



441 G St. N.W.  
Washington, DC 20548

February 27, 2020

Congressional Committees

### **International Mail: Stakeholders' Views on Possible Changes to Inbound Mail Regarding Customs Fees and Opioid Detection Efforts**

According to the National Institute on Drug Abuse, over 130 people in the United States die daily from an opioid overdose.<sup>1</sup> These overdoses often involve the use of illicit synthetic opioids that enter the United States at various entry points by various means, including international mail.<sup>2</sup> In recent years, Congress and the Administration have increasingly focused on illicit opioids arriving via international mail. As the United States' designated postal operator, the U.S. Postal Service (USPS) is responsible for receiving inbound international mail shipments and delivering them domestically. In fiscal year 2019, USPS received about 578 million inbound international mail shipments, including envelopes or packages containing goods.<sup>3</sup> Within the Department of Homeland Security (DHS), U.S. Customs and Border Protection (CBP) is responsible for detecting and seizing inbound international mail shipments containing illicit opioids and other prohibited items.

The Synthetics Trafficking and Overdose Prevention Act of 2018 (STOP Act of 2018) included several measures to support CBP's opioid-detection efforts. For example, it required USPS to transmit to CBP advance electronic data (AED) on the international mail shipments it receives. Such data include sender and recipient information, among other things.<sup>4</sup> The STOP Act 2018 also required that USPS assess a \$1 customs fee, effective January 1, 2020, on each item sent via inbound Express Mail Service (EMS) (one type of inbound international mail). As discussed later in this report, customs fees are intended to help fund customs processing-related efforts,

---

<sup>1</sup>National Institutes of Health, National Institute on Drug Abuse, accessed May 30, 2019, <https://www.drugabuse.gov/drugs-abuse/opioids/opioid-overdose-crisis>.

<sup>2</sup>International mail shipments are handled by designated postal operators, such as the U.S. Postal Service (USPS). Other types of shipments include "express consignment shipments," which are handled by express consignment operators, such as the United Parcel Service (UPS). According to U.S. Customs and Border Protection (CBP), most illicit opioids consumed in the United States enter the country via international mail shipments, express consignment shipments, or in vehicles or on persons crossing the southwest border.

<sup>3</sup>Inbound international mail volume represents less than 1 percent of USPS's total annual volume.

<sup>4</sup>Pub. L. No. 115-271, § 8003(a)(1), 132 Stat. 3894, 4074. USPS collects advance electronic data (AED) from foreign postal operators. The AED that USPS currently collects include the sender's name and address, recipient's name and address, contents' description, number of pieces, total weight, and declared value. CBP analyzes AED to target high-risk shipments for inspection. The STOP Act of 2018 required USPS to transmit AED to CBP for at least 70 percent of aggregate international mail shipments it receives—including 100 percent of mail shipments from the People's Republic of China—starting no later than December 31, 2018. In December 2019, we examined AED requirements included in the STOP Act of 2018. See GAO, *International Mail: Progress Made in Using Electronic Data to Detect Illegal Opioid Shipments, but Additional Steps Remain*, [GAO-20-229R](#) (Washington, D.C., Dec. 18, 2019).

such as inspecting mail for illicit items, and this new fee is intended to help reimburse CBP and USPS for services provided related to the customs' processing of EMS items.<sup>5</sup>

The STOP Act of 2018 also included a provision for GAO to examine: (1) the feasibility of assessing an additional customs fee on other types of inbound international mail and (2) how opioid detection might be improved by certain role changes—i.e., by requiring USPS to serve as the consignee and by designating a customs broker as an importer of record for international mail shipments.<sup>6</sup> This report provides selected stakeholders' views on (1) assessing additional customs fees on inbound international mail shipments and (2) how CBP's opioid-detection efforts could be affected by changing how certain roles apply to inbound international mail shipments. This report updates information that we provided to congressional staff on June 28, 2019, to meet the provisions included in the STOP Act of 2018 for GAO.

