



THE WHITE HOUSE
WASHINGTON

August 23, 2018

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF HOMELAND SECURITY
THE POSTMASTER GENERAL
THE CHAIRMAN OF THE POSTAL REGULATORY COMMISSION

SUBJECT: Modernizing the Monetary Reimbursement Model for the Delivery of Goods Through the International Postal System and Enhancing the Security and Safety of International Mail

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Definitions. (a) "Good" means any tangible and movable object that can be conveyed by the international postal system, excluding (i) written, drawn, printed, or digital information recorded on a tangible medium that is not an object of merchandise and (ii) money.

(b) "Non-postal operator" means a private express carrier, freight forwarder, or other provider of services for the collection, transportation, and delivery of international documents and packages, other than a postal operator.

(c) "Postal operator" means a governmental or non-governmental entity officially designated by a Universal Postal Union (UPU) member country to operate postal services and to fulfill the related obligations arising out of the Acts of the UPU on its territory.

(d) "Terminal dues" means the rates or fees determined through the UPU and paid by the postal operator in the country of origin to the postal operator in the country of destination to compensate for costs incurred in the country of destination for processing, transportation, and delivery of international "letter post" items, which may include documents or goods and generally weigh up to 4.4 pounds.

Sec. 2. Policy. (a) The UPU was established in 1874 by 21 countries. The United States played an integral role in the UPU's creation and, since that time, the United States has actively participated in all phases of the UPU's work. The United States is a party to the current Constitution of the UPU -- which was adopted in 1964 -- and intends to continue to participate fully in and financially contribute to the UPU, as provided in Article 21 of the UPU Constitution. As a member country of the UPU, the United States recognizes the importance of this long-standing organization and is proud of the United States' unbroken record of participation in it.

The Congress has provided that the Secretary of State (Secretary), in concluding postal treaties, conventions, or other international agreements, shall, to the maximum extent practicable, take measures to encourage governments of other countries to make available to the United States Postal Service (USPS) and private companies a range of nondiscriminatory customs procedures that will fully meet the needs of all types of American shippers (39 U.S.C. 407(e)(3)).

The Congress has likewise directed that responsible officials shall apply the customs laws of the United States and all other laws relating to importation or exportation of goods in the same manner to shipments of goods that are competitive products of the USPS and to similar shipments by private companies (39 U.S.C. 407(e)(2)).

It is the policy of the United States to promote and encourage the development of an efficient and competitive global system that provides for fair and nondiscriminatory postal rates.

(b) It is in the interest of the United States to:

(i) promote and encourage communications between peoples by efficient operation of international postal services and other international delivery services for cultural, social, and economic purposes (39 U.S.C. 407(a)(1));

(ii) promote and encourage unrestricted and undistorted competition in the provision of international postal services and other international delivery services, except where provision of such services by private companies may be prohibited by the laws of the United States (39 U.S.C. 407(a)(2));

(iii) promote and encourage a clear distinction between governmental and operational responsibilities with respect to the provision of international postal services and other international delivery services by the Government of the United States and by intergovernmental organizations of which the United States is a member (39 U.S.C. 407(a)(3)); and

(iv) participate in multilateral and bilateral agreements with other countries to accomplish these objectives (39 U.S.C. 407(a)(4)).

(c) Some current international postal practices in the UPU do not align with United States economic and national security interests:

(i) UPU terminal dues, in many cases, are less than comparable domestic postage rates. As a result:

(A) the United States, along with other member countries of the UPU, is in many cases not fully reimbursed by the foreign postal operator for the cost of delivering foreign-origin letter post items, which can result in substantial preferences for foreign mailers relative to domestic mailers;

(B) the current terminal dues rates undermine the goal of unrestricted and undistorted competition in cross-border delivery services because they disadvantage non-postal operators seeking to offer competing collection and outward transportation services for goods covered by terminal dues in foreign markets; and

(C) the current system of terminal dues distorts the flow of small packages around the world by incentivizing the shipping of goods from foreign countries that benefit from artificially low reimbursement rates.

(ii) The UPU has not done enough to reorient international mail to achieve a clear distinction between documents and goods. Without such a distinction, it is difficult to achieve essential pricing reforms or to ensure that customs requirements, including provision of electronic

customs data for goods, are met. Under the current system, foreign postal operators do not uniformly furnish advance electronic customs data that are needed to enhance targeting and risk management for national security and to facilitate importation and customs clearance. My Administration's Initiative to Stop Opioids Abuse and Reduce Drug Supply and Demand, launched in March of this year, requires accurate advance electronic customs data for 90 percent of all international mail shipments that contain goods and consignment shipments within 3 years, so that the Department of Homeland Security can better detect and flag high-risk shipments.

(d) It shall be the policy of the executive branch to support efforts that further the policies in this memorandum, including supporting a system of unrestricted and undistorted competition between United States and foreign merchants. Such efforts include:

- (i) ensuring that rates charged for delivery of foreign-origin mail containing goods do not favor foreign mailers over domestic mailers;
- (ii) setting rates charged for delivery of foreign-origin mail in a manner that does not favor postal operators over non-postal operators; and
- (iii) ensuring the collection of advance electronic customs data.

Sec. 3. Relations with the UPU. (a) The United States must seek reforms to the UPU that promote the policies outlined in this memorandum. Such reforms shall provide for:

- (i) a system of fair and nondiscriminatory rates for goods that promotes unrestricted and undistorted competition; and
- (ii) terminal dues rates that:
 - (A) fully reimburse the USPS for costs to the same extent as domestic rates for comparable services;

(B) avoid a preference for inbound foreign small packages containing goods that favors foreign mailers over domestic mailers; and

(C) avoid a preference for inbound foreign small packages containing goods that favors postal operators over private-sector entities providing transportation services.

(b) If negotiations at the UPU's September 2018 Second Extraordinary Congress in Ethiopia fail to yield reforms that satisfy the criteria set forth in subsection (a) of this section, the United States will consider taking any appropriate actions to ensure that rates for the delivery of inbound foreign packages satisfy those criteria, consistent with applicable law.

Sec. 4. Actions by the Secretary. (a) The Secretary shall notify the Director General of the UPU of the policies and intentions of the United States described in this memorandum.

(b) The Secretary or his designee shall, consistent with 39 U.S.C. 407(b)(1), seek agreement on future Convention texts that comport with the policies of this memorandum in meetings of the UPU, including at the September 2018 Extraordinary Congress.

(c) No later than November 1, 2018, the Secretary shall submit to the President a report summarizing the steps being taken to implement this memorandum. If the Secretary determines that sufficient progress on reforms to promote compatibility of the Acts of the UPU with the policy of this memorandum is not being achieved, the Secretary shall include recommendations for future action, including the possibility of adopting self-declared rates.

Sec. 5. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) The Secretary is authorized and directed to publish this memorandum in the *Federal Register*.

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