

112TH CONGRESS
1ST SESSION

H. R. 3057

To prevent the evasion of antidumping and countervailing duty orders, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 2011

Mr. LONG (for himself, Mr. NUNNELEE, Mrs. EMERSON, Mr. LUETKEMEYER, Mr. AKIN, Ms. LINDA T. SÁNCHEZ of California, Mr. BACHUS, Mr. MANZULLO, Mr. CHANDLER, Mr. CRITZ, Mr. CONYERS, Mr. STARK, Mr. CARNAHAN, and Mr. LIPINSKI) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To prevent the evasion of antidumping and countervailing duty orders, and
for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Enforcing Orders and Reducing Customs Evasion Act of 2011”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PROCEDURES

Sec. 101. Procedures for investigating claims of evasion of antidumping and countervailing duty orders.

Sec. 102. Application to Canada and Mexico.

TITLE II—OTHER MATTERS

Sec. 201. Definitions.

Sec. 202. Allocation of U.S. Customs and Border Protection personnel.

Sec. 203. Regulations.

Sec. 204. Annual report on prevention of evasion of antidumping and countervailing duty orders.

Sec. 205. Government Accountability Office report on reliquidation authority.

TITLE I—PROCEDURES

SEC. 101. PROCEDURES FOR INVESTIGATING CLAIMS OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

(a) IN GENERAL.—The Tariff Act of 1930 is amended by inserting after section 516A (19 U.S.C. 1516a) the following:

“SEC. 516B. PROCEDURES FOR INVESTIGATING CLAIMS OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

“(a) DEFINITIONS.—In this section:

“(1) ADMINISTERING AUTHORITY.—The term ‘administering authority’ has the meaning given that term in section 771(1).

“(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ‘appropriate congressional committees’ means—

“(A) the Committee on Finance and the Committee on Appropriations of the Senate; and

“(B) the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives.

“(3) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner responsible for U.S. Customs and Border Protection.

“(4) COVERED MERCHANDISE.—The term ‘covered merchandise’ means merchandise that is subject to—

“(A) an antidumping duty order issued under section 736;

“(B) a finding issued under the Antidumping Act, 1921; or

“(C) a countervailing duty order issued under section 706.

“(5) ENTER; ENTRY.—The terms ‘enter’ and ‘entry’ refer to the entry, or withdrawal from warehouse for consumption, in the customs territory of the United States.

“(6) EVADE; EVASION.—The terms ‘evade’ and ‘evasion’ refer to entering covered merchandise into the customs territory of the United States by means of any document or electronically transmitted data or information, written or oral statement, or act that is material and false, or any omission that is material, and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.

“(7) INTERESTED PARTY.—The term ‘interested party’ has the meaning given that term in section 771(9).

“(b) PROCEDURES FOR INVESTIGATING ALLEGATIONS OF EVASION.—

“(1) INITIATION BY PETITION OR REFERRAL.—

“(A) IN GENERAL.—Not later than 10 days after the date on which the Commissioner receives a petition described in subparagraph (B) or a referral described in subparagraph (C), the Commissioner shall initiate an investigation pursuant to this paragraph.

“(B) PETITION DESCRIBED.—A petition described in this subparagraph is a petition that—

“(i) is filed with the Commissioner by any party who is an interested party with respect to covered merchandise;

“(ii) alleges that a person has entered covered merchandise into the customs territory of the United States through evasion; and

“(iii) is accompanied by information reasonably available to the petitioner supporting the allegation.

“(C) REFERRAL DESCRIBED.—A referral described in this subparagraph is information submitted to the Commissioner by any other Federal agency, including the Department of Commerce or the United States International Trade Commission, indicating that a person has entered covered merchandise into the customs territory of the United States through evasion.

“(2) DETERMINATIONS.—

“(A) PRELIMINARY DETERMINATION.—

“(i) IN GENERAL.—Not later than 90 days after the date on which the Commissioner initiates an investigation under paragraph (1), the Commissioner shall issue a preliminary determination, based on information available to the Commissioner at the time of the determination, with respect to whether there is a reasonable basis to believe or suspect that the covered merchandise was entered into the customs territory of the United States through evasion.

“(ii) EXTENSION.—The Commissioner may extend by not more than 45 days the time period specified in clause (i) if the Commissioner determines that sufficient information to make a preliminary determination under that clause is not available within that time period or the inquiry is unusually complex.