To obtain views on assessing additional customs fees on inbound international mail, we selected and interviewed federal entities with a key role in inbound international mail—USPS, CBP, and the U.S. Department of State (State). For contextual purposes, we reviewed documentation on the implementation of the customs fee on EMS, as well as USPS and CBP data on customs fees collected on inbound international mail in fiscal year 2018.<sup>7</sup>

To obtain views on how CBP's opioid-detection efforts could be affected by changing how certain roles apply to inbound international mail shipments, we interviewed officials from USPS, CBP, and State, and representatives of selected industry stakeholders. We selected industry stakeholders that were knowledgeable of the roles of a consignee, customs broker, and importer of record in non-postal shipping situations, including three express consignment operators—DHL, FedEx Corporation, and UPS—and two related industry associations. These stakeholders' views do not necessarily represent those of all industry stakeholders but do provide valuable insights into these roles in non-postal situations. We used these interviews to identify considerations related to how certain role changes could affect CBP's opioid-detection efforts and any related implementation issues.

We conducted this performance audit from March 2019 to February 2020 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.

---

<sup>5</sup>Of the \$1 fee, 50 percent is to be paid to CBP and 50 percent is to be retained by USPS. Pub. L. No. 115-271, § 8002(a), 132 Stat. 3894, 4073. EMS mail is handled by designated postal operators in the Universal Postal Union (UPU)—a United Nations specialized agency with 192 member countries that facilitates the international movement of mail. EMS mail provides express delivery of shipments and includes signature confirmation and liability insurance for damaged or lost mail.

<sup>6</sup>Pub. L. No. 115-271, § 8003(d) 132 Stat. 4075, 4078-79. In general, a consignee is the end-recipient of a shipment; a customs broker is an individual who helps the sender or receiver of a shipment to meet federal import and export requirements; and an importer of record is the person who is liable for, among other things, paying certain fees on a shipment. We discuss these roles in more detail later in this report.

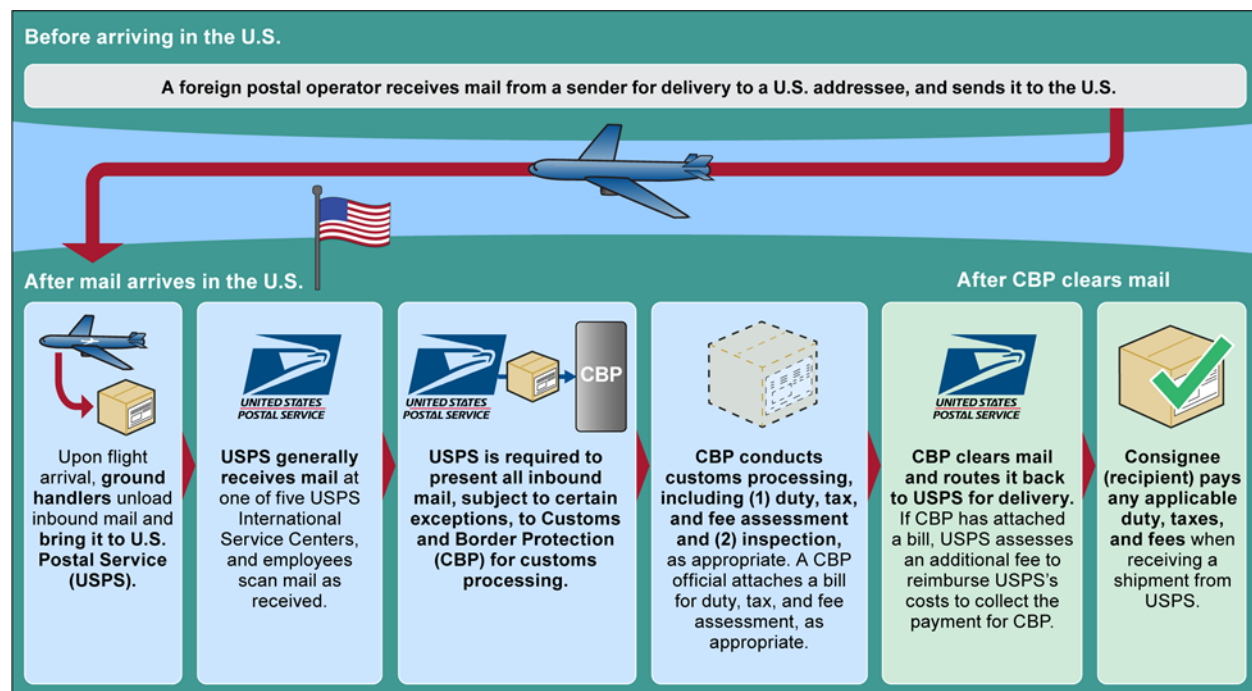
<sup>7</sup>USPS and DHS deemed their respective customs fee data sensitive. We therefore do not provide specifics about these data in our report.

