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The Department of State's Implementation of Its International Postal Responsibilities

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General Government Division

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The Honorable John M. McHugh
Chairman, Subcommittee on the Postal Service
Committee on Government Reform
House of Representatives

The Honorable Benjamin A. Gilman
Chairman, Committee on International Relations
House of Representatives

The Honorable Jim Kolbe
Chairman, Subcommittee on Treasury, Postal Service, and General Government
Committee on Appropriations
House of Representatives

This letter responds to your request to review how the Department of State has implemented its new responsibilities for U.S. policy regarding U.S. participation in the Universal Postal Union (UPU), a specialized agency of the United Nations that governs international postal service. Specifically, we identified key strengths of State's performance to date and opportunities for improvement. The objective of our review was to assess State's implementation of its new responsibilities for U.S. policy formulation, coordination, and oversight regarding U.S. participation in the UPU. Legislation enacted on October 21, 1998, transferred primary responsibility for U.S. policy concerning the UPU from the U.S. Postal Service (USPS) to the Department of State.[1]

Results in Brief

The Department of State faced difficult challenges in assuming its new UPU-related responsibilities less than a year before the UPU Congress met in August and September 1999 to update binding agreements governing international postal service.[2] State's performance in implementing these new responsibilities was uneven in that we found strengths in some areas and opportunities for improvement in other areas. We are making

[1] Pub.L. 105-277, Div. A, 101(h) [Title VI, 633(a)], Oct. 21, 1998, 112 Stat. 2681-___.

[2] The UPU Congress is composed of delegates representing all 189 member countries and generally convenes every 5 years to reevaluate and revise the UPU Constitution, the Universal Postal Convention that sets binding rules for international postal service, and other agreements. The 1999 UPU Congress was held from August 23 to September 15, 1999.

recommendations to State that address key areas where it has opportunities for improvement.

The Department of State made progress in its first year in providing stakeholders and the general public with relevant information on UPU matters and giving them an opportunity to offer input into U.S. policy concerning the UPU. State took steps to consult with interested parties and the general public. Further, State coordinated with USPS, other federal agencies, and other nongovernmental stakeholders that were involved in UPU matters and included some of these stakeholders in the U.S. delegation to the UPU Congress. Stakeholders said that State was receptive to input and evenhanded in its consideration of views. State also took steps to increase stakeholder access to UPU documents and UPU meetings. In addition, State clearly signaled changes to U.S. policy on issues related to UPU reform. State officials said that the United States presented a different view and approach to the UPU with respect to raising issues of UPU reform that gave impetus to the UPU's decision to establish a process to consider reform issues.

We also identified opportunities for improvement in the Department of State's implementation of its responsibilities in several key areas. The lack of a more structured and open policy development process and the lack of continuity and expertise contributed to uneven implementation of State's UPU-related responsibilities. In particular:

- The Department of State gave 9 to 17 days of advance notice of the public meetings and conducted limited outreach shortly in advance of some meetings to notify interested parties. In addition, State did not distribute some materials discussed at the public meetings in advance, and distributed two important proposals at the public meetings after they had been submitted to the UPU. Further, the first two public meetings were timed to occur shortly before UPU deadlines for submitting proposals for consideration by the UPU Congress. For these reasons, stakeholders may have had limited opportunities to provide meaningful input.

- The Department of State did not maintain minutes that documented the proceedings of public meetings on UPU matters. The limited public record of agency or stakeholder positions on U.S. policy concerning UPU issues may make it difficult for Congress and other interested parties to fully understand the basis for U.S. policy positions.

- Turnover among involved Department of State staff in the period leading up to the UPU Congress made it more difficult for State to develop the

institutional continuity and expertise needed to fulfill its leadership responsibilities.

Several options exist for the Department of State to develop a more structured and open process for obtaining stakeholder input including ensuring better and more advance notification of public meetings and more advance distribution of materials prior to these meetings. For example, one option would be for State to use the Federal Advisory Committee Act (FACA)[3] process to form an advisory committee that would be governed by requirements intended to ensure that such committees are fully balanced in terms of the points of view represented, that committee proceedings are as open as possible to the public, and that Congress is kept informed of committee activities. Some stakeholders have raised concerns about the potential burden on the Department of State of using a formalized process, such as FACA, to handle UPU-related responsibilities, as well as whether such a process would be beneficial. In this regard, 10 of 19 federal agencies that accounted for 90 percent of FACA committees have reported that FACA requirements are more useful than burdensome.

Staff turnover has also been a significant challenge for the Department of State in carrying out its UPU-related responsibilities. Representatives of federal and nonfederal organizations in the U.S. delegation to the UPU Congress said that staff turnover, combined with the limited time available before the UPU Congress, affected State's ability to fully understand the implications associated with various complex UPU policy issues, as well as to fully understand how to build support for U.S. policies in the UPU. In our view, providing sufficient institutional continuity and expertise will be essential if State intends to play a leadership role in handling complex UPU issues and dealing with domestic and international stakeholders. We discuss several options available to State to improve in this area.

Background

The major changes resulting from the 1998 Act[4] that related to the UPU included (1) transferring primary responsibility for U.S. policy regarding the UPU from USPS to the Department of State and (2) requiring the Department of State and USPS to consult with private providers and users of international postal services, the general public, and such federal agencies and other persons that each considers appropriate in carrying out its respective international postal responsibilities. These requirements for

[3] 5 U.S.C. App. 2.

[4] Public Law 105-277, enacted October 21, 1998, amended 39 U.S.C. 407 to give the Department of State primary responsibility for the formulation, coordination, and oversight of policy regarding U.S. participation in the UPU.

consultation are new in that USPS was not subject to similar requirements prior to enactment of the law.

Under the new law, the Department of State may, with the consent of the president, negotiate and conclude postal treaties, conventions, and amendments within the framework of UPU agreements that are binding on the United States and other UPU member countries. USPS can also, with the consent of the president, negotiate and conclude certain postal treaties and conventions, subject to the requirements of the new law, which specifies that USPS actions shall be consistent with the policies of the Department of State.[5] Further, under the new law, USPS continues to have authority to set international postal rates with the consent of the President.

In addition, the new law specified that, starting in fiscal year 1999, USPS would allocate to State such sums as may be reasonable, documented, and auditable for State to carry out its UPU-related responsibilities under 39 U.S.C. 407. To fulfill this requirement, the Department of State and USPS signed an interagency agreement that specified that USPS would provide $160,000 to the Department of State as reimbursement for its UPU-related activities in fiscal year 1999.

The congressional intent behind the new law was to ensure that the development of U.S. policies for UPU-related matters was fair, evenhanded, and open to all interested parties. A "Sense of Congress" resolution included in the legislation stated that: "It is the sense of Congress that any treaty, convention, or amendment entered into under the authority of section 407 of title 39 of the United States Code, as amended by this section, should not grant any undue or unreasonable preference to the Postal Service, a private provider of postal services, or any other person."[6] In 1998, we reported[7] that private delivery companies had made allegations that USPS had gained unfair competitive advantages through its past role as the U.S. representative in the UPU. These concerns involved USPS' dual role as the U.S. negotiator in international

[5] USPS' authority to negotiate and conclude postal treaties and conventions is subject to provisions that (1) give the Department of State primary responsibility for the formulation, coordination, and oversight of policy with respect to U.S. participation in the UPU, (2) specify that USPS shall not conclude any postal treaty or convention or any other arrangement related to the delivery of international postal services that is inconsistent with any U.S. policy with respect to U.S. participation in the UPU, and (3) require USPS to consult with various parties in carrying out its responsibilities.

