



U.S. Customs and Border Protection

STATEMENT

OF

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**U.S. CUSTOMS AND BORDER PROTECTION
DEPARTMENT OF HOMELAND SECURITY**

REGARDING A HEARING ON

“Customs Trade Modernization, Facilitation, and Enforcement”

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON TRADE**

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Introduction

Chairman Brady, Ranking Member McDermott, and distinguished Members of the Trade Subcommittee, I am pleased to appear before you today with Deputy Assistant Secretary Skud, and Deputy Director Kumar Kibble. My name is David Aguilar, and I am the Acting Commissioner for U.S. Customs and Border Protection (CBP). I am delighted to discuss my commitment to CBP's trade mission and the actions we are taking at CBP to develop a fully modern trade agency focused not only on protecting but also on promoting our national and economic security well into the 21st Century.

I want to begin by thanking the Committee for its unwavering support to CBP. Your support is enabling us to work with our private sector partners to transform our trade processes to meet our evolving needs.

From its inception by the fifth act of the first congress, Customs has been charged with collecting revenue and duties on products entering the U.S. More than 220 years later, and as we approach our 10th anniversary as CBP, our trade role is more complex than ever before, and so are our responsibilities. Of course, CBP has a vital role in preventing a terrorist event from occurring within our borders. And we have been very vigilant in pursuing this mission. But CBP also has a critical role in the global marketplace, facilitating trillions of dollars in legitimate trade while enforcing U.S. trade laws that protect the economy, the health and the safety of the American people.

CBP is charged with some of the most critical parts of America's economic and physical security. With that comes the requirement that we stay agile by modernizing our processes and methodologies, especially as we face a world of increased trade volumes and the rapidly escalating complexity of modern trade. CBP has taken a number of very important steps to transform itself to meet the demands of trade in the 21st Century, and I look forward to sharing these efforts with you.

First, I would like to provide the Committee with a sense of the key elements of CBP's approach to its critical trade mission and then explain the core principles that inform our mission priorities. We are striving to create trade processes that are consistent and harmonized across operations at all ports of entry so that U.S. importers and exporters can operate in an environment defined by predictability and uniformity. We are developing systems and processes that recognize and reflect the operational realities of modern business. We are working to establish a comprehensive trusted trader program that encompasses all aspects of compliance. We are committed to close and continued cooperation with the trade community to jointly create trade initiatives that are relevant and responsive to dynamic trade business practices. We are dedicated to enhancing the knowledge and skills of our workforce by working with the trade community to deepen our understanding of the way business and industry operate in the ever changing global marketplace. Finally, we are working closely with our federal partners and the import community at the border to ensure that we are aggressively enforcing our trade laws and collecting the correct revenue with all due diligence.

To establish the foundation for a more modern CBP, well equipped for future challenges, we are now focusing on the creation of Centers for Excellence and Expertise (CEE). The CEEs will fundamentally transform the way CBP approaches trade operations and works with the international trade community by expanding efforts to increase uniformity of practices across ports of entry, facilitate the timely resolution of trade compliance issues nationwide, and further strengthen critical agency knowledge on key industry practices. To ensure that our automated systems are capable of handling the increasing volumes of data that flow through the global trade environment, CBP is focusing on successfully managing the transition from the legacy Automated Commercial System (ACS) to the Automated Commercial Environment (ACE), a modern, flexible system that provides efficiency and transparency to the trade community and the government agencies that regulate border activities. We will utilize the CEEs and ACE to create simplified entry and financial processes to minimize the cost of doing business. Working with our partners in the trade community, we are addressing key areas, like redefining the role of the Customs Broker as a critical partner in managing the ever-increasing volume and complexity of trade and revising our trusted trader programs to reflect current business realities. To ensure predictable and efficient clearance of cargo, we are also working very closely with our federal agency partners to develop shared approaches to risk management and compliance activities. We are revitalizing our trade enforcement and revenue collection activities by aligning efforts with our partners in ICE Homeland Security Investigations (HSI) to expand the scope of the National Intellectual Property Rights Coordination Center (IPR Center) to cover commercial fraud enforcement, a critical responsibility for the protection of U.S. domestic industry.