“(B) FINAL DETERMINATION.—

“(i) IN GENERAL.—Not later than 120 days after making a preliminary determination under subparagraph (A), the Commissioner shall make a final determination, based on substantial evidence, with respect to whether covered merchandise was entered into the customs territory of the United States through evasion.

“(ii) EXTENSION.—The Commissioner may extend by not more than 60 days the time period specified in clause (i) if the Commissioner determines that sufficient information to make a final determination under that clause is not available within that time period or the inquiry is unusually complex.

“(iii) OPPORTUNITY FOR COMMENT; HEARING.—After making a preliminary determination under subparagraph (A) and before issuing a final determination under this subparagraph with respect to whether covered merchandise was entered into the customs territory of the United States through evasion, the Commissioner shall—

“(I) provide any person alleged to have entered the merchandise into the customs territory of the United States through evasion, and any person that is an interested party with respect to the merchandise, with an

opportunity to be heard;

“(II) upon request, hold a hearing with respect to whether the covered merchandise was entered into the customs territory of the United States through evasion; and

“(III) provide an opportunity for public comment.

“(C) AUTHORITY TO COLLECT AND VERIFY ADDITIONAL INFORMATION.—In making a preliminary determination under subparagraph (A) or a final determination under subparagraph (B), the Commissioner—

“(i) shall exercise all existing authorities to collect information needed to make the determination; and

“(ii) may collect such additional information as is necessary to make the determination through such methods as the Commissioner considers appropriate, including by—

“(I) issuing a questionnaire with respect to covered merchandise to—

“(aa) a person that filed a petition under paragraph (1)(B);

“(bb) a person alleged to have entered covered merchandise into the customs territory of the United States through evasion; or

“(cc) any other person that is an interested party with respect to the covered merchandise; or

“(II) conducting verifications, including on-site verifications, of any relevant information.

“(D) ADVERSE INFERENCE.—

“(i) IN GENERAL.—If the Commissioner finds that a person that filed a petition under paragraph (1)(B), a person alleged to have entered covered merchandise into the customs territory of the United States through evasion, or a foreign producer or exporter, has failed to cooperate by not acting to the best of the person's ability to comply with a

request for information, the Commissioner may, in making a preliminary determination under subparagraph (A) or a final determination under subparagraph (B), use an inference that is adverse to the interests of that person in selecting from among the facts otherwise available to determine whether evasion has occurred.

“(ii) ADVERSE INFERENCE DESCRIBED.—An adverse inference used under clause (i) may include reliance on information derived from—

“(I) the petition, if any, submitted under paragraph (1)(B) with respect to the covered merchandise;

“(II) a determination by the Commissioner in another investigation under this section;

“(III) an investigation or review by the administering authority under title VII; or

“(IV) any other information placed on the record.

“(E) NOTIFICATION AND PUBLICATION.—Not later than 7 days after making a preliminary determination under subparagraph (A) or a final determination under subparagraph (B), the Commissioner shall—

“(i) provide notification of the determination to—

“(I) the administering authority; and

“(II) the person that submitted the petition under paragraph (1)(B) or the Federal agency that submitted the referral under paragraph (1)(C); and

“(ii) provide the determination for publication in the Federal Register.

“(3) BUSINESS PROPRIETARY INFORMATION.—

“(A) ESTABLISHMENT OF PROCEDURES.—For each investigation initiated under paragraph (1), the Commissioner shall establish procedures for the submission of business proprietary information under an administrative protective order that—

“(i) protects against public disclosure of such information; and

“(ii) for purposes of submitting comments to the Commissioner, provides limited access to such information for—

“(I) the person that submitted the petition under paragraph (1)(B) or the Federal agency that submitted the referral under paragraph (1)(C); and

“(II) the person alleged to have entered covered merchandise into the customs territory of the United States through evasion.

“(B) ADMINISTRATION IN ACCORDANCE WITH OTHER PROCEDURES.—The procedures established under subparagraph (A) shall be administered, to the maximum extent practicable, in accordance with administrative protective order procedures under section 777 by the administering authority.

