



United States International Trade Commission

# Budget Justification

Fiscal Year 2018



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## Alphabetical Listing of Abbreviations

<b>Acronym</b>	<b>Description</b>	<b>Acronym</b>	<b>Description</b>
AD	Antidumping	IP	Intellectual Property
ALJs	Administrative Law Judges	ISCM	Information Security Continuous Monitoring
AMCA	American Manufacturing Competitiveness Act	IT	Information Technology
CDM	Continuous Diagnostics and Mitigation	ITDS	International Trade Data System
CVD	Countervailing Duty	MTB	Miscellaneous Tariff Bill
DHS	Department of Homeland Security	MTBPS	Miscellaneous Tariff Bill Petition System
DMS	Data Management System	NAFTA	North American Free Trade Agreement
EDIS	Electronic Document Information System	OIG	Office of Inspector General
ERM	Enterprise Risk Management	USAGE	U.S. Applied General Equilibrium
FY	Fiscal Year	USITC	U.S. International Trade Commission
GSP	Generalized System of Preferences	WCO	World Customs Organization
HTS	Harmonized Tariff Schedule of the United States	WTO	World Trade Organization
HTSA	Harmonized Tariff Schedule of the United States Annotated		

# Introduction

## Mission

In accordance with its statutory mandate, the U.S. International Trade Commission (USITC or Commission) (1) determines whether imports injure a domestic industry or violate U.S. intellectual property (IP) rights; (2) provides independent tariff, trade, and competitiveness-related analysis and information; and (3) maintains the U.S. tariff schedule.

## Responsibilities and Goals

We are an independent, quasi-judicial federal agency with specific responsibilities under U.S. trade laws, as listed in our Mission. The program activities we conduct to carry out these responsibilities are guided by two strategic goals:

**Our first goal: to produce sound, objective, and timely decisions (determinations) in our trade-related investigations.** These investigations fall into two major classes: (1) **antidumping and countervailing duty (AD/CVD) investigations and reviews** that are conducted pursuant to Title VII of the Tariff Act of 1930, and (2) **investigations into unfair practices in import trade**, usually based on violations of IP rights that are conducted pursuant to section 337 of the Tariff Act of 1930.

In AD/CVD investigations, we determine whether certain imports that are alleged to be unfairly dumped or subsidized are causing, or threatening to cause, material injury to a U.S. industry. If we find actual or threatened injury, the U.S. Department of Commerce orders the imposition of extra duties on these imports—either antidumping duties that offset the dumping or “countervailing” duties that offset subsidies.

We also regularly review existing antidumping and countervailing duty orders. Within these reviews, the question is whether an order can be safely revoked: in other words, would revoking it mean that a U.S. industry would be likely to keep suffering material injury due to unfairly traded imports? Or if the material injury has stopped, might it recur after the order is revoked? If the Commission determines that revocation is appropriate, the U.S. Department of Commerce will revoke the order.

Section 337 investigations examine unfair practices in import trade. Most often, we investigate and rule on allegations that imported goods infringe the rights of a U.S. IP holder. If a violation is found, the Commission issues remedial relief in the form of exclusion orders barring entry of unfairly traded imports and cease and desist orders prohibiting unfair acts in the United States.

We typically launch AD/CVD and section 337 investigations in response to complaints and petitions to protect domestic industries from unfairly traded imports. Given the changing role of trade in the U.S. and world economies, this work is important in several ways:

- Our investigations of unfair trade practices help U.S. firms compete more effectively in an integrated global marketplace.
- Our issuance of sound and timely decisions in import injury investigations helps ensure that U.S. companies and workers can compete on a fairer and more level playing field in the domestic market.
- Our speedy resolution of complex IP disputes is economically critical to holders of U.S. IP rights, especially where technologies constantly change and rapidly become outdated.

In enforcing U.S. trade laws, we conduct our investigations pursuant to the pertinent statutes, regulations, and case law as interpreted by the federal courts. Our determinations in both types of investigations are subject to review by U.S. courts.

**Our second goal: to produce objective and high-quality analysis of tariff, trade, and competitiveness issues for the executive branch and Congress.** By law whenever requested, we must present the President, the U.S. Trade Representative, the House Committee on Ways and Means, and the Senate Committee on Finance with information at our command on any matter related to international trade and industry competitiveness. Federal decision makers can then use our analyses to help inform U.S. decisions on trade policy and international trade negotiations.

Our staff of trade experts enables us to offer our requestors leading-edge insights that support the development of sound U.S. trade policy. In our industry and economic reports, we examine, analyze, and estimate:

- The many ways that changes in trade and competitiveness affect the U.S. economy, including employment levels
- The effects of policy changes (past or proposed) on producers, consumers, employment, wages, and the economy as a whole

Most requests for both analytic investigations and informal assistance come to us from the House Committee on Ways and Means, the Senate Committee on Finance, and the U.S. Trade Representative. Other investigations are required by statute or are self-initiated. Our requestors recognize that, as a result of our economic and trade expertise, we can generate primary data, analyze specific industries, and provide insights unavailable elsewhere. We also find or develop new tools for analysis, such as our economic models and techniques for measuring the impact of nontariff barriers. Our research covers thousands of industries and nearly all countries.

In fiscal years (FY) 2015 and 2016, we responded to a number of requests requiring us to develop new information and analysis on a variety of topics. For example, we issued reports on the effects of U.S. trade restrictions on Cuba, the likely impact of the Trans-Pacific Partnership Agreement on the U.S. economy, the economic impact of trade agreements implemented under trade authorities procedures, and trade and investment policies in India. We also began evaluating competitive conditions affecting the U.S. aluminum industry.

As a vital part of our second goal, we maintain and analyze the **Harmonized Tariff Schedule of the United States** (HTS). The HTS is the official document that sets out the classifications of imported goods and the applicable U.S. tariff that applies to each category. We make sure that the tariff schedule is up to date and accurate, that it fully reflects all the trade agreements the United States has implemented, and that the classifications are in the interests of U.S. producers and manufacturers. In this way, we see to it that the HTS meets the tariff and trade information needs of a wide range of users, including U.S. exporters and importers, Customs and Border Protection staff, and decision makers in Congress and the executive branch.

In 2016, the American Manufacturing Competitiveness Act gave us an additional tariff-related task: we are now responsible for accepting petitions and comments from U.S. firms asking Congress to temporarily suspend or reduce specific tariff duties. We are also charged with vetting each petition. Firms typically seek this temporary relief for imported materials that they use in producing other products or sell to the consumer. Once we have scrutinized the petitions, we must submit preliminary and final reports to House and Senate committees so they can use them to develop a comprehensive “miscellaneous tariff bill” for Congress to consider.

To meet our mission, we must maintain the staff, analytic tools, and other resources needed to conduct fair and efficient investigations, as well as provide high-quality and objective information and analysis on a wide array of issues. We need to continue

investing in the development of highly skilled analysts, economists, and lawyers; creating new databases and data systems; collaborating with other organizations to enhance our own research; and acquiring or upgrading advanced analytic tools.

Our management goal is to achieve agencywide efficiency and effectiveness in fulfilling our mission. Detailed performance goals for programmatic and management activities are presented in our FY 2016 and 2017 Annual Performance Plan and Annual Performance Report, which can be found at [https://www.usitc.gov/strategic\\_plan.htm](https://www.usitc.gov/strategic_plan.htm).

## Budget Highlights

For FY 2018, the Commission requests \$93.7 million to carry out our statutorily mandated functions. This request represents a \$4.5 million, or five percent, increase over the anticipated FY 2017 budget of \$89.2 million. The request is driven by the need to restore funding to areas from which resources were taken to fund implementation of the American Manufacturing Competitiveness Act of 2016 (AMCA), which is discussed below in further detail. We estimate the FY 2016–17 AMCA costs to be \$3.8 million and because funding was not provided, the agency was forced to absorb the costs. In FY 2017, staffing capacity in our Office of Operations was diverted to fulfill our AMCA responsibilities during a time of historically high import injury and unfair import (intellectual property) investigation caseloads. Several critical information technology (IT) projects were cancelled or postponed so resources could be diverted to focus on development of the web portal required by the AMCA to accept requests for temporary duty suspension or reduction.

Proposed FY 2018 personnel costs account for about \$1.8 million of the increase over FY 2017. They reflect the increased resources needed to restore and maintain staffing levels in offices where resources were diverted to support AMCA implementation and to fund the cost of the anticipated 1.9 percent pay raise effective January 1, 2018; normal costs for promotions and within-grade increases; and higher benefits costs. Our FY 2017 year-end staffing level is projected to be 381 permanent and term employees, which equates to an agencywide vacancy rate of 11 percent. However, vacancies are not evenly distributed. The Office of Industries, which is indispensable to virtually all of our statutory investigations, such as antidumping/countervailing duty and fact-finding, has a 27 percent vacancy rate. Our staffing plan is to hire a net increase of 11 staff during FY 2018, ending the year with 392 employees. Our human capital strategy for FY 2018 focuses on keeping staffing at the levels needed to perform our statutory mission, notably in the Office of Operations, given the challenges of historically high investigative caseloads and other statutory responsibilities.

Proposed non-personnel expenses account for about \$2.7 million of the increase over FY 2017. This amount will pay for IT system and infrastructure maintenance and upgrades and data purchase obligations that were eliminated, deferred, or only partially covered in FY 2017 in order to divert resources to support AMCA implementation. Included are investments in IT infrastructure, equipment, and cybersecurity that will help ensure a secure and efficient network. The increase will also fund our efforts to expand the research and economic analysis capabilities we will need to conduct investigations on proposed changes in trade policy and U.S. competitiveness.

## Lease Renewal

In December 2016, we signed a 15-year lease that allows us to meet our space requirements while achieving the best value for taxpayers. We will remain in our current location, which ensures that we have enough space for our public courtroom complex that we use to handle our section 337 caseload and to hold required hearings in antidumping and countervailing duty cases, as well as international trade and industry competitiveness investigations. The estimated savings from this lease agreement is \$16 million over the 15-year term that begins in August 2017.

## American Manufacturing Competitiveness Act of 2016 (P.L. 114-159)

The AMCA was enacted on May 20, 2016, and established a process by which the USITC must accept and consider petitions for temporary duty suspensions and reductions. The AMCA assigns the USITC significant additional responsibility in the miscellaneous tariff bill (MTB) process. Prior to the AMCA, importers would request that members of Congress introduce bills seeking to temporarily suspend or reduce tariffs on certain imports. The USITC would review and produce reports for Congress on each bill and the individual bills were combined into a single MTB for congressional consideration. Under the new legislation, the USITC is required to create a fully searchable web portal for submission of petitions and comments from the public. Further, we are instructed to conduct two cycles, the first beginning in 2016 and the second beginning in 2019. In each cycle, we have ten months to produce a final report to Congress recommending certain petitions for inclusion in an MTB. Twelve months after enactment of each MTB, we are to submit a report on the economic effects of the duty suspensions and reductions included in the bill.

Prior to the AMCA, the number of MTBs presented to the agency never exceeded 1,350 in any given year. Under the new legislation, we received 2,600 petitions (net of withdrawals) during the 2016 petition submission period, which ended December 12, 2016. We estimate there will be \$3.8 million in AMCA costs during the 2016 cycle (which will last until August 2017), consisting of IT costs for building the web portal and staff time dedicated to petition processing, analysis, and reporting. The resources required to implement the AMCA have not yet been provided in an appropriation; a supplemental request for \$3.2 million in FY 2017 has not yet been granted. Thus, the costs to implement the AMCA have been absorbed by the agency at the expense of several important IT projects and efforts to increase staffing levels in offices that are facing historically high investigative caseloads.

Postponed IT projects include EDIS E-Service, DataWeb re-engineering, HTS Data Management System improvements, 337Info database improvements, and Title VII information data system creation. These projects continue to face delays in FY 2017 because resources are being diverted to fulfill our responsibilities under the AMCA.

In early FY 2017, we finished hiring a team consisting of 25 staff, primarily temporary employees, to assist with AMCA implementation and MTB processing, analysis, and reporting. Staffing capacity in our Office of Operations was diverted to address AMCA requirements during a time of historically high import injury and unfair import (intellectual property) investigation caseloads. At the end of this petition cycle, we will realign the staffing capacity within our Office of Operations to focus on our investigatory work so that we can continue to produce sound determinations and to avoid missing investigative and other statutory deadlines.

