

Federal Advisory Committee on International Postal and Delivery Services

(2:00 – 5:00 p.m., 12 February 2009, The American Institute of Architects, 1735 New York Ave., NW, Washington, D.C.)

Minutes of the meeting

Committee members in attendance

- Jody Berenblatt, Bank of America
- Charles Bravo, Postal Consultant
- Jim Campbell, Postal Consultant
- Michael Coughlin, Accenture
- Gene Del Polito, Association for Postal Commerce
- Lea Emerson, U.S. Postal Service
- Ann Fisher, Postal Regulatory Commission
- Bruce Harsh, Department of Commerce
- Juan Ianni, Postal Consultant
- Steven Lopez, Experian Marketing Services
- Gregory Olsavsky, Department of Homeland Security (Customs and Border Protection)
- Charles Prescott, Direct Marketing Association
- Sue Presti, Express Delivery and Logistics Association
- Robert Reisner, Transformation Strategy
- Dennis Shea, Pitney Bowes
- Brad Smith, American Council of Life Insurers
- Paul Smith, UPS
- Don Soifer, Lexington Institute
- Nancy Sparks, FedEx
- Daniel Watson, Office of the United States Trade Representative

U.S. Department of State officials in attendance

- Gerald Anderson, Deputy Assistant Secretary of State, Bureau of International Organization Affairs, Acting Chairman of the Advisory Committee
- Dennis Delehanty, Designated Federal Official for the Advisory Committee
- Chris Wood, Coordinator for the Advisory Committee

This meeting was open to the public. Members of the public who spoke at this meeting are identified as such in the text below.

I. Welcoming remarks and introductions

1. Opening the meeting, Gerald Anderson explained that Michael Glover, who had chaired the earlier Advisory Committee meetings, was attending mandatory training. After introductions of the committee members and members of the public, he introduced the agenda.

II. Results of the October-November 2008 UPU Postal Operations Council and Council of Administration

2. Dennis Delehanty announced that the documents from the three previous meetings of the Advisory Committee have been posted on the Department of State website, and invited those attending today's meeting who are not on the Advisory Committee's emailing list to provide their contact information to Chris Wood, the Coordinator for the Committee.

3. Mr. Delehanty summarized the major decisions taken by the October-November 2008 UPU Postal Operations Council (POC) and Council of Administration (CA), and in doing so referred to the report of the U.S. delegation to these sessions which was distributed as a document for this meeting. From the U.S. perspective, major achievements of these Council sessions included a CA decision to create a group to study formation of an audit committee which would report to the CA; the CA's creation of an ad hoc group to address human resources; and adoption of a UPU budget for 2009-2010 that showed a 2.59% growth, but remained beneath the zero nominal growth ceiling imposed by the UPU Congress. The U.S. delegation joined an effort to defer a decision on an International Bureau proposal that sought needlessly to "harmonize" pay-for-performance arrangements for all international postal services. Another IB proposal, which sought to establish accreditation requirements for delegations to CA and POC meetings, was referred to the CA Reform of the Union Group. In other developments, the POC examined and took decisions on more than 200 individual proposals to amend the Letter Post, Parcel Post and Postal Payment Services Regulations; noted the progress made in deploying the Global Monitoring System, which will extend performance measurement using RFID (radio frequency identification) technology to middle income countries, and endorsed the work plans of several of its major groups, including those dealing with terminal dues and customs. The IB had also suggested that the Standards Board revise its rules of procedure, an exercise that the U.S. delegation considered of little value, and similar to the IB's earlier efforts to amend the statutes of the Telematics Cooperative and EMS (Express Mail Service) Cooperative. The CA launched a study on extra-territorial offices of exchange (ETOEs), endorsed the recommendations included in a management review of the UPU conducted by the UN Joint Inspection Unit, and approved the work plans of its major groups, including those responsible for the UPU Acts and reform of the Union. The main news from the Consultative Committee, which also met in November in Bern, was reelection of Charles Prescott as the Committee's Chairman.

