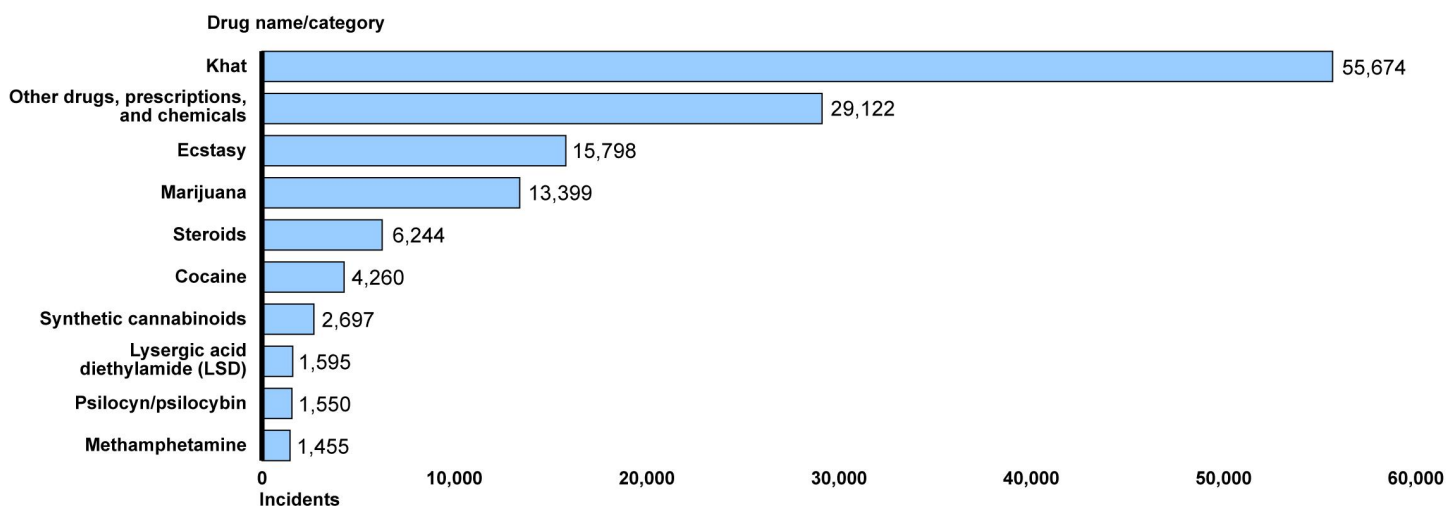
Source: GAO analysis of CBP data. | GAO-17-606

Drugs: Illegal or inadmissible drugs accounted for about 47 percent of total seizures from fiscal years 2012 through 2016 and, among those, the

¹⁴For the purposes of our analysis in this report, we have not indicated the amount seized in each category (the total weight of each drug or quantity of merchandise) because the quantity or weight of each threat may not be directly comparable to another. For example, a single merchandise seizure may include hundreds of electronic devices or hundreds of thousands of cigarettes. Similarly, a single seizure of marijuana may be listed as weighing more than 6,000 kilograms. Additionally, these statistics do not indicate the rate of illegal items that were sent through inbound international mail or express cargo, because the actual rate of illegal items in inbound cargo is unknown. The number of seizures in each category relative to other categories may be distorted based on factors including CBP's enforcement priorities and its ability to detect various threats. Similarly, these statistics do not indicate the seizure rate for mail and express cargo inspected by CBP because CBP does not track the number of inspected items.

top 10 categories are shown in figure 2. Examples of seized drugs are shown in figure 3.

Figure 2: U.S. Customs and Border Protection (CBP) Top 10 Categories of Drugs Seized, Fiscal Years 2012–2016



Source: GAO analysis of CBP data. | GAO-17-606

Notes: The frequencies reported here represent the minimum number of seizures in each category. We are able to report frequencies for only the first item type listed for each seizure in CBP data, and a seizure may include multiple drug types that are not captured in the above statistics.

Khat is a stimulant harvested from the Khat plant, which is native to East Africa and the Arabian Peninsula.

Synthetic cannabinoids are substances created to reproduce the effects of marijuana.

Psilocyn/psilocybin is a hallucinogenic substance obtained from certain types of mushrooms that are indigenous to regions of South America, Mexico, and the United States.

Figure 3: Examples of Drugs Seized by U.S. Customs and Border Protection



Marijuana seeds concealed inside a hollow pen.



Marijuana seeds concealed inside a pair of men's festive fun socks.

Source: GAO. | GAO-17-606

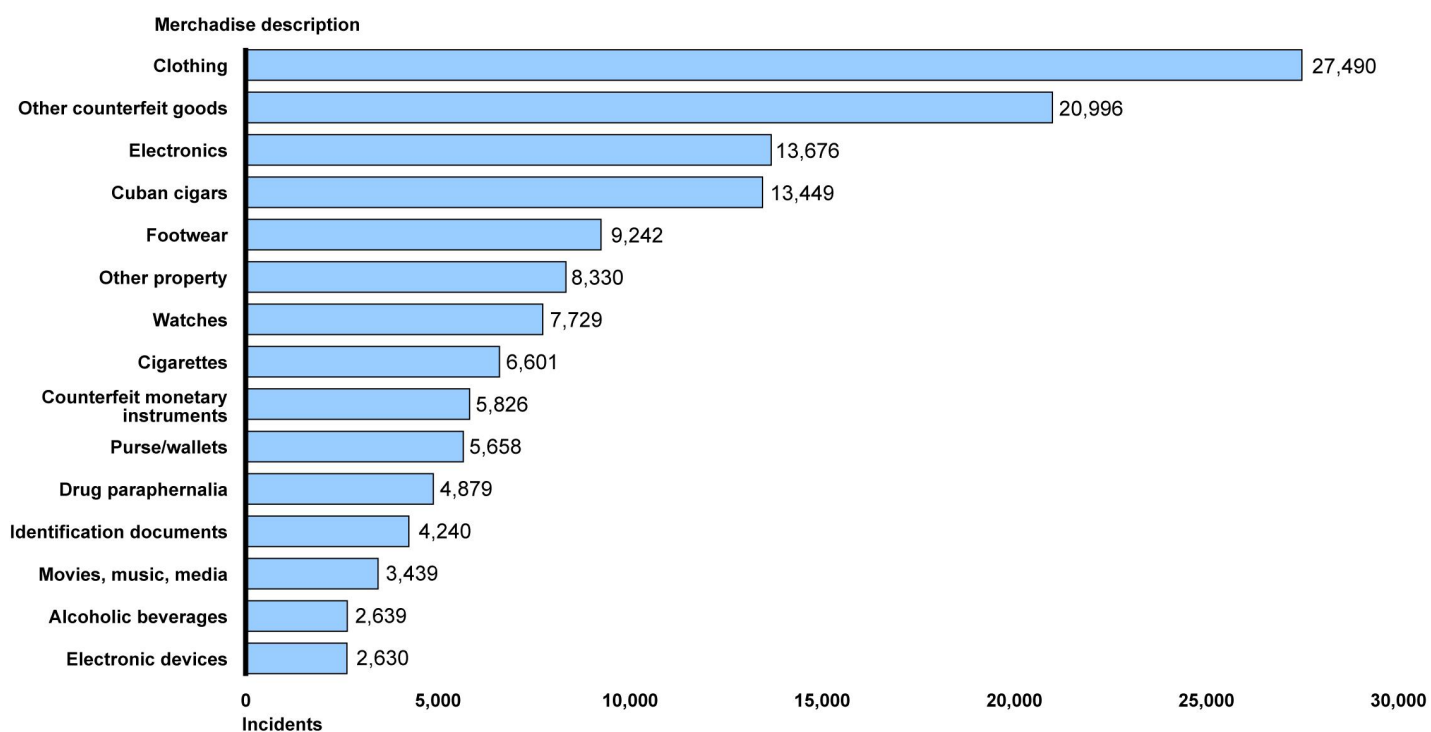
According to testimony by a U.S. Immigration and Customs Enforcement official, a recent increase in deaths related to the synthetic opioid fentanyl has resulted in an increased focus on identifying methods by which traffickers bring fentanyl into the United States.¹⁵ In fiscal years 2012 through 2015, CBP's seizure data reflect zero seizures of fentanyl, but show 53 such seizures in fiscal year 2016 via both mail and express cargo. According to CBP, a specific category code for fentanyl was added to SEACATS in fiscal year 2016. Prior to that, seizures of fentanyl were captured under other categories in SEACATS.

Merchandise: Merchandise accounted for about 53 percent of total seizures in fiscal years 2012 through 2016. Common categories of goods seized were Cuban cigars, cigarettes, fraudulent identification documents, clothing, footwear, and other counterfeit goods (see fig. 4). CBP may seize merchandise based on several different types of violations. For example, according to SEACATS data, Cuban cigars may violate laws

¹⁵Matthew C. Allen, Assistant Director of Homeland Security Investigative Programs, Homeland Security Investigations, U.S. Immigration and Customs Enforcement, Department of Homeland Security, *Fentanyl: The Next Wave of the Opioid Crisis*, testimony before the U.S. House of Representatives Committee on Energy and Commerce Subcommittee on Oversight and Investigations, 115th Cong., March 21, 2017.

against trading with targeted foreign countries and regimes, including Cuba.¹⁶ CBP generally seizes clothing, footwear, watches, and other counterfeit goods based on laws against trademark infringement (see examples in fig. 5).¹⁷

Figure 4: Top 15 Categories of Merchandise Seized by U.S. Customs and Border Protection (CBP), Fiscal Years 2012–2016, by Number of Incidents



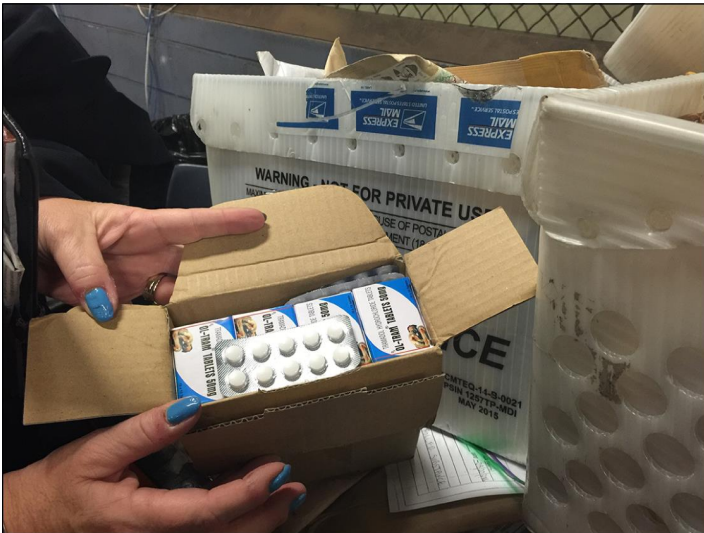
Source: GAO analysis of CBP data. | GAO-17-606

Note: The frequencies reported here represent the minimum number of seizures in each category. We are able to report frequencies for only the first item type listed for each seizure in CBP data, and a seizure may include multiple merchandise types that are not captured in the above statistics.

¹⁶See, e.g., 31 C.F.R. Part 515.

