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Report to the Chairman, Subcommittee on Trade, Committee on Ways and Means, House of Representatives

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U.S. IMPORTS

Unit Values Vary Widely for Identically Classified Commodities

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The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

Importers bringing a shipment of goods into the United States must provide information to the Customs Service that shows the quantity and overall value of each commodity being imported. Among other things, this information allows Customs to collect duties and fees; enforce any quantitative restrictions, such as import quotas; and develop information that can be used by the Bureau of the Census to develop trade statistics. In recent years, these statistics have been a cause for concern because unit values for the same type of commodity can vary over a wide range when they are used to calculate a value per unit imported.

The former Chairman of the Subcommittee on Oversight, House Committee on Ways and Means, requested that we determine why unit values for the same types of imported commodities vary. In this regard, we agreed to review documentation on the importation of eight classifications of commodities for fiscal year 1992 and to determine (1) how widely unit values for identical types of commodities varied and (2) why such variations occurred. This report discusses the results of our review and is addressed to you because these matters fall within the jurisdiction of your subcommittee. As requested, the appendixes include extensive analyses and comparisons of the unit values for each of the eight commodities we examined.

Results in Brief

Our analysis of eight selected commodities for fiscal year 1992 showed that unit values for these identically classified imports can and do vary widely. For example, we found facsimile machines valued from $5.62 each to $147,292 each, hypodermic syringes valued from $0.01 each to $3,485 each, and scrap gold valued from $0.02 per gram to $4,368 per gram—the latter being more than the market price of pure gold at the time.

We found two underlying causes for the variations in unit value. First, there were variations that resulted from commodity classifications so broad that the same code could cover products of different types, quality, and intended use. For example, the facsimile machines category covered

everything from inexpensive home-use units to components of complex communications systems. We examined the supporting documentation for 10 facsimile machine transactions and found machines that were correctly valued as low as $264.14 per unit and as high as $26,425 per unit.

The second cause for the variations was errors—such as misclassifying the product or entering the wrong quantity or total value—made by the filer when entering data into Customs' Automated Commercial System (ACS). For example, facsimile machines valued at $5.62 each turned out to be spare parts, while one valued at $147,292 actually was a telegraph machine. Hypodermic syringes valued at $0.23 each actually had a value of $2.25 each because the filer incorrectly entered the quantity as 600,000 units instead of 60,000 units. A shipment of gold was valued at $4,368 a gram—more than 379 times the price of pure gold—because the quantity of 2.05 kilograms was incorrectly recorded as 2 grams. The actual value of the scrap gold was $4.26 a gram, less than half of the then market price of $11.54 a gram for pure gold. Using Census-developed parameters, ACS screens the filers' entries to detect possible unit value errors that could adversely affect the quality of the trade data. However, because the parameters are so broad, ACS detects only errors involving extremely high or low unit values.

The errors we noted had little effect on quotas, duties, and fees for the 80 transactions we analyzed because these are generally based on aggregate rather than unit values. Because we did not randomly sample commodities or transactions, we cannot generalize about the overall level of errors in the Import Detailed Data Base from which Census generates trade statistics. However, the high number of errors we found (errors in 45 of the 80 transactions) indicates a need to improve the accuracy of filers entering data into ACS. Otherwise, the errors could threaten the accuracy of U.S. trade statistics and the ability of Customs to continue using unit value ranges as the only mechanism to screen transactions for errors or illegal activities. Adding narrower unit value ranges to ACS would allow filers to identify and correct more errors during data entry.

Background

More than 14,000 different types of commodities are imported into the United States, involving more than 15 million separate shipments or transactions each year. In 1992 and 1993, U.S. imports were valued at $532.7 billion and $580.5 billion, respectively.

Customs has the primary responsibility for processing imports to ensure that they do not violate U.S. laws and regulations. Also, Customs is responsible for ensuring that duties and fees are paid and, with more than $21.6 billion collected in fiscal year 1993, is second only to the Internal Revenue Service in its revenue-producing function.

Customs also accumulates basic information on imports in its ACS database for oversight and statistical purposes. For about 94 percent of the ACS entries, importers or licensed brokers—referred to as "filers"—electronically enter data directly into ACS and generally follow this with a manually prepared entry summary. For the remaining 6 percent of the ACS entries, the filers elect not to file the entry electronically, and Customs must enter the information into ACS from the manually prepared entry summaries.

Periodically, Census extracts data from ACS for use in developing and publishing trade statistics. The Census data are available in two forms. The first and most comprehensive is the Import Detailed Data Base, which contains information on individual transactions and is restricted to official use. The second consists of various reports and publications that summarize trade statistics and are made available to the public.

In 1990, two professors at Florida International University (FIU), using the summary Census data, found wide variations in the unit values for seemingly identical commodities. For example, the professors found that the unit value for razors varied from $0.03 to $34.81 each. They also found that emeralds from Panama had an average unit value of $974.58 a carat, compared with $5.29 a carat for those from Brazil. Other commodities showed similar disparities.

As the results of the FIU study became known, concerns were raised that the differences in unit value could be the result of criminal activities, such as money laundering. For example, a person in the United States could transfer money to another country simply by paying far too much for an imported product in an exchange that would otherwise appear legitimate.

Objectives, Scope, and Methodology

As discussed with the Subcommittee, we determined that statistical sampling of a database as large as ACS' was impractical, given the time constraints of our work. Instead, we agreed to judgmentally select eight commodities for detailed examination. We selected these commodities from the Harmonized Tariff Schedule (HTS) of the United States, which

classifies and describes all commodities subject to importation and lists the applicable duties, fees, and quotas for each commodity. We selected a broad variety of commodities that generally had narrow definitions and provided some overlap with previous studies by Customs and FIU. Three of the eight commodities were subject to quotas.

To meet our first objective of determining how widely unit values for identical types of commodities varied, we used the Import Detailed Data Base for fiscal year 1992 to compute and analyze unit values and to develop statistical profiles for each of the eight commodities. To meet our second objective of determining why these variations occurred, we selected 10 transactions across a wide range of values under each of the 8 commodities. For each of these 80 transactions, we then examined supporting documentation, such as entry summaries, invoices, and shipping manifests, to verify that the commodity was appropriately classified and to recalculate the unit values that should have been reported. Our objectives, scope, and methodology are discussed in more detail in appendix I.

Appendix II provides a summary comparison of the commodities we selected for analysis. Appendixes III through X show the results of these analyses by commodity, including (1) comparisons of high, low, average, and median unit values by U.S. port of entry, country of export, importer, and method of transport; (2) quantities shipped and unit values at each decile across the range of values; and (3) a comparison of the unit value we computed with those in the ACS database for the selected transactions.

We obtained written comments on a draft of this report from Customs and Census. Their comments are evaluated at the end of this letter and are reprinted in appendixes XI and XII.

We did our work between November 1993 and August 1994 in accordance with generally accepted government auditing standards.

Unit Values of Imported Commodities Varied Widely

Just as the FIU study, we found wide variations in unit values for transactions within the same commodity classification. Table 1 shows the highest, lowest, and average unit values for each of the eight commodities. Appendixes III through X show the unit values for each commodity across percentile ranges and provide further comparisons by U.S. port of entry, country of origin, importer, and method of shipment.

Table 1: Fiscal Year 1992 Unit Values for Eight Imported Commodities

Commodity (unit of measure)	Unit value		
	High	Low	Average
Scrap gold (gram)	$4,368.00	$0.02	$3.75
Pantyhose (dozen pair)	1,267.50	0.00[a]	6.22
Facsimile machine (each)	147,292.00	5.62	409.30
Hypodermic syringe (each)	3,485.00	0.01	0.13
Raw cane sugar (kilogram)	1.75	0.43	0.54
Wood dowel rods (meter)	3,809.00	0.00[b]	0.14
Tire cord fabric (kilogram)	59.78	1.21	3.70
Unsweetened cocoa (kilogram)	234.43	0.00[c]	1.12

[a]Some unit values were $0.00 because no quantity was entered. The $0.52 value was the lowest unit value for a pantyhose transaction where the quantity was shown.

[b]Wood dowel rods had a low unit value of $0.004.

[c]Some unit values were $0.00 because no quantity was entered. The $0.11 value was the lowest unit value for an unsweetened cocoa transaction where the quantity was shown.

Source: Bureau of the Census data, GAO computations.

As seen from table 1, variations in unit value were the norm for the eight commodities we examined. Raw cane sugar had the most narrow unit value range and, even then, the highest value of $1.75 a kilogram was four times the lowest value of $0.43 a kilogram. At the other extreme, the high unit value of $3,809 per meter for wood dowel rods was 952,250 times the lowest unit value of $0.004 per meter.

Some unit values appeared implausible. Such was the case with facsimile machines valued at $5.62 each, pantyhose for $1,267.50 a dozen pair, or hypodermic syringes as low as $0.01 and as high as $3,485 each. Also, 185 shipments of scrap gold, which accounted for 783,380 grams (or 4.3 percent of the total quantity), each had a unit value of more than $11.60 a gram—the price of pure gold at the time. Overall unit values for scrap gold ranged from $0.02 to $4,368 a gram, with an average unit value of $3.75 a gram.

Broad Commodity Definitions and Data Entry Errors Caused Wide Variations in Unit Values

In examining the supporting documentation for individual transactions, we found two causes for variations in unit values. First, the commodity classifications used by Customs were so broad that a particular code could cover a wide assortment of products with natural variations in value. In practice, Customs can do little about the wide commodity definitions, since they are determined through a combination of law, international agreement, and agreements among various U.S. agencies, including Customs.

Second, filers frequently made errors in entering the commodity code, quantity, or total value into ACS. While Customs could correct these errors if it knew of them, the current parameters used to detect unit value anomalies are so broad that they identify only those errors involving extremely high or low unit values.

Commodity Definitions Were Broad

In coding commodities for entry, Customs requires filers to choose from the more than 14,000 codes specified by the HTS. The HTS is subdivided into sections, chapters, and specific commodity types. The codes range from 4 to 10 digits in specificity, depending on the degree to which a particular commodity is subdivided. For example, facsimile machines are at the 10-digit level (8517.82.00.40) under "electrical machinery and equipment" (Chapter 85), the 4-digit level (8517) under "electrical apparatus for line telephony or telegraphy," and the 6-digit level (8517.82) under "telegraphic."

Even with the large number of specialized codes, commodities within a particular HTS classification can vary by type, quality, and intended use. As shown in the transaction analyses in table 8 of appendixes III through X, these variations in products lead to variations in unit values. For example, the facsimile machine classification described in appendix V covers everything from inexpensive and mass-produced, home-use models to machines that are highly specialized and designed to be used in complex and sophisticated communications systems. We analyzed the supporting documentation for the 10 facsimile machine transactions and found machines that were properly valued as low as $264.14 per unit and as high as $26,425 per unit.

Similarly, the pantyhose classification discussed in appendix IV is broad enough to include such diverse products as pantyhose of differing grades and sizes, tights, and support hose. For the 10 pantyhose transactions, we analyzed the supporting documentation and found products that were

properly valued from as low as $3.50 a dozen pair to as high as $156.59 a dozen pair. Two of the transactions, with unit values of $156.59 and $66.64 a dozen pair, were special orders intended for promotional uses.

