



Highlights of [GAO-08-391](#), a report to congressional requesters

Why GAO Did This Study

U.S. Customs and Border Protection (CBP) has been unable to collect hundreds of millions of dollars in antidumping (AD) and countervailing (CV) duties. The Department of Commerce imposes these duties to remedy injurious unfair foreign trade practices (unfairly low prices or subsidies). The noncollection of AD/CV duties means that the U.S. government has not fully remedied the unfair trade practices and bears a substantial loss of revenue.

GAO was asked to examine the (1) nature and extent of uncollected AD/CV duties, (2) factors contributing to uncollected AD/CV duties and steps taken to address these factors, and (3) options for aiding duty collections. To analyze these issues, GAO reviewed CBP data for fiscal years 2001 through 2007, agency documents and reports, and interviewed government officials and private sector representatives.

What GAO Recommends

GAO suggests matters for congressional consideration to: improve reporting on uncollected duties; adjust requirements for new shipper reviews; and aid its consideration of options for improving the AD/CV duty system. GAO also makes recommendations for executive action, including reviewing CBP's standard practice for setting bond requirements for importers.

The Departments of Commerce and Homeland Security generally agreed with our recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-391](#). For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

ANTIDUMPING AND COUNTERVAILING DUTIES

Congress and Agencies Should Take Additional Steps to Reduce Substantial Shortfalls in Duty Collection

What GAO Found

While over \$600 million in AD/CV duties dating back to 2001 remain uncollected, they are highly concentrated among a few products, countries of origin, and importers. For example, four products account for about 84 percent of the total amount of uncollected AD/CV duties. Also, a relatively small number of importers owe the vast majority of these uncollected duties. In addition, half of the 23,000 unpaid AD/CV duty bills are less than \$309, but the average duty bill is more than \$26,000 due to a relatively small number of very large bills. According to CBP officials, prospects for collecting a sizeable portion of these bills are slim, because many of the importers have disappeared, have no assets, or have declared bankruptcy. CBP reporting on uncollected AD/CV duties has been critical to congressional and public oversight of CBP's efforts to collect AD/CV duties. However, the law generating this reporting has been repealed.

Four key factors contribute to uncollected AD/CV duties, a few of which the U.S. government has partially addressed. First, because the U.S. AD/CV duty system involves the retrospective assessment of duties, the final amount of AD/CV duties an importer owes can significantly exceed the initial amount paid when the goods entered the country. Second, companies that did not previously export products subject to AD/CV duties, i.e., "new shippers," pose two types of risks for collections. For example, new shippers can be assigned an AD/CV duty rate based on as few as one shipment, which can significantly underestimate the final duty rate. Also, importers purchasing from new shippers were able to provide a bond in lieu of a cash payment to cover the initial AD/CV duties assessed. Congress addressed this risk by temporarily requiring all importers to pay initial AD/CV duties in cash. Third, all importers must provide a general bond to secure the payment of all types of duties, but CBP's standard practice for setting the amount of this bond inadequately protects AD/CV duty revenue. CBP addressed this by revising its bonding formula for products subject to AD/CV duties, but the revision has been tested on only one product and faces domestic and international legal challenges. Fourth, CBP collects minimal information regarding importers and does not conduct background or financial checks, which creates challenges to locating importers and collecting AD/CV duties.

Two sets of options exist for improving AD/CV duty collection, each of which involves potential advantages and disadvantages. One set of options involves revising U.S. law to eliminate the retrospective component of the U.S. AD/CV duty system by assessing final duties when the product arrives in the United States (i.e., a prospective system). But there would be trade-offs. For example, under a retrospective system, the amount of duties finally assessed reflects the actual amount of dumping by the exporter for the period of review. Under a prospective system, the amount of duties assessed may not match the amount of actual dumping or subsidization. However, in practice, a substantial amount of AD/CV duty bills are not collected under the U.S. retrospective system. The second set of options involves making adjustments within the existing system. For example, Congress could revise the standards for new shipper reviews and CBP could examine the option of revising bonding requirements to protect additional AD/CV duty revenue.