

FISCAL YEAR 1980 AUTHORIZATION OF APPROPRIATIONS
FOR THE U.S. INTERNATIONAL TRADE COMMISSION
AND THE U.S. CUSTOMS SERVICE

MAY 15 (legislative day, APRIL 9), 1979;—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany S. 1132]

The Committee on Finance reports an original bill (S. 1132) to authorize appropriations for the U.S. International Trade Commission and the U.S. Customs Service for fiscal year 1980, and for other purposes, and recommends that the bill do pass.

I. SUMMARY

S. 1132 would authorize fiscal year 1980 appropriations of \$16 million to the U.S. International Trade Commission and \$453,257,000 to the U.S. Customs Service.

II. GENERAL EXPLANATION

In order to meet the requirements of section 402(a) of the Congressional Budget Act of 1974 (31 U.S.C. 1352), the Committee on Finance reports an original bill, S. 1132, to authorize fiscal year 1980 appropriations to the U.S. International Trade Commission (ITC) and the U.S. Customs Service (Customs). In considering this bill, the committee reviewed H.R. 2471 (H. Rept. 96-62), as reported by the Committee on Ways and Means on March 21, 1979, which authorizes fiscal year 1980 appropriations to the ITC and Customs. The Finance Committee bill differs with a number of the House committee bill provisions, as explained below.

1. AUTHORIZATION OF APPROPRIATIONS FOR THE ITC (SECTION 1 OF THE BILL)

The ITC has requested \$14.7 million for fiscal year 1980. At the request of the committee, the ITC estimated that it will need an additional \$1.5 million during fiscal year 1980 to carry out its responsibilities under the new countervailing duty and antidumping laws as recommended by the Committee on Finance and the Committee on Ways and Means in their consultations with the administration on legislation to implement the results of the multilateral trade negotiations (MTN).

Present law.—Section 330(e)(1) of the Tariff Act of 1930 (19 U.S.C. 1330) requires annual enactment of authorizations of appropriations for the ITC. Section 175 of the Trade Act of 1974 (19 U.S.C. 2232) requires that ITC estimated expenditures and proposed appropriations be included in the President's budget without revision. The ITC appropriation for fiscal year 1979 was \$12,950,000, plus \$482,000 for legally required pay increases, for a total of \$13,432,000.

House committee bill.—H.R. 2471 as reported would authorize appropriations of \$14,150,000 to the ITC for fiscal year 1980, \$550,000 less than the \$14,700,000 requested. The \$550,000 reduction in the ITC's request recommended by the Ways and Means Committee specifically cuts out \$200,000 requested to carry out a study of the trade impact of certain Export-Import Bank activities. The balance of the reduction, \$350,000, was made without recommendation as to the ITC activities which should be affected.

Finance Committee bill.—The committee bill would authorize appropriation of \$16 million to the ITC for fiscal year 1980. This includes \$14.5 million of the \$14.7 million requested plus \$1.5 million the ITC did not request.

The ITC request of \$14.7 million included approximately \$200,000 to conduct a study provided for in section 1911 of the Financial Institutions Regulatory and Interest Rate Act of 1978. For the reasons contained in the explanation of section 3 below, the committee recommends that funds for the study be deleted from the fiscal year 1980 authorization.

At the request of the committee, the ITC estimated that it will require approximately 50 additional employees to carry out its responsibilities under the new countervailing duty and antidumping laws recommended by the committee and the Ways and Means Committee during their consultations with the administration on implementing legislation for the MTN. It is expected that the implementing legislation will be introduced during June. It will contain significant revisions of the countervailing duty and antidumping laws necessary to implement the international code on subsidies and countervailing measures and amendments to the international antidumping code negotiated in the MTN.

If the Congress approves the MTN implementing legislation, the new countervailing duty and antidumping laws will result in a substantial increase in the work of the ITC during fiscal year 1980. The amount of time for injury investigations will be significantly reduced as compared to current law. Furthermore, the ITC will be required to undertake at least two injury determinations in each countervailing

duty and antidumping case. These changes in the law, together with numerous new procedural requirements, will require at least 50 additional positions at the ITC if the Commission is to carry out its new responsibilities. The committee believes that an additional \$1.5 million for the salaries and expenses of these new employees is necessary and recommends this addition to the Senate.

The committee does not agree with the unspecified \$350,000 reduction recommended by the Committee on Ways and Means in H.R. 2471. This reduction would most severely affect the ITC Office of Economic Research. The committee believes full staffing of this office is essential to the continued improvement of the ITC's ability to carry on its economic analysis functions.

Finally, the committee notes an apparent attempt by the President's budget to revise the ITC budget request. Section 175 of the Trade Act of 1974 makes it clear that ITC budget estimates and proposals must be included in the President's budget without revision. However, on page 927 of the appendix to the Budget of the United States Government for Fiscal Year 1980 the President recommends appropriation of \$13.9 million for the ITC as compared to the \$14.7 million requested by the Commission. This is a clear violation of the spirit if not the letter of section 175.

