

**Statement of Michael C. Mullen  
Executive Director  
Express Association of America  
Before the  
U.S. International Trade Commission  
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**GLOBAL SUPPLY CHAINS**

The Express Association of America (EAA) promotes the political, legislative, legal, regulatory, business and educational interests of the express delivery, logistics, and freight forwarding industry. EAA concentrates its work on security, trade, customs and postal policy issues, with a special focus on strengthening supply chain security, improving trade facilitation, and expanding the benefits of trusted partnership programs. EAA members are DP DHL, Federal Express, TNT and UPS, the four largest express delivery companies in the world, providing fast and reliable service to the U.S. and more than 200 other countries and territories. These four EAA member companies have estimated total revenues in excess of \$86 billion, employ more than 1.1 million people, utilize more than 980 aircraft, and deliver more than 20 million packages each day.

Trade today is not about one country selling one product to another country. It is about the world making things together. Global production systems have become more dispersed, and for high technology products thousands of different components can be sourced from scores of countries. Integration of the global production network is increasingly more important. Today's global supply-chain business model depends on three critical capabilities:

- speed and accuracy
- shorter lead times
- reducing costs by minimizing inventory.

But the benefits of this production model are not available only to large enterprises. Small and medium sized companies also can benefit from access to global supply chains. Reliable and efficient delivery networks, such as the express package industry, can provide small companies with dependable access to global markets for their products. A U.S. firm that may never have considered exporting can have access to a transportation and logistics capability that rivals that of any large enterprise in terms of its speed, dependability and low cost. For smaller firms, the ability to deliver a product when promised is critical to building a reputation for reliability, which is a cornerstone on which their commercial success depends.

While global supply chains require modernized hard infrastructure such as ports, airports and roads, equally important are improvements to the soft infrastructure of trade facilitation to make the business model work for firms of all sizes. Critically needed trade facilitation measures that would benefit both U.S. exports and imports include:

- Ensuring customs and other government agencies have the resources – manpower and technology – to provide rapid clearance of goods to meet the demands of time sensitive global supply chains and the rapidly expanding volume of trade.
- Creating a single window for the trade community to provide electronically all required information to the full range of government agencies engaged in the border clearance process with a single transmission.
- Providing a single government clearance through an automated process that eliminates the currently burdensome requirement for several agencies to receive paper documents on individual shipments.
- Raising the de minimis level on low value shipments where the costs to the government of managing the entry process exceed the value of the tariffs/taxes being collected. EAA has recommended raising the current de minimis level of \$200 in the United States to \$800, the amount of goods a U.S. citizen can bring back from an overseas trip duty free.

- Harmonizing border clearance requirements, particularly government mandates for advance regulatory information. Varying requirements for providing different data elements and reporting the information in accordance with different time deadlines, for both exports and imports, impose huge programming costs for large firms and represent an insurmountable trade barrier in themselves for smaller firms. Governments need to recognize that information requirements should align with the business models of different transportation modes to ensure global supply chains meet the needs of all customers.
- Harmonizing trusted trader programs, such as the U.S. Customs-Trade Partnership Against Terrorism and the EU Authorized Economic Operator program, through mutual recognition agreements, so the trade is not confronted with the currently bewildering array of application procedures and validation processes for programs that are trying to meet the same goal.
- Widespread implementation of the World Customs Organization trade security and facilitation agreements, to include the SAFE Framework of Standards to Secure and Facilitate Global Trade, the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures, the Integrated Supply Chain Management Guidelines and the Immediate Release Guidelines.

Global supply chains represent opportunities to provide benefits to U.S. consumers through lower prices, and to U.S. workers, farmers, and large and small manufacturers through access to worldwide markets. Improved trade facilitation and more rapid border clearance processes on a global basis are the keys to realizing the full measure of these benefits.