## Program Overview

### Antidumping/Countervailing Duty Investigations and Unfair Import Investigations (Section 337)

Our agency provides a venue for private sector firms to bring allegations of certain unfair and/or injurious trade practices involving imports before an independent, objective, and expert quasi-judicial government body. The Commission's trade remedy investigations caseload continues to grow in complexity; the number of antidumping/countervailing duty (AD/CVD) investigations hit a 10-year high in FY 2016 and new unfair import matters exceeded the previous peak in FY 2011.

#### AD/CVD caseload grows

In FY 2016, 18 new petitions were filed under Title VII of the Tariff Act of 1930, the highest in over a decade. These new filings, combined with ongoing investigations and reviews, resulted in 57 instituted and 51 completed proceedings, also the highest levels in over a decade. As with FY 2015, more than half of the new petitions involved imports from multiple countries (as many as 12), with China being listed in 11 of the 18 new petitions. Domestic industries filing petitions in FY 2016 produced a range of products, including various steel products and metals, chemicals, rubber products, textiles, and household appliances. In addition to new investigations, the Commission conducted 11 reviews of existing orders.

During FY 2016, we continued to improve our electronic data collection and processing, streamlined our questionnaires, and revised our process for collecting other investigative data. We also increased the availability of web-based content and conducted a forum to collect input from practitioners on potential improvements in how we conduct public hearings, which occur in most investigations. During FY 2017, we will continue these efforts to emphasize transparency and lessen the burden on participating parties and our staff. In FY 2018, we also anticipate investing in the necessary technology to develop and manage a data system for more complete, timely, and accessible reporting of Title VII investigation information.

### **Unfair import investigations caseload**

Our section 337 process offers a forum where parties may resolve disputes involving unfair acts in the importation of goods, including imports that allegedly infringe U.S. intellectual property (IP) rights. Our process provides a relatively quick resolution of matters that would usually involve more drawn-out litigation in the U.S. district courts. In addition, it supplies unique relief in the form of exclusion of goods at the border. IP-intensive industries account for a large number of high-wage jobs in U.S. industries that generate a trade surplus. In FY 2016, our section 337 workload exceeded the peak level set in FY 2011. The range of technologies covered in these investigations is quite broad, encompassing various electronic devices, pharmaceutical and medical devices, transportation, and consumer products such as footwear, hand dryers, and air mattresses. Although section 337 investigations typically involve patent infringement allegations, the number of investigations based on allegations of trade secret misappropriation, an area of heightened concern for U.S. companies, the Administration, and Congress, is rising.

We continue to work to ensure that section 337 investigations are completed expeditiously, in line with congressional intent. After several years of assembling the necessary staff and courtroom resources to handle the section 337 workload, we are now focusing on making the section 337 process more efficient and less costly for both litigants and the agency. Our efforts include improvements to our rules of procedure, procedural pilot programs, and substantial investments over the past few years in our Electronic Document Information System (EDIS). Further, in FY 2018 we plan to implement electronic service of documents in EDIS. We also developed a new, publicly available information system, 337Info, which places more detailed information before the public about investigations instituted since October 1, 2008. 337Info offers scheduling and staffing information for all these investigations, party and counsel information, as well as information about the unfair acts alleged for each investigation, how the investigations were disposed of with respect to each party, and appeals.

EDIS and 337Info have helped us better manage our large volume of investigation-related materials while making our investigative process more transparent. These systems are also Open Data compliant, which furthers our efforts to improve the accessibility and usability of our data to other agencies and the public. Continued funding of these types of improvements will help us address the challenges of resolving section 337 matters expeditiously, consistent with congressional intent.

## **Tariff, Trade, and Competitiveness-Related Analysis and Information**

Our agency supplies the executive branch and Congress with objective analyses of significant trade issues of the day. We provide industry and economic analysis, tariff and trade information, and trade policy support through formal investigations and informal expert advice. Given our unique economic and trade expertise, we are able to offer leading-edge insights that support the development of sound U.S. trade policy. We also maintain and update the Harmonized Tariff Schedule of the United States (HTS).

U.S. Customs and Border Protection relies upon the HTS to collect tariff revenues on imported goods and private firms use it to identify the current and future tariff amounts they will pay on imported goods. U.S. exporters and importers depend on our work in the World Customs Organization to ensure that global tariff product classification (“nomenclature”) is up to date and takes into account industry interests and changing patterns of trade.

### **We continue to develop new approaches in our industry and economic analysis**

International trade touches nearly all sectors of the U.S. economy. As with section 337 and Title VII investigations, we must constantly develop and refine our capabilities to meet requests for increasingly complex analyses in emerging areas of international trade, trade policy, and competitiveness. When information is not available from other sources, we gather primary data to provide unique insights into emerging issues, gathering this information via a variety of instruments, including carefully crafted industry surveys. Our staff also develops new methods or approaches to craft high-quality economic analysis. For example, in estimating the costs and benefits of trade agreements, we have found it increasingly important to account for nontariff issues and concessions. Assessing the impact of such changes is considerably more challenging than examining tariff concessions. During FY 2016, we applied new modeling approaches to assess the economic effects of the Trans-Pacific Partnership Agreement, previous U.S. trade agreements, and trade restrictions in Cuba. Similarly, we are developing new data and applying advanced modeling in an ongoing investigation concerning the competitiveness of the U.S. aluminum industry. We also develop new capabilities by collaborating with

other organizations or academic institutions. For example, in our ongoing investigation of U.S. import restraints, we applied a specialized database and economic model that drew from the work of external experts in order to improve our analysis.

Our work in industry and economic analysis spans a wide variety of issues. A few examples include:

- The evolution and implications of agricultural policies
- The interactions of global and regional value chains
- How trade and investment barriers, rules of origin, and standards affect U.S. firms, workers, and consumers
- The promise—and pitfalls—of new technologies, industries, and business models
- The integration of goods and services in production and trade
- The impact of final offers made by foreign countries in negotiations involving the United States

To effectively support the interests of trade policy makers, we must maintain a staff with expert knowledge and skills who can provide unique, relevant, and timely insights on new and fast-evolving sectors of the U.S. economy in the global marketplace.

### **Tariff and trade information services will benefit from new technology and improved business processes**

The HTS provides the foundation for the U.S. trade data maintained by the U.S. Census Bureau and enables U.S. Customs and Border Protection to manage its trade and enforcement activities. We ensure that the HTS is both accurate and up to date so that it meets the demands for trade and tariff information from the Census Bureau and Customs and Border Protection, U.S. exporters and importers, the Administration, and policy makers in Congress. Due to the size and openness of the U.S. economy and the volume of U.S. trade, the HTS is the most heavily used tariff schedule in the world. Its more than 10,700 tariff lines must be updated and maintained throughout the year to reflect changes from trade agreement implementation and other congressional and Administration actions. Redesigned in FY 2013, this system was developed as an electronic database in FY 2014 and was made available to the public at the beginning of the fourth quarter of FY 2015. We are now redesigning the DataWeb, the trade data system we use for our own work and provide to the public, and expect to make a beta version available in the third quarter of FY 2017.

As these developments show, we've been able to take advantage of new technologies to make tariff and trade information far more accessible and usable, both for our own analyses and for many essential public uses. In planning to maintain and build on these

gains, however, we face resource gaps now and in the near future. Our appropriation request includes funding to address these issues. The skills needed to support various components of tariff and trade information services (e.g., HTS maintenance, HTS classification, rules of origin assessments, and miscellaneous tariff bill assessments) are unique and can take years to develop. Moreover, many of the agency experts that we rely on for tariff and trade information services are now or soon will be eligible for retirement. We therefore expect human capital planning and recruitment to be a priority over the next few years.

### **Trade policy support may face resource constraints**

We draw heavily on staff in all agency program areas to respond to quick-turnaround informal requests on trade policy support from Congress and the Administration. In FY 2016, we supplied over 150 rapid responses on a broad array of issues and topics, ranging from litigation support in international tribunals to assessments of specific industry and economic issues. Our staff often provides technical support to negotiators working on proposed trade agreements and adjustments to existing agreements, supplying information, expertise, and software-based tools to support U.S. negotiating teams.

We are also seeing increasing interest from our customers on nontariff-related trade matters, as well as the significant emerging tradable sectors such as services and digital trade. Moreover, behind-the-border issues related to regulation and services trade require us to refocus our resources, apply new analytic techniques, and develop new trade-related databases. Additionally, we regularly detail staff members to our main customers' offices, where they can support our customers' work while broadening their own skills and experience.

Our customers place a high value on our staff's ability to produce objective and independent information and analysis on their most urgent issues. To the extent that we face heavier workloads, more complexity, and staffing challenges in various areas, our ability to respond to these requests could be curtailed. Staff development is thus a pressing need for us.

## **Efforts to Strengthen Information Technology Security**

In the past year, the USITC demonstrated its commitment to improving its IT security by carrying out Homeland Security Presidential Directive 12 (HSPD-12), which establishes a government-wide standard for authorized access to federally controlled facilities and networks; implementing our Trusted Internet Connection, which provides enhanced monitoring and situational awareness of our external network connections; and implementing Einstein 3A, which provides active blocking of Internet threats.

In FY 2018, we will continue to strengthen our security posture by investing in new technologies, processes, and capabilities to meet the requirements of the Federal Information Security Modernization Act of 2014. Planned improvements include the following:

- Expanding our Information Security Continuous Monitoring (ISCM) efforts to monitor our network security, for which we will leverage resources of the Department of Homeland Security's (DHS) Continuous Diagnostics and Mitigation Program
- Continuing independent security and privacy controls assessments of our systems to ensure security controls are applied correctly, operating as intended, and producing the desired outcome for security requirements
- Ensuring timely detection and reporting of cyber incidents
- Enhancing website encryption

In addition, we will focus on devoting the necessary resources to our cybersecurity needs and to complete migration of our data center to an offsite location, as described below.

### **House Report 114-605: Cybersecurity Resources**

House Report 114-605 instructs the Commission to “prioritize efforts to improve its cybersecurity posture,” and “encourages ITC to work with other relevant Federal agencies to inform its actions.” Our FY 2018 budget request contains approximately \$1.5 million for cybersecurity resources. It assumes we will largely use existing commercial products and tools to prevent, detect, and respond to security threats and vulnerabilities. About \$600,000 of the cybersecurity budget will be used to prevent malicious cyber activity by investing in security controls assessments, via interagency agreement with the Department of Health and Human Services, and in ISCM, via the DHS Continuous Diagnostics and Mitigation program. We are also coordinating with DHS for yearly use of their Risk and Vulnerability Assessment service, which includes penetration testing and email phishing assessment. We are currently implementing an enterprise business intelligence tool to eliminate numerous older legacy applications, reducing security risk as well as the cost of maintaining them.

### **Replication of headquarters data center capabilities offsite**

In June 2015, we began upgrading our disaster recovery facility to a full second data center. Expanding the scope of the disaster recovery facility to provide standby capability for 100 percent of the agency's IT functionality is critical, especially given the constraints of our building's power, telecommunications, and HVAC infrastructure. The agency has recently achieved 80 percent replication of our

IT capability at the disaster recovery facility (now the second data center) and we are pursuing the mid-term goal of 100 percent capability in 2017. The long-term 2018 goal is to move the primary headquarters data center offsite locally and move the second data center equipment to the western U.S. for improved resiliency in the event of a disruption in the east. This strategy is considered a best practice both in private industry and government.

To augment our disaster recovery capacity, we are enhancing our telework capability, including a modernized remote access solution, videoconferencing with remote collaboration capability, and a mobile device contract to modernize our handheld wireless devices. In 2017 we plan to evaluate expansion of our cloud computing footprint to further reduce data center dependence, encompassing email and standard office applications, website hosting and cloud-based storage, with potential implementation in 2018.

## **Risk Management, Planning, and Internal Control Efforts**

Our leaders and managers are responsible for establishing strategic goals and objectives, complying with relevant laws and regulations, managing risks, and creating sustainable value for stakeholders. To meet these responsibilities, management must establish, maintain, monitor, evaluate, and report on the agency's performance, risk management, and internal control processes.

Our risk management processes are forward-looking and designed to help the agency effectively plan, make good decisions, alleviate threats, seize opportunities, and meet agency goals and objectives. Internal control is the process used to help the agency achieve its strategic goals and objectives by achieving effective and efficient operations, reliable reporting, and compliance with laws and regulations.

During FY 2016, we continued to improve our enterprise risk management (ERM) framework, which identifies, prioritizes, and manages institutional risk at all levels of the agency. Managers have integrated ERM principles into their planning and budget execution processes. This integration will inform our current efforts to develop the agency's Strategic Plan for FY 2018–22 and to support our efforts to develop a long term budget plan.

