

Statement of Senator Sherrod Brown  
Hearing, “Enforcing America’s Trade Laws in the Face of Customs Fraud and Duty Evasion”  
Senate Finance Subcommittee on International Trade  
May 5, 2011

Chairman Wyden, and members of the Subcommittee, thank you for the opportunity to testify at this very important and timely hearing.

I want to first applaud you for examining the issue of duty evasion.

For a state like Ohio, where manufacturers compete in energy intensive, and trade exposed sectors from steel to solar, customs enforcement is the critical complement to the enforcement of our trade laws.

But when duties on unfairly subsidized or dumped products are evaded, it’s not just cheating. It’s getting caught and then ignoring the penalty.

I think of it like this: if a persistent reckless driver, instead of paying his speeding tickets and slowing down, simply buys a radar detector, the problem isn’t solved and the danger still exists.

That is what our manufacturers face when foreign companies create schemes to evade our antidumping and countervailing duty laws.

They don’t pay the ticket; they just find a way to keep violating the law.

Mr. Chairman, like my colleagues on this panel, I’ve testified before the ITC nearly a dozen times over the past four years.

I've stood before the ITC on behalf of Ohio manufacturers of all sorts of everyday products Americans use – from the tires people buy to drive compact cars and earth-moving tractors, or the steel used in pipes, vehicles, or energy products, or even paper products like the thermal paper your receipts are printed on – which is why I always tell Ohioans to ask for their receipts.

There are at least twenty industries with ties to Ohio that have received affirmative decisions in antidumping (AD) or countervailing duty (CVD) investigations at the International Trade Commission (ITC), since 2006.

We know that our AD and CVD laws work. They level the playing field and allow employers to retain and create jobs.

Without strong trade enforcement, Ohio communities like Youngstown, Warren, Lorain (steel pipe) Findlay (tires), and West Carrollton and Hamilton (paper) would be without any recourse when its companies are pitted against unfairly subsidized imports.

Too many imports from China are able to undersell us by significant margins.

This is only possible through Chinese government subsidies to Chinese producers and exporters – and by harmful dumping practices.

But when these duties are so easily evaded, they become meaningless.

According to a report issued by your Subcommittee, foreign companies that face trade duties, and are direct competitors to

Ohio manufacturers of steel nails, light-walled pipe and tube, paint brushes, diamond sawblades, oil country tubular goods (OCTG) have proven they will go to any lengths to avoid paying duties, including by shipping the product through a third country.

So, I applaud you for taking this issue on.

I support your efforts, and believe a legislative approach is warranted to ensure there is consistent enforcement of our trade remedy laws.

And, I want to note that this hearing is particularly timely as our trade enforcement laws are under attack at the World Trade Organization (WTO).

Earlier this spring, a WTO Appellate Body reversed a prior WTO ruling that had upheld the use of our trade remedy laws against China.

Right now, the Chinese government is said to be planning a \$1.5 trillion, five-year investment in seven strategic manufacturing industries.

At a time when we need to enforce our trade remedy laws to fight this clearly unfair Chinese subsidy, the Appellate Body overreached and threatens to dilute the power of our own laws.

To make sure that doesn't happen, several Senators, including Chairman Wyden, and Senators Portman and McCaskill joined Senator Snowe and me in writing Ambassador Ron Kirk, urging the Administration to take all steps necessary to rectify this ruling.

These steps include pushing negotiations in the Doha Round to ensuring that our countervailing duty law remains fully applicable to China.

So, I thank you again for the opportunity to testify and am eager to work with you and my colleagues to develop and pass meaningful legislation to correct this problem.