The scrap gold classification is broad because it covers gold waste and scrap, regardless of the weight, purity, or metals to which it is clad. For example, we examined the supporting documentation for one transaction where the commodity was described on the invoice as "scrap gold for refining" and was properly valued at $9.26 a gram. We examined the supporting documentation for another transaction and found the scrap gold was properly valued at $0.22 a gram and, according to the invoice, consisted of gold and brass "floor sweeps."

The U.S. International Trade Commission publishes the HTS, following guidelines set by law, international agreement, and agreements among U.S. agencies. As one of these agencies, Customs can only recommend changes in the level of specificity within individual HTS classifications. Customs officials said they would not necessarily make changes in the definitions even if they could do so. According to these officials, while narrower product definitions would reduce the range of unit values within a particular commodity code, the higher level of specificity also would increase the number of codes with which Customs and the filers would have to contend.

Filers Entered Erroneous Data Into ACS

Another reason unit values for imports varied so widely is that the Import Detailed Data Base contains errors. Such errors occur when the filer enters the wrong HTS code, quantity, or total value into ACS and the data are not corrected prior to being extracted by Census. We examined the supporting documentation for 80 transactions, and we found that 45 transactions contained one or more types of errors.

Wrong HTS Code

For 14 of the 45 transactions with errors, the filer entered the wrong HTS code. Thus, while the unit value may have been computed properly, it was entered under the wrong commodity classification. The following are examples of valuation errors created by the filer having entered the wrong HTS code:

- Four of the 10 facsimile machine transactions were wrongly coded because the products shipped were not facsimile machines. Two of these transactions, with unit values of $492.84 and $5.62 each, actually were for spare parts. A third transaction, with a unit value of $29.23 each, was for a

shipment of modems. The fourth transaction—and by far the largest single unit value we analyzed—was for a telegraph machine with a unit value of $147,292.

- Three of the 10 raw cane sugar transactions—accounting for 64.7 percent of the total volume shipped during 1992—were wrongly coded. Since the product did not meet the commodity definition of raw sugar, it should have been listed under another cane sugar category.
- Three shipments of unsweetened cocoa, with unit values of $234.43, $2.62, and $0.24 a kilogram, were wrongly coded. Even though the products contained cocoa, one shipment was a specialty concentrate and the other two shipments were cocoa cake. Each type of product has its own HTS classification.

Wrong Quantity or Total Value

For 36 of the 45 transactions with errors, the filer entered either the wrong quantity, the wrong total value, or both the wrong quantity and total value into ACS. Five of these 36 transactions contained errors because the filer had also entered the wrong HTS. The following are examples of the types of quantity and value errors we found:

- On a shipment of hypodermic syringes, the filer showed the quantity as 600,000 when it should have been 60,000. Since the total value was properly shown as $135,000, the unit value was computed as $0.23 each when the correct unit value was $2.25 each.
- On a shipment of wood dowel rods, the quantity was incorrectly shown as 2 meters when it should have been 4,618 meters. This resulted in the computation of the unit value as $3,809 per meter when the correct value was $1.65 per meter. The opposite occurred on another shipment, when the quantity was shown as 2,709,190 meters instead of 225,765 meters. Thus, the unit value should have been $0.05 per meter instead of $0.004 per meter.
- A shipment of gold had a unit value of $4,368 a gram, or 379 times the going rate for pure gold at the time, because the filer had entered the wrong quantity. The supporting invoice showed the quantity as 2.05 kilograms and, apparently, the filer showed this as 2 grams in making the entry. The correct unit value of the scrap gold was $4.26 a gram, or less than half of the then market price of $11.54 a gram for pure gold.
- Eighteen shipments of unsweetened cocoa showed a unit value of $0.00 a kilogram because, in each case, no quantity was shown on the Import Detailed Data Base. We analyzed the supporting documentation on one of these shipments and found that the quantity should have been 8,164 kilograms. Since the total value was properly entered at $14,940, the unit value should have been $1.83 a kilogram.

Effects of Filer Errors on Revenues, Trade Statistics, and Customs' Ability to Detect Errors

For the transactions we examined, the effect of the filer errors on revenues was minimal. However, the errors raise questions about the accuracy of trade statistics and Customs' ability to use unit values as a screening mechanism in ACS to detect data errors or to identify problems, such as quota violations or improper payment of duties and fees.

Filer Errors We Found Did Not Result in Revenue Loss but Did Affect Trade Statistics

The filer errors we found had only a minimal effect on revenues. Of the 45 transactions we found with errors, we identified only 5 transactions where we could determine the duties or fees were wrong, with a net overcollection of $114.57. Each of these incorrect duties or fees was caused by a quantity or value error. We could not determine the effect on duties for two other transactions because the supporting documentation did not contain sufficient information to identify the HTS code that should have been entered.

None of the classification errors resulted in a dollar loss because the duties and fees actually paid were equal to or greater than what should have been paid. Similarly, most of the remaining errors involved quantity, whereas duties and fees typically are tied to total value.

Quantity errors could be a problem where quotas are concerned, and three of the commodities we selected—raw cane sugar, tire cord fabric, and pantyhose—were subject to quotas. Again, however, the errors we found did not raise concerns that quotas may have been exceeded significantly. In two cases, the quantities were overstated because of errors, so the quota was not exceeded. In the third case, the quantity understated was minimal, amounting to only 0.026 percent of the total quantity shipped for the year.

Errors in the Import Detailed Data Base can affect trade statistics. When the filer enters the wrong quantity or value into ACS, the effect is limited to the HTS classification being examined. In those cases where the wrong HTS is entered, the quantity and value data will be in error for both the classification that was entered by mistake and the classification that should have been entered.

Since we did not randomly sample commodities or transactions, we cannot project the overall effect of filer errors on trade statistics. However, raw cane sugar, one of the commodities we selected, had only 32 transactions for 1992. We analyzed 10 of the 32 transactions and found

that 3 transactions were improperly coded. The three transactions accounted for 64.6 percent of the total quantity and 55.7 percent of the total value reported. The effect of these three classification errors was an overstatement of both quantity and total value in the raw cane sugar category. If not for these 3 errors, the total quantity would have been 931,237 instead of the reported 2,632,911 and the total value would have been $630,491 instead of $1,422,070. Presumably, the categories that should have been entered were understated by like amounts.

Census Unit Value Ranges Are Too Broad to Detect All Filer Errors

As a means to detect potential errors in the trade data drawn from the Import Detailed Data Base, Census developed a series of screening parameters that provide a warning that the information entered is outside of the norm. Two types of warnings involve unit value—one warning if it is too high and one warning if it is too low. In effect, the warnings provide a range within which the unit value should fall for a particular commodity code. Table 2 shows the Census unit value ranges for each of the eight commodities we selected for analysis.

Table 2: Unit Value Ranges for Eight Selected Commodities During Fiscal Year 1992

	Unit value range[a]	
Commodity (unit of measure)	**High**	**Low**
Scrap gold (gram)	$28.00	$0.10
Pantyhose (dozen pair)	270.00	2.00
Facsimile machine (each)	28,000.00	10.00
Hypodermic syringes (each)	500.00	0.01
Raw cane sugar (kilogram)	1.49	0.07
Wood dowel rods (meter)	1.99	0.01
Tire cord fabric (kilogram)	25.00	0.96
Unsweetened cocoa (kilogram)	13.39	0.18

[a]Rounded to nearest cent.

Source: Bureau of the Census data.

The Census ranges are integrated into Customs' ACS, which is to use them to screen each automated entry for unit value anomalies. When the unit value of a particular entry falls above or below the Census range, ACS is to first warn the filer, who then can review the data entered and make corrections if necessary. If the numbers are accurate, but outside the range, Customs is to require the filer to provide supporting documentation with the paper entry summary that follows the electronic submission. ACS

is also to alert Customs officials that the entry is outside of the range, and they can review the supporting documentation and ask the filer for more details, if desired.

A unit value outside the Census range does not necessarily mean that Customs will review the transaction or make changes to its database. For example, Customs' procedures provide that no changes to the Import Detailed Data Base generally are required for nontextile commodities if the total value of the transaction is less than $10,000 and no quota or voluntary restraint agreement is involved. Also, Customs officials may choose to take no action or correct only portions of the data, such as those necessary to ensure the proper collection of duties and fees.

We examined the supporting documentation for 80 transactions and found that 15 had unit values that were either higher or lower than the Census ranges. In all but 1 of these 15 cases, the filers had made errors in entering the HTS code, the quantity, or the total value into ACS. The only transaction that fell outside of the Census ranges, but was properly entered, was a shipment of tire cord fabric in which the high unit value of $44.64 a kilogram was due to its being a prototype item with a small quantity. Customs officials had not made corrections to the Import Detailed Data Base on any of the 14 transactions we examined and on which we found errors. In some cases, however, the officials had made corrections to the entry summary documents, duties and fees charged, or other modules of ACS.

One limitation in the Census ranges is that they are so broad they are of little use in identifying any but the most extreme variations from the norm. This limitation occurs because the Census ranges were designed to detect only those unit values it considered most likely to be erroneous. According to Census, a group of transactions falling outside of a range may indicate the need to adjust the range for a number of reasons, including natural value fluctuations, a change in the diversity of the products included in a particular category, incorrect reporting, or new products entering the trade flow. For the 8 commodities we selected, only 196 (or 1.8 percent) of the 11,100 transactions in 1992 fell outside of the Census ranges.

Customs Has Addressed Some Valuation Problems and Is Considering Other Actions

The Trade Agreements Act of 1979 (P.L. 96-39) established one primary valuation method—transaction value—and four secondary methods for determining customs value. Under the transaction value method, Customs generally accepts the price agreed to between the buyer and the seller as the basis for Customs' valuation as compared to the more complex procedures of the prior valuation system. In practice, Customs officials said that Customs relies on the value declared by the filer unless it has some reason to question the value's accuracy.

In 1990, Customs officials became concerned that valuation had become a low priority within Customs and performed an internal valuation review. The study confirmed the need to re-emphasize valuation in the entry process so that Customs would be better equipped to detect importer attempts to manipulate valuation laws and regulations.

Since its 1990 study, Customs has taken several courses of action to address concerns on the valuation of imports. These actions include establishing valuation as one of six priorities in Customs' Trade Enforcement Strategy Plan, creating a National Valuation Center to help implement the Strategy Plan, increasing training of import specialists on valuation issues, increasing analysis of valuation in enforcement and compliance activities, and implementing an Entry Summary Review Program to increase uniformity in the classification and appraisement of imports.

Customs' analyses of unit values identified the same types of anomalies we found in our review. For example, an enforcement initiative in 1992, which studied shipments into the Miami District, found asparagus valued at $7 a kilogram compared with a world average of $1.38 a kilogram and dryers with a unit value range of $4.24 to $746,723 each. Similarly, in 1993, national import specialists in New York analyzed 1,199 shipments of automatic typewriters and word processing machines and found unit values that ranged from $1.83 to $17,937 each, with an average of $124.67 each.