We also are committed to continuing our efforts to develop and maintain an effective system of internal control. Internal control management affects all areas of the organization at the agencywide and office-specific levels, including our administrative,

programmatic, IT, security, compliance, and financial activities. This system is expected to be a multiyear initiative that will incorporate ERM processes while transforming our management structure and culture.

Over the past several years, the Commission has adopted a number of practices to advance the agency's understanding and use of internal controls. We have introduced internal control into new and existing processes, and launched annual evaluations of our office-level and agencywide controls. We have also set annual performance goals designed to improve and reinforce internal controls. We are committed to building on the initiatives already discussed to make significant progress in this area in the years to come.

# Appropriation Language

## Salaries and Expenses

*“For necessary expenses of the U.S. International Trade Commission, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. § 3109, and not to exceed \$2,250 for official reception and representation expenses, \$93,700,000 to remain available until expended.”*

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## Trade Remedy Investigations

Our agency plays an important role in administering and applying U.S. trade remedy laws by conducting several types of investigative proceedings. These proceedings focus on allegations of subsidized and dumped imports that injure a domestic industry; surges of imports that injure a domestic industry; imports that infringe domestic intellectual property (IP) rights; and other unfair acts that injure a domestic industry.

Our first strategic goal is to produce sound, objective, and timely determinations in trade remedy proceedings. Our work is critical to maintaining the confidence of U.S. companies and workers in a fair and impartial global trading system that supports their ability to compete in the global economy. Moreover, our timely resolution of complex IP disputes (section 337 disputes) can be of paramount economic importance to persons and companies holding U.S. IP rights.

## Import Injury Investigations

The Commission conducts investigations to determine whether unfairly traded imports cause or threaten material injury to a U.S. industry, or materially retard an industry's establishment, in accordance with Title VII of the Tariff Act of 1930.<sup>1</sup> Under this law, unfair imports can be remedied through antidumping or countervailing duty (AD/CVD) orders on the goods in question, which are administered by the U.S. Department of Commerce. We conduct five-year reviews of existing AD/CVD orders to decide whether their revocation would be likely to cause material injury to a U.S. industry to continue or recur. We have independent legal authority to defend our decisions in appeals to the U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit, as well as in proceedings under the North American Free Trade Agreement (NAFTA). We also give extensive assistance to the U.S. Trade Representative in resolving disputes before the World Trade Organization (WTO).

Unfair imports, whether subsidized by the home government or “dumped” for sale at prices below the market price or the cost of production, can distort trade and undermine U.S. companies in the marketplace. Congress enacted the AD/CVD laws to give U.S. producers and labor unions a way to obtain remedies when the Commission finds material injury or threat of material injury by

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<sup>1</sup> Under section 201 of the Trade Act of 1974, we conduct global safeguard investigations and determine whether increased imports are a substantial cause of serious injury to the domestic industry producing the subject product. No global safeguard investigations have been conducted since 2001.

reason of imports that the U.S. Department of Commerce has determined to be unfairly traded. The remedies take the form of AD/CVD duties equivalent in value to the dumping margin or subsidy rate found for foreign producers by the Department of Commerce. The laws, and our role in carrying them out, are valued by U.S. manufacturers of a wide range of products as well as their workers.

Historically, AD/CVD petitions have covered a broad range of products representing many sectors of the economy. These petitions can cover finished goods or intermediate products such as steel and chemicals. In FY 2016, we instituted investigations covering 11 steel products: five different forms of flat-rolled steel (hot-rolled, cold-rolled, cut-to-length plate, corrosion-resistant, and stainless sheet and strip), four forms of tubular products (line pipe, rectangular pipe, circular welded pipe, and stainless steel pressure pipe), and two other steel products (flanges and rebar). In addition, we instituted investigations covering six different chemicals, three rubber products, and others covering textiles and household appliances. We also completed several investigations instituted in FY 2015, including cases covering paper, melamine, silicomanganese, welded line pipe, and steel shelving.

Similar to FY 2015, more than half of the 18 petitions filed in FY 2016 involved imports from multiple countries, ranging from two to 12, with China being the predominant source (11 of 18). Collectively, AD/CVD investigations resulting from petitions filed in FY 2016 involved about \$28.9 billion in U.S. consumption, \$5.1 billion in imports, and more than 28,000 U.S. production employees.

To conduct import injury investigations, we assemble multidisciplinary teams that compile information from a number of sources, including questionnaire responses from domestic and foreign firms, publicly available information, plant tours, testimony at USITC conferences and hearings, and legal briefs from parties. Our investigative teams prepare fact-based reports upon which the commissioners rely to make their determinations. Interested parties' representatives have access to all the information we examine. All hearings and votes are open to the public, and public versions of reports and opinions are available on our website, providing timely and useful information to companies and individuals.

Our investigative processes are fair and transparent. We ensure that investigative records are complete and contain information from all parties so the commissioners can make sound and objective determinations that can withstand judicial scrutiny. We continually seek to improve our processes in terms of speed, efficiency, and technical soundness. In FY 2016, we further enhanced our electronic data collection and processing and streamlined the questionnaires that we use to collect primary data on the industries under investigation. In FY 2017, we intend to issue a survey to outside counsel to gather suggestions for improving how

we conduct preliminary phase investigations, including data and information collection. We will review the survey results to identify areas to increase efficiency.

Throughout FY 2016, we continued to increase the availability of web-based content and conducted a forum to collect input from practitioners on potential improvements in how we conduct investigative hearings. During FY 2017, we will continue these efforts to emphasize transparency. In FY 2018 we also plan to invest in the necessary technology and staff skills to develop and manage a data system for more complete, timely, and accessible reporting of Title VII investigation information.

Our workload in import injury investigations is a function of both new filings and reviews of existing orders; estimating the number of future filings is more difficult than estimating the number of future reviews. Overall caseload fluctuates from year to year and has been as low as 32 in FY 2010. Since then, the number of investigations and reviews instituted has increased irregularly with a notable upswing in FY 2016 to 57 cases. In part, this increase was driven by 18 new petitions received in FY 2016, the highest in over a decade. For FY 2017 and 2018, we project a sustained high overall caseload for import injury investigations and reviews, anticipating 54 investigations and reviews instituted in FY 2017 and 46 in FY 2018. The overall number of reviews instituted is projected to increase in FY 2017 and abate somewhat in 2018, reflecting in part the number of new orders put into effect since 2000.

Another significant portion of our workload in this area is litigation challenging our determinations. This litigation is conducted at the U.S. Court of International Trade, the U.S. Court of Appeals for the Federal Circuit, and binational review panels under NAFTA. In addition, our staff assists the U.S. Trade Representative in WTO disputes involving either our import injury determinations or injury determinations made by other WTO members that bear on U.S. products.

In FY 2016, two decisions by the U.S. Court of International Trade affirming Commission determinations were appealed to the U.S. Court of Appeals for the Federal Circuit. At the close of FY 2016, there were 14 USITC import injury matters pending in domestic litigation and one pending before a binational panel established under Chapter 19 of the NAFTA. Additionally, there was one challenge to a Commission determination pending under the dispute settlement procedures of the WTO and seven other active trade remedy WTO disputes in which Commission staff provided technical support to the U.S. Trade Representative. These other cases involved disputes in which the U.S. government was either the complainant or a third party participant.

For FY 2017 and 2018, we project that the number of new appeals challenging our import injury determinations will be higher than in FY 2016, reflecting the projected number of new petitions, the number of new domestic and WTO cases that have already been initiated as of December 2016, and the number of active investigations that will be completed in FY 2017.

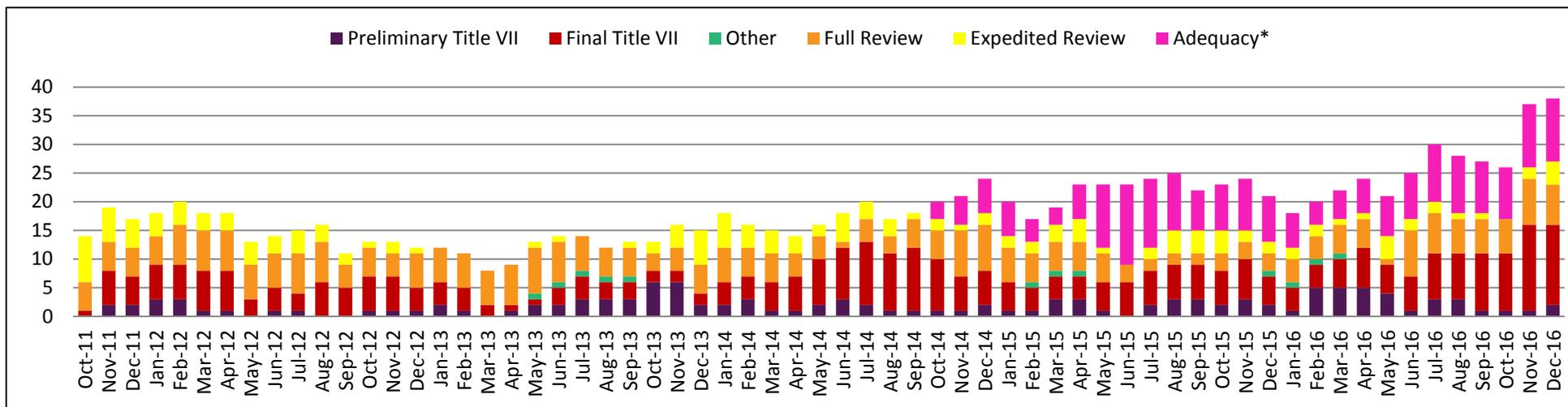
Trends in the investigative caseload and caseload estimates for FY 2017 and 2018 are shown below.

# Import Injury Investigations Caseload

## Instituted & Completed Investigations

	Instituted							Completed						
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Preliminary Title VII	8	13	9	12	18	13	13	7	9	13	11	19	13	13
Final Title VII	12	5	15	10	16	15	14	8	7	9	12	13	18	15
Other	0	1	0	1	1	1	1	0	1	0	1	1	1	1
Full Review	7	10	7	8	11	13	10	9	10	7	9	6	12	14
Expedited Review	9	9	11	16	11	12	8	17	3	15	14	12	15	8
<b>Total</b>	<b>36</b>	<b>38</b>	<b>42</b>	<b>47</b>	<b>57</b>	<b>54</b>	<b>46</b>	<b>41</b>	<b>30</b>	<b>44</b>	<b>47</b>	<b>51</b>	<b>59</b>	<b>51</b>

## Monthly Active Caseload

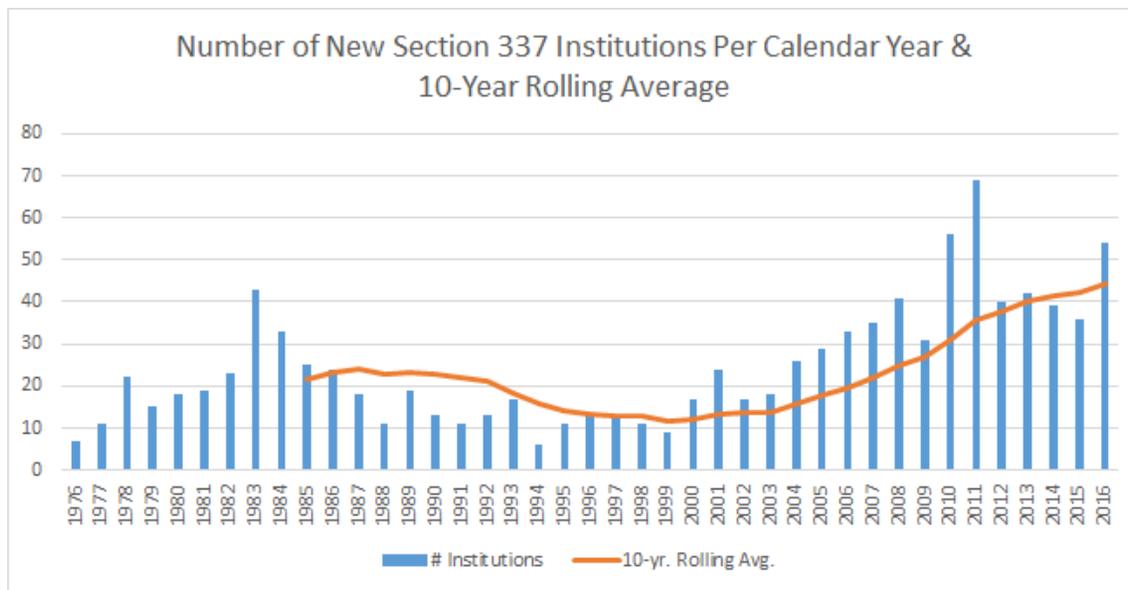


\*The agency realigned its workload for five-year reviews in FY 2015, shifting a substantial portion of work to the adequacy phase of these proceedings, which precede a determination to conduct a full or expedited review. Beginning in FY 2015, active five-year reviews in their adequacy phase are presented separately and designated "Adequacy." See linked data set.