4. In describing the work of the Consultative Committee, Charles Prescott noted the emergence of coalitions of Committee members interested in specific topics, such as customs clearance, quality of service and addressing. The Committee will hold a "global addressing summit" during the October 2009 CA in Bern; the ultimate goal is to create, under the auspices of the UPU, a comprehensive database of all postal addresses worldwide. Mr. Prescott planned to give a presentation on addressing and the work of the Committee at the Triangle World Mail & Express Conference in Miami later in the month. Proper addressing and the creation of the UPU addressing database, which might be developed through private-public partnerships, would aid economic growth in developing countries. The Committee's work plan also includes sustainability, a concern for the carbon footprint of postal operators and collaboration with postal trade union organizations. One new organization, ALACOPP (Asociación Latinoamericana de Correos y Operadores Postales Privados), has joined the Consultative Committee.

5. Prescott then asked – specifically turning to Jim Campbell, Lea Emerson and Dennis Delehanty – about the current atmosphere and direction of the UPU, as compared with years and decades past. Have others noticed a more focused, disciplined approach to the UPU's work recently?

6. Lea Emerson agreed that nervousness about the economy seems to have affected the size and ambitions of member country delegations that attended the fall meetings in Bern. Delegations are smaller due to the global financial crisis and overall concern about the health of the world's economies and the impact of these difficult times on postal services. Several countries were not present in Bern to defend their proposals, for example. The UPU and postal operators face enormous challenges, and to deal with these problems must show greater discipline and learn how to set priorities.

7. Dennis Delehanty expressed concern that in contrast to the decentralized management style pursued by Tom Leavey during his ten-year tenure as UPU Director General, we are witnessing a drive towards more centralized management at the International Bureau in Bern, which has slowed down innovation and decision making. Under Leavey's tenure, we saw considerable innovation, including the creation of the Telematics and EMS Cooperatives, the Consultative Committee, the Quality of Service Fund, UPU*Clearing and the Postal Technology Centre, and the development of computer applications for tracking and postal financial services. Leavey brought considerable funding into the UPU through his championing of extrabudgetary resources which for example, the UPU's cooperatives rely on. Earlier, as Chairman of the Executive Council, Leavey had introduced postal security and postal reform as priority UPU activities. Now it is not easy to name an innovation of the UPU of recent years.

8. Brad Smith inquired about how Advisory Committee members would be informed, in a structured manner, about the results of future UPU meetings.

9. In response, Gerald Anderson noted that later in the meeting the Advisory Committee would discuss a proposal to create subcommittees which would report to the whole Advisory Committee. The subcommittees, which could to a large extent operate through email and have State Department involvement, could study and discuss issues in depth. Gerald Anderson went on to say that in his two years of work with the UPU, he has come to know Director General Dayan and his senior managers well, and as Deputy Assistant Secretary is in a good position to compare the UPU to other similar UN organizations. It appears that Mr. Dayan's goal is to synchronize the UPU with rest of UN system. The U.S. has clearly expressed the view that the UPU should follow its own rules, maintain its mandatory budget at its current level and seek extrabudgetary funding for new initiatives. The postal sector is under severe stress from competition from the Internet, and the IB wants postal operators to branch out to ensure their financial stability.

10. In response to a question put forward by Steve Lopez on the status of the .post project, in particular regarding the intellectual property issues associated with the project, Dennis Delehanty stated simply that the International Bureau and ICANN (Internet Corporation for Assigned Names and Numbers) were still in discussions concerning various inconsistencies between ICANN requirements and the provisions of the UPU Acts that must be overcome before the project can get underway.

11. Observing that the U.S. delegation report mentions participation via webstreaming and teleconferencing at the meeting of the Direct Mail Advisory Board, Paul Smith asked if these facilities could be expanded to the meetings of other UPU groups. Dennis Delehanty noted in this connection that the IB plans to reserve part of the POC plenary on April 2 for a conference on the impact of the global economic crisis on postal services in which several major postal leaders, including Postmaster General John Potter, would participate via teleconference.