2. AUTHORIZATION OF APPROPRIATIONS FOR THE CUSTOMS SERVICE (SECTION 2 OF THE BILL)

The Customs Service has requested \$446,857,000 for fiscal year 1980. At the request of the committee, Customs estimated that it will need an additional amount of up to \$6.4 million during fiscal year 1980 to carry out its responsibilities under the new countervailing duty and antidumping laws.

Present law.—Section 301 of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075) requires annual enactment of authorizations of appropriations for Customs. Customs' appropriation for fiscal year 1979 was \$442,857,000.

House committee bill.—H.R. 2471 as reported would authorize appropriations of \$446,857,000 for fiscal year 1980, the full amount requested.

Finance Committee bill.—The committee bill would authorize appropriations of \$453,257,000 to Customs for fiscal year 1980. This includes the full amount requested, \$446,857,000, plus \$6.4 million Customs did not request.

The amount requested by Customs is only \$4 million more than the fiscal year 1979 appropriation. Given inflation, the fiscal year 1980 request represents a reduction in the real Customs budget. The committee believes the request by Customs is justified and recommends enactment to the Senate.

At the request of the committee, Customs estimated it could need up to 187 additional employees to carry out its responsibilities under the new countervailing duty and antidumping laws. As in the case of the ITC, Customs will have much less time to carry on countervailing duty and antidumping investigations if Congress approves the MTN legislation. Customs will also be subject to significant new requirements relating to verification of information and public hearings which will require additional staff.

The committee understands that the preliminary estimate of 187 new positions, at a cost of \$6.4 million in salaries and expenses, may be reduced upon further review. Whatever additional amount may ultimately be requested, the committee believes that an increase in the Customs appropriations to administer the new countervailing duty and antidumping laws during fiscal year 1980 is essential. Therefore, the committee recommends that an additional amount, up to \$6.4 million, be added to the Customs appropriation authorization.

The committee notes with concern the Office of Management and Budget proposal to collect estimated duties within 3 days after the entry of merchandise. It would appear advisable instead to implement the new entry procedures as they were intended to be implemented under the Customs Procedural Reform and Simplification Act of 1978 (see S. Rept. 95-778, p. 12). These new procedures permit collection of estimated duties up to 30 days after entry, and are designed to promote the efficiency of customs administration and speed up the clearance process.

The committee continues to receive numerous complaints about congestion and unhappy experiences in customs clearance from travelers returning to the United States. The committee is anticipating the General Accounting Office report on traveler clearance procedures required by the Customs Procedural Reform and Simplification Act of 1978, but in the meantime expects the Customs Service to continue to examine ways to increase speed of passenger processing, such as preclearance, consistent with good law enforcement and protection of the revenue.

3. ITC STUDY FOR THE EXPORT-IMPORT BANK (SECTION 3 OF THE BILL)

Present law.—The ITC request of \$14.7 million included approximately \$200,000 to conduct a study provided for in section 1911 of the Financial Institutions Regulatory and Interest Rate Act of 1978 (Public Law 95-630):

SEC. 1911. The Bank shall implement such regulations and procedures as may be appropriate to insure that full consideration is given to the extent to which any loan or financial guarantee is likely to have an adverse effect on industries, including agriculture, and employment in the United States, either by reducing demand for goods produced in the United States or by increasing imports to the United States. To carry out the purposes of this subsection, the Bank shall request, and the United States International Trade Commission shall furnish, a report assessing the impact of the Bank's activities on industries and employment in the United States. Such report shall include an assessment of previous loans or financial guarantees and shall provide recommendations concerning general areas which may adversely affect domestic industries, including agriculture, and employment.

Under current practice, ITC is reimbursed for studies it conducts at the request of other Government agencies. ITC pays for studies it is required by law to conduct. Due to the phrasing of section 1911,

it is unclear whether this study should be considered a request by the Export-Import Bank or a statutory requirement on the ITC.

House committee bill.—H.R. 2471 as reported by the Ways and Means Committee would require another agency to reimburse the ITC for any study requested by that agency. Given the language of section 1911, the Commission could still be required to conduct the study even if the Export-Import Bank makes no request.

Finance Committee bill.—Although the committee has no objection to the ITC making the study under section 1911, and believes the ITC should increase its capability to analyze the effect of U.S. exports, it believes the Export-Import Bank should reimburse the ITC. Section 3 of the bill would prohibit the section 1911 study unless moneys are specifically authorized by law and appropriated for that purpose. This will insure that the ITC will have funds available if it makes the study. While the committee prefers that those funds come from appropriations to the Export-Import Bank, it leaves that decision to the Senate.

III. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill was ordered reported by a voice vote.

IV. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget Act, the following statement is made relative to the costs and budgetary impact of the bill.

The bill would authorize the enactment of new budget authority for fiscal year 1980 for the U.S. International Trade Commission in the amount of \$16 million and for the U.S. Customs Service in the amount of \$453,257,000. The committee accepts as its estimates the report of the Congressional Budget Office under section 403 of the Congressional Budget Act as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., May 10, 1979.

HON. RUSSELL B. LONG,
*Chairman, Committee on Finance, U.S. Senate,
Dirksen Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act, the Congressional Budget Office has prepared the attached cost estimate for a bill to authorize appropriations for the U.S. International Trade Commission and the U.S. Customs Service for fiscal year 1980, and for other purposes.