## Unfair Import Investigations

The USITC investigates unfair methods of competition and unfair acts involving imported articles under section 337 of the Tariff Act of 1930. These investigations typically involve alleged infringement of statutory IP rights, primarily patent rights. Intellectual property is a key driver of the U.S. economy and a critical element in U.S. competitiveness, and we play an important role in protecting it. The primary relief available under section 337 is unique—exclusion of goods at the border—and is not available in the U.S. district courts. Moreover, we have earned a reputation for the fair and speedy adjudication of complex IP disputes as well as for expertise in resolving them.

As a result, many IP rights holders, particularly in industries where the product life cycle is short, have come to see us as a vital forum for the redress of IP infringement. This interest is reflected in the flow of unfair import investigation filings in recent years and in the significant percentage of the patent trials held in the United States that are conducted at the USITC. In FY 2016, the number of new unfair import matters exceeded the previous peak in FY 2011. This is consistent with the overall upward trend in new investigations filed year over year (as illustrated in the chart below).



See linked data set.

In addition to patent-focused investigations, since at least FY 2006 there has been a steady number of investigations involving alleged misappropriation of trade secrets in connection with imported goods. This steady stream will likely continue in FY 2017 and 2018. The recent focus in both the executive and legislative branches on the protection of trade secrets highlights the importance of this part of our docket. In addition, in FY 2016 there was an increased number of investigations involving unfair acts and methods of competition other than patent infringement, including claims based on trademarks, trade dress, false advertising, false designation of origin, and antitrust.

To adjudicate section 337 investigations, our administrative law judges (ALJs), in accordance with the Administrative Procedure Act, conduct hearings, issue initial determinations, and facilitate settlement of disputes. Our Office of Unfair Import Investigations reviews complaints before investigations are instituted, advises the commissioners on institution determinations, participates (when appropriate) as a party to proceedings, and aids in facilitating settlements. The ALJs' initial determinations are subject to review by the commissioners, and the Commission's final determinations regarding section 337 violations can be appealed to the U.S. Court of Appeals for the Federal Circuit. The Office of the General Counsel provides advice to the commissioners during the investigation and defends the agency's final decision during any subsequent appeals.

The spectrum of products and IP rights at issue in section 337 investigations is quite broad. The docket has included many investigations involving the importation of sophisticated electronic devices, such as smartphones, tablets, integrated circuits, and memory devices, and this will likely continue. In FY 2016, we saw an increase in investigations involving pharmaceutical and medical devices, transportation-related products, and products such as footwear, hand dryers, bulk containers, and air mattresses. There is a substantial overlap between the industries that dominate our IP docket and the top industries found in a Department of Commerce study to be the most IP-intensive in the United States.<sup>2</sup> The study found that these IP-intensive industries represent 29.8 percent of all jobs in the United States and that wages of private sector workers in IP-intensive industries were 46 percent higher than those of workers in non-IP-intensive industries; wages for workers in patent-intensive industries were over 74 percent higher. The study also found that the value added by IP-intensive industries amounts to more than 38 percent of GDP. The Commission's IP enforcement efforts thus may be seen as playing a part in strengthening the U.S. economy and employment.

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<sup>2</sup> U.S. Department of Commerce, Intellectual Property and the U.S. Economy: 2016 Update.

As mentioned earlier, one of our strategic goals is to produce sound, objective, and timely determinations in our investigative proceedings. The rapid resolution of section 337 disputes is particularly important to patent holders because the duration of patents is limited. Speed is even more crucial when disputes involve high-technology products that tend to have short commercial life cycles. Thus, in accordance with congressional intent, we strive to conclude our unfair import-based investigations as quickly as possible. This goal has been a challenge in recent years because of the volume and complexity of investigations. We continue to examine various options to shorten the length of investigations.

In addition to working to make our section 337 investigations more expeditious, we regularly take steps to make them more efficient and cost-effective, both for litigants and for the agency. During FY 2016, we considered public comments on two proposed rules that are designed to improve the speed and efficiency of our proceedings. The first proposal involves codifying our early disposition pilot program, under which, in selected investigations, the ALJ decides a potentially case-dispositive issue within the first 100 days of the investigation; the second involves severing investigations with unrelated patents and technologies into multiple investigations. We will ensure that, if promulgated, these new rules will meet statutory requirements, provide due process to litigants, allow us to build sufficient factual records, and maintain quality decision making. We also proposed rules that would better align section 337 subpoena practice with that of the federal courts.

In FY 2016, we continued to evaluate the effectiveness of certain pilot programs, including the 100-day early disposition program, our initial case management pilot program (under which the parties are required to produce certain information early in an investigation), and a program using an eDiscovery case management approach. The purpose of the latter two programs is to reduce costs and curb the potential for abuse of discovery in our investigations.

We are also assessing ways to improve the effectiveness of the remedial orders we issue. One issue frequently raised in this area is whether new and redesigned products are covered by an existing USITC exclusion order, cease and desist order, or consent order. U.S. importers, would-be importers, and IP rights holders have all expressed concern in recent years about how they can obtain timely, transparent, and binding decisions in this regard. In response, in FY 2015 we announced a pilot program to test the use of expedited modification and advisory opinion procedures to evaluate and rule on redesigned and new products that are potentially covered by our remedial orders. While modification and advisory opinion procedures have been available for years, we are seeking

to streamline them to better meet the needs of those who may be affected by remedial orders. We tested this pilot in two investigations in FY 2016.

We have also been working on initiatives to improve our ability to report data involving section 337 investigations and improve the transparency of our data to the public. At the end of FY 2014, we launched 337Info, a new searchable database providing data on investigations instituted since October 1, 2008. Accessible from our website, 337Info offers members of the public easy access to information on scheduling, parties involved, patents at issue and unfair acts alleged, staff assigned, disposition of the investigation, and any appeals. We are also now using this information system to generate statistics to respond to internal and external inquiries about section 337. In FY 2016, we updated the “Intellectual Property” section of the usitc.gov website, adding a page that reports certain statistics regarding section 337. The statistics are available through an enhanced website interface and include average length of investigations, number of exclusion orders issued, types of accused products, types of unfair act allegations, number of patents at issue, and settlement rates.

We continue to foster party settlements in our section 337 investigations, including through our mediation program. Settlements reduce the number of investigations in which we must make final determinations and conserve the resources of both litigants and the agency.

Appellate litigation pending at the Court of Appeals for the Federal Circuit stemming from section 337 investigations absorbs a significant share of employee resources in our Office of the General Counsel. Below is a table displaying the number of pending appeals at the end of each fiscal year, FY 2011–16.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Appeals</b>	9	17	13	17	16	17

This is merely a snapshot of the appellate litigation challenging section 337 determinations which the Office of the General Counsel handled. During FY 2016, there were 29 active section 337 litigation appellate matters pending throughout the year. At the close of FY 2016, there were 17 section 337 litigation appellate matters pending at the Court of Appeals for the Federal Circuit and two

pending before the U.S. Supreme Court. For FY 2017 and 2018, we project that the number of new appeals challenging section 337 determinations will remain at levels similar to those of recent years, reflecting the historical rate of appeals and the projected filings.

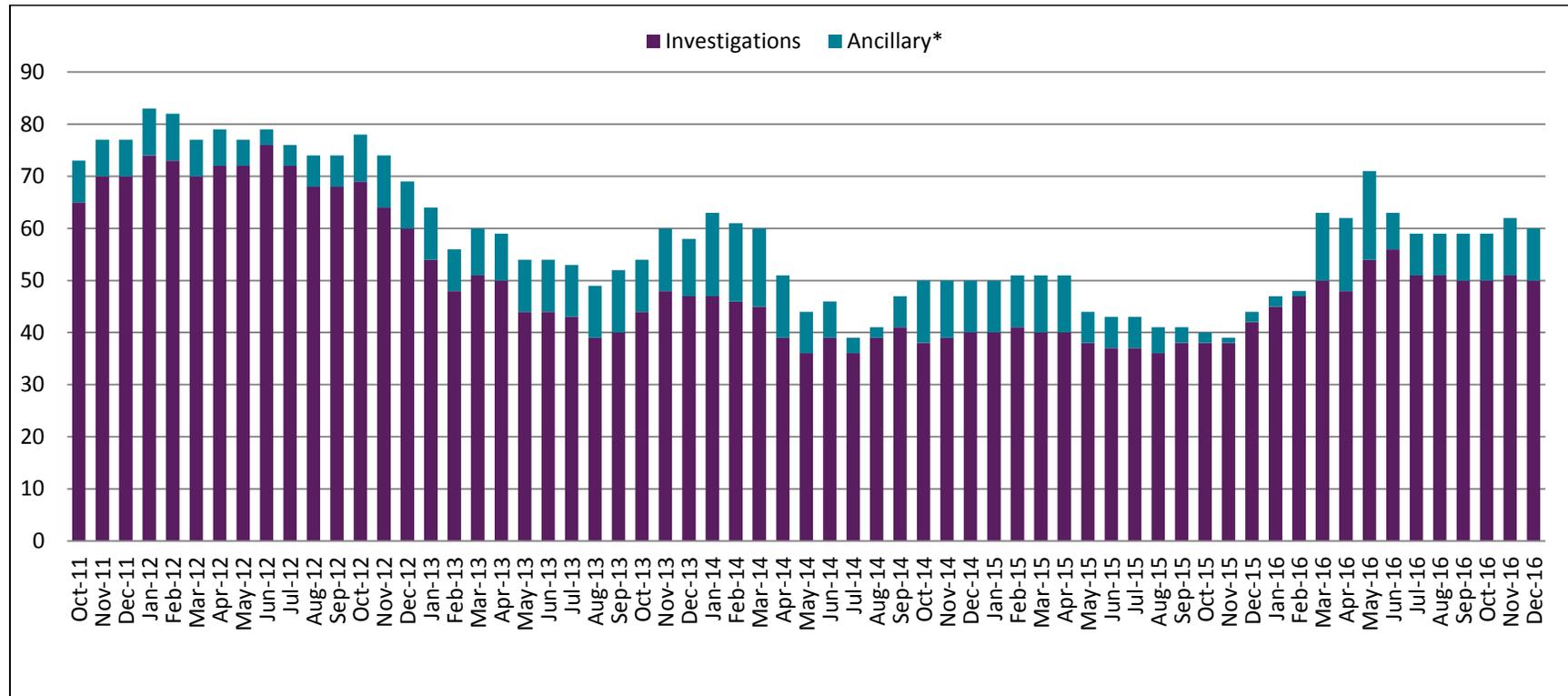
Trends in the investigative caseload and caseload estimates for FY 2017 and 2018 are shown below.

## Unfair Import Investigations Caseload

### Instituted & Completed Investigations

Status	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Instituted	56	52	49	47	79	51	50
Completed	57	72	59	50	64	60	55

### Monthly Active Caseload



\*Ancillary investigations include petitions for modifications and/or rescissions of remedial orders, requests for advisory opinions, Federal Circuit remands, and enforcement proceedings. See data link set.

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# Tariff, Trade, and Competitiveness-Related Analysis and Information

To fulfill our agency's mission, we must give timely, objective, high-caliber information and analysis to federal policy makers to help them in negotiating trade agreements and in evaluating the effect of legislation or other trade policy actions on the U.S. economy and industry competitiveness.

We have statutory responsibilities to provide information at our command to Congress and the President, who has delegated request authority to the U.S. Trade Representative. In response to these policy makers' requests, we supply independent research on numerous topics, both through formal investigations (industry and economic analysis investigations) and informal expert advice (trade policy support). To ensure that we develop and maintain the technical expertise needed for this work, we also identify and research priority areas in international trade, industry competitiveness, and the U.S. and global economies. With the exception of requested confidential studies, we offer our industry and economic analysis and research to the public.