[6] Pub.L. 105-277, Div. A, 101(h) [Title VI, 633(b)], Oct. 21, 1998, 112 Stat. 2681-___.

[7] U.S. Postal Service: Postal and Telecommunications Sector Representation in International Organizations (GAO/GGD-99-6BR, Oct. 29, 1998).

agreements that set the rules for the exchange of international mail and parcels by national postal administrations as well as competitor for the delivery of outbound international items, including documents and parcels. Shortly after enactment of the new law, the Chairman of the House Subcommittee on the Postal Service called on the Department of State to develop a U.S. policy position toward the 1999 UPU Congress that would "…serve the interests of all American participants in the postal and delivery sector, whether public or private."[8]

Scope and Methodology

To accomplish our objective, we reviewed applicable laws and the legislative history and obtained documentation from the Department of State regarding its activities concerning the UPU. We also obtained correspondence and documentation from USPS and other federal agencies and stakeholders involved in State consultations regarding U.S. policy on UPU matters. Further, we attended public meetings held by State to brief interested persons on UPU issues and U.S. participation in the UPU, as well as a 1-day conference convened by State to discuss UPU issues and developments in the international postal sector. In addition, we interviewed officials from organizations in the U.S. delegation to the 1999 UPU Congress to obtain their views on the strengths of State's performance to date and opportunities for improvement. Specifically, we interviewed officials of the Department of State, USPS, the Department of Commerce, and the Postal Rate Commission (PRC), who represented their agencies at meetings on UPU matters, as well as representatives of the Air Courier Conference of America (ACCA) and the Direct Marketing Association (DMA).[9] We also interviewed the officials who represented the Office of the U.S. Trade Representative (USTR) and the Department of Justice at meetings on UPU matters. We conducted our review from November 1998 through January 2000 in accordance with generally accepted government auditing standards.

Department of State Progress in Implementing UPU Responsibilities

The Department of State made progress in implementing its UPU responsibilities by taking steps to consult with private providers of international postal services, postal users, other federal agencies, and the general public. In addition, State clearly signaled changes in U.S. policy on issues related to UPU reform. However, State has the opportunity to

[8] November 6, 1998, letter to the Secretary of State.

[9] ACCA is a trade association whose members are domestic and international air courier and air express companies operating in the United States. DMA is a trade association for users and suppliers in the direct, database, interactive, and online marketing field, with member organizations from the United States and foreign nations. Some DMA members employ catalogs and other direct mail pieces in marketing efforts.

improve its implementation in several respects, as described in the next section of this report.

The Department of State Consulted and Coordinated With Interested Parties

The Department of State took steps to consult with interested parties and to coordinate with USPS, other federal agencies, and nongovernmental stakeholders that were involved in UPU matters through their inclusion in the U.S. delegation to the UPU Congress. Specifically, State held public meetings where interested parties could offer input, interagency meetings to discuss U.S. policy on UPU issues, and meetings and communications with individual stakeholders that included coordination meetings with USPS and other stakeholders in the U.S. delegation to the UPU Congress.

The Department of State also took steps to increase access to UPU documents and to UPU meetings by making U.S. proposals to the UPU Congress accessible on a new Internet home page devoted to UPU matters and by giving access to UPU documents upon request. Further, State included representatives of the Department of Commerce and PRC and private sector organizations in the U.S. delegation to the 1999 UPU Congress. This was reportedly the first time that representatives of private-sector organizations had been included in the U.S. delegation to a UPU Congress.

These actions represented progress in providing stakeholders and the public with relevant information and giving them an opportunity to offer input. Several stakeholders recognized the Department of State's progress in this area. For example, USPS officials said that they considered State's consultations with stakeholders and the public were handled in an evenhanded way and gave all participants an opportunity to become informed and to have their interests considered. A Federal Express Corporation (FedEx) representative said that the State official who headed the U.S. delegation to the UPU Congress tried to be fair and open in obtaining input. A USTR official said that State used an evenhanded approach in dealing with the conflicting interests of USPS and its competitors on UPU matters. Further, PRC officials said that State was open and receptive to all views.

The Department of State Gave Interested Parties an Opportunity to Offer Input

The Department of State gave interested parties an opportunity to offer input at three public meetings and held several interagency meetings to discuss U.S. policy on UPU matters (see table 1). State reported that it was "committed to a fair and open process" and that "as an initial step in this open, transparent process, State held its first formal public meeting on

U.S. policies in the UPU" on January 26, 1999.[10] State held two subsequent public meetings on April 15 and July 9, 1999. Each public meeting was advertised in the Federal Register and featured briefings on UPU matters and State's UPU-related actions. Attendees were given an opportunity to ask questions and offer input. State officials said after the UPU Congress that they were satisfied with the outcome of their efforts to reach out to stakeholders, raise and discuss issues, and develop policies.

Table 1: Chronology of UPU-Related Events After the Department of State Assumed its Expanded Responsibilities

Date	Event	Key actions relating to this event
10/21/98	Department of State assumes new UPU responsibilities	Enactment of Pub.L. 105-277
01/26/99	Public meeting #1	Briefed interested parties on UPU developments
01/29/99	Interagency meeting[a]	Discussed draft proposals
02/08/99	UPU council meetings held through 2/19/99[b]	UPU councils approve proposals for consideration by the UPU Congress
02/22/99	UPU deadline (proposals sponsored by one or more countries)	U.S. proposals submitted by this date for consideration by the UPU Congress
04/05/99	Interagency meeting	Discussed FedEx proposals concerning Article 40 and customs procedures[c]
04/15/99	Public meeting #2	Briefed interested parties on UPU developments
04/21/99	Article 40 meeting[d]	Discussed Article 40 and related issues
04/22/99	UPU deadline (proposals sponsored by at least three countries)	U.S. proposals submitted by this date for consideration by the UPU Congress
05/21/99	Article 40 meeting[e]	Discussed Article 40 and related issues
06/22/99	UPU deadline (proposals sponsored by at least nine countries)	U.S. proposal submitted by this date for consideration by the UPU Congress
07/09/99	Public meeting #3	Briefed interested parties on UPU developments and the UPU Congress
07/12/99	Interagency meeting	Discussed UPU Congress
07/16/99	1-day conference	Discussed the future of the UPU and the international mail system
08/12/99	Meeting of U.S. delegation to UPU Congress	Discussed UPU Congress
08/23/99	UPU Congress held through 9/15/99	UPU approves revised rules to govern international mail

[a]This table lists interagency meetings held at the Department of State on UPU matters after it assumed its new UPU-related responsibilities.

[b]The Council of Administration (CA) of the UPU, comprising 41 member countries, primarily manages affairs of the UPU between Congresses. The Postal Operations Council (POC) of the UPU, comprising 40 member countries, meets annually and is the technical and operational body of the UPU. See GAO/GGD-99-6BR.

[c]Article 40, formerly known as Article 25, gives postal administrations the ability to intercept "remail" or inbound international mail that is posted in a country other than where the sender is considered to reside. See U.S. Postal Service: Unresolved Issues in the International Mail Market (GAO/GGD-96-51, Mar. 11, 1996).

[d]This meeting was open to those who indicated interest at the April 15, 1999, public meeting but was not advertised in the Federal Register.

[10] February 11, 1999, Department of State Statement to the House Subcommittee on the Postal Service, Committee on Government Reform.