## Background

### Key Stakeholders Involved with Inbound International Mail

- USPS receives inbound international mail from foreign postal operators at its five U.S.-based International Service Centers. It delivers this mail on behalf of foreign postal operators, generally under agreements negotiated through the UPU.<sup>8</sup> USPS also receives mail from U.S.-based senders and delivers it to foreign postal operators.
- CBP enforces customs laws and regulations for mail items entering the United States. Through this responsibility, it assesses inbound international mail shipments to determine if customs duty is owed and detects and seizes prohibited items.<sup>9</sup> CBP uses a number of methods to detect illicit items in inbound international mail. For example, CBP uses information included with AED to help target items to inspect. We have previously reported on CBP's efforts to detect and seize illicit items in mail.<sup>10</sup> Figure 1 provides an overview of inbound international mail handling, including how USPS receives international mail and provides it to CBP for customs processing.

Figure 1: Overview of Inbound International Mail Handling



Source: GAO analysis. | GAO-20-340R

Note: In general, duty is a tariff imposed on certain goods transported across international borders.

<sup>8</sup>UPU member countries, including the United States, 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. International mail exchange generally occurs under such agreements. See GAO, *International Mail: Information on Designated Postal Operators and Universal Service in Selected Countries*, GAO-16-813R (Washington, D.C.: Sept. 26, 2016).

<sup>9</sup>In general, customs duty is a tariff imposed on certain goods transported across international borders. All mail valued at more than \$800 may be subject to duty payment at certain rates set in statute.

<sup>10</sup>See GAO, *Illicit Opioids: While Greater Attention Given to Combating Synthetic Opioids, Agencies Need to Better Assess their Efforts*, GAO-18-205 (Washington, D.C.: Mar. 28, 2019) and GAO-20-229R.

- State represents the United States, including USPS, at the UPU. The United States is party to several UPU agreements, including agreements on costs to deliver foreign mail in the United States. USPS officials stated that they defer to State on interpretation of UPU agreements.

**Customs Fees**

The purpose of customs fees is to help fund customs processing-related efforts.<sup>11</sup> Customs fees on inbound international mail, including requirements for assessing them, are established in statute.<sup>12</sup> The customs fees on mail that CBP assesses and collects are intended to, among other things, help reimburse its federal appropriations for mail inspection and duty assessment.<sup>13</sup> USPS assesses and collects customs fees to help cover its costs in collecting duties and fees owed to CBP.

Two types of customs fees apply to inbound international mail: “flat” and “*ad valorem*.” Flat customs fees have a “set,” per-unit rate. *Ad valorem* customs fees are based on a percentage of the value of merchandise entering the country, with minimum and maximum amounts established in statute. Table 1 describes customs fees applicable to inbound international mail.

**Table 1: Customs Fees Applicable to Inbound International Mail, as of February 2020**

Fee	Type	Fee amount	Description	Applicability
Inbound Express Mail Service (EMS) Fee	Flat	\$1	The U.S. Postal Service (USPS) assesses this fee to cover services provided in connection with the customs processing of inbound EMS mail. USPS is responsible for collecting this fee from foreign postal operators. USPS remits 50 percent of the fee to Customs and Border Protection (CBP) and retains the other 50 percent.	Each inbound international mail shipment sent via EMS
Dutiable Mail Fee	Flat	\$5.89	CBP assesses this fee to help recover the costs of calculating the duty owed on a dutiable shipment and preparing the duty bill. USPS is responsible for collecting this fee amount from a shipment’s recipient, and for remitting the full amount to CBP.	Generally each inbound international mail shipment, other than EMS shipments, with a value of at least \$800 and containing dutiable merchandise, for which a CBP officer has prepared a bill for duty and fee payment. <sup>a</sup>
Customs Clearance and Delivery Fee	Flat	\$6.50	USPS assesses this fee to reimburse its costs from collecting duties and fees assessed by CBP. USPS is responsible for collecting this fee from a shipment’s recipient, and retains the full amount.	Each inbound international mail shipment, other than EMS shipments, for which a CBP officer has prepared a bill for duty and fee payment.

<sup>11</sup>See 19 U.S.C. §§ 58c(b)(9)(D)(iii), 58c(a)(6), 58c(a)(9)(B)(i), and USPS International Mail Manual, § 712.11. Fees are a mechanism that the government uses to finance federal programs or activities that, in general, are related to some voluntary transaction or request for government services above and beyond what is normally available to the public. The design of a fee, such as its amount and when it applies, can vary widely and have different implications. See GAO, *Federal User Fees: A Design Guide*, [GAO-08-386SP](#) (Washington, D.C.: May 29, 2008) and *Fees, Fines, and Penalties: Better Reporting of Government-wide Data Would Increase Transparency and Facilitate Oversight*, [GAO-19-221](#) (Washington, D.C., Mar. 7, 2019).