## Industry and Economic Analysis

### Investigations

We conduct investigations on a wide range of international trade and competitiveness issues that are of interest to U.S. policy makers and that affect firms, industries, and consumers. Authority for most of our investigations is granted in section 332 of the Tariff Act of 1930, but also by various implementation statutes for specific trade agreements and by several general trade statutes. These investigations primarily fall into three broad categories:

- General fact-finding and analytic investigations
- Investigations examining the probable economic effect of proposed trade policy changes
- Assessments of negotiated trade agreements

External events that impact U.S. international trade and domestic competitiveness shape our requestors' requirements and interests. Consequently, the nature, timing, and complexity of requests for these investigations are unpredictable and lead to large variations in the level of resources required to complete any specific investigation. Resource needs depend on such factors as the state of global competition in specific sectors or with certain trading partners, emerging interests of policy makers in the executive and legislative branches, the scope and scale of policy makers' requests, and the level of public information available related to the request. The interplay of these factors, as well as their uncertainty, makes accurate forecasting of future workloads challenging.

Our industry and economic analysis is widely considered to be expert and objective and is routinely cited by parties representing all sides in trade debates. Our ability to collect, compile, and assess unique data is widely sought by industry and policy makers. Trade policy makers rely on us for authoritative information on trade- and competitiveness-related issues to support informed decision making.

Our studies often focus on issues that affect U.S. trade or important parts of the U.S. economy. Recent examples include the following:

- Examining the likely economic impact of the proposed Trans-Pacific Partnership Agreement on the U.S. economy and specific sectors
- Examining the economic impact on the United States of 16 trade agreements enacted under Trade Promotion Authority procedures since January 1, 1984
- Analyzing the effects of U.S. restrictions on trade with and travel to Cuba, as well as Cuban barriers and factors that may affect the ability of firms to conduct business in and with Cuba
- Investigating the U.S. aluminum industry's global competitiveness

Our customers rely on us to produce expert analysis of the global competitiveness of U.S. industries or U.S. trade with specific countries or regions. For instance, our 2016 Cuba report examined Cuban imports of goods and services from 2005 to the present; the effects of U.S. restrictions on trade with and travel to Cuba; and Cuban nontariff measures, institutional and infrastructural factors, and other barriers that may inhibit or otherwise affect the ability of firms to conduct business in and with Cuba. It also presented a qualitative and quantitative sectoral analysis of potential U.S. exports of goods and services to Cuba in the event that

U.S. restrictions are lifted and Cuban import barriers are reduced. We also analyze the competitiveness of specific industries that account for a sizable share of U.S. economic activity and trade. In FY 2016–17, the aluminum investigation is looking at global competitive conditions for a domestic industry that averaged about \$10 billion of product exports annually from 2011 to 2015.

Customers also rely on us to provide expert information about how narrowly focused policy changes—such as those affecting rules of origin or tariff preference programs—may affect specific, often narrowly defined products. Recently completed or ongoing examples of such work include reports on changes to the Generalized System of Preferences program, tariff preferences for textiles and apparel products from Nepal, the operation of the Dominican Republic Earned Income Allowance Program, and rules of origin changes for products from Chile, Morocco, and countries covered by the Dominican Republic-Central America-United States Free Trade Agreement.

The schedules for requested investigations often overlap with each other and with mission-critical work in other investigative areas. Moreover, requests often require us to develop or apply new analytic methods; collect and analyze unique primary data obtained through sector-specific questionnaires; and/or research and analyze new industries, competitive conditions, or trade barriers. During FY 2016, our employees handled multiple industry and economic analysis projects in tandem with other work projects required by statute (import injury investigations, trade policy support, tariff and trade information services, and petitions for temporary duty suspension or reduction).

## Workload Expectations in FY 2017 and 2018

In FY 2017 and 2018, we expect the number of new investigations to return to levels similar to those of FY 2012–14, given the active trade policy agenda of the executive and legislative branches. In both fiscal years, one to two requests are expected to require us to develop, administer, and analyze responses to questionnaires, drawing a relatively large amount of agency resources. We will continue to advance our use of electronic survey tools and methods, which have contributed to productivity gains in recent questionnaire-based investigations.

Our staff periodically discusses recurring reports with the requestors to ensure their continued interest in the information provided or to learn if we should furnish added information to meet emerging needs. During both FY 2017 and 2018, we will enhance the

online user interface of recurring reports, such as The Year in Trade, Shifts in U.S. Merchandise Trade, and Recent Trends in U.S. Services Trade.

For FY 2017, in addition to the recurring reports, we anticipate responding to requests or statutory direction for several new reports providing unique data and analysis. The reports will inform federal policy makers' efforts in international trade negotiations or in developing domestic policy. Reports already completed or underway in FY 2017 include the following:

- Aluminum: Competitive Conditions Affecting the U.S. Industry
- Global Digital Trade I: Market Opportunities and Key Foreign Trade Restrictions
- Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin
- The Economic Effects of Significant U.S. Import Restraints: Ninth Update
- Generalized System of Preferences: Possible Modifications, 2016 Review

We anticipate a robust analytic workload in FY 2017 and 2018 and have a performance goal of expanding our capability to anticipate and address new areas of economic and industry analysis. To achieve this goal, we will focus our research and data development work in high-interest areas like the following:

- Advancing our modeling capabilities in areas such as differentiating the effects of trade on different types of U.S. companies and on different U.S. geographic regions; updating and expanding modeling of international investment; and expanding the scope and flexibility of partial equilibrium and sector-specific analysis
- Expanding analysis of issues in areas such as assessing industry competitiveness; effects of trade and trade policy on U.S. workers; trade in digital goods and services; behind-the-border non-tariff measures affecting goods and services (technical barriers to trade, regulatory practices, conformity assessment, and standards); trade facilitation and customs issues; supply chains; and asymmetries in trade statistics
- Increasing our capabilities and knowledge concerning trade-related agreements

Such preparatory work expands our expertise and can help us respond effectively and efficiently to requests for analytic investigations, while also contributing to our work in import injury cases, tariff schedule maintenance, and trade policy support. These high-interest areas tend to require information and tools that are not readily available. Moreover, such work often requires

significant staff effort to refine existing analytic tools or develop new ones. Our research agenda has kept us at the forefront of emerging analytic areas, such as quantifying a wider variety of nontariff measures; assessing trends in trade-reliant industries; analyzing the growth of digital trade and its impact on a growing range of industries; and evaluating the impacts of government policies, such as intellectual property regimes, on trade. Consistent dedication of resources to support such work is needed to maintain the world-class quality of our products.

External factors that are likely to influence the scope and number of requests for analytic investigations in FY 2017 and 2018 include, but are not limited to, the following:

- The trade policy focus of the executive and legislative branches
- Interest by trade policy makers in new technologies, industries, and business models, as well as interest in sector-specific U.S. industry competitiveness
- Challenges and opportunities presented by shifting trade patterns and economic relationships between the United States and major trading partners
- A significant workload for miscellaneous tariff bills and the level of nomenclature work for the Harmonized Tariff Schedule of the United States

To respond to these requests effectively and efficiently, we must recruit, develop, and maintain a high level of industry, regional, and economic expertise. Skilled personnel are our single most important resource. Staff research and external communication and collaboration are vital to honing staff skills, as well as developing information and analytic tools for use in customer-requested investigations. We conduct these activities under the broad authority of sections 332(a) and (b) of the Tariff Act of 1930, often publishing our findings as articles or in presentations at international meetings of experts and multilateral institutions. We also develop expertise and make our research available through direct interaction with many international and domestic agencies, at academic gatherings, and with private sector associations. These activities offer us an important forum for external technical review of new analytic approaches and often suggest new, relevant areas of potential interest. Staff travel is often necessary to share and gather knowledge from domestic and international experts, as well as to conduct critical field research for investigations.

We also invest funds to ensure we can respond efficiently and effectively to customer requests through the continuous acquisition, development, and improvement of analytic tools, information resources, and research approaches, including survey methods and statistical, econometric, and simulation analyses. These funds are primarily spent on information databases, expert consulting services, and specialized software. In particular, staff often collaborate with outside experts to update models so that we can better estimate the impacts of policies affecting energy markets, commodity supply chains, sales by U.S. affiliates abroad, and income distribution in U.S. households. Significant advances also continue to be made in understanding nontariff measures affecting both goods and services trade, as well as trade agreements such as the North American Free Trade Agreement. During FY 2017 and 2018, we will continue to invest in both our human capital and other resources to ensure we are able to provide high-quality tariff, trade, and competitiveness-related analysis and information to policy makers in both the legislative and executive branches.

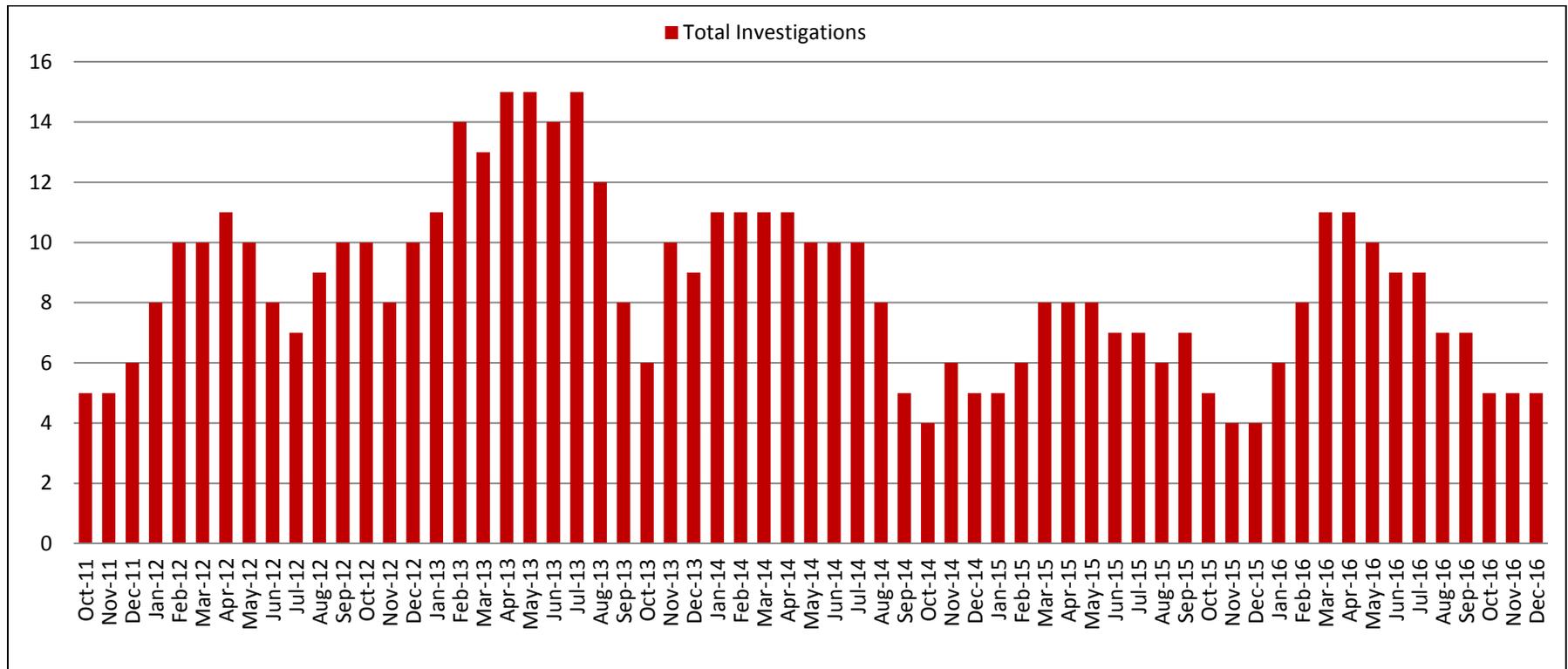
Trends in the investigative caseload and caseload estimates for FY 2017 and 2018 are shown below.

## Industry and Economic Analysis Investigations Caseload

Instituted, Completed, and Active Recurring Investigations

Status	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Instituted	9	10	8	5	7	9	9
Completed	6	12	10	9	9	9	9
Active Recurring	6	8	7	6	6	6	6

Monthly Active Caseload



See linked data set.

## Tariff and Trade Information Services

The USITC maintains and publishes the Harmonized Tariff Schedule of the United States (HTS) under the Tariff Act of 1930 and section 1207 of the Omnibus Trade and Competitiveness Act of 1988 (1988 Act). In line with this mission, we strive to improve access to high-quality, up-to-date tariff and international trade information and to reinforce our technical expertise in these areas to support the executive and legislative branches, the broader trade community, and the public. We maintain online interactive and in-house databases and an online HTS search tool; chair the U.S. interagency Committee for Statistical Annotation of the Tariff Schedules; conduct investigations under section 1205 of the 1988 Act to propose certain HTS amendments to the President to meet our international obligations; and participate in the U.S. delegation to the World Customs Organization (WCO). Staff expertise in these areas strengthens our investigative work as well as the trade policy support we give to our legislative and executive branch customers. We also provide technical reports to Congress on miscellaneous tariff legislation and advise the U.S. Trade Representative on aspects of the trade agreements program. For FY 2017, we have set performance goals that further our ability to effectively carry out these responsibilities.

