



Southern Shrimp Alliance

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STATEMENT OF

SOUTHERN SHRIMP ALLIANCE

ON

ENFORCING AMERICA'S TRADE LAWS IN THE FACE OF CUSTOMS FRAUD AND DUTY EVASION

BEFORE THE

UNITED STATES SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON INTERNATIONAL TRADE, CUSTOMS, AND GLOBAL COMPETITIVENESS

HEARING DATE: MAY 5, 2011

SUBMISSION DATE: MAY 19, 2011

The Southern Shrimp Alliance (SSA) is a non-profit alliance of members of the shrimp industry in eight states committed to preventing the continued deterioration of America's domestic shrimp industry and to ensuring the industry's future viability. SSA serves as the national voice for the shrimp industry in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas.

SSA is grateful to the Subcommittee for focusing on the problem of customs fraud and duty evasion. The testimony to the Subcommittee from domestic industry and government witnesses described pervasive illicit activities that have cost the U.S. Treasury hundreds of millions of dollars each year while at the same time weakening trade relief granted to vulnerable domestic industries. The shrimp industry's experience with customs fraud and duty evasion is similar to that of many other domestic industries.

In December of 2003, through the Ad Hoc Shrimp Trade Action Committee, SSA filed petitions for relief from dumped shrimp imports from six countries. Antidumping duty orders were issued by the U.S. Department of Commerce (Commerce) in February of 2005. Today, antidumping duties remain in place on imports of frozen warmwater shrimp from Brazil, China, India, Thailand, and Vietnam. Circumvention of trade relief began shortly after the initiation of

the antidumping duty investigations and has continued to plague the industry. SSA has identified, and U.S. government agencies have confirmed, circumvention schemes involving:

(1) transshipment of subject merchandise through non-subject countries; (2) systematic mischaracterization of imported merchandise as outside the scope of the antidumping duty orders; and (3) abuse of the “new shipper” provisions of antidumping duty law. Through rigorous monitoring of the trade in shrimp imports, SSA has additionally identified other apparent circumvention schemes and is currently working with U.S. government agencies to confirm these allegations. These unlawful activities involve exporters in multiple countries subject to antidumping duties, including China, and have proliferated – rather than abated – over time.

SSA submits these comments to supplement those provided by other domestic industry witnesses at the May 5th hearing based on the organization’s experience and to address particular issues raised by testimony during that proceeding. Specifically, SSA submits these comments to make the following four points:

- **Customs fraud and duty evasion have resulted in the non-payment of hundreds of millions of antidumping duties on shrimp imports alone.** Conclusions regarding the amount of monies involved are based on public declarations of government agencies and SSA’s own analysis of trade data.
- **Publication of information regarding enforcement actions taken by government agencies regarding customs fraud and duty evasion is essential.** Although the experiences of various domestic industries with circumvention are unique, common themes run throughout circumvention schemes. Further, because of the variety and complexity of the circumvention schemes employed, identification of the schemes confronted by government agencies is necessary to develop a comprehensive solution.
- **Customs fraud and duty evasion would remain a massive and growing problem even if a prospective duty assessment was implemented.** Fraudulent declarations that merchandise is not subject to antidumping duties occur irrespective of whether the assessment system is prospective or retrospective in nature.
- **Commerce has declined to use its authority and resources to meaningfully address circumvention of antidumping duties.** The U.S. Department of Commerce (Commerce) has elected to exercise its discretion to not investigate transshipment allegations and other concerns regarding customs fraud and duty evasion in administrative reviews. Commerce has stated that using its authority and resources would create too great a burden on the agency and has successfully defended its refusal to act in federal courts.

