

STATEMENT OF THE AMERICAN PETROLEUM INSTITUTE
BEFORE THE
SUBCOMMITTEE ON TRADE, COMMITTEE ON WAYS AND MEANS,
U. S, HOUSE OF REPRESENTATIVES
FOR THE WRITTEN RECORD ON TECHNICAL CORRECTIONS TO U.S.
TRADE LAWS AND MISCELLANEOUS
DUTY SUSPENSION BILLS

The American Petroleum Institute (API) represents over 400 companies involved in all aspects of the oil and gas industry, including exploration, production, transportation, refining, and marketing. API strongly supports the proposed miscellaneous corrections to trade legislation as described in your advisory from the Committee on Ways and Means, Subcommittee on Trade, dated May 3, 2002, specifically the corrections proposed in H.R. 1756 and H.R. 1838, which are under consideration for inclusion in a Miscellaneous Tariff and Duty Suspension package.

The legislative changes proposed under H.R. 1756, are necessary to clarify that where the liability for a Federal tax or fee on imported goods arises or attaches upon the entry or importation of the goods, the tax or fee is eligible for section 1313(j) drawback, absent express legislative language to the contrary. The U.S. Supreme Court and the U.S. Court of International Trade both recognize that the Harbor Maintenance Tax is a Customs duty or other Federal tax imposed on merchandise because of its importation, and thus drawback should be claimed under subsections 1313(j)(1) and (2).

Another bill that we strongly support is H.R. 1838, which proposes changes to Sections 313 and 504 of the Tariff Act of 1930. The provisions of this bill change the drawback and other trade laws, making their interpretation, administration and implementation less cumbersome for the U.S. Customs Service. More importantly, they will ease the regulatory and administrative burdens imposed by the current regulatory structure on U.S. companies by making them more competitive in the global marketplace when competing against similar or like foreign products.

In sum, H.R. 1838, accomplishes the above by: establishing a statutory time frame for the liquidation of drawback claims, as is already established for the liquidation of merchandise entered for consumption; allowing for drawback on products that are destroyed under U.S. Customs Service supervision; eliminating unnecessary paperwork when claiming drawback for the use of domestic merchandise acquired in exchange for imported merchandise of the same kind or quality; allowing for drawback on products returned to foreign suppliers due to a defect in the merchandise; clarifying when drawback can be claimed for packaging materials which become eligible for drawback when used and

exported as part of a final product; and, correcting the inequity within current law by establishing a statute of limitations in regard to penalties for false drawback claims.

In conclusion, we believe that H.R. 1756 and H.R. 1838 will help achieve the goal of promoting U.S. exports, as intended by the drawback law.

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