Consistent and Harmonized Modern Trade Processes

Efficient and effective processing of goods and people to and through the United States is a crucial part of CBP's trade mission – to support our Nation's economy, promote job growth and help our partners in the trade community remain competitive in a constantly evolving world economy. In 2011, CBP processed nearly \$2.3 trillion in trade – a 10.5 percent increase over Fiscal Year (FY) 2010. We operate 329 ports of entry, and process over 100 million cars, buses, trucks, trains, vessels and aircraft arriving at and within our borders each year. We move more than 28 million commercial shipments arriving in air and maritime cargo, and 250 million more arriving in small parcels via express carriers and mail.

With such a large and growing volume of goods and people to process, CBP must perform its responsibilities efficiently to avoid delaying shipments, increasing costs and creating inefficiencies for U.S. business. Indeed, modern business practices often rely on “just-in-time” delivery; delays in necessary shipments of products can derail or shut down business. As a result, we are actively implementing programs to integrate our processes into modern business operations.

Collaborative Integration of Trade Processes

Increasing our knowledge of global trade practices is vital to our modernization efforts. We conduct extensive outreach with the trade community to develop strategies to integrate and harmonize private sector trade practices with CBP's processes to expedite trade. This outreach has led to the development of our “bi-directional education” and

“co-creation” initiatives, which institutionalize our commitment to increase our understanding of business operations and encourage partnerships with the private sector.

“Bi-Directional Education”

Indeed, “bi-directional education” efforts with the trade community have enabled CBP to improve its understanding of how modern trade works. But we need to continue learning more about each other and the challenges we both face as economic and global realities continue to change. We believe CBP has an ongoing responsibility to build efficiencies into our trade processes to drive down transaction costs for industry.

In October 2011, CBP established two CEEs within our Office of Field Operations, to increase uniformity of practices across ports of entry, facilitate the timely resolution of trade compliance issues nationwide, and most importantly, strengthen the agency’s knowledge of key industry practices. The CEEs initiative is a transformational concept. It was initially recommended by the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC), and we have acted aggressively on their proposal.

Of our two current operating CEEs, one focuses on information technology and consumer electronics, and the other addresses pharmaceuticals, health and chemicals. I recently announced the opening of two additional CEEs. One, focusing on the automotive and aerospace industries will be based in Detroit. The other, based in Houston, will focus on the petroleum, natural gas and minerals industries. I would be remiss if I did not mention

the significance of the \$3 million included in the President's Budget for the Centers of Excellence and Expertise. This funding will be used to provide for software, tools, and equipment to allow for virtual interaction and collaboration with the private sector, other agencies, and within CBP; investment in bi-directional training to develop industry expertise; and resources for outreach and collaboration with the private sector on CEE operations and activities. The CEEs are a priority for us and further demonstrates CBP's commitment to the synergies of our risk-based trade facilitation and enforcement missions.

The CEEs represent CBP's focus on transforming our customs procedures to align with modern business practices. By having the centers focus on industry-specific issues, CBP is able to concentrate its trade expertise on single industries and provide tailored support to unique trade environments. Today, required import documents for trusted partners within the electronics and pharmaceutical industries are routed to their respective CEE. While revenue collection continues to be carried out at the ports of entry, the centers will perform all validation activities, protests, post entry amendment/post summary correction reviews, and prior disclosure validations for the trusted partners within their industry.

Because of their dynamic role in trade facilitation, the CEEs are able to play a more strategic role in trade enforcement. By focusing industry expertise in the CEEs, they are better able to work collaboratively on specific enforcement issues. To this end, the CEEs represent a strategic vision for trade enforcement, as they are able to partner with the industry to better identify threats. In turn, the approach to trade processing at the new

centers will reduce costs for the trade community, facilitate legitimate trade through risk segmentation, increase agency expertise and deliver greater transparency and uniformity.

