



UNITED STATES
INTERNATIONAL TRADE COMMISSION

BUDGET JUSTIFICATION
FISCAL YEAR 2010

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Alphabetical Listing of Abbreviations

| | | | |
|-----------------|---|--------------------|---|
| AD | Antidumping | GPRA | Government Performance and Results Act |
| AGOA | African Growth and Opportunity Act | GPS | Global Positioning System |
| ALJs | Administrative Law Judges | GSA | General Services Administration |
| CIT | U.S. Court of International Trade | HTS | Harmonized Tariff Schedule of the United States |
| CMS | Content Management System | HTSA | Harmonized Tariff Schedule of the United States Annotated |
| Commerce | Department of Commerce | IT | Information Technology |
| Commission | U.S. International Trade Commission | ITDS | International Trade Data System |
| COOP | Continuity of Operations | MTBs | Miscellaneous Tariff Bills |
| Customs | U.S. Customs and Border Protection | NAFTA | North American Free Trade Agreement |
| CVD | Countervailing Duty | NBC | National Business Center |
| DataWeb | Interactive Tariff and Trade DataWeb | OCIO | Office of the Chief Information Officer |
| EDIS | Electronic Document Information System | OGC | Office of the General Counsel |
| E-Government | Expanded Electronic Government | OIG | Office of Inspector General |
| FAIR Act | Federal Activities Inventory Reform Act | OMB | Office of Management and Budget |
| Federal Circuit | U.S. Court of Appeals for the Federal Circuit | OPM | Office of Personnel Management |
| FISMA | Federal Information Security Management Act | OUII | Office of Unfair Import Investigations |
| FTAs | Free Trade Agreements | The Byrd Amendment | Continued Dumping and Subsidy Offset Act |
| FY | Fiscal Year | USAGE | U.S. Applied General Equilibrium |
| GATS | General Agreement on Trade in Services | USTR | U.S. Trade Representative |
| GATT | General Agreement on Tariffs and Trade | WTO | World Trade Organization |

Fiscal Year 2010 Budget Justification for the U.S. International Trade Commission



General Statement

The U.S. International Trade Commission (Commission) is an independent, quasi-judicial Federal agency with broad investigative responsibilities on matters of trade. The Commission investigates the effects of dumped and subsidized imports on domestic industries and conducts global safeguard investigations. The Commission also adjudicates cases involving imported goods that are alleged to infringe intellectual property rights. Through such proceedings, the Commission facilitates a rules-based international trading system. The Commission also serves as a Federal resource where trade data and other trade policy-related information are gathered and analyzed. The information and analysis are provided to the President, the Office of the U.S. Trade Representative (USTR), and Congress to facilitate the development of sound and informed U.S. trade policy. The Commission makes most of its information and analysis available to the public to promote understanding of international trade issues.

Mission

The mission of the Commission is to (1) administer U.S. trade remedy laws within its mandate in a fair and objective manner, (2) provide the President, USTR, and Congress with independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness, and (3) maintain the Harmonized Tariff Schedule of the United States (HTS). In so doing, the Commission serves the public by implementing U.S. law and contributing to the development of sound and informed U.S. trade policy.

Activities in Brief

As the role of international trade in the U.S. economy has expanded, the work of the Commission has had a broader impact on many aspects of the U.S. economy. With this trend in mind, the Commission recognizes the importance of striving for excellence in all aspects of its mission, particularly objectivity, thoroughness, clarity of analysis, and timeliness in the performance of its investigative duties. This effort allows the Commission to meet more effectively the needs of all its customers: policymakers in both the legislative and executive branches, parties to Commission proceedings, and the general public.

The Commission has five major operations that serve its customers: (1) Import Injury Investigations, (2) Intellectual Property–Based Import Investigations, (3) Industry and Economic Analysis, (4) Tariff and Trade Information Services, and (5) Trade Policy Support. Detailed goals and strategies for each operation are presented in the Fiscal Year 2009 and 2010 Performance Plans (see attached).

Import Injury Investigations and Intellectual Property–Based Import Investigations are distinct investigative regimes with specific and detailed procedures provided in authorizing legislation. Industry and Economic Analysis, Tariff and Trade Information Services, and Trade Policy Support are based upon general authorizing legislation with broad discretion delegated to the Commission. The Commission conducts Import Injury Investigations and Industry and Economic Analysis by assigning an interdisciplinary team to each investigation, thereby combining the skills of the Commission’s investigators, international trade analysts, economists, lawyers, and statisticians. The knowledge, skills, and abilities developed and maintained in the analytical and data operations (3, 4, and 5) and those developed and maintained in the primarily investigative operations (1 and 2) reinforce one another. Commission personnel frequently contribute to activities in more than one operation.

Fiscal Year 2010 Budget Highlights

For fiscal year (FY) 2010, the Commission requests \$82.7 million to support its authorized operations. The FY 2010 request represents a 10.1 percent increase over the FY 2009 appropriation request of \$75.1 million. The increase is primarily due to the acquisition of additional space to meet workload demands, as well as required increases in salaries and benefits.

Salaries of permanent personnel are projected to increase by 8.1 percent, or \$3.2 million, over the FY 2009 Expenditure Plan based on a projected 5 percent Federal pay raise, normal promotions and within-grade increases, the addition of positions to meet the increased intellectual property caseload, and ongoing recruitment efforts to fill outstanding vacancies in key areas.

Funding constraints in recent years have limited the Commission's ability to fill many vacant positions, while workload increases have required increases in the Commission's staffing plan. The result has been a vacancy rate that has been averaging around 14 percent for the last three years. Such a high vacancy rate is not sustainable over the long term as it could adversely affect the quality and timeliness of Commission work product. The Commission reduced its vacancy rate to 12 percent by the end of FY 2008, and plans to reduce it further in FY 2009 and 2010. The Commission's appropriation request for FY 2010 is premised on a gradual decline in the vacancy rate, and an increase in on-board staffing levels, as accumulated vacancies are filled. Recruitment and training of new staff is particularly important to succession planning efforts since almost 38 percent of the Commission's permanent staff are within five years of retirement eligibility.

Benefits costs are projected to increase by 11 percent, or \$1.1 million, due to the Federal pay raise, increases in health care costs, higher staffing levels, and a continuing shift from the Civil Service Retirement System to the more expensive (to the Commission) Federal Employees Retirement System.

Rent is projected to increase by 25 percent, or \$2.2 million, due in large part to the acquisition of additional space to meet the expanding intellectual property caseload. The Commission has asked the General Services Administration (GSA) to modify the Commission's existing lease to add the second floor. This would allow the Commission to add two additional courtrooms to meet the requirements of its expanded intellectual property caseload. The Commission currently has six Administrative Law Judges (ALJs) but only has two dedicated courtrooms. Scheduling trials with such limited space

is difficult and leads to unnecessary delays in the completion of cases. Congress has directed the Commission to complete these investigations expeditiously. Lack of courtroom availability has become a significant constraint on mission accomplishment.

The acquisition of the second floor will also generate increased renovations expense (Land and Structures). The Commission anticipates the cost of renovating the acquired space to be about \$800,000 in order to add two courtrooms and build offices on the second floor. Additional costs will be incurred to make more efficient use of space on other floors once some of the staff on those floors relocates to the second floor.

Although the costs of personnel, rent, and renovations will increase significantly in FY 2010, costs in other areas will be reduced to partially offset these increases. In particular, service costs will decline by over 11 percent (almost \$1 million). These reductions are primarily due to completion of two major information technology (IT) initiatives: the replacement of the financial system and the upgrade of the Commission's Electronic Document Information System (EDIS) III. The financial system and EDIS III will still generate significant recurring operating expenses, but these costs will be much lower than those associated with project implementation. As the Commission reduces its vacancy rate, there will be fewer temporary contractors needed to fill gaps in permanent staffing. Thus, temporary service costs will decline.

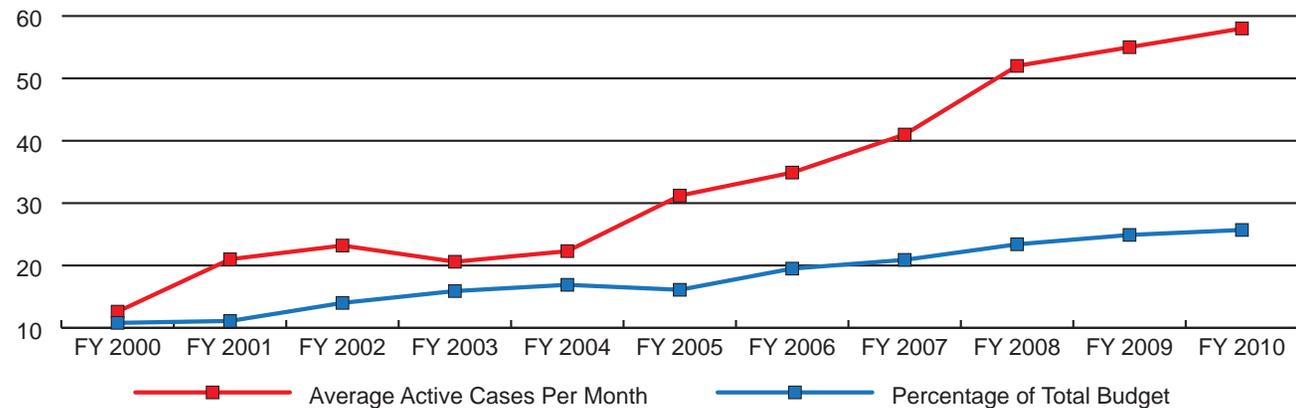
The Commission's FY 2010 appropriation request consists of salaries (54.5 percent), benefits (13.9 percent), rent (13.7 percent), various administrative support services (9.4 percent), and other (8.5 percent). (See Dollar Cost: Comparison by Object Classification, p. 63.) These costs are predominantly recurring and non-discretionary. Thus, inadequate funding would force reductions that could threaten the Commission's ability to fully and effectively fulfill its mission at a time when the Commission's workload is expanding.

In accordance with the Inspector General Reform Act of 2008, the Office of the Inspector General has developed and submitted to the Office of the Chairman a separate, independent budget addressing resource needs for staff salary; contract audit, legal, and hotline services; travel and training; and support of the Council of the Inspectors General on Integrity and Efficiency. (See Office of the Inspector General, p. 62.)

Increases in Intellectual Property–Based Import Investigations Caseload Continue to Pose Significant Budget and Staffing Challenges for the Commission

In FY 2010 the Commission projects the cost of the Intellectual Property–Based Import Investigations under section 337 to increase by \$3.3 million, or 16 percent, compared with FY 2009 because of continued growth in its caseload. (See Operation 2: Intellectual Property-Based Import Investigations Resource Requirements, p. 30.) The Intellectual Property–Based Import Investigations caseload has exploded in recent years, more than tripling since FY 2000. The caseload level remained at a historic high throughout FY 2008 and nine new complaints and one enforcement proceeding have been filed in the first quarter of FY 2009. This increased caseload is attributable, in substantial part, to greater appreciation among intellectual property owners and their counsel of the level of expertise that the Commission possesses in the area of complex intellectual property litigation.

Operation 2: Intellectual Property-Based Import Investigations: Caseload and Resource Allocation, Fiscal Years 2000–2010



In 2008, nearly 15 percent of all patent trials conducted in the United States took place at the Commission. The Commission's commitment to prompt resolution of patent cases, usually completing the entire administrative process within 18 months of the filing of the complaint, makes these proceedings very attractive to patent holders in areas of rapid technological change. The Commission can also provide meritorious complainants with injunctive relief that is increasingly difficult to obtain in other fora, including the unique remedy of excluding articles from entry into the United States.

The rapid increase in the caseload, along with difficulties in hiring and retaining qualified ALJs, is putting a serious strain on the Commission's resources. While the increased caseload led the Commission to add a fifth ALJ in July 2008 and a sixth ALJ in December 2008, most of the sitting ALJs are close to, or have reached, retirement age. The Commission remains concerned about potential retirements, a declining applicant pool, and difficulties in obtaining highly qualified candidates for these specialized ALJ positions under the current recruitment and hiring constraints of the Office of Personnel Management (OPM) process. The nature of this process, and the concomitant difficulties the Commission has experienced in filling ALJ positions, has spurred the Commission to seek statutory or regulatory relief from the constraints of the OPM system for recruiting and hiring ALJs.

To maintain its level of expertise, the Commission needs adequate funding to fill ALJ positions and staff positions in offices that are engaged in the litigation of section 337 investigations. While the intellectual property caseload has more than tripled since FY 2000, the share of the Commission's total resources allocated to this activity has only doubled. The Commission cannot reassign personnel from other areas to work on patent litigation, but must hire qualified intellectual property attorneys who are in high demand in the private sector. While the Commission can make adjustments in its staffing plan to accomplish this, the Commission needs full funding of its appropriation request in order to accomplish the realignment in such a way that it does not impair the quality and efficiency of its other operations.

Cost of Acquisition of Additional Courtroom and Office Space

The Commission has occupied space at 500 E Street SW since the building was constructed in 1987. Until FY 1995, the Commission occupied the first seven floors. Due to declining workload and a cut in funding, in 1995 the Commission vacated the second floor where there were two courtrooms, the Office of the ALJ, and some other smaller units. At that time, the Commission had only three ALJs and between 10 and 15 active section 337 proceedings and was able to operate with the remaining two ALJ courtrooms on the ground floor. As noted above, the Commission now has six ALJs and has had over 50 active cases for all of calendar year 2008 and expects a slightly higher caseload in FY 2009 and 2010. With more judges and more trials, lack of available courtroom space jeopardizes the Commission's ability to complete cases in a timely manner.

During the last year the Commission notified Congress of its need to re-acquire the second floor in order to add more courtroom space. Congress responded generously to that request by increasing the Commission's FY 2009 appropriation by \$1.5 million with the expectation that the space would be available sometime in FY 2009. The additional funds were intended to cover the costs of adding staff to the Office of the ALJ (\$500,000), renovate space to accommodate the ALJ staff and the courtrooms (\$500,000), and pay about three months of rent, if the space was acquired in late FY 2009 (\$500,000). While it now appears that the Commission is not likely to obtain the second floor in FY 2009, it has added staff to the Office of the ALJ and has expanded their office space to accommodate the additional staff. The balance of the additional funds will be used to meet long-deferred security and infrastructure improvements that would otherwise have been added to the Commission's FY 2010 appropriation request and for temporary contract assistance pending a reduction in the Commission's vacancy rate.

GSA informed the Commission that it would take about 15 months to acquire the space as the existing tenant was entitled to a nine month termination notice. In July 2008 the Commission formally notified GSA in writing of its desire to re-acquire the second floor. Due to staff turnover at GSA and inconsistent instructions received from that agency, the Commission still has not received official verification from GSA that the 15 month period has started. GSA indicated informally that it would likely take until April 2010 to gain possession of the second floor. The Commission will continue to pursue all options to acquire the space on a more expeditious schedule. The FY 2010 Appropriation Request is premised on the ability to obtain the second floor somewhat more expeditiously than GSA's

worst case prediction. The projected annual costs for renting the second floor will be about \$2 million. To the extent that there are delays in gaining possession of the second floor, the Commission's FY 2010 costs will decline (FY 2011 costs would be unaffected). The Commission will keep the Appropriations Committees apprised of the status of this acquisition so that adjustments to its FY 2010 appropriation can be made, if necessary.

