

U.S. INTERNATIONAL TRADE COMMISSION

FY 2012 AT A GLANCE



OPERATION 3: 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 has become a recognized leader in 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 also 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 2012

- *Brazil: Competitive Factors in Brazil Affecting U.S. and Brazilian Agricultural Sales in Selected Third Country Markets*, Inv. No. 332-524, USITC Publication 4310, April 2012 (conducted at the request of the Committee on Finance, U.S. Senate)
- *Business Jet Aircraft Industry: Structure and Factors Affecting Competitiveness*, Inv. No. 332-526, USITC Publication 4314, April 2012 (conducted at the request of the U.S. Trade Representative)
- *Trade Facilitation in the East African Community: Recent Developments and Potential Benefit*, Inv. No. 332-530, USITC Publication 4335, July 2012 (conducted at the request of the U.S. Trade Representative)
- *Effect of Adding References to HS 6104.32 to Correct the U.S.-Korea FTA Product-Specific Rules of Origin*, Inv. No. 103-026, USITC Publication 4324, May 2012 (conducted at the request of the U.S. Trade Representative)
- *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2011 Review of Additions and Competitive Need Limitation Waivers*, Inv. No. 332-529, USITC Publication 4327, May 2012 (conducted at the request of the U.S. Trade Representative)
- *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Eradication and Crop Substitution, 2011, Fifteenth Annual Report*, Inv. No. 332-352, USITC Publication 4352, September 2012
- *The Year in Trade 2011*, USITC Publication 4336, July 2012
- *Recent Trends in U.S. Services Trade, 2012 Annual Report*, Inv. No. 332-345, USITC Publication 4338 July 2012

KEY CONFIDENTIAL REPORTS SUBMITTED TO THE U.S. TRADE REPRESENTATIVE IN FY 2012

- *Probable Economic Effect of Providing Duty-Free, Quota-Free Treatment for Imports from Least-Developed Countries, 2012 Report*, Inv. No. 332-527, submitted in February 2012



USITC staff observe olive harvesting operations in connection with the USITC's ongoing general factfinding investigation *Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries*, launched at the end of FY 2012 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



The global competitiveness of the U.S. business jet aircraft industry was the focus of the Commission's report *Business Jet Aircraft Industry: Structure and Factors Affecting Competitiveness*, completed in FY 2012 for the U.S. House of Representatives' Committee on Ways and Means.

Harmonized Tariff Schedule of the United States (HTS) and for recommending to the President modifications that it 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.