I. CUSTOMS FRAUD AND DUTY EVASION RELATED TO SHRIMP IMPORTS HAVE RESULTED IN THE NON-PAYMENT OF HUNDREDS OF MILLIONS OF DOLLARS IN DUTIES OWED TO THE U.S. TREASURY

Documenting the amount of money involved in circumvention schemes is a difficult exercise for domestic industries. Because customs fraud and duty evasion are by their nature unlawful activities, domestic industries are often forced to construct models based on assumptions about trade behavior in order to estimate the impact of these illegal practices. For parties that insist that customs fraud and duty evasion is a minor problem – despite overwhelming evidence to the contrary – such estimates are dismissed as lacking sufficient factual verification.

For these reasons, the shrimp industry has benefitted from publication of information regarding enforcement activities conducted by U.S. Customs and Border Protection (CBP) and other government agencies. These publications confirmed SSA's concerns regarding customs fraud and duty evasion and quantified amounts involved in some of these circumvention schemes.

For example, in a declaration submitted to the U.S. Court of International Trade (CIT) on March 9, 2006, Bruce W. Ingalls, then the Chief of Debt Management in the Revenue Division of the Office of Finance of CBP, described the uncovering of a massive illegal transshipment scheme that allowed Chinese shrimp to evade antidumping duties by being falsely labeled as product of Indonesia. Declaration of Bruce W. Ingalls, National Fisheries Institute, Inc. v. United States, Court No. 05-00683 (Mar. 9, 2006). Mr. Ingalls testified:

After initiation of the antidumping case, CBP noted substantial shifts in import patterns that suggest transshipment of shrimp to circumvent high tariffs on shrimp. CBP and U.S. Immigration and Customs Enforcement representative (ICE) from the Singapore Attaché office visited shrimp producers in Indonesia (a country not subject to antidumping) that appeared to be of high-risk for transshipment.

CBP confirmed that three producers commingled Chinese shrimp and exported the merchandise claimed as Indonesian to circumvent the payment of antidumping duties. Fifty-four importers were sourcing shrimp from three Indonesian producers during the time when Chinese shrimp was commingled. . . .

Customs has demanded \$65 million in antidumping duty cash deposits from all importers involved. The country-wide rate upon Chinese shrimp is 112.81%. To date \$756,000 has been collected.

This publicly-available declaration thereby provided: (1) a fulsome description of the circumvention scheme (the export of shrimp from China to Indonesia for transshipment to the United States); and (2) a quantification of the substantial amount of duties involved (\$65 million).

CBP has also publicized enforcement actions in reports and testimony to Congress. In his testimony to the Subcommittee, for example, Assistant Commissioner Al Gina observed that:

CBP recovered \$2.5 million in unpaid AD duties through a company audit on imports of frozen warm water shrimp transshipped from China through Indonesia, where it was commingled with Indonesian shrimp.

Separately, in a 2008 report to Congress ("Report to Congress on (1) U.S. Customs and Border Protection's Plans to Increase AD/CVD Collections and (2) AD/CVD Enforcement Actions and Compliance Initiatives" at 11 (2008)), CBP highlighted another successful enforcement operation:

Based on an allegation from the domestic shrimp industry, CBP conducted a special operation centered on cargo examination and lab analysis to determine whether imports of shrimp from China were being misdescribed as 'dusted' shrimp so that the shipments would fall outside of the scope of the AD order. CBP's operation confirmed the allegation. CBP determined that fourteen importers evaded the AD order, resulting in \$5 million in lost revenue. CBP recently completed this operation and has initiated procedures to collect the lost revenue

and issue penalties. Further investigations with ICE and penalty processing are underway.

The most complete description of CBP's anticircumvention enforcement efforts with respect to shrimp imports were published as part of a 2009 report on fraud in the seafood industry by the U.S. Government Accountability Office (GAO) that focused on the U.S. Food and Drug Administration (FDA). "Seafood Fraud: FDA Program Changes and Better Collaboration among Key Federal Agencies Could Improve Detection and Prevention," U.S. Government Accountability Office, Report to Congressional Requesters, GAO-09-258, at 14-16 (February 2009). The GAO Report publicized additional details regarding various enforcement actions taken by CBP and ICE. The relevant excerpts stated that:

For example, as part of their 2005 inquiry into an allegation of illegal transshipment of Chinese shrimp through Indonesia, the [National Targeting Analysis Group (NTAG)] staff reviewed information on the shippers of Indonesian shrimp before and after the antidumping duty order for Chinese shrimp was put in place. They found a sharp decrease in shrimp imports from China after the antidumping duty order was issued in early 2005 and a concurrent increase in shrimp imports from Indonesia, among other countries. The NTAG staff enlisted the support of ICE to investigate Indonesian shrimp exporters who they suspected were illegally transshipping Chinese shrimp. They found that some Indonesian firms were importing Chinese shrimp and then shipping them to the United States labeled as Indonesian shrimp. CBP found that, in 2005, approximately \$6 million worth of Chinese shrimp had been illegally transshipped through Indonesia to avoid antidumping duties;

On the basis of industry information and CBP and ICE investigations, CBP determined that Chinese shrimp was being transshipped to the United States through Malaysia. Due to this illegal transshipment, importers of Chinese shrimp were able to circumvent not only the 2005 antidumping duty but also FDA's recent import alert. In September 2007, CBP tested shipments of suspected Chinese shrimp illegally transshipped through Malaysia for the presence of unapproved drugs and found some contaminated shrimp. On the basis of CBP's information, in March 2008, FDA issued a new import alert requiring importers of shrimp from one Malaysian manufacturer to prove the absence of unapproved drugs prior to entering future shipments of shrimp into U.S. commerce;

[A] quick-response audit concluded in 2007 found that an importer did not pay approximately \$2.2 million in antidumping duties on imported Chinese shrimp that was transshipped through Indonesia;

and

In 2007, the NTAG that works on seafood fraud issues also helped identify another scheme importers were using in their attempt to evade antidumping duties on Chinese shrimp. Under this scheme, importers provided CBP with fraudulent information on the product type to evade antidumping duties. A precursor to breaded shrimp called 'dusted shrimp' was exempted by the Department of

Commerce from the antidumping duty order on imported Chinese shrimp. On the basis of allegations from the U.S. shrimp industry, CBP initiated an intensive examination and sampling operation to determine whether importers were bringing in shipments of falsely declared dusted shrimp to avoid the antidumping duties on Chinese shrimp. Over the course of a 90-day period, CBP found that of the 81 alleged dusted shrimp entries examined and sampled, approximately 64 percent of the shipments did not meet the criteria to qualify as dusted shrimp. The potential loss of trade revenue from these fraudulent dusted shrimp shipments was approximately \$5 million. Extrapolating back to when the antidumping duty order first became effective in 2005, CBP concluded that the importers caught importing these fraudulent dusted shrimp imported approximately \$117 million worth of potentially fraudulent dusted shrimp with a possible loss of trade revenue from the uncollected antidumping duties of \$132 million.

Thus, according to the GAO Report, CBP has documented the loss of millions in antidumping duties on shrimp imports through customs fraud and duty evasion and the agency has estimated that *one circumvention scheme alone* potentially resulted in the illegal evasion of payment of \$132 million in antidumping duties to the U.S. Treasury.

Although the GAO Report observed that CBP had confirmed allegations of transshipment of Chinese shrimp through Malaysia, the report does not provide an estimate of the amounts involved. SSA believes that this circumvention scheme has resulted in the evasion of hundreds of millions of dollars in antidumping duties.

After the filing of petitions for trade relief in December 2003, imports of frozen shrimp from Malaysia into the United States exploded (as shown in the table below):

U.S. Imports of Frozen Shrimp from Malaysia (2003-2009)							
	2003	2004	2005	2006	2007	2008	2009
Volume (lbs.)	2,645,182	27,326,865	37,543,323	44,689,332	50,123,938	66,179,725	40,379,527