¹⁷See, e.g., 19 U.S.C. § 1526 (merchandise bearing American trademark); 18 U.S.C. § 2320 (trafficking in counterfeit goods or services).

Figure 5: Examples of Suspected Counterfeit Merchandise Seized by U.S. Customs and Border Protection



Suspected counterfeit tramadol, a prescription narcotic.

Source: GAO. | GAO-17-606



Suspected counterfeit merchandise including cosmetics, jewelry, and clothing.

Other Merchandise Seizures

According to USPIA and CBP officials, USPIA works with CBP to seize fraudulent mail, such as illegal sweepstakes and lottery schemes. These seizures are tracked in SEACATS, but do not represent a large percentage of seizures. For example, there were approximately 2,000 seizures of illegal lottery mail reported in SEACATS from 2012 through 2016.¹⁸

CBP also coordinates with the U.S. Department of Agriculture (USDA) to intercept agricultural items including plants and pests that could be harmful to consumers or U.S. agriculture. In fiscal year 2016, CBP reported about 170,000 such interceptions at ports of entry (including mail, express cargo, and other cargo). However, these interceptions may be undercounted in SEACATS. For example, CBP officials stated that if inspection of a package containing many items results in identification of one prohibited agricultural item, CBP would likely intercept only the

¹⁸While seizures of lottery mail are categorized in SEACATS as merchandise, USPS does not consider such mail to be merchandise.

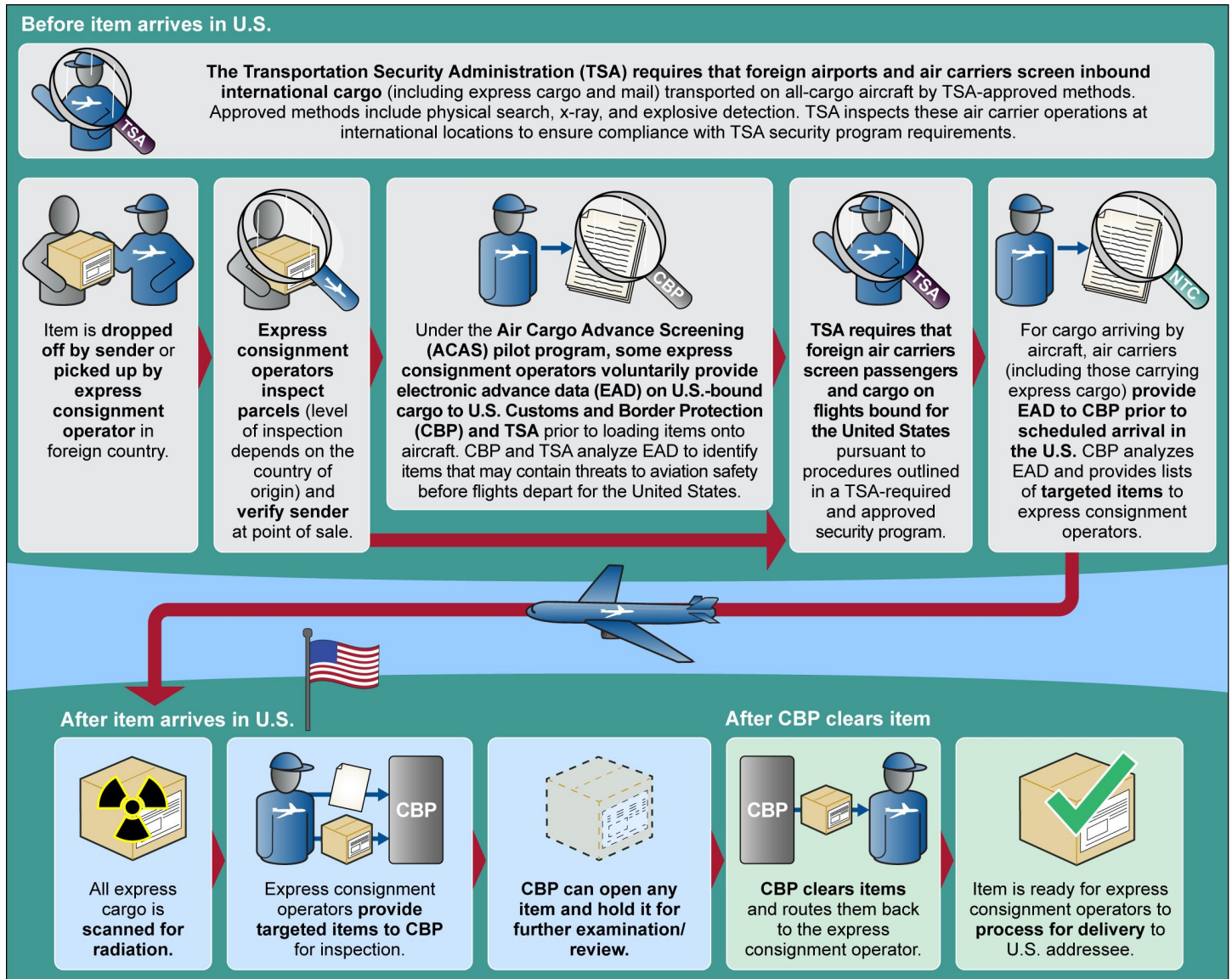
prohibited item and allow delivery of the rest of the package, so it would not be counted as a seizure.

Express Consignment Operators and USPS Work with CBP to Inspect Inbound International Items, but USPS's Pilot Programs Lack Assessment Plans

Express Consignment Operators Work with CBP to Screen Inbound International Items

Express consignment operators accept items for delivery to the United States at points of sale in foreign countries and maintain control of items until they are delivered to addressees in the United States. Express cargo undergoes screening at various points as required, including before and after it arrives in the United States. (see fig. 6).

Figure 6: Flow of the Screening Process for Inbound International Express Cargo



Source: GAO analysis. | GAO-17-606

As a result of their control over the collection of EAD, express consignment operators are able to provide EAD to CBP at two different stages: (1) prior to loading items on aircraft at foreign airports under the currently voluntary Air Cargo Advance Screening (ACAS) pilot and (2) prior to items' scheduled arrival in the United States:

1. CBP and TSA have established the Air Cargo Advance Screening (ACAS) pilot project to receive EAD from participating air carriers on cargo bound for the United States as a means to identify cargo that may have a catastrophic impact on the aircraft prior to being loaded onto that aircraft. Under the pilot, passenger air carriers, freight forwarders, and all-cargo air carriers voluntarily send EAD for air cargo to CBP.¹⁹ CBP and TSA review EAD under the ACAS pilot prior to the cargo's being loaded onto the aircraft and conduct analyses only to identify threats to aviation security—not threats to, for example, public health, ecology, and U.S. businesses. Additionally, the ACAS pilot does not include inbound international mail.²⁰
2. All cargo carriers, including those transporting express cargo, are required to provide EAD to CBP for all inbound cargo arriving by aircraft prior to its scheduled arrival in the United States.²¹

As express consignment operators unload and process express cargo in the United States, items are routed based on the results of CBP's analysis of EAD. CBP and other federal agencies each separately determine which arriving shipment items should be inspected.²² Express consignment operators scan each item as it is unloaded and, depending on the results of the scan, route items for CBP or other inspection, for

¹⁹Freight forwarders are entities that consolidate shipments and deliver them to air carriers. All-cargo carriers are, generally, aircraft configured solely for the transport of cargo.

²⁰We did not assess the effectiveness of this pilot program, because it was outside the scope of our review.

²¹19 C.F.R. § 122.48a. This requirement does not apply to mail. For cargo arriving by aircraft from nearby foreign areas (any foreign port or place in North America, including locations in Mexico, Central America, South America (from north of the equator only), the Caribbean, and Bermuda), carriers are required to provide CBP with EAD no later than the time of the departure ("wheels up") of the aircraft directly to the United States. For express cargo arriving by aircraft from other foreign areas, carriers are required to provide EAD no later than 4 hours prior to the aircraft's scheduled arrival in the United States.

²²In addition to CBP, express consignment operators coordinate with 47 additional federal agencies across 12 departments.

other review including brokerage assessment,²³ or to be processed for delivery. CBP officials told us that analysis of EAD is only one tool among many that help CBP identify threats in inbound international express cargo items. For example, even with access to EAD, CBP officials stated that they conduct random inspections in order to identify new trends.

USPS Coordinates with CBP to Screen Inbound International Mail, but Has Not Established Performance Targets for Pilot Programs

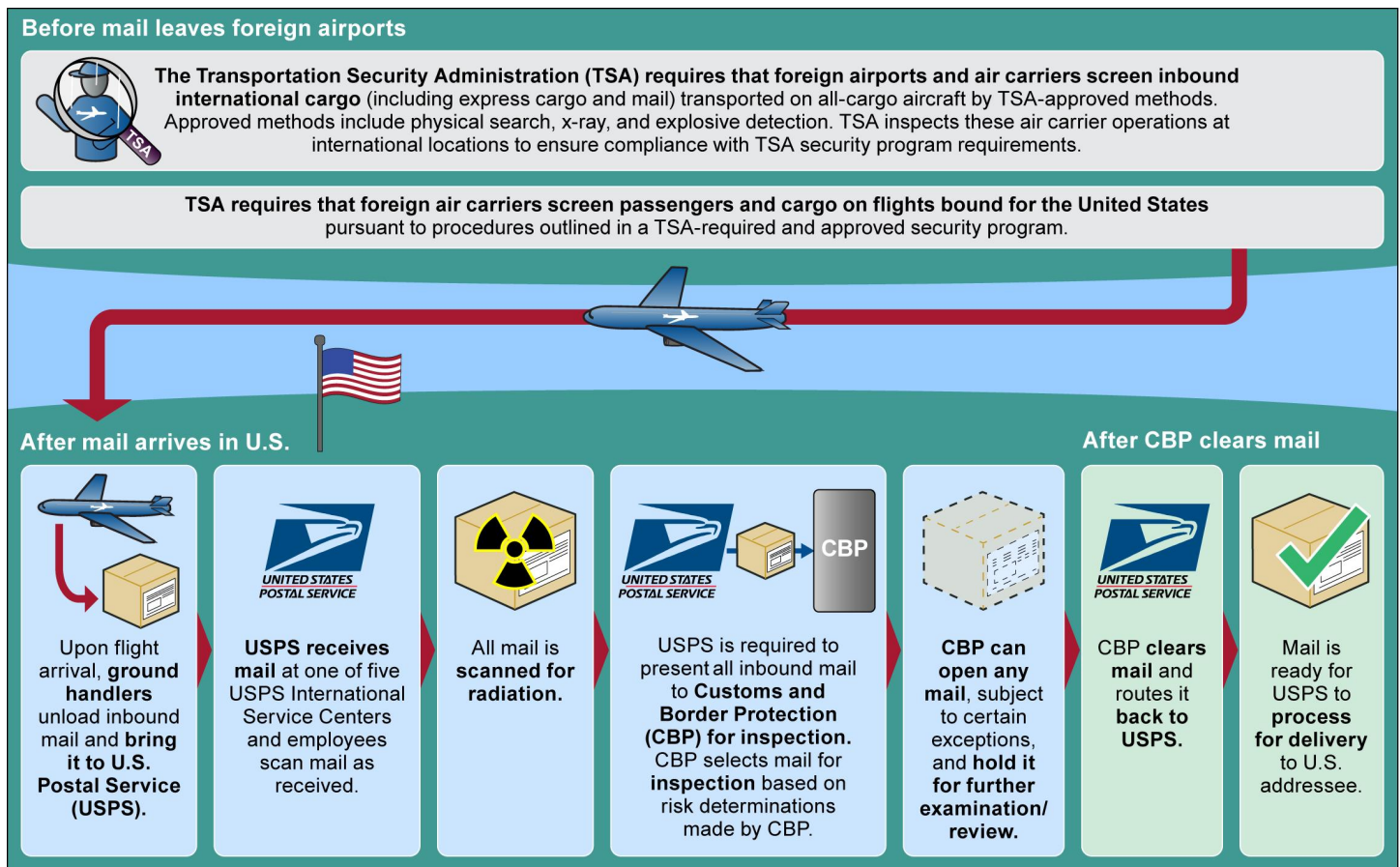
USPS and CBP Screening Processes

As mail arrives in the United States, USPS takes possession of the mail and presents it to CBP for inspection.²⁴ Mail undergoes screening at various steps as required, including before and after it arrives in the United States (see fig. 7).