Although the Commission will not incur increased rent costs for the second floor in late FY 2009, it has already added the sixth ALJ, has increased the staffing levels in that office to accommodate the increase in the number of judges, and will complete renovation of the office space to accommodate the increased staff during FY 2009. The Commission has been able to accommodate the sixth ALJ and expand the Office of the ALJ by compressing other offices temporarily and by relocating staff wherever there happens to be a vacant position or office. As the Commission fills vacant positions it loses this flexibility and must reallocate space and relocate some small and mid-size offices to the second floor in FY 2010.

Effect of Recent and Projected Increases in Import Injury Caseload

In FY 2010 the Commission projects the cost of Import Injury Investigations to increase by \$1.8 million, or 8.4 percent, compared with FY 2009 because of projected increased filings of antidumping and countervailing duty (AD/CVD) petitions and the already scheduled increase in sunset reviews. (See Operation 1: Import Injury Investigations Resource Requirements, p. 24.) Although the Commission experienced a temporary decline in new Import Injury filings during FY 2005 and 2006, new filings have been increasing for the last two years and are projected to continue to increase due to poor economic conditions. Historically, the Commission's Import Injury caseload has tended to be counter-cyclical in that new filings tend to increase during economic downturns. The most active period of new Import Injury filings in the Commission's recent experience followed the recession in early 2001. Moreover, in FY 2010 the Commission will be at the height of its third round of transition sunset reviews. While the number of orders to be reviewed has decreased, as compared to the first and second rounds, the third round of reviews will nevertheless represent a predictable spike in Import Injury workload. The requested funding level will allow the Commission to fill vacant positions in this mission-critical area.

The Commission has been able to shift some resources from the Industry and Economic Analysis operation to meet the increase in Import Injury caseload, as the same occupation groups (economists and international trade analysts) work in both areas. These two operational areas are the two largest operations that the Commission conducts. If caseload in both operations increases as projected, flexible personnel will be stretched in both directions and mission accomplishment will become more problematic. In FY 2009 and 2010, the Commission must address this problem by filling vacant positions in all Commission offices that have been left vacant to conserve scarce funds in prior years.

President's Management Agenda

The Commission's Strategic Plan has provided the blueprint to the budget development process since FY 2000. The Strategic Plan served as a guide through periods of increased workload that put a significant strain on resources. Currently, the Commission faces workload increases across many of its operations, particularly Intellectual Property-Based Import Investigations. The Commission is also seeing a significant increase in Import Injury Investigations and a continuation of requests for analytically-complex and resource-intensive Industry and Economic Analysis Investigations. The Commission continues to use performance management principles to guide resource allocation to meet shifting demand. In so doing, the Commission acts consistently with the Government Performance and Results Act (GPRA), the Information Technology Management Reform Act of 1996, the Federal Information Security Management Act of 2002 (FISMA), the Government Paperwork Elimination Act, the Federal Activities Inventory Reform Act (the FAIR Act), the Accountability of Tax Dollars Act of 2002, and other statutes, executive orders, and related Office of Management and Budget (OMB) circulars, even when not expressly required to do so.

The President's Management Agenda consolidates and expands upon these performance management initiatives and gives renewed emphasis to measuring performance and rewarding results. The agenda includes five government-wide initiatives that the Commission has successfully implemented to improve the quality of its performance and delivery of services to the public: (1) Competitive Sourcing, (2) Improved Financial Performance, (3) Budget and Performance Management Integration, (4) Expanded Electronic Government (E-Government), and (5) Strategic Human Capital Management. These five initiatives are complementary and interrelated. For example, competitive sourcing and strategic management of human capital go hand-in-hand when an agency is considering how to meet service needs in the future. Competitive factors may suggest creation of jobs in-house or may suggest contracting with the private sector. Improved budget and performance integration may lead to improved financial performance. Expanded E-Government may lead to a realignment of the organization and its human capital.

Competitive Sourcing

The Commission has successfully controlled its operating costs by maximizing the use of competitively-awarded service contracts consistent with the Federal Acquisition Regulation, the FAIR Act, and OMB Circular A-76. The Commission competitively contracts for a wide variety of services, including IT, security, editorial, publishing, mailroom, general labor, cleaning, and building maintenance. More than 10 percent of the regular on-site personnel at the Commission consist of private sector contract employees. In addition, other services are acquired on an as-needed basis, such as virtually all equipment maintenance services, application systems design and development, and certain audit and financial services.

The Commission routinely addresses temporary requirements through private sector competition. Commission personnel are devoted to core investigative functions and recurring support activities where the cost of outsourcing is less competitive. The Commission continues to evaluate competitive alternatives and efficient service contracting options to maximize efficiency and minimize cost. Activities are contracted out to the private sector when it is cost effective to do so. Similarly, activities are conducted by government personnel when it is cost effective to do so.

The Commission has met increased demands for IT services and mandated management reporting requirements using competitively-sourced service contracts with the private sector. The procurement staff has an excellent record of using the most appropriate competitive mechanism whenever the Commission purchases goods or services from the private sector. The Commission routinely makes competitive awards for consulting services regarding information security and IT, preparation of financial statements, audit services, and human capital planning. In addition, the Commission efficiently uses government-to-government agreements that achieve economy of scale savings, such as the acquisition of payroll and accounting services from the Department of Interior's National Business Center (NBC). For several years, human capital planning services have been provided under an interagency agreement with OPM that ensures savings for the Commission by utilizing a competitively-sourced provider.

Improved Financial Performance

The Chairman leads the Commission on administrative matters, including financial management and budget execution and development, but typically achieves consensus among all Commissioners before taking action. Through many years of bipartisan collaborative effort, the Commission has established a record of prudent fiscal management and cost control. The Commission's appropriation requests are designed simply to maintain a continuing level of excellent service. In the past, the Commission has promptly notified the Appropriations Committees when circumstances allowed for a downward adjustment in its appropriation request.

The Commission reprograms resources and reassigns personnel to meet changing requirements where possible rather than increasing overall staffing levels. Cross-training of employees to perform multiple functions is the first response in addressing changing workload needs. The Commission increases its staffing plan only when shifting personnel to meet workload increases is not possible.

The Office of Finance produced financial statements with notes and a management discussion and analysis for FY 2008 in compliance with the Accountability of Tax Dollars Act of 2002. For the fifth year in a row, an audit by the Office of Inspector General (OIG) resulted in an unqualified opinion on the statements and found no material financial management weaknesses.

General administrative costs of the Office of Administration (human resources, facilities management, procurement, and budget and financial services) account for less than 7 percent of total labor costs. The Commission closely monitors the execution of the Commission's Expenditure Plan, and the Office of Finance and OIG regularly review payment procedures.

Budget and Performance Management Integration

Since FY 2000, the Commission has successfully integrated budget formulation and execution with strategic planning. Budget formulation and execution activities are structured to permit the allocation of virtually all costs to the five operations set forth in the Strategic Plan. The Commission utilizes a labor cost reporting system to collect workyear and cost information, and identifies each cost as either a direct cost or an indirect cost. Indirect costs are allocated to the Commission's five operations. (See Dollar Cost: Comparison by Operation, p. 68; Workyears: Comparison by Operation, p. 69; Budget Summary by Operation, p. 70.) The Commission also presents data according to budget object classification. (See Dollar Cost: Comparison by Object Classification, p. 63, and Analysis of Change: Obligations, Expenditure Plans, p. 65.)

The tracking and reporting of costs on the basis of the Commission's Strategic Plan has improved the Commission's resource management and has allowed the Commission to relate its expenditures to its program outputs more clearly. Further, this presentation facilitates Congressional oversight and ensures that Commission expenditures are tied to achievement of the Commission's mission. The Commission continues to look for ways to improve its budget integration efforts. Refinements to the Commission's labor cost system have been implemented every year to provide greater detail and transparency regarding actual costs of specific Commission investigations. Budget integration efforts to date have allowed Commission managers to track changes in workload and compare them to changes in cost. In so doing, the Commission is able to determine whether resources are allocated efficiently.

In accordance with the GPRA, the Commission prepares an annual Performance Plan that sets goals and strategies to help fulfill its mission. As part of the effort to integrate planning and budgeting, the sections of the FY 2010 Budget Justification covering the Commission's operations also address performance planning. Consistent with OMB guidance, the combined Budget Justification and Performance Plan form a Performance Budget. The Commission's Program Performance Report for FY 2008 was presented to Congress in the FY 2008 Performance and Accountability Report in accordance with OMB guidance and the Accountability of Tax Dollars Act of 2002.

Expanded E-Government

The Commission considers E-Government goals during the initiation phase of every major IT project, and in the Commission's investment review process. In particular, the Commission has emphasized accuracy, transparency, and public availability in its major IT investments. Systems developed for internal users are made available to the general public over the internet whenever possible. During FY 2008 the Commission made significant advances by adopting technological solutions that improved customer service and streamlined internal processes.

The Commission implemented several enhancements to EDIS, which serves as the repository for all documents on record. The enhancements allowed for electronic submission of Import Injury questionnaires by respondents. The Commission expects to make significant advances during FY 2009 with the release of a re-engineered version of EDIS. Both Commission users and external users will see improvements in overall performance, usability, and reliability. The Commission will achieve these improvements through (1) a central home page for all EDIS functions, (2) instant user notification for validation of document submissions, (3) improvements in the electronic submission interface, (4) improved internal functionality, and (5) the implementation of new hardware architecture featuring system redundancy.

The Commission also developed and implemented an online search capability of the HTS. The tool provides users with an accurate and user-friendly means of accessing current HTS data. It also provides direct access to the most recent classification rulings by U.S. Customs and Border Protection (Customs), hyperlinks between relevant sections of the HTS, and an HTS thesaurus for improved searchability. These improvements will facilitate faster and more accurate processing of imports by import brokers and Customs officials.

Further advances will include (1) redesign of the Commission's public website (<http://www.usitc.gov>) to improve user satisfaction with respect to navigation and searchability, (2) enhanced security solutions to provide for broader remote access to the Commission's public databases and implementation of two-factor authentication for internal users, (3) continued expansion of the content management system to handle enterprise archiving for additional offices in the Commission, and (4) closer alignment with applicable OMB E-Government initiatives (e.g., e-Payroll, Electronic Human Resource Initiative, Human Resource Line of Business, e-Clearance, and Recruitment One-Stop).

Strategic Human Capital Management

The Commission's ability to accomplish its mission is directly tied to the quality and competency of its workforce. Therefore, it is important that the Commission manage its human capital strategically. The Strategic Human Capital Management Plan is an essential component of the Commission's strategic planning. It serves to (1) define human capital goals, (2) summarize the projected changes in the workforce assets, (3) identify strategies to achieve the human capital goals, and (4) implement an action plan for intervention strategies. It also helps the Commission to understand future human capital issues it may face so that it may take steps to address those issues. The Commission views the Strategic Human Capital Management Plan as a living document that evolves as the Commission reevaluates its mission in light of experience and changing external circumstances.

The Commission developed a vision of the future workforce it will need, in line with the President's Management Agenda human capital initiatives, through discussions with Commission managers, customers, and OPM. The workforce vision serves to guide the strategic human capital management planning effort by providing a clear target to guide human capital initiatives and plans.

The Commission's Strategic Human Capital Management Plan consists of components in various stages of completion: completed, ongoing, and future. Completed components include (1) occupation guides for the largest occupational groups, (2) a new performance management system, (3) electronic Official Personnel Folders, and (4) professional certification of its Senior Executive Service appraisal system. Ongoing components include (1) a management and leadership development program, including a 360 degree assessment component and beyond, (2) position classification study of all positions in the Commission, and (3) comprehensive assistance to managers on developing workforce position descriptions. Future endeavors will include (1) updated human resources directives, policies and procedures, (2) additional occupation guides, and (3) implementation of the New Employee Orientation website.

These initiatives will ensure that the objectives of key priorities described in the plan are achieved. Accordingly, the Commission's Strategic Planning Committee, which is composed of senior managers, began a review of the Strategic Human Capital Management Plan in FY 2008. The Commission expects to complete this effort in FY 2009 and produce a revised long-term staffing plan.

Fiscal Year 2010 Requested Appropriation Language for the U.S. International Trade Commission

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 \$2,500 for official reception and representation expenses, \$82,700,000 to remain available until expended.”

Operation 1: Import Injury Investigations

Operation 1 covers the Commission's investigations into the effects of unfairly traded imports or an increase in imports on a U.S. industry and appellate litigation to defend Commission decisions. These include:

- AD/CVD investigations, five-year (sunset) reviews, and changed circumstances reviews under title VII of the Tariff Act of 1930;
- global safeguard and market disruption investigations under sections 202, 204, 406, 421, and 422 of the Trade Act of 1974;
- safeguard investigations pursuant to various statutes implementing free trade agreements (FTAs) (e.g., sections 302 and 312 of the North American Free Trade Agreement (NAFTA) Implementation Act of 1994); and
- World Trade Organization (WTO) consistency proceedings requested by USTR, as provided in section 129(a)(4) of the Uruguay Round Agreements Act.

All of the Commission's Import Injury caseload in FY 2008 consisted of investigations falling under title VII. New Import Injury Investigations usually are initiated in response to a petition for relief filed on behalf of a domestic industry. Reviews of outstanding AD/CVD orders are conducted every five years as long as the orders remain in effect. Overall caseload for Import Injury Investigations averaged around 14 active cases per month during FY 2007 and 2008. The return of transition sunset cases and projected increase of filings of new cases as a result of the economic downturn are expected to result in an elevated caseload in this operation for FY 2009 and 2010.

Antidumping and Countervailing Duty Investigations

In AD/CVD investigations, the Commission is required to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that are under investigation. The Department of Commerce (Commerce) is required to determine whether imported merchandise is being sold in the United States at less than fair value (AD investigations), or whether a countervailable subsidy is being provided for the manufacture, production, or exportation of merchandise imported into the United States (CVD investigations).

Under the current law, the Commission makes a preliminary determination under a “reasonable indication” standard within 45 days of the filing of the petition. If the Commission’s preliminary determination is affirmative, Commerce must continue its investigation and make preliminary and final determinations concerning the alleged unfair trade practice. If Commerce’s final determination is affirmative, the Commission must complete its ongoing investigation and make a final injury determination. The Commission conducts all AD/CVD investigations in accordance with statutes that implement U.S. international obligations.

In FY 2007 and 2008 the number of preliminary AD/CVD investigations, which reflect new filings, was more than double the number in FY 2005–2006. The Commission projects an increase in new filings in FY 2009 and 2010, as new filings have historically increased during economic downturns. In FY 2008 the Commission instituted 13 preliminary and 16 final AD/CVD investigations and completed 18 preliminary and 12 final investigations. Most notable among the final investigations completed were steel nails, circular welded steel pipe, and off-the-road tires, all from China, each of which involved between \$300 million and \$500 million in subject imports. The Commission projects a caseload of 16 preliminary and 15 final investigations instituted and 16 preliminary and 15 final investigations completed both in FY 2009 and in FY 2010. (See Operation 1: Import Injury Investigations Caseload, p. 25.) The Commission charged 33.4 workyears of direct labor to AD/CVD investigations in FY 2008. (See Workyears by Activity and Office, p. 71.)