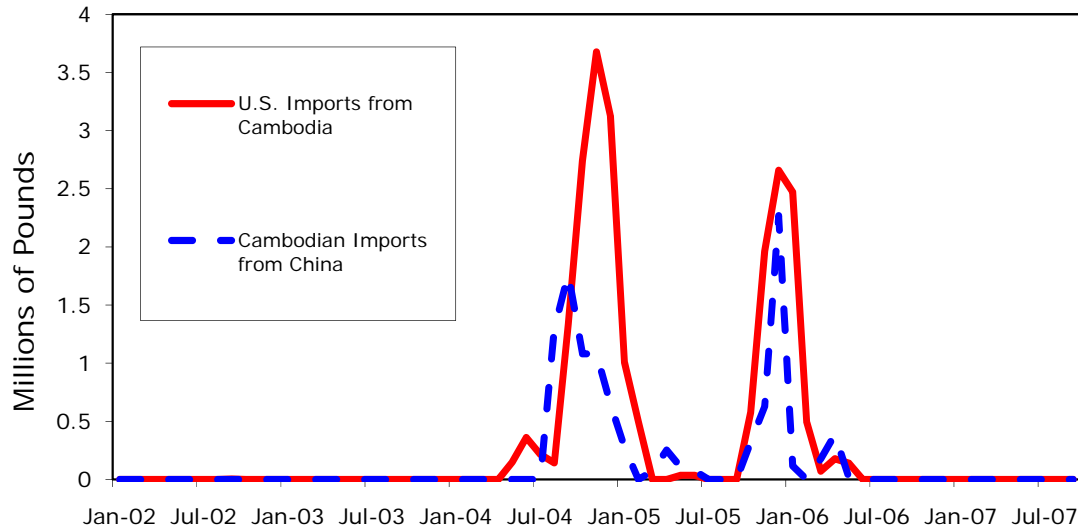
Source: U.S. International Trade Commission DataWeb

At the same time, imports of frozen shrimp from China into Malaysia also grew massively:

Malaysian Imports of Frozen Shrimp from China (2003-2009)							
	2003	2004	2005	2006	2007	2008	2009
Volume (lbs.)	10,562,347	19,614,527	24,621,225	26,188,712	36,197,699	66,482,600	40,368,845

Source: Global Trade Information Services

These trends were similar to what SSA saw with respect to shrimp imports from Cambodia – a country with no previous history of commercial shrimp exports to the United States – following the filing of petitions for trade relief at the end of 2003. As shown in the table below, the growth in imports of frozen shrimp from Cambodia into the United States closely corresponded to the increase of imports of frozen shrimp from China into Cambodia:



The volumes involved with respect to Malaysia are substantially greater than those regarding transshipment through Cambodia (and transshipment through Cambodia appears to have ended in the fall of 2006). To get some sense of the significance of transshipment through Malaysia, SSA developed estimates of the potential duties evaded by this scheme based on the following methodology:

First, SSA assumed that the highest volume level of shrimp exported from China to Malaysia prior to the antidumping duty orders represents an accurate picture of what Malaysian consumption demands are for Chinese shrimp (an assumption that may underestimate Malaysian demand but may also overestimate Malaysian demand as exports doubled between 2003 and 2004, after the petitions for antidumping relief were filed), meaning that Malaysian demand for Chinese shrimp would equal roughly 20 million pounds (19.6 million) per year.

Second, SSA reviewed Malaysian import statistics between 2005 and 2009 to estimate the differential between expected imports of Chinese shrimp and actual imports of Chinese shrimp into Malaysia (a difference of 95.8 million pounds).

Third, SSA calculated the average unit value of Chinese shrimp exports to the United States between 2005 and 2009 as \$2.58 per pound and noted that the China-wide antidumping duty assessment rate is 112.81%.

Based on these facts and assumptions, the volume of excess Chinese shrimp imports into Malaysia assumed to have been shipped to the United States would represent the evasion of roughly \$279 million in antidumping duties and over five years would represent evasion of, on average, \$56 million annually in duty payments. If *all* Chinese exports of shrimp to Malaysia are presumed to be eventually transshipped to the United States, SSA estimates that \$564 million in antidumping duties have potentially been evaded over the five-year period.