²³CBP places a brokerage hold on items based on information (or lack of information) in the importing carrier's manifest, so CBP can verify compliance with specific issues such as correct classification and valuation of the goods, or to verify the actual quantities, product descriptions, or other potential discrepancies. CBP has the authority to assess penalties and/or fines against importers, brokers, and other entities bringing goods into the United States that violate Customs or other laws enforced by CBP.

²⁴In this context, the term "present" describes the process of allowing CBP physical access to inbound international mail for purposes of examination. While the majority of inbound international mail is accepted by USPS at the five ISCs, a portion is accepted at other facilities in Hawaii, New Jersey, Puerto Rico, and the U.S. Virgin Islands.

Figure 7: Flow of the Screening Process for Inbound International Mail



Source: GAO analysis. | GAO-17-606

At each location, CBP determines which mail it inspects based on risk determinations made by CBP. Additionally, CBP officials may target mail based on intelligence and characteristics resulting from past experiences and seizures. As such, CBP officials at each ISC may use different criteria to target and inspect different types of mail.²⁵ At all five ISC locations, USPS and CBP officials stated that they meet and communicate regularly to discuss logistics and that they generally have a good working relationship. For example, during the holiday season, CBP

²⁵Specific details regarding risk determinations and the inspection process that CBP considered sensitive are not discussed in this report.

and USPS officials coordinate to establish expanded operating hours to accommodate the increase in mail volume.

USPS and CBP described challenges in screening mail:

- **Increase in Mail Volume:** USPS reported a 54 percent increase in inbound international mail volume from fiscal year 2012 to fiscal year 2016, an increase that, according to USPS and CBP officials, has presented a challenge for USPS and CBP to process and inspect mail.²⁶ USPS receives inbound mail from foreign postal operators in various types of receptacles—including sacks and bins—that are scanned as they are accepted at the ISCs. Each receptacle may, in turn, contain many (in some cases hundreds) individual pieces of mail. As shown in figure 8, for example, the ISCs may receive thousands of large sacks of mail—transported via large pallets or dollies—per day. USPS and CBP officials at one ISC told us that, because the volume of mail has increased in recent years, CBP asked USPS to sort mail in a manner that will allow CBP to focus on items they consider to be higher risk. According to USPS officials, they are currently developing an automated system to sort mail per CBP's preference, as manual sorting was too time consuming.²⁷

²⁶Between fiscal years 2012 and 2016, USPS reported the volume of inbound international mail grew from 402 million pieces to more than 621 million. USPS, Final Revenue, Pieces, and Weight by Classes of Mail and Special Services for Fiscal Year, Fiscal Year 2013, accessed June 20, 2017, <http://about.usps.com/who-we-are/financials/revenue-pieces-weight-reports/fy2013.csv> and Final Revenue, Pieces, and Weight by Classes of Mail and Special Services for Fiscal Year, Fiscal Year 2016, accessed June 19, 2017, <http://about.usps.com/who-we-are/financials/revenue-pieces-weight-reports/fy2016.csv>.

²⁷Specific details regarding this sorting process that CBP considered sensitive are not included in this report.

Figure 8: Examples of Mail Receptacles Accepted at U.S. Postal Service’s International Service Centers



Pallets (left) and dolliers (right) containing sacks of mail are delivered to the International Service Centers.

Source: GAO. | GAO-17-606

- **Presentation of Mail:** The USPS Office of Inspector General (OIG) recently found that at one ISC, USPS did not consistently present all mail to CBP as required.²⁸ CBP officials we spoke with generally said they believe USPS is trying to follow requirements for presenting mail, but CBP officials at two ISCs said that there are occasional lapses.²⁹ In response to the OIG’s finding, USPS management stated that they had clarified requirements with CBP officials, issued new procedures, and provided training and instructions for employees. Additionally, USPS and CBP are developing a memorandum of understanding (MOU) that is intended to detail the work methods and processing procedures for presenting mail to CBP. According to officials, CBP is hopeful that the MOU will be completed by December 31, 2017.

²⁸USPS OIG, *Management Alert – U.S. Postal Service Handling of Inbound International mail at the [Redacted] International Service Center in [Redacted]*, NO-MA-15-006 (September 3, 2015). In general, all inbound international mail is subject to CBP inspection. See 19 C.F.R. §§ 145.0, 145.2(b). Types of inbound international mail not subject to CBP examination include (1) mail known or believed to contain only official documents addressed to officials of the U.S. Government; (2) mail addressed to Ambassadors and Ministers (Chiefs of Diplomatic Missions) of foreign countries; and (3) letter class mail known or believed to contain only correspondence or documents addressed to diplomatic missions, consular posts, or the officers thereof, or to international organizations designated by the President as public international organizations pursuant to the International Organizations Act. Id.

²⁹Specific details regarding these lapses that CBP considered sensitive are not included in this report.

USPS's Efforts to Obtain EAD

Unlike express consignment operators, USPS is not currently required to provide CBP with EAD for inbound international mail and does not have control over mail prior to its arrival in the United States. Thus, USPS relies on foreign postal operators to collect and provide EAD voluntarily or by mutual agreement. According to USPS data, USPS received EAD for about one third of all inbound international mail (excluding letters, flats, and military/diplomatic mail) for the period from April 2016 through March 2017. The most recently available data for the month of March 2017 indicate that EAD was unavailable for roughly half of all inbound international mail (excluding letters, flats, and military/diplomatic mail).

While USPS takes part in data-sharing agreements involving over 30 countries to obtain EAD for several types of mail, the agreements do not currently cover EAD for all products or necessarily require participating countries to provide EAD.³⁰ According to USPS officials, they participate in two types of data-sharing agreements: (1) agreements that establish standards for, but do not require, data sharing; and (2) agreements that establish rates for specific types of mail and require participants to provide EAD for mail covered under the agreements. Even for products covered under agreements that establish data-sharing requirements, USPS does not receive EAD for all covered inbound mail. USPS stated several reasons foreign postal operators may not share EAD for mail covered under EAD-sharing agreements, including:

- The foreign postal operator, or some of its retail outlets, may not have the technology infrastructure to collect and transmit EAD to USPS.
- The foreign postal operator has focused on providing EAD only for a certain type of mail (such as commercial versus retail).
- The costs of collecting and transmitting EAD are prohibitive or not justified by the small amount of mail.

According to USPS officials, as foreign postal operators with which USPS has established binding data-sharing agreements make progress in fulfilling obligations to share EAD, USPS officials plan to monitor progress and use appropriate contractual remedies if they determine there is a breach of contract.

³⁰Specific details regarding these agreements that USPS considered sensitive are not included in this report.

USPS's and CBP's Pilot Programs Lack Performance Targets

In 2014 and 2015, USPS and CBP initiated two pilot programs at the New York ISC to target certain mail for inspection using some of the EAD obtained under data-sharing agreements with foreign postal operators. According to USPS documents, the goal of these pilots is to test the effectiveness of placing holds on mail that has been targeted based on EAD. Currently, CBP does not use EAD to target mail for inspection outside of these pilots.

- In the first pilot (Pilot 1), USPS agreed to provide EAD to CBP for certain mail from a country with a small mail volume. CBP targets an average of five pieces of mail per day for USPS to provide to CBP for inspection.
- In the second pilot (Pilot 2), USPS provides CBP with EAD on certain mail from a country with a large mail volume, from which CBP targets an average of 10 pieces of mail each day for USPS to locate and provide for inspection.

According to USPS officials, when USPS employees scan either individual targeted pieces or larger sacks containing targeted mail, they are alerted to the CBP hold and set it aside for inspection. USPS provided information on the implementation costs for these pilots thus far, though further costs could be incurred as USPS identifies solutions to address challenges:

- \$1.8 million for information technology upgrades to exchange information with CBP,
- \$75,000 annually in personnel costs related to identifying and providing targeted mail to CBP, and
- \$1.3 million to upgrade mail receptacle scanning technology.

Since each pilot began, USPS has made efforts to locate and provide CBP with the targeted mail. For these pilots, CBP has collected performance data on the percentage of targeted mail USPS has provided for inspection as well as the percentage of inspected mail seized.³¹ According to GAO's analysis of available data on the percentage of targeted mail provided for inspection:

³¹USPS and CBP do not collect comparable data for mail inspections outside of these pilots. Specific information on the percentage of inspected items seized under these pilots that CBP considered sensitive is not included.

-
- For Pilot 1, for the period from July 2014 through January 2017 (the time period for which these data were available), USPS provided about 82 percent of targeted mail for inspection.
 - For Pilot 2, for the period from November 2015 through December of 2016 (the time period for which these data were available), USPS provided approximately 58 percent of targeted mail for inspection.

These percentages reflect a rolling average of targeted mail provided for inspection during this period and percentages vary substantially from month to month.³² As discussed below, USPS is currently testing methods for identifying targeted mail that may improve their ability to provide targeted mail to CBP.

According to USPS and CBP, USPS has been unable to provide some targeted mail for inspection because locating targeted mail once it arrives at an ISC has been a challenge. As discussed earlier, each sack may contain hundreds of pieces of mail that are not individually scanned upon arrival, so locating a targeted item requires manually sorting through the entire sack, and USPS employees may overlook the item while sorting through the larger sack to locate targeted mail. According to USPS officials, they are currently testing an automated method to identify targeted mail within these larger sacks.

Another challenge that USPS officials identified in implementing the pilots is that USPS relies on data from foreign postal operators on which pieces of mail are contained in each sack or receptacle, which may be inaccurate. As such, USPS may not be able to locate targeted mail because (1) the item was actually located in a sack that had already been processed or (2) the item is located in a sack that has not yet arrived in the United States. USPS officials stated that if the sack containing targeted mail is not set aside as sacks are scanned—before sacks are opened and emptied—USPS is unlikely to identify individual pieces of mail again until they are individually scanned; either at delivery or as they move between post offices. According to USPS officials, they are currently collecting data to better understand this problem.