Because of the protocols developed in our CEEs, we have been able to react as soon as we receive information about potentially counterfeit and/or harmful medicines that might enter the country. The Centers are working with a number of partners. For example, they collaborated with ICE/HSI on an enforcement action against an individual charged with smuggling 40,000 tablets of counterfeit drugs into the country.

The CEE's most robust interdiction effort to date was focused on counterfeit prescription drug Avastin. Upon receiving notification that counterfeit drugs had been discovered in the United States, the CEE immediately took steps to intercept future shipments. The Center manually targeted and held shipments sent from selected overseas firms and created systemic alerts that would automatically hold any shipment sent from or to a party of interest. The CEE's efforts to interdict counterfeit Avastin continue at this time.

To advance cooperation with industry, we are working closely with stakeholders from the trade community to identify issues of mutual interest or that need resolution via CBP's intelligence, targeting, and enforcement capabilities. We anticipate these industry representatives will provide us with up-to-the-minute information on industry trends and issues that impact CBP processing and enforcement.

“Co-Creation” and End-to-End Supply Chain Management

An example of a signature achievement in “co-creation” is the Air Cargo Advance Screening (ACAS) program which is a more secure way of moving cargo by air. The ACAS pilot grew out of the October 2010 incident where authorities discovered two packages from Yemen containing explosive devices bound for the U.S. Forensic experts said these bombs were set to detonate in mid-air over Chicago. This plot was attributed to Al Qaeda in the Arabian Peninsula. In response, CBP and the Transportation Security Administration (TSA) immediately reached out to express carriers and began receiving pre-loading data on shipments from 28 countries to protect air cargo shipments into the U.S. Today, the ACAS pilot has expanded to 145 countries in the express environment and provides another layer in our risk-based strategy – as a direct result of our partnerships, we have received over 18 million transmissions of data and to date, there has not been a single “Do Not Load” order issued.

CBP, TSA, and the COAC Air Cargo subcommittee worked diligently to develop the ACAS Strategic Plan that was recently released. We are now also beginning the second phase of ACAS to include passenger carriers as well as freight forwarders. Additionally, ACAS is yielding other opportunities for expedited release of merchandise arriving at the U.S. ports of entry. We are exploring opportunities to leverage ACAS and offer a simplified entry process to ACAS participants by integrating with the Simplified Entry Initiative. ACAS is an excellent model of public-private partnerships and is essential to furthering our national security efforts and facilitating trade more efficiently.

CBP's Customs-Trade Partnership Against Terrorism (C-TPAT) program is at the forefront of our partnership with the trade community to better secure goods moving through the international supply chain. With the globalization of business, many of our ports are already saturated and simply cannot accommodate escalating cargo examination regimes. Because of these constraints, CBP has recognized the need to build on trust-based partnerships in our enforcement efforts. C-TPAT has enabled CBP to influence supply chain security at international locations where we have no reach. CBP is continuing to expand this partnership from its current enrollment of over 10,000 certified partners. We are also strengthening C-TPAT to ensure that certified member companies are fulfilling their commitment to the program by securing the movement of their goods.

Another trusted trader partnership program we are expanding is the Importer Self-Assessment program (ISA), which is a voluntary approach to trade compliance that currently has 231 companies participating. The program provides the opportunity for importers who have made a commitment of resources to assume responsibility for monitoring their own compliance in exchange for benefits. We are also working to deepen our partnerships in the import safety arena. CBP, the Consumer Product Safety Commission (CPSC) and importers have implemented the Importer Self-Assessment-Product Safety Pilot (ISA-PS), which supports our goal of maintaining a high level of product safety compliance.

