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Opening Statement of Senator Chuck Grassley
Senate Finance Committee Hearing
Oversight of Trade Functions: Customs and Other Trade Agencies
Tuesday, June 24, 2008

Today's hearing continues this committee's ongoing oversight of the administration of our customs and international trade laws. I am very pleased that we have with us today the Commissioner of Customs, Mr. Basham; the Assistant Secretary for Immigration and Customs Enforcement, Ms. Myers; the Deputy Assistant Secretary for Tax, Trade and Tariffs at the Treasury Department, Mr. Skud ; the Vice-Chairman of the International Trade Commission, Mr. Pearson; and the General Counsel in the Office of the United States Trade Representative, Mr. Maruyama. The testimony of these distinguished witnesses and their responses to our questions will be of tremendous help to the Committee as we proceed with our bipartisan effort to reauthorize the customs and trade functions in the executive branch of our federal government.

These functions are more important than ever to protecting our economic security. The proper administration of our customs and international trade laws is essential to maintaining the competitiveness of U.S. businesses in the global economy of the 21st century. We have many important issues to cover. For example, with respect to U.S. Customs and Border Protection, what is the status of the implementation of title IV of the Security and Accountability For Every Port Act of 2006? What are the priorities of the agency and, in particular, the Office of International Trade? How effective is the working relationship between Customs and the other agencies within the Department of Homeland Security? One of the most important implementation issues is the status of the Automated Commercial Environment, or ACE, and its interface, the International Trade Data System. This system will serve as a central data collection point and improve communication and cooperation among trade-related agencies. It is essential that we get ITDS fully implemented as soon as possible.

There are also a number of technical customs issues that we need to consider. The proposed elimination of the "first sale" rule has generated some controversy, for example. This proposal appears to counter an established practice of some two decades on the part of Customs. Yet, the agency did not consult this Committee before proposing a change of such magnitude. And that, quite frankly, is not acceptable. In fact, it led Congress to legislate on this matter in the recently enacted Farm Bill. As a result, I understand that Customs will take no action to implement this proposal until 2011 at the earliest, and not until there has been adequate consultation with the

committees of jurisdiction and the public.

Another technical issue we need to review is implementation of the 10+2 initiative, particularly with respect to 24-hour advance submission of data. But more broadly, I'm interested in hearing from Commissioner Basham on how the agency is managing and prioritizing its commercial mandate. Congress established by law an Office of International Trade within the agency in 2006. How is the Commissioner utilizing this office? Congress also established an International Trade Committee to facilitate the administration of customs trade functions within the agency. How effective has that Committee proven to be? Are there additional steps that Congress can take to ensure that our vital economic interests are fully met by the Customs and Border Protection agency? Are adequate resources in place to meet these responsibilities, or are resources being diluted?

Similarly, we have Mr. Skud here to address Treasury's role in the operation and promulgation of customs regulations. I'm interested in hearing his views on the relationship between Treasury and the Department of Homeland Security in this regard. The Immigration and Customs Enforcement agency, or ICE, also plays a vital role in enforcing our customs laws. After all, you can't spell "ICE" without Customs. How effective is the working relationship between ICE and CBP in investigating and prosecuting customs violations? Are resources within Immigration and Customs Enforcement adequate to do the job? Are they being diluted? What steps can this Committee take to ensure that appropriate resources are in place to meet the growing challenges of trade enforcement? I look forward to hearing the views of the Assistant Secretary in this regard.

We also have the Vice-Chairman of the International Trade Commission here to comment on the growth and change in composition of that agency's workload. I'm interested in hearing about efforts undertaken by the agency to improve the composition and management of personnel within the agency to better meet the needs of Congress, the Executive branch, and the public.

Finally, we have Mr. Maruyama here to comment on the operating constraints facing the Office of the United States Trade Representative. I've been concerned for some time that USTR has had insufficient resources to meet its mounting responsibilities. We have dual interests that need to be addressed by USTR. First, we need to establish fair rules for international trade. Second, we need to ensure that those rules are being adhered to by our trading partners. USTR is on the front line for executing both responsibilities.