³²While these data provide context for understanding USPS's challenges in providing specific pieces of targeted mail for inspection under these pilots, they do not indicate the chances that a piece of inbound international mail will be inspected by CBP. In addition to the efforts to target and provide the small amount of mail (an average of 15 pieces per day) included in the pilots, USPS and CBP adhere to routine processes (described in figure 7) for presenting and inspecting all other inbound mail to the New York ISC.

Standards for Internal Control in the Federal Government states that defining program goals in specific and measurable terms allows for the assessment of performance toward achieving objectives.³³ As stated by USPS, the goal of these pilots is to test the effectiveness of placing holds on mail that has been targeted based on EAD.

However, USPS and CBP have not defined the goal for these pilots in specific and measurable terms. While USPS and CBP have collected some performance information for these pilots, including the percentage of targeted mail identified and provided to CBP, this information is not linked to a specific performance target agreed upon by USPS and CBP—such as a specific percentage of targeted mail provided to CBP for inspection. Further, the agencies have not conducted an analysis to determine if the pilot programs are achieving the desired outcomes. In November 2016, USPS officials told us they were planning to expand the pilots to other ISCs to include additional products and mail from other countries—and CBP headquarters officials stated that the expansion would happen as early as that month for one ISC. However, as of February 2017, CBP officials involved in the pilot did not agree that it was ready for expansion based on USPS's frequent inability to provide targeted mail to CBP for inspection. The CBP officials estimated that to expand the pilot, they would want USPS to be able to locate close to 100 percent of the targeted mail. CBP headquarters officials stated in June 2017 that they would consider the pilots to be successful if USPS provided more than 95 percent of targeted mail for inspection.

Because USPS and CBP have not agreed to specific performance goals or targets, it is difficult to make well-informed decisions regarding the possible expansion of these pilots in the future. Without established performance goals against which the success of the pilots are to be evaluated, USPS and CBP may risk using resources to expand or implement a program that may not further efforts to provide targeted mail to CBP for inspection.

³³[GAO-14-704G](#).

Various Options for Obtaining Electronic Advance Data Pose Trade-offs, but Costs and Benefits of Using Data Are Unclear

USPS and State Department Officials Identified Options to Obtain More Electronic Advance Data and Related Considerations

USPS and State Department officials identified three options to obtain more EAD, as well as potential tradeoffs associated with each.

Strategically pursue additional agreements with foreign postal operators to provide EAD: The USPS OIG recently recommended that USPS pursue collection of additional EAD in future bilateral agreements with foreign postal operators based on USPS and CBP recognition of the importance of EAD in targeting mail for inspection.³⁴ USPS has been pursuing this option in recent years, as discussed above, and, according to USPS officials, is currently negotiating with several additional countries to reach agreements on providing EAD. USPS officials stated that in future negotiations, their intention is to establish binding bilateral data-sharing agreements, rather than agreements that establish standards for, but do not require, data sharing. In addition, according to a State Department official with responsibility for international postal policy, the Department is considering elevating the issue of mail security and related agreements into the diplomatic arena, a step that could have the effect of prioritizing this issue, though USPS would continue to lead negotiations with foreign postal operators. According to USPS officials, this option could result in availability of EAD for a large percentage of inbound mail if the focus is on negotiating with large-volume countries.

However, using this option, USPS and CBP would still be dependent on foreign postal operators to provide data voluntarily or by mutual agreement. Additionally, according to USPS officials—even if they participate in a data-sharing agreement with USPS—foreign postal operators retain the ability to send mail without EAD to the United States under standard Universal Postal Union (UPU) requirements (USPS stated

³⁴USPS Office of Inspector General, *Inbound International Mail Operations-REDACTED Service Center, MS-AR-17-003* (Washington, D.C.: Dec. 30, 2016)

that foreign postal operators might not provide EAD as established in agreements for a variety of reasons, as discussed above). Further, according to a State Department official, establishing data-sharing agreements with some countries may present privacy concerns. According to the official, some of the countries that are most eager to exchange EAD tend to be countries that have an interest in surveilling their citizens. Conversely, the official stated that some countries are concerned about collecting the personal information of citizens and are reluctant to enter into agreements for sharing EAD.

Pursue EAD requirements through the Universal Postal Union: During the 2016 UPU Congress, member countries agreed to changes—including future requirements for barcodes on small packets—that have laid the groundwork for EAD requirements in the future.³⁵ The United States drives this effort as joint chair with India on a UPU committee focused on issues related to security, customs, transportation, and standards. Additionally, USPS officials told us they are participating—along with 52 other postal operators—in a UPU program designed to increase transmission of EAD for e-commerce shipments. According to a State Department official, changes to UPU requirements could result in more universal adoption of EAD collection than current efforts to establish data-sharing agreements. The official also stated that while adoption of universal EAD requirements may occur incrementally over many years, the data-sharing standards and tools that are currently being developed through this UPU process could provide countries with capacity-building resources that would not be available to them outside of a UPU-driven process (in a bilateral negotiation, for example). However, State Department and USPS officials stated that universal adoption of EAD requirements through the UPU will likely take many years because many foreign postal operators lack the infrastructure and capacity to collect EAD and it is unclear how willing some countries are to build that capacity.

Legally Require Collection of EAD: On February 14, 2017, versions of the Synthetic Trafficking and Overdose Prevention Act of 2017 (STOP Act)

³⁵According to State Department and USPS officials, as of January 2018, postal operators will be required to add a barcode to all “small packets” (a specific type of mail) containing merchandise. According to the officials, while this requirement is seen as a crucial step in moving toward universal EAD requirements, these barcodes are not required to convey any specific data. The State Department official stated that UPU member countries will be required to develop the capacity for exchanging EAD by 2020, but that this does not mean they must begin exchanging EAD at that time.

were introduced in both the House of Representatives and the U.S. Senate.³⁶ The STOP Act bills, if passed, would require that all inbound international mail—those items USPS receives from foreign postal operators—be accompanied by EAD, which would be provided to CBP for analysis. The bills would also authorize the collection of an additional customs fee as well as establish penalties for non-compliance.³⁷ According to a State Department official, the requirements in the two pending bills could cause some countries to provide EAD to USPS. However, according to USPS and State Department officials, many countries do not currently have the ability to carry out the provisions in the bills. As a result, the officials stated that the requirement would likely result in a temporary disruption to the flow of inbound international mail and commerce and potentially result in a long-term halt to the flow of mail from some countries. Additionally, the officials stated that the proposed requirement could have implications related to USPS participation in the UPU and, thus, the exchange of mail between the United States and UPU member countries.

USPS and CBP Have Not Evaluated Relative Costs and Benefits of Increased Use of Electronic Advance Data

According to USPS and CBP officials, increasing the use of EAD to target mail for inspection may have benefits, such as reducing the volume of inspected mail and increasing the percentage of inspections that result in identification of a threatening or illegal item. This potential outcome could decrease time and resources needed for the screening process—potentially decreasing costs—and may increase the security of inbound mail. However, the costs of collecting and implementing the use of EAD are not yet known and neither USPS nor CPB currently collect the data necessary to know whether using EAD might increase the security of inbound mail or decrease the time and costs associated with screening.

³⁶See, Synthetics Trafficking and Overdose Prevention Act of 2017, H.R. 1057, 115th Cong. (2017); Synthetics Trafficking and Overdose Prevention Act of 2017, S. 372, 115th Cong. (2017).

³⁷These bills would also require (1) that USPS collect a new customs fee per shipment—to be allocated to CBP and the U.S. Treasury—as well as penalties associated with non-compliance of customs regulations and (2) that USPS reimburse CBP for expenses incurred at ISCs including office space, equipment, and furnishings.

Regarding the costs of collecting EAD, USPS has not calculated the current costs of collecting EAD from countries with which USPS has data-sharing agreements, but USPS officials stated that USPS does not incur significant additional costs for each new designated postal operator or type of mail for which USPS begins collecting EAD. While some of the costs of obtaining EAD may be borne by designated postal operators in other countries, rather than directly by USPS, costs to USPS to use EAD to target mail for inspection may include:

- Equipment and personnel required to identify targeted mail (such as equipment required to sort through hundreds of pieces of mail to identify a single piece of mail): For example, USPS estimated that the cost for software upgrades needed for Pilots 1 and 2 (currently the only efforts USPS and CBP have underway to use EAD to target mail for inspection) to identify individual pieces of mail within larger sacks was about \$150,000. This technology is currently being tested—so any further costs are unknown—but USPS officials stated that it will be included as a part of these pilots if they are expanded to other ISCs.
- Software upgrades required to exchange data with foreign postal operators and with CBP: USPS officials stated, as noted above, that developing the technological capability to receive and utilize EAD from foreign posts related to Pilots 1 and 2 cost about \$1.8 million.

An analysis of the costs associated with planned efforts is particularly critical given USPS's financial challenges.³⁸ As we recently found, USPS reported a net loss of \$5.6 billion in fiscal year 2016—its 10th consecutive year of net losses. We have reported that USPS urgently needs to restructure to align its costs with revenues.³⁹ In light of this situation, any expenditure of financial resources to make any additional infrastructure and information technology upgrades necessary to implement the use of EAD for targeting merit careful consideration.

Beyond costs, USPS and CBP have not performed an analysis of the benefits of using EAD to target mail for inspection, including the

³⁸USPS has been on GAO's High Risk List based on USPS's deteriorating financial condition. GAO, *High Risk: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others; Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*; [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

³⁹GAO, *High Risk Series: An Update; Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*; [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015).

effectiveness of targeted inspection based on EAD relative to other methods of selecting mail for inspection.⁴⁰ Thus, the extent to which targeting based on EAD might result in an increased ability to identify threats or other benefits over current methods is unknown. For example, CBP has collected data on the percent of inspections resulting in a seizure for mail inspected as a result of targeting in Pilots 1 and 2. However, CBP does not collect comparable data for seizures resulting from inspections conducted based on current methods of choosing mail for inspection.

Although CBP has been using EAD to target express cargo for inspection since approximately 2004, it has not evaluated whether this method results in benefits relative to other methods of choosing express cargo, or cargo more generally, for inspection.⁴¹ We recently reported that CBP generally lacks targets for its trade enforcement activities, which include targeting inbound items for inspection. We found that this may impede CBP's ability to assess the effectiveness of those activities, and recommended that CBP develop such targets.⁴²

Moreover, USPS and CBP experience challenges related to inspecting mail that may limit their ability to effectively use EAD to target mail for screening, and, thus, to experience EAD's possible benefits. For example, in discussing the implementation of Pilots 1 and 2, USPS and CBP officials described several challenges:

- High inbound international mail volumes may make individual scanning time consuming and possibly impractical. According to CBP data, there were about 571-million inbound international air-cargo

⁴⁰Specific details regarding methods for selecting mail for inspection that CBP considered sensitive are not included in this report.