Sunset Reviews

In sunset reviews, the Commission evaluates whether material injury to a U.S. industry would likely continue, or recur, if the AD/CVD order under review were to be revoked. A review must be conducted on each AD/CVD order every five years as long as the order remains in effect. Reviews may be terminated by Commerce because of the domestic industry's lack of response to the notice of initiation. When a review is terminated, the underlying order is revoked. If the review is not terminated, the Commission will conduct either an expedited or a full review. The Commission may conduct expedited reviews when responses of domestic and/or foreign interested parties to the notice of institution are found to be inadequate. A full review occurs when there is adequate participation from both sides or when the Commission otherwise finds a full review is warranted. Generally, the Commission must complete expedited reviews within five months of institution and full reviews within 12 months of institution. The workload in expedited reviews is most intense during the final two months, while the workload in full reviews is most intense during the final six months.

When the requirement for sunset review was first established, during the transition period from 1999 to 2001, more than 300 AD/CVD orders issued prior to 1995 (transition orders) were reviewed by the Commission. The transition orders that remained in effect as a result of the first round of reviews returned for the second round of reviews beginning in January 2004. The number of transition sunset reviews reached sustained high levels in FY 2005 and 2006, and ended in January 2007, with more than 150 orders reviewed by the Commission. During FY 2008 there were no transition sunset reviews. The third round of transition sunset reviews will begin in the second half of FY 2009.

During FY 2008 the Commission instituted 15 grouped sunset reviews. Three of these, however, were subsequently terminated after revocation by Commerce (two because of no domestic industry response); a fourth was terminated following revocation by Commerce soon after the Commission determined to conduct a full review. Of the remaining cases, the Commission determined to conduct six full reviews and five expedited reviews. The Commission completed seven full reviews and four expedited reviews during the year. (See Operation 1: Import Injury Investigations Caseload, p. 25.) One notable five-year review conducted by the Commission in FY 2008 was carbon steel wire rod from seven subject countries. The U.S. market for this product was \$3.4 billion. The Commission charged 9.4 workyears of direct labor to sunset reviews in FY 2008. (See Workyears by Activity and Office, p. 71.)

Sunset reviews must be instituted five years after an AD/CVD order is issued or continued; consequently, the sunset caseload is known five years in advance. While sunset caseload is certain, there is uncertainty regarding whether the investigation will result in expedited or full review or be terminated because of no domestic interest. Nine of the 13 reviews that will be instituted in FY 2009 and 13 of the 20 reviews that will be instituted in FY 2010 will be non-transition reviews; that is, reviews of orders issued after 1995. In planning resource allocations for sunset reviews, the Commission assumes that the same type of review (expedited or full) will occur in the second or third round as occurred in the previous round. For initial reviews, the Commission follows historical trends and assumes that multi-country reviews will receive full review and the remainder will be split between expedited reviews and those that are terminated because of no domestic interest. Applying this estimation method to the scheduled reviews, the Commission anticipates institution of four full reviews and nine expedited reviews in FY 2009. In FY 2010 the Commission expects to institute 14 full reviews and six expedited reviews. (See Operation 1: Import Injury Investigations Caseload, p. 25.) The Commission assumes that on average about two reviews per year will be revoked by Commerce due to lack of domestic interest. Reviews initiated in FY 2009 will cover 27 orders and those initiated in FY 2010 will involve 55 orders.

Other Import Injury Investigations

Other Import Injury Investigations include safeguard investigations, changed circumstances reviews, remands with reopened records, and WTO consistency proceedings. Safeguard investigations are conducted pursuant to sections 202, 204, 406, 421, and 422 of the Trade Act of 1974 and statutory provisions in FTAs (e.g., sections 302 and 312 of the NAFTA Implementation Act). In section 204 investigations the Commission monitors industry adjustment efforts; reports to the President on the probable economic effect of the reduction, modification, termination, or extension of any relief that is in effect; and evaluates the effectiveness of any relief provided after its termination. In section 421 investigations the Commission determines whether increased imports from China cause market disruption to the U.S. industry. In changed circumstances reviews the Commission evaluates whether, in light of changed circumstances, material injury to a U.S. industry would likely continue, or recur, if the AD/CVD order under review is revoked. In remands with reopened records the Commission collects and analyzes new information in response to an order from one of its reviewing courts or bodies. There have been no new global safeguard petitions filed under section 201 of the Trade Act of 1974 in the last six years. Similarly, in FY 2008 there were no new petitions filed under the China safeguard provision and the Commission did not initiate any changed circumstances reviews. The Commission reopened the record in three remands in FY 2008 and, based on historical averages, anticipates reopening the record in a limited number of remands in both FY 2009 and 2010. (See Operation 1: Import Injury Investigations Caseload, p. 25.)

Litigation

If an appeal challenging a Commission title VII determination is filed in the U.S. Court of International Trade (CIT), or before a binational review panel under NAFTA, the Office of the General Counsel (OGC) defends the Commission's determination. OGC also represents the Commission in appeals of CIT decisions to the U.S. Court of Appeals for the Federal Circuit (Federal Circuit). If there is a dispute brought before the WTO involving a Commission Import Injury determination, OGC assists USTR in defending that determination.

In FY 2008, 13 new cases were filed in the CIT, the Federal Circuit or before a NAFTA binational panel involving challenges to either original investigations or sunset reviews. In addition, 21 new appeals were filed in the Courts challenging the actions of the Commission and Customs under the Continued Dumping and Subsidy Offset Act (the "Byrd Amendment"), 19 U.S.C. § 1675(c) (repealed for entries made on or after October 1, 2007).

During FY 2008 OGC filed 27 major briefs and five remand determinations. Also during FY 2008, OGC represented the Commission in 14 oral arguments in antidumping and countervailing duty cases before U.S. courts, NAFTA panels and the WTO. OGC also assisted USTR in the preparation of a number of filings in various other WTO disputes concerning dumping and subsidization. The Commission charged 5.6 workyears of direct labor to Import Injury litigation before either domestic courts or international panels in FY 2008. (See Workyears by Activity and Office, p. 71.) As of September 2008, 67 appeals involving Commission title VII determinations were pending at the CIT and the Federal Circuit. Three disputes concerning Commission determinations were pending before NAFTA panels, and three disputes concerning Commission title VII determinations were pending before the WTO.

Resource Requirements and Workload for Import Injury Investigations

In the aggregate, Operation 1 utilized 29.4 percent of the Commission's resources in FY 2008 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$20.6 million (see Budget Summary by Operation, p. 70). In FY 2008 Operation 1 accounted for direct costs of \$11.9 million and 77 workyears. (See Operation 1: Import Injury Investigations Resource Requirements, p. 24.) In FY 2008 five offices together accounted for approximately 84.9 percent of the direct workyears. The Offices of Investigations, the Commissioners' offices, and the General Counsel contributed 22.2, 17.5 and 13.8 workyears, respectively, while the Offices of Economics and Industries contributed 8.1 and 3.8 workyears, respectively. (See Workyears by Activity and Office, p. 71.)

During FY 2008 the Commission instituted 43 grouped Import Injury Investigations, including sunset reviews, and completed 43. The Commission projects that 46 investigations will be instituted and 46 will be completed in FY 2009, and that 53 will be instituted and 47 will be completed in FY 2010. As of December 2008, there were 14 active Import Injury investigations pending at the Commission. (See Operation 1: Import Injury Investigations Caseload, p. 25.)

In its Fiscal Year 2009 and 2010 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting Import Injury Investigations. The Commission regularly issues user surveys, soliciting feedback from the trade bar regarding process improvements. The Commission will seek to improve public access to information about its procedures, primarily through design and enhancements to its website, and will ensure that procedures are fair and properly implemented and proceedings are completed on time. The newly adopted case management system has resulted in significant improvement in the timely availability of case filings. As a result, the Commission has exceeded the targets set in its Performance Plan for posting information on EDIS. To further improve user satisfaction with EDIS, the Commission undertook an effort beginning in FY 2007 that continued through FY 2008 to re-engineer the entire EDIS system. Improvements in performance, reliability, document processing efficiency, ease of use, and accuracy were the primary goals. The Commission expects to make significant advances during FY 2009 with the release of the re-engineered version of EDIS. The Commission is also redesigning its entire website with a focus on improving the search and navigation capabilities. The redesigned website will be deployed in FY 2009.

Operation 1: Import Injury Investigations Resource Requirements, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Category of Obligation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|----------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs ² | | | | | | | | |
| Personnel Compensation | 77 | \$8,285 | 79 | \$8,887 | 81 | \$9,456 | 2 | \$570 |
| Benefits | | 2,083 | | 2,204 | | 2,399 | | 195 |
| Rent | | 1,453 | | 1,600 | | 1,974 | | 374 |
| Travel and Transportation | | 63 | | 86 | | 95 | | 9 |
| Subtotal | 77 | \$11,884 | 79 | \$12,777 | 81 | \$13,924 | 2 | \$1,147 |
| B. Indirect Costs ³ | | | | | | | | |
| Personnel Compensation | 34 | \$3,322 | 35 | \$3,642 | 36 | \$3,923 | 1 | \$281 |
| Benefits | | 835 | | 900 | | 996 | | 96 |
| Rent | | 651 | | 729 | | 913 | | 185 |
| Travel and Transportation | | 131 | | 146 | | 150 | | 4 |
| Training | | 79 | | 135 | | 151 | | 16 |
| Equipment/Communications and Other Rentals | | 386 | | 601 | | 665 | | 64 |
| Printing, Reproduction, Postage | | 152 | | 153 | | 137 | | -16 |
| Land and Structures | | 186 | | 53 | | 371 | | 318 |
| Services | | 2,752 | | 2,583 | | 2,324 | | -259 |
| Supplies | | 207 | | 265 | | 285 | | 20 |
| Subtotal | 34 | \$8,700 | 35 | \$9,207 | 36 | \$9,915 | 1 | \$708 |
| Total Resource Requirements | 111 | \$20,584 | 114 | \$21,984 | 117 | \$23,839 | 3 | \$1,855 |

¹ Totals may not add up due to rounding.

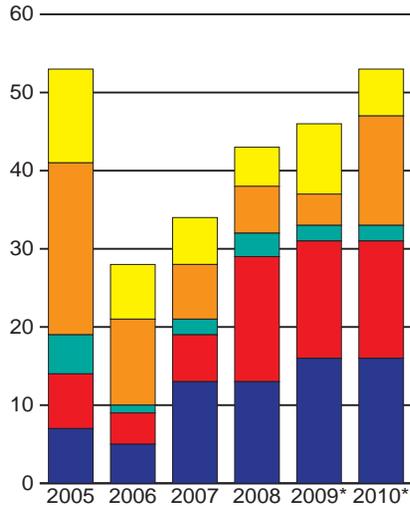
² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

³ Indirect costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

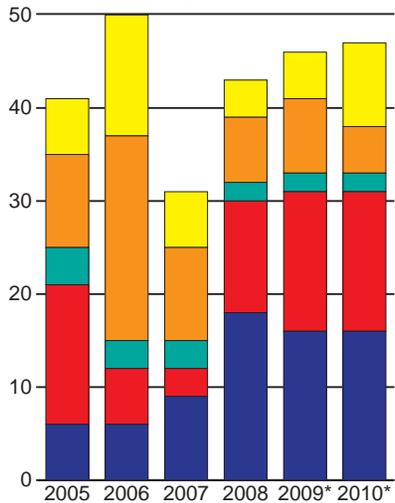
Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 1: Import Injury Investigations Caseload

Instituted Investigations, FY 2005-2010



Completed Investigations, FY 2005-2010



* Estimate

Summary of Import Injury Investigations, FY 2005-2010

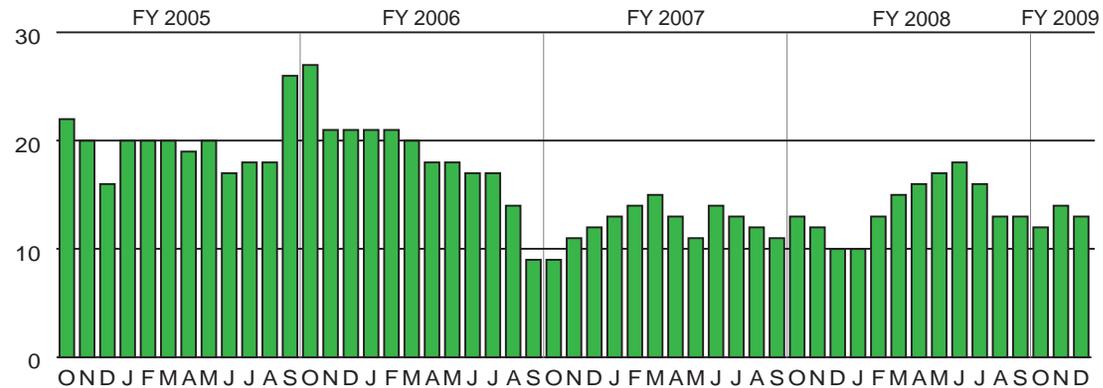
| Type and Status | FY 2005 actual | FY 2006 actual | FY 2007 actual | FY 2008 actual | FY 2009 estimate | FY 2010 estimate |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| Import Injury Investigations Instituted | | | | | | |
| Preliminary Title VII ¹ | 7 | 5 | 13 | 13 | 16 | 16 |
| Final Title VII ¹ | 7 | 4 | 6 | 16 | 15 | 15 |
| Other ² | 5 | 1 | 2 | 3 | 2 | 2 |
| Full Sunset ³ | 22 | 11 | 7 | 6 | 4 | 14 |
| Expedited Sunset ³ | 12 | 7 | 6 | 5 | 9 | 6 |
| Total..... | 53 | 28 | 34 | 43 | 46 | 53 |
| Completed | | | | | | |
| Preliminary Title VII ¹ | 6 | 6 | 9 | 18 | 16 | 16 |
| Final Title VII ¹ | 15 | 6 | 3 | 12 | 15 | 15 |
| Other ² | 4 | 3 | 3 | 2 | 2 | 2 |
| Full Sunset..... | 10 | 22 | 10 | 7 | 8 | 5 |
| Expedited Sunset..... | 6 | 13 | 6 | 4 | 5 | 9 |
| Total..... | 41 | 50 | 31 | 43 | 46 | 47 |

¹ The data shown for preliminary and final title VII investigations group antidumping and countervailing duty investigations together since these investigations generally run concurrently and are handled by the same investigative team.

² Other includes section 201 Safeguard review, section 421 China Safeguard, remands with reopened records, and other investigations.

³ Does not include reviews that were terminated without Commission determination.

Active[†] Import Injury Investigations, by month, for October 2005 through December 2008



[†] Active during the month.

Source: Office of Investigations.

Operation 2: Intellectual Property-Based Import Investigations

Section 337 of the Tariff Act of 1930, as amended, authorizes the Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale. Most of these investigations involve allegations relating to infringement of U.S. patents and trademarks. If the Commission finds a violation, it may issue an exclusion order barring the imported product from entry into the United States, and it may also direct a respondent to cease and desist from engaging in the unfair practices. The violation of a cease and desist order can be punished by civil penalties of up to \$100,000 a day or twice the domestic value of the articles entered or sold. The President may, for policy reasons, disapprove Commission exclusion and/or cease and desist orders within 60 days of their issuance. Commission determinations may be appealed to the Federal Circuit.