12. Offering a dose of reality about this subject, Charles Prescott said plainly that the teleconference facilities for the UPU Direct Mail Advisory Board meeting this past fall were in fact rather primitive. The webstreaming had no sound, and participants had to call into a microphone placed on the main conference table. Gene Del Polito confirmed this view of the

quality of the equipment, but stressed the importance of improving and expanding these facilities, since not everyone can afford to travel to Bern.

13. Paul Smith suggested that the State Department could possibly promote greater use of these new teleconferencing facilities by the UPU. Gerald Anderson described recent State Department experience where videoconferencing was in use at recent UN meetings, which clearly reduces the carbon footprint associated with these meetings. Other UN agencies already have access to and are using high-quality videoconferencing facilities for their meetings.

14. Juan Ianni stressed the importance of addressing structures and systems for developing countries, observing that in about half of the member postal administrations addressing systems, or even the concept of addressing, is lacking or entirely absent. The lack of addressing is a major impediment to economic development. Addressing databases would not only drive economic developments, but would also bring social benefits as well.

15. Gerald Anderson confirmed that the State Department would be raising the issue of addressing within the UN system, in particular within the International Telecommunication Union and UNDP (United Nations Development Program). Charles Bravo, who worked on addressing at the International Bureau in Bern recently as a consultant, noted that the available resources for addressing systems in developing countries are not leveraged; funding is available, for example, from the UPU Quality of Service Fund, but countries need to submit individual project proposals to access these funds. A way needs to be found to consolidate resources.

16. Gene Del Polito argued that a universal approach is needed to develop addressing systems. The development costs for addressing systems are beyond the capabilities of many countries. One approach, though, could be to tie together various media, such as cell phones and GPS (Global Positioning Systems), for example. Commerce cannot grow without physical addresses. For a customer ordering merchandise, the delivery address could be his or her geographical location expressed in GPS coordinates. Industrialized countries need to take the lead in this effort and make the most use of available technologies and media. Gerald Anderson further noted that cell phones can be programmed to identify GPS coordinates, and the software in cell phones can be readily updated.

17. Jody Berenblatt emphasized that accurate, robust addressing systems serve several purposes. Addressing systems in the U.S. and other countries are used by emergency services – for example, police, fire departments and ambulances – and save lives. Addressing systems are also, of course, highly important for large mailers, and it would be important to avoid different addressing standards for mail and telecommunications. Synchronization of postal and telecommunications data is essential.

18. Nancy Sparks stressed the importance that any addressing standards adopted should be available to third parties, while Jim Campbell reminded the Advisory Committee that article 11a of the Third Postal Directive of the European Commission requires openness and transparency of access to all elements of postal infrastructure, including post code and addressing systems.

III. Advisory Committee member suggestions on the work and organization of the Committee

19. Gerald Anderson asked members to express their views about a proposal put forward by Jim Campbell to create three subcommittees within the Advisory Committee. The three Committees would address the Postal Accountability and Enhancement Act (PAEA) and U.S. policies regarding the UPU Acts and proposed Acts; the UPU's role in provision of international

postal products and services; and the changing global market for international delivery services. Jim Campbell recalled that the Committee had a good discussion about the work it should undertake at its last meeting, and that smaller groups within the Committee might be more appropriate and effective way to accomplish this work. The three proposed groups, Jim Campbell noted, were simply based on the work suggestion put forward by Committee members at its last meeting on October 9; they broadly represent legal, marketing and strategic issues. Gerald Anderson agreed that subcommittees would make sense, since it is difficult for a group of 25 members to discuss issues in depth.

20. Commenting that the State Department would have sufficient resources to act on recommendations produced by subcommittees, Steve Lopez inquired who would decide which work would be sufficiently important for the subcommittees to pursue, and how would those Advisory Committee members who could not attend meetings of the subcommittees participate in their work? Further, what action would the State Department take on the basis of the work performed? Gene Del Polito indicated that the State Department is required to report to Congress on PAEA implementation within five years of the enactment of the law. For this purpose, the State Department should in turn require other U.S. Government agencies to report to Congress about how well the PAEA, which was designed by political interests, has worked. For this purpose the proposed subcommittees could be useful.