In addition to this generalized estimate, SSA has identified for CBP twelve Malaysian exporters of shrimp products that had no history of seafood exports prior to November of 2008

and appear to be transshipping Chinese shrimp. In two years, these twelve companies have shipped massive volumes of shrimp to the United States, potentially resulting in the evasion of \$131 million in antidumping duties.

In sum, with respect to shrimp imports alone, the amount of duties evaded through circumvention schemes is staggering and likely involves hundreds of millions of dollars.

II. PUBLICATION OF INFORMATION REGARDING ENFORCEMENT ACTIONS UNDERTAKEN IS ESSENTIAL

On one hand, the information published regarding CBP's and ICE's enforcement activities documents the extraordinary efforts undertaken by these agencies to address customs fraud and duty evasion with respect to shrimp imports. On the other hand, these publications also help to explain some of the frustration expressed by domestic industries in working with these agencies.

Publication of information regarding the enforcement activities quoted above was providential rather than systematic or intentional. The initial details regarding the ICE and CBP operations to address transshipment of Chinese shrimp through Indonesia were first made public in the case files of litigation not readily available to the general public. Similarly, CBP's annual reports to Congress regarding enforcement actions are not easily accessed by the general public nor do the reports provide a complete recitation of the full spectrum of enforcement activities undertaken by the agency. The GAO was able to make public additional information regarding particular enforcement activities through access to internal agency records and agency staff.

SSA strongly believes that routine and regular publication of enforcement actions by CBP and ICE would not only provide a better public understanding of the remarkable efforts of these agencies to combat customs fraud and duty evasion, but would also further document the massive scope of the problem faced by the Administration with respect to these issues. Claims that publication of such information may infringe upon trade secrecy protections or would otherwise violate the law are belied by the selective publication of information related to enforcement actions on an *ad hoc* basis. Moreover, the lack of routine and regular publication of enforcement activities, coupled with the variety and complexity of circumvention schemes employed, has retarded the ability to craft comprehensive solutions to a pervasive problem.

For example, in his testimony to the Subcommittee, Mr. Richard Adee of Adee Honey Farms discussed the substantial adverse impact of abuse of "new shipper" provisions on the domestic honey industry. Mr. Adee's testimony requested that the bonding privilege afforded to new shippers during the pendency of a Commerce review be eliminated permanently. SSA supports this request. However, when the bonding privilege was previously suspended, abuse of the new shipper provisions continued under a different guise. Specifically, exporters sought to obtain zero percent or low deposit rates through minimal commercial shipments engineered to be above or near normal value and, if successful, would ship large volumes of product to newly-created importers with no other business activities. If a subsequent administrative review on the significant commercial sales resulted in an increase of assessment rates, the importer would go bankrupt and substantial amounts of duties would be owed.

Similarly, in his testimony to the Subcommittee, Assistant Commissioner Al Gina flagged the enforcement problems created by U.S. importers that are not resident in the United States.

Since the imposition of the antidumping duty orders, the shrimp industry has witnessed a massive proliferation of fly-by-night importers, many of whom are not resident in the United States. When these importers engage in customs fraud and duty evasion, they are virtually judgment-proof. These importers appear to be created *with the intention* of defrauding CBP and may help to explain the extremely low penalty recovery numbers by CBP cited during the hearing.

SSA's experience further indicates that parties engaged in customs fraud and duty evasion with respect to shrimp products may also be involved in circumvention schemes involving other products subject to trade remedies. For example, importers that specialize in importing seafood products that are claimed to be just outside the scope of the antidumping duty orders on shrimp also tend to import seafood products just outside the scope of other antidumping duty orders on seafood products, such as whole crawfish from China or fish fillets claimed to be other than *pangasius* from Vietnam. Similarly, SSA has identified transshippers of Chinese shrimp through Malaysia that also export honey or preserved mushrooms or, most bizarrely, wooden bedroom furniture to the United States.