Finally, CBP's innovative concept for intellectual property rights (IPR) distribution chain management will transform IPR risk assessment, increase efficiency, and support U.S.

economic competitiveness. This CBP-private sector partnership program aims to improve IPR targeting by enabling CBP to identify and release shipments of authentic goods without inspection because it will move the shipment into the trusted segment of imports. These efforts are being undertaken in close consultation with the COAC and funding for implementation of this program is included in the President's FY 2013 Budget.

By knowing importers' supply chains, CBP will be able to focus its resources on shipments that have a high or unknown risk of containing counterfeit and pirated goods. U.S. importers will benefit from increased predictability in their supply chains and reduced costs because they will not have to bear the delays and costs caused by physical inspections. Additionally, right holders will benefit from the economic impact of CBP's enhanced ability to identify and seize more counterfeit and pirated goods.

We also realize that we cannot rely exclusively on our own internal processes to successfully execute our mission; interagency collaboration is fundamental to achieve our modernization goals. Through the Border Interagency Executive Council (BIEC), CBP continues to work towards a "one-government" approach to partnership programs. The BIEC was formed to improve interagency coordination on matters relating to import safety and is the foundation for enhanced efforts in the area of import safety and trade enforcement. Key issues currently being addressed by the BIEC include information sharing to improve targeting and enforcement in addition to increased partnerships between the government and the trade community.

Further reinforcing the collaborative efforts of the BIEC is the Import Safety Commercial Targeting and Analysis Center (CTAC), located within CBP. This is a multi-agency fusion center for targeting commercial shipments posing a threat to the health and safety of the American public. Agencies with import safety authorities are co-located at the CTAC to share targeting tools, resources, data, and expertise to protect U.S. consumers from harmful goods.

A final example of our interagency coordination efforts is the IPR Center. The IPR Center is a multi-agency center created to provide a unified U.S. government response to the growing, global economic and health and safety issues posed by IPR theft, commercial fraud, unfair trade practices and the illegal importation of sub-standard and unregulated commodities. Led by ICE/HSI, it collaborates with other federal law enforcement agencies and foreign counterparts. CBP was the source of more leads and referrals in FY 2011 to the IPR Center for multi-jurisdictional/multi-national criminal investigation than any other federal agency.

The IPR Center employs a task force model to enhance government-private sector partnerships and optimize the expertise of its member agencies to share information, develop initiatives and coordinate enforcement actions related to IPR theft. Through these strategic government-industry and interagency partnerships, the IPR Center protects the U.S. public's health and safety, economy, and our nation's military.

For example, the IPR Center led criminal investigations into three individuals whose identity and criminal activities were first uncovered by CBP's targeting and enforcement efforts. In 2011, Neil Felahy and Stephanie McClosky both pled guilty to trafficking in counterfeit goods. Their schemes to import counterfeit computer hardware for sale to the U.S. military were first identified during CBP's Operation Infrastructure. Chun-Yu Zhao was also convicted in 2011 of conspiracy to sell counterfeit networking equipment to the U.S. military, and her case began when CBP seized her shipments and referred the case to the IPR Center for investigation. Following these successful collaborations, CBP continues working with ICE/HSI and the IPR Center through ongoing special operations and supporting criminal investigations.

Modernization of CBP

One of our most visible modernization efforts is our transition from ACS to ACE, which will automate and streamline the clearance and collection process. ACE is speeding the flow of legitimate shipments, forming the backbone for a "single window" through which the international trade community will electronically provide all information needed by federal agencies for the import and export of cargo. The ACE program is essential to improving the government's ability to assess cargo for security, health, and safety risks, while facilitating legitimate trade and ensuring compliance with U.S. trade laws.

Not very long ago, we found ourselves at a turning point with ACE. The program was suffering from management challenges and governance issues. In 2010, the program was placed on the Office of Management and Budget's (OMB) list of 26 troubled federal

Information Technology (IT) projects. Since that time, CBP has worked aggressively, with the support of DHS and OMB, to turn the program around.