21. Gerald Anderson stressed that the purpose of the Advisory Committee and its subcommittees is to provide advice. The more advice produced, the better. The issues for which the Committee is responsible require in-depth discussion among those interested. As Gene Del Polito mentioned, it would be helpful to make a report on implementation of the provisions related to international services in the PAEA to the U.S. Congress, keeping in mind that some aspects of the law call for the cooperation of other countries. Mr. Anderson further pointed out that U.S. Government agencies generally follow most, if not 100%, of the advice generated by Advisory Committees. The advice offered and views expressed also give agencies a high level of confidence in the policies they set forth. Dennis Delehanty noted that one good example of advice that the State Department has already received from *this* Advisory Committee come in the form of the comments on the content of the U.S. Strategic Plan for the UPU 2009-2012. In other words, the Committee has proven its usefulness already. The State Department is legally required to report, on the FACA website (www.fido.gov/facadatabase/), about the advice received, and the charter and members of the Advisory Committee must be approved by the Assistant Secretary of State for International Organization Affairs.

22. Dennis Shea asked whether the subcommittees could work in private, as they could work more efficiently in that manner, to which Gerald Anderson replied that State lawyers would have to be consulted on that point. Other Advisory Committees, he noted, *do* hold private meetings closed to the public.

23. Jim Campbell suggested that subcommittees could study issues in depth, then present recommendations for decision by the entire Committee, while Sue Presti advocated the use of conference calls and email for the subcommittees, so that members stay engaged. This view was endorsed by Nancy Sparks, who further suggested that the subcommittees would allow those interested in particular issues to exchange views. Gerald Anderson confirmed that the working methods of the subcommittees should be informal, but that reports on their work are essential.

24. Taking the floor as an observer, Michael Mullen, who served as the Designated Federal Official for a Federal Advisory Committee on customs issues, spoke of his experience in managing subcommittees within that Committee. He strongly recommended that the subcommittees focus on specific issues, and that they should be disbanded once their work on a particular issue is completed. The conclusions which the subcommittees reach are to be put forward to the entire Advisory Committee, and of course the U.S. Government is not required to

apply or accept the advice received. Anyone – even those who are not members of the Advisory Committee - could join the subcommittees or attend their meetings.

25. Charles Prescott expressed concern that the private sector participants who attend UPU meetings do not seem to receive the documentation for UPU meetings in a timely manner. The private sector representatives want to be consulted by U.S. Government agencies on the views they should take at these meetings; they would like guidance, since they could add value to the proceedings. The issues could be discussed in advance by the Advisory Committee. So far, the Advisory Committee has been reactive, and there is a need for the Committee to take a more proactive approach.

26. Dennis Delehanty noted that having the Advisory Committee provide advice in advance of UPU meetings would present practical and administrative difficulties. As an example, the 2009 session of the Postal Operations Council meets in one month's time, in March, and no documents for these meetings had yet been published, and they may not be published until a few days before the meetings in question. Mr. Delehanty also pointed out that all the secretarial support for the proposed subcommittees would have to be provided by the members of the subcommittees themselves, and not by the State Department, as there are no resources available for this purpose.

27. Jim Campbell added that it would be a great idea if the Advisory Committee could provide advice on the issues to be taken up at UPU meetings, but cautioned that the issues, and the UPU groups working on the issues, have a lot of history, so that members would need to do a considerable amount of homework and view the issues in the context of years, not months.

28. Bob Reisner suggested a greater use of technology for the subcommittees' work methods, such as Google documents, which could help the subcommittees work faster and in a more transparent manner. Also, there might be families of topics that each subcommittee could address.

29. Gerald Anderson remarked that the State Department does not wish to flood Advisory Committee members with UPU documents, but that it would be helpful if the subcommittees could focus on major issues and give timely advice before UPU meetings. Creation of subcommittees, Mr. Anderson noted, would have to be approved by the Assistant Secretary of State for International Organization Affairs.

30. Don Soifer expressed his appreciation for Jim Campbell's proposals to create subcommittees, but wondered if there would be scope to form a fourth subcommittee that, among other things, could address the Nairobi Postal Strategy.