As the Subcommittee has heard and seen, customs fraud and duty evasion impacts a wide swath of American industries. The publication and distribution of information regarding CBP's and ICE's enforcement activities is essential to identifying common patterns of circumvention schemes and should provide invaluable assistance in the development of a comprehensive solution to a large and growing problem.

III. CUSTOMS FRAUD AND DUTY EVASION WOULD REMAIN A MASSIVE AND GROWING PROBLEM EVEN IF A PROSPECTIVE DUTY ASSESSMENT SYSTEM WAS IMPLEMENTED

The circumvention schemes described by SSA above and by both government and industry witnesses at the hearing occur without regard to whether the system for assessing antidumping and countervailing duties is retrospective or prospective.

In the written statement accompanying her testimony to the Subcommittee, Marguerite Trossevin, as the representative of the Retail Industry Leaders Association, stated:

For example, a foreign exporter with a low AD rate can reduce prices and increase exports and then disappear before the additional duties can be collected. This type of "hit and run" scheme is possible only in a retrospective system. Under a prospective system, CBP would immediately assess higher duties at the time of import if import prices declined; therefore collection rates for AD/CVD duties should be close to 100%, contributing to enhanced enforcement.

Importers are ultimately responsible for payment of antidumping duties. Thus, whether an exporter disappears after the assessment of duties is immaterial to whether duties are eventually collected. More importantly, most of the circumvention schemes identified involve the false designation of product at importation – either with respect to the description of the product, the country of origin of the product, or the producer of the product. If merchandise is falsely declared at importation to not be subject to antidumping duties, no amount of duties are collected on the entry (either as a deposit or as actual duties) regardless of whether a prospective or retrospective system is in place.

With respect to shrimp, imports fraudulently declared to be “dusted” shrimp, product of Malaysia or Indonesia or Cambodia, the product of an excluded company, or otherwise not subject to duties have meant that collection rates for AD duties on Chinese shrimp imports have not come close to approaching 100%. Indeed, the limited reporting available from CBP indicates that assessed duties on Chinese shrimp imports are more likely to be uncollected than collected.

One recent example, related to the antidumping duty order on frozen fish fillets from Vietnam, illustrates this point. The U.S. Government recently filed a lawsuit at the CIT (United States v. Country Flavor Corp., Court No. 11-00138) to recover nearly \$1 million in lost duties, penalties, and interest against Country Flavor Corp., a seafood importer located in El Monte, California, and the issuer of the Country Flavor’s surety bonds, International Fidelity Insurance Company. The lawsuit relates to 13 entries of imported fish fillets from Vietnam in May and June of 2006. As alleged in the Government’s Complaint, Country Flavor entered the imports described as “broadhead” and declared that these fillets were not subject to the antidumping duty order on *pangasius* fish fillets from Vietnam. A CBP laboratory in Long Beach, California conducted genetic tests on samples taken from each of the 13 entries and determined that the fish fillets had been falsely described. The genetic tests identified the fish species as *pangasius* and the imports were determined to be subject to antidumping duties.

According to the Complaint, CBP demanded payment of duty deposits on the entries and, later, the actual duties themselves. Country Flavor neither paid the deposits nor the duties. Instead, Country Flavor dissolved operations. As the bonds issued by the surety are limited in scope, the Government may recover, at most, thirty percent of the nearly \$1 million claimed owed.

Moreover, the shipments identified in the Government’s Complaint do not appear to fully encompass all of Country Flavor’s possible circumvention activities. A review of ship manifest data indicates that Country Flavor began importing “broadhead” fish fillets from Vietnam in October of 2005, bringing in over 1.6 million pounds of fillets described as “broadhead” prior to the May shipments identified in the Complaint. The ship manifest data also indicate that Country Flavor began to import *pangasius* fish fillets claimed to be from Cambodia following the imposition of antidumping duties on *pangasius* fish fillets from Vietnam in August of 2003.

Whether the assessment system was retrospective or prospective, the circumvention scheme allegedly undertaken by Country Flavor would be exactly the same and the outcome would be exactly the same: significant amounts of antidumping duties would go uncollected.

