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Highlights

Highlights of [GAO-05-979](#), a report to congressional requesters

Why GAO Did This Study

Between fiscal years 2001 and 2004, the Continued Dumping and Subsidy Offset Act (CDSOA) provided over \$1 billion funded from import duties to U.S. companies deemed injured by unfair trade. Some supporters state CDSOA helps U.S. companies compete in the face of continuing unfair trade. Some opponents believe CDSOA recipients receive a large, unjustified windfall from the U.S. treasury. Also, 11 World Trade Organization (WTO) members lodged a complaint over the law at the WTO. This report assesses (1) key legal requirements guiding and affecting agency implementation of CDSOA; (2) problems, if any, U.S. agencies have faced in implementing CDSOA; and (3) which companies have received CDSOA payments and their effects for recipients and non-recipients; and describes (4) the status of WTO decisions on CDSOA.

What GAO Recommends

In considering whether to keep, modify, or repeal CDSOA, Congress should consider whether the law is achieving its purposes of strengthening U.S. trade remedy laws, restoring conditions of fair trade, and assisting U.S. producers. If Congress decides to modify the law, Congress should also consider extending the time frame for disbursing payments. In addition, we recommend that CBP take several steps to improve processing of CDSOA claims and payments, verification of claims, and collection of import duties.

www.gao.gov/cgi-bin/getrpt?GAO-05-979.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

INTERNATIONAL TRADE

Issues and Effects of Implementing the Continued Dumping and Subsidy Offset Act

What GAO Found

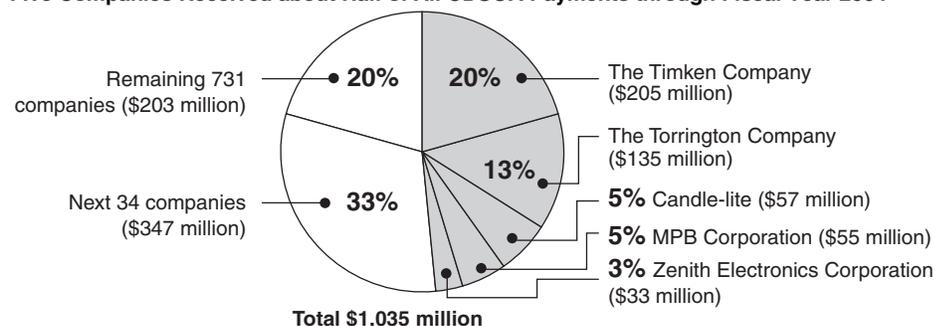
Congress enacted CDSOA to strengthen relief to injured U.S. producers. The law's key eligibility requirements limit benefits to producers that filed a petition for relief or that publicly supported the petition during a government investigation to determine whether injury had occurred. This law differs from trade remedy laws, which generally provide relief to all producers in an industry. Another key CDSOA feature requires that Customs and Border Protection (CBP) disburse payments within 60 days after the beginning of a fiscal year, giving CBP limited time to process payments and perform desired quality controls. This time frame, combined with a dramatic growth in the program workload, presents implementation risks for CBP.

CBP faces three key implementation problems. First, processing of company claims and CDSOA payments is problematic because CBP's procedures are labor intensive and do not include standardized forms or electronic filing. Second, most companies are not accountable for the claims they file because they do not have to support their claims and CBP does not systematically verify the claims. Third, CBP's problems in collecting duties that fund CDSOA have worsened. About half of the funds that should have been available for disbursement remained uncollected in fiscal year 2004.

Most of the CDSOA payments went to a few companies with mixed effects. About half of these payments went to five companies. Top recipients we surveyed said that CDSOA had beneficial effects, but the degree varied. In four of seven industries we examined, recipients reported benefits, but some non-recipients noted CDSOA payments gave their competitors an unfair advantage. These views are not necessarily representative of the views of all recipients and non-recipients.

Because the United States has not brought CDSOA into compliance with its WTO obligations, it faces additional tariffs on U.S. exports covering a trade value of up to \$134 million based on 2004 CDSOA disbursements. Recently, Canada, the European Union, Mexico, and Japan imposed additional duties on various U.S. exports. Four other WTO members may follow suit.

Five Companies Received about Half of All CDSOA Payments through Fiscal Year 2004



Source: GAO analysis of CBP data.