<sup>12</sup>See, e.g., 19 U.S.C. § 58c.

<sup>13</sup>See 19 U.S.C. § 58c(f) – Disposition of Fees.

Fee	Type	Fee amount	Description	Applicability
Merchandise Processing Fee (MPF)	<i>Ad valorem</i>	0.3464 percent of a mail shipment's value, but no less than \$26.79 and no more than \$519.76.	CBP assesses this fee to offset the costs associated with processing a shipment for entry to the United States. CBP collects the fee amount from the importer of record for the shipment (e.g., the sender or recipient).	Each inbound EMS shipment subject to formal entry (i.e., generally containing an item with a value of \$2,500 or higher or subject to certain U.S. government regulations (e.g., pharmaceutical products)). <sup>b</sup>

Source: GAO analysis of statutory and regulatory information and interviews with Department of Homeland Security and USPS officials. | GAO-20-340R

<sup>a</sup>Recipients of dutiable mail can arrange to collect the mail themselves and pay the duty directly to CBP, in which case the dutiable mail fee would not be assessed. (19 C.F.R. § 145.12(b)(1)). Mail shipments containing items with a value of less than \$800 may enter the country free of duty and tax. 19 C.F.R. §§ 10.151 and 145.31.

<sup>b</sup>CBP has authority to require formal entry of any mail shipment regardless of value 19 C.F.R. § 145.12(a)(1). Inbound EMS items are subject to the MPF when formally entered (19 U.S.C. 58c(b)(9)(D)(i)(II)) whereas other mail shipments are exempt from the MPF when formally entered (19 CFR 24.23(c)(1)(v)).

CBP also collects customs fees on other types of shipments, such as those handled by express consignment operators like UPS. Customs fees applicable to these shipments include (1) an Express Consignment Carrier Facility fee of \$1.07 and (2), if formally entered, the Merchandise Processing Fee also applicable to formally entered inbound EMS mail shipments.<sup>14</sup>

### Roles in Inbound International Shipments

The inbound international shipment process includes the following roles. USPS officials said that USPS does not serve in these roles.

- **Consignee.** A consignee, or ultimate consignee, is the end-recipient of a shipment.<sup>15</sup>
- **Importer of record.** The importer of record is the individual or entity responsible for assuring the proper entry, classification, and valuation of shipments and is liable for the duties and fees on the shipment. The importer of record must be either the owner or purchaser of a shipment, or a licensed customs broker designated by the owner, purchaser, or consignee.<sup>16</sup>

Individuals or entities (e.g., businesses) importing a shipment to the country can also elect to pay for the services of a customs broker; however, there is no requirement to use a customs broker. Customs brokers are private individuals, partnerships, associations, or corporations that are licensed, regulated, and empowered by CBP to provide assistance in meeting federal requirements governing imports and exports. According to CBP, as of December 2018, there were about 14,500 active licensed customs brokers in the United States. The responsibilities of

<sup>14</sup>See Customs Consolidated Omnibus Budget Reform Act User Fees Tables, 84 Fed. Reg. 37902, 37903 (Aug. 2, 2019). The Express Consignment Carrier Facility fee applies to an individual airway bill, which is the individual document issued by the carrier or operator for transporting or tracking an individual item, letter, package, envelope, record, document, or shipment. An individual air waybill is not a consolidation of several air waybills and is not a master bill or other consolidated document. An individual air waybill or bill of lading is a bill representing an individual shipment that has its own unique bill number and tracking number, where the shipment is assigned to a single ultimate consignee, and no lower bill unit exists. 19 C.F.R. § 24.23(b)(4)(i).

<sup>15</sup>Some shippers, such as express consignment operators, sometimes adopt a role called "nominal consignee" for the purpose of taking certain actions on behalf of the ultimate consignee, such as designating a customs broker to facilitate the clearance of shipments through customs processing.

<sup>16</sup>19 U.S.C. §§ 1484, 1505.

customs brokers are prescribed in statute and federal regulations.<sup>17</sup> Brokers must have expertise in procedures and requirements for importing shipments, including the rates of duty and applicable taxes and fees. We discuss issues and circumstances related to the use of customs brokers later in this report.