IV. COMMERCE HAS DECLINED TO EMPLOY ITS RESOURCES TO MEANINGFULLY ADDRESS CIRCUMVENTION OF ANTIDUMPING DUTIES

Discussions of CBP’s enforcement activities in response to circumvention underscore the challenges facing the agency. When CBP (and ICE) commit resources to investigating customs fraud and duty evasion and these investigations result in the discovery of unlawful activities, the nature of the importers involved (often without capital, created for the exclusive purpose of fraudulent importation) precludes duty collection. Thus, if CBP’s enforcement activities increase, then the amount of uncollected assessed duties increases as well. The Country Flavor example described above illustrates this point. Had CBP not investigated the importer’s fraudulent declarations, the amount of uncollected duties related to Country Flavor would be \$0. However, once the agency investigated the importer’s claims and found them to be fraudulent, the importer

went bankrupt, leaving CBP with a significant amount of assessed duties that have gone, to date, uncollected.

CBP had been criticized for both insufficient enforcement activities with respect to circumvention and for a poor record regarding the collection of antidumping duties. Because more enforcement leads to higher rates of uncollected duties, CBP has an incentive to *not* investigate customs fraud and duty evasion to avoid criticism regarding duty collection. Nevertheless, the agency has continued to commit significant amounts of limited resources to detecting and stopping circumvention of antidumping duties. For these reasons, SSA is particularly grateful for the agency's continued commitment to addressing circumvention.

In contrast, Commerce has elected to not commit resources to addressing unlawful circumvention of antidumping duties. Under existing law, Commerce has the ability to issue questionnaires directly to foreign exporters which would serve to: (1) more accurately identify exports of subject merchandise; (2) make it more difficult for importers to evade detection of false declarations; and (3) enhance identification of instances of customs fraud and duty evasion attempted by "new importers" (importing companies created specifically for the purpose of evasion). As noted by Deputy Assistant Secretary Ronald Lorentzen in his testimony to the Subcommittee, the law (19 U.S.C. § 1677f(b)(1)(a)(ii)) authorizes Commerce to "provide information received in the context of an investigation or administrative proceeding to CBP, to assist the U.S. Department of Homeland Security with an investigation into fraud and evasion."

Nevertheless, Commerce has declined to use the tools available to the agency – and fully within its legal authority – to address rampant circumvention of antidumping duty orders. Rejecting requests for assistance from beleaguered domestic industries, Commerce has stated that "evaluating and verifying additional information relating to a circumvention allegation creates an overwhelming burden in an administrative review." Certain Activated Carbon from the People's Republic of China, 76 Fed. Reg. 23,978, 23,980 (Apr. 29, 2011). In litigation challenging Commerce's inaction, the agency defended its decision to not investigate transshipment allegations in administrative reviews not on the grounds that the agency is without authority to conduct such inquiries, but that the statute *does not require Commerce to do anything*. Thus, the CIT has held that the "section of the statute governing Commerce's administrative reviews, 19 U.S.C. § 1675(a), does not obligate Commerce to investigate transshipment allegations." Globe Metallurgical Inc. v. United States, 722 F. Supp. 2d 1372, 1381-1382 (Ct. Int'l Trade 2010).

CBP is without the authority to query foreign exporters seeking more information regarding potential customs fraud and duty evasion schemes undertaken by importers. Commerce, in contrast, has both the authority and the ability to do so. To date, Commerce has declined to use its authority in a proactive manner to address the problem of blatant customs fraud and duty evasion where circumvention is rampant – including the antidumping duty order on shrimp from China. Instead, Commerce's position is that its resources are better allocated to other activities. This position is inconsistent with the urgent need to counteract customs fraud and duty evasion.

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SSA is grateful for the opportunity to present these comments to the Subcommittee. SSA looks forward to working with the Subcommittee to develop effective solutions to the problems of customs fraud and duty evasion.