[a]Representatives of federal agencies, FedEx, and the United Parcel Service (UPS) attended this meeting.

Source: Department of State documents.

In addition to the public and interagency meetings, the Department of State held several meetings with stakeholders relating to the UPU. State also sponsored a 1-day conference to discuss the future of the UPU and of the international mail system. Invited participants included representatives of federal agencies, private providers and users of international mail services, consultants, and academics, as well as representatives of the World Bank and two European postal administrations. Conferences on UPU-related topics may be a useful option for focusing on particular topics and promoting dialogue among stakeholders.

The Department of State Made Some UPU-related Documents More Accessible

The Department of State made efforts to increase access to UPU documents by making U.S. proposals to the UPU available on a new Internet home page devoted to international postal policy and the UPU, and by making access to documents on the UPU's Internet site available upon request. Inaugurated in April 1999, this home page contained links to U.S. proposals to the UPU Congress; to State's February 11, 1999, statement on its UPU responsibilities; and to the UPU Internet site.[11] A State official informed interested parties in a March 1999 memo and announced at the April 15 public meeting that, based on an agreement with the UPU Secretariat, State would make the password to UPU documents on the UPU Internet site available upon request. These actions made U.S. proposals to the UPU available to the general public for the first time[12] and also gave interested parties access to UPU documents on the UPU's Internet site for the first time. A State official said that these actions were taken to address concerns about access to UPU-related documents that had predated State's role as the lead agency responsible for U.S. policy relating to the UPU.

[11] See www.state.gov/www/issues/io_upu_hp.html. State subsequently updated its Internet site to post a U.S. proposal that was submitted in June 1999 to the 1999 UPU Congress as well as the agenda of State's July 16, 1999, conference on the future of the UPU and the international mail system.

[12] We reported that when USPS was the lead agency for UPU matters, it distributed copies of documents for discussion, including U.S. proposals, to agencies and private-sector stakeholders it invited to briefings. See GAO/GGD-99-6BR.

The Department of State Included Agencies and Nongovernmental Organizations in the U.S. Delegation to the UPU Congress

The Department of State included representatives of USPS, USTR, PRC, ACCA, and DMA in the U.S. delegation to the UPU Congress. These representatives obtained access to some UPU-related information, such as U.S. position papers on the more than 500 proposals before the UPU Congress. State held daily meetings of the U.S. delegation to coordinate activities and discuss issues and plans. State officials reportedly also obtained input from representatives of other organizations.[13]

The Department of State official that headed the U.S. delegation made the following statement at the UPU Congress regarding the importance of the composition of the U.S. delegation to U.S. policy with respect to the UPU:

> "Worldwide, the postal sector is opening up to competition. In many countries, including the United States, it can no longer be said that the universal service operator fully represents the interest of all stakeholders in setting postal policy. To assure that all views are taken into account, the United States Congress recently asked the Department of State – our ministry of foreign affairs – to take primary responsibility for the formulation, coordination, and oversight of policy with respect to the Universal Postal Union. The United States Postal Service remains as a close collaborator in this process, and we are assisted by other U.S. Government agencies and other interested parties. The United States welcomes signs that the UPU is adjusting to change in the international postal world. Symbolic of this change is the fact that at this Congress there are observers from the private sector. We believe strongly that the UPU, to fulfill its mission, must be more inclusive. Similarly, we have found it useful to include private-sector representatives on the U.S. delegation to this meeting. As a result, we come to this Congress with broad support of major United States stakeholders."

The Department of State Clearly Signaled a New UPU Policy

The Department of State clearly signaled a new direction for U.S. policy on UPU reform issues by submitting U.S. proposals to the UPU Congress related to UPU reform, by its actions in developing support for the U.S. proposals before the UPU Congress, and by its actions at the UPU Congress. State officials said that the United States presented a different view and approach to the UPU with respect to raising issues of UPU reform that gave impetus to the UPU's decision to establish a process to consider reform issues. Representatives of other organizations in the U.S. delegation to the UPU Congress said that State's positions and emphasis on UPU reform represented a new direction for U.S. policy.

U.S. Proposals to the 1999 UPU Congress

The United States made proposals to the UPU Congress that signaled changes in U.S. policies and were intended to promote UPU reform, open the UPU policy formulation process to be more inclusive of interested parties, and change some UPU rules governing international postal

[13] The Department of State also received written input from USTR and a major postal union during the UPU Congress.

operations. One U.S. proposal called for the UPU to hold an Extraordinary UPU Congress in 2001 to consider the implementation of reforms relating to the UPU's mission, role, and policies.[14] This proposal signaled that the United States supported changes in several UPU policy areas. This proposal called for the UPU to review after the 1999 UPU Congress

- the UPU's mission, the governmental and operational roles and responsibilities of UPU bodies, and UPU policies (This review was to be conducted in a transparent manner. Proposals for reform were to be formulated in a process open to the public and private sectors.);
- how to ensure that the UPU could continue to support global universal postal service and the needs of developing countries while not giving undue or unreasonable preference to any group of providers of international postal services; and
- how to expand the UPU's role with respect to the activities of all public and private providers of international postal services.

A second U.S. proposal called for revising Article 40 (see table 1, footnote c). This U.S. proposal signaled change in U.S. policy concerning this UPU rule.

Department of State Actions Signaled Support for UPU Reform

The Department of State signaled support for UPU reform before the UPU Congress in meetings with U.S. stakeholders and with officials from foreign countries. After the United States submitted its proposal for a 2001 UPU Congress to consider reform issues, a State official said at the April 1999 public meeting that the "far reaching proposal" would "give the UPU the opportunity to take into account changes in this sector worldwide." At the April and July 1999 public meetings, State officials discussed their consultations with British, Dutch, and German representatives to develop support for this proposal. State also consulted with other UPU representatives. Before the UPU Congress, State sent a cable asking its diplomatic posts to "…inform host governments at the senior political and policy levels that the [U.S. government] is seeking international support for UPU reform, in light of the rapid and extensive international and structural changes taking place in the international mail system." The United States had not previously raised UPU reform issues through these diplomatic channels.

[14] The next UPU Congress after 1999 is scheduled to be held in 2004.

Department of State officials also made a change in U.S. policy in UPU meetings before the UPU Congress. For example, the State official heading the U.S. delegation at UPU meetings in February 1999 said that the United States would support further consideration of a proposal to grant "consultative status" to selected nongovernmental international organizations at the UPU Congress.[15] This statement, which indicated support for having the 1999 UPU Congress consider the proposal concerning consultative status, was reportedly the first time that the head of the U.S. delegation said that this proposal merited such consideration. The 1999 UPU Congress considered but did not approve the proposal concerning consultative status.

The 1999 UPU Congress decided to approve an alternative proposal authorizing the establishment of a new Advisory Group to the UPU that would meet twice each year. Membership in the Advisory Group would be open to members of UPU governing bodies and regional UPU bodies and to international nongovernmental organizations, such as consumers' organizations, organizations of private delivery companies, consumers, labor unions, and postal users.[16] The Advisory Group was authorized to submit suggestions to UPU governing bodies and provide written statements on agenda items of interest that the UPU governing bodies are to consider.

The Department of State also signaled support for UPU reform at the UPU Congress. For example, the State official who headed the U.S. delegation said in his August 24, 1999, statement that "…the United States delegation comes to this Congress to stimulate more interest in reform of the UPU, and to work with other delegations to chart a course to make reform happen." He said that the U.S. proposal for a 2001 UPU Congress was "…our way of stimulating discussion so that the members of this organization, if they so choose, can collectively respond to the widely recognized need to carry on reform in the UPU."

