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Hatch Statement at Finance Committee Hearing on Customs and Border Protection

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to examine the U.S. Customs and Border Protection’s (CBP) efforts to enhance trade facilitation and enforce U.S. trade laws, including the implementation of the Trade Facilitation and Trade Enforcement Act of 2015.

I would like to welcome everyone to our hearing this morning.

And, welcome to the Honorable R. Gil Kerlikowske, Commissioner of U.S. Customs and Border Protection. The Commissioner last appeared before this committee during his confirmation hearing in January 2014. A lot has happened since then. So, we are happy to have the Commissioner here again today.

The Finance Committee – and, in fact, the entire Congress – has been extremely active on trade over the past year and a half.

Just last night, the Senate, by unanimous consent, passed the American Manufacturing Competitiveness Act, a bipartisan, bicameral bill that will provide tariff relief to American job creators by establishing a reformed process for the consideration and passage of Miscellaneous Tariff Bills, or MTBs.

Once it’s signed into law, this legislation will allow American manufacturers to lower their production costs on parts that can’t be found in the United States. This is absolutely essential if we want American companies to be able to compete effectively in the 21st Century global marketplace.

Passage of the MTB bill is long overdue and I’m very pleased that we’ve finally gotten it through Congress and over to the President for his signature. Many members of the committee – on both sides of the aisle – worked to get this bill over the finish line. I want to commend all of them – especially Senators Portman, Burr, and Toomey – for their efforts.

This MTB bill closely resembles legislation we reported out of the Finance Committee last year. In fact, it was just about a year ago that we began floor debate on several of our committee's trade bills that all eventually became law. One of those bills, the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as the Customs bill, was signed into law on February 24th of this year.

The passage and signing of the Customs Bill marked the end of a legislative process that began almost 10 years ago and underwent many iterations. With the law now in place, CBP and other agencies have the tools necessary to ensure that America is able to compete in the world economy while also ensuring that our trading partners play by the rules.

As we all know, CBP has the dual responsibility of facilitating legitimate trade and travel while also protecting the United States from illicit goods and inadmissible people, such as terrorists. This dual mission is vitally important to ensuring the strength of our economy and the security of our borders. The overarching goal of our Customs bill was to facilitate the efficient movement of low-risk and compliant goods to the marketplace while also allowing CBP to focus its resources on goods that could do harm to the economic or physical security of the United States.

To that end, I'd like to take a few minutes to discuss some specific ways that the recently-passed law enhances and modernizes the way CBP operates.

The new statute includes a number of elements that were designed to help facilitate trade.

For example, the law requires CBP to consult with private-sector entities to identify commercially significant and measurable trade benefits for participants in public-private sector partnership programs. It also raises the de minimis level from \$200 to \$800 and modernizes the duty drawback process.

In addition, the new law provides a number of new enforcement tools.

These tools include a new process at CBP, with strict deadlines and judicial review, for dealing with evasion of our antidumping and countervailing duties laws and a significant expansion of CBP's authorities to protect intellectual property rights at the border. Given the importance of intellectual property to our economy, these new authorities are long overdue and they were among my top priorities in crafting and passing the Customs bill.

On top of that, the law includes a codification of the Centers of Excellence and Expertise, which, among other things, ensures that the post-release process for goods coming into the United States will be aligned by industry rather than the port of entry where a shipment arrives. These Centers provide tailored support to unique trading environments and eliminate the need for importers to work with individuals at multiple ports of entry that may slow down legitimate trade with needless and duplicative inquiries. The Centers also allow CBP to enforce our trade

and customs laws uniformly on a nationwide basis and to prevent nefarious trade practices, including what some have called “port shopping.”

The new statute also provides the necessary authorization and funding to fully implement the Automated Commercial Environment, or ACE, and requires the completion of the International Trade Data System, or ITDS, by the end of this year. The completion of ACE and ITDS will allow for the electronic submission of all import requirements through a single window and process. Once fully implemented, this will simplify and streamline the submission of import documents, reducing the paperwork burden on the private sector and ensuring that CBP has the data it needs to identify high-risk imports and importers.

Much has changed since 2003 when CBP was first established. The new law is the first comprehensive authorization of the agency since that time, and many of the improvements that CBP has made internally over the years have been codified in the statute, including increased coordination between the two offices primarily responsible for trade facilitation and trade enforcement – the Office of Trade and the Office of Field Operations. We included this codification to address concerns that many had expressed about CBP over the years, namely, that its security mission could overshadow its trade mission.

There are many other significant provisions in this bill, several of which were championed by members of the committee. I hope we will have an opportunity to touch on some of those in more detail today.

While most of us are pleased with these new changes to our customs laws, simply providing new tools and putting new mandates in place will not, in and of itself, improve conditions on the ground. As with the passage of any new law dealing with any important government agency, congressional oversight is going to be key to ensuring that the statute is implemented in a manner that reflects our intent.

That is why I’ve requested Commissioner Kerlikowske to appear before the committee today.

With passage of the Customs bill, the Commissioner has many new authorities to implement. I am looking forward to hearing about how the Commissioner intends to use these authorities as well as a robust discussion of CBP’s ongoing efforts to facilitate trade and enforce our laws.

With that, I’ll turn to Senator Wyden for his opening remarks.

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