## Maintenance of the Harmonized Tariff Schedule of the United States

Maintaining and ensuring access to an accurate and up-to-date tariff schedule is of critical importance to the U.S. government and private sector. U.S. Customs and Border Protection relies on the HTS in collecting all tariff revenues, which are estimated to be nearly \$36.3 billion assessed on more than \$2.1 trillion in goods imported into the United States in FY 2015. U.S. importing firms rely on the HTS for accurate information in importing all goods into the country. In fact, as noted earlier, the HTS is the most heavily used tariff schedule in the world, based on the volume of trade covered. The HTS underlies the U.S. trade data maintained by the Department of Commerce's Census Bureau, enables anyone interested in trade information to easily find tariff codes and rates, and enables Customs and Border Protection to manage all of its trade enforcement activities.

The Harmonized Tariff Schedule of the United States Annotated (HTSA) consists of the HTS, its statistical annotations, and other related information. In addition to updating the HTSA to reflect changes in tariff rates and nomenclature information, we chair the interagency Committee for Statistical Annotation of the Tariff Schedules in coordination with Customs and Border Protection and the Census Bureau. The committee administers statistical breakouts for tracking specific goods, if certain criteria are met. We also

participate in or lead the U.S. delegation to various committees of the WCO. Continued funding for staff to attend WCO-related meetings is an agency priority as part of U.S. government efforts to ensure that the international tariff nomenclature takes U.S. economic interests into account.

During FY 2016, we fully implemented the state-of-the-art HTS Data Management System (DMS) to efficiently prepare and publish the annual edition and several intermediate updates of the HTS. It easily incorporates modifications proclaimed by the President or otherwise approved, and automatically applies yearly staged rate reductions under free trade agreements. This new system has received substantial positive feedback from the trade community and other agencies. Users particularly welcomed the system's ability to allow access to the HTS data in machine-readable format, as required by the Open Data initiative. In FY 2018, we plan to improve the operational and reporting capabilities of the system. With these improvements, we expect the DMS to serve as the backbone for issuing accurate and timely updates to the HTS for years to come.

Our ongoing support to the U.S. Trade Representative in developing and analyzing rules of origin for negotiating and carrying out agreements is another responsibility that will require significant staff time, particularly in connection with the evaluation of existing free trade agreements. Our staff also helps the U.S. Trade Representative prepare the final versions of the implementing proclamations for trade agreements and other actions affecting the HTS.

## Legislative Reports

In the past, the House Committee on Ways and Means and the Senate Committee on Finance periodically requested the agency to provide technical drafting assistance and reports on miscellaneous tariff bills (MTBs)—bills to temporarily reduce or suspend tariffs on specific products. In response to these requests, our staff have supplied advice on tariff nomenclature and estimates of likely customs revenue losses to the Congressional Budget Office. Congress introduced a new process that assigned us significant additional responsibility when it passed the American Manufacturing Competitiveness Act of 2016 (AMCA) in May 2016. Prior to the AMCA, the number of MTBs presented to the agency never exceeded 1,350 in any given year. Under the new legislation, we received 2,600 petitions (net of withdrawals) during the 2016 petition submission period, which ended December 12, 2016.

## Other Online Tariff-Related Services

Our agency also provides online trade services, such as the USITC DataWeb and the HTS tariff database. The DataWeb is a valuable tool used by our staff, external customers, and the public to organize U.S. import and export data for analysis. To provide improved functionality and address customer feedback, the USITC began re-engineering the DataWeb application in FY 2016 to modernize and enhance it using state-of-the-art web technologies. This modernization effort will be completed in early FY 2018. The HTS tariff database reflects not only normal duty rates (“column 1-general tariff rates”) but also various preferential rates applicable under free trade agreements, the GSP, and other preferential duty programs. The web interface to access the tariff database will be redesigned along with the DataWeb and will integrate with tariff information contained in the USITC’s HTS DMS (described above) to provide seamless and efficient sharing of data.

Use and access to tariff information through the search functionality of the HTS DMS is an integral feature provided to the public by the agency. Approximately 80 percent of all Internet queries directed to our agency concern tariff information. During 2016, we averaged 165,174 users and 1,833,735 total page views per month, about 75 percent of whom were returning visitors. Each day, an estimated 54,600 HTS searches are conducted. The new HTS DMS has increased efficiency and ease of use for all agencies, businesses, and members of the public that access the HTS, as evidenced by the overwhelmingly favorable feedback we have received.

## International Trade Data System (ITDS)

We host all board meetings and actively participate in a U.S. government multiagency initiative to develop the International Trade Data System (ITDS)—a comprehensive, harmonized port documentation system that will allow the electronic collection, use, and dissemination of international trade and transportation data through the Automated Customs Environment Portal. The ITDS will also benefit the trading public by providing a “single window” for obtaining all trade-related information for all agencies of the U.S. government from one set of documents filed electronically. We consulted with the ITDS working group in developing our new HTS system, and we took into account suggestions made by group members to ensure that agencies accessing HTS information would be able to do so in formats that are compatible with their systems. This interagency effort therefore benefits our own work as well as the wider interests of the federal government.

## Trade Policy Support

We draw on knowledge gained from our statutory investigations and other research to respond to requests for rapid-response technical expertise and data that trade policy makers can use to inform the development of U.S. international trade policy. This trade policy support, provided under section 332 of the Tariff Act of 1930, includes:

- Providing information and analysis on current issues related to trade and competitiveness
- Providing technical comments on draft legislation
- Preparing draft tariff legislation and annexes for presidential proclamations, memoranda, executive orders, and final decisions by various agencies
- Providing information and analysis in briefings and meetings
- Temporarily detailing staff to our oversight committees and the U.S. Trade Representative
- Assisting trade delegations, negotiating teams and Administration-led litigation teams in international dispute settlement forums

Providing technical assistance allows us to fulfill our strategic goal of producing objective, high-quality, and responsive analysis and information on tariff, trade, and competitiveness questions. We use regular communication and formalized feedback mechanisms to seek out information that will help us foresee policy makers' needs and proactively develop expertise to meet a high volume of requests for assistance.

In 2016, technical assistance requests covered a wide range of topics and issues and the resources we devoted to this activity increasingly supported trade negotiations as well as general policy making. The variety of these requests underscores the complexity of trade policy issues, as well as recognition of our unique capabilities and expertise. We anticipate that technical assistance efforts for FY 2017 and 2018 will remain high. Congressional interest in obtaining real-time assistance with draft legislation is expected to continue, as is executive branch interest in our support of negotiation teams and appearances before the World Trade Organization. In some instances, we have found that an effective way to meet our requestors' requirements is to detail staff members to our oversight committees or to the U.S. Trade Representative. As budget and statutory workload permit, we may continue to detail a limited number of personnel to these customers, upon their request.

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# Information Technology

## General Statement

The Commission is committed to leveraging the power of information technology (IT) to transform agency operations, improve the customer experience, and safeguard our IT networks and information. Our IT program is a critical element for achieving our strategic goals and objectives, managing risk and maintaining a system of internal control, and creating value for our stakeholders. The agency's FY 2018 budget request of \$93.7 million includes \$16 million to operate and maintain existing systems, infrastructure, and security; supply the resources needed to enhance systems that support our research and investigative missions; accommodate increased cybersecurity requirements; and modernize our data center and disaster recovery capabilities.

## Supporting the Agency's Mission

Our IT budget contains the resources for operations and maintenance, as well as development, modernization, and enhancement for a suite of systems that support our antidumping/countervailing duty and unfair import investigations and the tariff, trade, and competitiveness-related analysis and information we provide the public and our stakeholders.

**Miscellaneous Tariff Bill Petition System (MTBPS):** In response to the May 2016 enactment of the American Manufacturing Competitiveness Act of 2016, we began development of the MTBPS to support the agency's mandate to receive, analyze and make recommendations regarding petitions from the public for temporary duty reductions or suspensions on imported products. The system was brought into production on October 14, 2016, and successfully received 3,164 petitions (2,600 net of withdrawals) within the allotted 60-day time window. Additionally, the MTBPS supports the internal analysis and review of each petition, receipt of public comments on any petition, incorporation of input from the Department of Commerce and U.S. Customs and Border Protection, and it will eventually support the release of both preliminary and final reports to Congress containing the Commission's recommendation on each petition. We have received highly positive feedback on the functionality provided thus far by the system and continue to devote significant IT resources in FY 2017 to successfully meet this mandate. In FY 2018, we will reassess the

system's functionality vis-à-vis customer requirements and identify any necessary enhancements to the MTBPS before we begin the 2019 petition cycle.

**Harmonized Tariff Schedule of the United States (HTS):** Maintaining and ensuring access to an accurate and up-to-date tariff schedule is of critical importance to the U.S. government and private sector. U.S. Customs and Border Protection relies on the HTS in collecting all tariff revenues; as noted above, these revenues are estimated at nearly \$36.3 billion assessed on more than \$2.1 trillion in goods imported into the United States in FY 2015. U.S. import firms rely on the HTS for accurate information in importing all goods into the country. During FY 2014 and 2015, we invested in a state-of-the-art data management system, HTS DMS, that replaces the outdated process and aging legacy system used to maintain and access the HTS. Deployed at the beginning of the fourth quarter of FY 2015, the HTS DMS has received substantial positive feedback from the trading community and other agencies. Particularly welcomed by users was the system's ability to allow access to the HTS data in machine-readable format, as required by the Open Data initiative. As a result, nearly 4.9 million user sessions on the system were recorded in FY 2016.

**Electronic Document Information System (EDIS):** EDIS is the repository for all documents filed in connection with investigations conducted by the Commission. EDIS provides the capability to file documents for an investigation as well as search for documents which have been submitted in relation to an investigation. It also supports the processing and review of documents by internal staff. In FY 2017, we plan to release a modernized version of EDIS to improve usability, incorporate updated technology, and add automated tracking of orders issued in response to motions filed in an investigation. In FY 2018, we will modernize the capability to serve documents to external users under an administrative protective order for an investigation by allowing electronic access to designated documents containing business proprietary or confidential business information.

**DataWeb:** DataWeb is the public trade data system used to integrate international trade statistics with complex tariff and customs treatment and execute customized trade data queries. In FY 2016, we began an effort to modernize the system's technology and enhance its functionality, with deployment of a beta version planned for the third quarter of FY 2017. For FY 2018, we plan primarily to operate and maintain the modernized DataWeb.

**337Info:** 337Info is a publicly searchable data system launched at the end of FY 2014 offering the public easy access to information on the intellectual property infringement investigations we conduct under section 337. Such information covers scheduling, parties involved, patents at issue and/or unfair acts alleged, staff assigned, disposition, and any appeals. This information is also used to

generate statistics to respond to internal and external inquiries about section 337. In FY 2016 and 2017, operations and maintenance were the focus, but in FY 2018, a number of upgrades are planned to the system, including improved auditing of system activity, adding information about remands, and providing access to relevant documents from EDIS.

**Title VII Data System:** This will be a data system similar to 337Info that will contain information related to Title VII investigations conducted by the agency. It will include a modernized component to track the record of Commission votes and determinations, replacing a legacy system. The agency plans to complete development of this system in FY 2019.

## Information Security

We will continue to strengthen our security posture by investing in new technologies, processes, and capabilities, including additional staffing as necessary, in line with the Federal Information Security Modernization Act of 2014 and government-wide best practices.

**Continuous Diagnostics and Mitigation (CDM):** We have internally implemented the four technical capabilities identified within Phase 1 of the Department of Homeland Security's (DHS) CDM program: 1) hardware asset management, 2) software asset management, 3) vulnerability management, and 4) configuration settings management. We leverage these capabilities to maintain our awareness of information security vulnerabilities and threats and to manage organizational risk. In FY 2017 and 2018, we will continue to refine these capabilities internally while working with DHS to implement a cloud-based continuous monitoring as a service solution created for the small and micro federal agencies. The solution will integrate with DHS CDM dashboards and will greatly improve the efficiency of the agency's cybersecurity reporting to DHS. In 2018 we will deploy the privilege management capability (CDM Phase 2), which focuses on enforcing the concepts of least privilege, access control, and management of privileged accounts.