The 1999 UPU Congress considered but did not approve the U.S. proposal for a 2001 UPU Congress. However, the 1999 UPU Congress established a High Level Group of UPU member countries on the future development of the UPU. The High Level Group was given a mandate to "…consider the

[15] This proposal was controversial because consultative members would have had observer status at UPU meetings, including groups such as those representing private providers of international postal services.

[16] The nongovernmental organizations are to be those "whose interests and activities … are directly related to the objectives of the [UPU] and which are able to contribute to the [UPU's] work." UPU Resolution C 105/1999.

future mission, structure, constituency, financing, and decisionmaking of the UPU…" and was invited to develop proposals for consideration by the UPU Council of Administration (CA).[17] The CA, in turn, was authorized to convene, if necessary, a meeting of all UPU member countries in 2002 to consider the recommendations of the High Level Group. At its first meeting in December 1999, the 24-member High Level Group established a timetable and workplan to review proposals for UPU reform and come to conclusions before the group's deadline of October 2001.

Problems Contributed to Uneven Handling of the Department of State's UPU Responsibilities

The Department of State has the opportunity to improve its handling of its UPU responsibilities in three key areas. A number of options are available to State for making improvements in these areas. First, State gave 9 to 17 days of advance notice of the public meetings and conducted limited outreach shortly in advance of some meetings to notify interested parties. In addition, State did not distribute some materials discussed at the public meetings in advance, and distributed two important proposals at the public meetings after they had been submitted to the UPU. Further, the first two public meetings were timed to occur shortly before UPU deadlines for submitting proposals for consideration by the UPU Congress. For these reasons, stakeholders may have had limited opportunities to provide meaningful input.

Second, the Department of State developed policy on UPU matters in a manner that resulted in little public record of agency or stakeholder positions that related to the formulation of U.S. policy. For example, State did not maintain minutes of the public meetings and did not solicit written comments from agencies and stakeholders that would have become part of the public record.

Third, turnover among involved Department of State staff in the period leading up to the UPU Congress made it more difficult for State to develop the institutional continuity and expertise needed to fulfill its leadership responsibilities. Several stakeholders said that such continuity and expertise are important to understanding complex UPU issues and to work effectively with UPU stakeholders.

We recognize that the Department of State faced a challenging time frame because it did not assume its responsibilities until October 1998, about 4 months before the first UPU deadline for submitting proposals to the 1999 UPU Congress and less than 1 year before the UPU Congress. To further complicate this situation, State did not assign its UPU responsibilities to its

[17] See table 1, footnote b for a description of the CA.

Bureau of International Organization Affairs until January 1999, or more than 2 months after the law was enacted and less than 2 months before the first UPU deadline for the submission of proposals. As a result, State officials had a compressed time frame within which to consult with stakeholders, consider proposals and views, and develop policies.

The limited public record of agency or stakeholder positions on U.S. policy concerning UPU issues may make it difficult for Congress and other interested parties to fully understand the basis for U.S. policy positions. Several options exist for the Department of State to develop a more structured and open process for obtaining stakeholder input, including ensuring better and more advance notification of public meetings and more advance distribution of materials prior to these meetings. As we reported last year, State uses the FACA process in the international telecommunications sector to coordinate with other federal agencies and private-sector advisory groups.[18] FACA was enacted to ensure that (1) valid needs exist for establishing and continuing advisory committees, (2) the committees are properly managed and their proceedings are as open as possible to the public, and (3) Congress is kept informed of the committees' activities.[19] FACA and its implementing regulations generally require that (1) agendas and meeting information, such as time, date, place, and purpose, be published in the Federal Register; (2) detailed minutes of each advisory committee meeting be kept;[20] (3) an annual report be sent to the General Services Administration (GSA), which then is to report to Congress on the activities, status, and any changes in the advisory committees; and (4) the membership of the advisory committees be fairly balanced in terms of the points of view represented.

Limitations Relating to Public Meetings

Concerning notification issues, the Department of State gave limited advance notice of public meetings in the Federal Register and conducted limited outreach to notify stakeholders of these meetings. As table 2 indicates, State gave from 9 to 17 days of advance notice in the Federal Register for the three public meetings held before the 1999 UPU Congress.

[18] GAO/GGD-99-6BR.

[19] See our reports, Federal Advisory Committee Act: General Services Administration's Oversight of Advisory Committees (GAO/GGD-98-124, June 15, 1998) and Federal Advisory Committee Act: View of Committee Members and Agencies on Federal Advisory Committee Issues (GAO/GGD-98-147, July 9, 1998).

[20] Detailed minutes are to include, among other things, the time, date, and place of the meeting; a list of attendees; names of members of the public who presented oral and written statements; an estimate of the number of other members of the public present; an accurate description of matters discussed and resolutions, if any; and copies of documents received.

In comparison, GSA regulations generally require agencies to give 15 days' advance notice in the Federal Register for advisory committee meetings.

Table 2: Timing of Federal Register Notices of Public Meetings on UPU Matters

Date of Federal Register notice	Date of public meeting	Number of days advance notice
01/15/99	01/26/99	11
03/29/99	04/15/99	17
06/30/99	07/09/99	9

In addition, the Department of State conducted limited outreach shortly in advance of some meetings to notify interested parties. For example, State sent faxes to federal agencies on July 7, 1999, to notify them of the July 9 public meeting. A State official acknowledged at the July public meeting that some attendees might have learned about the meeting by word of mouth as well as in the Federal Register. A USPS official said that some postal users do not read the Federal Register. At the third public meeting, the State official said that State might consider changes to improve the notification process in the future. Further, some materials discussed at the public meetings were not distributed to stakeholders either in advance of the meetings or after the meetings.

Concerning issues involving the distribution of materials and the timing of meetings, the first public meeting was held on January 26, 1999. The Department of State did not distribute materials in advance of this meeting. At the meeting, a number of materials were distributed and discussed, such as proposals drafted by USPS and FedEx, briefing slides, and UPU documents. The timing of the January 26 meeting left about 2 weeks for interested parties to discuss the issues, policy options, and specific proposals before UPU council meetings started on February 8 and less than 1 month before the UPU deadline of February 22 for the submission of proposals sponsored by individual countries.[21] A FedEx representative who attended the January public meeting expressed concern about the limited time available to provide input on UPU matters. The representative said that stakeholders should be given a meaningful opportunity to provide draft proposals on UPU matters for the Department of State to consider for submission to the UPU Congress.

The Department of State held one interagency meeting on January 29, 1999, before cabling instructions to the U.S. delegation at the UPU council meetings to submit proposals to the UPU. By the February 22, 1999,

[21] Most U.S. proposals submitted for consideration by the 1999 UPU Congress were submitted by this deadline.

deadline, the United States submitted the U.S. proposal that called for the UPU to convene an Extraordinary Congress in 2001 to consider the implementation of reforms relating to the UPU's mission, role, and policies. This was the main U.S. proposal relating to UPU reform. However, this proposal was not made publicly available before it was submitted or discussed at the first public meeting that we attended. By submitting the proposal by February 22, 1999, the United States ensured that it would be presented to the UPU Congress.[22]

The Department of State held its second public meeting on UPU matters on April 15, 1999. Materials distributed before the meeting to representatives of other agencies and selected stakeholders included U.S. proposals that had been submitted to the UPU in February 1999 for consideration by the UPU Congress. At the April public meeting, materials publicly distributed for the first time included additional U.S. proposals that were to be submitted to the UPU, briefing slides, and USPS comments on FedEx proposals that included an analysis that was discussed at the public meeting. Specifically, USPS officials discussed the potential financial impact on USPS if Article 40 were to be eliminated.