Customs also identified some of the same causes for unit value variations that we identified. An April 1994 Quality Assurance Review draft report, which dealt with the statistical reporting of trade data, pointed out that the wrong HTS codes were entered in ACS because (1) the codes were difficult to interpret and use, (2) the filers did not have sufficient expertise in determining the proper code, and (3) there were few disincentives for using the wrong code. The report also agreed that the Census ranges on

valuation were too broad. The report made a number of recommendations for improving the entry, use, and screening of valuation data. These recommendations were preliminary and had been disseminated for field comment; thus, we did not evaluate them.

Customs currently is redesigning its entry summary selectivity process, which defines the procedures followed in selecting import documentation for further review by import specialists. This redesign is part of a larger redesign effort, which also is considering changes in the way cargo is selected for physical inspection. Customs officials have not yet determined the degree to which valuation will be a part of the entry summary selectivity process redesign, although they said it may play a prominent role.

Customs officials said that changing the way the Census ranges are used presents a dilemma. The Customs officials said that they realize the current ranges are too broad to detect many errors and that they had considered narrowing them. However, while narrowing the ranges would identify more problem entries, this action also would (1) create the need for reviewing more entries that do not have a problem and (2) divert Customs' resources from other endeavors. Nevertheless, Customs officials said they will continue to look for ways to improve the use of unit value screening mechanisms.

We asked the Customs officials whether they had considered using two sets of ranges—one fairly narrow set for the filer and a broader set for Customs and Census. Such a system would place more of the burden on the filers who are making the errors and would encourage these filers to use greater care when entering data. Since Customs and Census could continue to use the broader ranges for their own purposes, any increased workload for the agencies would be minimized.

One of the commodities we selected for analysis, hypodermic syringes, can be used as a hypothetical example of how narrower ranges may be beneficial. At the time of our review, the acceptable Census range for this commodity was from $0.01 to $500 each, with only 2 of the 417 transactions for the year falling outside of this range. However, had the Census range been $0.05 to $6.68 each—the unit values at the 20th and 80th percentiles for all transactions during fiscal year 1992 ranked by descending unit values—125 of the 417 transactions would have fallen outside of the range. Included in the transactions that would have been questioned under the new range, but not the old range, was a shipment of

600 syringes with a unit value of $95.35 each. We determined that this shipment should have been recorded at a quantity of 319,800 and a unit value of $0.18. While we could not determine how many other transactions were in error, we did note that a total of 24 transactions had a unit value of more than $40 each, which Customs officials said is improbable for a single syringe.

Customs officials said that, while a two-tiered set of unit value ranges merited consideration, they had not considered such a process and were not sure whether it could be done within the current system. The officials planned to study the feasibility of a two-tiered process, but they had not done so at the completion of our work.

Conclusions

On the basis of our analysis of eight commodities imported during 1992, unit values did vary widely, with the highest values ranging from 4 times to almost 1 million times the lowest values. Certain unit values—such as pantyhose priced as low as $0.00 a dozen pair and as high as $1,267.50 a dozen pair—appeared implausible.

We found two primary causes for these wide-ranging values. First, the commodity definitions themselves may be so broad that they cover a diverse group of products with correspondingly diverse values. Second, the importers and brokers may enter the wrong classification code, quantity, or total value into Customs' ACS. Thus, many of the unit values being calculated from the Import Detailed Data Base may be incorrect.

Our analysis does not allow us to make any generalizations about error rates across all commodities or even within the commodities we examined. However, the high overall error rate (errors in 45 of 80 transactions); the frequency of errors in HTS codes, which affects both the incorrect commodity and the correct commodity; and the fact that Customs' own research has also shown a high number of errors lead to concerns about the accuracy of these data. The errors we found did not cause a loss of revenues or problems with quotas in relation to the limited number of commodities and transactions we examined. However, our analysis has demonstrated the potential for errors to affect revenues, quotas, and trade statistics. The errors also could lead to difficulties for Customs in using unit value ranges to identify data errors and import compliance problems. To improve the quality of filer data, Customs could consider adding narrower unit value ranges to ACS at the point of data

entry, thereby weighing the benefits of such a change against the costs to importers.

Recommendation

We recommend that the Secretary of the Treasury direct the Commissioner of Customs to determine the feasibility of adding narrower unit value ranges to Customs' ACS that will allow the filer to identify and correct more errors at the point of data entry. If the Commissioner finds that such ranges are feasible and cost effective, he should take the appropriate steps to implement them.

Agency Comments

The Customs Service and the Bureau of the Census provided written comments on a draft of this report. Customs agreed with our conclusions and recommendation and discussed recent actions that it had taken to increase the accuracy of data that are reported for trade statistics. Customs stated that, by placing emphasis on improving overall compliance levels through its Compliance Measurement program, major improvements will be made in the level of compliance with a resultant increase in the quality of trade data. Customs also discussed a pilot program that will use reasonable maximum and minimum unit values to screen entries for potential errors and discrepancies. Also, Customs said it is working in partnership with Census to ensure that the ACS redesign program will provide a long-term basis for overall statistical improvement.

Census stated that it believed the report should have specified that ACS provides Customs with the capability to override numerous Census edits including price range and quantity requirements. We agree with this point. On pages 10 to 11, we discuss ACS procedures for screening each automated entry for unit value anomalies and Customs' review of particular entries that fall above or below the Census range. Our primary concern is Customs' use of the data to ensure compliance and to generate accurate trade statistics. In this regard, we recommend that Customs determine the feasibility and cost effectiveness of developing narrower unit value ranges for its own use.

Census also believed clarification was needed in our statement that Census may broaden the unit value range when too many transactions fall outside the range. Census stated that it does not automatically adjust a range and that the more likely scenario is that adjustments are a reaction to new products entering the trade flow. One of the ways of identifying new products is through groups of transactions falling outside an

established range. We have modified the language on page 11 accordingly. Our main point is that the ranges are too broad for any practical use of the unit values as a screening device by Customs in ensuring compliance and accuracy of transaction data.

We are providing copies of this report to the Secretary of the Treasury, the Secretary of Commerce, the Commissioner of Customs, and other interested parties. Copies also will be made available to others upon request.

Major contributors to this report are listed in appendix XIII. If you need additional information or have any questions, please contact me at (202) 512-8777.

Sincerely yours,

Laurie E. Ekstrand
Associate Director, Administration
of Justice Issues

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Abbreviations

ACS	Automated Commercial System
FIU	Florida International University
HTS	Harmonized Tariff Schedule of the United States

Objectives, Scope, and Methodology

On October 23, 1992, the Chairman of the Subcommittee on Oversight, House Committee on Ways and Means, requested that we conduct a study of unit values of imports and exports. His concerns were based on work in 1990 by two professors from Florida International University (FIU), which found significant variations in the unit values of seemingly identical commodities. Specifically, the Chairman asked us to assess the risk of false pricing of imports and exports as a cover for money laundering, how such schemes were being used, the pervasiveness of the problem, and the federal response needed.

On September 14, 1993, we briefed the Subcommittee on our work to date. We said that laundering money through manipulative import and export pricing is possible, however, it would be difficult since (1) illicit currency would already have to be laundered once by getting it into the banking system and (2) easier methods of laundering money exist, such as simply smuggling it out of the country. Neither we nor the Customs Service had found evidence of any widespread import and export pricing schemes. On the basis of our analyses of selected transactions, we believe the more likely explanation was that the variations were the product of erroneous data being provided to Customs by the industry.

The Subcommittee noted that the original request letter was broad and it was concerned with the overall issue of import valuation, not just money laundering. They asked that we continue our work, but refocus our analysis. In this regard, we agreed to limit our scope to imports and to revise our objectives to determine (1) how widely unit values for identical types of commodities varied and (2) why such variations occurred. They further agreed to our providing detailed analyses of judgmentally selected commodities and transactions, recognizing that the results would be illustrative, but not projectable.

As the focus of our study, we obtained from Customs the Import Detailed Data Base, commonly referred to as the IM115 database, for fiscal year 1992, which was the most recent year available. These data, extracted from Customs' Automated Commercial System (ACS) for use by Census in developing trade statistics, include all import transactions for the year. In total, the files included 15,022,423 records.

We used the Harmonized Tariff Schedule (HTS) of the United States as the source for selecting commodities. The HTS provides the official classification codes and descriptions for more than 14,000 types of

commodities subject to importation into the United States. The HTS also provides information on the duties, fees, and quotas.

We selected eight commodities for detailed analysis. These were pantyhose, raw cane sugar, scrap gold, tire cord fabric, unsweetened cocoa, wood dowel rods, hypodermic syringes, and facsimile machines. While the selections were judgmental, we followed some general criteria. Thus, we chose commodities that would appear to have a relatively narrow product description. The one exception was facsimile machines, which were known to have a broad definition and were chosen for comparison. We chose three commodities (raw cane sugar, tire cord fabric, and pantyhose) that were subject to quotas. We chose two commodities (scrap gold and pantyhose) that had been studied earlier by Customs and were known to have unit value anomalies. We also chose one (scrap gold) that had been included in the FIU study.

At Customs' recommendation, we restricted our analysis of the Import Detailed Data Base to entries listed as "consumption entry" or "warehouse withdrawals." This restriction was to ensure we were looking at original entries only and to prevent double counting. We then extracted data from the following fields on each of the commodities selected: entry date, importer, consignee, quantity of items in shipment, Customs' valuation of shipment, port of entry, method of transportation, and country of origin. At Customs' recommendation, we did not use the unit price variable in the Import Detailed Data Base, but rather calculated unit value on our own by dividing the Customs valuation by quantity shipped.

For each commodity, we ranked the individual shipments or transactions in descending order by unit value. We then divided the overall distribution of transactions for each commodity into deciles. Since many transactions had the same unit value, the number of transactions in each decile varied in some instances. We also developed analyses for each commodity showing the number of transactions, total quantity, total value, highest unit value, lowest unit value, median (by quantity and number of shipments) unit value, and average unit value by country of origin, importers, U.S. port of entry, and method of transport.

For our transaction analysis, we selected 10 transactions for each of the 8 commodities. Again, we selected these judgmentally but used some broad criteria in making the selections. We selected transactions that would give us a range of values across (although not necessarily in each of) the deciles, a representation of the extremely high and extremely low unit

values, a range across importers, a comparison of transactions by the same importer, comparisons between the number of shipments and quantity shipped by the same importer, and a range of quantities shipped. We also used individual criteria for selected commodities. For example, we were interested in transactions of scrap gold where the unit value was more than the value of pure gold, a transaction of raw cane sugar that accounted for more than half of the quantity imported during the year, and transactions on quota commodities where the quantities appeared too small for the values cited. Because we did not randomly sample the commodities or transactions, we cannot generalize about the overall level of errors in the Import Detailed Data Base.

To verify the correct unit value for each of the transactions, we obtained the supporting documentation maintained by Customs. These documents included such items as the entry summary, invoices, shipping documents, packing lists, certifications of quota eligibility, laboratory reports, and miscellaneous memoranda. We compared the quantities, values, and HTS codes shown in the Import Detailed Data Base with these documents. Where we noted discrepancies or could not determine the correct amount, we contacted the cognizant officials at Customs' ports and districts to determine what the correct entries should have been.

