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**Hearing on  
Consumer Products from China: Safety, Regulations, and Supply Chains**

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Chair Cleveland, Commissioner Glas, and distinguished Members of the Commission, thank you for inviting me to discuss the U.S. Consumer Product Safety Commission's (CPSC or Commission) significant role in protecting consumers from health and safety hazards involving imported goods from China. Before I begin, I should note that these views are those of CPSC staff, and they have not been reviewed or approved by the Commission.

CPSC was established in 1972 and is the federal regulatory body charged with protecting the public from unreasonable risk of injuries or death associated with consumer products. We are a very small agency with a very large mission. We are significantly smaller than other federal consumer protection agencies, with fewer than 600 full-time equivalents and a budget of \$152.5 million for the last fiscal

year (FY). We have jurisdiction over thousands of consumer product types, the vast majority of which are imported into the United States.

I joined CPSC's Office of Import Surveillance when it was created in 2008, and I became its director in March 2017. Before that time, I spent eight years in the agency's Office of Compliance and Field Operations - or EXC, where I worked on enforcement of mandatory regulations governing products under CPSC's jurisdiction. EXC performs a vital role within the agency, by investigating consumer products that may not comply with mandatory safety regulations or which may contain dangerous defects and, when necessary, pursuing corrective action, including recalls, from responsible parties, such as manufacturers, importers, distributors, or retailers.

Our economy's dependence on imports is well known; for example, in 2022, we imported about 12 percent more than we exported, according to data from the Bureau of Economic Analysis (BEA). We imported more goods of all types from China in 2022 than any other country, according to the U.S. Trade Representative (USTR); China amounted to 16.5 percent as the source of all U.S. goods imports. Therefore, CPSC staff share your interest in examining consumer product safety issues as they relate to China.

A couple things to note, though. First, these figures just cited include trade in all goods; consumer goods (excluding food and automotive) constituted 28 percent of the imports of all goods in 2020, according to BEA, and CPSC has jurisdiction only over those consumer goods that are consumer products under our statutes. Second, in order to best protect the public, CPSC has developed methodologies to target potentially high-risk imports and importers for inspection at ports of entry. These methodologies are designed to adapt to changing marketplace dynamics. While the system does not use country of origin as a factor, historically, the imports identified for examination are overwhelmingly from China. Let me talk about that work in a little more detail.

### **CPSC Efforts with Consumer Products Manufactured and Imported to the United States**

CPSC's first objective regarding China, as with other countries with foreign exporters, is to try to stop unsafe goods from being produced in the first place. Our Office of International Programs, otherwise known as EXIP, works to do this by educating and working with foreign regulators and exporters. This includes both virtual and in person presentations. They also provide guides on U.S. consumer

product safety regulations. The goal is to make product safety information available in a multitude of ways such that foreign firms, including those in China, are aware of and can comply with U.S. consumer product safety laws and regulations.

It has been our experience that in China there are three categories of exporting companies. Some are very sophisticated, and both know and comply with our safety regulations. Others do not know the rules but want to be responsible market participants and are thus extremely interested and receptive when we explain the rules.

Unfortunately, however, there are some companies in China that do not know the regulations on making safe products and either do not care to know, are not sophisticated enough to understand them, or are not able to overcome the language barrier to understand them. Oftentimes, the goal of these companies is to just to make as much money as they can before moving on to other products, and innocent Americans are the ones who may suffer.

It is this last category of firms for which enforcement is so difficult. Not only are they not interested or able to follow U.S. safety rules, but as foreign firms, we do not have adequate tools to stop them. We generally are not able to exercise jurisdiction over foreign firms to impose financial consequences.

Once the goods leave China, we work to stop any potentially dangerous products from entering the stream of commerce in the U.S. at our ports. CPSC closely coordinates with U.S. Customs and Border Protection (CBP) to intercept potentially noncompliant, unsafe imported products. As part of our efforts, CPSC has investigators at the largest ports of entry to work side-by-side with our counterparts at CBP.

As laid out in a [2021 report to Congress](#), our data show more than 80 percent of the shipments we examined at our ports had China listed as their country of origin. There are several reasons why we may examine a shipment at the ports, including our history with one or more of the companies in the relevant supply chain and the relative risk of the products being imported.

To prioritize and target high-risk shipments, CPSC has developed our own targeting system, called Risk Assessment Methodology or RAM. RAM leverages

a feed of entry data received from CBP, which is combined with CPSC data to risk-score shipments under CPSC's jurisdiction.

We do not risk assess all shipments under CPSC's jurisdiction in the RAM. Rather, it includes a subset of products within our jurisdiction that have been identified as a priority and that are addressable at import. In FY 2019 and FY 2020, according to CPSC data, more than 60 percent of RAM risk-scored shipments originated in China.

We also have CPSC staff stationed at CBP's Commercial Targeting and Analysis Center (CTAC) to coordinate with CBP and other government agencies to address import safety risks. At CTAC, we implement our national targeting programs using CBP's Automated Targeting System to identify potentially violative shipments.

We look forward to expanding our targeting capabilities with the implementation of our eFiling initiative. After completion of a beta pilot and rulemaking, importers will be required to provide specific data from their certificates of compliance to CPSC and CBP at the time a product is imported. This data showing compliance with CPSC's mandatory requirements will allow the agency to use the information as part of our risk assessment.