## **Federal Stakeholders Identified Several Implementation Considerations and Varying Possible Effects of Assessing Additional Customs Fees on Mail**

### Federal Stakeholders Identified Key Considerations for Implementing a New Customs Fee

**Fee design.** CBP and USPS officials said that a fee’s design—including the fee’s type, applicability, and assessment and collection—is key to its effectiveness. We have previously reported that legislation authorizing a fee can define a fee’s purpose either broadly or narrowly.<sup>18</sup>

- Regarding type, CBP officials said that a fee could be flat or *ad valorem*. They added that the public has often commented to CBP that a flat fee is more intuitive than an *ad valorem* fee because the latter is based on a formula.<sup>19</sup> The officials also said that a fee could be designed to be adjustable for inflation and for changes in the costs it is meant to cover.
- Regarding applicability, USPS and CBP officials questioned whether a new fee would apply to all international mail or only certain types of it. CBP officials said that whether it applies to some mail or all mail could affect senders’ behavior. For example, CBP officials said that some senders might avoid paying the new EMS fee by sending goods via similar types of international mail that are not subject to the new customs fee.
- Regarding assessment and collection, USPS officials said that depending on who the fee is passed onto (senders, recipients, or foreign postal operators), it could be difficult to assess or collect it.<sup>20</sup> For example, they said that it could be difficult to assess a fee on senders in foreign countries because USPS does not have a direct relationship or interaction with them. The officials explained that assessing a fee on recipients is possible but could be costly for customers because USPS would need to charge another fee to cover its costs to collect the new fee. Specifically, if a new \$1 fee were assessed on mail, the officials said that USPS would collect both that \$1 fee and its fee to cover its related collection costs (the \$6.50 Customs Clearance and Delivery Fee), resulting in a

---

<sup>17</sup>19 U.S.C. §1641, 19 C.F.R. Part 111. Customs brokers are responsible for conducting “customs business,” which includes activities concerning the entry of merchandise into the United States, such as classification and valuation, the payment of duties, taxes, or other charges assessed or collected by CBP. It also includes the preparation of documents or forms to be filed with CBP.

<sup>18</sup>[GAO-08-386SP](#).

<sup>19</sup>We previously found that user-specific fees are also more costly for agencies to administer than system-wide fees. However, user-specific fees also promote equity and economic efficiency because the amount of the fee is more closely aligned with the cost of the service. We reported on factors agencies may consider when evaluating tradeoffs. See, [GAO-08-386SP](#).

<sup>20</sup>As discussed earlier, USPS currently collects customs fees from recipients (e.g., the Customs Clearance and Delivery Fee) and foreign postal operators (e.g., the EMS fee).

combined fee of \$7.50.<sup>21</sup> USPS officials stated that, for low value items, this combined fee could exceed the value of the shipment, potentially leading to customers purchasing fewer items shipped by mail.

USPS officials said that assessing and collecting a fee from foreign postal operators by incorporating the fee amount into mail rates is administratively easier to implement, but could be challenging. For example, they said that although USPS has flexibility to raise EMS rates and did so to cover the costs of the new EMS fee, it has less flexibility to easily raise the rates for other mail types. The officials added that if a new customs fee was imposed unilaterally on foreign postal operators for shipments to the United States, then those countries could reciprocate by raising rates that they charge to deliver mail for U.S.-based senders shipping items abroad.

**Legal or other considerations.** A new customs fee on inbound mail shipments would require legislative action. If Congress intends for the fee collections to be retained by CBP to fund CBP's inspection activities, this must also be provided in legislation.<sup>22</sup> CBP officials added that a new customs fee would also need to comply with a general limitation imposed by international treaty obligations that the amount of a customs fee be no greater than the cost of the services provided.<sup>23</sup> State officials told us that a new customs fee would generally be permissible within existing UPU agreements.<sup>24</sup>

#### Federal Stakeholders Identified Possible Effects of a New Customs Fee

CBP and USPS officials identified several possible effects of a new customs fee on mail, but added that these effects would be dependent on the fee's design. We have previously reported that new fees can also have unintended consequences and that it is important to consider unintended consequences when designing a fee.<sup>25</sup>