We also discussed each commodity and transaction with Customs' cognizant National Import Specialist in New York as well as with Customs' port representatives when more information was needed. We obtained and analyzed other data on the transactions from Customs' ACS to determine the amounts of duties and fees paid, questions, if any, raised and resolved during the entry process, etc. In some cases, Customs officials obtained information directly from the importers or brokers for our use; however, we did not contact the importers and brokers ourselves.

Because the only unit value screens in Customs' ACS were the ranges devised by the Census Bureau, we discussed each of the commodities selected with Census officials and attempted to determine how transactions with unit values outside the Census ranges were resolved. The data available were limited, because neither Census nor Customs maintains a complete record of what was questioned or how the matter was resolved.

We met with Customs officials in Washington, D.C.; Atlanta; Miami, FL; and New York to discuss enforcement activities, activities related to the entry selectivity redesign project, quality assurance reviews, and other

special projects. We also held telephone discussions with Customs' import specialists at various Customs' ports and districts nationwide.

Summary Data on Eight Commodities Analyzed by GAO, Including Transactions Selected for Analysis of Supporting Documentation

Commodity		Fiscal year 1992 total	GAO selections	Percent selected
Scrap gold	Shipments	924	10	1.1
	Quantity	18,163,357 grams	1,671,933 grams	9.2
	Total value	**$68,180,914**	**$9,159,269**	**13.4**
Pantyhose	Shipments	1,882	10	0.5
	Quantity	7,159,497 dozen pair	119,578 dozen pair	1.7
	Total value	**$44,536,825**	**$567,116**	**1.3**
Facsimile machines	Shipments	4,333	10	0.2
	Quantity	2,336,227 units	23,650 units	1.0
	Total value	**$956,212,890**	**$9,045,953**	**0.9**
Hypodermic syringes	Shipments	417	10	2.4
	Quantity	159,889,150 units	6,871,125 units	4.3
	Total value	**$20,176,031**	**$1,233,958**	**6.1**
Raw cane sugar	Shipments	32	10	31.3
	Quantity	2,632,911 kilograms	2,010,767 kilograms	76.4
	Total value	**$1,422,070**	**$1,012,864**	**71.2**
Wood dowel rods	Shipments	778	10	1.3
	Quantity	96,184,254 meters	6,886,662 meters	7.2
	Total value	**$13,604,114**	**$525,088**	**3.8**
Tire cord fabric	Shipments	214	10	4.7
	Quantity	3,626,032 kilograms	107,310 kilograms	3.0
	Total value	**$13,421,938**	**$400,526**	**3.0**
Unsweetened cocoa	Shipments	2,520	10	0.4
	Quantity	57,906,785 kilograms	270,002 kilograms	0.5
	Total value	**$64,672,145**	**$283,119**	**0.4**

Source: Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Scrap Gold

HTS CODE: 7112.10.00.00

UNIT OF MEASUREMENT: Gram

QUOTA: None

DUTY: None

DESCRIPTION: This category includes gold waste and scrap, including metals clad with gold. It does not include sweepings containing other precious metals or gold-plated items. No distinction is made within the code for the weight or purity (e.g., 10 carat, 14 carat, 24 carat, etc.).

Table III.1: General Information on Import Activities

Number of shipments	Quantity (grams)	Total value	U.S. ports of entry	Countries of origin	Importers
924	18,163,357	$68,180,914	38	35	83

Source: Bureau of the Census data, GAO computations.

Table III.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High[a]	Low	Median shipment[b]	Median quantity[c]	Average
$28.00	$0.10	$4,368.00	$0.02	$8.50	$0.46	$3.75

[a]While $4,368.00 was the highest unit value recorded, a total of 185 shipments (320,474 grams) had unit values greater than $11.60, which was the highest monthly average value of pure gold during fiscal year 1992.

[b]Unit value at shipment number 462 from listing of 924 shipments arrayed by descending unit value.

[c]Unit value at cumulative quantity of 9,081,679 grams from listing showing 18,163,357 grams in 924 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table III.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (grams)	Total value	Unit value range	
				High	Low
91-100	92	463,306	$6,126,124	$4,368.00	$12.11
81-90	92	319,959	3,788,138	12.10	11.61
71-80	93	1,270,857	14,466,848	11.61	11.07
61-70	90	497,343	5,405,420	11.07	10.50
51-60	95	1,551,481	14,652,386	10.50	8.50
41-50	92	837,863	6,101,287	8.33	6.71
31-40	88	600,834	3,936,296	6.71	6.33
21-30	97	1,125,310	6,605,547	6.32	5.40
11-20	92	1,161,157	4,700,666	5.35	1.80
1-10	93	10,335,247	2,398,202	1.78	0.02
Total	**924**	**18,163,357**	**$68,180,914**	**$4,368.00**	**$0.02**

Source: Bureau of the Census data, GAO computations.

Table III.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (grams)	Percent of total	Total value	Average unit value
JFK Airport, NY	183	3,721,038	20.49	$20,022,692	$5.38
Buffalo-Niagara Falls, NY	148	3,436,588	18.92	6,654,493	1.94
Philadelphia, PA	17	3,077,802	16.95	1,031,000	0.33
Miami International Airport, FL	204	2,815,980	15.50	16,313,647	5.79
Detroit, MI	30	1,400,585	7.71	9,565,076	6.83
San Francisco, CA	19	928,630	5.11	156,200	0.17
Remaining 32 ports	323	2,782,734	15.32	14,437,806	5.19
Total	**924**	**18,163,357**	**100.00**	**$68,180,914**	**$3.75**

Source: Bureau of the Census data, GAO computations.

Table III.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (grams)	Percent of total	Total value	Average unit value
Canada	250	7,031,478	38.71	$35,142,131	$5.00
Dominican Republic	225	2,657,993	14.63	15,009,635	5.65
Argentina	1	1,273,000	7.01	38,025	0.03
Guyana	12	1,070,890	5.90	2,799,660	2.61
Costa Rica	53	1,009,692	5.56	2,540,455	2.52
Netherlands	12	1,005,631	5.54	499,485	0.50
Philippines	15	960,815	5.29	287,937	0.30
France[a]	7	794,150	4.37	441,116	0.56
Remaining 27 countries	349	2,359,708	12.99	11,422,470	4.84
Total	**924**	**18,163,357**	**100.00**	**$68,180,914**	**$3.75**

[a]Includes France, Andorra, and Monaco.

Source: Bureau of the Census, GAO computations.

Table III.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (grams)	Percent of total	Total value	Average unit value
A	28	3,099,278	17.06	$1,256,621	$0.41
B	117	2,743,245	15.10	1,974,496	0.72
C	2	1,727,955	9.51	17,668,577	10.23
D	32	1,499,181	8.25	502,553	0.34
E	79	1,040,490	5.73	10,139,407	9.74
F	13	1,022,040	5.63	2,283,789	2.23
G	66	846,191	4.66	5,440,892	6.43
H	40	824,159	4.54	4,160,584	5.05
I	4	707,500	3.90	256,903	0.36
J	40	422,212	2.32	2,303,753	5.46
K	18	420,382	2.31	479,531	1.14
L	11	412,849	2.27	4,720,295	11.43
M	8	386,394	2.13	1,935,090	5.01
N	56	271,778	1.50	1,772,548	6.52
Remaining 69 importers	410	2,739,703	15.08	13,285,875	4.85
Total	**924**	**18,163,357**	**99.99[b]**	**$68,180,914**	**$3.75**

[a]Importer name deleted to avoid identification with trade-sensitive data.

[b]Percent total does not equal 100.00 percent due to rounding.

Source: Bureau of the Census data, GAO computations.

Table III.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (grams)	Percent of total	Total value	Average unit value
Truck, non-container	231	6,323,556	34.81	$25,777,645	$4.08
Air carrier, non-container	391	4,633,782	25.51	29,718,521	6.41
Vessel, container	39	4,016,355	22.11	1,303,101	0.32
Passenger, hand-carried	178	3,047,673	16.78	10,646,717	3.49
Automobile	9	74,757	0.41	53,138	0.71
Vessel, non-container	74	65,794	0.36	666,483	10.13
Fixed transport installations[a]	1	1,276	0.01	13,401	10.50
Other method of transport	1	164	0.00	1,908	11.63
Total	**924**	**18,163,357**	**99.99[b]**	**$68,180,914**	**$3.75**

[a]Includes pipeline and powerhouse.

[b]Percent total does not equal 100.00 percent due to rounding.

Source: Bureau of the Census data, GAO computations.

Table III.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (grams)	Total value	Unit value
1	2	$8,736	$4,368.00
2	3,694	47,023	12.73
3	3,693	45,279	12.26
4	747,422	8,550,693	11.44
5	122	1,321	10.83
6	34,000	255,000	7.50
7	9,000	60,030	6.67
8	41,000	15,464	0.38
9	788,000	172,780	0.22
10	45,000	2,943	0.07
Total	**1,671,933**	**$9,159,269**	**N/A**

GAO computations			Errors in Census data				
Quantity (grams)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
2,050	$8,736	$4.26			X		Quantity understated by 2,048 grams. No effect on duties and fees. Unit value changed.
3,694	47,023	12.73	X				
8,294	45,279	5.46			X		Quantity understated by 4,601 grams. No effect on duties and fees. Unit value changed.
923,082	8,550,693	9.26			X		Quantity understated by 175,660 grams. No effect on duties and fees. Unit value changed.
182,000	1,321	0.01			X		Quantity understated by 181,878 grams. No effect on duties and fees. Unit value changed.
40,000	260,000	6.50			X	X	Quantity and total value understated by 6,000 grams and $5,000, respectively. No effect on duties and fees. Unit value changed.
9,000	60,030	6.67	X				
38,660	15,464	0.40			X		Quantity overstated by 2,340 grams. No effect on duties and fees. Unit value changed.
788,000	172,780	0.22	X				
3,200	2,943	0.92			X		Quantity overstated by 41,800 grams. No effect on duties and fees. Unit value changed.
1,997,980	**$9,164,269**	**N/A**	**3**	**0**	**7**	**1**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Pantyhose

HTS CODE: 6115.11.00.20

UNIT OF MEASUREMENT: Dozen pair

QUOTA: Yes

DUTY: The duty ranges from free to 72 percent of value, depending on the country.

DESCRIPTION: Products in this category include hosiery from fabric that is made of synthetic fibers measuring less than 67 decitex per single yarn. The level of decitex in the hosiery determines the sheerness or the heaviness of the material; a low level means that the stocking is sheer, and a higher level means that it will be heavier. The range of products includes various styles and ranges of pantyhose, tights, and stockings for varicose veins.

Table IV.1: General Information on Import Activities

Number of shipments	Quantity (dozen pair)	Total value	U.S. ports of entry	Countries of origin	Importers
1,882	7,159,497	$44,536,825	61	26	200

Source: Bureau of the Census, GAO computations.

Table IV.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$270.00	$2.00	$1,267.50	$0.00[c]	$11.64	$5.29	$6.22

[a]Unit value at shipment number 941 from listing of 1882 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 3,579,748.50 units from listing showing 7,159,497 units in 1882 shipments arrayed by descending unit value.

