



**Testimony of Norman T. Schenk,  
Vice President, Global Customs Policy & Public Affairs, UPS  
before the United State Senate Committee on Finance  
“Challenges and Opportunities for U.S. Business in the Digital Age”  
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Thank you, Chairman Hatch, Ranking member Wyden, and distinguished members of the Committee. I appreciate the opportunity to appear before you today.

At UPS, our processes are complex and our technology is advanced, but our objective is simple: to ensure world-class service for our customers while providing the necessary data to law enforcement and other government agencies so they can target contraband and identify bad actors that seek to import dangerous goods and counterfeit items into the United States in small packages.

UPS works closely with U.S. Customs and Border Protection (CBP), at our own expense, to comply with, and even exceed, existing legal requirements to provide data to target high risk inbound shipments and screen them out. In addition to enabling better screening for counterfeit contraband, this data can also be used to screen for shipments from potential terrorists, for illicit drugs, and for other potentially dangerous products.

To achieve these goals, UPS provides advance data to CBP on our packages before they enter the United States; and, in addition, we share shipment data through the Air Cargo Advanced Screening (ACAS) system.

The most important aspect of package screening is the use of advance data. In May of 2000, I testified before the House Government Oversight Committee on how UPS provides advance data to help federal agencies combat illegal drug trafficking. At that time, there were about 21 million package shipments entering the United States annually - about 10 million through the private sector, which were accompanied by advance electronic data, and 11 million through the international mail system, which did not have any electronic data. Even back then, it was clear that Customs and other federal agencies could not manually screen packages that were not accompanied by advance data - purely because of volume – and that the most effective way of interdicting bad shipments was through the use of advance electronic data.

By 2016, the volume of packages entering the United States has increased many times over: The Department of Homeland Security reports that in 2014, CBP processed approximately 340 million mail parcels arriving from foreign postal operators, most without electronic data. It is

also estimated that 35 million packages enter the U.S. through private carriers like UPS, all with electronic data. If Customs couldn't effectively manually screen 11 million packages without advance electronic data in 2000, imagine what they are tasked with when screening thirty times that amount.

UPS and other private express carriers use advance electronic data to manifest their shipments on a package-level basis, presents them to customs, and provides critical screening data to law enforcement to counteract illicit trade.

We have been using electronic data for years, even before it was required by the Trade Act of 2002, to provide CBP with item-level detail about each and every shipment entering the country. This data consists of seven data points: who and where it is coming from; to whom and where it is going; what's in the shipment (item description); piece count; and item weight. This not only helps us reduce the potential of dangerous goods entering through our system, but also aids in manifesting compliance, payment of duties and fees, and clearance through customs.

Perhaps more importantly, UPS is also working with CBP, the Transportation Security Administration, and other federal agencies, by sharing data through the ACAS (Air Cargo Advanced Screening) system.

ACAS, currently a pilot program, builds on data sets from electronic manifests required in the past, and provides the necessary information before shipments depart for the United States. It allows authorities and watch-groups to target potentially high-risk shipments.

As the advance electronic submission allows for risk assessment or data level screening prior to arrival in the U.S., it takes away the need for physical inspections, which is cumbersome and ineffective.

UPS is committed to help federal authorities identify bad packages in our system, and believes that the best way to do so is through smart policy requiring electronic manifesting on all shipments – public and private – so that Customs is well-equipped to combat illegal trade. With cross-border e-commerce growing at an unprecedented rate and showing little signs of abating, the only way to protect our borders, national security, American businesses and consumers, and even our own supply chain, is to employ data-driven solutions and share this intelligence with law enforcement and other federal agencies.