



Testimony

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Government Operations, Committee on
Oversight and Government Reform,
House of Representatives

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INTERNATIONAL MAIL SECURITY

CBP and USPS Should Assess Costs and Benefits of Using Electronic Advance Data

Statement of Lori Rectanus, Director, Physical
Infrastructure Issues

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

Thank you for the opportunity to discuss our August 2017 report on international mail security, which we are publicly releasing today.¹ 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 may be importing goods when they make purchases over the Internet. This expansion could 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. 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

The U.S. Postal Service (USPS) and express consignment operators—such as FedEx, DHL, and the United Parcel Service (UPS)—play key roles handling inbound international items.³ U.S. Customs and Border Protection (CBP), within the Department of Homeland Security, 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

¹GAO, *International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to Be Assessed*, [GAO-17-606](#) (Washington, D.C.: Aug. 2, 2017).

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.

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). For the purposes of this statement, 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.

inspection efforts. These data include the sender's name and address, recipient's name and address, contents' description, number of pieces, and total weight.

My remarks today are based on our report, which addressed (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 EAD for mail and the costs and benefits of using these data to target mail for inspection. For the purposes of this statement, I will focus primarily on our findings related to USPS's and CBP's efforts to obtain and use EAD 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 our report or this statement.

For our report, we reviewed and analyzed data on seizures of mail and express cargo items as documented in CBP's Seized Asset and Case Tracking System (SEACATS). We reviewed applicable laws and regulations; USPS and CBP guidance; USPS Office of Inspector General's reports; international mail agreements, including requirements set by the Universal Postal Union (UPU)⁴ and agreements for EAD with foreign postal operators; and proposed federal legislation. We interviewed officials from USPS, the Department of State, CBP, 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.

We reviewed available 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). We compared available documentation on the goals and performance of the pilots to federal internal control standards related to defining program goals.⁵ 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 assess USPS's and CBP's efforts to collect and implement EAD, we compared these efforts to GAO

⁴The 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.

⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

guidance on program evaluation.⁶ Further details on our scope and methodology are included in our report. The work on which this statement is based was conducted in accordance with generally accepted government auditing standards.

In summary, we found that CBP seizes a variety of inbound items, including drugs and merchandise, through inspections of express cargo and mail as it arrives in the United States. However, CBP and USPS have not established measureable goals for pilot programs to use EAD for targeting mail for inspection, nor have they identified the potential costs and benefits of using EAD. Given the challenges associated with collecting and using EAD, CBP should, in coordination with USPS, establish measureable goals for pilot programs and 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 and CBP plans to implement them by February 28, 2018.

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

In our report, we found that, according to data from CBP's Seized Asset and Case Tracking System (SEACATS), during fiscal years 2012 through 2016 CBP conducted about 308,000 seizures of inbound international items that may pose a threat to U.S. security, health and safety, business, and ecology. Of those, CBP seized about 70 percent from mail and 30 percent from express cargo.⁷ Seized items are categorized in SEACATS as either drugs or merchandise. Among the approximately 308,000 seizures, illegal or inadmissible drugs accounted for about 47 percent of total seizures and merchandise accounted for about 53 percent.

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

⁶GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: January 2012).

⁷This 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 in our report.

traffickers bring fentanyl into the United States.⁸ In fiscal years 2012 through 2015, CBP's seizure data reflect zero seizures of fentanyl, but according to CBP, fentanyl seizures would have been captured under other categories in SEACATS. According to CBP, a specific category code for fentanyl was added to SEACATS in fiscal year 2016. SEACATS reflects 53 seizures of fentanyl in fiscal year 2016 via both mail and express cargo.

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

As mail and express cargo arrive in the United States, both USPS and express consignment operators provide items to CBP for inspection. Express consignment operators accept items for delivery to the United States at points of sale in foreign countries and provide EAD to CBP prior to the items' scheduled arrival in the United States. CBP then analyzes the EAD and provides lists of targeted items to express consignment operators. However, 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. For the month of March 2017 (the most recent data available at the time of our review), USPS data indicate that EAD was available for roughly half of all inbound international mail (excluding letters, flats, and military/diplomatic mail).⁹

In 2014 and 2015, USPS and CBP initiated two pilot programs at the New York International Service Center (ISC) to target certain mail for inspection using some of the EAD obtained under data-sharing agreements with foreign postal operators. At the time of our review, CBP did not use EAD to target mail for inspection outside of these pilots. According to USPS documents, the goal of these pilots is to test the

⁸Matthew 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., 1st Sess., March 21, 2017.

