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## **GAO FINDS GAPS IN CUSTOMS CARGO TRACKING**

*Finance leaders call for immediate steps to improve  
Customs and Border Protection program meant to get goods to U.S. businesses*

**Washington, DC** – A new report revealing financial and security gaps in Customs and Border Protection’s (CBP) process for cargo prompted comment today from Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Republican Member Chuck Grassley (R-Iowa). At the Senators’ request, the Government Accountability Office (GAO) completed a study of CBP’s “in-bond” cargo system, which allows importers to quickly record incoming cargo, pay a bond instead of the full duty, and finish the paperwork and payments later while shipments move on to other destinations. GAO found, however, that CBP frequently does not follow up on shipments processed in this way. This loses the U.S. hundreds of millions of dollars in revenue, and raises the possibility that contraband could move on to other U.S. destinations. U.S. manufacturers or producers could also be hurt by unfair competition from importers avoiding their full duty payments.

**“In-bond cargo rules are meant to keep our ports running smoothly, but this system seems to be leaking like a sieve,”** said Baucus. **“America can’t afford to lose tens of millions of dollars in duty revenues because folks at Customs aren’t following up. And for safety’s sake, we certainly can’t afford to lose track of items entering our country through ports. Customs needs to take the GAO’s recommendations and tighten up the in-bond cargo system without delay. The Finance Committee expects a better effort toward the safe and efficient operation of our ports.”**

Grassley said, **“This report raises serious concerns. GAO concluded that CBP does not know the extent of the in-bond system’s use as a result of lax oversight. That has to change. Last year we included a provision in the Security and Accountability For Every Port Act of 2006 that requires the Commissioner of Customs to report to Congress regarding the in-bond system. The Commissioner’s report is due by June 30th, and will include a plan for closing in-bond entries at the port of arrival, as well as an assessment of the personnel needed to ensure 100 percent reconciliation of in-bond entries between the port of arrival and the port of destination or exportation. I hope this GAO report will help the Commissioner in preparing his report to Congress. In any event, I expect to see some answers in the Commissioner’s upcoming report.”**

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The GAO report, “Persistent Weaknesses in the In-Bond Cargo System Impede Customs and Border Protection’s Ability to Address Revenue, Trade, and Security Concerns” (GAO-07-561), is online at [www.gao.gov](http://www.gao.gov). GAO found serious deficiencies in CBP’s administration of the in-bond cargo program, even in information-gathering to determine how much the program is used. CBP’s present computer system cannot track shipments, record-keeping is sloppy among importers, shippers, and Customs, and forms that are filled out lack sufficiently detailed information. Present regulations allow importers and shippers to even change the final destination without notification to CBP.

CBP has asked all ports to improve administration of the in-bond program, but the agency’s instructions have not been universally applied. GAO recommends that Customs improve its information collection for in-bond cargo, work to identify holes in the system and close them, and to revive a previously used system to check a sample of in-bond shipments for compliance, and to target some shipments for inspection. Staffing limitations have kept Customs from running such checks regularly, and from tabulating the data into useful information. GAO reports that the Department of Homeland Security, which oversees CBP, has agreed with most of the report’s recommendations for action.

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