Section 337 investigations normally are instituted after a private party files a complaint. Most phases of these trial-type investigations must be conducted in conformity with the formal adjudication provisions of the Administrative Procedure Act. The Commission is required to determine whether there has been a violation of section 337 and, if so, the appropriate remedy to be imposed. The Commission endeavors to conclude section 337 investigations as expeditiously as possible, preferably less than 18 months after institution.

The Commission's ALJs, with the assistance of their staff, conduct conferences and trials, issue initial determinations, and facilitate and approve settlement agreements. The Office of Unfair Import Investigations (OUII) represents the public interest, investigates the factual and legal bases for allegations presented in section 337 complaints, develops evidence through discovery, and participates in trials. The determinations of the ALJs are subject to discretionary review or adoption by the Commission. The OGC provides advice to the Commissioners during the review process and defends the final Commission decision during any subsequent appeal.

Section 337 investigations usually involve complex factual and legal determinations. The spectrum of products and intellectual property rights that have been the subject of section 337 investigations is extremely broad. Approximately one-third of the 88 active investigations in FY 2008 concerned products in the semiconductor, telecommunications, computer, and consumer electronics fields. These investigations concerned products such as flash memory controllers, cellular telephones, personal computers, global positioning system (GPS) devices, and digital televisions. There were also a number of investigations involving medical devices such as catheters used in cryosurgery and vein harvesting surgical systems. Another group of investigations involved chemical technology, including sucralose and an automotive coolant. Other section 337 investigations active during the year focused on a variety of consumer items, including ground fault circuit interrupters, noise cancelling headphones, and self-cleaning litter boxes.

The section 337 caseload averaged about 20 active cases per month during FY 2000–2004. In the past four years, the caseload has increased steadily. Since January 2008 the Commission has had at least 50 active cases per month. The Commission expects the section 337 caseload will continue at an increased level in FY 2009 and FY 2010. (See Operations 2: Intellectual Property–Based Investigations Caseload, p. 31.) During FY 2008 the Commission instituted 50 new investigations and ancillary proceedings as compared to 33 new investigations and ancillary proceedings in FY 2007. Overall, 88 section 337 investigations and ancillary proceedings were active during FY 2008, a 21 percent increase over the 73 that were active during FY 2007. The 88 active matters during FY 2008 consisted of 43 investigations instituted on the basis of new complaints of violations of the statute, seven new ancillary proceedings relating to prior investigations, and 38 investigations and ancillary proceedings that carried over from FY 2007. In FY 2008 Commission personnel spent 36.8 workyears on section 337 investigations and 5.3 workyears on section 337 litigation. (See Workyears by Activity and Office, p. 71.) As a result of this increased investigative caseload, the amount of appellate litigation is also expected to increase.

The doubling of the caseload since FY 2004 led the Commission to approve the addition of a sixth ALJ position and related staff in June 2008. During FY 2008 the Commission operated with four sitting ALJs until July, when a fifth ALJ entered on duty; a sixth ALJ started in December 2008. The addition of the sixth ALJ allows a more reasonable distribution of the increased caseload. However, scheduling of proceedings is still hampered by the lack of courtroom space. In FY 2010, the Commission plans to acquire the second floor of its building and double the number of courtrooms by adding two more.

Resource Requirements and Workload for Intellectual Property–Based Import Investigations

In the aggregate, Operation 2 utilized 24.3 percent of the Commission’s resources in FY 2008 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$17 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 2 accounted for \$9.4 million in FY 2008, with 58.3 workyears charged to it. (See Operation 2: Intellectual Property–Based Import Investigations Resource Requirements, p. 30.) Offices charging direct workyears to this operation in FY 2008 included OUII (18.5 workyears), the Office of the ALJs (12.4 workyears), and the Office of the GC (11.3 workyears). (See Workyears by Activity and Office, p. 71.)

During December 2008, 54 section 337 proceedings were active at the Commission as compared to 46 in November 2007, which represents a 17.4 percent increase. The Commission projects that approximately 55 new investigations and ancillary proceedings will be instituted in FY 2009 and that there will be approximately 60 new matters in FY 2010. During FY 2008 the Commission completed 39 investigations and ancillary proceedings. The Commission projects the completion of approximately 52 investigations and ancillary proceedings in FY 2009 and approximately 57 in FY 2010. (See Operation 2: Intellectual Property–Based Import Investigations Caseload, p. 31.)

At the end of FY 2008, 38 appeals from 17 section 337 determinations were pending before the Federal Circuit (some determinations are the subject of multiple appeals). Seventeen other appeals were litigated to completion, dismissed for jurisdictional reasons, or voluntarily dismissed by appellants during FY 2008. The Federal Circuit held oral argument in 11 section 337 cases. The average number of pending appeals of section 337 determinations during FY 2008 was well above historical levels, reflecting the increased number and complexity of section 337 investigations filed in recent years. In FY 2008 the Commission charged 5.3 workyears to section 337 appellate litigation. (See Workyears by Activity and Office, p. 71.)

In its Fiscal Year 2009 and 2010 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting Intellectual Property–Based Import Investigations. The Commission will continue to seek to complete proceedings expeditiously, increase the effectiveness of agency orders, and enhance the provision of information to the public about the section 337 process. The Commission will work to ensure that deadlines in section 337 proceedings are met and that such proceedings are completed as quickly as possible. The addition of a fifth ALJ in the last

quarter of FY 2008 and the arrival of a sixth ALJ in December 2008 should assist the Commission in meeting the challenges of its increased section 337 workload. Additional courtroom space is a very real constraint on the Commission's ability to conclude section 337 investigations expeditiously. The acquisition of additional space in FY 2010 is a top Commission priority. To facilitate timely disposition of section 337 investigations, the Commission also recently launched a pilot mediation program to help reduce the number of cases that are fully litigated.

The Commission will also seek to improve public access to information about its section 337 proceedings, primarily through design and enhancements to its website. The Office of the Chief Information Officer (OCIO) will continue to maintain and upgrade EDIS and work toward improving its performance in terms of the speed with which documents are made available for viewing. Since late FY 2007 the OCIO has been using a case management system that more efficiently processes case documents and improves their timely availability to the public and has exceeded performance plan targets for posting case files for the first time.

During FY 2008 the Commission's 337 enforcement working group provided scheduling information relating to the issuance of exclusion orders to Customs on a quarterly basis. During FY 2009 members of the enforcement working group will meet at least semiannually with representatives from the Intellectual Property Rights Branch of Customs to discuss matters relating to exclusion order enforcement.

Operation 2: Intellectual Property-Based Import Investigations Resource Requirements, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Category of Obligation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|----------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs ² | | | | | | | | |
| Personnel Compensation | 58 | \$6,378 | 64 | \$8,024 | 68 | \$9,085 | 4 | \$1,061 |
| Benefits | | 1,603 | | 1,936 | | 2,299 | | 363 |
| Rent | | 1,317 | | 1,718 | | 2,415 | | 697 |
| Travel and Transportation | | 56 | | 74 | | 82 | | 8 |
| Subtotal | 58 | \$9,354 | 64 | \$11,751 | 68 | \$13,880 | 4 | \$2,129 |
| B. Indirect Costs ³ | | | | | | | | |
| Personnel Compensation | 31 | \$2,934 | 34 | \$3,877 | 36 | \$4,409 | 2 | \$532 |
| Benefits | | 737 | | 928 | | 1,110 | | 182 |
| Rent | | 590 | | 820 | | 1,169 | | 350 |
| Travel and Transportation | | 73 | | 88 | | 92 | | 4 |
| Training | | 65 | | 120 | | 136 | | 16 |
| Equipment/Communications and Other Rentals | | 340 | | 548 | | 612 | | 64 |
| Printing, Reproduction, Postage | | 138 | | 138 | | 123 | | -16 |
| Land and Structures | | 169 | | 40 | | 357 | | 318 |
| Services | | 2,403 | | 2,240 | | 1,980 | | -259 |
| Supplies | | 187 | | 244 | | 264 | | 20 |
| Subtotal | 31 | \$7,636 | 34 | \$9,043 | 36 | \$10,253 | 2 | \$1,210 |
| Total Resource Requirements | 89 | \$16,990 | 98 | \$20,794 | 104 | \$24,133 | 6 | \$3,339 |

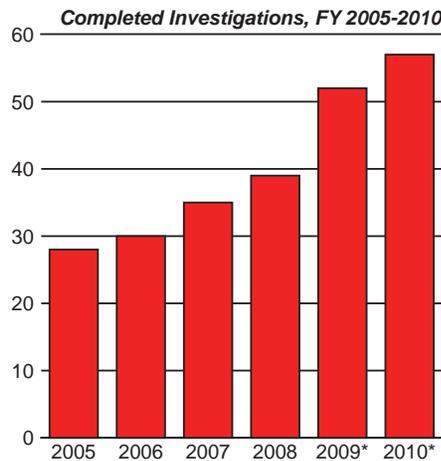
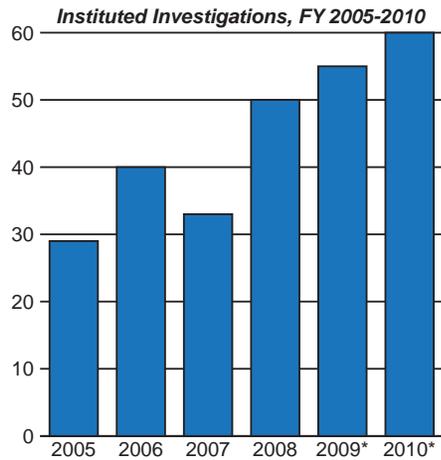
¹ Totals may not add up due to rounding.

² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

³ Indirect costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

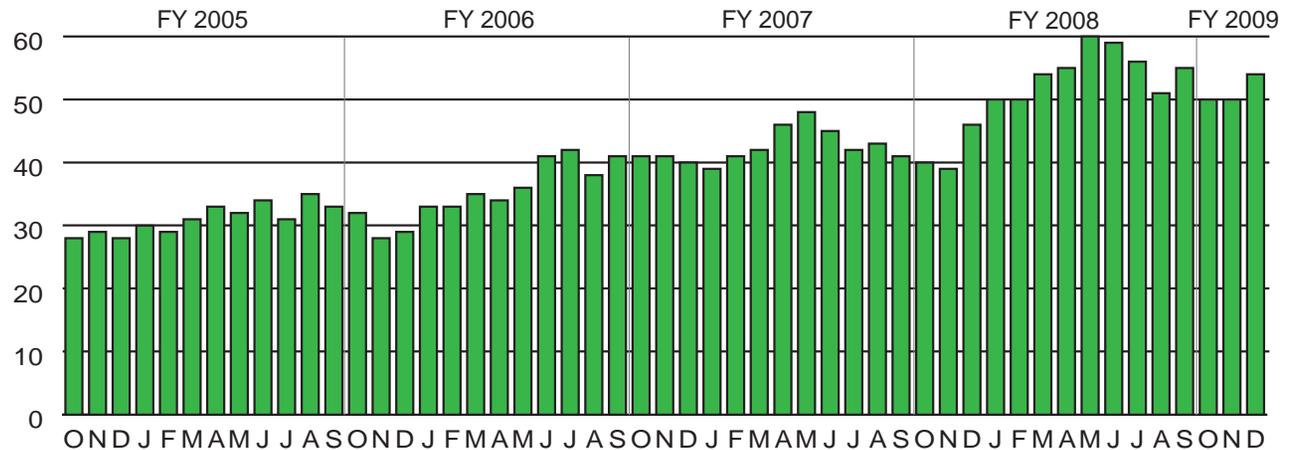
Operation 2: Intellectual Property-Based Import Investigations Caseload



Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, FY 2005-2010

| Status | FY 2005 actual | FY 2006 actual | FY 2007 actual | FY 2008 actual | FY 2009 estimate | FY 2010 estimate |
|-----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Instituted..... | 29 | 40 | 33 | 50 | 55 | 60 |
| Completed..... | 28 | 30 | 35 | 39 | 52 | 57 |

Active[†] Intellectual Property-Based Import Investigations and Ancillary Proceedings, by month, for October 2005 through December 2008



* Estimate

[†] Active during the month.

Source: Office of Unfair Import Investigations.

Operation 3: Industry and Economic Analysis

Industry and Economic Analysis supports trade negotiators and trade policymakers in the legislative and executive branches by developing objective and timely reports and analysis. By maintaining the highest level of industry, economic, and regional trade expertise, the Commission is a recognized leader in independent research and analysis of international trade and industry competitiveness. Commission efforts in this operation take two forms. In statutory investigations, the Commission responds to statutorily authorized requests of the legislative and executive branches. These requests result in official investigative reports that present Commission analysis and findings on the requested topic. The Commission's industry and economic experts also conduct other (non-statutory) research and analysis in areas of significant importance to the U.S. economy. These efforts focus on developing the expertise necessary to support statutory work in Operations 1, 3, and 4, as well as technical support provided under Operation 5. The work in this area contributes to future work requested under statutory authority and often culminates in published staff papers and articles.

Statutory Investigations

Statutory investigations conducted by the Commission under Operation 3 generally fall into three broad categories:

- *General Factfinding and Analytical Investigations*, which include non-recurring and recurring investigations conducted pursuant to section 332 of the Tariff Act of 1930;
- *Probable Economic Effect Investigations*, which include investigations required by section 131 of the Trade Act of 1974 and section 103 of specific trade agreement implementation acts; and
- *Assessments of Negotiated Trade Agreements*, which include investigations regarding the effects of negotiated FTAs, as mandated by section 2104 of the Trade Act of 2002.

In addition, the Commission conducts other types of statutory investigations. The agency publishes *The Year in Trade: Operation of the Trade Agreements Program* annually, as required by section 163(c) of the Trade Act of 1974. Also, during FY 2007 and 2008, the Commission conducted a series of investigations concerning the commercial availability of certain fabrics and yarns that are produced in certain sub-Saharan African countries, as required by the African Growth and Opportunity Act (AGOA).

Statutory investigations often involve public hearings; written or telephone 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. Investigations typically last 3 to 12 months, but can vary considerably outside that range as a result of the complexity or urgency of the subject matter pursuant to the request. Likewise, staffing can vary considerably, from a few to 50 or more team members consisting of trade analysts, economists, and attorneys.

During FY 2008 the Commission had 30 active investigations, completed 14 investigations and instituted 10 new investigations. During the period the Commission charged 51.3 workyears to these investigations. (See *Workyears by Activity and Office*, p. 71.)

General Factfinding and Analytical Investigations

The Commission conducts general factfinding and analytical investigations regarding trade, tariff, and competitiveness issues pursuant to section 332(g) of the Tariff Act of 1930. This provision authorizes the President, the Congress, the House Committee on Ways and Means, or the Senate Committee on Finance to direct the Commission to conduct specific trade-related investigations and to report its findings. The Commission also is authorized to self-initiate investigations and studies on trade matters under section 332(b). Section 332 investigations can take several forms and approaches, such as:

- examining specific foreign industries or countries for the purpose of identifying existing foreign tariffs, nontariff barriers, and other background information to assist U.S. trade negotiators;
- monitoring and reporting on specific countries or regions regarding economic and trade activities as specified by the requestor; and

- analyzing specific industries and products and providing information regarding the conditions of competition in U.S. and foreign markets, trade levels and trends, and government policies affecting the industries.

