

GAO Highlights

Highlights of [GAO-16-542](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

The United States assesses AD duties on products imported at unfairly low prices (i.e., dumped) and CV duties on products subsidized by foreign governments. Nonpayment of AD/CV duties means the U.S. government has not fully remedied unfair trade practices and results in lost revenue.

GAO was asked to review CBP's efforts to improve the collection of AD/CV duties. This report (1) examines the status and composition of uncollected AD/CV duties, (2) the extent to which CBP has taken steps to improve its collection of such duties, and (3) the extent to which CBP assesses and mitigates the risk to revenue from potentially uncollectible AD/CV duties. GAO analyzed CBP AD/CV duty entry data for fiscal years 2001 through 2014, AD/CV duty billing data as of mid-May 2015, and Department of Commerce data for fiscal years 2002–2015. GAO also reviewed agency documents, interviewed agency and private sector officials, and analyzed CBP data to assess the risk of duty nonpayment.

What GAO Recommends

GAO recommends that CBP (1) issue guidance to collect and analyze data on a regular basis to find and address the causes of AD/CV duty liquidation errors and track progress; (2) regularly conduct a comprehensive risk analysis that considers likelihood as well as significance of risk factors related to duty nonpayment; and (3) take steps to use its data and risk assessment strategically to mitigate AD/CV duty nonpayment consistent with U.S. law and international trade obligations. CBP concurred with all three recommendations.

View [GAO-16-542](#). For more information, contact Kimberly M. Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov.

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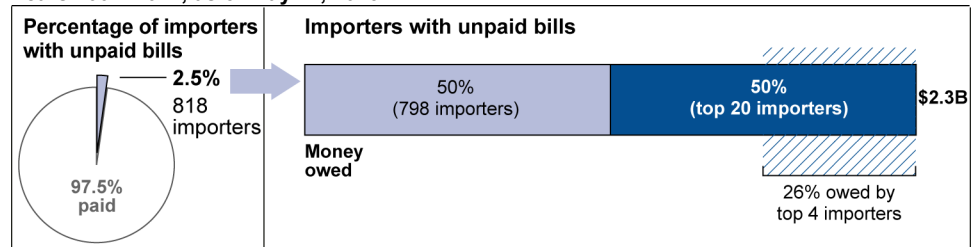
ANTIDUMPING AND COUNTERVAILING DUTIES

CBP Action Needed to Reduce Duty Processing Errors and Mitigate Nonpayment Risk

What GAO Found

GAO estimates that about \$2.3 billion in antidumping (AD) and countervailing (CV) duties owed to the U.S. government were uncollected as of mid-May 2015, based on its analysis of AD/CV duty bills for goods entering the United States in fiscal years 2001–2014. U.S. Customs and Border Protection (CBP) reported that it does not expect to collect most of that debt. GAO found that most AD/CV duty bills were paid and that unpaid bills were concentrated among a small number of importers, with 20 accounting for about 50 percent of the \$2.3 billion uncollected. CBP data show that most of those importers stopped importing before receiving their first AD/CV duty bill. As GAO has previously reported, the U.S. AD/CV duty system involves the retrospective assessment of duties, such that the final amount of AD/CV duties an importer owes can significantly exceed the initial amount paid at the estimated duty rate when the goods entered the country.

Importers with Unpaid Antidumping and/or Countervailing Duty Bills for Entries in Fiscal Years 2001–2014, as of May 12, 2015



Source: GAO analysis of Customs and Border Protection data. | GAO-16-542

CBP has undertaken efforts to improve its collection of AD/CV duties or to protect against the risk of unpaid final duty bills through bonding, but these efforts have yielded limited results. For example, CBP launched an initiative to reduce processing errors that result in CBP closing duty bills at the initial duty rate rather than the final duty rate, such that the initial duty paid may be significantly higher or lower than the final duty amount owed. Though the initiative has shown positive results, as of May 2016, its application had been limited. In addition, CBP had not collected and analyzed data systematically to help it monitor and minimize these duty processing errors. As a result, CBP does not know the extent of these errors and cannot take timely or effective action and avoid the potential revenue loss they may represent.

CBP's limited analysis of the risk to revenue from potentially uncollectible AD/CV duties (nonpayment risk) misses opportunities to identify and mitigate nonpayment risk. The standard definition of risk with regard to some negative event that could occur includes both the likelihood of the event and the significance of the consequences if the event occurs; however, CBP does not attempt to assess either of these risk components for any given entry of goods subject to AD/CV duties. GAO's analysis, applying standard statistical methods, demonstrates that a more comprehensive analysis of CBP data related to AD/CV duties is feasible and could help CBP better identify key factors associated with nonpayment risk and take steps to mitigate it.