31. Paul Smith stated that special topics could be referred to subcommittees while Gene Del Polito agreed with this view, adding that subcommittees should disband after they have achieved their stated purpose.

32. Michael Coughlin insisted that the decision whether or not to create subcommittees, or work groups, or whatever they are to be called, should not be pushed down the road. The work groups should be launched now. The work plans for these work groups should be created and the overall structure blessed. What is important is to establish the facts of the issues that the Advisory Committee faces, not to have members hear the views of special interests or fixed opinions on the issues which, in any event, are already generally known.

33. Gerald Anderson stressed that the goal is obtain papers representing the combining thought of Advisory Committee members and others, as appropriate. This would aid in

reaching concrete findings and would make the work of the Advisory Committee more substantive.

34. In response to a comment by Brad Smith that the Advisory Committee should reach out to a wider range of U.S. Government agencies to include, for example, the Treasury Department, Dennis Delehanty replied that the Treasury Department was invited to join the Advisory Committee, but declined the invitation. However, it would always be possible to reach out to other agencies to gauge their interest in joining the Advisory Committee.

35. Summing up the discussion on this point, Gerald Anderson confirmed that the State Department would ask Advisory Committee members about their interest in joining the three proposed subcommittees, the creation of which is approved on a provisional basis. Jim Campbell encouraged members to think of appropriate titles for the subcommittees.

36. Brad Smith agreed that the consultation on the U.S. Strategic Plan for the UPU was a useful exercise. However, the Advisory Committee meeting in July 2008 took place too close to the UPU Congress, so that the Committee could not give well considered advice on the issues before Congress. Further, it would be important to reach out to international institutions regarding regulation of postal financial services, since as things stand now postal financial services are not regulated. Hearing this last comment, Charles Prescott invited Brad Smith to join the UPU Consultative Committee, to which Mr. Smith said that this would be a question of cost-effectiveness and resources that his organization could dedicate to membership.

IV. Contributions by members of the public

37. Will Gensburg of the Express Delivery and Logistics Association (XLA) presented a document submitted prior to the meeting concerning the provisions for customs clearance in the PAEA. He expressed the hope that the members of the Advisory Committee had read the document, which argued that the U.S. Government has not implemented the provisions regarding customs clearance in the PAEA legislation. The provisions in question confirm that the policy of the U.S. Government is to promote unrestricted and undistorted competition in the provision of international postal and delivery services and that U.S. customs laws relating to the importation and exportation of similar shipments by USPS and private companies shall be applied in the same manner. The issues described in the document are important to the members of XLA, who feel that it is important that the law be applied – and who do not understand the lack of urgent action by the U.S. Government in this regard – since the current situation is causing the private sector in the industry such pain. For two years, since the adoption of the PAEA, Mr. Gensburg has been pursuing these issues but has gained no traction. At this meeting he expressed his appreciation for the opportunity to air his views.

38. Lea Emerson stated she and her colleagues at USPS had studied the XLA document closely, and considered it to be an unfair assessment of the situation and the implementation of the PAEA. The provisions of the PAEA are clear: the shipments of the USPS and those of private companies are not similar. The U.S. Government has made considerable efforts to convince postal administrations abroad to begin transmitting data for postal shipments that are similar to those transmitting for shipments of private companies. At the Geneva UPU Congress, the U.S. delegation was able to secure adoption of a Congress resolution along these lines. USPS has also worked with airlines to expand the transmission of data on dispatches of international mail, and has concluded a memorandum of understanding related to these issues with the Transportation Security Administration (TSA). USPS and the U.S. Government is trying to move as fast as possible on implementing the law. Ms. Emerson further pointed out that among several other errors in the XLA document, the mission statement of the U.S. Postal Inspection Service quoted in the paper was incorrect.

39. To questions posed by Steve Lopez about the type of decision the Committee might be expected to make regarding this document, Gerald Anderson said that this issue could be taken up by a subcommittee, which could gather the facts and report to the entire Advisory Group. The goal would be to arrive at an opinion whether the current U.S. Government policies and procedures are consistent with the law.