USTR and Congress often request one-time industry and economic analysis investigations that include time critical information on current economic issues. Other times, requests take the form of recurring or multi-year investigations. In those cases, reports may be delivered over a specific time frame, such as yearly, over five years, or perpetually. In FY 2008 Commission personnel charged 43.9 workyears to general factfinding and analytical investigations.

The Commission completed 12 non-recurring investigations during FY 2008. Highlights of these selected studies follow:

- ***Certain Textile Articles: Travel Goods of Textile Materials***, Inv. No. 332-480 (Pub. 3957, October 2007). This report provides information for 2005 and 2006 on U.S. production and shipments of travel goods with an outer surface of textile materials and the textile materials used to make them.
- ***Industrial Biotechnology: Development and Adoption by the U.S. Chemical and Biofuel Industries***, Inv. No. 332-481 (Pub. 4020, July 2008). This report provides an in-depth description of trends in bio-based activities within the chemical and liquid biofuel industries, factors affecting their development and adoption of industrial biotechnology, and government policies related to these industries that have been implemented domestically and in key competitor countries.
- ***Canned Peaches, Pears, and Fruit Mixtures: Conditions of Competition between U.S. and Principal Foreign Supplier Industries***, Inv. No. 332-485 (Pub. 3972, December 2007). This report examines the competitive conditions between U.S. and principal foreign supplier industries for canned peaches, canned pears, and canned fruit mixtures. The report covers the period 2002–2006 and provides information on industries in major supplier countries, including the United States, the European Union, China, and Thailand; global trade patterns; trade practices, government programs, and measures; and strengths and weaknesses of the major global suppliers.

- ***Wood Flooring and Hardwood Plywood: Competitive Conditions Affecting the U.S. Industries***, Inv. No. 332-487 (Pub. 4032, August 2008). This report analyzes the U.S. wood flooring and hardwood plywood industries, including an overview of U.S. markets, a description of U.S. industries and principal supplier countries, and an examination of trade patterns and factors affecting the competitive position of U.S. producers.
- ***Global Beef Trade: Effects of Animal Health, Sanitary, Food Safety and Other Measures on U.S. Beef Exports***, Inv. No. 332-488 (Pub. 4033, September 2008). This report provides an overview of the U.S. and global beef markets and information on animal health and food safety measures facing U.S. and other major beef exporters in major destination markets. The report also provides information on other measures restricting U.S. beef exports (primarily tariffs and tariff-rate quotas) and compares the effects of animal health and food safety regulations in importing markets to the effects of these other measures.
- ***China: Description of Selected Government Practices and Policies Affecting Decision-Making in the Economy***, Inv. No. 332-492 (Pub. 3978, December 2007). This report provides a description of Chinese government practices and policies regarding industrial development, the rationalization and closure of uneconomic enterprises, privatization of state-owned enterprises and private ownership, price coordination, utility rates, taxation, the banking and finance sectors, infrastructure development, research and development, worker training and retraining, and restraints on imports and exports. This report also provides an analysis on the likely impact of the December 2006 policy directive from China's State-Owned Assets Supervision and Administration Commission.
- ***Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Additions and Deletions***, Inv. No. 332-493 (Pub. 3982, January 2008). This report provides advice on the likely impact on competing U.S. industries of changes in the HTS. Those changes consist of the addition of nine HTS subheadings to the list of articles eligible for duty-free status and the removal of two HTS subheadings from duty-free status from certain beneficiary developing countries. The study provides advice on the effects on consumers.
- ***U.S.-Israel Agricultural Trade: Probable Economic Effect on U.S. and Israeli Agricultural Industries of Conducting Such Trade in a Free Trade Environment***, Inv. No. 332-494 (Confidential report submitted to USTR, April 2008). This report provides advice at the industry level that focuses on main products traded or likely to be traded between

the United States and Israel. In preparing its advice, the Commission assumed that the new U.S.-Israel Agreement on Trade in Agricultural Products includes elimination of tariffs and tariff-rate quotas on all agricultural products to calculate its maximum potential impact.

- ***Caribbean Region: Review of Economic Growth and Development***, Inv. No. 332-496 (Pub. 4000, May 2008.) This report provides an in-depth description of the current level of economic development in the Caribbean Basin at the regional level and the country level. The Commission reviewed the economic literature on potential Caribbean development, information provided at a hearing, and written submissions to identify possible future development strategies for the region, as well as challenges facing Caribbean countries and possible ways of addressing them.
- ***Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review***, Inv. No. 332-497 (Pub. 3995, April 2008). This report provides advice as to the impact of granting a waiver of the competitive need limit for India on certain cucumbers, for Indonesia on new pneumatic rubber radial tires, and for Turkey on certain copper cables.
- ***Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile***, Inv. Nos. 332-498 and Chile FTA-103-020 (Pub. 4017, June 2008). This report contains the Commission's advice as to the probable economic effect of the proposed U.S.-Chile FTA accelerated tariff eliminations on U.S. industries producing like or directly competitive articles, on workers in these industries, and on consumers of the affected goods. This report was also conducted under section 103 Rules of Origin investigations.
- ***Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries***, Inv. No. TR-5003-1 (Pub. 4016, June 2008). This report details the effects of the Haitian Hemispheric Opportunity through Partnership Encouragement Act on the trade markets and industries involving textile and apparel in Haiti, the United States, beneficiary countries of the U.S.-Caribbean Basin Trade Preference Act, and other countries that have an FTA with the United States.

The Commission completed reports on six multi-year (recurring) investigations in FY 2008.

- **Monitoring of U.S. Imports of Tomatoes**, Inv. No. 332–350 (Pub. 3959, November 2007)
- **Monitoring of U.S. Imports of Peppers**, Inv. No. 332–351 (Pub. 3960, November 2007)
- **Ethyl Alcohol for Fuel Use: Determination of the Base Quantity of Imports**, Inv. No. 332–288 (electronic publication, December 2007)
- **Sub-Saharan Africa: Factors Affecting Trade Patterns of Selected Industries: First Annual Report**, Inv. No. 332–477 (Pub. 3989, April 2008)
- **Recent Trends in U.S. Services Trade 2007 Annual Report**, Inv. No. 332–345 (Pub. 4015, June 2008)
- **Andean Trade Preference Act: Effect on the U.S. Economy and on Andean Drug Crop Eradication and Crop Substitution**, Inv. No. 332-352 (Pub. 4037, September 2008)

Probable Economic Effect Investigations

The Commission assesses the potential impact of proposed FTAs on specific sectors of the economy and for specific line items in the HTS. These investigations are conducted primarily under the authority of (1) section 131 of the Trade Act of 1974, (2) section 2104(b)(2) of the Trade Act of 2002, and (3) section 103 of certain FTA implementation acts, such as the NAFTA Implementation Act. In FY 2008 Commission personnel charged 2.1 workyears to this activity.

Section 131 investigations involve line item advice for U.S. negotiators as they prepare for trade negotiations. Section 2104(b)(2) investigations involve advice to negotiators regarding the impact of liberalizing trade for sensitive agricultural products. The Commission consolidates these two investigations into one classified probable economic effects report to negotiators. Section 103 investigations analyze the likely effect of modification to the rules of origin under specific trade agreements.

The Commission conducted three Section 103 Rules of Origin investigations during FY 2008. One was conducted under the authority of section 332(g) of the Tariff Act of 1930. *Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile*, Inv. Nos. 332-498 and Chile FTA-103-020 (Pub. 4017, June 2008). The other two investigations shown below were completed in early FY 2009.

- ***Probable Economic Effect of Certain Modifications to the United States-Chile Free Trade Agreement Rules of Origin***, Inv. No. 103-19 (Pub. 4042, October 2008)
- ***U.S.-Australia FTA: Proposals to Amend Textiles Rules of Origin***, Inv. No.103-21 (Pub. 4041, October 2008)

Assessments of Negotiated Trade Agreements

The Commission assesses the likely economy-wide and selected sectoral effects of negotiated FTAs as mandated by section 2104(f) of the Trade Act of 2002. The Act requires the Commission to analyze the likely effects of negotiated trade agreements on the U.S. economy and on specific U.S. economic sectors, including the effects on U.S. gross domestic product, trade, employment, and consumers.

USTR is required to request the study at least 90 days prior to the signing of a trade agreement. The Commission is required to submit its report to the Congress and USTR no later than 90 days after signing. Hence, these reports are often referred to as “90–90” studies. The Commission was not tasked with and therefore did not complete investigations regarding FTAs during FY 2008.

Other Statutory Investigations

In addition to the three major types of statutory investigations, the Commission conducts investigations regarding the commercial availability of certain fabrics and yarns that are produced in certain sub-Saharan African countries, as required by section 112(c)(2) of the AGOA. This statutory requirement was repealed by section 3(a) of Public Law 110-436, An Act to Extend the Andean Trade Preference Act, and for Other Purposes, which was signed by the President October 16, 2008. In FY 2008 the Commission completed two investigations regarding denim fabric:

- ***Denim Fabric: Use in AGOA Countries during Fiscal Year 2007***, Inv. No. AGOA-002 (Pub. 4021, July 2008). The Commission determined the extent to which denim fabric that was deemed to be available in commercial quantities for use by lesser developed beneficiary sub-Saharan African countries was used in the production of apparel articles receiving preferential treatment.
- ***Denim Fabric: Commercial Availability in AGOA Countries during Fiscal Year 2009***, Inv. No. AGOA-003 (Pub. 4027, August 2008). The Commission determined the amount of regional African denim fabric that will be available during the 12-month period beginning October 1, 2008, for use in lesser developed beneficiary sub-Saharan African countries in the production of denim apparel receiving U.S. duty-free treatment.

The Commission also conducts an investigation regarding the Operation of the Trade Agreements Program each year as required by section 163(c) of the Trade Act of 1974. The Commission's annual report is issued in July of each year. See *The Year in Trade 2007: Operation of the Trade Agreements Program*, Inv. No. 163-001 (Pub. 4026, July 2008).

During FY 2008 the Commission charged 5.3 workyears to other statutory investigations.

Other Industry and Economic Analysis Activities

Industry and Economic Analysis activities include the production of an extensive array of staff publications on topical and emerging trade issues and delivering presentations to many government agencies and private groups. Commission industry analysts and research economists must maintain expert knowledge of the U.S. and global economies and have a high level of industry, regional, and economic expertise. This expertise is frequently called upon by trade policymakers in the executive and legislative branches for informal assistance and counsel. Staff publications and presentations are intended to keep the Commission and trade policymakers informed of the latest developments potentially affecting the United States in specific industries in the international trade arena. Preparation of trade publications, formal presentations, and participation in supporting activities are essential to maintaining staff knowledge, skills, and abilities.

Staff publications include articles in the *Journal of International Commerce and Economics*, staff research studies, conference/working papers, and research notes/publications. Using these various reporting modes, personnel produced 10 articles for the *Journal of International Commerce and Economics*, 21 conference/working papers, and 15 research notes/publications. Commission personnel gave 47 formal presentations during FY 2008. During this time frame Commission personnel charged 19 workyears to these activities, (see Workyears by Activity and Office, p. 71), including 2.5 workyears on nontariff measures, 1.6 workyears on China, and 1 workyear on U.S. Applied General Equilibrium (USAGE) model and data development research.

The Commission employs numerous approaches to analyze the effects of any changes in U.S. trade policies on the U.S. economy in specific industrial, agricultural, or services sectors. These methods include statistical, econometric, and simulation analyses, and survey methods. In FY 2008 Commission personnel charged 1.5 workyears to activities related to developing and refining technical analytic models, data collections, and analysis. In particular, Commission personnel continue to refine and further develop the Commission's simulation model of the U.S. economy, the USAGE model and its underlying database. These efforts contributed directly and indirectly to statutory studies such as *Global Beef Trade: Effects of Animal Health, Sanitary, Food Safety and Other Measures on U.S. Beef Exports*, *Review of the U.S.-Israel Agreement on Trade in Agricultural Products*, and *The Economic Effect of Significant U.S. Import Restraints*. The work also contributed to technical assistance provided

to Congress on the economic effects of Bilateral Investment Treaties and on the Caribbean Basin Economic Recovery Act. During FY 2008 the Commission continued significant independent research to assess the abilities of its current models to capture accurately the effects of trade policy changes. The Commission occasionally uses contract resources to supplement in-house resources and keep its modeling capabilities and databases current.

The Commission's analysts and economists maintain a very high level of knowledge in their respective portfolios by attending conferences and conducting field work to obtain information from primary sources. Maintaining a robust research and monitoring capability and developing expertise in a variety of emerging trade areas ensures that the Commission is able to provide formal reports to Congress and USTR on relatively short notice, thereby meeting increasingly time sensitive demands of trade policymakers.

The Commission continues to develop expertise in new and existing areas. New areas of focus include the analysis of linkages in goods and services trade, investment, the environment, intellectual property rights, and labor. Areas of ongoing development include examining the U.S.-China trade relationships, the North American Market, and Mexico. These efforts required the use of highly disaggregated official customs data from U.S., Hong Kong and Mexican governments. Other developmental efforts include tracking sectoral and regional effects of trade policy changes and quantifying nontariff measures affecting trade. The expertise acquired by personnel through research activities is used extensively in support of Operations 1, 4, and 5, as well as for Commission reports generated in Operation 3. For example, the Commission is frequently called upon to provide timely assistance to the legislative and executive branches in the form of staff-to-staff assistance. Commission personnel also serve as in-house experts on the products subject to various import injury investigations conducted by the Commission.

Workload Expectations in FY 2009 and 2010

For FY 2009 and 2010, the Commission expects workload levels to be similar to those of recent years, spanning a wide range of trade-related topics. Examples of investigations currently underway or completed in FY 2009 include requests to:

- examine the probable economic effects of rules of origin modifications under various FTAs;
- assess the competitiveness of property and casualty insurance services in foreign markets;
- monitor textile and apparel imports;
- review textile and apparel inputs that can be produced competitively in beneficiary sub-Saharan countries through new or increased investment or other measures;
- assess the impact of possible modifications to the U.S. Generalized System of Preferences (2008 Review); and
- examine the impact of infrastructure conditions on sub-Saharan African exports.

In addition to studies requested under statutory authority, the Commission remains committed to increasing the expertise of its personnel in several important areas such as services trade; nontariff measures; and trade-related labor, intellectual property rights, investment, and environmental issues. The Commission has developed and begun to apply unique capabilities to measure barriers in services trade and to measure and quantify the trade impacts of nontariff measures. The Commission also anticipates initiating the building of an extensive database on foreign direct investment and services trade to complement its already extensive expertise in merchandise trade.