[c]One shipment had no quantity shown on the Import Detailed Data Base. The $0.52 value was the lowest unit value where a quantity was shown.

Source: Bureau of the Census data, GAO computations.

Table IV.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (dozen pair)	Total value	Unit value range	
				High	Low
91-100	189	1,268	$245,681	$1,267.50	$130.82
81-90	188	6,753	717,017	130.60	79.86
71-80	187	16,552	975,270	79.82	48.58
61-70	189	33,688	1,173,194	48.55	25.95
51-60	187	409,280	7,159,789	25.94	11.64
41-50	189	277,882	2,567,186	11.60	7.66
31-40	188	1,678,567	10,571,551	7.62	5.62
21-30	188	2,284,789	12,020,297	5.62	4.68
11-20	190	952,206	4,131,225	4.68	4.00
1-10	187	1,498,512	4,975,615	4.00	0.52
Total	**1,882**	**7,159,497**	**$44,536,825**	**$1,267.50**	**$0.52**

Source: Bureau of the Census data, GAO computations.

Table IV.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (dozen pair)	Percent of total	Total value	Average unit value
Charlotte, NC	119	2,937,515	41.03	$16,764,142	$5.71
Newark, NJ	326	1,357,774	18.96	6,822,406	5.02
Los Angeles, CA	279	1,052,344	14.70	4,926,159	4.68
San Ysidro, CA	65	622,436	8.69	2,284,059	3.67
Miami International Airport, FL	24	353,727	4.94	6,307,302	17.83
Remaining 56 ports	1,069	835,701	11.68	7,432,757	8.89
Total	**1,882**	**7,159,497**	**100.00**	**$44,536,825**	**$6.22**

Source: Bureau of the Census data, GAO computations.

Table IV.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (dozen pair)	Percent of total	Total value	Average unit value
Jamaica	100	2,931,132	40.94	$16,479,049	$5.62
China (Taiwan)	506	1,433,406	20.02	7,046,856	4.92
Mexico	91	704,097	9.83	2,673,263	3.80
Turkey	55	567,862	7.93	2,456,449	4.33
Israel	66	462,192	6.46	2,909,788	6.30
Remaining 21 countries	1,064	1,060,808	14.82	12,971,420	12.23
Total	**1,882**	**7,159,497**	**100.00**	**$44,536,825**	**$6.22**

Source: Bureau of the Census data, GAO computations.

Table IV.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (dozen pair)	Percent of total	Total value	Average unit value
A	124	3,283,680	45.86	$22,839,466	$6.96
B	62	621,970	8.69	2,277,808	3.66
C	115	576,165	8.05	2,368,416	4.11
D	55	567,862	7.93	2,456,449	4.33
E	59	461,136	6.44	2,707,783	5.87
F	35	182,435	2.55	894,641	4.90
G	22	122,660	1.71	473,574	3.86
H	35	83,530	1.17	336,350	4.03
Remaining 191 importers	1,375	1,260,059	17.60	10,182,338	8.08
Total	**1,882**	**7,159,497**	**100.00**	**$44,536,825**	**$6.22**

[a]Importer name deleted to avoid identification with trade-sensitive data.

Source: Bureau of the Census data, GAO computations.

Table IV.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (dozen pair)	Percent of total	Total value	Average unit value
Vessel, container	567	5,336,353	74.54	$28,930,706	$5.42
Truck, non-container	268	767,510	10.72	3,352,042	4.37
Air carrier, non-container	807	550,839	7.69	9,579,382	17.39
Vessel, non-container	221	469,119	6.55	2,359,154	5.03
Air carrier, container	3	437	0.01	13,014	29.78
Truck, container	4	323	0.00	19,517	60.42
Mail	2	166	0.00	3,120	18.80
Other method of transport	10	34,750	0.49	279,890	8.05
Total	**1,882**	**7,159,497**	**100.00**	**$44,536,825**	**$6.22**

Source: Bureau of the Census data, GAO computations.

Table IV.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (dozen pair)	Total value	Unit value
1	4	$5,070	$1,267.50
2	39	6,107	156.59
3	354	23,592	66.64
4	124	6,020	48.55
5	9,620	173,465	18.03
6	81	885	10.93
7	26,831	150,259	5.60
8	31,525	139,351	4.42
9	12,000	42,000	3.50
10	39,000	20,367	0.52
Total	**119,578**	**$567,116**	**N/A**

GAO computations			Errors in Census data				
Quantity (dozen pair)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
149	$5,070	$34.03			X		Quantity understated by 145 dozen pair. No effect on duties and fees. Unit value changed.
39	6,107	156.59	X				
354	23,592	66.64	X				
124	6,020	48.55	X				
9,620	173,465	18.03	X				
81	885	10.93	X				
26,807	150,529	5.62			X	X	Quantity overstated by 24 dozen pair and total value understated by $270.00. Duties underpaid by $45.90. Fees underpaid by $0.34. Unit value changed.
31,525	139,341	4.42	X				
12,000	42,000	3.50	X				
3,250	20,367	6.27			X		Quantity overstated by 35,750 dozen pair. No effect on duties and fees. Unit value changed.
83,949	**$567,386**	**N/A**	**7**	**N/A**	**3**	**1**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Facsimile Machines

HTS CODE: 8517.82.00.40

UNIT OF MEASUREMENT: Each unit

QUOTA: None

DUTY: The duty ranges from free to 35 percent of the value, depending on the country.

DESCRIPTION: This commodity is an electrical apparatus which electronically transmits and reproduces printed material. The category is extremely broad, covering items from simple units for home use to elaborate units integrated into complex commercial applications.

Table V.1: General Information on Import Activities

Number of shipments	Quantity (each)	Total value	U.S. ports of entry	Countries of origin	Importers
4,333	2,336,227	$956,212,890	74	21	229

Source: Bureau of the Census data, GAO computations.

Table V.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$28,000.00	$10.00	$147,292.00	$5.62	$541.72	$288.71	$409.30

[a]Unit value at shipment number 2,167 from listing of 4,333 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 1,168,114 units from listing showing 2,336,227 units in 4,333 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table V.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (each)	Total value	Unit value range	
				High	Low
91-100	434	25,251	$51,367,715	$147,292.00	$1,550.00
81-90	431	58,532	82,158,982	1,547.00	1,271.20
71-80	439	97,017	111,218,329	1,271.20	1,033.00
61-70	438	125,318	110,633,646	1,030.00	740.00
51-60	425	130,268	83,296,817	738.25	541.72
41-50	433	176,968	79,110,340	540.74	384.04
31-40	437	309,643	104,161,007	383.45	315.00
21-30	429	372,413	109,985,186	314.91	279.67
11-20	433	530,368	138,261,738	279.22	240.88
1-10	434	510,449	86,019,130	240.87	5.62
Total	**4,333**	**2,336,227**	**$956,212,890**	**$147,292.00**	**$5.62**

Source: Bureau of the Census data, GAO computations.

Table V.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Los Angeles, CA	1,211	889,248	38.06	$330,589,321	$371.76
Seattle, WA	365	312,479	13.38	122,511,783	392.06
Newark, NJ	578	289,821	12.41	145,340,082	501.48
Dallas-Fort Worth, TX	444	247,853	10.61	129,493,849	522.46
Atlanta, GA	282	123,119	5.27	49,281,595	400.28
Tacoma, WA	125	117,570	5.03	44,092,041	375.03
Remaining 68 ports	1,328	356,137	15.24	134,904,219	378.80
Total	**4,333**	**2,336,227**	**100.00**	**$956,212,890**	**$409.30**

Source: Bureau of the Census data, GAO computations.

Table V.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Japan	3,356	1,567,834	67.11	$768,618,597	$490.24
Thailand	166	324,670	13.90	79,840,453	245.91
Republic of Korea	297	243,994	10.44	62,726,831	257.08
Remaining 18 countries	514	199,729	8.55	45,027,009	225.44
Total	**4,333**	**2,336,227**	**100.00**	**$956,212,890**	**$409.30**

Source: Bureau of the Census data, GAO computations.

Table V.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
A	647	536,809	22.98	$177,926,964	$331.45
B	380	382,098	16.36	125,233,343	327.75
C	373	215,820	9.24	110,506,349	512.03
D	192	185,511	7.94	63,184,618	340.60
E	111	133,208	5.70	31,837,384	239.01
F	66	125,063	5.35	38,116,930	304.78
G	194	117,294	5.02	37,035,188	315.75
H	201	70,276	3.01	70,880,956	1008.61
I	350	64,877	2.78	66,524,030	1025.39
J	77	52,244	2.24	31,913,556	610.86
K	64	49,810	2.13	1,365,638	27.42
L	48	40,800	1.75	10,762,700	263.79
Remaining 217 importers	1,630	362,417	15.51	190,925,234	526.81
Total	**4,333**	**2,336,227**	**100.01[b]**	**$956,212,890**	**$409.30**

[a]Importer name deleted to avoid identification with trade-sensitive data.

[b]Percent total does not equal 100.00 percent due to rounding.

Source: Bureau of the Census data, GAO computations.

Table V.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Vessel, container	2,805	1,859,633	79.60	$788,297,232	$423.90
Vessel, non-container	333	206,715	8.85	84,044,546	406.57
Air carrier, non-container	699	121,732	5.21	42,512,651	349.23
Truck, non-container	218	55,484	2.37	7,797,373	140.53
Air carrier, container	11	3,525	0.15	1,258,582	357.04
Other method of transport	267	89,138	3.82	32,302,506	362.39
Total	**4,333**	**2,336,227**	**100.00**	**$956,212,890**	**$409.30**

Source: Bureau of the Census data, GAO computations.

Table V.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (each)	Total value	Unit value
1	1	$147,292	$147,292.00
2	1	53,990	53,990.00
3	265	454,538	1,715.24
4	1,776	2,394,633	1,348.33
5	3,080	1,976,652	641.77
6	1,107	489,108	441.83
7	12,905	3,408,768	264.14
8	3,168	92,616	29.23
9	1,057	26,425	25.00
10	290	1,631	5.62
Total	**23,650**	**$9,045,653**	**N/A**

GAO computations			Errors in Census data				
Quantity (each)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
1	$147,292	$147,292.00		X			Entry should have been made under another category covering other telegraphic apparatus (HTS 8517.82.00.80). No effect on duties and fees.
1	26,336	26,336.00				X	Total value overstated by $27,654. No effect on duties and fees. Unit value changed.
400	454,538	1,136.35			X		Quantity understated by 135 units. No effect on duties and fees. Unit value changed.
1,776	2,394,633	1,348.33	X				
3,080	1,976,652	641.77	X				
907	447,008	492.84		X	X	X	Entry should have been made under another category covering other parts of telegraphic apparatus (HTS 8517.90.80.00). Quantity and value overstated by 200 units and $42,100. No effect on duties and fees. Unit value changed.
12,905	3,408,768	264.14	X				
3,168	92,616	29.23		X			Entry should have been made under another category covering modems for automatic data processing machines (HTS 8517.40.10.00). No effect on duties and fees.
1	26,425	26,425.00			X		Quantity overstated by 1,056 units. No effect on duties and fees. Unit value changed.
290	1,631	5.62		X			Entry should have been made under another category covering parts for telegraphic terminal apparatus (HTS 8517.90.70.00). No effect on duties and fees.
22,529	**$8,975,899**	**N/A**	**3**	**4**	**3**	**2**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Hypodermic Syringes

HTS CODE: 9018.31.00.40

UNIT OF MEASUREMENT: Each unit

QUOTA: None

DUTY: The duty ranges from free to 60 percent of value, depending on the country.