⁴¹As a part of the EAD requirements rulemaking, CBP conducted a regulatory impact analysis of the advanced electronic filing rule (68 Fed. Reg. 68140 (Dec. 5, 2003)) —the rule resulting in the requirement for air carriers to provide EAD for cargo arriving by aircraft before items' scheduled arrival in the United States. As part of this analysis, CBP did not estimate the anticipated improvement in security relative to other methods of selecting items for inspection. The analysis did quantify expected time savings related to streamlining the process by which trucks are checked by CBP at the border, but does not include similar estimates for air cargo, including express consignment operators. CBP, *Regulatory Impact Analysis: Advanced Electronic Filing Rule* (Washington, D.C.: Nov. 13, 2003).

⁴²GAO, *Customs and Border Protection: Improved Planning Efforts Needed to Strengthen Trade Enforcement*, [GAO-17-439SU](#) (Washington, D.C.: Apr. 27, 2017).

packages in fiscal year 2016, of which express cargo would account for only a portion. Comparatively, USPS alone accepted about 621 million pieces of inbound international mail in fiscal year 2016. According to representatives we spoke to from express consignment operators, they are able to individually scan each item upon arrival, providing an opportunity to identify and set aside express cargo targeted for CBP inspection based on EAD. Conversely, individually scanning hundreds of millions of pieces of mail may limit USPS' ability to process mail in a timely manner or could require additional personnel and resources.

- USPS depends on foreign postal operators, which, according to USPS and State Department officials, may not share the same security priorities as USPS and CBP, to make EAD available. In March 2017, including countries with which USPS has agreed to share EAD, USPS received EAD for roughly half of inbound mail. Further, lack of control over data collection may result in lower quality and/or reliability of EAD, as compared to that collected by express consignment operators. As such, while CBP has access to EAD for express cargo as a result of the Trade Act of 2002, obtaining EAD for mail may present substantial challenges, as discussed earlier. If the amount of available EAD remains limited for inbound mail, this may limit the effectiveness of CBP's targeting efforts or could limit CBP's ability to reduce the volume of mail it inspects.

Our prior work has found that, in designing preventive measures—such as the screening of inbound mail to identify potential threats—it is helpful to conduct a thorough assessment of vulnerabilities as well as cost-benefit analyses of alternative strategies.⁴³ In the absence of information on the relative costs of various methods of selecting mail for inspection—including the use of EAD to target mail—as well as their effectiveness at identifying potential threats in inbound mail, USPS and CBP are unable to fully understand whether obtaining additional EAD for targeting purposes will provide security or resource benefits.

Conclusions

Protecting the U.S. citizens, economy, and ecology from threats in items shipped to the United States as mail and express cargo requires balancing risks to health and safety with maintaining the flow of

⁴³[GAO-12-208G](#).

international shipping. Beyond threats posed by concealed weapons and other hazards, the United States is experiencing an increase in deaths related to the use of fentanyl, an increase that may be exacerbated by drugs arriving from overseas via mail and express cargo. Express consignment operators, USPS, and CBP coordinate to conduct screening of inbound international items after their arrival in the United States and USPS and CBP have implemented pilot programs making limited use of EAD to target mail for inspection. However, because CBP and USPS lack clear performance goals for these pilots, they risk spending additional time and resources expanding them prior to fully assessing the pilots' success or failure.

Similarly, because USPS and CBP have not conducted an analysis to identify the potential costs and benefits of using EAD for targeting mail in comparison with other methods of choosing mail for inspection, it is unknown whether using EAD would further efforts to identify threats in inbound mail. Particularly in light of the challenges that collecting and using these data present, it is important that CBP and USPS carefully consider actions to enhance inbound international mail security to avoid wasting time and money on potentially ineffective and costly endeavors. As USPS and CBP contemplate the expansion of pilot programs to other ISCs and types of mail, existing pilots could be used as an opportunity for CBP and USPS: (1) to articulate performance goals for the pilots, (2) to collect data and assess the pilots on their success in enabling USPS to provide targeted mail to CBP for inspection, and (3) to assess the costs and benefits of various methods of choosing mail for inspection.

Recommendations for Executive Action

To ensure that current pilot programs related to electronic advance data provide insights that help in assessing USPS's effectiveness at providing mail targeted by CBP for inspection, the Secretary of Homeland Security should direct the Commissioner of CBP to, in conjunction with USPS, (1) establish measureable performance goals for pilot programs and (2) assess the performance of the pilots in achieving these goals.

To provide information on the costs and benefits of collecting electronic advance data for use in targeting inbound international mail for screening, the Secretary of Homeland Security should direct the Commissioner of CBP to, in conjunction with USPS, evaluate the relative costs and benefits of collecting electronic advance data for targeting mail for inspection in comparison to other methods.

Agency Comments and Our Evaluation

We provided a draft of this report to the U.S. Postal Service and Departments of State and Homeland Security for review and comment.

In its written comments, reproduced in appendix III, DHS concurred with our recommendations and indicated it would coordinate with USPS to implement the recommendations.

In its written comments, reproduced in appendix IV, USPS agreed with our findings and provided updates on the expansion of Pilots 1 and 2 and plans for coordinating with CBP to address our recommendations.⁴⁴ USPS stated that it has expanded these pilots to the Los Angeles, California, ISC beginning on June 19, 2017 (after our audit work was completed). In light of this expansion, we believe it will be even more important for USPS and CBP to establish measureable performance goals for these pilots to aid in assessing their performance. Additionally, USPS reiterated the distinctions between USPS and express consignment operators related to USPS's lack of control over the collection of EAD by foreign postal operators. Nonetheless, USPS affirmed its commitment to increasing the percentage of inbound mail for which EAD is available.

USPS and the Departments of Homeland Security and State also provided technical comments, which we incorporated as appropriate.

⁴⁴In its comments, USPS refers to EAD as advance electronic data (AED).

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report's date. At that time, we will send copies to appropriate congressional committees and the Secretary of Homeland Security, the Postmaster General of the United States, and the Secretary of State. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at 202-512-2834 or rectanusl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff making key contributions to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink that reads "Lori Rectanus". The signature is written in a cursive style with a large, decorative initial "L".

Lori Rectanus
Director
Physical Infrastructure Issues

List of Congressional Requesters

The Honorable Ron Johnson
Chairman
The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Rob Portman
Chairman
The Honorable Thomas R. Carper
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Trey Gowdy
Chairman
The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Mark Meadows
Chairman
The Honorable Gerald Connolly
Ranking Member
Subcommittee on Government Operations
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Objectives, Scope, and Methodology

In this report, we address (1) types of items CBP has seized from mail and express cargo sent to the United States; (2) how inbound international items are inspected as they arrive in the United States; and (3) options to collect electronic advance data for mail and the costs and benefits of using electronic advance data for targeting mail for inspection. Specific details related to the screening process and foreign postal operators that CBP and USPS considered sensitive are not included in this report. Express consignment operators are defined, in general, as those entities moving cargo by special express commercial service under closely integrated administrative control with reliable, timely, door-to-door delivery. Under the Trade Act of 2002, as amended, and implementing regulations, all cargo, including express cargo but not including inbound international mail, is subject to requirements for electronic advance data (EAD).

Despite important differences—including the level of control of shipments at the point of acceptance—the door-to-door delivery provided by express consignment operators is more comparable to services provided by USPS than other cargo services. As such, we have reviewed efforts to screen inbound international mail and express cargo only, and have not included other types of cargo. For the purpose of this report, the term inbound international items will refer to those items handled by USPS and express consignment operators, but does not include non-express cargo shipped to the United States. For the purposes of this report, EAD refers to electronic data collected and shared among postal operators (such as USPS); cargo carriers (such as those transporting express cargo); and customs agencies (such as CBP) in advance of the scheduled arrival of cargo (including mail and express cargo) in the United States for the purpose of identifying inbound international items that may pose a threat to the United States. These data include the sender's name and address, recipient's name and address, contents description, number of pieces, and total weight. We use the term 'screening' to refer to the process of identifying inbound international items for further inspection. Additionally, in referring to any item handled by USPS—including letters and packages—we use the term 'mail.' When referring specifically to items

handled by express consignment operators, we use the term 'express cargo.'

To describe the types of items CBP has seized in mail and express cargo sent to the United States, we reviewed and analyzed CBP data on seizures of mail and express cargo items for fiscal years 2012 through 2016 documented in CBP's Seized Asset and Case Tracking System (SEACATS). Specifically, we reviewed information on fiscal year, item description, and statute cited as the basis for the seizure. To determine the reliability of SEACATS data for the purposes of this report, we reviewed related documentation; conducted electronic and manual data testing to identify missing data, outliers, and obvious errors; and interviewed appropriate CBP officials about related internal controls and procedures and the limitations of the data. While we found this data to be sufficiently reliable for the purpose of providing contextual information about the types and quantity of threats identified by CBP in inbound international items, we have reported these data after taking into account some limitations, which may affect the reliability of the statistics we report:

- About 20,000 of the 308,000 total seizures (about 6.5 percent) cited more than 1 item description or federal statute as the basis of the seizure because shipments containing more than 1 type of item are reported as a single incident. For example, a package containing both cocaine and marijuana would be counted as a single seizure, but would have two separate item descriptions (cocaine and marijuana). The statistics we report account only for the first item description listed. We have not reported seizures by cited federal statute because the first statute cited might not accurately represent the basis of the seizure. For example, the first statute cited in SEACATS may be laws granting CBP the authority to seize prohibited items; while this may be part of the basis for the seizure, it does not illustrate the type of threat that was identified. As a result, the frequencies we report represent the minimum number of seizures in each category.
 - Nine of the 308,000 total seizures were cited as both drug and merchandise seizures because the associated items contained both drugs and other goods, such as drug paraphernalia. As such, these incidents are counted twice—as both drugs and merchandise.
- For about 118,000 of the seizures (about 38 percent), SEACATS data did not include a country of origin because, according to CBP, this field is not mandatory. As a result, we were unable to report seizures by country of origin.

To describe how inbound international items are inspected as they arrive in the United States, we reviewed applicable laws and regulations; USPS and CBP guidance; USPS Office of Inspector General reports; and international mail agreements, including requirements set by the Universal Postal Union (UPU).¹ We conducted site visits to all five USPS International Service Centers (ISC)—the facilities at which USPS receives the majority of inbound international mail to interview officials, observe the CBP inspection process, and identify associated challenges.² We interviewed officials from USPS, CBP’s Office of Field Operations and National Targeting Center, and the Transportation Security Administration (TSA) and representatives from the three largest express consignment operators (based on CBP cargo volume data for fiscal year 2015): UPS, FedEx, and DHL.

To describe changes in USPS inbound international volume, we reviewed USPS data on inbound international mail volume. To determine the reliability of these volume data, we interviewed appropriate USPS officials about the systems used to generate the data and related internal controls. We found these data to be reliable for the purpose of describing general trends in USPS inbound international mail volume.

We reviewed available reports, plans, and performance data from fiscal years 2015–2016 related to pilot programs conducted by USPS and CBP using EAD to target mail for inspection for the period from July 2014 through January 2017 (the time period for which data were available). To determine the reliability of performance data related to these pilots, we interviewed appropriate CBP officials about related procedures and the limitations of the data. We found this data to be sufficiently reliable for the purpose of providing information on the current status of the pilots. To assess CBP’s and USPS’s efforts related to these pilots, we compared available documentation on the goals and performance of the pilots to federal internal control standards related to defining program goals.³ We did not assess the effectiveness of CBP’s screening of inbound

¹The international movement of mail amongst member countries is governed under the Universal Postal Convention by the Universal Postal Union (UPU), a United Nations specialized agency with over 190 UPU member countries.