“(C) DISCLOSURE OF BUSINESS PROPRIETARY INFORMATION.—The Commissioner shall, in accordance with the procedures established under subparagraph (A), make all business proprietary information presented to, or obtained by, the Commissioner during an investigation available to the persons specified in subparagraph (A)(ii) under an administrative protective order, regardless of when such information is submitted during an investigation.

“(4) REFERRALS TO OTHER FEDERAL AGENCIES.—

“(A) AFTER PRELIMINARY DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the Commissioner makes an affirmative preliminary determination under paragraph (2)(A), the Commissioner shall, at the request of the head of another Federal agency, transmit the administrative record to the head of that agency.

“(B) AFTER FINAL DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the Commissioner makes an affirmative final determination under paragraph (2)(B), the Commissioner shall, at the request of the head of another Federal agency, transmit the complete

administrative record to the head of that agency.

“(C) PROTECTIVE ORDERS.—Before transmitting an administrative record to the head of another Federal agency under subparagraph (A) or (B), the Commissioner shall verify that the other agency has in effect with respect to the administrative record a protective order that provides the same or a similar level of protection for the information in the administrative record as the protective order in effect with respect to such information under this subsection.

“(c) EFFECT OF DETERMINATIONS.—

“(1) EFFECT OF AFFIRMATIVE PRELIMINARY DETERMINATION.—If the Commissioner makes a preliminary determination in accordance with subsection (b)(2)(A) that there is a reasonable basis to believe or suspect that covered merchandise was entered into the customs territory of the United States through evasion, the Commissioner shall—

“(A) suspend the liquidation of each unliquidated entry of the covered merchandise that is subject to the preliminary determination and that entered on or after the date of the initiation of the investigation under paragraph (1) and, pursuant to the Commissioner’s authority under section 504(b), extend liquidation of each unliquidated entry of the covered merchandise that is subject to the preliminary determination and that entered prior to the date of the initiation of the investigation under paragraph (1);

“(B) review and reassess the amount of bond or other security the importer is required to post for each entry of merchandise described in subparagraph (A);

“(C) require the posting of a cash deposit with respect to each entry of merchandise described in subparagraph (A); and

“(D) take such other measures as the Commissioner determines appropriate to ensure the collection of any duties that may be owed with respect to merchandise described in subparagraph (A) as a result of a final determination under subsection (b)(2)(B).

“(2) EFFECT OF NEGATIVE PRELIMINARY DETERMINATION.—If the Commissioner makes a preliminary determination in accordance

with subsection (b)(2)(A) that there is not a reasonable basis to believe or suspect that covered merchandise was entered into the customs territory of the United States through evasion, the Commissioner shall continue the investigation and notify the administering authority pending a final determination under subsection (b)(2)(B).

“(3) EFFECT OF AFFIRMATIVE FINAL DETERMINATION.—If the Commissioner makes a final determination in accordance with subsection (b)(2)(B) that covered merchandise was entered into the customs territory of the United States through evasion, the Commissioner shall—

“(A) suspend or continue to suspend, as the case may be, the liquidation of each entry of the covered merchandise that is subject to the determination and that enters on or after the date of the determination and, pursuant to the Commissioner’s authority under section 504(b), extend or continue to extend, as the case may be, the liquidation of each entry of the covered merchandise that is subject to the determination and that entered prior to the date of the determination;

“(B) notify the administering authority of the determination and request that the administering authority—

“(i) identify the applicable antidumping or countervailing duty assessment rate for the entries for which liquidation is suspended under paragraph (1)(A) or subparagraph (A) of this paragraph; or

“(ii) if no such assessment rates are available at the time, identify the applicable cash deposit rate to be applied to the entries described in subparagraph (A), with the applicable antidumping or countervailing duty assessment rates to be provided as soon as such rates become available;

“(C) require the posting of cash deposits and assess duties on each entry of merchandise described in subparagraph (A) in accordance with the instructions received from the administering authority under paragraph (5);

“(D) review and reassess the amount of bond or other security the importer is required to post for merchandise described in subparagraph (A) to ensure the protection of revenue and compliance with the law; and

“(E) take such additional enforcement measures as the Commissioner determines appropriate, such as—

“(i) initiating proceedings under section 592 or 596;

“(ii) implementing, in consultation with the relevant Federal agencies, rule sets or modifications to rules sets for identifying, particularly through the Automated Targeting System and the Automated Commercial Environment, importers, other parties, and merchandise that may be associated with evasion;

“(iii) requiring, with respect to merchandise for which the importer has repeatedly provided incomplete or erroneous entry summary information in connection with determinations of evasion, the importer to submit entry summary documentation and to deposit estimated duties at the time of entry;

“(iv) referring the record in whole or in part to U.S. Immigration and Customs Enforcement for civil or criminal investigation; and

“(v) transmitting the administrative record to the administering authority for further appropriate proceedings.