**Security Controls Assessments and Information Security Continuous Monitoring (ISCM):** We have established an interagency agreement with the Department of Health and Human Services to conduct Security Controls Assessments (SCAs) on all of the agency's IT systems. An SCA is a due diligence exercise that evaluates security controls to determine the extent to which the controls are implemented correctly, operating as intended, and meeting the security requirements for an information system. These assessments are needed to issue an Authority to Operate (ATO) for a system and to assure agency leadership that we have appropriately addressed security by carrying out a comprehensive, documented process that produces evidence to support this

assurance. ISCM is defined as maintaining ongoing awareness of information security vulnerabilities and threats to support organizational risk management decisions. ISCM activities are conducted in accordance with a given system's continuous monitoring plan and are required to maintain the ATO established at the conclusion of successful security control assessment. In FY 2018, we intend to ensure that all major agency IT systems have valid ATOs.

**Homeland Security Presidential Directive 12 (HSPD-12):** HSPD-12 was implemented at the agency in FY 2016. HSPD-12 enforces two-factor authentication (i.e., a personal identification card *plus* a password) for system access. We will continue to integrate this capability with numerous agency sub-systems. We are also evaluating the utility of implementing a similar protocol to enhance the security of the agency's mobile devices.

**Mitigating Data Center Risks and Modernizing Capabilities:** In June 2015, we began converting our disaster recovery site into our primary data center and developing plans to add a second offsite data center as a backup. The infrastructure in the agency's headquarters facility that houses the current data center is insufficient to ensure continuous, uninterrupted functionality. Migrating to a primary offsite data center and developing a second backup data center is the best option to secure our data and systems, provide optimal availability and performance, ensure continuity of operations in the event of a catastrophic event, and provide the best long-term value for our users and taxpayers. Including cloud solutions in the new technical architecture and plan is a priority consideration for modernizing operations. These modernizations will enable a more mobile workforce and ultimately reduce IT infrastructure costs. Within this multiyear project, fully converting the offsite data center into our primary one is expected to occur in 2017, while developing the secondary, backup offsite data center will continue into 2018.

**Data Loss Prevention (DLP):** We currently have the ability to detect the transmission of personally identifiable information (PII) via two systems: 1) a scanner which monitors all network transmissions in real-time for certain PII patterns (primarily Social Security numbers) and provides a notification if PII is transmitted and 2) a forensic network packet recorder. This system records all network transmissions for later retrieval and analysis and can search for arbitrary text patterns such as PII keywords. We started a project to implement a DLP solution that reviews data in emails sent from an agency address to an external one, i.e., email exfiltration; we expect to complete this project in 2017. This system will prevent email containing PII such as Social Security numbers and date of birth from being transmitted outside the agency's network, and will instead quarantine such messages for review and potential sanitization prior to re-transmission. To further complement and refine these capabilities, we plan to deploy a dedicated DLP

appliance to detect potential data breaches or data ex-filtration and prevent them by monitoring, detecting and blocking sensitive data movement.

**Privacy Program:** We began developing the agency’s privacy program in FY 2016 and will continue to build on this foundation in FY 2017. In FY 2017, we will develop privacy policies that will define how we manage and protect the PII we collect, use, and maintain, and review and update the Privacy Impact Assessment (PIA) process. A PIA is designed to assess the risks to PII used by the agency. Developing a privacy program will help the agency comply with all relevant privacy requirements, such as the Privacy Act of 1974, the E-Government Act of 2002, Office of Management and Budget policies, and minimize the risk to individuals whose PII is used by our agency. In FY 2018, we expect the program to be fully operating in accordance with federal requirements.

## Risk Management and Planning

During FY 2015, we developed our enterprise risk management (ERM) framework, which is designed to identify, prioritize, and manage institutional risk at all levels. Managers are integrating enterprise risk management principles into their performance planning and budget execution processes. In FY 2018, the Office of the Chief Information Officer will continue to play a critical role in our ERM program to ensure adequate focus on threats to information security.

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## The Office of Inspector General

The USITC's Office of Inspector General (OIG) provides audit, inspection, and investigative support services covering all of our programs and strategic operations. Its mission is to promote and preserve the agency's effectiveness, efficiency, and integrity. The OIG is required by statute to perform seven reviews in FY 2017. The OIG will use contractor support to perform the independent audit of our annual financial statement and in-house staff will perform the remaining six reviews. In addition to these reviews, and based on available resources, the OIG has identified 13 potential areas for review in its FY 2017 Annual Audit Plan.

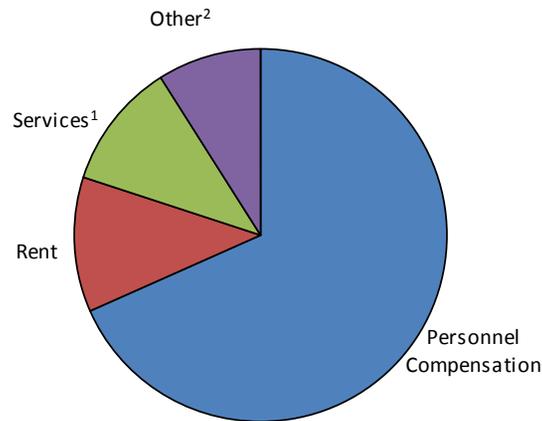
At \$193,000, the OIG's non-personnel budget request for FY 2018 reflects steady-state funding from FY 2017, which was also \$193,000. Included in the FY 2018 request is \$166,000 for contractual services; \$24,000 for technical equipment and supplies; and \$3,000 for OIG's annual contribution to the Council of the Inspectors General on Integrity and Efficiency. Additionally, our request includes \$8,000 for travel and \$12,000 for training to meet the office's continuing requirements for professional education in leadership, technical knowledge, and other skills. The Commission's budget request contains enough resources to support OIG's four full-time staff members in FY 2017 and 2018.

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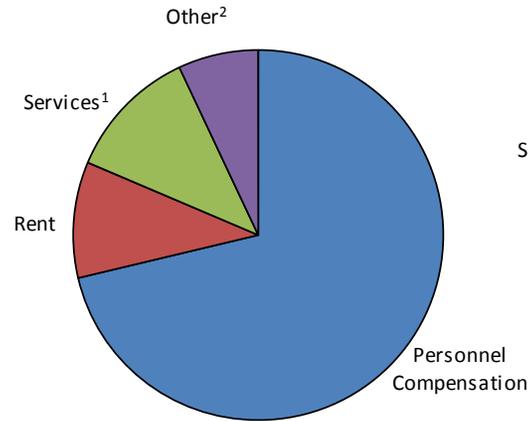
## Dollar Cost: Comparison by Object Classification, Fiscal Years 2016–18

(dollar amounts in thousands)

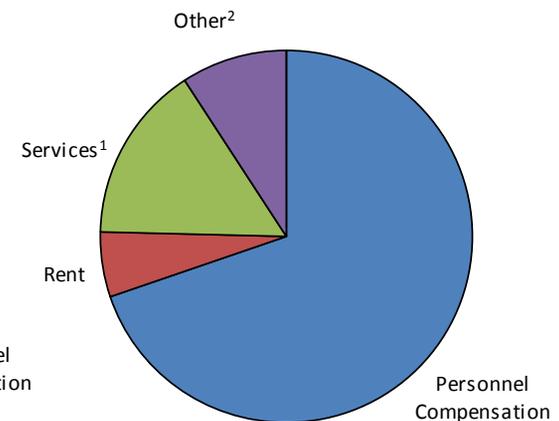
**FY 2016: \$89,409**



**FY 2017: \$89,180**



**FY 2018: \$93,700**



CATEGORY OF OBLIGATION	FY 2016 Actual		FY 2017 Estimate		FY 2018 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Personnel Compensation	\$61,096	68.3%	\$63,558	71.3%	\$65,346	69.7%
Rent	10,466	11.7%	9,032	10.1%	5,296	5.7%
Services	9,815	11.0%	10,347	11.6%	14,443	15.4%
Other	8,032	9.0%	6,243	7.0%	8,615	9.2%
<b>TOTAL</b>	<b>\$89,409</b>	<b>100.0%</b>	<b>\$89,180</b>	<b>100.0%</b>	<b>\$93,700</b>	<b>100.0%</b>

Note: Dollars may not add due to rounding in this and subsequent charts. See linked data set.

<sup>1</sup>Services include, but are not limited to, obligations for contractor staff (IT service desk; security guards; financial management, internal controls, and financial audits), software licenses, and equipment maintenance.

<sup>2</sup>Other includes budget object classes such as equipment, supplies, communications and equipment rental, travel, training, printing and reproduction, land and structures, postage and contractual mail, and transportation.

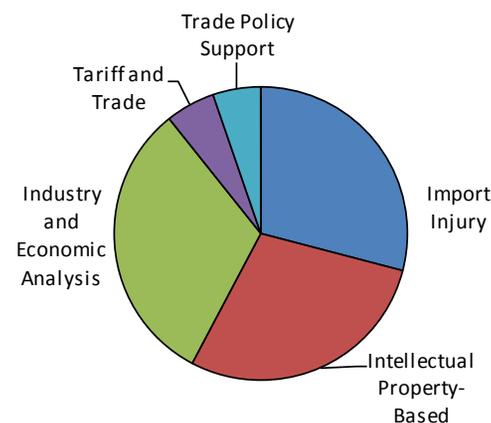
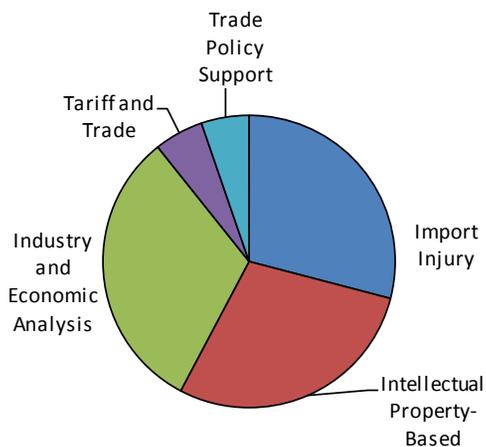
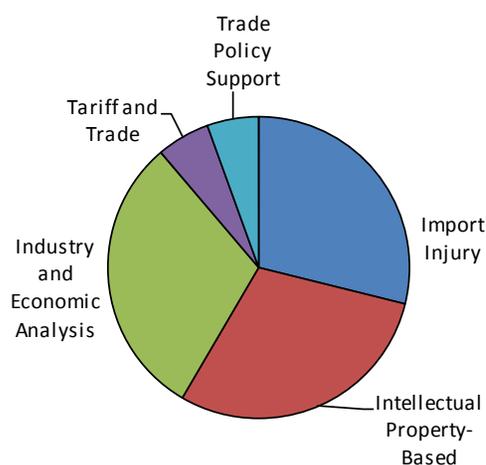
## Dollar Cost: Comparison by Strategic Goal, Fiscal Years 2016–18

(dollar amounts in thousands)

**FY 2016: \$89,409**

**FY 2017: \$89,180**

**FY 2018: \$93,700**



CATEGORY OF OBLIGATION	FY 2016 Actual		FY 2017 Estimate		FY 2018 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
<b>Trade Remedy Investigations (Strategic Goal 1)</b>						
Import Injury	\$25,809	28.9%	\$25,922	29.0%	\$27,236	29.0%
Intellectual Property-Based	26,428	29.5%	25,562	28.7%	26,857	28.7%
<b>Tariff, Trade, and Competitiveness-Related Analysis and Information (Strategic Goal 2)</b>						
Industry and Economic Analysis	27,143	30.4%	28,131	31.5%	29,557	31.5%
Tariff and Trade Information Services	5,092	5.7%	4,862	5.5%	5,109	5.5%
Trade Policy Support	4,937	5.5%	4,703	5.3%	4,941	5.3%
<b>TOTAL</b>	<b>\$89,409</b>	<b>100.0%</b>	<b>\$89,180</b>	<b>100.0%</b>	<b>\$93,700</b>	<b>100.0%</b>

See linked data set.