²We also visited two express consignment operator facilities (selected based on whether the facilities process inbound international express cargo) to observe how inbound express cargo is routed to CBP for inspection.

³GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

international express cargo or mail because that was outside the scope of our review.

To identify options for obtaining additional EAD for inbound mail as well as related considerations, we interviewed officials from USPS and the Department of State and reviewed existing agreements for EAD with foreign postal operators, UPU documents related to the collection and sharing of EAD, and proposed legislation. To identify the benefits and costs of using EAD for targeting mail for inspection, we interviewed officials from USPS and CBP's Office of Field Operations and National Targeting Center and reviewed related agency performance data and reports, including performance data on the USPS and CBP pilot projects to use EAD to target mail for inspection, as discussed above. We also reviewed information provided by USPS in response to questions about equipment and personnel costs associated with the pilots. To assess USPS's and CBP's efforts to collect and implement EAD, we compared these efforts to GAO guidance on program evaluation, including assessing the quality of preventive measures.⁴

We conducted this performance audit from August 2016 through August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: January 2012).

Appendix II: Roles and Responsibilities for Security of International Mail and Express Cargo

A range of federal agencies and other stakeholders have a role in keeping prohibited items from entering the country in international mail and express cargo.

Entities with Responsibility for the Movement of International Mail and Express Cargo

U.S. Postal Service

As the designated postal operator in the United States, the U.S. Postal Service (USPS) accepts and delivers inbound international mail on behalf of foreign postal operators, which generally arrives via five international service centers (ISC) located in New York City, New York; Miami, Florida; Los Angeles, California; San Francisco, California; and Chicago, Illinois in addition to smaller facilities in Hawaii, New Jersey, Puerto Rico, and the U.S. Virgin Islands. USPS is required to present all inbound international mail, with some exceptions, to U.S. Customs and Border Protection (CBP) for inspection.¹

¹In this context, the term “present” describes the process of providing CBP physical access to inbound international mail for purposes of examination. See 19 C.F.R. §§ 145.0, 145.2(b).

Universal Postal Union

The international movement of mail amongst member countries is governed under the Universal Postal Convention by the Universal Postal Union (UPU), a United Nations specialized agency with over 190 member countries. The UPU's mission is "to facilitate communication between the inhabitants of the world." The UPU facilitates the exchange of international mail by guaranteeing the free circulation of postal items over a single postal territory composed of interconnected networks; creating common standards, including those related to security and electronic advance data (EAD); establishing requirements for freedom of transit and basic services; and establishing the terms of reimbursement for certain services. Reimbursement for these activities (called the "terminal dues" rate) is determined based on each country's gross national income per capita and the cost for each country's designated postal operator to deliver mail.²

Department of State

The Department of State (State Department) has responsibility for formulation, coordination, and oversight of foreign policy related to international postal services and other international delivery services.³ As such, the State Department represents the United States, along with USPS, at the UPU Congress and other UPU meetings, including those at which policies and requirements related to mail security are discussed.

Express Consignment Operators

Express consignment operators accept items from customers in foreign countries and transport and deliver those items in the United States. For cargo arriving by aircraft from any foreign port or place in North America, including locations in Mexico, Central America, South America (from north of the equator only), the Caribbean, and Bermuda, air carriers, including those carrying express cargo, are required to provide CBP with electronic

²For more information on foreign postal operators, see GAO, International Mail: Information on Designated Postal Operators and Universal Service in Selected Countries, [GAO-16-813R](#) (Washington, D.C.; Sep. 26, 2016). We are currently conducting a review of the terminal dues system—the system under which USPS and other postal operators are reimbursed for the delivery of mail from foreign postal operators.

³Pub. L. No. 109-435, § 405, 120 Stat. 3198, 3230 (2006).

advance data (EAD) no later than the time of the departure (“wheels up”) of the aircraft directly to the United States. For cargo arriving by aircraft from other foreign ports, air carriers are required to provide EAD no later than 4 hours prior to the scheduled arrival of items in the United States and to present all inbound items to CBP for inspection.⁴

Federal Agencies with Responsibility for Inspecting Inbound International Mail and Express Cargo

U.S. Customs and Border Protection

Office of Field Operations

Under the Department of Homeland Security, CBP’s Office of Field Operations has, among other responsibilities, primary responsibility for enforcing customs and agriculture laws and regulations and for preventing terrorists and their weapons from entering at U.S. ports of entry. As such, CBP operates 328 ports of entry at which it inspects inbound cargo, including express cargo and mail, to enforce laws and regulations while seeking to ensure the safe and efficient flow of goods through U.S. ports of entry.

National Targeting Center

Under the Department of Homeland Security, CBP’s National Targeting Center (NTC) identifies high-risk people and cargo traveling to the United States prior to their arrival in the United States. The NTC coordinates examination of cargo that may be connected to terrorist or other crimes, such as narcotics smuggling, human trafficking, merchandise counterfeiting, and money laundering.

⁴19 C.F.R. 122.48a.

Transportation Security Administration

As part of its mission to secure the U.S. civil-aviation system, the Transportation Security Administration (TSA) is statutorily required to assess the effectiveness of security measures at foreign airports (1) served by a U.S. air carrier, (2) from which a foreign air carrier serves the United States, or (3) that pose a high risk of introducing danger to international air travel.⁵ In addition, TSA has statutory and regulatory authority to regulate security-related matters with respect to U.S. air carriers at airports around the world and foreign air carriers operating from last points of departure airports to the United States.⁶ These operations are subject to TSA-approved security program requirements, such as screening of air cargo (including express cargo and non-U.S. Mail) for any unauthorized weapons, explosives, incendiaries, and other destructive devices, items, or substances, prior to loading on the aircraft. TSA inspects these air carrier operations at international locations at least annually to ensure compliance with TSA security program requirements.

U.S. Postal Inspection Service

As the federal law enforcement, crime prevention, and security arm of USPS, the U.S. Postal Inspection Service's (USPIS) mission is to ensure confidence in the U.S. mail. While USPIS does not have primary responsibility for inspecting inbound international mail, it coordinates with USPS and U.S. Customs and Border Protection to facilitate the inspection of inbound international mail.

Other Federal Agencies

More than 40 federal agencies coordinate with CBP to assess the compliance of inbound items with applicable laws and regulations. For example, the Food and Drug Administration (FDA) reviews pharmaceuticals, cosmetics, medical devices, and other items regulated by the FDA that have been identified in inbound mail and express cargo prior to CBP seizure. Other federal agencies coordinating with CBP in this way include the U.S. Department of Agriculture (USDA) and the Fish and Wildlife Administration.

⁵49 U.S.C. § 44907.

⁶See, e.g., 49 U.S.C. § 44906, 49 C.F.R. Part 1546.

Appendix III: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

June 22, 2017

Lori Rectanus
Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management's Response to Draft Report GAO-17-606, "INTERNATIONAL MAIL SECURITY: Costs and Benefits of Using Electronic Data to Screen Mail Need to be Assessed"

Dear Ms. Rectanus:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

U.S. Customs and Border Protection's (CBP) highest priority in screening inbound international mail is to prevent terrorists' weapons and other harmful items from entering the United States, including taking actions to identify such threats prior to the item actually arriving in the United States. The Department is pleased to note GAO's positive recognition of CBP's efforts to better identify and intercept illicit international mail and cargo by developing pilot programs to receive electronic advance data (EAD). EAD refers to electronic data collected and shared among postal operators, cargo carriers, and customs agencies in advance of the scheduled arrival of cargo into the United States. This data includes the sender's name and address, recipient's name and address, description of contents, number of pieces, and total weight.

For example, CBP's Air Cargo Advance Screening pilot project, developed and implemented in conjunction with the Transportation Security Administration, allows CBP to receive EAD from participating air carriers on cargo bound for the United States prior to the cargo being loaded onto the aircraft. Similarly, CBP's EAD pilot program with the United States Postal Service (USPS) has proven useful in making informed targeting and enforcement decisions regarding inbound international mail shipments. In early 2017, CBP officers, leveraging EAD provided by the USPS, successfully targeted and intercepted a shipment of Fentanyl, a powerful synthetic opioid that is 50 to 100 times more potent than morphine. Through further research of the EAD, CBP collected additional information that implicated a transnational criminal organization using the "dark web" to distribute this illegal substance. CBP, in collaboration with the United States Postal Inspection Service and other federal law enforcement agencies, was also able to develop actionable intelligence that identified other high risk targets.

The draft report contained two recommendations with which the Department concurs. Attached find our detailed response to each recommendation.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,



J. H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Attachment

**Attachment: DHS Management Response to Recommendations
Contained in GAO-17-606**

GAO recommended the Secretary of Homeland Security direct the Commissioner of U.S. Customs and Border Protection (CBP), in conjunction with the U.S. Postal Service (USPS) to:

Recommendation 1: Establish measurable performance goals for pilot programs and assess the performance of the pilots in achieving these goals.

Response: Concur. CBP's Office of Field Operations (OFO) will work, in conjunction with USPS's Global Trade Compliance Division, to develop measurable performance goals for the delivery of packages targeted by CBP for examination. On June 14, 2017, OFO hosted a preliminary meeting with USPS to discuss this draft report and possible courses of action to implement its recommendations, including the creation of performance goals for the EAD pilot program and assessing future operations regarding EAD for international mail shipments against these goals. Once established, mutually agreed upon target goals will be incorporated into CBP Standard Operating Procedures (SOPs). OFO will host a follow-on meeting with USPS officials no later than July 31, 2017, and continue to meet, as necessary, to fully implement this recommendation. Estimated Completion Date (ECD): February 28, 2018.

Recommendation 2: Evaluate the relative costs and benefits of collecting electronic advance data for targeting mail for inspection in comparison to other methods.

Response: Concur. CBP OFO will work in partnership with CBP's Office of Trade, Regulations and Rulings, Economic Impact Analysis Branch, and USPS's Global Trade Compliance Division to identify the potential benefits and associated costs of collecting EAD for targeting international mail shipments for inspection. CBP's OFO will host a meeting with USPS no later than July 31, 2017, to further discuss this issue and begin outlining a plan to fully implement this recommendation. ECD: February 28, 2018.

Appendix IV: Comments from the U.S. Postal Service

Appendix IV: Comments from the U.S. Postal Service

ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS



July 5, 2017

Ms. Lori Rectanus
Director, Physical Infrastructure Issues
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

RE: GAO-17-606—International Mail Security

Dear Ms. Rectanus:

This communication is in response to the United States Government Accountability Office's (GAO) Report entitled "International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to be Assessed" (GAO-17-606). We would like to thank your office for leading the requested study. The report reflects important findings and recommendations. We would like to comment on a few matters below before offering our response on the Report's recommendations.

