



June 7, 2002

The Honorable Phil Crane
Chairman, Subcommittee on Trade
Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Crane:

In response to your recent request for written comments on technical corrections to U.S. trade laws, the National Customs Brokers and Forwarders Association (NCBFAA) takes this opportunity to express its support for H.R. 1756, introduced by Rep. Sam Johnson (R-TX) and H.R. 1838, introduced by Rep. Kevin Brady (R-TX). These noncontroversial bills make technical changes to the duty drawback laws to simplify the administration of the drawback program and ease the regulatory burdens associated with its current implementation.

NCBFAA is the national association representing licensed customs brokers and ocean freight forwarders. Our membership includes customs brokers who specialize in the complex task of preparing the documentation for U.S. companies to file for drawback claims.

Duty drawback is a program of enormous importance to U.S. industry, dating back to the first Tariff Act in 1789. Drawback permits a U.S.-based manufacturer to recoup the duties paid on materials imported to the U.S. and used to manufacture a finished product which is then exported. This is so because the imported materials never fully enter U.S. commerce but are instead used in the manufacturing process to produce a product for export -- and because incentives to export are a valuable tool in establishing a favorable balance of trade. The drawback program also refunds customs duties paid on imported products that are not used in the manufacturing process, but are later exported as unused merchandise. Drawback allows U.S. companies to compete in foreign markets without having to include the duty paid on imported merchandise.

H.R. 1838 makes a number of technical changes to simplify and clarify the procedure for filing drawback claims — a process which has become very cumbersome and confusing for both the industry and the Customs Service. These changes include: establishes a statutory time frame for the liquidation of drawback claims; eliminates unnecessary paperwork requirements for drawback claims for substitution products; simplifies and clarifies the requirements for claiming drawback for defective or nonconforming imported merchandise that is exported or destroyed under Customs' supervision; and clarifies the availability of drawback for packaging materials.

H.R. 1756 clarifies that drawback can be claimed for all federal duties, taxes and fees paid on imported products. This provision became necessary following a recent ruling by the Court of Appeals for the Federal Circuit that restricted the fees that are eligible for drawback.

NCBFAA urges the Committee to approve both of these bills. They provide important technical changes to improve the drawback program. Drawback remains a vital tool for encouraging exports and deserves the strong support of the Congress.

Sincerely,

Frank McCarthy
Chairman, Drawback Committee
National Customs Brokers & Forwarders Association of America