**CBP customs fee revenue.** CBP officials said that a new fee on inbound international mail could provide more revenue to fund customs' processing if the fee were designed based on the costs of these efforts and made available to CBP. Conversely, CBP officials said that a new fee, depending on how it is designed, could reduce CBP's revenue. For example, CBP officials noted that although the STOP Act of 2018 included a \$1 fee on EMS that will result in fee revenue on EMS items that previously were not assessed a customs fee, the act precludes CBP from assessing the \$5.89 Dutiable Mail Fee on EMS items. Thus, according to CBP officials, fee revenue will decline on EMS items that would have previously been assessed the larger fee.<sup>26</sup>

**Use of mail to send opioids.** CBP officials said that customs fees do not serve as deterrents for sending illicit items to the United States. They added that a new fee would be unlikely to

---

<sup>21</sup>USPS officials also expressed concern that if USPS cannot collect the fee from the recipient, USPS may, dependent on the fee design, still have to pay the fee to CBP, thereby creating a potential new liability for USPS.

<sup>22</sup>See 31 U.S.C. § 3302.

<sup>23</sup>Specifically, CBP officials cited Article II:2(c) of the General Agreement on Tariffs and Trade (GATT).

<sup>24</sup>See UPU Convention Article 20, *Customs control*.

<sup>25</sup>See [GAO-08-386SP](#) and GAO, *Federal User Fees: Fee Design Options and Implications for Managing Revenue Instability*, [GAO-13-820](#) (Washington, D.C. Sept. 30, 2013).

<sup>26</sup>See Pub. L. No. 115-271, § 8002(b)(1), 132 Stat. 3894, 4074.



deter people from sending illicit opioids via mail because mail is generally less costly to use than other means of shipment, such as express consignment operators.

**Mail Cost and Volume.** USPS officials said that a new customs fee on international mail could have a negative financial impact on USPS and customers. Specifically, they said that a new fee could make it cost prohibitive to use mail for lower-value inbound international mail shipments, which could result in reduced demand for and volume of those shipments. For example, as previously noted, if a recipient had to pay a new \$1 customs fee and USPS's \$6.50 Customs Clearance and Delivery Fee for collecting the \$1 fee on a shipment of socks valued at \$5, a recipient may be less likely to purchase the item from the sender. USPS officials added that USPS generally handles more lower-value mail than other shippers, such as express consignment operators; thus, any new customs fee could have a greater negative effect on mail shipments.

### **Stakeholders Questioned the Effectiveness of Changing Certain Roles for Inbound International Mail to Improve Opioid Detection and Identified Other Considerations**

#### Stakeholders Said that Changing How Certain Roles Apply to Inbound International Mail Would Not Benefit Opioid Detection

CBP officials and industry stakeholders told us that requiring USPS to serve as the consignee for inbound international mail shipments would not help CBP's opioid-detection efforts, and could even hinder them by potentially reducing CBP's ability to determine the actual persons involved with these shipments. Specifically, CBP officials said that requiring USPS, instead of the actual recipient, to serve as the consignee of a shipment could necessitate that CBP take the added and potentially time-consuming step of reaching out to USPS for information related to the actual recipient of that shipment. CBP officials said that such information is important to CBP's efforts to target illicit shipments.

In addition, stakeholders told us that requiring USPS or senders of mail shipments to designate a customs broker, with or without requiring that the broker serve as the importer of record, would not improve CBP's opioid-detection efforts. Specifically, CBP officials and representatives of an association for customs brokers told us that customs brokers do not have a role in detecting opioids. CBP officials added that the responsibilities of customs brokers are prescribed by statute<sup>27</sup> and regulation<sup>28</sup> and do not include activities related to detecting opioids. CBP officials said that if the purpose of these role changes is to improve CBP's opioid-detection efforts, policymakers should instead prioritize policies that improve AED transmission, which they said is key to CBP's opioid-detection efforts.

#### Stakeholders Identified Implementation and Other Considerations Related to Potentially Changing Certain Roles for Inbound International Mail

**Potentially negative effect on mail costs.** USPS officials said that if USPS were required to use customs brokers, it would have to hire them as contractors, because CBP regulations do not permit federal employees to serve as customs brokers.<sup>29</sup> They added that this could be

---

<sup>27</sup>19 U.S.C. § 1641.

<sup>28</sup>19 C.F.R. Part 111.

<sup>29</sup>19 C.F.R. § 111.13(b).



costly for USPS given its financial difficulties and for customers using mail, should USPS decide to pass the cost onto those customers via a fee or an increase in mail prices.