⁹USPS told us in August 2017 that it had recently updated its methodology for calculating the percentage of mail for which EAD is available.

effectiveness of placing holds on mail that has been targeted by CBP based on EAD. Under the pilots, CBP uses EAD to target a small number of pieces of mail each day. According to USPS officials, when USPS employees scan either individual targeted pieces or larger sacks containing this targeted mail, they are alerted that CBP has targeted the item and set the item or sack aside for inspection. Since the pilots began, USPS has made efforts to locate and provide CBP with the targeted mail and CBP has collected performance data on the percentage of targeted mail USPS has provided for inspection: about 82 percent for one pilot, and about 58 percent for the other.

In our report we note that, 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. Specifically, USPS ISCs may receive thousands of large sacks of mail per day that are scanned as they are accepted. Each sack may contain hundreds of pieces of mail that are not individually scanned upon arrival. As a result, 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, at the time of our review they were testing an automated method to identify targeted mail within these larger sacks.

Standards for internal control in the federal government state that defining program goals in specific and measurable terms allows for the assessment of performance toward achieving objectives.¹⁰ However, while USPS and CBP have collected some performance information for these pilots (including the percentage of targeted mail provided for inspection), 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 desired outcomes.

In our report, we concluded that, 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. As such, we recommended that CBP, in conjunction with USPS, (1) establish measureable performance goals for pilot programs and (2)

¹⁰[GAO-14-704G](#).

assess the performance of the pilots in achieving these goals. The Department of Homeland Security concurred with this recommendation and plans to implement it by February 28, 2018.

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

In our report we found that the costs and benefits of using EAD to target mail for inspection are unclear. For example, 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 CBP 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.

Specifically, regarding the costs of collecting EAD, USPS has not calculated the current costs of collecting EAD from countries with which it has data-sharing agreements, but officials stated that USPS does not incur significant additional costs for each new designated postal operator or type of mail for which it begins collecting EAD.¹¹ 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), and
- software upgrades required to exchange data with foreign postal operators and with CBP.

In our report we found that an analysis of the costs associated with planned efforts is particularly critical given USPS's financial challenges.¹²

¹¹Designated postal operators are postal operators that have been designated by UPU member countries to provide universal postal service.

¹²USPS has been on GAO's High Risk List based on USPS's deteriorating financial condition since July 2009. 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).

As we recently found, USPS reported a net loss of \$5.6 billion in fiscal year 2016—its 10th consecutive year of net losses. 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, in our report we also determined that USPS and CBP have not performed an analysis of the benefits of using EAD to target mail for inspection, including the effectiveness of targeted inspection based on EAD relative to other methods of selecting mail for inspection.¹³ 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 percentage of inspections resulting in a seizure for mail inspected as a result of targeting in the pilot programs at the New York ISC. However, CBP does not collect comparable data for seizures resulting from inspections conducted based on current methods of choosing mail for inspection.

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, USPS depends on foreign postal operators to make EAD available. According to USPS and State Department officials, however, those operators may not share the same security priorities as USPS and CBP and may not make EAD available. If the amount of available EAD remains limited for inbound mail, this may reduce the effectiveness of CBP's targeting efforts or could constrain 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.¹⁴ In the absence of information on the relative costs of various methods of selecting mail for inspection as well as their effectiveness at identifying potential threats in inbound mail, USPS and CBP are unable to fully understand whether obtaining

¹³Specific details regarding methods for selecting mail for inspection that CBP considered sensitive are not included in this statement.

¹⁴[GAO-12-208G](#).

additional EAD for targeting purposes will provide security or resource benefits.

In our report, we therefore concluded that, 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 such, we recommended that CBP, in conjunction with USPS, evaluate the relative costs and benefits of collecting EAD for targeting mail for inspection in comparison to other methods. The Department of Homeland Security concurred with this recommendation and plans to implement it by February 28, 2018.

In conclusion, existing pilots could be used as an opportunity for CBP and USPS to: (1) articulate performance goals for the pilots, (2) collect data and assess the pilots on their success in enabling USPS to provide targeted mail to CBP for inspection, and (3) assess the costs and benefits of various methods of choosing mail for inspection. We are encouraged that USPS and the Department of Homeland Security agreed with our findings and recommendations. Effective implementation of our recommendations should help CBP and USPS ensure that efforts to collect and use EAD to target mail for inspection achieve the desired security and resource benefits.

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgements

If you or your staff have any questions about this testimony, please contact Lori Rectanus, Director, Physical Infrastructure Issues 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 statement. GAO staff who made key contributions to this testimony are Derrick Collins and Katie Hamer. Other staff who made contributions to the report cited in this testimony are identified in the source product.

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