Resource Requirements and Workload for Industry and Economic Analysis

In the aggregate, Operation 3 utilized 34.9 percent of the Commission's resources in FY 2008 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$24.4 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 3 accounted for \$13 million in FY 2008, with 90 workyears charged to it. (See Operation 3: Industry and Economic Analysis Resource Requirements, p. 44.) The Office of Industries and the Office of Economics together accounted for 73.8 percent of the direct workyears charged to this operation in FY 2008, with 49.8 and 16.6 workyears, respectively. (See Workyears by Activity and Office, p. 71.) Studies produced under Operation 3 are conducted primarily by industry analysts in the Office of Industries who specialize in areas such as agriculture and forest products, textiles, electronics, transportation, chemicals, natural resources, and services; and economists in the Office of Economics with regional or analytical specialties.

As discussed above, during FY 2008 the Commission completed 14 investigations and instituted 10 new investigations. The Commission projects institution of 17 new investigations in FY 2009 and FY 2010. (See Operation 3: Industry and Economic Analysis Investigations Caseload, p. 45.)

As reflected in its Fiscal Year 2009 and 2010 Performance Plans (see attached), the Commission's goal is to provide sound research products in an objective and timely manner that contributes to more informed public debate and improved trade policymaking. To meet the expressed needs of its customers, the Commission expects to (1) continue to implement the model validation process to monitor Commission model performance, (2) expand the ongoing nontariff measure data and analysis efforts, (3) expand efforts to develop and use new tools and databases related to services and foreign direct investment, and (4) complete USAGE model enhancements. In addition, the Commission will continue to strengthen its China, India, Brazil, and NAFTA expertise through ongoing analysis of the international trade and investment flows and impacts in global markets.

Operation 3: Industry and Economic Analysis Resource Requirements, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Category of Obligation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|----------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs ² | | | | | | | | |
| Personnel Compensation | 90 | \$8,714 | 92 | \$9,323 | 94 | \$9,903 | 2 | \$580 |
| Benefits | | 2,190 | | 2,314 | | 2,512 | | 198 |
| Rent | | 2,054 | | 2,203 | | 2,584 | | 381 |
| Travel and Transportation | | 87 | | 113 | | 124 | | 10 |
| Subtotal | 90 | \$13,045 | 92 | \$13,954 | 94 | \$15,124 | 2 | \$1,170 |
| B. Indirect Costs ³ | | | | | | | | |
| Personnel Compensation | 48 | \$4,572 | 49 | \$4,889 | 50 | \$5,182 | 1 | \$293 |
| Benefits | | 1,149 | | 1,213 | | 1,313 | | 100 |
| Rent | | 920 | | 997 | | 1,189 | | 192 |
| Travel and Transportation | | 108 | | 129 | | 134 | | 6 |
| Training | | 96 | | 176 | | 198 | | 22 |
| Equipment/Communications and Other Rentals | | 473 | | 774 | | 863 | | 89 |
| Printing, Reproduction, Postage | | 215 | | 216 | | 194 | | -22 |
| Land and Structures | | 263 | | 77 | | 518 | | 441 |
| Services | | 3,250 | | 3,014 | | 2,654 | | -360 |
| Supplies | | 292 | | 374 | | 402 | | 28 |
| Subtotal | 48 | \$11,340 | 49 | \$11,860 | 50 | \$12,648 | 1 | \$788 |
| Total Resource Requirements | 138 | \$24,385 | 141 | \$25,814 | 144 | \$27,772 | 3 | \$1,958 |

¹ Totals may not add up due to rounding.

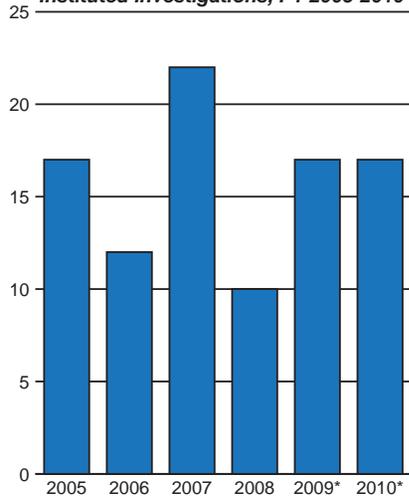
² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

³ Indirect costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 3: Industry and Economic Analysis Investigations Caseload¹

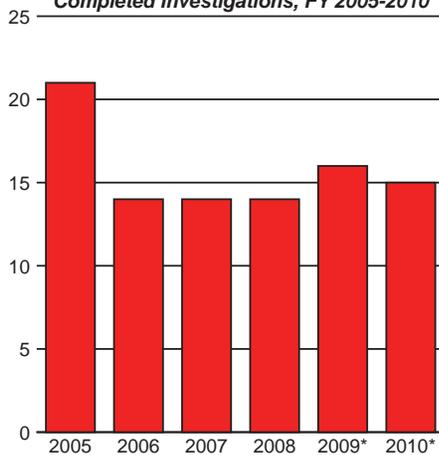
Instituted Investigations, FY 2005-2010



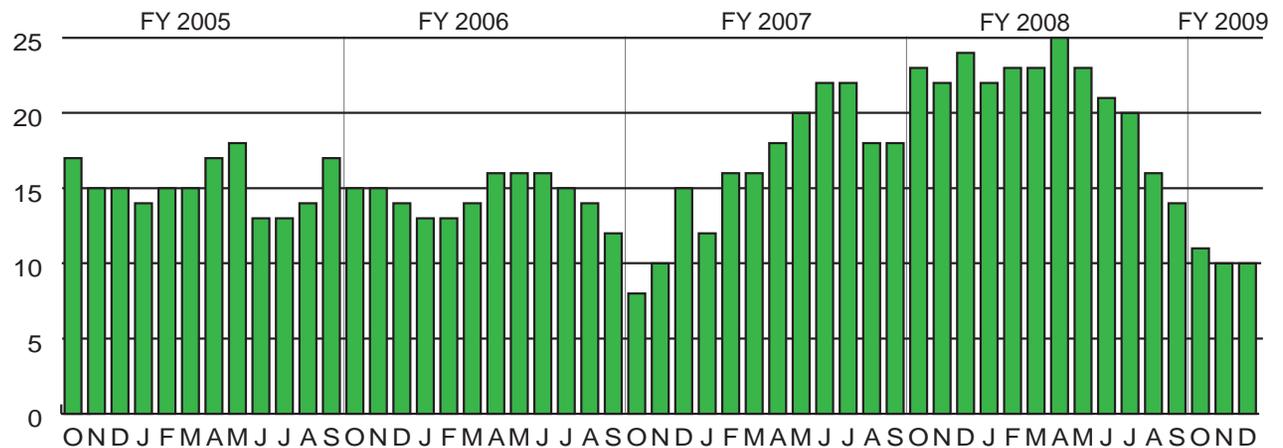
Summary of Industry and Economic Analysis Investigations, FY 2005–2010

| Status | FY 2005 actual | FY 2006 actual | FY 2007 actual | FY 2008 actual | FY 2009 estimate | FY 2010 estimate |
|-----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Instituted..... | 17 | 12 | 22 | 10 | 17 | 17 |
| Active..... | 36 | 26 | 33 | 30 | 32 | 33 |
| Completed..... | 21 | 14 | 14 | 14 | 16 | 15 |

Completed Investigations, FY 2005-2010



Active† Industry and Economic Analysis Investigations, by month, for October 2005 through December 2008



* Estimate

† Active during the month.

Source: Office of Industries.

¹ Includes investigations conducted under section 332 of the Tariff Act of 1930, sections 103, 131, and 163(c) of the Trade Act of 1974 and section 2104 of the Trade Act of 2002.

Operation 4: Tariff and Trade Information Services

Tariff and Trade Information Services include maintenance and publication of the HTS, preparation of legislative reports for Congress, drafting of implementing annexes to trade agreements negotiated by USTR, maintenance of the online Interactive Tariff and Trade DataWeb (DataWeb), and management of Commission trade databases. They also include contributions to the development of the interagency International Trade Data System (ITDS), maintenance of U.S. commitments under Schedule XX of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO), maintenance of the electronic version of the U.S. Schedule of Services Commitments under the General Agreement on Trade in Services (GATS), preparation of the electronic database that supports U.S. submissions to the WTO Integrated Database, and related information gathering, processing, and dissemination activities.

Maintenance of the Harmonized Tariff Schedule of the United States

The HTS is a comprehensive list of duties imposed on goods imported into the United States. The Harmonized Tariff Schedule of the United States Annotated (HTSA) consists of the HTS, its statistical annotations, and other related information. The HTS is used by Customs to assess duties on imports, by economists and industry analysts as a statistical tool for tracking imports, and by commercial firms in planning their import programs. Maintenance of the HTS/HTSA includes several closely related functions:

- publishing the HTSA, i.e., preparing annual hardcopy versions for printing by the Government Printing Office, posting an electronic copy, and electronic revisions, as necessary, on the Commission website in accordance with section 1207 of the Omnibus Trade and Competitiveness Act of 1988;
- fulfilling the Commission's responsibilities for statistical annotation of the HTS, in coordination with Customs and the Bureau of the Census, under section 484 of the Tariff Act of 1930;

- participating in the work of the Harmonized System Committee, its Review Sub-Committee, and the Scientific Sub-Committee of the World Customs Organization in maintaining the international Harmonized System of tariff nomenclature, as directed by section 1210 of the 1988 Act (a Commission staff member leads the U.S. Delegation to the Review Sub-Committee); and
- preparing the list of U.S. commitments under Schedule XX of the GATT/WTO (i.e., U.S. tariff concessions with respect to trade in goods) in the appropriate legal language conforming to the international Harmonized System of tariff nomenclature.

When amendments or modifications to the HTSA are proclaimed or ordered by the President, enacted by the Congress, or adopted by the Committee for Statistical Annotation of the Tariff Schedule, the Commission usually incorporates them into the online PDF version of the HTSA within one or two working days. Immediate access to the up-to-date HTSA online has proven to be very useful to Commission personnel, as well as to both Customs and the trade community. This utility is enhanced by the fact that the product is viewable and searchable and is available for downloading by individual HTSA chapter. During the year the Commission also publishes one or more hardcopy supplements to the HTSA to reflect any amendments arising during the calendar year. The Commission generally publishes a hard-copy, mid-year supplement to the HTS effective on July 1 of each year, primarily to reflect the annual Generalized System of Preferences review.

Recently, the Commission launched the test version of what will be a publicly available online HTS reference tool. This is a user-friendly Web browser interface for viewing the HTS. The tool includes sophisticated navigation, search, and thesaurus features, and represents a substantial improvement over the current online method of viewing the HTS. The tool includes links to relevant Customs websites, import data, and detailed tariff information. During the first month after launch, the test website received over one million hits.

The Commission spent 6.6 workyears on the HTS and nomenclature activities in FY 2008. (See Workyears by Activity and Office, p. 71.)

Legislative Reports

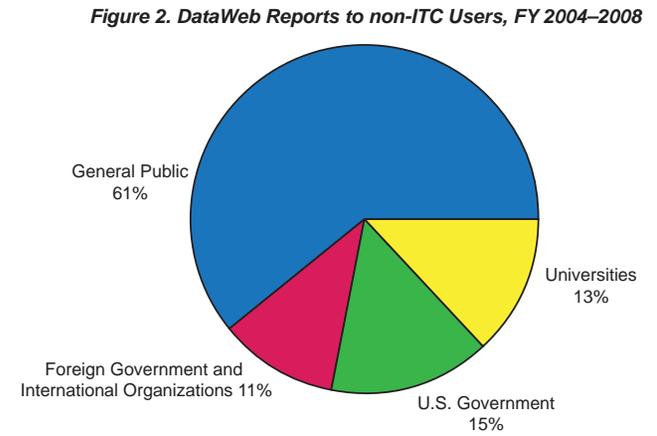
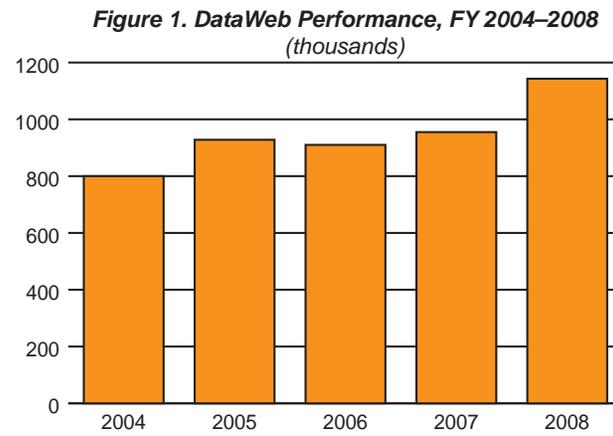
The House Committee on Ways and Means and the Senate Committee on Finance regularly ask the Commission for comments on legislation, primarily reports on miscellaneous tariff bills (MTBs). These reports provide tariff nomenclature and technical drafting assistance and include revenue loss estimates for the Congressional Budget Office. Commission personnel routinely prepare such draft reports and information on MTBs in anticipation of Congressional consideration. The Commission spent 5.9 workyears providing advice on 775 MTBs during FY 2008. (See Workyears by Activity and Office, p. 71.) In the last five years workyears have ranged from a high of 6.4 in FY 2006 to a low of 1.1 in FY 2007. The extent of resources devoted to this activity in FY 2010 will depend largely on the number of new MTBs introduced during the 111th Congress, which began in January 2009.

Interactive Tariff and Trade DataWeb

The DataWeb gives government officials, the international trade community, and the general public direct access to U.S. tariff and trade data. Available via the Internet (<http://dataweb.usitc.gov>), the DataWeb is interactive and able to respond rapidly to user-defined queries. The system allows both expert and non-expert users to make and save their own customized country and product data for future use. The system guides users through the numerous options available in working with tariff and trade data, allowing them to construct complex statistical queries against hundreds of tables. DataWeb adds business value by integrating up-to-date international trade transactions with complex tariff and customs treatment. It also provides information to users regarding the relationship between the HTS and other classification systems such as Standard Industrial Classification, Standard International Trade Classification, or North American Industrial Classification System.

System use has grown substantially from its inception in April 1999, more than tripling from 319,000 data reports in FY 2000 to more than 1.1 million data reports in FY 2008 (see Figure 1 below). The system now has nearly 119,000 registered users and has delivered almost 7.4 million data reports electronically. Although use by the general public has shown the most growth, U.S. Government personnel use the system extensively and account for 15 percent of the reports generated

(see Figure 2 below). The continuation of this public service will ensure that Federal Government entities, foreign government and international organizations, and the general public will have free access to U.S. trade data.



Source: Office of Operations.

The Commission estimates the operational and maintenance costs for DataWeb and related trade data systems at \$525,000 and 1.2 workyears in both FY 2009 and 2010. Internal support and maintenance efforts for DataWeb are supplemented by contractors as part of the Commission’s FAIR Act efforts.

International Trade Data System

Commission personnel participate in a multi-agency initiative to develop a government-wide system for the electronic collection, use, and dissemination of international trade and transportation data. ITDS will provide the means for harmonizing and consolidating all import and export data required for port clearance into a single data system. It will also provide data needed to support analyses of trade policy development and trade promotion by government agencies. In addition, as detailed in the Security and Accountability For Every Port Act of 2006, ITDS will provide the trading public with a “single window” for reporting foreign trade transactions to the U.S. Government. The system is being developed in conjunction with the development of the new Automated Commercial Environment at Customs. Starting in early FY 2009 the Commission expects to implement the interactive HTS Reference tool, which will facilitate the availability of tariff information for import brokers and Customs’ officials in the ports, but will also be available to the trade and general public. At the same time, the Commission expects to prepare and publish the HTSA using new software that will allow the transfer of key tariff information to and from external data bases at Customs and within the Commission.