**Limited usefulness of customs brokers for mail.** Representatives of an association for customs brokers and the three express consignment operators we interviewed told us that customs brokers can help to more efficiently clear shipments through customs processing, but are generally only used for high-value shipments or shipments subject to certain complex entry requirements. For example, a representative of an express consignment operator said that customs brokers help to ensure that pharmaceutical shipments subject to certain Federal Drug Administration entry requirements are accompanied by documents necessary to clear those shipments through customs processing. Representatives of another express consignment operator said customs brokers also help to ensure that shipments are properly assessed for duty payment prior to being examined by CBP officials, which can help to more quickly clear items through customs processing and meet customer expectation for quick delivery of shipments. USPS officials we interviewed questioned the value of requiring customs brokers for mail, which they said generally does not include shipments subject to complex entry requirements or high-value shipments. They added that while customs brokers may facilitate quicker delivery of shipments, postal customers generally do not expect mail to meet the delivery standards of shippers that use customs brokers.

**Legal limitations.** Representatives of an association for customs brokers said that customs brokers generally do not serve as importers of record due to liabilities associated with doing so, such as liability for any penalties or fees associated with the shipments. These representatives added that customs brokers would likely oppose any requirement to serve as importers of record. USPS officials also said that international agreements with the UPU preclude UPU member countries from being liable for international mail shipments that they receive, and that any requirement for customs brokers to be importers of record may need to comply with these UPU agreements. State officials added that international agreements prohibit the United States and other World Trade Organization members from mandating the use of customs brokers.<sup>30</sup>

**Potentially insufficient number of customs brokers.** Representatives of the association for customs brokers said that any broad requirement for the use of customs brokers in inbound international mail handling would also need to address a potential shortfall in the number of customs brokers capable of fulfilling the requirement. These representatives stated the current number of licensed customs brokers would likely be insufficient to fulfill any such requirement.

**Possible challenges to replicating the private sector's approach and benefits in a postal network.** Representatives of two express consignment operators said that their use of customs brokers and the benefits they derive from them—i.e., greater shipping efficiency—could be difficult to replicate in a postal network. For example, representatives of one of these companies said that, as an express consignment operator it has an “integrated network” that, for example, allows its customs brokers access to foreign senders’ contact information to seek payment of fees or duty and the completion of forms needed to clear shipments through customs processing. They said that it would be challenging to replicate this setup in a postal network because postal operators like USPS do not have a relationship with foreign senders.

These representatives added that flexibility with interpreting the term “consignee” and using customs brokers is key so that shippers can determine when and how to effectively apply them. For example, representatives of one of these companies said that requiring the use of customs

---

<sup>30</sup>World Trade Organization, Trade Facilitation Agreement, Article 10, Para. 6.1, Decision of November 27, 2014.

brokers for all shipments, rather than letting a shipper decide when and how to use brokers, would be costly and needlessly slow down the delivery of shipments that do not need the services that customs brokers provide.

### **Agency Comments**

We provided a draft of this report to USPS, DHS, and State for review and comment. In USPS's response reproduced in enclosure I, USPS noted that the report reflects important findings, and emphasized that the design of a customs fee is key to its effectiveness and that it is important to recognize differences between the private sector and the postal network when considering roles in inbound international shipments. DHS and State did not provide any formal comments. DHS provided technical comments, which we incorporated as appropriate. USPS and State did not provide any technical comments.

We are sending copies of this report to the appropriate congressional committees and the Postmaster General of the United States, the Acting Secretary of the Department of Homeland Security, and the Secretary of State. In addition, the report is available at no charge on the GAO website at <https://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](mailto:rectanusl@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report were Derrick Collins (Assistant Director); James Leonard (Analyst-in-Charge); Barbara El Osta; Geoffrey Hamilton; Gina Hoover; Zamir Ruli; and Laurel Voloder.