Should the committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN,
Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

MAY 10, 1979.

1. Bill number: Not yet assigned.
2. Bill title: A bill to authorize appropriations for the U.S. International Trade Commission and the U.S. Customs Service for fiscal year 1980, and for other purposes.
3. Bill status: As ordered reported by the Senate Committee on Finance on May 2, 1979.
4. Bill purpose: This bill authorizes the appropriation of \$16.0 million for necessary expenses of the U.S. International Trade Commission (ITC) in fiscal year 1980 and \$453.3 million for salaries and expenses of the U.S. Customs Service in fiscal year 1980. The bill also authorizes the appropriation of additional sums necessary to reflect pay rate increases for the Customs Service.
- The total authorization level for the ITC in this bill is \$1.3 million above the President's 1980 budget request of \$14.7 million and 23 percent above the current fiscal year 1979 appropriation of \$13.0 million. The authorization level in this bill for the Customs Service is \$6.4 million above the President's 1980 budget request, and represents an increase of about 5 percent above the current 1979 appropriation of \$430.6 million.
5. Cost estimate:

[By fiscal years; in millions of dollars]

	1980	1981	1982	1983	1984
Authorization level:					
ITC (Function 150).....	16.0				
Customs Service:					
Function 750.....	453.3				
Function 920.....	18.9				
Total.....	488.2				
Estimated outlays:					
ITC (Function 150).....	14.9	0.9	0.2		
Customs Service:					
Function 750.....	408.0	47.1			
Function 920.....	17.1				
Total.....	440.0	48.0	.2		

Including outlays from prior years' budget authority, total fiscal year 1980 outlays under the funding levels specified in this bill would be \$16.0 million for the ITC and \$468.2 million for the Customs Service.

6. Basis of estimate: For the purpose of this estimate, it is assumed that this bill will be enacted and the entire amount authorized will be appropriated before the beginning of fiscal year 1980. The estimated funding required for the pay comparability increase for the Customs Service is based on CBO's current policy projection of a 5.5 percent increase, effective October 1, 1979. This increase falls within budget function 920 in fiscal year 1980. Historical spendout rates have been used to estimate outlays.

7. Estimate comparison: None.

8. Previous CBO estimate: On March 19, 1979, the Congressional Budget Office prepared a cost estimate for H.R. 2471, a similar bill ordered reported by the House Committee on Ways and Means. The

House bill had slightly lower authorization levels of \$14.2 million for the ITC and \$446.9 million for the Customs Service. However, the estimate of pay increases authorized by the House bill was based on a 10.5 percent increase, rather than the 5.5 percent assumption now used by CBO.

9. Estimate prepared by: Michael E. Horton.

10. Estimate approved by:

C. G. NUCKOLS
(For James L. Blum)

Assistant Director for Budget Analysis.

Committee note: The pay raise authorization of \$18.9 million in function 920 shown in the above CBO estimate results in outlays in that function in fiscal 1980 of \$17.1 million and outlays in function 750 in fiscal 1981 of approximately \$1.9 million. This accounts for the excess of the total function 750 outlays for the 2 years over the authorization for that function.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the bill authorizes continued funding of two agencies without substantively modifying the law governing their operations. Consequently the enactment of this legislation will not result in any new impact of a regulatory, economic, privacy, or paperwork nature on individuals or businesses.

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930

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TITLE III—SPECIAL PROVISIONS

Part I—Miscellaneous

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Part II—United States Tariff Commission

SEC. 330. ORGANIZATION OF THE COMMISSION.

(a) MEMBERSHIP.— * * *

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(e) AUTHORIZATION OF APPROPRIATIONS.—(1) For the first year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.

【(2) There are authorized to be appropriated to the Commission for necessary expenses for fiscal year 1979 an amount not to exceed \$12,963,000.】

(2) *There are authorized to be appropriated to the Commission for necessary expenses for fiscal year 1980 not to exceed \$16,000,000.*

(3) There are authorized to be appropriated to the Commission for each fiscal year after September 30, 1977, in addition to any other amount authorized to be appropriated for such fiscal year, such sums as may be necessary for increases authorized by law in salary, pay, retirement, and other employee benefits.

THE CUSTOMS PROCEDURAL REFORM AND
SIMPLIFICATION ACT OF 1978

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TITLE III—CUSTOMS SERVICE APPROPRIATIONS
AUTHORIZATION

SEC. 301. (a) For the fiscal year beginning October 1, 1979, and each fiscal year thereafter, there are authorized to be appropriated to the Department of the Treasury for the United States Customs Service only such sums as may hereafter be authorized by law.

(b) *There are authorized to be appropriated to the Department of the Treasury not to exceed \$453,257,000 for the salaries and expenses of the United States Customs Service for fiscal year 1980.*

(c) *For the fiscal year beginning October 1, 1979, and for each fiscal year thereafter, there are authorized to be appropriated to the Department of the Treasury for salaries of the United States Customs Service such additional sums as may be provided by law to reflect pay rate changes made in accordance with the Federal Pay Comparability Act of 1970.*

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