Following the April 15, 1999, public meeting, the Department of State held a meeting about 1 week later, on April 21, the day before the April 22 UPU deadline for the submission of proposals sponsored by three countries, to follow-up on issues relating to Article 40. The April 21 meeting was open to those who indicated interest at the second public meeting but was not advertised in the Federal Register. State officials subsequently circulated draft and final proposals for amending Article 40 to representatives of several agencies and selected stakeholders. State then held a meeting on May 21, 1999, when Article 40 was discussed. This meeting was attended by representatives of federal agencies, FedEx, and UPS, and was also not advertised in the Federal Register.

Department of State and USPS officials subsequently contacted UPU representatives from other countries to obtain the sponsorship of at least eight additional countries for this proposal, which was required for this proposal to be submitted to the UPU Congress by the June 22, 1999, deadline. The proposal was posted to State's Internet site on July 15, 1999, after its submission to the UPU.

[22] Subsequent proposals required the sponsorship of multiple countries. The UPU set three deadlines for submitting proposals for consideration by the 1999 UPU Congress: February 22, 1999, for proposals sponsored by at least one country; April 22, 1999, for proposals sponsored by at least three countries, and June 22, 1999, for proposals sponsored by at least nine countries.

The manner in which the Department of State consulted with stakeholders and the public may have afforded limited opportunities for interested parties to consider complex UPU issues and draft proposals and then provide meaningful input that could be considered in a more timely manner.

Several options exist for the Department of State to develop a more structured process for obtaining stakeholder input, including ensuring better and more advance notification of public meetings and more advance distribution of materials prior to these meetings. Options, which are not all mutually exclusive, include the following:

- Implementing a formal process under FACA with regularly scheduled and documented meetings: We reported last year that the Department of State used a formal process under FACA to develop international telecommunications policy with respect to the International Telecommunications Union.[23] The process for involving government and private-sector stakeholders in U.S. policy formulation in this area involved a formalized advisory committee structure headed by State, with regularly scheduled meetings that required public notification in the Federal Register. Required documentation included detailed minutes of the proceedings as well as annual status reports to Congress through a formal reporting process.

- Holding more timely meetings, with more advance notice and outreach to stakeholders, as well as more advance distribution of materials: Public meetings and interagency meetings to obtain input on U.S. policy on UPU matters could be scheduled more in advance of UPU meetings and UPU deadlines. The Department of State could notify stakeholders by telephone, fax, e-mail, and the Internet, as well as in the Federal Register. State officials said that State has the opportunity to use its Internet site on UPU issues to give notice of public meetings and make relevant documents available to the public. In one example of such use, USTR posted extensive material pertaining to the 1999 World Trade Organization (WTO) Ministerial Meetings to its Internet site, such as U.S. proposals, negotiating objectives, statements, and other material relating to the meetings.

[23] GAO/GGD-99-6BR.

Limitations Relating to the Development of a Public Record

The Department of State's consultations resulted in a limited public record of agency and stakeholder positions relating to the formulation of U.S. policy. State did not create minutes that documented the proceedings of public meetings on UPU matters. The limited public record of agency or stakeholder positions on U.S. policy concerning UPU issues may make it difficult for Congress and other interested parties to fully understand the basis for U.S. policy positions. The Deputy Assistant Secretary of the Department of State's Bureau of International Organizational Affairs[24] said at State's first public meeting on UPU matters that the "objective above all is transparency" as State establishes U.S. policy with respect to the UPU.

The Department of State reported in the Federal Register that written comments on subjects covered by the public meetings on UPU matters would be accepted at any time before or after the meetings and would be made available to interested parties unless it was requested in writing that they not be made available. According to documents provided to us by State, USPS, federal agencies, and other stakeholders, State received most of the written input before the 1999 UPU Congress from USPS and FedEx.

With the exception of USPS and FedEx representatives we observed, representatives of federal agencies and most private-sector stakeholders who attended the public meetings generally did not offer input. Representatives of federal agencies discussed UPU matters at interagency meetings more fully than at public meetings. Most of the public meetings were devoted to briefings by State and USPS officials on UPU issues, U.S. proposals, and related developments.

The Department of State inaugurated a new home page on UPU matters in April 1999 but updated the UPU-related material on only two occasions prior to the 1999 UPU Congress. For example, although the first section of the home page on UPU matters contains a section entitled "Meetings and Conferences," the Federal Register notice of the July 9, 1999, public meeting was not posted to the Internet. The home page also contains a section entitled "U.S. Proposals to Universal Postal Union Congress." Although State updated the material on its Internet site to include the U.S. proposal on Article 40,[25] it did not update the material to include several other proposals that were submitted in spring 1999, such as three proposals on matters that State described as operational/technical in nature. State also did not update one proposal that it had previously

[24] This official headed the U.S. delegation to the 1999 UPU Congress.

[25] See table 1, footnote c for a description of Article 40.

circulated and posted to the Internet but subsequently revised before submitting it to the UPU. In addition, State did not post written input concerning UPU policy matters, from stakeholders such as USPS and ACCA, to its Internet site. Further, the Antitrust Division of the Department of Justice provided written input on UPU issues in April 1999, which was made available to interested parties who attended a meeting on April 21, 1999, but State did not post it to the Internet.

At least one stakeholder asked the Department of State to use an open process for developing policy on UPU matters that could have led to the creation of an extensive public record of stakeholder positions. In November 1998, shortly after the Department of State assumed the lead role for the UPU, the Chairman of ACCA's International Committee wrote State to petition it "…to develop, by means of a public rulemaking, an open and progressive Statement of Position towards the 1999 Beijing Congress of the UPU." The letter proposed that, given the February deadline[26] for submission of proposed amendments to certain UPU acts, State issue a notice of proposed rulemaking, setting out the basic issues, not later than December 1, 1998; that the notice should indicate that all comments would be posted on the Internet as soon as they were received; that the notice should encourage the public to file specific legislative proposals with comments; and that the notice should indicate that draft portions of the U.S. Statement of Position would be posted on the Internet and amenable to immediate public comment as they became available. Further, the ACCA letter proposed that State should set out specific written procedures for the distribution of UPU policy documents to all interested parties, preferably on the Internet. State did not implement these suggestions.

In November 1999, the Chairman of ACCA's International Committee again wrote the Department of State to request that State initiate a "…broad review of U.S. policy towards the international exchange of documents and parcels" and to urge it "to adopt, as soon as possible, open and transparent procedures for developing U.S. policy toward the international exchange of documents and parcels." ACCA stated that, to the maximum extent possible, a full record of all proposals, comments, and proceedings should be publicly available on the Internet. Other related stakeholder comments included those from a DMA official who told us that, in his opinion, DMA should not make comments on UPU matters unless it was willing to make them part of the public record, which could include posting them to the Internet.

[26] The UPU set a February 22, 1999, deadline for submission of proposals by individual countries.