We established the ACE Business Office within the Office of International Trade to refocus the development and identification of program priorities from a true business process perspective and in line with the needs of ACE stakeholders. Our stakeholders are now represented and involved as never before. We have also made significant improvements in the program's governance structure, technology management and acquisition practices.

In March, CBP marked a key milestone on one of our ACE program priorities when we announced that we had completed development and successfully deployed ACE rail and sea manifest capabilities to all direct arrival rail and sea ports. 85 percent of the rail and sea carrier community are already using or preparing to use ACE, and we are on track to decommission legacy system rail and sea capabilities by the end of the fiscal year.

We have made substantial progress towards fulfilling the International Trade Data System (ITDS) vision by developing the functionality of three major initiatives, on which we have begun testing: the Partner Government Agencies (PGA) Message Set, the Document Image System and the PGA Interoperability solution. In April, we published a Federal Register Notice authorizing the pilot of Document Imaging System capabilities, which allow trade members to electronically supply documentation needed during the cargo release and entry summary processes to CBP and other federal agencies.

We also recognize that repetitive and cumbersome entry requirements are inefficient, ineffective and expensive. We are seeing significant progress on our Simplified Entry/Cargo Release program, which is another successful result of our “co-creation” approach to modernizing our trade operations. Simplified entry provides importers with the chance to file earlier in the process with a streamlined filing, which can be amended – a first-time feature for the trade that allows for an expanded window of opportunity to identify potential risks to CBP. The capability for filers to update information will result in more accurate data for CBP, thereby enhancing cargo security. Partnering with the trade community, we will begin a pilot in the air mode of transportation later this month. Finally, an Export Manifest pilot began in March at eight ports. The participating 14 carriers represent fifty-six percent of the total containerized U.S. export volume.

These achievements are evidence that changes to the program's governance have put ACE back on the correct course. We have assembled the right team to meet the needs of the private sector, CBP and our participating government partners. These improvements demonstrate that we have the capabilities necessary to consistently deliver on needed core functionality as we move forward.

However, there is still a tremendous amount of work to be accomplished in order to realize our “single window” vision and support the government’s need to ensure safety, security, and compliance of our international trade, and also to realize benefits to industry such as faster processing, speedier clearance, and increased certainty in our processes. I

look forward to continuing to work with you to fully implement ACE, the cornerstone of CBP's trade modernization strategy.

Recognizing that customs brokers are crucial partners, we are also seeking to modernize the way we interact with customs brokers to automate the broker exam application, transform the broker licensing process to incorporate a more efficient background investigation process, and pre-certify qualified brokers to assess clients' readiness and eligibility to participate in our ISA program. The Role of the Broker Initiative is at the forefront of our efforts to meet this goal.

Additionally, CBP is working through the development of an Advance Notice of Proposed Rulemaking for the overhaul of Part 111, Broker Regulations. This overhaul looks at developing continuing education for licensed brokers; due process proceedings for brokers, including penalties and suspension and revocation of licenses; increased outreach and education to unlicensed parties; and "business model alignment" between the trade and CBP, which includes conducting customs business within the geographic bounds of the United States. CBP's goal is to seek comment on all facets of the broker regulations from the widest possible audience. Especially important is feedback from small and medium enterprises, as this provides insight on a broader scope of businesses. CBP will continue to meet with local and regional broker associations and intends to hold webinars to assure we receive meaningful insights that are unique to certain ports and border regions.

Enforcement

Just as CBP is evolving, the face of trade continues to change as well. One of the many new challenges presented by evolving trade operations involves the use of unfair trade practices by competitors seeking to gain an edge in the global marketplace.

As President Obama noted in his State of the Union address this year, robust monitoring and enforcement of international trade agreements, and enforcement of domestic trade laws, are crucial to expanding exports and ensuring U.S. workers and businesses are able to compete on a level playing field. To strengthen our capacity to monitor and enforce U.S. trade rights and domestic trade laws, agencies must coordinate and augment their efforts to identify and reduce unfair foreign trade practices to ensure that U.S. businesses receive the maximum benefit from our international trade agreements and domestic laws.