First, the Report makes numerous observations about the Postal Service and in some cases suggests comparison between postal operators and express consignment carriers. We would first like to take the opportunity to clarify the distinctions between private operators and the Postal Service. Unlike private companies, the Postal Service must provide universal service throughout U.S. territory. In addition, as the designated postal operator of the United States, the Postal Service is obligated to accept and deliver letter and parcel post from nearly every country in the world. However, the Postal Service cannot set the postage prices paid by foreign shippers, and also cannot unilaterally set the rates for letter post and parcels (except for certain expedited items) paid by foreign postal operators for delivery within the U.S. Most importantly for purposes of the GAO's comparison, the Postal Service does not control the induction of foreign mail destined for the United States but instead must accept mail from foreign postal operators that they collect from foreign shippers (whether commercial or individual). As such, the Postal Service cannot control the collection and transmission of advance electronic data (AED) abroad.

By contrast, private shipping companies can not only pick-and-choose the most lucrative markets to serve and products to offer, but they also can charge foreign mailers prices to cover customs processing costs and can control the collection of customs data needed to transmit AED. Private operators also tend to cater to business shippers. Thus, we believe that any comparisons between the international postal network and private carriers should carefully consider the unique circumstances and burdens as well the customer bases of postal operators as compared to private operators.

Second, according to GAO's analysis of pilot program performance data, the Postal Service provided less than 100% of targeted mail for inspection. We continue to identify and implement countermeasures to address these challenges, including retraining of employees, implementing standard work instructions, updating scanning software and equipment, and ensuring commitment to success from all stakeholders. An audible alert has been programmed, additional speakers have been ordered, and workstation standardization is in progress. During the receipt operation, the audible alert will notify the operator if a package in the bag being received has been requested by Customs and Border Protection (CBP), allowing the operator to segregate the bag. These bags are then opened and the pieces sorted on automated sorting equipment, to identify the specific packages CBP has requested and enable these packages to be presented to

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CBP more efficiently and reliably than using a manual process. The update to the automated package sorting equipment also enables us to capture any pieces of interest that may be processed at facilities outside of the International Service Centers (ISCs), as this same equipment is used in our domestic processing facilities. Further, new scanners are on order and are in the process of receiving programming updates. These scanners will be used to supplement existing workstations in the receipt operation. The new software on the scanners will notify the operator on the scanner screen when a hold is received, to allow for segregation and automated sortation described above. Since mid-January, we have seen an increase in successful holds with previously enhanced capabilities and we expect further increases as we implement new technologies and enhancements, such as those discussed above. In the JFK ISC pilot, the average percentage of successful holds during the past four months (February to May) notably increased over the prior four months from October to January.

Since February 2017, we have been working with CBP to expand the pilot program into additional ISCs. One additional ISC began receiving targeted holds from CBP on June 19, 2017. In the last few weeks, the LAX ISC has been successful in capturing a high percentage of holds. All other ISCs are now also capable of receiving and identifying targeted holds from CBP as of June 30, 2017.

Third, the Report observes that "any additional expenditures in infrastructure and information technology upgrades necessary to implement the use of [AED] for targeting merits careful observation," while also remarking that "the extent to which targeting based on [AED] might result in an increased ability to identify threats or other benefits over current methods is unknown." We agree with both this observation and the corresponding remark.

That said, and despite the above-described constraints, the Postal Service has been a leading proponent of AED which has well known operational benefits. The Postal Service's efforts have substantially increased the AED that the Postal Service now exchanges with foreign postal operators. Further, the increase in the percentage of inbound items with AED is expected to continue to grow, especially as more countries develop their capabilities to provide it. In an effort to expand even further the provision of AED for international inbound volume, the Postal Service is prioritizing obtaining AED from the largest volume foreign postal operators.

The Postal Service is leveraging AED on outbound package shipments to incent foreign postal operators to provide AED in bilateral and multilateral relationships, including China Post, Korea Post, Hong Kong Post, and Australia Post. Posts from other countries have entered into voluntary data sharing agreements with the Postal Service to facilitate the exchange of AED (including Canada, France, Germany, and Spain). Additionally, the Postal Service is testing with other foreign postal operators the ability to exchange AED.

Through multilateral organizations, the United States has been a leading advocate for the exchange of AED. For example, through the Kahala Posts Group (KPG), an organization comprised of several large volume postal operators, the Postal Service has shared AED best practices, helped develop a data sharing agreement, and encouraged other posts to collect data and commit to targets. The Postal Service did the same through the International Post Corporation (IPC), an organization composed of postal operators of mainly industrialized countries. Additionally, the Postal Service has advanced a proposal to adopt item-level AED among the PRIME multilateral group, a group comprised of dozens of postal operators with a focus on small, tracked packets.

Further, the Postal Service works closely with the United States Department of State, which has lead responsibility for representing the United States Government in the Universal Postal Union (UPU), the 192-member international organization charged with facilitating the exchange of mail among member countries through treaty agreements. At the UPU, United States initiatives have included sponsoring proposals for AED requirements with supporting features like mandatory

barcodes, and have contributed to the UPU membership's increase in adoption and implementation of AED messaging and security standards.

Fourth, the Report shares that CBP anticipates completing the national Memorandum of Understanding (MOU) in December 2017. The USPS provided a draft national-level MOU to CBP in April 2016. A copy of the MOU with CBP's comments was transmitted to the USPS on June 16, 2017 and an initial discussion between the USPS and CBP was held on June 28 to resolve remaining issues. We expect to sign the national MOU in July.

USPS Response to Recommendations for Executive Action:

The GAO recommends that Customs and Border Protection (CBP), in coordination with the Postal Service, (1) establish measurable performance goals to assess pilot programs, and (2) evaluate the costs and benefits of using advance electronic data (AED) to target mail for inspection in comparison with other targeting methods.

We note that these recommendations are primarily aimed at CBP. Nonetheless, the Postal Service is committed and prepared to collaborate with CBP to support efforts in establishing measurable performance goals in order to assess pilot programs and will assist in evaluating costs and benefits of using AED for targeting purposes as compared to other methods.

Establish Measurable Performance Goals:

The Postal Service will propose a target performance metric in order to assess the effectiveness of the pilot program. If CBP agrees, then the agreed target performance metric will be documented in order to appropriately evaluate pilot program success.

Evaluate Costs and Benefits:

Presently, the Postal Service has various initiatives underway to expand even further the provision of AED for international inbound volume for which the cost impact to the Postal Service is small as investments in technology have for the most part already been made. Nonetheless, the Postal Service will cooperate with CBP to furnish whatever information would be useful to CBP to inform its assessment of the costs and benefits of using AED data for targeting mail for inspection.

Thank you for the opportunity to comment on this report.

Sincerely,



Robert Cintron

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Lori Rectanus, (202) 512-2834 or rectanusl@gao.gov

Staff Acknowledgments

In addition to the contact named above, Derrick Collins, Assistant Director; Katie Hamer, Analyst-In-Charge; Geoff Hamilton; Greg Hanna; Thanh Lu; Amanda Miller; Josh Ormond; Minette Richardson; Rachel Stoiko; and Michelle Weathers made significant contributions to this report.

Appendix VI: Accessible Data

Data Tables

Accessible Data for Figure 1: U.S. Customs and Border Protection (CBP) Seizures of Inbound International Items by Conveyance and Category, Fiscal Years 2012–2016

Conveyance	Express Carrier	Mail
Items	92878	215482
Percent	30	70

Category	Drugs	Merchandise
Frequency	144117	164243
Percent	47	53

Accessible Data for Figure 2: U.S. Customs and Border Protection (CBP) Top 10 Categories of Drugs Seized, Fiscal Years 2012–2016

Drug Name/Category	Frequency
Khat	55674
Other drugs, prescriptions, and chemicals	29122
Ecstasy	15798
Marijuana	13399
Steroids	6244
Cocaine	4260
Synthetic cannabinoids	2697
Lysergic acid diethylamide (LSD)	1595
Psilocyn/psilocybin	1550
Methamphetamine	1455

Accessible Data for Figure 4: Top 15 Categories of Merchandise Seized by U.S. Customs and Border Protection (CBP), Fiscal Years 2012–2016, by Number of Incidents

Merchandise description	Frequency
Clothing	27490

Merchandise description	Frequency
Other counterfeit goods	20996
Electronics	13676
Cuban cigars	13449
Footwear	9242
Other property	8330
Watches	7729
Cigarettes	6601
Counterfeit monetary instruments	5826
Purse/wallets	5658
Drug paraphernalia	4879
Identification documents	4240
Movies, music, media	3439
Alcoholic beverages	2639
Electronic devices	2630

Accessible Data for Figure 6: Flow of the Screening Process for Inbound International Express Cargo

1. Before item arrives in U.S.

2. The Transportation Security Administration (TSA) requires that foreign airports and air carriers screen inbound international cargo (including express cargo and mail) transported on all-cargo aircraft by TSA-approved methods. Approved methods include physical search, x-ray, and explosive detection. TSA inspects these air carrier operations at international locations to ensure compliance with TSA security program requirements.
3. Item is dropped off by sender or picked up by express consignment operator in foreign country.
4. Express consignment Operators inspect parcels (level of inspection depends on the country of origin) and verify sender at point of sale.
5. Under the Air Cargo Advance Screening (ACAS) pilot program, some express consignment operators voluntarily provide electronic advance data (EAD) on U.S.-bound cargo to U.S. Customs and Border Protection (CBP) and TSA prior to loading items onto aircraft. CBP and TSA analyze EAD to identify items that may contain threats to aviation safety before flights depart for the United States.

6. TSA requires that foreign air carriers screen passengers and cargo on flights bound for the United States pursuant to procedures outlined in a TSA-required and approved security program.
7. For cargo arriving by aircraft, air carriers (including those carrying express cargo) provide EAD to CBP prior to scheduled arrival in the U.S. CBP analyzes EAD and provides lists of targeted items to express consignment operators.
- 8. After item arrives in U.S.**
 9. All express cargo is scanned for radiation.
 10. Express consignment operators provide targeted items to CBP for inspection.
 11. CBP can open any item and hold it for further examination/ review.
- 12. After CBP clears item**
 13. CBP clears items and routes them back to the express consignment operator.
 14. Item is ready for express consignment operators to process for delivery to U.S. addressee.

Accessible Data for Figure 7: Flow of the Screening Process for Inbound International Mail

- 1. Before mail leaves foreign airports**
 2. The Transportation Security Administration (TSA) requires that foreign airports and air carriers screen inbound international cargo (including express cargo and mail) transported on all-cargo aircraft by TSA-approved methods. Approved methods include physical search, x-ray, and explosive detection. TSA inspects these air carrier operations at international locations to ensure compliance with TSA security program requirements.
 3. TSA requires that foreign air carriers screen passengers and cargo on flights bound for the United States pursuant to procedures outlined in a TSA-required and approved security program.
- 4. After mail arrives in U.S.**
 5. Upon flight arrival, ground Handlers unload inbound mail and bring it to U.S. Postal Service (USPS).
 6. USPS receives mail at one of five USPS International Service Centers and employees scan mail as received.

7. All mail is scanned for radiation.
8. USPS is required to present all inbound mail to Customs and Border Protection (CBP) for inspection. CBP selects mail for inspection based on risk determinations made by CBP.
9. CBP can open any mail, subject to certain exceptions, and hold it for further examination/review.