DESCRIPTION: A hypodermic syringe is an instrument used in medical, surgical, dental, or veterinary procedures to inject fluids. This particular HTS is for hypodermic syringes (with or without needle), which are used for medical purposes.

Table VI.1: General Information on Import Activities

Number of shipments	Quantity (each)	Total value	U.S. ports of entry	Countries of origin	Importers
417	159,889,150	$20,176,031	38	23	57

Source: Bureau of the Census data, GAO computations.

Table VI.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$500.00	$0.01	$3,485.00	$0.01	$1.10	$0.06	$0.13

[a]Unit value at shipment number 209 from listing of 417 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 79,944,575 units from listing showing 159,889,150 units in 417 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table VI.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (meters)	Total value	Unit value range	
				High	Low
91-100	42	87,281	$2,179,572	$3,485.00	$20.50
81-90	41	145,998	1,140,489	18.74	6.69
71-80	42	336,093	1,962,172	6.68	4.63
61-70	49	1,423,790	3,612,893	4.51	2.25
51-60	33	469,889	696,491	2.25	1.16
41-50	42	3,095,709	1,720,101	1.10	0.34
31-40	42	28,766,540	2,549,707	0.32	0.06
21-30	42	65,952,600	3,847,367	0.06	0.05
11-20	42	30,872,250	1,548,231	0.05	0.05
1-10	42	28,739,000	919,008	0.04	0.01
Total	**417**	**159,889,150**	**$20,176,031**	**$3,485.00**	**$0.01**

Source: Bureau of the Census data, GAO computations.

Table VI.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Newark, NJ	93	104,453,212	65.33	$9,865,086	$0.09
Minneapolis-St. Paul, MN	15	16,145,400	10.10	808,656	0.05
Los Angeles, CA	20	12,248,268	7.66	758,736	0.06
Philadelphia, PA	12	5,586,300	3.49	274,724	0.05
Remaining 34 ports	277	21,455,970	13.42	8,468,829	0.39
Total	**417**	**159,889,150**	**100.00**	**$20,176,031**	**$0.13**

Source: Bureau of the Census data, GAO computations.

Table VI.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Singapore	61	95,362,016	59.64	$6,675,784	$0.07
Republic of Korea	42	29,129,000	18.22	1,498,082	0.05
Thailand	10	10,947,000	6.85	491,428	0.04
Japan	50	8,347,658	5.22	1,545,650	0.19
Remaining 19 countries	254	16,103,476	10.07	9,965,087	0.62
Total	**417**	**159,889,150**	**100.00**	**$20,176,031**	**$0.13**

Source: Bureau of the Census data, GAO computations.

Table VI.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
A	118	100,591,248	62.91	$8,457,407	$0.08
B	15	16,145,400	10.10	808,656	0.05
C	12	11,004,500	6.88	504,369	0.05
D	12	5,586,300	3.49	274,724	0.05
Remaining 53 importers	260	26,561,702	16.61	10,130,875	0.38
Total	**417**	**159,889,150**	**99.99[b]**	**$20,176,031**	**$0.13**

[a]Importer name deleted to avoid identification with trade-sensitive data.

[b]Percent total does not equal 100.00 percent due to rounding.

Source: Bureau of the Census data, GAO computations.

Table VI.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (each)	Percent of total	Total value	Average unit value
Vessel, container	141	145,780,450	91.18	$10,053,101	$0.07
Air carrier, non-container	168	7,840,979	4.90	6,862,023	0.88
Vessel, non-container	32	3,609,668	2.26	739,212	0.20
Truck, non-container	63	2,516,384	1.57	2,305,313	0.92
Rail, non-container	2	106,200	0.07	19,120	0.18
Truck, container	3	22,625	0.01	154,874	6.85
Air carrier, container	7	11,009	0.01	40,264	3.66
Other method of transport	1	1,835	0.00	2,124	1.16
Total	**417**	**159,889,150**	**100.00**	**$20,176,031**	**$0.13**

Source: Bureau of the Census data, GAO computations.

Table VI.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (each)	Total value	Unit value
1	1	$3,485	$3,485.00
2	600	57,208	95.35
3	12,920	90,110	6.97
4	28,800	133,452	4.63
5	180,000	405,000	2.25
6	259,304	200,855	0.77
7	600,000	135,000	0.23
8	2,475,000	129,797	0.05
9	1,050,000	36,449	0.03
10	2,264,500	42,602	0.02
Total	**6,871,125**	**$1,233,958**	**N/A**

GAO computations			Errors in Census data				
Quantity (each)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
20	$3,485	$174.20		X	X		Entry should have been made under other instruments and appliances (HTS 9018.19.80.60). Quantity understated by 19 units. Duty overpaid by $146.37. No effect on fees. Unit value changed.
319,800	57,208	0.18			X		Quantity understated by 319,200 units. No effect on duties and fees. Unit value changed.
12,920	90,110	6.97	X				
28,800	133,452	4.63	X				
180,000	405,000	2.25	X				
3,268,400	200,855	0.06			X		Quantity understated by 3,009,096 units. No effect on duties and fees. Unit value changed.
60,000	135,000	2.25			X		Quantity overstated by 540,000 units. No effect on duties and fees. Unit value changed.
2,475,000	129,797	0.05	X				
1,050,000	36,449	0.03	X				
2,264,500	42,602	0.02	X				
9,659,440	**$1,233,958**	**N/A**	**6**	**1**	**4**	**N/A**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Raw Cane Sugar

HTS CODE: 1701.11.01.25

UNIT OF MEASUREMENT: Kilogram

QUOTA: Sugar is under a tariff rate quota and only those countries with a quota can export sugar to the United States. The United States imposes a quantitative sugar quota on over 50 countries, and imports in excess of the quota are subject to a higher duty.

DUTY: The regular duty for this type of sugar ranges from free to $0.043817 per kilogram, depending on the country. Imports in excess of the quota are subject to a duty of $0.37386 per kilogram. In addition, sugar imports are subject to a sugar fee of $0.022 per kilogram.

DESCRIPTION: This category includes raw cane sugar, which is in solid form and (1) contains no added flavoring or coloring matter; (2) has a dry-state sucrose content that, by weight, corresponds to a polarity reading of less than 99.5 degrees; and (3) is not to be further refined or improved in quality. This is a relatively small and narrow category of sugar, falling between the still-to-be processed raw sugar traded on the world market and the highly refined sugars commonly available for general use as a sweetener.

Table VII.1: General Information on Import Activities

Number of shipments	Quantity (kilograms)	Total value	U.S. ports of entry	Countries of origin	Importers
32	2,632,911	$1,422,070	6	5	15

Source: Bureau of the Census data, GAO computations.

Table VII.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$1.49	$0.07	$1.75	$0.43	$0.75	$0.43	$0.54

[a]Unit value at shipment number 16 from listing of 32 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 1,316,456 kilograms from listing showing 2,632,911 kilograms in 32 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table VII.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (kilograms)	Total value	Unit value range	
				High	Low
91-100	3	8,898	$14,294	$1.75	$1.40
81-90	4	48,486	51,189	1.33	0.99
71-80	2	11,695	11,007	0.95	0.93
61-70	3	25,643	23,244	0.92	0.88
51-60	5	68,873	53,310	0.86	0.75
41-50	3	355,414	223,630	0.71	0.62
31-40	2	335,874	209,751	0.62	0.62
21-30	3	231,027	144,218	0.62	0.62
11-20	3	105,435	65,544	0.62	0.62
1-10	4	1,441,566	625,883	0.62	0.43
Total	**32**	**2,632,911**	**$1,422,070**	**$1.75**	**$0.43**

Source: Bureau of the Census data, GAO computations.

Table VII.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
New York, NY	7	1,413,396	53.68	$623,227	$0.44
Newark, NJ	15	1,096,329	41.64	692,405	0.63
Remaining four ports	10	123,186	4.68	106,438	0.86
Total	**32**	**2,632,911**	**100.00**	**$1,422,070**	**$0.54**

Source: Bureau of the Census data, GAO computations.

Table VII.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Bolivia	1	1,365,810	51.87	$581,835	$0.43
Mauritius	11	1,050,729	39.91	655,621	0.62
Colombia	18	179,363	6.81	144,850	0.81
China (mainland)	1	33,409	1.27	34,980	1.05
United Kingdom	1	3,600	0.14	4,784	1.33
Total	**32**	**2,632,911**	**100.00**	**$1,422,070**	**$0.54**

Source: Bureau of the Census data, GAO computations.

Table VII.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
A	1	1,365,810	51.87	$581,835	$0.43
B	6	881,980	33.50	550,823	0.62
C	5	168,749	6.41	104,798	0.62
Remaining 12 importers	20	216,372	8.22	184,614	0.84
Total	**32**	**2,632,911**	**100.00**	**$1,422,070**	**$0.54**

[a]Importer name deleted to avoid identification with trade-sensitive data.

Source: Bureau of the Census data, GAO computations.

Table VII.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Vessel, container	31	2,620,290	99.52	$1,415,128	$0.54
Vessel, non-container	1	12,621	0.48	6,942	0.55
Total	**32**	**2,632,911**	**100.00**	**$1,422,070**	**$0.54**

Source: Bureau of the Census data, GAO computations.

Table VII.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (kilograms)	Total value	Unit value
1	4,867	$8,503	$1.75
2	33,409	34,980	1.05
3	7,200	6,723	0.93
4	15,000	13,774	0.92
5	17,000	12,800	0.75
6	168,212	105,075	7.62
7	167,942	104,879	0.62
8	167,922	104,865	0.62
9	63,405	39,430	0.62
10	1,365,810	581,835	0.43
Total	**2,010,767**	**$1,012,864**	**N/A**

GAO computations			Errors in Census data				
Quantity (kilograms)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
4,851	$8,503	$1.75			X		Quantity overstated by 16 kilograms. No effect on duties and fees.
33,409	21,903	0.66				X	Total value overstated by $13,077. No effect on duties and fees. Unit value changed.
6,532	6,723	1.03			X		Quantity overstated by 668 kilograms. No effect on duties and fees. Unit value changed.
15,000	13,774	0.92	X				
17,000	12,800	0.75	X				
168,212	105,075	7.62	X				
167,942	104,879	0.62		X			Entry should have been made under another category of cane sugar (HTS 1701.99.01.35). No effect on duties and fees.
167,922	104,865	0.62		X			Entry should have been made under another category of cane sugar (HTS 1701.99.01.35). No effect on duties and fees.
63,405	39,430	0.62	X				
1,365,810	581,835	0.43		X			Entry should have been made under another category of cane sugar (HTS 1701.99.01.35). No effect on duties and fees.
2,010,083	**$999,787**	**N/A**	**4**	**3**	**2**	**1**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Wood Dowel Rods

HTS CODE: 4409.20.60.00

UNIT OF MEASUREMENT: Meter

QUOTA: None

DUTY: The duty ranges from free to 5 percent of the value, depending on the country.

