

United States Senate

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Committees
BANKING, HOUSING,
AND URBAN AFFAIRS

BUDGET

COMMERCE, SCIENCE,
AND TRANSPORTATION

HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

The Honorable Markwayne Mullin
Secretary
U.S. Department of Homeland Security
2707 Martin Luther King Jr. Avenue, SE
Washington, D.C. 20528

Dear Secretary Mullin,

Thank you for your leadership at the Department of Homeland Security (the “Department”). The Trump Administration’s America First Trade Policy has put the American economy, the American worker, and U.S. national security first, a vital realignment from the previous administration.¹ Specifically, U.S. Customs and Border Protection (“CBP”) has a strong track record of upholding and reinforcing this Policy with its efforts to enhance customs enforcement and ensure that American companies can compete on fair terms in the global marketplace. I write to bring your attention to a substantial fraud scheme hampering this policy’s effectiveness: circumvention of U.S. trade law via illegal transshipment and other mechanisms.

Illegal transshipment is a deliberate scheme by foreign manufacturers, overwhelmingly based in the People’s Republic of China, to falsify where their goods are made, launder them through a third country, slap on a new label, and dump them into the American market, eluding tariffs and other duties imposed on the true country of origin. Every one of these shipments represents a company breaking American law and stealing competitive advantage from American businesses. The numbers make clear this is not a marginal problem. Trade data from earlier this year shows a record \$112 billion gap between what China reported exporting to the United States and what CBP recorded as actually arriving on our shores last year.² That means as much as a quarter of everything China shipped to America last year may have slipped past our tariff enforcement entirely.³

This sustained act of trade fraud against the American economy is costing taxpayers billions in lost revenue and threatening law-abiding American businesses and the jobs they provide.

¹ Donald J. Trump, America First Trade Policy, Presidential Memorandum (Jan. 20, 2025), <https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/>.

² General Administration of Customs of the People’s Republic of China, China’s Total Export & Import Values by Country/Region, Dec. 2025 (in USD) (Jan. 8, 2026), <http://english.customs.gov.cn/Statics/3a0a3d5b-7a93-4be7-876a-e0f3b79b4e8c.html>; U.S. Bureau of Economic Analysis & U.S. Census Bureau, U.S. International Trade in Goods and Services, December and Annual 2025 (Feb. 19, 2026), <https://www.bea.gov/news/2026/us-international-trade-goods-and-services-december-and-annual-2025>.

³ “Federal Reserve research at the time found that nearly two-thirds of such gaps stemmed from tariff evasion, although other factors such as China’s tax rebate policy also contributed to misreporting” from Laura Curtis & James Mayger, China’s \$112 Billion Cargo Gap Shows Record U.S. Tariff Evasion, Spokesman-Review (Feb. 25, 2026), <https://www.spokesman.com/stories/2026/feb/25/chinas-112-billion-cargo-gap-shows-record-us-tariff/>.

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For Ohio, the stakes could not be higher. The auto industry is a cornerstone of our economy, supporting over 329,400 jobs and contributing \$41.43 billion to Ohio's gross state product. Notably, transshipment has already threatened this critical industry in my home state. In January 2024, Homeland Security Investigations ("HSI") executed a federal search warrant at the Moraine, Ohio plant of Harco Manufacturing Group, the U.S. subsidiary of Qingdao Sunsong, a Chinese auto parts manufacturer.⁴ Qingdao Sunsong has been previously identified in Congressional investigations for circumventing Section 301 tariffs. The investigations alleged that Qingdao Sunsong transshipped its products with limited transformation through Thailand to the United States.⁵ This is what illegal transshipment looks like: Chinese companies setting up shadow operations in other countries to cheat U.S. trade laws while American businesses play by the rules.⁶

I wholeheartedly support the Administration's tariff agenda. However, tariffs only work if they are collected and enforced without exception. I appreciate the Department's work so far, including the adoption of AI to enhance visibility into supply chains, the continued *Enforce and Protect Act* investigations, and the work of HSI's Global Trade and Investigations division.⁷

The Department has already taken considerable steps to promote economic fairness, protect domestic industry, and uphold the integrity of U.S. supply chains, and I urge the Department to continue leveraging innovative methods to better uphold U.S. trade laws. Additionally, I recommend that the Department look into any additional authorities needed to go after those who knowingly and blatantly violate U.S. law. Congress stands by to aid you in punishing tariff evaders.

Sincerely,



BERNIE MORENO
UNITED STATES SENATOR

⁴ Bethany Allen-Ebrahimian, *DHS Raids Chinese Car Parts Maker's U.S. Headquarters*, Axios (Jan. 21, 2024), <https://www.axios.com/2024/01/21/dhs-raid-chinese-car-parts-makers-us-tariff>.

⁵ House Select Committee on the Chinese Communist Party, *Gallagher, LaHood Push Mayorkas to Take Action on Chinese Auto Parts Manufacturer Evading Tariffs* (Sept. 29, 2023), <https://chinaselectcommittee.house.gov/media/press-releases/gallagher-lahood-push-mayorkas-take-action-chinese-auto-parts-manufacturer>.

⁶ House Select Committee on the Chinese Communist Party, *Bipartisan Lawmakers Join Ranking Member Khanna to Demand Overdue DOJ Report on Labor Trafficking and Illegal Employment Practices Linked to Chinese-Affiliated Auto Part Suppliers* (June 3, 2026), <https://democrats-selectcommitteeontheccp.house.gov/media/press-releases/bipartisan-lawmakers-join-ranking-member-khanna-demand-overdue-doj-report>.

⁷ Exiger, *U.S. Customs and Border Protection Selects Exiger's AI as Critical Tool for Detection of Illicit Transshipment* (Oct. 28, 2025), <https://www.exiger.com/perspectives/exiger-wins-cbp-contract-detection-of-illicit-transshipment/>; U.S. Customs & Border Protection, *Enforce and Protect Act (EAPA)*, <https://www.cbp.gov/trade/eapa> (last visited Aug. 10, 2026).