“(4) EFFECT OF NEGATIVE FINAL DETERMINATION.—If the Commissioner makes a final determination in accordance with subsection (b)(2)(B) that covered merchandise was not entered into the customs territory of the United States through evasion, the Commissioner shall terminate the suspension of liquidation pursuant to paragraph (1)(A) and refund any cash deposits collected pursuant to paragraph (1)(C) that are in excess of the cash deposit rate that would otherwise have been applicable the merchandise.

“(5) COOPERATION OF ADMINISTERING AUTHORITY.—

“(A) IN GENERAL.—Upon receiving a notification from the Commissioner under paragraph (3)(B), the administering authority shall promptly provide to the Commissioner the applicable cash deposit rates and antidumping or countervailing duty assessment rates and any necessary liquidation instructions.

“(B) SPECIAL RULE FOR CASES IN WHICH THE PRODUCER OR EXPORTER IS UNKNOWN.—If the Commissioner and

administering authority are unable to determine the producer or exporter of the merchandise with respect to which a notification is made under paragraph (3)(B), the administering authority shall identify, as the applicable cash deposit rate or antidumping or countervailing duty assessment rate, the cash deposit or duty (as the case may be) in the highest amount applicable to any producer or exporter, including the 'all-others' rate of the merchandise subject to an antidumping order or countervailing duty order under section 736 or 706, respectively, or a finding issued under the Antidumping Act, 1921, or any administrative review conducted under section 751.

“(d) SPECIAL RULES.—

“(1) EFFECT ON OTHER AUTHORITIES.—Neither the initiation of an investigation under subsection (b)(1) nor a preliminary determination or a final determination under subsection (b)(2) shall affect the authority of the Commissioner—

“(A) to pursue such other enforcement measures with respect to the evasion of antidumping or countervailing duties as the Commissioner determines necessary, including enforcement measures described in clauses (i) through (iv) of subsection (c)(3) (E); or

“(B) to assess any penalties or collect any applicable duties, taxes, and fees, including pursuant to section 592.

“(2) EFFECT OF DETERMINATIONS ON FRAUD ACTIONS.—Neither a preliminary determination nor a final determination under subsection (b)(2) shall be determinative in a proceeding under section 592.

“(3) NEGLIGENCE OR INTENT.—The Commissioner shall investigate and make a preliminary determination or a final determination under this section with respect to whether a person has entered covered merchandise into the customs territory of the United States through evasion without regard to whether the person—

“(A) intended to violate an antidumping duty order or countervailing duty order under section 736 or 706, respectively, or a finding issued under the Antidumping Act, 1921; or

“(B) exercised reasonable care with respect to avoiding a violation of such an order or finding.”.

(b) TECHNICAL AMENDMENT.—Clause (ii) of section 777(b)(1)(A) of the Tariff Act of 1930 (19 U.S.C. 1677f(b)(1)(A)) is amended to read as follows:

“(ii) to an officer or employee of U.S. Customs and Border Protection who is directly involved in conducting an investigation regarding fraud under this title or claims of evasion under section 516B.”.

(c) JUDICIAL REVIEW.—Section 516A(a)(2) of the Tariff Act of 1930 (19 U.S.C. 1516a(a)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)(III), by striking “or” at the end;

(B) in clause (ii), by adding “or” at the end; and

(C) by inserting after clause (ii) the following:

“(iii) the date of publication in the Federal Register of a determination described in clause (ix) of subparagraph (B),”; and

(2) in subparagraph (B), by adding at the end the following new clause:

“(ix) A determination by the Commissioner responsible for U.S. Customs and Border Protection under section 516B that merchandise has been entered into the customs territory of the United States through evasion.”.

(d) FINALITY OF DETERMINATIONS.—Section 514(b) of the Tariff Act of 1930 (19 U.S.C. 1514(b)) is amended by striking “section 303” and all that follows through “which are reviewable” and inserting “section 516B or title VII that are reviewable”.