40. Will Gensburg stated that the approach suggested would seem to be appropriate. A policy should be developed to apply the law, and the views of XLA regarding this situation are on record. It would be helpful if the issues raised by XLA could be raised within the Advisory Committee or one of its subcommittees, which could produce recommendations.

41. In response to a query by Steve Lopez about whether the issues raised by Mr. Gensburg would be an appropriate matter for the Advisory Group to take up, both Gerald Anderson and Jim Campbell replied that yes, such issues are germane to both the PAEA and the mandate of the Advisory Committee. Jim Campbell further said that the issues involved in commercial and postal customs clearance have a long history and would require serious homework by Advisory Committee members.

42. Gregory Olsavsky stressed that U.S. Customs and Border Protection (CBP) has taken considerable action to implement the customs clearance provisions in the PAEA over the past two years. Immediately following adoption of the postal legislation in December 2006, CBP established an interagency group, including the Commerce and State Departments as well as the Postal Regulatory Commission and USPS. This group drew up a plan which it has been executing over the past two years. For example, all U.S. international mail facilities are transmitting EDI (electronic data interchange) data on shipments using standardized data sets, and CBP has been fully engaged of the process of getting this work done. It is a misrepresentation to state that the U.S. Government has not acted; the effort is an ongoing process.

43. Dennis Delehanty confirmed that a subcommittee could take up the issues raised by Mr. Gensburg. He went on to clarify that in accordance with the provisions of the UPU Convention, the use of UPU documentation for the carriage of international mail is reserved for designated operators only, and in the United States there is only one designated operator which is USPS. He also mentioned that the UPU Postal Operations Council had a working group called the Operations and Accounting Review Project Group whose purpose was to migrate as many of the procedures in the UPU Regulations from paper-based to electronic operations. Ultimately the private sector might participate in this effort.

V. Suggestions for agenda items for future meetings

44. Gerald Anderson asked members if they wished to propose agenda items for future Advisory Committee meetings. Charles Prescott suggested that the Committee could express its opinion on the UPU Programme and Budget, while Paul Smith proposed that the Committee could have a sort of "early warning system" to communicate the appearance of issues of major importance that appear on the agendas at UPU Council sessions.

45. Lea Emerson noted that the work of the groups within the UPU Councils is not yet defined and no work plans have been drawn up, so there is no yet need for U.S. Government positions on the work of these groups.

46. Gene Del Polito suggested that it might be possible to arrange for all Advisory Committee members to gain access to the electronic version of the documents for UPU meetings, which are now password protected.

47. Gerald Anderson agreed that efforts could be to obtain the necessary passwords or work towards making UPU documents available to the public. He also suggested that a State Department expert on the structures and procedures of Federal Advisory Committees could give the members of this Advisory Committees a briefing – which would be useful information for the members to understand how Advisory Committees are meant to work. This expert could also follow up with email messages on particular topics or questions. The next meeting of this Committee could take place in May. [Note: This meeting was subsequently set at 4 June 2009.] Dennis Delehanty noted that, in general, it is the intention to hold meetings of the Advisory Committee in conjunction with other major postal meetings in order to reduce travel costs for participants.

VI. Closing of the meeting

48. In response to a question posed by Steve Lopez, Dennis Delehanty provided information about renewal of the members and charter of the Advisory Committee. The charter entered into force on October 9, 2007, and must be renewed by that same date this year; the Charter's duration is for two years and cannot be extended. The current thinking at the State Department is to begin work on renewing the Charter in May or June of this year. The members of the Advisory Committee were appointed for two years; new or renewed members of the Committee must therefore also be appointed before October 9 of this year. The members of many Federal Advisory Committees often have staggered three-year terms, although FACA charters are always valid for no more than two years; it may be possible to move to staggered terms of office for the members of this Committee.

49. Gerald Anderson closed the meeting.

Minutes prepared by Dennis Delehanty and Christopher Wood of the Bureau of International Organization Affairs, U.S. Department of State