

**Statement on Behalf of the Coalition to Enforce Antidumping & Countervailing Duty Orders  
United States House of Representatives Committee on Ways & Means**

**October 25, 2011**

The Coalition to Enforce Antidumping & Countervailing Duty Orders (the "*Coalition*") applauds the work of the Committee on Ways & Means to examine the US–China economic relationship. We are particularly interested in the US-China *trade* relationship. In order to be successful, our global trading structure must be rules-based and those rules must be enforceable. One costly example is the lack of effective enforcement of our trade remedies. Evasion of antidumping and countervailing duties costs the US treasury hundreds of millions of dollars every year and injures domestic industries that have already won a hard-earned trade remedy and yet are still competing against goods that are brought illegally into the United States.

The Coalition consists of companies and associations from 11 U.S. industries. Each member represents a U.S. industry that has suffered material injury, or been threatened with material injury, by reason of unfairly-traded imports. In some cases, these imports have also been found to be unfairly subsidized. In each case, the products are subject to antidumping ("*AD*") and/or countervailing duty ("*CVD*") orders.

Each member of the Coalition has invested years and enormous amounts of company resources – both financial and human – working to obtain AD/CVD orders to staunch the flow of unfairly-traded imports. Our members have succeeded in satisfying rigorous statutory requirements before two separate federal bodies – the Commerce Department and the United States International Trade Commission – only to find that the products subject to the AD/CVD orders continue to find their way into the U.S. without paying the duties imposed by the United States Government, and that are owed by U.S. importers.

Duties are being evaded by unlawfully transshipping the goods through third countries that are illegally identified as the country of origin; by falsifying shipping documents to misrepresent the country of origin or to misclassify the goods; and, by performing minor or insignificant operations in a third country. We suspect that many other "creative" means exist to illegally evade the duties imposed on the goods by the U.S. Government.

Our members' experiences demonstrate a fundamental failure by Commerce and CBP to timely and effectively enforce AD and CVD orders. The failure of effective enforcement has resulted in the loss of millions of dollars of dumping duties to the U.S. Treasury. Just within eight of the Coalition's 11 member industries, we estimate that over \$400 million in duties is not paid each year, primarily due to illegal transshipment schemes that send subject merchandise through Taiwan, Malaysia, Korea and other Southeast Asia countries.

Our members have presented CBP, and, in some cases, ICE, with compelling evidence of duty evasion, only to see the apparent evasion continue – and grow ever more blatant. Our members' AD/CVD orders are not being adequately enforced, and our industries are continuing to be harmed by unfairly priced or subsidized goods that enter the United States without paying lawfully-owed duties. This has forced our members into the position of trying to enforce our own orders, by collecting and presenting the overwhelming evidence of wrongdoing to CBP and others. Some of the material we have found is shocking – emails from manufacturers with offers to transship, logistics company websites explaining the processes used to avoid the antidumping duties.

With such blatant resources readily available to facilitate evasion of AD/CVD duties imposed by the U.S. Government, it is not surprising that the Coalition's members continuing to see goods subject to these

AD/CVD orders come into the United States without paying the duties AND being sold, for example, at the same prices as those already found by the Department of Commerce to be “less than fair value”. What *is* surprising is that, despite repeatedly presenting CBP with specific evidence of these practices, the duty evasion continues and grows, with little or no indication that anything is being done to stop it by the very agencies charged with enforcement.

Apart from representing a significant amount of revenue that is owed to the U.S. Treasury, if the proper duties were collected on these imports, importers who have become so dependent upon dumped imports would no longer be competitive with domestic manufacturers. American workers would be producing and delivering additional products and earning additional wages and benefits.

On November 8, 2010, Senator Ron Wyden released a report directly examining this issue, entitled **Duty Evasion: Harming U.S. Industry and American Workers** (the “*Wyden Report*”). The Wyden Report details multiple examples of duty evasion schemes that are being offered and used to undermine the effectiveness of U.S. trade laws by exporters, importers and logistics companies.

Such illegal transshipment and related schemes not only damage U.S. industries and their workers, by denying them the legally-contemplated remedial effect of our AD/CVD laws, but also adversely affect legitimate foreign manufacturing companies – the presence of illegally transshipped products in foreign markets will drive down prices and crowd out legitimate producers in other countries.

We recognize that our government, and CBP and ICE in particular, are tasked with multiple missions that place significant demands on their personnel and resources. Effective enforcement of the trade laws – and specifically AD and CVD orders – is critical to the ability of our companies and industries to remain competitive, and to the overall health of our national economy. CBP lists AD/CVD enforcement as a “priority trade issue” – we agree with this characterization, and submit that it should be treated as such.

To be very clear, this issue has nothing to do with trade philosophy. It has everything, however, to do with enforcement of the law. Failing to do so sends a signal to our largest trading partners that our government is willing to turn a blind eye on such unlawful activities. It sends a signal to U.S. industries and workers that our government is unwilling or unable to enforce its own laws. It also sends a signal to U.S. industries and workers that our government expects them to not only bring and win trade cases against unfair imports, but to then also personally attempt to enforce the AD and CVD orders that result.

The Coalition is committed to helping solve these problems in any way possible, and we thank the Committee on Ways & Means for holding this important hearing.

Respectfully submitted,

**The Coalition to Enforce Antidumping & Countervailing Duty Orders**

Please direct any correspondence or questions for the Coalition to the attention of:

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## Coalition to Enforce Antidumping & Countervailing Duty Orders

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**American Spring Wire Corporation** – Bedford Heights, Ohio  
Order on *prestressed concrete wire strand* from China, Brazil, India, Korea, Mexico and Thailand

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**GEO Specialty Chemicals** – Lafayette, Indiana  
Order on *glycine* from India, Japan and South Korea

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**Insteel Industries** – Mt. Airy, North Carolina  
Order on *prestressed concrete wire strand* from China

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**JMC Steel Group** – Beachwood, Ohio  
Order on *circular welded carbon-quality steel line pipe* from China

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**Leggett & Platt, Incorporated** – Carthage, Missouri  
Order on *uncovered innerspring units* from China, South Africa and Vietnam

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**M&B Hangers** – Leeds, Alabama  
Order on *steel wire garment hangers* from China

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**Mid Continent Nail** – Poplar Bluff, Missouri  
Order on *steel nails* from China

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**Seaman Paper** – Otter River, Massachusetts  
Order on *tissue paper* and *crepe paper* from China

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**SSW Holdings Company** – Elizabethtown, Kentucky  
Order on *kitchen appliance shelving racks* from China

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**Southern Shrimp Alliance** – Tarpon Springs, Florida  
Order on *frozen or canned warmwater shrimp* from China, Brazil, Ecuador, India, Thailand and Vietnam

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**Vulcan Threaded Products** – Pelham, Alabama  
Order on *carbon steel threaded rod* from China

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