



U.S. Customs and
Border Protection

FEB 7 2005

The Honorable Robin Hayes
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Hayes:

Thank you for your letter of December 17, 2004. In your correspondence, you inquired about the status of Fiscal Year (FY) 2004 and FY 2005 funding for additional Customs agents as authorized in Section 352 of the Trade Act of 2002 (Public Law 107-210). U.S. Customs and Border Protection (CBP) has recently completed its review of this matter. Please allow me to outline our findings.

The \$9.5 million that was appropriated by Congress was equally distributed to CBP and U.S. Immigration and Customs Enforcement (ICE). Although these are two distinct and separate bureaus within the Department of Homeland Security, resources from both work together to enforce textile laws. Assets contributed by CBP are import specialists, CBP officers, analysts and auditors. ICE assets include investigator agents.

During FY 2004, CBP designated textiles and textile products a Priority Trade Issue (PTI). This designation ensures that the appropriate level of resources will be dedicated to identify and address issues affecting the compliance of textile and textile products entering the commerce of the United States.

One major tool that is used to address compliance issues is the deployment of Textile Production Verification Teams (TPVT) to visit factories in foreign countries. In 2004, visits were made to over 710 factories located in 12 high-risk countries.¹ Of the total number of factories visited, 103 refused admission, 224 were permanently closed, and 38 had evidence of transshipment of goods.² Overall, TPVT visits identified concerns with 94 percent of all factories visited. Compared to FY 2003 activities, CBP deployed teams to four more countries and 285 more factory operations. The travel costs for these visits was approximately \$500,000.

As a result of these visits, to date, the activity of the closed factories has been reduced from \$336 million to \$5 million; and the number of importers dealing with these factories has been reduced from over 1,000 to 55. As more enforcement action takes place, we anticipate that these numbers will drop to zero.

¹ Hong Kong, Korea, Vietnam, Israel, Egypt, South Africa, Madagascar, Singapore, Jordan, Lesotho, Malaysia and Swaziland.

In FY 2004, CBP seized shipments based on the submission of counterfeit documents found by import specialists at our ports of entry for the following countries:

Russia: \$15.4 million
South Africa: \$3.7 million
Uzbekistan: \$2.8 million
Vietnam: \$2.2 million
Kenya: \$400,000
Maldives: \$300,000
Kyrgyzstan: \$200,000
Brunei: \$120,000
Botswana: \$100,000²

Additional seizures have been made with in-bond diversion (\$19.2 million) and other smuggling avenues, i.e., misclassification (\$2.2 million). In addition, for the first 6 months of FY 2004, CBP seized more than \$27.7 million worth of wearing apparel for violation of Intellectual Property Rights laws.

Currently, there are 242 Import Specialists onboard who review and process textile shipments. It is estimated that in FY 2004, the salaries and benefits of these Import Specialists and travel for TPVT visits accounted for approximately \$18 million.

CBP again has designated the textile industry as a PTI for FY 2005. We are committed to vigorously enforcing all laws governing imports of textiles and textile products with a particular emphasis on China safeguard products, free trade agreement claims, and Intellectual Property Rights protection.

I appreciate your interest in Customs and Border Protection. If we may offer further assistance, please contact me at (202) 344-1760.

Yours truly,



L. Seth Statler
Deputy Assistant Commissioner
Office of Congressional Affairs

² Monies represent the adjusted domestic value and not the declared entered value.