At our request, CBP stops shipments of interest for physical examination. If after screening, CPSC staff believes a product may not comply with CPSC requirements, port staff collect official samples for further analysis. Technical staff at our laboratory in Rockville, Maryland, then evaluate and/or test those samples. If there is a violation, we send a notice of violation to the responsible manufacturer, distributor, retailer, and/or importer outlining the specific violation(s) and the need for corrective action. CBP also assists CPSC in using its resources to hold the detained product at the port for the time necessary to conduct the analysis and for seizing and destroying products not in conformity with U.S. safety laws and regulations.

Corrective action can take several forms, and that is where our Office of Compliance comes in. They work with manufacturers, distributors, retailers, and importers to recall defective products, or remove non-compliant products from the marketplace. They also can seek civil penalties for certain violations of our primary authorizing statute, the Consumer Product Safety Act.

However, in all these steps, we are facing significant challenges. Let me discuss those in greater depth.

### **Challenges Faced by CPSC Related to Products Produced Abroad**

CPSC faces numerous challenges related to consumer product safety of imported products from China and elsewhere. First and foremost, the sheer volume of imports from China remains overwhelming and difficult to monitor. Because China exports so many consumer products to the U.S., simply looking at the number of recalls involving products made in China would not provide a fair analysis of their relative safety. But, any way you slice it, consumer goods from China warrant and receive a disproportionate share of CPSC's attention.

Our second challenge is resource related. As mentioned earlier, CPSC is a small agency with a large mission - to keep consumers safe from the unreasonable risk of injury or death from consumer products. A non-exhaustive list of our work includes everything from working at U.S. ports to stop dangerous products from entering our country as discussed above, to enforcing U.S. product safety laws and regulations domestically, to conducting research on new and emerging hazards, to recalling violative and defective products, to engaging in rulemaking to develop and update mandatory safety standards, to communicating public health and product safety information to the public, to companies, and other stakeholders, and much more. Agency staff does incredible work, but the fact of the matter is we receive far less in appropriations than other consumer safety agencies, such as the Federal Trade Commission, which has a budget of \$430 million and 1,217 FTE in FY 2023, and the National Highway Transportation Safety Administration, which has a budget of about \$1.2 billion and 730 in FY 2023. The appropriations process is ongoing for FY 2024, but we are not expecting a significant increase in funding to do our work.

Currently, we have fewer than 50 investigators stationed at some of the largest ports in the country. Despite our relatively small size, in FY 2023, CPSC port investigators conducted more than 66,000 examinations of consumer products arriving in the United States and stopped approximately 13.7 million noncompliant or hazardous units from reaching consumers. We continue to maximize our efforts with every dollar given to us.

A third challenge that relates to China has to do with the rise of e-commerce. According to our last comprehensive assessment, almost 60 percent of the volume of imports come to American consumers via e-commerce. This trend is growing

each year. These are largely from online marketplaces like Amazon, Temu, and Shein, which offer a mix of products that are either sold by third parties or by the websites themselves.

CPSC has little ability to act against third party sellers who are small manufacturers based overseas. Products including baby mattresses, lithium-ion batteries, magnets, baby loungers, and more are left unrecalled because the manufacturer cannot be held responsible. Moreover, most online marketplaces assert that they do not fall under CPSC's jurisdiction for some or all their sales. They state that for the purposes of consumer safety, they are not retailers, manufacturers, distributors, or importers.

CPSC is currently engaged in a lawsuit with Amazon over the Fulfillment by Amazon aspect of its business model, and a decision from the Commission is expected soon. However, that is just one portion of one online marketplace, and it does not address all situations in which online marketplaces provide a platform for third party sellers.

E-commerce also has changed consumer purchasing patterns in ways that challenge our enforcement methods. Consumers continue to shift from purchasing directly from retailers to purchasing directly from manufacturers via ecommerce. Many of these goods shipped directly to consumers are packaged and sent so as to be under the de minimis value, now set at \$800. Shipments of products from China and elsewhere that fall under this value enter our country with minimal data requirements and duty free. The value of a shipment is calculated by looking at the aggregate value of the goods purchased by one entity per one day.

The total number of shipments made under this threshold increased about 90 percent between FY 2018 and 2021, according to USTR data. And, of the total number of shipments of goods qualifying for this de minimis exception during that same that period, China accounted for about 60 percent of them, according to a [2022 CBP report](#).

As referenced above, de minimis shipments enter the U.S. with fewer data requirements than larger commercial shipments. Without the same data as we have on higher value shipments, CPSC cannot utilize its RAM to know what should be targeted for inspection.

Further, as mentioned, CPSC staff are stationed at the ports of entry where larger commercial shipments arrive. De minimis shipments often enter the U.S. through

express courier and international mail facilities, locations where CPSC currently has limited coverage.

The bottom line then is that we have many goods coming from China about which CPSC receives limited data. That coupled with the volume of imports and limited staff at major entry points presents significant challenges to CPSC and our ability to stop dangerous products before they enter the stream of commerce.

Thank you for the opportunity to share my remarks and discuss CPSC's work to keep consumers safe. I would be happy to answer any questions you may have.