## Analysis of Change by Object Classification, Fiscal Years 2016–18

(dollar amounts in thousands)

	FY 2016 Actual Obligations	FY 2017 Estimate	FY 2018 Request	FY 2017-18 Change	Percentage Change
<b>Personnel</b>	<b>\$61,096</b>	<b>\$63,558</b>	<b>\$65,346</b>	<b>\$1,788</b>	<b>2.8%</b>
<b>Non-personnel</b>					
Rent	\$10,466	\$9,032	\$5,296	-\$3,735	-41.4%
Services	9,815	10,347	14,443	4,095	39.6%
Supplies	1,712	1,801	1,838	36	2.0%
Equipment	4,287	1,955	2,935	980	50.1%
Travel	523	504	537	33	6.5%
Training	427	511	531	20	3.9%
Communications and Equipment Rental	764	1,107	2,421	1,314	118.7%
Transportation	14	16	17	1	3.7%
Postage	28	45	45	0	0.0%
Land and Structures	0	0	0	0	0.0%
Printing and Reproduction	263	292	278	-14	-4.8%
Official Reception and Representation	16	12	15	2	18.1%
<b>Subtotal Non-personnel Obligations</b>	<b>\$28,313</b>	<b>\$25,622</b>	<b>\$28,354</b>	<b>\$2,732</b>	<b>10.7%</b>
<b>Total Obligations</b>	<b>\$89,409</b>	<b>\$89,180</b>	<b>\$93,700</b>	<b>\$4,520</b>	<b>5.1%</b>

## Summary of Changes from the FY 2017 Estimate

(dollar amounts in thousands)

### Personnel Cost Change

**Personnel Costs .....+\$1,788**

Personnel costs are expected to increase by approximately \$1.8 million to restore and maintain staffing levels in offices where resources were diverted to support implementation of the American Manufacturing Competitiveness Act of 2016 (AMCA); cover the proposed 1.9 percent pay raise effective January 1, 2018; and pay for the normal cost of promotions, within-grade increases, and higher benefits. Our staffing plan is to hire a net increase of 11 staff during FY 2018, ending the year at 392. Our goal is to decrease the agencywide vacancy rate from 11 percent in the beginning of the fiscal year to eight percent by the end. However, vacancies are not evenly distributed. The Office of Industries, which is indispensable to virtually all of our statutory investigations, such as antidumping/countervailing duty and fact-finding, has a 27 percent vacancy rate.

### Non-Personnel Cost Changes

**Rent.....-\$3,735**

FY 2018 rent costs reflect the up-front savings associated with our new 15-year lease agreement; costs are expected to increase to approximately \$9.9 million per year beginning in FY 2019.

**Services.....+\$4,095**

Services obligations are expected to increase by \$4.1 million; nearly half of that amount will be used to restore funding to IT systems, maintenance, and infrastructure projects that were deferred to support AMCA implementation. Resources are also required for our data center migration effort and standing-up an offsite data center to ensure uninterrupted functionality and provide the best long-term value for our agency and taxpayers. We also plan to expand our research and economic analysis capabilities to produce investigations on proposed changes in trade policy and U.S. competitiveness. Further, we will develop the Title VII Data System, which will support our antidumping/countervailing duty investigations by improving our data gathering and reporting capabilities and provide the public with much of that data.

**Supplies ..... +\$36**

Supplies costs reflect an inflationary \$36,000 increase.

**Equipment ..... +\$980**

Equipment costs are expected to increase by about \$1 million. Approximately half of the increase will help complete our data center migrating effort; the remaining half will be used to replace our courtroom infrastructure, much of which is 30 years old and is not compliant with the Americans with Disabilities Act.

**Travel ..... +\$33**

Travel costs are expected to increase by \$33,000 to support statutory investigations and anticipated studies, knowledge development in emerging trade issues and priority areas, representational travel for international organization meetings, litigation support, and support for multilateral and regional agreement negotiations.

**Training..... +\$20**

Training costs are expected to increase by \$20,000 to fund training to advance skills and meet licensing, certification, and professional education requirements for existing staff, as well as train newly hired staff.

**Communications and Equipment Rental..... +\$1,314**

Communications and equipment rental costs are expected to increase by \$1.3 million to secure the telecommunications infrastructure to help complete our data center migration effort.

**Transportation..... +\$1**

Transportation costs reflect an inflationary \$1,000 increase.

**Printing and reproduction.....-\$14**

Printing and reproduction costs are expected to decrease as a result of fewer submissions to the Government Publishing Office.

**Official Reception and Representation..... +\$2**

Official reception and representation funds are expected to increase by \$2,250, which has been the level of funding provided in the last several annual appropriations.

<b>Net Non-Personnel Cost Changes</b> .....	<b>+2,732</b>
<b>Total Adjustment to Base (\$89,180)</b> .....	<b>+\$4,520</b>
<b>Total Budget Request</b> .....	<b>\$93,700</b>

## Commissioners

The USITC is headed by six commissioners, who are nominated by the President and confirmed by the Senate. Rhonda K. Schmittlein, a Democrat, is serving as Chairman; David S. Johanson, a Republican, is serving as Vice Chairman. Commissioners currently serving are, in order of seniority, Rhonda K. Schmittlein, David S. Johanson, Irving A. Williamson, Meredith M. Broadbent, and F. Scott Kieff. As of March 2017, there is one vacant seat on the Commission.

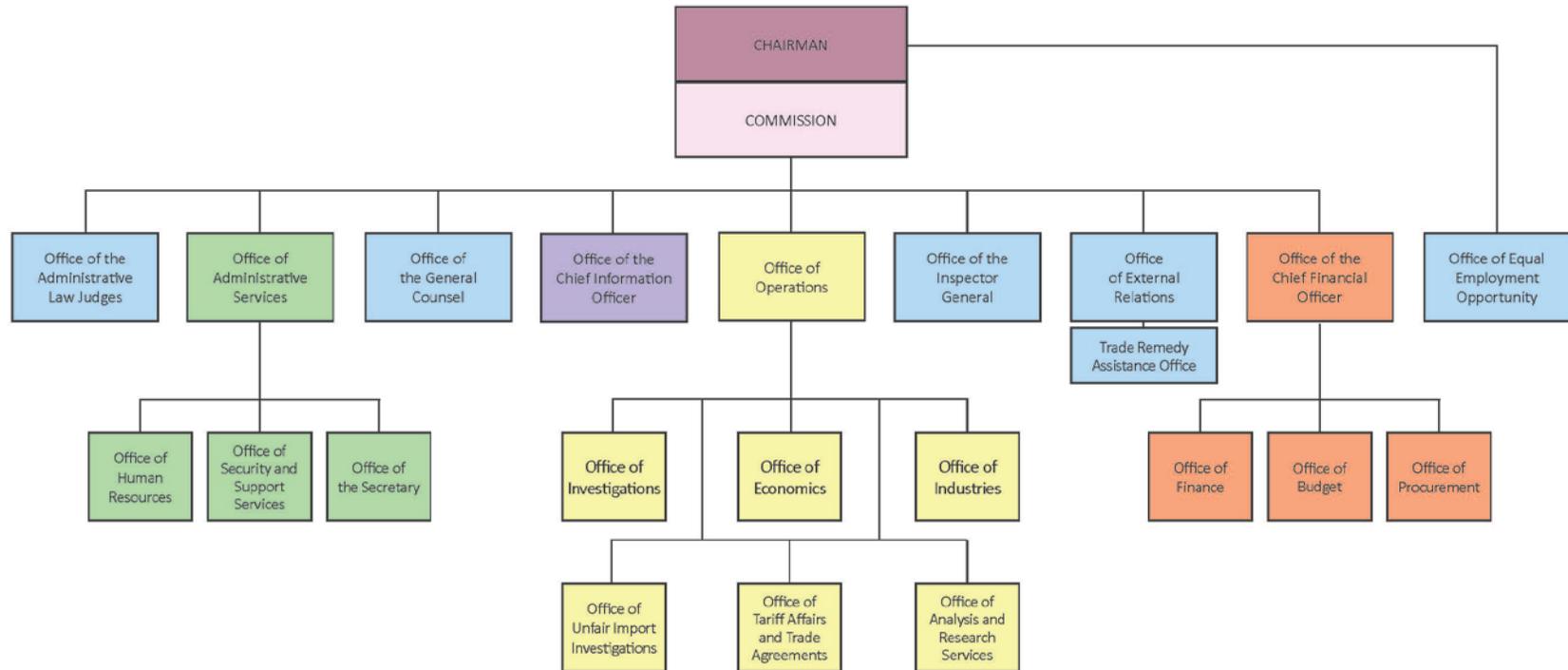
Each of the six commissioners serves a term of nine years, unless appointed to fill an unexpired term. The terms are set by statute<sup>3</sup> and are staggered so that a different term expires every 18 months. A commissioner who has served for more than five years is ineligible for reappointment. A commissioner may, however, continue to serve after the expiration of his or her term until a successor is appointed and qualified.

No more than three commissioners may be members of the same political party. The Chairman and the Vice Chairman are designated by the President and serve for a statutory two-year term. The Chairman may not be of the same political party as the preceding Chairman, nor may the President designate two commissioners of the same political party to serve as the Chairman and Vice Chairman. As of March 2017, two Democrats and three Republicans serve as commissioners.

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<sup>3</sup> 19 U.S.C. § 1330, Organization of Commission

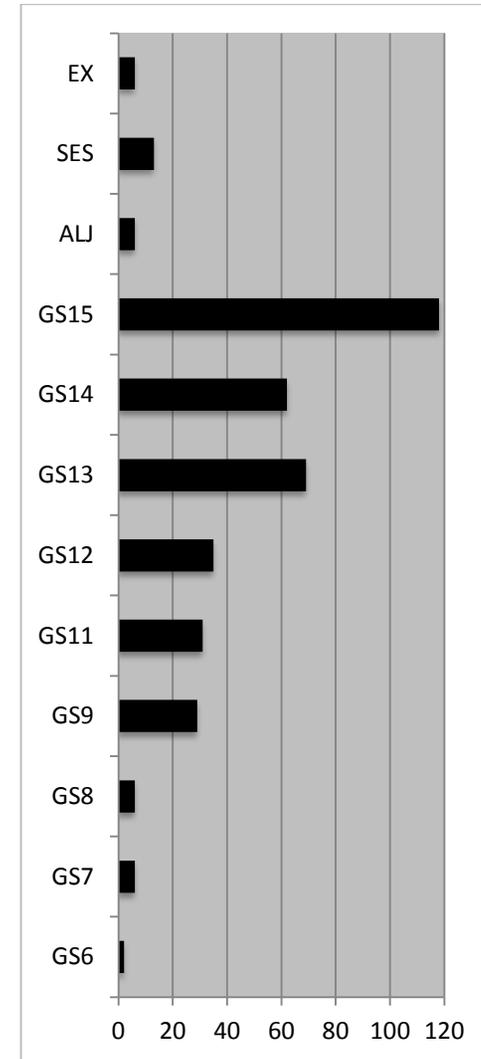
# U.S. International Trade Commission Office-Level Organization Chart



Revised October 2014

## Current Permanent and Term Staffing Plan with Onboard and Gaps

Office	FY 2017		
	Permanent and Term Positions in Staffing Plan	Permanent and Term On Board (as of 3/10/2017)	Gap
Commissioners' Offices	32	27	5
External Relations	5	5	0
Inspector General	4	4	0
General Counsel	45	43	2
Administrative Law Judges	24	22	2
Equal Employment Opportunity	2	2	0
Chief Information Officer	32	30	2
<b>Subtotal Independent Offices</b>	<b>144</b>	<b>133</b>	<b>11</b>
Operations	7	6	1
Analysis and Research Services	20	19	1
Import Injury Investigations	27	24	3
Unfair Import Investigations*	21	22	-1
Economics	43	41	2
Tariff Affairs and Trade Agreements	14	14	0
Industries	84	61	23
<b>Subtotal Operations</b>	<b>216</b>	<b>187</b>	<b>29</b>
Chief Financial Officer*	6	7	-1
Budget	3	3	0
Finance	6	6	0
Procurement	6	6	0
<b>Subtotal Chief Financial Officer</b>	<b>21</b>	<b>22</b>	<b>-1</b>
Administrative Services*	5	7	-2
Human Resources	9	9	0
Security and Support Services	11	10	1
Secretary and Dockets	20	18	2
<b>Subtotal Administrative Services</b>	<b>45</b>	<b>44</b>	<b>1</b>
<b>Commission Total</b>	<b>426</b>	<b>386</b>	<b>40</b>



\*We are constantly evaluating our workload and align resources to meet emergent needs. In the short term, the Commission may approve requests for staffing that exceed office allocations to meet workload challenges. If those workload challenges persist, the Commission may make the adjustment permanent by shifting positions, subject to the total staffing constraint of 426 permanent and term positions.

The End.



500 E Street, SW  
Washington, DC 20436