Resource Requirements for Tariff and Trade Information Services

In the aggregate, Operation 4 utilized 6.8 percent of the Commission’s resources in FY 2008 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$4.8 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 4 accounted for \$2.6 million in FY 2008 with 17 workyears charged to it. (See Operation 4: Tariff and Trade Information Services Resource Requirements, p. 51.) Providing timely and accurate trade information services to Commission customers requires coordination and effort across Commission organization lines. Expertise is provided by nomenclature analysts and attorneys in the Office of Tariff Affairs and Trade Agreements, analysts in the Office of Industries, and various staff from the OCIO, OGC, External Relations, and Operations. The Office of Tariff Affairs and Trade Agreements and the Office of Industries accounted for about 81.5 percent of the direct workyears charged to this operation in FY 2008 with 8.6 and 5.1 direct workyears, respectively. (See Workyears by Activity and Office, p. 71.) In its FY 2009 and 2010 Performance Plans (see attached), the Commission has set goals designed to improve its performance in the provision of tariff and trade information services.

Operation 4: Tariff and Trade Information Services Resource Requirements, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Category of Obligation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|----------------|------------------|----------------|------------------|----------------|-------------------|-------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs ² | | | | | | | | |
| Personnel Compensation | 17 | \$1,727 | 15 | \$1,149 | 15 | \$1,161 | 0 | \$12 |
| Benefits | | 434 | | 317 | | 322 | | 4 |
| Rent | | 395 | | 254 | | 263 | | 8 |
| Travel and Transportation | | 17 | | 21 | | 23 | | 2 |
| Subtotal | 17 | \$2,572 | 15 | \$1,742 | 15 | \$1,768 | 0 | \$26 |
| B. Indirect Costs ³ | | | | | | | | |
| Personnel Compensation | 9 | \$874 | 8 | \$540 | 8 | \$547 | 0 | \$7 |
| Benefits | | 220 | | 152 | | 155 | | 2 |
| Rent | | 177 | | 95 | | 100 | | 4 |
| Travel and Transportation | | 20 | | 24 | | 25 | | 1 |
| Training | | 20 | | 33 | | 36 | | 4 |
| Equipment/Communications and Other Rentals | | 95 | | 144 | | 158 | | 14 |
| Printing, Reproduction, Postage | | 41 | | 41 | | 38 | | -4 |
| Land and Structures | | 51 | | 20 | | 91 | | 71 |
| Services | | 659 | | 620 | | 562 | | -58 |
| Supplies | | 56 | | 70 | | 74 | | 4 |
| Subtotal | 9 | \$2,213 | 8 | \$1,740 | 8 | \$1,786 | 0 | \$46 |
| Total Resource Requirements | 26 | \$4,785 | 23 | \$3,482 | 23 | \$3,554 | 0 | \$72 |

¹ Totals may not add up due to rounding.

² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

³ Indirect costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 5: Trade Policy Support

Trade Policy Support by the Commission provides trade policymakers with technical expertise, accurate information, and objective analysis on international trade and competitiveness issues. The Commission's capability to provide prompt trade policy support to both the legislative and executive branches complements and draws on work in other Operations, most notably Operation 3, Industry and Economic Analysis. Such support includes information and analysis on current issues related to trade and competitiveness, technical advice on draft legislation, informal briefings and meetings, and assistance to trade delegations and negotiating teams. To implement legislation on trade policy decisions that modify the HTS, the Commission also drafts Presidential proclamations, memoranda, executive orders, and final decisions by various agencies.

The Commission has engaged in efforts to improve its service to, and support for, trade policymakers. As a result, the number of requests for technical assistance has grown. In FY 2008 the Commission provided expertise on 129 different subjects. The Commission is providing increasingly complex analysis under this operation and is providing more targeted responses to better support the policymaking process. Commission assistance has recently focused on providing industry and product specific information, and support for bilateral and multilateral FTA negotiations and activities.

The Commission anticipates that its trade policy support in FY 2009 and 2010 will continue to provide country, regional, industry, and product specific information in a variety of contexts. Shifts in the policymaking environment, such as increasing interest in bilateral investment treaties and nontariff trade measures, and changes to the trade policy landscape stemming from the transition from the Bush Administration to the Obama Administration, suggest that the Commission may also be responding to new areas of interest. Increased interest in the interaction between trade policies and environmental and labor issues are also expected to affect the type of work undertaken in this Operation. The Commission continues to try to anticipate policymakers' needs and develop expertise to meet anticipated requests for assistance.

The Commission also provides trade policy support by detailing personnel with relevant expertise to USTR and the Commission's authorizing committees. Such details provide the Commission with a better understanding of the needs of these primary customers. They also contribute to closer working

relationships, resulting in more efficient and effective support to trade policymakers in Operations 3, 4, and 5. However, recent workload and staffing levels have presented challenges to supplying such full time assistance. As a result, the Commission has employed other methods to address some of the needs previously met by details. These methods include assignment of specific personnel as “go-to” resources for USTR program managers and developing technical assistance products in-house that substitute for work typically done by detailed personnel. Although full-time details will continue to be provided when appropriate, the Commission believes this more flexible approach can provide continued high levels of support while more efficiently utilizing personnel.

Resource Requirements for Trade Policy Support

In the aggregate, Operation 5 utilized 4.6 percent of the Commission’s resources in FY 2008 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$3.2 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 5 accounted for \$1.8 million and 11 workyears in FY 2008. (See Operation 5: Trade Policy Support Resource Requirements, p. 54.) The Office of Industries and the Office of Economics accounted for most of the direct workyears charged to this Operation in FY 2008 with 3.1 and 2.3 direct workyears, respectively. The Office of Tariff Affairs and Trade Agreements and the Office of External Relations contributed 1.3 and 1.2 workyears to Operation 5, respectively. (See Workyears by Activity and Office, p. 71.)

As reflected in its Fiscal Year 2009 and 2010 Performance Plans (see attached), the Commission will attempt to enhance its performance in the provision of trade policy support. To accomplish this, the Commission sets goals that relate (1) expanding the level and scope of support, (2) implementing process improvements, and (3) building closer relationships with customers to improve the quality, scope, efficiency and timeliness of support.

Operation 5: Trade Policy Support Resource Requirements, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Category of Obligation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|----------------|------------------|----------------|------------------|----------------|-------------------|-------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs ² | | | | | | | | |
| Personnel Compensation | 11 | \$1,227 | 11 | \$1,272 | 11 | \$1,281 | 0 | \$9 |
| Benefits | | 308 | | 318 | | 321 | | 3 |
| Rent | | 251 | | 262 | | 268 | | 6 |
| Travel and Transportation | | 11 | | 14 | | 15 | | 1 |
| Subtotal | 11 | \$1,797 | 11 | \$1,865 | 11 | \$1,885 | 0 | \$19 |
| B. Indirect Costs ³ | | | | | | | | |
| Personnel Compensation | 6 | \$559 | 6 | \$599 | 6 | \$604 | 0 | \$5 |
| Benefits | | 140 | | 149 | | 150 | | 2 |
| Rent | | 112 | | 122 | | 125 | | 3 |
| Travel and Transportation | | 13 | | 16 | | 16 | | 1 |
| Training | | 16 | | 26 | | 28 | | 3 |
| Equipment/Communications and Other Rentals | | 61 | | 97 | | 108 | | 11 |
| Printing, Reproduction, Postage | | 26 | | 26 | | 24 | | -3 |
| Land and Structures | | 32 | | 9 | | 62 | | 53 |
| Services | | 422 | | 393 | | 350 | | -43 |
| Supplies | | 36 | | 46 | | 49 | | 3 |
| Subtotal | 6 | \$1,417 | 6 | \$1,483 | 6 | \$1,517 | 0 | \$34 |
| Total Resource Requirements | 17 | \$3,214 | 17 | \$3,348 | 17 | \$3,402 | 0 | \$54 |

¹ Totals may not add up due to rounding.

² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

³ Indirect costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Information Technology Initiatives

The Commission is an information intensive enterprise. Its core competency is the collection, analysis, dissemination and stewardship of data, information, knowledge, and processes that can be used in investigations, trade analysis, and other operations. IT applications and systems help the Commission continue to improve program performance in a cost-efficient manner and meet agency and customer needs in both the short- and long-term. The Commission plans investments in IT systems that will achieve goals defined in the Information Resource Management Strategic Plan. The Commission has six high-level IT strategic goals:

- consolidate (in terms of eliminating redundancy) and improve the IT services to provide effective means to achieve business results and improve operational efficiency;
- manage IT expenses and investments from an agencywide perspective;
- incorporate best practices in IT management as appropriate for the Commission's business model;
- provide reliable, agile and adaptable services to accommodate for the Commission's evolving business needs;
- enable an IT security program that proactively assures integrity, confidentiality, and availability of its information resources; and
- build the IT infrastructure to sustain a productive workforce that has access to information (anywhere/anytime).

During FY 2009 and 2010 the Commission will continue to pursue the government-wide vision for improved electronic services to citizens, businesses, and other stakeholders. The Commission strives to manage change, deliver cost-effective IT solutions, focus on incrementally and continuously improving its technology infrastructure, and ensure that Commission personnel are trained and equipped with the IT tools needed to accomplish its mission. Continued progress, especially with regards to the Continuity of Operations (COOP) Plan, requires full funding of the Commission's budget request.

Information Security and Infrastructure Management

The Commission's information security program includes protections for national security information, confidential business information, business proprietary information, and personally identifiable information. The FY 2008 evaluation of the information security program by the Commission's OIG acknowledged that the Commission "made noticeable progress in strengthening information security practices," and that the Commission's information security program was "generally consistent with the FISMA requirements." The Commission's information security posture continues to strengthen through the following activities:

- specific, tailored guidance to staff offices;
- continual education of the user community regarding the protection of the sensitive information in users' care; and
- updates to the user community on computer security issues pertinent to the environment.

Information security at the Commission is managed through risk-based activities, based on OMB policy and guidance issued by the National Institute of Standards and Technology.

OCIO goals for FY 2009 and 2010 include:

- finalizing the draft Commission COOP plan and making significant progress in developing test scenarios and preparing the alternate work site;
- strengthening the Commission's overall information security posture through the effective use of monitoring and logging tools;
- further developing the security awareness and training program to ensure that educational initiatives are commensurate with individual roles and responsibilities; and
- reviewing, updating and enhancing the process for Plan of Action and Milestones review and reporting for each of the Commission's major applications.

Financial System Replacement

During FY 2008 the Commission had to replace its legacy financial system due to termination of support by the service provider, the NBC. A major Commission requirement for the new system was to obtain a fully integrated financial management system that included procurement. The Commission selected a new system, Oracle Federal Financials, that NBC indicated would meet the Commission's requirements, but the requirement of integrating contracting and procurement functions has not yet been met. This requirement will be met by the end of FY 2010.

Electronic Document Information System

EDIS serves as the repository for all documents on record for agency investigations. In late 2006 the OCIO E-Business Division re-engineered EDIS, as the technologies were outdated and the hardware was beyond its useful life. The goal was to improve application performance and reliability, to support adoption of a case management paradigm for handling documents in Docket Services, and to meet FISMA requirements for certification and accreditation of major software systems.

The newly re-engineered system, known as EDIS III, will be operational during FY 2009. EDIS III is web-based and will run on an all new hardware architecture featuring redundant servers at almost every point in the system. This will lead to greater system reliability if one server malfunctions or needs to be upgraded. It will also improve system performance as central processing unit resources can be distributed across two or more servers simultaneously by a load balancing system. Security will also be enhanced by separating external and internal systems within the security framework.

The software side of the application will also feature a number of new capabilities. At the forefront will be an entirely new set of interfaces designed to support the case management methodology being employed by Docket Services. Case managers will be able to see easily the investigations for which they are responsible, see the new documents which need to be reviewed, and efficiently review them for approval. Documents will be available for access by internal staff at the moment they are uploaded into the system, but external users will not see documents until the Docket Services review process has been completed. Other new features include instant user notification of document validation and upload failure, as well as improved search results.

The Enterprise Portal

In FY 2005 the Commission set an ambitious agenda of re-engineering all internal and external websites, including its home page, EDIS, and the DataWeb, into an enterprise portal. An enterprise portal is a single Web location or address where customers can access the web-based services and information most important to them. The revised website includes improvements in search capability, navigation, and content organization. The primary business objective of this initiative is to increase the availability of, and broaden access to, the information and services that the Commission makes available online to the general public and to Commission employees. A second objective of the portal is to allow customers to find the information they seek from the Commission faster and more efficiently.

The initial phase of the Enterprise Portal initiative began in FY 2005 by overhauling the Commission's website, which included implementation of a search engine and the reorganization of the navigational structure to increase its usability. The portal has been built utilizing a commercial off-the-shelf Content Management System (CMS) containing a suite of tools which allow personnel to manage, maintain, update, and change the content of a website. This allows users to search for and access content, information, and services offered online by the Commission.

During FY 2006 and 2007 the Commission moved forward with the next phase of the portal initiative by integrating several components of the EDIS functionality with the CMS, including delivery of Commission documents by electronic means and improved public search capabilities. Developments in FY 2007 allowed personnel from the Office of Investigations to post and manage numerous documents on their public Web page and the OGC to manage and search their internal documents. The objective of these efforts was to create a more secure and flexible system and improve the experience of both internal and external users, while reducing the complexity of the Commission's IT architecture. The Commission's goal is to integrate platforms and applications that currently require a wide variety of hardware, software, and skill sets.

The OCIO is making marked progress in redesigning the Commission's internet website, including improving the overall functionality by updating the look and feel of the interface, improving navigation, and enhancing the search capabilities. The Commission will employ tracking and survey tools to identify visitor trends and acquire feedback on overall site performance in order to tailor future enhancements.

The Commission has developed and implemented significant improvements to the online version of the HTS. The improvements include an enhanced search capability with an HTS thesaurus, improved user interface, and direct access to the most recent classification rulings.

Continuity of Operations Planning

Presidential Decision Directive 67 requires all Federal agencies to establish and maintain a viable COOP capability that will ensure the continuation of essential business functions during an emergency or a situation that may disrupt normal operations. The Commission has plans in place for IT contingencies and for immediate emergencies that require evacuation or shelter-in-place. The Commission has developed a draft COOP Plan that complements the other contingency plans by focusing on the unavailability of the facility for an extended period of time and the need to perform essential Commission functions. During FY 2009 the Commission will finalize its draft COOP Plan, will engage in theoretical and physical testing of the plan, and will acquire an alternate operating facility for the emergency relocation of essential functions and personnel. Acquisition of such a facility has been delayed for several years due to lack of funding.

Indirect Costs

Indirect costs consist of costs that are not directly attributed to the five operations in the Strategic Plan. Most indirect costs are allocated to the five operations by one of two formulas. For offices that charge time directly to one or more operations, administrative costs are allocated based on the proportion of direct labor charged to each operation by that office. These costs are referred to as operating administrative costs. For offices that do not charge time to any operation, administrative costs are allocated based on the agencywide average allocation. These costs are referred to as general administrative costs.