SEC. 102. APPLICATION TO CANADA AND MEXICO.

Pursuant to article 1902 of the North American Free Trade Agreement and section 408 of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3438), the amendments made by this title shall apply with respect to goods from Canada and Mexico.

TITLE II—OTHER MATTERS

SEC. 201. DEFINITIONS.

In this title, the terms “appropriate congressional committees”, “Commissioner”, “covered merchandise”, “enter” and “entry”, and “evade” and “evasion” have the meanings given those terms in section 516B(a) of the Tariff Act of 1930 (as added by section 101 of this Act).

SEC. 202. ALLOCATION OF U.S. CUSTOMS AND BORDER PROTECTION PERSONNEL.

(a) REASSIGNMENT AND ALLOCATION.—The Commissioner shall, to the maximum extent possible, ensure that U.S. Customs and Border Protection—

(1) employs sufficient personnel who have expertise in, and responsibility for, preventing the entry of covered merchandise into the customs territory of the United States through evasion; and

(2) on the basis of risk assessment metrics, assigns sufficient personnel with primary responsibility for preventing the entry of covered merchandise into the customs territory of the United States through evasion to the ports of entry in the United States at which the Commissioner determines potential evasion presents the most substantial threats to the revenue of the United States.

(b) COMMERCIAL ENFORCEMENT OFFICERS.—Not later than 30 days after the enactment of this Act, the Secretary of Homeland Security, the Commissioner, and the Assistant Secretary for U.S. Immigration and Customs Enforcement shall assess and properly allocate the resources of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement—

(1) to effectively implement the provisions of, and amendments made by, this Act; and

(2) to improve efforts to investigate and combat evasion.

SEC. 203. REGULATIONS.

(a) IN GENERAL.—Not later than 240 days after the date of the enactment of this Act, the Commissioner shall issue regulations to carry out this title and the amendments made by title I.

(b) COOPERATION BETWEEN U.S. CUSTOMS AND BORDER PROTECTION, U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT, AND DEPARTMENT OF COMMERCE.—Not later than 240 days after the

date of the enactment of this Act, the Commissioner, the Assistant Secretary for U.S. Immigration and Customs Enforcement, and the Secretary of Commerce shall establish procedures to ensure maximum cooperation and communication between U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and the Department of Commerce in order to quickly, efficiently, and accurately investigate allegations of evasion under section 516B of the Tariff Act of 1930 (as added by section 101 of this Act).

SEC. 204. ANNUAL REPORT ON PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

(a) **IN GENERAL.**—Not later than February 28 of each year, beginning in 2012, the Commissioner, in consultation with the Secretary of Commerce, shall submit to the appropriate congressional committees a report on the efforts being taken pursuant to section 516B of the Tariff Act of 1930 (as added by section 101 of this Act) to prevent the entry of covered merchandise into the customs territory of the United States through evasion.

(b) **CONTENTS.**—Each report required under subsection (a) shall include—

(1) for the fiscal year preceding the submission of the report—

(A) the number and a brief description of petitions and referrals received pursuant to section 516B(b)(1) of the Tariff Act of 1930 (as added by section 101 of this Act);

(B) the results of the investigations initiated under such section, including any related enforcement actions, and the amount of antidumping and countervailing duties collected as a result of those investigations; and

(C) to the extent appropriate, a summary of the efforts of U.S. Customs and Border Protection, other than efforts initiated pursuant section 516B of the Tariff Act of 1930 (as added by section 101 of this Act), to prevent the entry of covered merchandise into the customs territory of the United States through evasion; and

(2) for the 3 fiscal years preceding the submission of the report, an estimate of—

(A) the amount of covered merchandise that entered the customs territory of the United States through evasion; and

(B) the amount of duties that could not be collected on such merchandise because the Commissioner did not have the authority to reliquidate the entries of such merchandise.

**SEC. 205. GOVERNMENT ACCOUNTABILITY OFFICE REPORT ON
RELIQUIDATION AUTHORITY.**

Not later than 60 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate congressional committees, and make available to the public, a report estimating the amount of duties that could not be collected on covered merchandise that entered the customs territory of the United States through evasion during fiscal years 2009 and 2010 because the Commissioner did not have the authority to reliquidate the entries of such merchandise.