Growing concern about unfair trade practices and implementation of newly signed trade agreements have caused us to reexamine the antiquated laws and processes we currently operate under to address many emerging developments.

CBP addresses national trade risks and priority issues through multi-disciplinary trade strategies that provide solutions to both enforcement and facilitation challenges. Specifically, we have implemented the CBP Trade Strategy to direct actions and resources around trade issues posing significant risks. The strategy is organized around priority trade issues, which were developed using a consistent risk-based

analytical approach with a clear emphasis on integrating and balancing the goals of trade facilitation and enforcement.

With a strategic approach to addressing trade risks, CBP can successfully facilitate legitimate trade while effectively protecting the American public and economy. This includes protecting American business from theft of intellectual property and unfair trade practices, enforcing trade laws related to admissibility, collecting the appropriate revenue, and shielding the American public from health and public safety threats.

CBP manages its highest trade risks through Priority Trade Issues (PTIs) which integrate the key trade risks from political, economic, infrastructure and resource concerns while balancing the goals of trade facilitation and trade enforcement. We have regular and frequent conversations with staff from both the Senate Finance Committee and the House Ways & Means Committee on key PTI issues, including streamlining the drawback process. The PTIs cover antidumping and countervailing duty, import safety, intellectual property rights, trade agreements, and textiles and apparel.

Antidumping and Countervailing Duty

We are enforcing antidumping and countervailing duty determinations and ensuring timely and accurate collection of duties. In Fiscal Year 2011, CBP issued over \$4 million in penalties for AD/CVD violations. Our Re-Engineering Dumping (RED) Team developed enhanced AD/CVD enforcement tools and training, increased coordination with the U.S. Department of Commerce, and made progress in automation to reduce the

administrative burden of AD/CVD. The RED Team created specific scenarios to promote the use of Single Transaction Bonds for AD/CVD evasion at CBP ports, and is implementing a new standard operating procedure to proactively enforce AD/CVD cases. The RED Team conducted the first joint CBP-Commerce training webinar for CBP field staff on AD/CVD cases. The RED Team is also testing national automated tools to provide more efficient means to process AD/CVD entries and instructions.

Import Safety

CBP recognizes the challenges we face in maintaining safe and secure imports. CBP established a Division for Import Safety within our Office of International Trade. Our Import Safety Division has been closely collaborating and coordinating across federal agencies to streamline the import process by reducing the redundancy of inspection activities, targeting high-risk trade, ensuring compliance with U.S. trade laws among agencies with overlapping authorities and deploying risk-based management strategies. Key achievements include the formulation of the Border Interagency Executive Council, an increase in import-safety related seizures, integration of other government agencies into the Interoperability Web Service, driving the “single window” concept, implementation of the PGA Message Set, launch of other government agency risk targeting, and expansion of trade participation and benefits for Import Safety’s trusted trader program.

Intellectual Property Rights (IPR)

Theft of America's intellectual property is a serious crime that threatens the competitiveness of companies, the jobs of workers, the health and safety of consumers, and our national security. As America's frontline, CBP protects our Nation by meeting these threats head-on with an aggressive 5-year strategy to facilitate the entry of legitimate goods, enforce the laws that prohibit the entry of counterfeit goods, and deter future theft of intellectual property. The critical steps CBP completed in FY 2011 to implement this strategy, with support from an appropriations initiative in FY 2011, included acquiring modern tools and processes; partnering with stakeholders; and investing in resources and outreach. These steps, including education of 840 CBP officers at high-risk ports with Integrated IPR Field Training, enabled us, in concert with ICE/HSI, to increase the number of IPR seizures from slightly less than 20,000 in FY 2010 to nearly 25,000 in FY 2011. Our "co-created" product identification manuals also enable CBP officers to make speedier and more accurate determinations on the legitimacy of imported products. We also acquired portable scanners that will enable officers to make on-the-spot determinations whether or not a pharmaceutical is authentic. CBP is presently working with industry to deploy these tools to the field.

