



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley
Chairman of the Committee on Finance
Nominations Hearing
Wednesday, April 5, 2006

It's my pleasure to welcome Ralph Basham to the Finance Committee today. We're here to consider the President's nomination of Director Basham to be Commissioner of Customs in the Department of Homeland Security. I want to congratulate the nominee and welcome his wife, Judy, and the rest of his family and friends who are present here today. Please take a moment to introduce everyone who's here with you, Director Basham.

The President has nominated an outstanding individual to be Commissioner of Customs. Ralph Basham is currently Director of the Secret Service and is a 29 year veteran of the Secret Service. He's also served as Chief of Staff for the Transportation Security Administration and as Director of the Law Enforcement Training Center in Glynco, Georgia. The breadth of his experiences will be an important asset as he assumes his new responsibilities.

Today's hearing continues 190 years of oversight by the Finance Committee over U.S. customs. As a result of the Homeland Security Act of 2002, the Department of Homeland Security exercises certain customs authorities by delegation from the Department of the Treasury. This committee retains jurisdiction over the customs revenue and commercial functions exercised by the Department of Homeland Security.

The Commissioner of Customs serves in a critical and demanding role. The Commissioner of Customs must ensure that the dual demands of securing our borders and facilitating the smooth flow of international trade are each fully met. And those demands must be balanced. We could require 100 percent physical inspection of all cargo entering the United States. But that would likely reduce trade to a crawl and adversely impact our economy. So maintaining a proper balance between trade security and trade facilitation means putting in place the most appropriate data collection systems we can. Data collection lies at the heart of the customs commercial function. It's the currency by which goods are allowed to enter our country.

As well, our security depends upon the output of our data collection systems. So our security is a direct function of the reliability of the data that's being collected. I'm concerned that in our zeal to collect import data we're not doing enough to ensure the integrity of that data. I intend to explore my concerns further as this committee prepares to reauthorize the customs functions exercised by the Department of Homeland Security. I look forward to working together with my colleagues and the nominee as that effort progresses.

More broadly, the Commissioner of Customs heads a bureau of over 40,000 employees.

Those government employees are on the front line for enforcing laws related to over 40 agencies. At the same time, they process \$1.7 trillion worth of imports and collect about \$28 billion in duties and fees. This trade is critical to our economy. For example, the 10-day strike at the port of Long Beach a few years ago is estimated to have cost our economy between \$1 billion to \$2 billion each day. That illustrates why maintaining the proper balance between trade security and trade facilitation is so important. And that's why this committee's oversight of that balance is such a priority.

I also want to touch upon the recent transaction involving Dubai Ports World. I remain concerned that the transaction wasn't properly vetted. Going forward, I want to ensure that the right questions are asked and answered if a similar transaction is submitted for review by the Committee on Foreign Investments in the United States. I understand that it's the Assistant Secretary for Policy who takes the lead for the Department of Homeland Security in those reviews. Regardless, I think it's up to the Commissioner of Customs to ask the right questions and insist on answers if another transaction involving U.S. ports comes up in the future. I'll return to this last point in my questioning. Thank you again for being here today, Director Basham. I hope your nomination moves through the Senate quickly.