Lori Rectanus  
Director, Physical Infrastructure Issues

Enclosure - 1

*List of Committees*

The Honorable Chuck Grassley  
Chairman  
The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
United States Senate

The Honorable Ron Johnson  
Chairman  
The Honorable Gary C. Peters  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Bennie Thompson  
Chairman  
The Honorable Mike Rogers  
Ranking Member  
Committee on Homeland Security  
House of Representatives

The Honorable Carolyn Maloney  
Chairwoman  
The Honorable Jim Jordan  
Ranking Member  
Committee on Oversight and Reform  
House of Representatives

The Honorable Richard Neal  
Chairman  
The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
House of Representatives

## Enclosure I: Comments from the United States Postal Service

JOSHUA D. COLIN, PHD.  
VICE PRESIDENT  
PROCESSING AND MAINTENANCE OPERATIONS/A



February 10, 2020

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

RE: GAO-20-340R

Dear Ms. Rectanus:

This communication from the U.S. Postal Service (USPS) is in response to the Government Accountability Office's (GAO's) Report titled "International Mail: Stakeholder Views on Possible Changes to Inbound Mail Regarding Customs Fees and Opioid Detection." We would like to thank your office for leading the requested study and for documenting the myriad of legal and policy issues that pertain to the assessment of customs fees. The report reflects important findings regarding this subject. Our comments on the draft report are below.

The report addresses two important aspects of inbound mail. The first regards customs fees. The design of a customs fee is key to its effectiveness. As noted in the report, fee design could include charging a customs fee to the sender, recipient, or foreign postal operator dispatching the shipment to the United States. Since the USPS does not have a direct relationship with the sender, it would be difficult to impose a system whereby the sender pays any customs fees for foreign origin mail destined to the United States.

The alternative of charging the U.S. recipient is operationally achievable, but the exercise could become costly and burdensome for both the USPS and customers if per item fees are assessed on all inbound international shipments of goods. The USPS incurs delivery costs in the form of labor time whenever it must collect funds from customers, in lieu of simply depositing mail items into a customer's mail receptacle. If customs fees are charged to recipients, then domestic addressees would have to pay the USPS a fee of \$6.50 for costs incurred in collecting the funds. If, for instance, a \$1 customs fee were imposed on each individual mail shipment, and the USPS were forced to collect such fee from recipients, then customers would have to pay the \$1 customs fee coupled with the \$6.50 fee charged by the USPS for a total of \$7.50 to receive each item. For low value items, the combined fees could exceed the value of the shipment or become very large in proportion to the value of the contents of the shipment.

The final alternative of collecting the fee from the foreign postal operator by incorporating the fee into the rates charged is administratively easier to implement from an operational perspective, but there are potential legal issues that may be presented by this option. In the absence of situations where the USPS sets its own unrestricted rates and can incorporate the fee into its rate, as is the case with Express Mail Service (EMS) rates, other countries may raise objections to any effort to collect fees from foreign postal operators on top of established terminal dues or inward land rates. Moreover, if customs fees are imposed unilaterally on foreign postal operators for inbound shipments, then the USPS faces the prospect of foreign operators tacking additional customs charges onto their rates on a reciprocal basis, which could spiral and result in higher prices for U.S. mailers that seek to export U.S. origin products abroad.

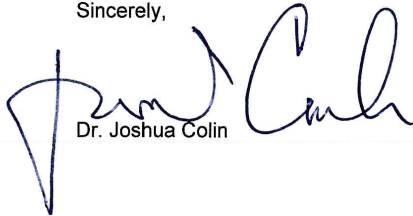
475 L'ENFANT PLAZA SW RM. 7100  
WASHINGTON, DC 20260-7607  
202 268-3096

New fees can also have unintended consequences and thus it is important to consider all potential impacts when designing and implementing a fee, including a potential negative financial impact on USPS and customers. USPS generally handles lower-value mail than other shippers and thus any new customs fee could have a greater negative effect on mail shipments and customers.

The second aspect addressed in the report is roles in international inbound shipments. Customs and Border Protection (CBP) regulations do not permit federal employees to serve as customs brokers, so if USPS were required to use customs brokers, it would have to hire them as contractors, which could be costly for USPS and customers using mail. Customs brokers are generally only designated for complex or high-value shipments and USPS generally does not handle shipments subject to complex entry requirements or high-value shipments. USPS believes it is important to recognize the differences between the private sector and the postal network, and that solutions for the postal network should account for its unique attributes and obligation to provide universal service using a network of foreign postal operators exchanging mail under an international agreement.

USPS appreciates this opportunity to comment on the GAO's draft report.

Sincerely,



Dr. Joshua Colin

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

---

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<https://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <https://www.gao.gov> and select "E-mail Updates."

---

## Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <https://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

---

## Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#).  
Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#).  
Visit GAO on the web at <https://www.gao.gov>.

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <https://www.gao.gov/fraudnet/fraudnet.htm>

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Orice Williams Brown, Managing Director, [WilliamsO@gao.gov](mailto:WilliamsO@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

---

## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

---

## Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



Please Print on Recycled Paper.