A more complete and readily accessible public record would inform interested parties of matters under consideration as U.S. policy is developed. A more readily accessible public record of stakeholder positions on U.S. policy relating to the UPU could also help interested parties understand the basis for U.S. policy as well as facilitating input as the Department of State continues to develop policies and positions on UPU matters. Options, which are not all mutually exclusive, for State to develop a more complete and accessible public record include the following:

- Implementing the FACA process: As we previously noted, FACA requires notification of advisory committee meetings in the Federal Register and documentation, including detailed minutes of the proceedings of committee meetings, as well as annual status reports to Congress through a formal reporting process.[27]

- Using a notice and comment process to provide a structured process for obtaining public input: Federal agencies have used the Federal Register and the Internet to solicit comments that were to become part of the public record. For example, USTR, a small agency that takes the lead in representing the United States in international trade negotiations in the WTO, solicited comments before the 1999 WTO Ministerial Meetings in the Federal Register and posted this solicitation on its Internet site. The Department of Commerce has also solicited comments in the Federal Register and on the Internet, and posted comments it received on the Internet.

- Making input, minutes, and/or proceedings of public meetings available in reading rooms, upon request, or on the Internet: For example, USTR made comments it received before the 1999 WTO Ministerial Meetings available to the public in a reading room. The Department of Commerce made a transcript of some advisory committee meetings available on the Internet. Also, among other things, the Department of Commerce has used the Internet to broadcast a voice transmission of a meeting to obtain stakeholder input.

As we noted earlier in this report, FACA was enacted to ensure that the proceedings of advisory committees to federal agencies are as open as possible to the public and that Congress is kept informed of the

[27] Advisory committee meetings can be closed to the public to protect such things as proprietary or other sensitive information, such as trade secrets or information of a personal nature. See GAO/GGD-98-147.

committees' activities. However, several officials of agencies other than the Department of State as well as a DMA official have expressed concern that a formal process for stakeholder consultations on UPU matters, such as FACA, could be counterproductive and burdensome to the Department of State. One official from another agency said that mandating an advisory committee under FACA could detract from the cooperation that would be desirable and that more timely meetings and more notice of meetings were needed. Another official said that agency officials and others would be reluctant to comment at open meetings and that agency officials would be more forthcoming at closed interagency meetings. Further, a postal official said that a more formal process would require more resources, which would be diverted from other Department of State activities. A DMA official expressed strong concern that if State used a formal process such as FACA to build a public record, it would be bureaucratic and would generate a great deal of paper. He said that it would be important not to make the consultation process overburdensome.

In this regard, we reported last year[28] that 10 of 19 agencies we surveyed that accounted for about 90 percent of federal advisory committees considered FACA requirements to be more useful than burdensome and that 13 considered the requirement to keep detailed minutes of advisory committee meetings to be useful to a great or very great extent. Advisory committee members responding to our survey conveyed a generally shared perception that the committees were providing balanced and independent advice and recommendations. Although the percentage differed by question, 85 to 93 percent said that their committees were balanced in membership, had access to the information necessary to make informed decisions, and were never asked by agency officials to give advice or make recommendations based on inadequate data or analysis or contrary to the general consensus among committee members.

Limitations Related to the Development of Continuity and Expertise

Turnover among the Department of State staff in the period leading up to the UPU Congress made it more difficult for State to develop the institutional continuity and expertise needed to fulfill its leadership responsibilities. Representatives of federal and nonfederal organizations in the U.S. delegation to the UPU Congress said that staff turnover, combined with the limited time available before the UPU Congress, affected State's ability to fully understand the implications associated with various UPU policy issues, as well as to fully understand how to build support for U.S. policies in the UPU. They said that institutional continuity and expertise would be important to State's effectiveness on UPU matters

[28] GAO/GGD-98-147.

in the future. State officials said that they recognize that, if State intends to play a leadership role in the UPU, it will need to provide sufficient institutional continuity and expertise on UPU matters.

After assuming its new UPU responsibilities, the Department of State assigned officials from its Bureau of International Organization Affairs to work on UPU matters.[29] Since October 21, 1998, at one time or another, 11 State officers and 4 clerical staff members were involved with UPU affairs, although none of them devoted all of their time to UPU matters, according to State. However, staff turnover occurred repeatedly:

- Two Department of State staff members working on UPU matters transferred to new assignments shortly before the UPU Congress, including the staff member who worked on UPU matters before 1999.

- The Department of State assigned several staff members who had not previously worked on UPU or postal matters to work on UPU matters shortly before the UPU Congress.

- The Director of the Department of State's Office of Technical and Specialized Agencies, Bureau of International Organization Affairs, who was the second-ranking official that handled UPU matters on a day-to-day basis before the UPU Congress, retired shortly afterward.

As a result of limited continuity and expertise, the Department of State relied on USPS for continuity and expertise on UPU matters, according to federal and nonfederal representatives in the U.S. delegation to the UPU Congress. For example, USPS officials said that State finalized nearly all of the position papers that USPS drafted on proposals before the UPU Congress, without change. USPS officials said that continuity at the staff level would enable the Department of State to take on more of the policy support role relating to the UPU. According to USPS officials, it takes more than a year to come up to speed on UPU issues.

Turnover is a continuing challenge for the Department of State because while the UPU operates on a 5-year cycle, State's Foreign Service Officers usually rotate to new responsibilities every 2 or 3 years. State reported in October 1999 that 9 of the 11 officers who had been involved with UPU affairs were career Foreign Service Officers subject to normal rotational assignments within the Foreign Service system. State reported that

[29] This bureau develops and implements U.S. policy in the United Nations, the specialized United Nations agencies, and other international organizations.

rotation and reassignment of Foreign Service Officers is a common practice and ordinarily is required under long-standing departmental regulations.

Representatives of USPS, federal agencies, DMA, and ACCA who were in the U.S. delegation to the UPU Congress said that providing sufficient institutional continuity and expertise on UPU matters should be a top priority for the Department of State. They said that such continuity and expertise is important to understanding complex UPU issues and to work effectively with UPU stakeholders. Specifically, they said that

- policy development for the UPU Congress typically takes place over a multiyear period. Many UPU issues are complex and long-standing;
- staff with sufficient continuity and expertise can understand and synthesize conflicting stakeholder input, handle day-to-day oversight tasks, and develop an understanding of how to deal with developed and developing countries in the UPU; and
- advocacy of U.S. policy in the UPU is aided by development of personal relationships with representatives of other countries, which develop over an extended period through interaction at UPU meetings.

Continuity and expertise in these interrelated areas would be helpful in developing U.S. policies concerning complex UPU matters and in building support for those policies among diverse stakeholders. The UPU is continuing to discuss (1) whether to make fundamental reforms to its mission, role, and policies; (2) the structure of payments that postal administrations make to each other for the delivery of inbound international mail; and (3) the degree to which the UPU will allow interested parties to observe its deliberations and participate in discussions of UPU matters. Further, issues of maintaining and promoting worldwide universal postal service—a key purpose of the UPU—are also being discussed. Private delivery companies continue to raise the issue of unfair competition. UPU issues have implications for USPS and the international postal and delivery services sector, which is a critical part of this nation's infrastructure for international communications and trade and is expected to become even more vital over the next decade with the continued growth of trade and electronic commerce and the globalization of postal and delivery service providers.

Continuity and expertise will be important not only for the next UPU Congress in 2004, but also in order to ensure that the Department of State

is able to participate in activities leading up to the UPU Congress. For example, the United States is a member of the UPU's High-Level Group on the future development of the UPU, which is scheduled to produce an interim report in 2000 and a final report in 2001, when it is scheduled to recommend whether the UPU should hold a plenipotentiary meeting of all member countries in 2002.

