



### Industry and Economic Analysis

#### WHAT WE DO

The USITC conducts research and analysis to support trade negotiators and policy decisionmakers. By maintaining the highest level of industry, economic, and regional trade expertise, the USITC is recognized for its independent research and analysis through objective and timely studies. While most of the USITC's formal research is conducted through its general factfinding investigations under section 332 of the Tariff Act of 1930, the agency's work in this area also includes probable economic effect investigations under the Trade Act of 1974 as well as other research initiatives.

#### HOW WE DO IT

Investigative teams for general factfinding and probable economic effect investigations typically include trade analysts, economists, and attorneys; nomenclature experts are sometimes part of these teams. Fact-gathering methods in USITC general factfinding investigations may include public hearings; written or phone surveys of U.S. producers, importers, and consumers; domestic and foreign fieldwork; interviews with industry, government, and academic experts; extensive literature reviews; data compilation

and analysis; and the development and application of new and insightful analytical techniques. Members of Congress often testify at Commission hearings in general factfinding investigations to share the views and concerns of their constituents. USITC industry and economic analysis work incorporates numerous analytical approaches, including statistical (econometric) and simulation analyses. The type of simulation analysis used varies, depending on the nature of the investigation, and ranges from single-sector (partial equilibrium) to multisector and multicountry (general equilibrium).

In order to support its general equilibrium modeling capabilities, the USITC uses both a global database and a more detailed (500 sector) database of the U.S. economy.

#### KEY REPORTS RELEASED IN FY 2013

- *Remanufactured Goods: An Overview of the U.S. and Global Industries, Market, and Trade*, Inv. No. 332-525, USITC Publication 4356, November 2012 (conducted at the request of the U.S. Trade Representative).
- *Used Electronic Products: An Examination of U.S. Exports*, Inv. No. 332-528, USITC Publication 4379, February 2013 (conducted at the request of the U.S. Trade Representative).
- *Digital Trade in the U.S. and Global Economies: Part I*, Inv. No. 332-531, USITC Publication 4415, August 2013 (conducted at the request of the Committee on Finance, U.S. Senate).
- *The Information Technology Agreement: Advice and Information on the Proposed Expansion: Part I*, Inv. No. 332-532, USITC Publication 4355, October 2012; and Part 2, Inv. No. 332-536, USITC Publication 4382, March 2013 (both conducted at the request of the U.S. Trade Representative).
- *Environmental and Related Services*, Inv. No. 332-533, USITC Publication 4389, March 2013 (conducted at the request of the U.S. Trade Representative).
- *Renewable Energy and Related Services: Recent Developments*, Inv. No. 332-534, USITC Publication 4421, September 2013 (conducted at the request of the U.S. Trade Representative).
- *Olive Oil: Conditions of Competition Between U.S. and Major Foreign Supplier Industries*, Inv. No. 332-537, USITC Publication 4419, August 2013 (conducted at the request of the Committee on Ways and Means, U.S. House of Representatives).
- *U.S.-Korea Free Trade Agreement: Effects on U.S. Small and Medium-Sized Enterprises*, Inv. No. 332-539, USITC Publication 4393, May 2013 (conducted at the request of the U.S. Trade Representative).

#### KEY CONFIDENTIAL REPORTS SUBMITTED TO THE U.S. TRADE REPRESENTATIVE IN FY 2013

- *U.S.-Trans-Pacific Partnership Free Trade Agreement Including Canada and Mexico: Advice on the Probable Economic Effect of Providing Duty-Free Treatment for Imports*, Inv. Nos. TA-131-036 and TA-2104-028, submitted in November 2012
- *U.S.-EU Transatlantic Trade and Investment Partnership Agreement: Advice on the Probable Economic Effect of Providing Duty-Free Treatment for Imports*, Inv. Nos. TA-131-037 and TA-2104-029, submitted in September 2013
- *U.S.-Trans-Pacific Partnership Free Trade Agreement Including Japan: Advice on the Probable Economic Effect of Providing Duty-Free Treatment for Imports*, Inv. Nos. TA-131-038 and TA-2104-030, submitted in August 2013



USITC staff observe olive harvesting operations in connection with the USITC's general factfinding investigation *Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries*, completed during FY 2013 for the U.S. House of Representatives Committee on Ways and Means.



## General Factfinding Investigations

Under section 332 of the Tariff Act of 1930, the USITC conducts general investigations on any matter involving tariffs or international trade.

USITC general factfinding investigations are usually conducted at the request of the U.S. Trade Representative, the U.S. House of Representatives' Committee on Ways and Means, or the U.S. Senate's Committee on Finance. The resulting reports convey the Commission's objective findings and independent analyses on the subjects investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the USITC submits its findings and analyses to the requester. General factfinding investigation reports are subsequently released to the public, unless they are classified by the requester for national security reasons.

## Probable Economic Effect Investigations

Under section 131 of the Trade Act of 1974, at the request of the President, the USITC investigates the effects on U.S. industries and consumers of possible tariff modifications resulting from trade agreements and of duty-free entry of specific products from developing countries under the Generalized System of Preferences.

Under section 2104(b) of the Trade Act of 2002, at the request of the USTR, the USITC assesses the probable economic effect on the U.S. industry producing the product concerned and on the U.S. economy as a whole of a tariff reduction on import-sensitive agricultural products.

Under section 2104(f) of the Trade Act of 2002, the USITC provides the President and the Congress with a report that assesses the likely impact on the U.S. economy as a whole and on specific industry sectors and the interests of U.S. consumers of proposed free trade agreements with foreign countries. Although the authority under section 2104(f) of the Trade Act of 2002 has expired, if trade promotion authority is renewed, the Commission anticipates it would continue to provide analysis of any negotiated trade agreements.

## Other Research Initiatives

Under section 1205 of the Omnibus Trade and Competitiveness Act of 1988, the USITC is responsible for reviewing the Harmonized Tariff Schedule of the United States (HTS) and for recommending to the President modifications that it



At the request of the U.S. Senate Committee on Finance, the USITC launched two investigations during FY 2013 to investigate and report on the role of digital trade in the U.S. and global economies. The first report, *Digital Trade in the U.S. and Global Economies, Part I*, was completed in August 2013. The second report, *Digital Trade in the U.S. and Global Economies, Part II*, will be completed in FY 2014.

considers necessary or appropriate to conform the HTS with amendments to the global Harmonized System Convention.

## Staff Products

USITC staff produce a variety of staff products that are intended to keep the Commission and trade policymakers in Congress and the executive branch informed of the latest developments in the international trade arena. These staff publications represent the views of the individual staff authors and are not the views of the Commission or of any individual Commissioner. Items of this genre include staff research papers and short briefing papers known as Executive Briefings on Trade.

In addition, USITC staff in the Offices of Economics and Industries produce working papers and USITC economists publish research notes, which are available to their peers and the public through the USITC's Internet site. Staff also occasionally prepare Industry and Trade Summary reports on select products, which include information on product uses, U.S. and foreign producers, and customs treatments of the products being studied; they also analyze the basic factors bearing on the competitiveness of the U.S. industry in domestic and foreign markets. Staff also author articles on matters related to international trade that appear in *The Journal of International Commerce & Economics*, a web-based journal.