DESCRIPTION: Wood dowel rods are round pieces of wood of various lengths and diameters. They have many uses, such as in the manufacturing of furniture, mop and broom handles, and coat racks.

Table VIII.1: General Information on Import Activities

Number of shipments	Quantity (meters)	Total value	U.S. ports of entry	Countries of origin	Importers
778	96,184,254	$13,604,114	32	11	51

Source: Bureau of the Census data, GAO computations.

Table VIII.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$1.99	$0.003	$3,809.00	$0.004	$0.19	$0.09	$0.14

[a]Unit value at shipment number 389 from listing of 778 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 48,092,127 meters from listing showing 96,184,254 meters in 778 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table VIII.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (meters)	Total value	Unit value range	
				High	Low
91-100	78	519,442	$1,048,626	$3,809.00	$1.28
81-90	78	2,069,781	1,408,765	1.25	0.43
71-80	77	4,147,892	1,339,445	0.43	0.27
61-70	79	6,900,348	1,639,050	0.27	0.22
51-60	77	7,836,150	1,594,718	0.22	0.19
41-50	77	13,115,760	2,365,522	0.19	0.16
31-40	78	7,847,522	1,076,018	0.16	0.12
21-30	79	11,929,715	1,152,237	0.12	0.08
11-20	77	19,956,935	1,293,894	0.08	0.05
1-10	78	21,860,709	685,839	0.05	0.00
Total	**778**	**96,184,254**	**$13,604,114**	**$3,809.00**	**$0.00**

Source: Bureau of the Census data, GAO computations.

Table VIII.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (meters)	Percent of total	Total value	Average unit value
New Orleans, LA	158	26,873,206	27.94	$4,206,256	$0.16
Newark, NJ	67	17,768,892	18.47	$962,998	0.05
Baltimore, MD	50	7,937,358	8.25	$908,958	0.11
Norfolk, VA	76	7,313,304	7.60	$1,462,334	0.20
San Francisco, CA	23	5,979,046	6.22	$515,149	0.09
Los Angeles, CA	47	5,638,151	5.86	727,113	0.13
Miami, FL	48	3,633,194	3.78	336,873	0.09
Mobile, AL	35	3,473,196	3.61	428,272	0.12
Cincinnati, OH	23	2,748,626	2.86	568,108	0.21
Philadelphia, PA	22	2,611,807	2.72	399,802	0.15
Remaining 22 ports	229	12,207,474	12.69	3,088,251	0.25
Total	**778**	**96,184,254**	**100.00**	**$13,604,114**	**$0.14**

Source: Bureau of the Census data, GAO computations.

Table VIII.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (meters)	Percent of total	Total value	Average unit value
Malaysia	223	44,634,978	46.41	$3,377,386	$0.08
Indonesia	309	31,345,231	32.59	5,782,699	0.18
Singapore	47	6,072,170	6.31	843,546	0.14
Remaining eight countries	199	14,131,875	14.69	3,600,483	0.25
Total	**778**	**96,184,254**	**100.00**	**$13,604,114**	**$0.14**

Source: Bureau of the Census data, GAO computations.

Table VIII.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (meters)	Percent of total	Total value	Average unit value
A	79	18,839,246	19.59	$2,731,536	$0.15
B	160	14,521,860	15.10	2,359,540	0.16
C	10	8,664,577	9.01	380,150	0.04
D	53	7,598,891	7.90	1,310,194	0.17
E	38	5,940,085	6.18	684,693	0.12
F	25	5,045,643	5.25	473,390	0.09
G	39	4,014,937	4.17	218,618	0.05
H	54	4,013,160	4.17	416,089	0.10
I	16	3,051,899	3.17	223,984	0.07
J	30	2,876,557	2.99	566,232	0.20
K	23	2,748,626	2.86	568,108	0.21
L	10	2,427,519	2.52	139,887	0.06
M	13	1,722,054	1.79	194,622	0.11
N	18	1,539,786	1.60	230,683	0.15
Remaining 37 importers	210	13,179,414	13.70	3,106,388	0.24
Total	**778**	**96,184,254**	**100.00**	**$13,604,114**	**$0.14**

[a]Importer name deleted to avoid identification with trade-sensitive data.

Source: Bureau of the Census data, GAO computations.

Table VIII.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (meters)	Percent of total	Total value	Average unit value
Vessel, non-container	384	58,296,289	60.61	$7,784,400	$0.13
Vessel, container	276	35,761,899	37.18	3,938,960	0.11
Truck, non-container	115	2,080,630	2.16	1,822,586	0.88
Rail, non-container	3	45,436	0.05	58,168	1.28
Total	**778**	**96,184,254**	**100.00**	**$13,604,114**	**$0.14**

Source: Bureau of the Census data, GAO computations.

Table VIII.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (meters)	Total value	Unit value
1	2	$7,618	$3,809.00
2	44,358	51,716	1.17
3	46,329	13,635	0.29
4	273,978	69,223	0.25
5	56,693	11,037	0.19
6	1,580,665	291,891	0.18
7	53,239	5,995	0.11
8	643,808	49,979	0.08
9	1,478,400	13,691	0.01
10	2,709,190	10,303	0.004
Total	**6,886,662**	**$525,088**	**N/A**

GAO computations			Errors in Census data				
Quantity (meters)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
4,618	$7,618	$1.65			X		Quantity understated by 4,616 meters. No effect on duties and fees. Unit value changed.
44,358	51,716	1.17	X				
46,329	13,635	0.29	X				
273,978	69,223	0.25	X				
56,693	11,037	0.19	X				
1,580,665	291,891	0.18	X				
53,239	5,995	0.11	X				
643,608	48,709	0.08			X	X	Quantity and value overstated by 200 meters and $1,270 respectively. No effect on duties; fees overpaid by $2.15.
450,617	13,691	0.03			X		Quantity overstated by 1,027,783 meters. No effect on duties and fees. Unit value changed.
225,765	10,303	0.05			X		Quantity overstated by 2,483,425 meters. No effect on duties and fees. Unit value changed.
3,379,870	**$523,818**	**N/A**	**6**	**N/A**	**4**	**1**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Tire Cord Fabric

HTS CODE: 5902.10.00.00

UNIT OF MEASUREMENT: Kilogram

QUOTA: Yes

DUTY: The duty ranges from 0.7 to 25 percent of value, depending on the country.

DESCRIPTION: Tire cord fabric is a strong, heat resistant material that is used to manufacture tires. The fabric has a high level of tenacity.

Table IX.1: General Information on Import Activities

Number of shipments	Quantity (kilograms)	Total value	U.S. ports of entry	Countries of origin	Importers
214	3,626,032	$13,421,938	17	9	11

Source: Bureau of the Census data, GAO computations.

Table IX.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low	Median shipment[a]	Median quantity[b]	Average
$25.00	$0.96	$59.78	$1.21	$3.66	$3.65	$3.70

[a]Unit value at shipment number 107 from listing of 214 shipments arrayed by descending unit value.

[b]Unit value at cumulative quantity of 1,813,016 kilograms from listing showing 3,626,032 kilograms in 214 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table IX.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (kilograms)	Total value	Unit value range	
				High	Low
91-100	22	9,273	$124,360	$59.78	$6.50
81-90	20	375,668	1,500,296	4.59	3.90
71-80	22	434,133	1,666,524	3.88	3.82
61-70	21	410,492	1,551,437	3.82	3.75
51-60	22	439,671	1,627,010	3.75	3.66
41-50	21	420,336	1,526,920	3.66	3.61
31-40	22	440,694	1,580,116	3.60	3.56
21-30	22	437,678	1,557,268	3.56	3.54
11-20	20	397,486	1,396,275	3.54	3.50
1-10	22	260,601	891,732	3.50	1.21
Total	**214**	**3,626,032**	**$13,421,938**	**$59.78**	**$1.21**

Source: Bureau of the Census data, GAO computations.

Table IX.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Buffalo-Niagara Falls, NY	181	3,548,681	97.87	$13,056,378	$3.68
Detroit, MI	2	41,323	1.14	155,565	3.76
Remaining 15 ports	31	36,028	0.99	209,995	5.83
Total	**214**	**3,626,032**	**100.00**	**$13,421,938**	**$3.70**

Source: Bureau of the Census data, GAO computations.

Table IX.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Canada	187	3,615,151	99.70	$13,292,725	$3.68
Remaining eight countries	27	10,881	0.30	129,213	11.88
Total	**214**	**3,626,032**	**100.00**	**$13,421,938**	**$3.70**

Source: Bureau of the Census data, GAO computations.

Table IX.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
A	184	3,609,976	99.56	$13,283,115	$3.68
Remaining 10 importers	30	16,056	0.44	138,823	8.65
Total	**214**	**3,626,032**	**100.00**	**$13,421,938**	**$3.70**

[a]Importer name deleted to avoid identification with trade-sensitive data.

Source: Bureau of the Census data, GAO computations.

Table IX.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Truck, non-container	188	3,618,904	99.80	$13,322,259	$3.68
Air carrier, non-container	23	6,862	0.19	91,394	13.32
Vessel, container	3	266	0.01	8,285	31.15
Total	**214**	**3,626,032**	**100.00**	**$13,421,938**	**$3.70**

Source: Bureau of the Census data, GAO computations.

Table IX.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (kilograms)	Total value	Unit value
1	23	$1,375	$59.78
2	50	2,232	44.64
3	2,036	15,681	7.70
4	636	2,540	3.99
5	21,148	79,748	3.77
6	20,319	75,504	3.72
7	21,021	75,645	3.60
8	20,801	74,069	3.56
9	21,076	73,415	3.48
10	200	317	1.59
Total	**107,310**	**$400,526**	**N/A**

GAO computations			Errors in Census data				
Quantity (kilograms)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
23	$1,375	$59.78		X			Entry should have been made under another category of tire cord. Effect on duties unknown because correct HTS is unknown. No effect on fees.
50	2,232	44.64	X				
204	15,681	76.87		X	X		Quantity overstated by 1,832 kilograms. Entry should have been made under polyurethane impregnated textile fabric (HTS 5903.20.25.00). No effect on duties and fees. Unit value changed.
636	2,540	3.99	X				
20,852	79,748	3.82			X		Quantity overstated by 296 kilograms. No effect on duties and fees. Unite value changed.
20,002	75,504	3.77			X		Quantity overstated by 317 kilograms. No effect on duties and fees. Unit value changed.
20,724	75,645	3.65			X		Quantity overstated by 297 kilograms. No effect on duties and fees. Unit value changed.
20,801	74,069	3.56	X				
19,807	73,151	3.69			X	X	Quantity and value overstated by 1,269 kilograms and $264 respectively. Duties overpaid by $10.30 and fees overpaid by $0.18. Unit value changed.
56	317	5.66		X	X		Quantity overstated by 144 kilograms. Entry should have been made under another category of tire cord. Effect on duties unknown because correct HTS is unknown. No effect on fees. Unit value changed.
103,155	**$400,262**	**N/A**	**3**	**3**	**6**	**1**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Analysis of Fiscal Year 1992 Import Quantity and Value - Unsweetened Cocoa

HTS CODE: 1805.00.00.00

UNIT OF MEASUREMENT: Kilogram

QUOTA: None

DUTY: The duty ranges from free to $0.066 per kilogram, depending on the country.

