

**Opening Statement of Chairman John S. Tanner (D-TN)
Committee on Ways and Means,
Subcommittee on Trade
May 20, 2010**

Welcome, everyone. Today's Trade Subcommittee hearing will consider the administration of the commercial customs and trade laws, with a specific focus on the efforts of U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) to facilitate legitimate trade and enforce U.S. trade and other laws in a secure environment.

The events of 9/11 have had – and will continue to have – a long-lasting impact on the way we live, travel and conduct business. One of the great things about this country, despite the terrible events of that day, is that we have an instinct and desire to go about our usual business. CBP and ICE are two agencies at the forefront of figuring out how we do that, and I think it is important to review their missions, in particular with respect to trade, in the post- 9/11 environment.

Bringing goods into the United States has become more complex as a result of changes in our importing processes to mitigate security threats. We need to examine the impact of these changes on customs revenue collection and enforcement. While secure borders are essential, surely we can still conduct trade – and continue our business recovery – in an enhanced, secure environment.

I also view this hearing as an important part of the Committee's responsibility to conduct oversight of Departments and agencies within our jurisdiction to ensure they are operating efficiently and, at the same time, reducing waste, fraud and abuse in government spending. In particular, I expect to examine CBP's and ICE's efforts to collect revenue (duties) and CBP's management of the Automated Commercial Environment (ACE) project. Moreover, I look forward to learning more about the challenges of enforcing textile imports, which is an issue of great importance to my good friend and colleague Mr. Spratt of South Carolina, and my colleague on the Committee, Mr. Etheridge of North Carolina.

One other preliminary point; the Committee has been working on Customs issues on a bi-partisan basis. To that end, I would like to thank Mr. Brady for his and his staff's cooperation. I am glad to be able to work together on these oversight matters, which are so very important to the larger trade policy agenda.

And while we may not always see eye to eye on every issue – both within our respective camps and across the aisle – no one can disagree that Customs plays a crucial role as the primary agency that: (1) collects the underlying trade data that eventually guides our policies; and (2) represents the first line of defense in enforcing those trade laws we enact and agreements we negotiate. Customs is where the rubber meets the road, and if it is not working efficiently and effectively, then neither is our trade policy, whatever it may be.

This hearing will focus on the following five issues:

- **CBP's structure, policies and operations.** In particular, there are concerns that CBP's more recent security mission is being implemented to the detriment of its long-standing trade facilitation and commercial enforcement mission. We hope to get a better understanding of how changes in CBP's structure, both within CBP and DHS, are impacting the ability of the agency to execute its trade mission. We are concerned that the part of CBP that creates trade policy lacks direct lines of communication to those parts responsible for its implementation, execution and enforcement.
- **The Automated Commercial Environment (ACE) and the International Trade Data System (ITDS).** ACE (a new, cutting-edge computer system for CBP) and ITDS (a program that allows other government agencies to use ACE data) hold the promise of unrealized benefits to CBP and the trading community alike. The problem is 20 years and \$3 billion later, we have little to show for it. We cannot give up on ACE. The functions that are working are beneficial, but limited. Success for ACE would mean both an effective system and effective use of taxpayer money.
- **Security Programs and Trade Facilitation.** CBP has invested tremendous resources on the development of programs (both agency driven and Congressionally-mandated) to enhance "supply chain security." These programs have not come without significant costs to the importing community. We think it is important to explore how CBP can provide tangible benefits to companies who have made these "security" investments. We also are interested in hearing how CBP can apply its "risk-based" security approach to customs compliance and facilitation of imports.
- **New Models for Trade: Management by Account.** CBP should be encouraged to continually look for ways to facilitate trade without compromising security. "Management by Account" is a key priority for the trade community as a means of facilitating low-risk legitimate trade. CBP should work with the importing community to further develop the potential benefits – both to CBP and importers alike – of account management.
- **Revenue Collection and Enforcement.** CBP reported that \$310 million of duties went uncollected in FY 2009 – we understand, however, that figure may be higher. CBP needs to do a better job ensuring that tariff revenue – both from regular duties and duties assessed for harm to the domestic industry – are collected. CBP also needs to do a better job enforcing trade laws to ensure that fake or unsafe products do not enter the U.S. Taxpayer dollars go into both revenue collection and enforcement efforts. We need to make sure that those dollars are put to good use and are yielding a return.

I look forward to a thoughtful discussion today.