Options, which are not all mutually exclusive, for the Department of State to provide institutional continuity and expertise on UPU matters include the following:

- Assessing staffing needs and taking action: The Department of State has the opportunity to continue to assess its staffing resources and to take steps to provide the necessary staff continuity and expertise to handle its UPU responsibilities. Department of State officials responsible for UPU matters have recognized the opportunity to conduct this assessment, with a view toward providing some staff resources from among career staff who are not Foreign Service Officers. State officials have said that they may also consider other staffing options that involve working with Department of State units outside the Bureau of International Organization Affairs that possess relevant skills and experience, such as the Bureau of Economic and Business Affairs.

- Assigning career staff to handle UPU matters: These staff could be assigned to handle UPU-related activities for a longer time period than Foreign Service Officers, and thus develop more continuity and expertise. One agency official said that one option would be to assign a staff member to track matters relating to the postal and distribution sectors, which may surface in the UPU, the WTO, and other international organizations.

- Committing high-level staff to UPU matters: A high-level staff member assigned to UPU matters over a long period could develop experience and expertise, as well as personal relationships with foreign and postal officials. USPS officials said such involvement would be important if the United States intended to play a leadership role in the UPU.

Conclusions

The Department of State faced difficult challenges in its first year of implementing its new responsibilities for U.S. policy concerning UPU-related matters—challenges that were posed by the compressed timeframe, the need to learn about many complex international postal issues, and the need to work with diverse stakeholders. State's performance in implementing its new responsibilities was uneven in that

we found strengths in some areas and opportunities for improvement in others.

The Department of State made progress in providing stakeholders and the public with relevant information and giving them an opportunity to offer input. State took steps to consult with interested parties and the public and to coordinate with USPS, other federal agencies, and other nongovernmental stakeholders involved in UPU matters through their inclusion in the U.S. delegation to the UPU Congress. Stakeholders said that State was receptive to input and evenhanded in its consideration of views. State also took steps to increase stakeholder access to UPU documents and UPU meetings. State also clearly signaled key changes in U.S. policy concerning UPU reform.

However, the Department of State has opportunities for improvement in several areas. State gave 9 to 17 days of advance notice of the public meetings on UPU matters, did not distribute some materials discussed at the public meetings in advance, and distributed two important proposals at the public meetings after they had been submitted to the UPU. Further, the first two public meetings were timed to occur shortly before UPU deadlines for submitting proposals for consideration by the UPU Congress. For these reasons, stakeholders may have had limited opportunities to give meaningful input. In addition, the limited public record of agency or stakeholder positions on U.S. policy concerning UPU issues may make it difficult for Congress and other interested parties to fully understand the basis for U.S. policy positions.

Several options exist for the Department of State to develop a more structured and open process for obtaining stakeholder input, including ensuring better and more advance notification of public meetings and more advance distribution of materials prior to these meetings. Some stakeholders raised concerns about the potential burden of a formalized process, such as FACA, as well as whether such a process would be beneficial. In this regard, we have reported that 10 of 19 agencies we surveyed considered FACA requirements to be more useful than burdensome, and that 13 agencies considered the requirement to keep detailed minutes of advisory committee meetings to be useful to a great or very great extent.[30]

Further, staff turnover made it more difficult for the Department of State to provide institutional continuity and expertise on UPU matters. In our

[30] GAO/GGD-98-147.

view, providing sufficient institutional continuity and expertise will be essential if State intends to play a leadership role in handling complex UPU issues and dealing with domestic and international stakeholders. Continuity and expertise will also be critical to evaluating conflicting positions by various stakeholders, developing U.S. policies on UPU issues, and effectively advocating them in the UPU. State has several options to improve in this area.

Recommendations

We recommend that the Secretary of State take appropriate steps to (1) establish a process for developing U.S. policy on UPU matters that would be more structured, timely, open, and conducive to meaningful stakeholder input as well as develop a readily accessible public record and (2) provide sufficient staff continuity and expertise to handle its UPU responsibilities.

Agency Comments and Our Evaluation

The Department of State provided comments on a draft of this report in a letter dated January 10, 2000. These comments are summarized below and included as appendix I. We also incorporated technical comments provided by State officials into the report where appropriate.

Generally, State said that it was pleased with our report and, with respect to our conclusions, agreed that there were some procedural shortcomings in the Department's implementation of its new responsibility. State also commented that, concerning substantive UPU issues, it was very pleased with the progress that had been made in a very short time.

In response to our first recommendation that State establish a more structured and open process for developing U.S. policy on UPU matters, State acknowledged that it had not given sufficient advance notice of public meetings on UPU-related matters and that minutes should have been kept at those meetings to build a concrete record. State said it can achieve the intended results of FACA without establishing a formal advisory committee through open meetings, adequate public notice, and preservation of meeting minutes. In addition, State reported that it intends to publish more UPU-related material on State's Internet site and to periodically notify stakeholders of important documents that appear on UPU's Internet site.

We agree that these steps would be useful. However, it is not clear to us what process State intends to use to formulate and coordinate U.S. policy on UPU matters. For example, State did not address whether it would distribute materials in advance of public meetings, make key U.S. proposals available before they are submitted to the UPU, and schedule

meetings in a manner conducive to meaningful stakeholder input. In addition, it is not clear what UPU-related documents will be made publicly available so that Congress and other interested parties can understand the basis for U.S. policy positions. For these reasons, it is not clear to us whether State will fully implement our recommendation concerning its process for developing policy on UPU matters.

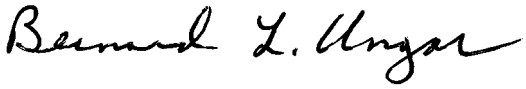
In regard to our second recommendation that State provide sufficient staff continuity and expertise to handle its UPU responsibilities, it is not clear how State will respond. State commented that its standard practice is for the vast majority of policy officer positions to be held by career Foreign Service Officers whose positions are rotated every 2 or 3 years. State said that staff rotation will automatically generate a certain lack of continuity in the handling of UPU matters, especially in contrast with USPS, which is staffed by career officers of long tenure. However, State noted that its career Foreign Service Officers are accustomed to short lead times in the development of new expertise, and that at least one career civil service staff member not subject to frequent rotation will be involved in UPU activities.

We do not know whether the Department of State's staffing for UPU-related matters will be sufficient to provide institutional continuity and expertise for it to play a leadership role in handling complex UPU issues and dealing with domestic and international stakeholders. For example, State's UPU-related responsibilities include (1) formulating U.S. policy on UPU issues, (2) participating in UPU groups that include both UPU councils and the High Level Group that is to prepare recommendations concerning UPU reform, (3) coordinating with other federal agencies and domestic stakeholders, and (4) reaching out to other UPU member countries to develop support for U.S. positions. We recognize that State must balance its UPU-related responsibilities with other departmental priorities, such as its responsibilities for numerous United Nations organizations.

State's comments did not indicate whether the department has conducted or plans to conduct a needs assessment to determine the number and type of staff it will need in the UPU area. Nor did State say what its current staffing plans are for fulfilling its UPU responsibilities or how it plans to reduce the frequency of staff turnover in the future given the turnover that occurred within the first year. For these reasons, it is not clear whether State's staffing will result in the institutional continuity and expertise needed for it to effectively handle its multiple responsibilities in this area.