10. After CBP clears mail

11. CBP clears mail and routes it back to USPS.
12. Mail is ready for USPS to process for delivery to U.S. addressee.

Agency Comment Letter

Accessible Text for Comments from the Department of Homeland Security

June 22, 2017

U.S. Department of Homeland Security Washington, DC 20528

Lori Rectanus

Director, Physical Infrastructure Issues

U.S. Government Accountability Office

441 G Street, NW

Washington, DC 20548

Re: Management's Response to Draft Report GA0-17-606,
"INTERNATIONAL MAIL SECURITY: Costs and Benefits of Using
Electronic Data to Screen Mail Need to be Assessed"

Dear Ms. Rectanus:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

U.S. Customs and Border Protection's (CBP) highest priority in screening inbound international mail is to prevent terrorists' weapons and other harmful items from entering the United States, including taking actions to identify such threats prior to the item actually arriving in the United States. The Department is pleased to note GAO's positive recognition of CBP's efforts to better identify and intercept illicit international mail and cargo by developing pilot programs to receive electronic advance data (EAD). EAD refers to electronic data collected and shared among postal operators, cargo carriers, and customs agencies in advance of the scheduled arrival of cargo into the United States. This data includes the sender's name and address, recipient's name and address, description of contents, number of pieces, and total weight.

For example, CBP's Air Cargo Advance Screening pilot project, developed and implemented in conjunction with the Transportation Security Administration, allows CBP to receive EAD from participating air carriers on cargo bound for the United States prior to the cargo being loaded onto the aircraft. Similarly, CBP's EAD pilot program with the United States Postal Service (USPS) has proven useful in making informed targeting and enforcement decisions regarding inbound international mail shipments. In early 2017, CBP officers, leveraging EAD provided by the USPS, successfully targeted and intercepted a shipment of Fentanyl, a powerful synthetic opioid that is 50 to 100 times more potent than morphine. Through further research of the EAD, CBP collected additional information that implicated a transnational criminal organization using the "dark web" to distribute this illegal substance. CBP, in collaboration with the United States Postal Inspection Service and other federal law enforcement agencies, was also able to develop actionable intelligence that identified other high risk targets.

The draft report contained two recommendations with which the Department concurs. Attached find our detailed response to each recommendation.

Page 2

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

Jim H. Crumpacker, CIA, CFE

Director

Departmental GAO-OIG Liaison Office

Attachment

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Attachment: DHS Management Response to Recommendations Contained in GAO-17-606

GAO recommended the Secretary of Homeland Security direct the Commissioner of U.S. Customs and Border Protection (CBP), in conjunction with the U.S. Postal Service (USPS) to:

Recommendation 1: Establish measurable performance goals for pilot programs and assess the performance of the pilots in achieving these goals.

Response: Concur. CBP's Office of Field Operations (OFO) will work, in conjunction with USPS's Global Trade Compliance Division, to develop measurable performance goals for the delivery of packages targeted by CBP for examination. On June 14, 2017, OFO hosted a preliminary meeting with USPS to discuss this draft report and possible courses of action to implement its recommendations, including the creation of performance goals for the EAD pilot program and assessing future operations regarding EAD for international mail shipments against these goals. Once established, mutually agreed upon target goals will be incorporated into CBP Standard Operating Procedures (SOPs). OFO will host a follow-on meeting with USPS officials no later than July 31, 2017, and continue to meet, as necessary, to fully implement this recommendation. Estimated Completion Date (ECD): February 28, 2018.

Recommendation 2: Evaluate the relative costs and benefits of collecting electronic advance data for targeting mail for inspection in comparison to other methods.

Response: Concur. CBP OFO will work in partnership with CBP's Office of Trade, Regulations and Rulings, Economic Impact Analysis Branch, and USPS's Global Trade Compliance Division to identify the potential benefits and associated costs of collecting EAD for targeting international

mail shipments for inspection. CBP's OFO will host a meeting with USPS no later than July 31, 2017, to further discuss this issue and begin outlining a plan to fully implement this recommendation. ECD: February 28, 2018.

Accessible Text for Comments from the U.S. Postal Service

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ROBERT CINTRON

VICE PRESIDENT, NETWORK OPERATIONS

United States Postal Service

July 5, 2017

Ms. Lori Rectanus

Director, Physical Infrastructure Issues

United States Government Accountability Office 441 G Street, NW

Washington, DC 20548

RE: GA-17-606 International Mail Security

Dear Ms. Rectanus:

This communication is in response to the United States Government Accountability Office's (GAO) Report entitled "International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to be Assessed" (GAO-17-606). We would like to thank your office for leading the requested study. The report reflects important findings and recommendations. We would like to comment on a few matters below before offering our response on the Report's recommendations.

First, the Report makes numerous observations about the Postal Service and in some cases suggests comparison between postal operators and express consignment carriers. We would first like to take the opportunity to clarify the distinctions between private operators and the Postal

Service. Unlike private companies, the Postal Service must provide universal service throughout U.S. territory. In addition, as the designated postal operator of the United States, the Postal Service is obligated to accept and deliver letter and parcel post from nearly every country in the world. However, the Postal Service cannot set the postage prices paid by foreign shippers, and also cannot unilaterally set the rates for letter post and parcels (except for certain expedited items) paid by foreign postal operators for delivery within the U.S. Most importantly for purposes of the GAO's comparison, the Postal Service does not control the induction of foreign mail destined for the United States but instead must accept mail from foreign postal operators that they collect from foreign shippers (whether commercial or individual). As such, the Postal Service cannot control the collection and transmission of advance electronic data (AED) abroad.

By contrast, private shipping companies can not only pick-and-choose the most lucrative markets to serve and products to offer, but they also can charge foreign mailers prices to cover customs processing costs and can control the collection of customs data needed to transmit AED. Private operators also tend to cater to business shippers. Thus, we believe that any comparisons between the international postal network and private carriers should carefully consider the unique circumstances and burdens as well as the customer bases of postal operators as compared to private operators.

Second, according to GAO's analysis of pilot program performance data, the Postal Service provided less than 100% of targeted mail for inspection. We continue to identify and implement countermeasures to address these challenges, including retraining of employees, implementing standard work instructions, updating scanning software and equipment, and ensuring commitment to success from all stakeholders. An audible alert has been programmed, additional speakers have been ordered, and workstation standardization is in progress. During the receipt operation, the audible alert will notify the operator if a package in the bag being received has been requested by Customs and Border Protection (CBP), allowing the operator to segregate the bag. These bags are then opened and the pieces sorted on automated sorting equipment, to identify the specific packages CBP has requested and enable these packages to be presented to

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CSP more efficiently and reliably than using a manual process. The update to the automated package sorting equipment also enables us to capture any pieces of interest that may be processed at facilities outside of the International Service Centers (ISCs), as this same equipment is used in our domestic processing facilities. Further, new scanners are on order and are in the process of receiving programming updates. These scanners will be used to supplement existing workstations in the receipt operation. The new software on the scanners will notify the operator on the scanner screen when a hold is received, to allow for segregation and automated sortation described above. Since mid-January, we have seen an increase in successful holds with previously enhanced capabilities and we expect further increases as we implement new technologies and enhancements, such as those discussed above. In the JFK ISC pilot, the average percentage of successful holds during the past four months (February to May) notably increased over the prior four months from October to January.

Since February 2017, we have been working with CBP to expand the pilot program into additional ISCs. One additional ISC began receiving targeted holds from CSP on June 19, 2017. In the last few weeks, the LAX ISC has been successful in capturing a high percentage of holds. All other ISCs are now also capable of receiving and identifying targeted holds from CSP as of June 30, 2017.

Third, the Report observes that "any additional expenditures in infrastructure and information technology upgrades necessary to implement the use of [AED] for targeting merits careful observation," while also remarking that "the extent to which targeting based on [AED] might result in an increased ability to identify threats or other benefits over current methods is unknown." We agree with both this observation and the corresponding remark.

That said, and despite the above-described constraints, the Postal Service has been a leading proponent of AED which has well known operational benefits. The Postal Service's efforts have substantially increased the AED that the Postal Service now exchanges with foreign postal operators. Further, the increase in the percentage of inbound items with AED is expected to continue to grow, especially as more

countries develop their capabilities to provide it. In an effort to expand even further the provision of AED for international inbound volume, the Postal Service is prioritizing obtaining AED from the largest volume foreign postal operators.

The Postal Service is leveraging AED on outbound package shipments to incent foreign postal operators to provide AED in bilateral and multilateral relationships, including China Post, Korea Post, Hong Kong Post, and Australia Post. Posts from other countries have entered into voluntary data sharing agreements with the Postal Service to facilitate the exchange of AED (including Canada, France, Germany, and Spain). Additionally, the Postal Service is testing with other foreign postal operators the ability to exchange AED.

Through multilateral organizations, the United States has been a leading advocate for the exchange of AED. For example, through the Kahala Posts Group (KPG), an organization comprised of several large volume postal operators, the Postal Service has shared AED best practices, helped develop a data sharing agreement, and encouraged other posts to collect data and commit to targets. The Postal Service did the same through the International Post Corporation (IPC), an organization composed of postal operators of mainly industrialized countries. Additionally, the Postal Service has advanced a proposal to adopt item-level AED among the PRIME multilateral group, a group comprised of dozens of postal operators with a focus on small, tracked packets.

Further, the Postal Service works closely with the United States Department of State, which has lead responsibility for representing the United States Government in the Universal Postal Union (UPU), the 192-member international organization charged with facilitating the exchange of mail among member countries through treaty agreements. At the UPU, United States initiatives have included sponsoring proposals for AED requirements with supporting features like mandatory

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barcodes, and have contributed to the UPU membership's increase in adoption and implementation of AED messaging and security standards.

Fourth, the Report shares that CBP anticipates completing the national Memorandum of Understanding (MOU) in December 2017. The USPS provided a draft national-level MOU to CBP in April 2016. A copy of the MOU with CBP's comments was transmitted to the USPS on June 16,

2017 and an initial discussion between the USPS and CBP was held on June 28 to resolve remaining issues. We expect to sign the national MOU in July.

USPS Response to Recommendations for Executive Action:

The GAO recommends that Customs and Border Protection (CBP), in coordination with the Postal Service, (1) establish measurable performance goals to assess pilot programs, and (2) evaluate the costs and benefits of using advance electronic data (AED) to target mail for inspection in comparison with other targeting methods.

We note that these recommendations are primarily aimed at CBP. Nonetheless, the Postal Service is committed and prepared to collaborate with CBP to support efforts in establishing measurable performance goals in order to assess pilot programs and will assist in evaluating costs and benefits of using AED for targeting purposes as compared to other methods.

Establish Measurable Performance Goals:

The Postal Service will propose a target performance metric in order to assess the effectiveness of the pilot program. If CBP agrees, then the agreed target performance metric will be documented in order to appropriately evaluate pilot program success.

Evaluate Costs and Benefits:

Presently, the Postal Service has various initiatives underway to expand even further the provision of AED for international inbound volume for which the cost impact to the Postal Service is small as investments in technology have for the most part already been made. Nonetheless, the Postal Service will cooperate with CBP to furnish whatever information would be useful to CBP to inform its assessment of the costs and benefits of using AED data for targeting mail for inspection.

Thank you for the opportunity to comment on this report.

Robert Cintron

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