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April 26, 2012

The Honorable John Bryson
Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, D.C. 20230

The Honorable David V. Aguilar
Acting Commissioner, U.S. Customs and Border Protection
U.S. Customs and Border Protection
1300 Pennsylvania Avenue NW
Washington, D.C. 20229

Dear Secretary Bryson and Commissioner Aguilar:

I am writing in response to reports that the Administration may be failing to adequately enforce U.S. trade remedy laws. I would like to request detailed information on how this lack of enforcement may be impacting Wisconsin manufacturers, as well as your input on what congressional action is needed to immediately remedy the situation.

According to his May 2011 testimony before the Senate Subcommittee on Homeland Security, Committee on Appropriations, Loren Yager, Director of International Affairs and Trade at the United States Government Accountability Office (GAO) revealed that as of 2001, U.S. Customs and Border Protection (CBP) has been unable to collect at least \$1 billion owed in antidumping and countervailing duties imposed to remedy injurious, unfair foreign trade practices. According to this same report, while the uncollected duties are highly concentrated among a few industries, importers purchasing products from China are associated with over 80 percent of the total amount of uncollected duties.

In 2010, Senator Ron Wyden prepared a report titled, "Duty Evasion: Harming U.S. Industry and American Workers" that involved his staff posing as a U.S. trading company, contacting Chinese exporters, and proposing to illegally transship as a way to avoid paying duties. The report found that of 47 replies from Chinese companies, no less than ten were willing to evade duties on five different products subject to antidumping and countervailing duty orders, including six industries impacting Wisconsin manufacturers (Steel Nails; Lined Paper School Supplies; Light-Walled Rectangular Pipe and Tube; Uncovered Innersprings Units; Natural Bristle Paint Brushes; and Steel Wire Garment Hangers). The report concludes: "foreign suppliers subject to AD/CVD orders and their U.S. importers avoid paying AD/CV duties by a number of unscrupulous schemes... In sum, they cheat."

In the paper sector alone, China provided more than \$33.1 billion in subsidies from 2002 to 2009 and during that period overtook the U.S. as the world's largest producer of paper and paper products. American companies in these and other sectors rely on the countervailing duty orders in place to combat these illicit subsidies and help them keep their doors open. Moreover, U.S. companies collectively spend millions of dollars to initiate and litigate these types of trade cases to keep illegally subsidized imports from entering the U.S. market, fully expecting positive determinations to result in funds collected by CBP.

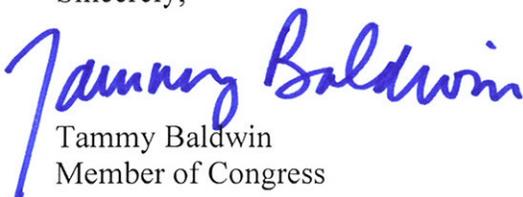
I believe we must use all of the trade enforcement tools available to us to ensure American businesses and workers compete on a level playing field—and this certainly includes following through to collect the antidumping and countervailing duty orders owed. The circumvention of U.S. trade laws, either by foreign producers or importers, is damaging to the our manufacturing base and may lead to the loss of American jobs. Further, as Director Yager detailed in his testimony, uncollected duties mean the U.S. government has “lost out on a substantial amount of duties that would have increased revenue to the U.S. Treasury.” This evasion means the loss of more than \$1 billion in federal revenue over the past ten years that, if properly collected, would decrease the federal debt and burden on American tax payers.

It is my understanding that there are currently 23 countervailing duty orders in place targeting illegally subsidized goods from China. These orders were implemented to ensure fair global competition for more than 230 U.S. companies and their workers across our country. In Wisconsin, the following industries have countervailing orders in place against Chinese companies: Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses; Circular Welded Austenitic Stainless Pressure Pipe; Laminated Woven Sacks; Lightweight Thermal Paper; and Multilayered Wood Flooring. I request a detailed response on whether failure to collect countervailing duties has impacted any of these industries, as well as any of the manufacturers singled out in Senator Wyden's report. If so, I would like to know how this failure has impacted Wisconsin companies that continue to be at a competitive disadvantage to their Chinese counterparts.

In addition, I am interested in your thoughts on what Congress can do to immediately improve the collection of antidumping and countervailing duties. Do you support a fundamental overhaul the antidumping and countervailing duty system? Are smaller legislative changes necessary? As our economy struggles to recover, how can we best adjust the country's trade remedy laws in order to ensure American manufacturers can compete on a level playing field?

I stand ready to work with you to enhance our enforcement mechanisms so that Wisconsin businesses and manufacturers across the country are able to compete fairly. I look forward to your expedient and detailed response.

Sincerely,


Tammy Baldwin
Member of Congress