Although State has generally indicated that it intends to address its procedural shortcomings, State's comments on our draft report were not very specific as to the steps it planned to take concerning our recommendations. We are asking the Secretary to provide greater detail on the Department's planned actions in its response to Congress within 60 days of the date of this report as required under 31 U.S.C. 720.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to Representative Dan Burton, Chairman, and Represenative Henry Waxman, Ranking Minority Member, House Committee on Government Reform; Representative Chaka Fattah, Ranking Minority Member, House Subcommittee on the Postal Service; Representative Sam Gejdenson, Ranking Minority Member, House Committee on International Relations; Representative Steny H. Hoyer, Ranking Minority Member, House Appropriations Subcommittee on Treasury, Postal Service, and General Government; the Honorable Madeleine K. Albright, Secretary of State; William J. Henderson, Postmaster General, Chief Executive Officer; and other interested congressional members. We will also make copies available to others on request. Major contributors to this report were Teresa Anderson, Kenneth E. John, and Jill P. Sayre. If you have any questions about this report, please contact me on (202) 512-8387 or at ungarb.ggd@gao.gov.



Bernard L. Ungar
Director, Government Business
Operations Issues

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Abbreviations

ACCA	Air Courier Conference of America
CA	Council of Administration (UPU)
DMA	Direct Marketing Association
FACA	Federal Advisory Committee Act
FedEx	Federal Express Corporation
GSA	General Services Administration
POC	Postal Operations Council (UPU)
PRC	Postal Rate Commission
UPS	United Parcel Service
UPU	Universal Postal Union
USPS	U.S. Postal Service
USTR	U.S. Trade Representative
WTO	World Trade Organization

Comments From the Department of State

United States Department of State

Chief Financial Officer

Washington, D.C. 20520-7427

January 10, 2000

Dear Mr. Hinton:

We appreciate the opportunity to review your draft report "POSTAL ISSUES: The Department of State's Implementation of Its International Postal Responsibilities," GAO/GGD-00-40, GAO Job Code 240318.

The Department of State's comments are enclosed for incorporation in the final report. If you have any questions concerning this response, please contact Mr. Neil Boyer, Office of Technical Specialized Agencies, Bureau of International Organization Affairs, at (202) 647-1044 .

Sincerely,

Bert Edwards

Bert T. Edwards

Enclosure:

As stated.

cc:
GAO/GGD– Ms. Anderson
State/IO/T – Mr. Boyer

Mr. Henry L. Hinton, Jr.,
Assistant Comptroller General,
National Security and International Affairs,
U.S. General Accounting Office.

Department of State Comments on the GAO Draft Report:
"POSTAL ISSUES: The Department of State's
Implementation of its International Postal Responsibilities"
GAO/GGD-00-40, GAO Job Code 240318

The Department of State is pleased with the comments of the GAO regarding State's new responsibilities in relation to the Universal Postal Union. The assignment of these new responsibilities, only months before the United States needed to prepare for the 1999 UPU Congress, presented a serious challenge for Department of State management. The Congress, held only once every five years, is the UPU's major policy- and decision-making forum, and it was important that the United States have a well-orchestrated approach to that meeting. We believe the results of the Beijing Congress, and new steps taken since then, demonstrate that real reform is possible within the UPU, and we believe that Department of State leadership in promoting reform was a central ingredient in this outcome.

The GAO report is correct in noting that there were some procedural shortcomings in the Department of State's implementation of this new responsibility. We acknowledge that there was not sufficient advance notice of public meetings and that minutes should have been kept at those meetings to build a concrete record. While some of this was the result of intense pressures to prepare policy positions in accordance with UPU deadlines for the fast-approaching Beijing Congress, we intend to improve performance in this regard in the future. We also intend to publish more UPU-related material on the internet website of the Department of State and to periodically notify stakeholders of important documents that appear on the UPU website. We note, however, that it is not always wise diplomatic practice to publish USG position papers on a website that is easily accessible to other nations that may oppose such positions and use that opportunity to generate support for their opposition. In such instances, diplomatic discretion is required.

In regard to public meetings, the Department has given serious review to the implications of carrying out its future contact with stakeholders under a formal advisory committee governed by the Federal Advisory Committee Act (FACA). As a result of that study, we have concluded that we can achieve the intended results of FACA -- including open meetings, adequate public notice, and preservation of meeting minutes -- without setting up formal membership and without incurring the administrative expense associated with chartering a formal committee. Currently, there are no "members," since there is no formal committee or group, and attendance at our informational meetings is open to the public. We note that because these meetings are purely informational and not advisory, we do not have a legal obligation to form an advisory committee under FACA.

In regard to staffing, it is standard practice in the Department of State that the vast majority of policy officer positions are held by career Foreign Service Officers whose positions are rotated every two or three years. This will automatically generate a certain lack of continuity in the handling of UPU matters, especially in contrast with the experience of the U.S. Postal Service, which is staffed by career officers with long tenure. Nevertheless, career Foreign Service Officers are accustomed to short lead-times in the development of new expertise, and the Department expects to have at least one career Civil Service staff member, not subject to frequent rotation, involved in UPU activities.

The GAO report suggests that as a result of limited continuity, this Department accepted without change nearly all of the position papers drafted by the USPS on proposals before the UPU Congress. This is correct in relation to the highly technical issues dealing with postal operations, which were the vast majority of the proposals before the Congress and on which USPS has vast expertise. However, we would point out that the Department of State had the primary influence on proposals dealing with significant policy issues, which were the focus of the new responsibilities legislatively assigned to State.

Leaving aside these procedural matters and looking at the substance of UPU issues, we are very pleased with the progress that has been made in a very short time. The assignment of this new responsibility to the Department of State clearly caught the attention of the UPU staff and officials of the other 188 member countries of the UPU. For the first time, a Department of State officer -- and not the U.S. Postmaster General, as in the past -- led the U.S. delegation to a UPU Congress. For the first time, the U.S. delegation included representatives of the private sector, and it was the only delegation in Beijing to do so. And for the first time, the U.S. delegation openly challenged many of the "closed-shop" practices of the UPU and promoted openness and transparency in UPU operations, just as the United States promotes these factors in all other parts of the UN system.

The follow-up to the Beijing Congress has been important. A new UPU "Advisory Group" is being created at the UPU. It will hold its first meeting in May 2000, and will provide for the first time a serious opportunity for private-sector stakeholders to sit down with representatives of the key UPU governing bodies and the UPU staff to discuss issues of common concern. We strongly recommend that the private sector take advantage of this opening created through our efforts.

More importantly, as a direct outcome of a U.S. initiative in Beijing, a High-Level Group on the Future Development of the UPU has been created. This body, consisting of 24 member states, will address reform considerations over the next two years. Its first meeting, in December 1999, demonstrated a clear sense that reform is necessary and inevitable, a significant change of attitude since the close of the Beijing Congress three months earlier. Further, presentations by private-sector experts will be welcomed

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at the Group's next meeting, in February 2000. Some member states of the UPU undoubtedly will continue to oppose reform. However, we believe the vast majority now recognizes that the highly significant changes in postal, communications and other delivery services around the world demand that the UPU keep pace with those changes and continue to ensure the relevance of this important institution.

In short, the Department of State acknowledges that there may have been some procedural shortcomings in its initial handling of this portfolio, but at the same time believes the substantive outcome in regard to reform of the UPU -- largely generated by U.S. officials under Department of State policy guidance -- outweighs these points, and we appreciate the support for that view from the GAO.

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