



Committee On Finance

Max Baucus, Ranking Member

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**Opening Statement of U.S. Senator Max Baucus (D-Mont.)
Nomination of Mr. Ralph Basham
Hearing Before the Senate Finance Committee**

Welcome to the Finance Committee, Director Basham. You have a long and distinguished career in public service, and you have served your country admirably.

If you are confirmed by the Senate to be the Commissioner of Customs and Border Protection, we will be working very closely together, particularly as this Committee prepares to consider Customs reauthorization legislation this spring.

When the Department of Homeland Security was created nearly four years ago, Customs' primary focus was on trade facilitation and compliance. After Congress folded Customs into the new Bureau of Customs and Border Protection, the Commissioner of CBP took on a dual mission – facilitating legitimate trade while also securing our borders.

Though CBP moved into the new Department of Homeland Security, the Finance Committee retained oversight over the revenue, commercial and trade facilitation functions of CBP.

Finance has always had jurisdiction over Customs, since the First Congress authorized the collection of duties on imported goods more than two hundred years ago. In those early years, duties were the primary source of government revenue.

Customs was created literally to stand at the border and collect revenues for the U.S. Treasury. And Customs was placed under the jurisdiction of the Senate Committee responsible for raising money for the government – the Finance Committee.

Over the years, we have turned to other sources of government revenue and lowered our tariffs to an average duty of just four percent. But jurisdiction over international trade and Customs has remained firmly with the Finance Committee.

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In response to the horrific events on September 11, the United States has taken a variety of measures to increase the security of the cargo coming into our country. The responsibility for implementing many of these measures fell to CBP.

That leaves in the hands of the Commissioner of CBP a difficult task.

The Commissioner must discharge Customs' historic responsibility to facilitate the smooth flow of international commerce, which drives our economic growth. But at the same time, the Commissioner at the same time must also ensure the safety of the cargo that arrives on American shores.

This is a difficult balancing act. The two interests are inherently in tension.

My number one concern, Director Basham, is that the Commissioner of CBP knows how to strike that balance without sacrificing either interest.

The easiest thing to do to make certain that no dangerous cargo arrives in the United States is to ban all imports. But that, of course, would be disastrous to our economy.

Fifty years ago, trade accounted for about one tenth of our economic growth; today, it accounts for one quarter. Trade has pumped over one trillion dollars into our economy, and the equivalent of \$10,000 for every American household.

Consider also, for a moment, the astonishing trend in containerized trade. Last year, more than 11 million containers came into the United States.

This year we expect nearly ten percent more containers. And by the year 2010, container traffic into the United States is expected to double.

Are we prepared to manage that increase in trade? How can we secure the increased flow of cargo coming into the United States without bringing trade to a grinding halt? Do we have the means – do we have the resilience – to keep the trade flowing when any one box among millions could be deadly?

I asked these questions at a forum I convened on Monday on International Trade and Security. I learned that any container can be a Trojan horse.

I learned that it is impossible know what is inside the tens of millions of boxes arriving in ports around the world every day, without having a layered approach to cargo security. A layered approach has to involve people, technology, intelligence, and, most critically, partnering with the private stakeholders who move the cargo.

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I respect you, Director Basham. You are obviously an accomplished, intelligent man, entrusted with the enormous responsibility of protecting the President of the United States.

I, for one, feel safer just being in the room with you.

But I am concerned that your long and distinguished career in federal law enforcement may affect your instincts in striking the delicate balance between trade and security.

As Commissioner, your job would be to speed the tens of thousands of boxes arriving into the United States every day through to their final destination while ensuring that no Trojan horse ever does. Just-in-time supply chains drive the global economy. Customs must be very quick, but it must not be hasty.

What I am hoping to hear from you today is why you are the nominee who can thread this needle. We cannot afford to have the system of global trade shut down because we were not prepared, or because we did not strike the right balance.

I look forward to hearing from you.

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