DESCRIPTION: This category covers cocoa powder that contains no added sugar or other sweetening matter. It does not include similar commodities, such as cocoa butter, paste, or chocolate preparations.

Table X.1: General Information on Import Activities

Number of shipments	Quantity (kilograms)	Total value	U.S. ports of entry	Countries of origin	Importers
2,520	57,906,785	$64,672,145	37	15	46

Source: Bureau of the Census data, GAO computations.

Table X.2: Unit Value Comparison - Overall

Census range		Computed from Census data				
High	Low	High	Low[a]	Median sipment shipment[b]	Median quantity[c]	Average
$13.39	$0.18	$234.43	$0.00	$1.20	$1.15	$1.12

[a]Eighteen shipments had no quantity shown on the Import Detailed Data Base. The $0.11 value was the lowest unit value where a quantity was shown.

[b]Unit value at shipment number 1,260 from listing of 2,520 shipments arrayed by descending unit value.

[c]Unit value at cumulative quantity of 28,953,393 kilograms from listing showing 57,906,785 kilograms in 2,520 shipments arrayed in descending unit value.

Source: Bureau of the Census data, GAO computations.

Table X.3: Unit Value Comparison - Percentiles

Percentile range	Number of shipments	Quantity (kilograms)	Total value	Unit value range	
				High	Low
91-100	250	3,449,100	$7,320,932	$234.43	$1.75
81-90	255	4,717,074	7,549,940	1.75	1.49
71-80	244	4,677,130	6,651,494	1.49	1.37
61-70	247	5,036,556	6,665,020	1.37	1.27
51-60	247	5,430,127	6,717,884	1.27	1.21
41-50	254	5,312,551	6,239,590	1.21	1.15
31-40	257	5,495,046	6,204,602	1.15	1.10
21-30	246	5,807,273	6,147,403	1.10	1.01
11-20	253	5,933,020	5,090,074	1.01	0.68
1-10	267	12,048,908	6,085,206	0.68	0.00
Total	**2,520**	**57,906,785**	**$64,672,145**	**$234.43**	**$0.00**

Source: Bureau of the Census data, GAO computations.

Table X.4: Average Unit Value Comparison - U.S. Port of Entry

Port	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Newark, NJ	801	16,784,571	28.99	$21,340,319	$1.27
Chicago, IL	386	8,812,892	15.22	9,579,707	1.09
Philadelphia, PA	154	6,439,754	11.12	3,616,378	0.56
Charleston, SC	146	4,108,933	7.10	4,606,141	1.12
San Francisco, CA	155	3,029,733	5.23	3,705,484	1.22
Norfolk, VA	131	2,941,414	5.08	2,894,998	0.98
Boston, MA	128	2,643,746	4.57	3,614,551	1.37
Los Angeles, CA	158	2,594,784	4.48	3,809,669	1.47
Houston, TX	88	2,273,819	3.93	2,589,790	1.14
Remaining 28 ports	373	8,277,139	14.29	8,915,108	1.08
Total	**2,520**	**57,906,785**	**100.01[a]**	**$64,672,145**	**$1.12**

[a]Percent total does not equal 100.00 percent due to rounding.

Source: Bureau of the Census data, GAO computations.

Table X.5: Average Unit Value Comparison - Country of Origin

Country of origin	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Netherlands	1,831	36,269,036	62.63	$47,836,614	$1.32
Brazil	133	7,842,314	13.54	3,673,929	0.47
Singapore	209	7,717,214	13.33	6,226,354	0.81
Remaining 12 countries	347	6,078,221	10.50	6,935,248	1.14
Total	**2,520**	**57,906,785**	**100.00**	**$64,672,145**	**$1.12**

Source: Bureau of the Census data, GAO computations.

Table X.6: Average Unit Value Comparison - Importer

Importer[a]	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
A	1,104	26,662,032	46.04	$30,922,736	$1.16
B	551	13,344,353	23.04	13,913,031	1.04
C	292	4,833,041	8.35	8,715,676	1.80
D	190	3,258,005	5.63	4,187,277	1.29
E	44	1,996,325	3.45	595,324	0.30
Remaining 41 importers	339	7,813,029	13.49	6,338,101	0.81
Total	**2,520**	**57,906,785**	**100.00**	**$64,672,145**	**$1.12**

[a]Importer name deleted to avoid identification with trade-sensitive data.

Source: Bureau of the Census data, GAO computations.

Table X.7: Average Unit Value Comparison - Method of Transport

Method of transport	Number of shipments	Quantity (kilograms)	Percent of total	Total value	Average unit value
Vessel, container	2,094	49,509,358	85.50	$54,303,153	$1.10
Rail, container	269	5,425,463	9.37	7,157,300	1.32
Vessel, non- container	86	2,224,616	3.84	2,419,891	1.09
Truck, non- container	50	623,823	1.08	613,061	0.98
Rail, non- container	5	92,644	0.16	98,536	1.06
Air carrier, non- container	16	30,881	0.05	80,204	2.60
Total	**2,520**	**57,906,785**	**100.00**	**$64,672,145**	**$1.12**

Source: Bureau of the Census data, GAO computations.

Table X.8: Comparison of Census and GAO Computations of Unit Value for 10 Selected Transactions

	Census data		
Number	Quantity (kilograms)	Total value	Unit value
1	23	$5,392	$234.43
2	1,126	16,800	14.92
3	10,800	28,285	2.62
4	19,958	27,280	1.37
5	18,144	22,243	1.23
6	20,523	24,675	1.20
7	108,864	118,934	1.09
8	18,564	7,283	0.39
9	72,000	17,287	0.24
10	0	14,940	0.00
Total	**270,002**	**$283,119**	**N/A**

GAO computations			Errors in Census data				
Quantity (kilograms)	Total value	Unit value	None	Wrong HTS	Wrong quantity	Wrong value	Effect of errors
23	$5,392	$234.43		X			Entry should have been made under another category covering chocolate and other food preparations containing cocoa (HTS 1806.20.80.60). No effect on duties and fees.
11,226	16,800	1.50			X		Quantity understated by 10,100 kilograms. No effect on duties and fees. Unit value change.
108,000	28,285	0.26		X	X		Entry should have been made under another category of cocoa (HTS 1803.20.00.00), also quantity understated by 97,200 kilograms. No effect on duties and fees. Unit value changed.
19,958	27,280	1.37	X				
18,144	22,243	1.23	X				
400	2,465	6.16			X	X	Quantity and total value overstated by 20,123 kilograms and $22,210, respectively. No effect on duties and fees. Unit value changed.
108,864	118,934	1.09	X				
18,314	7,131	0.39			X	X	Quantity and total value overstated by 250 kilograms and $152, respectively. Duty overpaid by $1.55 and fees overpaid by $0.26.
72,000	17,287	0.24		X			Entry should have been made under another category of cocoa (HTS 1803.20.00.00). No effect on duties and fees.
8,164	14,940	1.83			X		Quantity understated by 8,164 kilograms. No effect on duties and fees. Unit value changed.
365,093	**$260,686**	**N/A**	**3**	**3**	**5**	**2**	

Legend: N/A = Not applicable.

Source: Customs Service and Bureau of the Census data, GAO computations.

Comments From the Customs Service

See p. 12.

THE COMMISSIONER OF CUSTOMS

WASHINGTON, D.C.

January 27, 1995

Mr. Norman J. Rabkin
Director, Administration of
Justice Issues
General Accounting Office
Washington, D.C. 20548

Dear Mr. Rabkin:

Customs agrees with the GAO in its assertion that Customs should take a more active role in improving the quality of filer data. We also agree that use of normal statistical applications on the import trade data base can yield inappropriate conclusions, unless those applications are combined with extensive access to the import records on which the trade data reports are based. Several steps have been taken recently to increase the accuracy of the data which is reported for trade statistics. Additionally, the increased use of statistical techniques for targeting and analysis necessitates the establishment of improved quality controls over our core data.

Customs emphasis on improving overall compliance levels through our Compliance Measurement program will make major improvements in the level of compliance with a resultant increase in the quality of trade data. Our informed compliance program will also elevate the quality of data by providing better information on the very complex import requirements to importers. This will assure that the quality of our voluntary compliance levels is raised as well.

In our statistical approach, Customs has begun a pilot program to screen entry lines on the basis of unit value. For selected 10-digit HTS numbers, we are testing a program that establishes a reasonable minimum unit value and a reasonable maximum unit value. Entry lines that fall below the minimum value and above the maximum value are being targeted for import specialist review. Errors and discrepancies are analyzed along both account and commodity lines to detect widespread problems.

Two commodity teams in the San Francisco District tested this program in the fall of 1994. Both data input errors and discrepancies were found as a result of the unit value edit. Nine ports will be testing this program for

REPORT DRUG SMUGGLING TO UNITED STATES CUSTOMS SERVICE 1-800-BE-ALERT

automobile related importations starting in February 1995. We will continue to refine and perfect these efforts as part of our overall strategy to increase compliance with United States trade laws.

We are working in partnership with the Bureau of the Census to assure that the ACS redesign program will provide a long-term basis for overall statistical improvement.

Thank you for the opportunity to comment on this draft report.

Sincerely,

George J. Weise

George J. Weise
Commissioner

Comments From the Bureau of the Census

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB - 3 1995

GENERAL SERVICES ADMINISTRATION

Mr. Norman J. Rabkin
Director, Administration of
Justice Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Rabkin:

Thank you for the opportunity to comment on the draft report entitled "U.S. IMPORTS: Unit Values Vary Widely for Identically Classified Commodities." Staff of the Census Bureau's Foreign Trade Division have reviewed the report, and their comments are enclosed.

If you have any questions regarding the comments, please call Paul Herrick, Foreign Trade Division, Census Bureau, on (301) 457-3047.

Sincerely,

Ronald H. Brown

Enclosure

Comments on the General Accounting Office Report "U.S. IMPORTS: Unit Values Vary Widely for Identically Classified Commodities"

Now on p. 11.

1. Page 10, last paragraph.

The Automated Commercial System (ACS) provides Customs with the capability to override numerous Census Bureau edits including price range and quantity requirements. We consider this to be relevant, yet could find no specific mention of it in the report. An appropriate location to mention this capability would be after the first sentence in the last paragraph on page 10.

Now on p. 12.

2. Page 11, paragraph 2.

The third sentence that states "Census officials said that, if too many transactions fall outside a particular range, they assume this is the result of natural value fluctuations and they may broaden the range further" needs clarification. The statement gives a false impression that whenever a group of transactions fall outside a range, the range is automatically adjusted.

This is not the case. A group of transactions falling outside a range might indicate the need to adjust a range due to a change in the diversity of the products included within a category. It could also mean incorrect reporting. Based on our experience, we are much more likely to assume the latter not the former. The impression we intended to make was that we attempt to adjust the ranges to react to new products entering the trade flow and one of the ways of identifying new products is through the identification of groups of transactions falling outside an established range. We do not automatically adjust a range.

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