ITSA

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ITSA CSEC Submission

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The following submission is made on behalf of members of the International Trade Surety Association ("ITSA"), who collectively provide an estimated 70% of all customs bonds executed in the U.S.[1] Our purpose is to outline an approach to improve the collection of ADD/CVD duties.

Due to the history of significant problems in forecasting and underwriting ADD/CVD obligations, ITSA members have a general aversion to undertaking ADD/CVD risks. They do, however, find themselves pressed to provide ADD/CVD-related bonds in response to commercial pressures exerted by their clients. ITSA members do not anticipate that future commercial realities in regard to this will change and that competitive pressures will continue to compel them to accept some level of ADD/CVD risk.

Similarly, the Congress, GAO, OMB, CBP, COAC and domestic industries have been concerned about the unexpectedly large amounts of ADD/CVD assessments that have gone uncollected. There have been many efforts to address the problems (e.g., suspension of new shipper bonds, enhanced bonding guidelines for certain products, supplemental bonding authority for suspicious transactions, advanced or pre-lading bonds, etc.), but no comprehensive solution has been tested.

ITSA joins a vast number of members of the international trade community in recognizing that the only comprehensive solution to the problem of under-collection of ADD/CVD is to change U.S. law to make ADD/CVD rating prospective (as is the case with our major trading partners) rather than retrospective as it is now. Recognizing that this would require an act of Congress, and that there may not currently be a political consensus to achieve that solution, we urge CBP to give serious consideration to pursuing a supplemental bonding requirement along the lines discussed below.

Whatever other dialog ITSA and CBP may take up in connection with ADD/CVD issues, ITSA members are unanimous in their position that CBP should adopt a separate bond form or Activity Code to be utilized in any and all situations wherein the sole purpose for CBP requiring a bond (single, term, or continuous) is to protect ADD/CVD exposures. Furthermore, due to control problems and aggregate concerns as well as inherent revenue collection issues, ITSA members believe new shipper review bonding should be eliminated in its entirety. It is our understanding that provisions regarding the latter are included in both customs reauthorization bills introduced in the House of Representatives late last year and expected to be reintroduced in 2013. ITSA fully supports these provisions.

It is ITSA's view that CBP's recent (June 13, 2012) memo setting forth partial guidelines for requiring STBs on non-ADD/CVD entries which are strongly suspected of involving attempts at

[1] It should be noted for the record that, as a matter of bylaws and rules of conduct given assent by each and every organization involved, ITSA members do not engage each other, bilaterally or multilaterally, in communications of any nature regarding the pricing of bonds or setting of underwriting requirements.