On April 24, 2012, CBP published an Interim Final Rule amending its regulations, in part, to reflect new authority contained in the National Defense Authorization Act of 2012 (NDAA). This new authority permits CBP to share, prior to seizure, unredacted samples and photographs of suspected counterfeits with trademark holders so that they may better provide information to assist CBP in determining whether goods are

counterfeit. However, the regulations also provide protections for importers by giving them notice and an opportunity to respond before an unredacted sample is shared. The provision in the NDAA granting this new information sharing authority parallels the authority that the Administration sought when it submitted a legislative proposal, 19 U.S.C. 1628a, to Congress in 2011. However, the NDAA is narrower than the Administration's legislative proposal because it does not apply to merchandise suspected of infringing a copyright, it only applies to merchandise that is imported, and it does not contain provisions for sharing information when CBP enforces the Digital Millennium Copyright Act against copyright circumvention devices and exclusion orders issued by the International Trade Commission. The Administration looks forward to working with Congress to find a comprehensive solution.

Trade Agreements

We are also continuing to work with internal and external stakeholders to facilitate legitimate trade and address areas of non-compliance while effectively communicating the terms of our free trade agreements and preferential trade legislation. CBP recently issued a Trade Agreements enforcement plan to ensure that claims for duty preferences are valid. The pilot enforcement plan identifies a minimum number of verifications spread among all 20 Field Offices that are to be completed for FY 2012 for free trade agreements (FTAs) and preferential trade programs. In addition, CBP recently implemented the Korea FTA. CBP issued draft interim regulations and implementing instructions for CBP field resources and the trade community, established a Korea FTA page on our website, and programmed CBP automated systems to allow for Korea FTA

claims. The same efforts are currently underway for implementing the Colombia Trade Promotion Agreement and will be done for the Panama Trade Promotion Agreement when it enters into force.

Textiles and Apparel

CBP is ensuring the effective enforcement of the anti-circumvention laws, trade agreements, and trade legislation regarding the importation of textile and apparel. In FY 2011, the Textile Production Verification Teams, in conjunction with ICE/HSI, visited 165 manufacturing facilities in nine countries to assess compliance with U.S. trade preference programs. We also delivered the results of the Mexico Textile Task Force's Exporter Operation to the Mexican government, which will assist Mexico with its enforcement of the North American Free Trade Agreement (NAFTA) claims on imports into Mexico. And, our textiles office established the Right to Make Entry Workgroup, a multi-discipline team whose goal is to develop guidance for CBP field personnel and update/reissue directives and regulations.

In addition to these enforcement activities, we also conducted a number of outreach events, such as providing capacity building training to Central American governments and private sector members on textiles and rules of origin under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). This activity enabled the port of Los Angeles/Long Beach to make 51 wearing apparel/textile seizures for Right to Make Entry issues, duty circumvention and smuggling between September 2011 and February 2012. The textiles office also regularly provides updated guidance to

the trade and CBP to increase both enforcement and facilitation. The most recent guidance clarified Free Trade Agreement claims and acceptable wording on affidavits provided to CBP by the importer.

Conclusion

Chairman Brady, Ranking Member McDermott, and distinguished Members of the Trade Subcommittee, thank you again for the opportunity to appear before you today to present an overview of CBP's efforts to fulfill its goals of becoming a truly modern trade agency.

As the many examples I have cited show, Customs and Border Protection is committed to modernizing our tools and technologies as well as our procedures and our requirements.

Our economy grows stronger when the way we do our job is more compatible with today's business practices. Our partnership with the trade community is critical to strengthening our nation's economic prosperity and our national security. We are aligning our security and trade targeting efforts. And by doing so, we are becoming ever more effective in stopping dangerous and illegal shipments while facilitating legitimate international trade that is vital to the U.S. marketplace and to our national economy.

I look forward to answering your questions.