General administrative costs include the costs of the Office of Administration, and the subordinate offices of Finance, Facilities Management, and Human Resources. They also include the costs of administrative legal advice provided by the OGC and the costs of administrative litigation. General administrative costs are less than 7 percent of total labor costs.

The Office of the Director of Administration compiles the Commission's annual budget, prepares the appropriation and authorization requests, and closely monitors budget execution. The Commission's strategic budgeting approach encompasses all phases of the budget development process, including justifying requests for personnel, services, and IT through linkage to strategic goals. The format of the Budget Justification continues to parallel the Strategic Plan and addresses the annual Performance Plan. The Office of the Director of Administration also is responsible for physical and personnel security. The Office of the Director of Administration has requested seven full-time positions in the Commission's FY 2009 and 2010 Staffing Plan. (See Commission Staffing Plan, p. 73.)

The Office of Finance provides professional financial services that ensure proper stewardship of the Commission's resources in carrying out its statutory responsibilities. These services include the operation of the accounting system (including payroll, obligations, disbursements, reporting, and travel). The Office of Finance has supporting liaison responsibilities with the Department of Treasury and other Federal agencies on financial matters. The Office of Finance prepared a complete set of financial statements for FY 2008 audited by an independent certified public accounting firm, as required by the Accountability of Tax Dollars Act of 2002. The statements received an unqualified

opinion as no material weaknesses were identified in the Commission's stewardship of public resources. The Office of Finance has requested six full-time positions in the Commission's FY 2009 and 2010 Staffing Plan. (See Commission Staffing Plan, p. 73.)

The Office of Human Resources facilitates the Commission's recruitment, training, and human capital management efforts to align human resource practices more closely with the agency's strategic mission. Through a contractual agreement with OPM, the Office of Human Resources has obtained technical expertise in strategic workforce planning, training and development, and organizational development. In FY 2009 and 2010 the Commission will continue implementing the programs, processes, and strategies necessary to accomplish the goals and objectives outlined in the Strategic Human Capital Management Plan. The Office of Human Resources has requested eight full-time positions and one part-time position in the Commission's FY 2009 and 2010 Staffing Plan. (See Commission Staffing Plan, p. 73.)

The Office of Facilities Management administers building services (including building maintenance, physical security, mail, and cleaning services), acquires general office equipment and supplies, and provides procurement services. In FY 2009 and 2010 the Office of Facilities Management plans to expand the Commission's space through acquisition of the second floor, build two courtrooms for section 337 proceedings, renovate the new space, and make adjustments in currently occupied space once relocation occurs. The Office of Facilities Management has requested 11 full-time positions in the Commission's FY 2009 and 2010 Staffing Plan. (See Commission Staffing Plan, p. 73.)

The Office of Equal Employment Opportunity manages the Commission's affirmative action program and agencywide employee development initiatives and advises the Chairman and managers on all equal employment opportunity and related issues. In FY 2009 the Office of Equal Employment Opportunity will acquire automated tools to streamline compliance with EEOC MD-715 and the NO FEAR ACT. Implementation will be coordinated with the Offices of Human Resources and OGC. The Office of Equal Employment Opportunity continues to ensure that Commission programs fulfill the letter and intent of laws and regulations that affect hiring and retention of Federal employees. The Office of Equal Employment Opportunity has requested three full-time positions and one part-time position in the Commission's FY 2009 and 2010 Staffing Plan. (See Commission Staffing Plan, p. 73.)

Office of the Inspector General

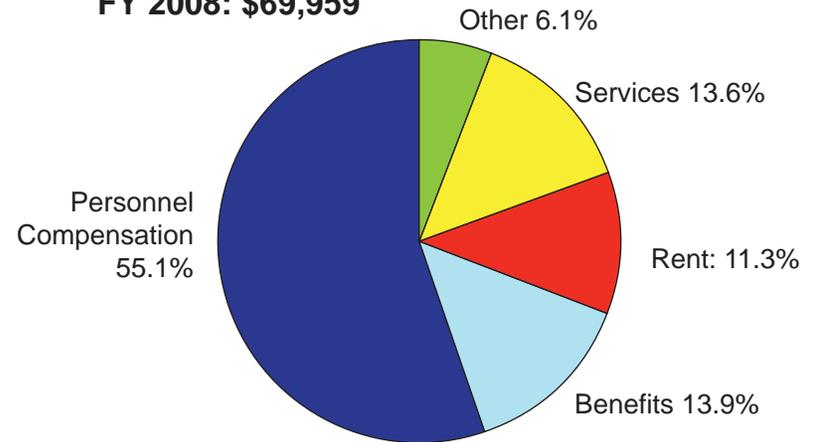
The Office of the Inspector General provides audit, inspection, and investigative support services covering all Commission programs and operations. The Office of the Inspector General's mission is to prevent and detect waste, fraud, and abuse, and to improve the economy and efficiency of Commission programs and operations. Activities are planned and conducted in response to requirements of law and regulations, requests from Congress and management officials, and allegations received from employees and other sources. The current level of resources is necessary to continue ongoing activities and to maintain a minimum level of audit, inspection, and investigative services. The operations and accomplishments of the Office of the Inspector General are described in semiannual reports submitted to Congress in November and May of each year. The Office of the Inspector General has requested three full-time positions in the Commission's FY 2009 and 2010 Staffing Plan, assuming the office is able to obtain independent legal counsel through an interagency agreement or private sector contract. (See Commission Staffing Plan, p. 73.) The aggregate requirements for the Inspector General total \$601,500. This amount includes \$4,000 for training and \$3,000 for support of the Council of the Inspector General on Integrity and Efficiency.

Dollar Cost: Comparison by Object Classification, Fiscal Years 2008, 2009, 2010

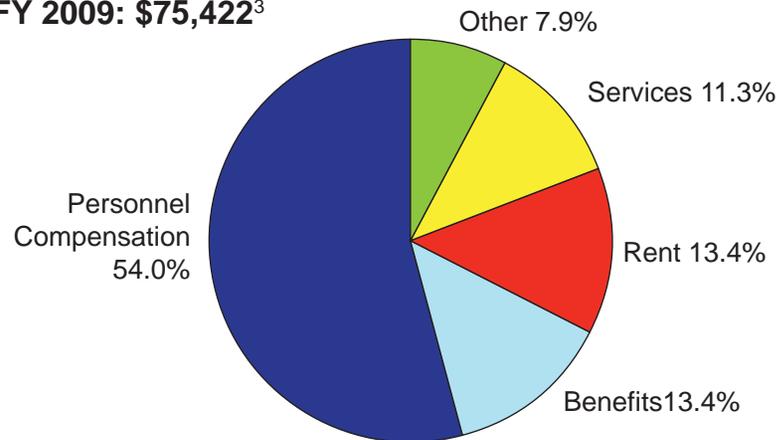
(Dollar Amounts in Thousands)



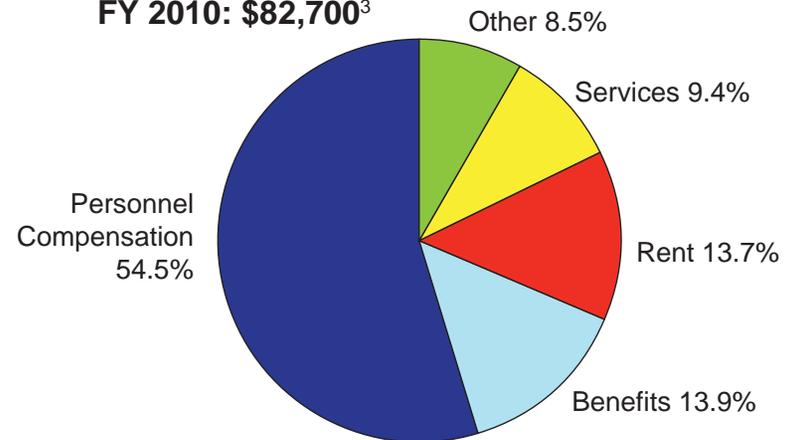
FY 2008: \$69,959



FY 2009: \$75,422³



FY 2010: \$82,700³



¹ Services include IRM service contracts and helpdesk support; building maintenance and security; mailroom and general laborers; and consulting services for financial management, human capital and strategic planning, IT security, and procurement.

² Other includes supplies, equipment, travel and training, communications and equipment rental, transportation, postage and contractual mail, land and structures, and printing and reproduction.

³ Estimate

Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Mangers and Office Directors.

Budget Formulation by Object Classification, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)

| | FY 2008 Actual Obligations | FY 2009 Expenditure Plan | FY 2010 Budget Request |
|--|----------------------------|--------------------------|------------------------|
| Permanent Employees | \$36,466.6 | \$39,510.0 | \$42,700.0 |
| Temporary Employees | 428.8 | 500.0 | 500.0 |
| Term Appointments | 538.6 | 1,100.0 | 1,150.0 |
| Overtime | 61.5 | 70.0 | 80.0 |
| Awards | 1,073.3 | 1,000.0 | 1,100.0 |
| Total Personnel Compensation | \$38,568.8 | \$42,180.0 | \$45,530.0 |
| Total Benefits | \$9,723.1 | \$10,453.0 | \$11,598.5 |
| Total Personnel Compensation and Benefits | \$48,291.9 | \$52,633.0 | \$57,128.5 |
| Total Rent | \$7,920.4 | \$8,800.0 | \$11,000.0 |
| CIO Services | \$5,680.3 | \$5,200.0 | \$4,500.0 |
| Facilities Management Services | 2,131.5 | 1,650.0 | 1,800.0 |
| Administration Services | 1,493.5 | 1,750.0 | 1,300.0 |
| EEO Services | 11.5 | 30.0 | 30.0 |
| IG Services | 169.5 | 220.0 | 240.0 |
| Total Services | \$9,486.3 | \$8,850.0 | \$7,870.0 |
| Supplies | \$778.6 | \$999.0 | \$1,075.0 |
| Equipment | 1,063.9 | 1,525.0 | 1,750.0 |
| Travel | 567.3 | 680.0 | 725.0 |
| Training | 275.6 | 490.0 | 550.0 |
| Communications and Equipment Rental | 291.3 | 640.0 | 656.5 |
| Transportation | 11.7 | 30.0 | 30.0 |
| Postage/Contractual Mail | 244.9 | 250.0 | 250.0 |
| Land and Structures | 700.0 | 200.0 | 1,400.0 |
| Printing and Reproduction | 326.8 | 325.0 | 265.0 |
| Total Other | \$4,260.1 | \$5,139.0 | \$6,701.5 |
| Total Non-Personnel | \$21,666.8 | \$22,789.0 | \$25,571.5 |
| Total Budget | \$69,958.7 | \$75,422.0 | \$82,700.0 |

Source: Accounting System.

Analysis of Change: Obligations, Fiscal Year 2008; Expenditure Plans, Fiscal Years 2009 and 2010

(Dollar Amounts in Thousands)

| | FY 2008 Actual Obligations | FY 2009 Expenditure Plan | FY 2010 Budget Request | FY 2009-2010 Change | Percentage Change |
|--|-------------------------------|-----------------------------|---------------------------|------------------------|----------------------|
| Permanent Employees | \$36,466.6 | \$39,510.0 | \$42,700.0 | \$3,190.0 | 8.1% |
| Temporary Employees | 428.8 | 500.0 | 500.0 | - | 0.0% |
| Term Appointments | 538.6 | 1,100.0 | 1,150.0 | 50.0 | 4.5% |
| Overtime | 61.5 | 70.0 | 80.0 | 10.0 | 14.3% |
| Awards | 1,073.3 | 1,000.0 | 1,100.0 | 100.0 | 10.0% |
| Total Personnel Compensation | \$38,568.8 | \$42,180.0 | \$45,530.0 | \$3,350.0 | 7.9% |
| Total Benefits | \$9,723.1 | \$10,453.0 | \$11,598.5 | \$1,145.5 | 11.0% |
| Total Personnel Compensation and Benefits | \$48,291.9 | \$52,633.0 | \$57,128.5 | \$4,495.5 | 8.5% |
| Total Rent | \$7,920.4 | \$8,800.0 | \$11,000.0 | \$2,200.0 | 25.0% |
| CIO Services | \$5,680.3 | \$5,200.0 | \$4,500.0 | \$(700.0) | -13.5% |
| Facilities Management Services | 2,131.5 | 1,650.0 | 1,800.0 | 150.0 | 9.1% |
| Administration Services | 1,493.5 | 1,750.0 | 1,300.0 | (450.0) | -25.7% |
| EEO Services | 11.5 | 30.0 | 30.0 | - | 0.0% |
| IG Services | 169.5 | 220.0 | 240.0 | 20.0 | 9.1% |
| Total Services | \$9,486.3 | \$8,850.0 | \$7,870.0 | \$(980.0) | -11.1% |
| Supplies | \$778.6 | \$999.0 | \$1,075.0 | \$76.0 | 7.6% |
| Equipment | 1,063.9 | 1,525.0 | 1,750.0 | 225.0 | 14.8% |
| Travel | 567.3 | 680.0 | 725.0 | 45.0 | 6.6% |
| Training | 275.6 | 490.0 | 550.0 | 60.0 | 12.2% |
| Communications and Equipment Rental | 291.3 | 640.0 | 656.5 | 16.5 | 2.6% |
| Transportation | 11.7 | 30.0 | 30.0 | - | 0.0% |
| Postage/Contractual Mail | 244.9 | 250.0 | 250.0 | - | 0.0% |
| Land and Structures | 700.0 | 200.0 | 1,400.0 | 1,200.0 | 600.0% |
| Printing and Reproduction | 326.8 | 325.0 | 265.0 | (60.0) | -18.5% |
| Total Other | \$4,260.1 | \$5,139.0 | \$6,701.5 | \$1,562.5 | 30.4% |
| Total Non-Personnel | \$21,666.8 | \$22,789.0 | \$25,572.0 | \$2,782.5 | 12.2% |
| Total Budget | \$69,958.7 | \$75,422.0 | \$82,700.0 | \$7,278.0 | 9.6% |

Source: Accounting System.

Summary of Increases/Decreases Presented in Analysis of Change (Fiscal Years 2009 and 2010)

Personnel Cost Change

(Dollar Amounts in Thousands)

| | |
|--|---------------|
| Permanent Employees | +3,190 |
| Salaries will increase by 8.1 percent because of the Federal pay raise in January 2009, increased staffing to meet the rising intellectual property caseload, filling of vacant positions, and the normal cost of promotions and within-grade increases. | |
| Term Appointments | +50 |
| Term appointments will increase by 4.5 percent due to the Federal pay raise. | |
| Overtime | +10 |
| Overtime will increase marginally. | |
| Awards | +100 |
| Awards will increase by 10 percent to accommodate additions to on-board staff. | |
| Benefits | +1,146 |
| Since retirement benefits are incurred as a percentage of salary, as salary costs increase, retirement benefits costs increase. In addition, benefits costs increase at a higher rate (10 percent) than compensation due to rising health insurance costs and the shifting demographics of the workforce. This shift results in an increased percentage of Commission employees covered by the Federal Employees Retirement System. Those benefits are almost triple the cost of Civil Service Retirement System benefits to the Commission. | |
| Net Personnel Cost Changes | +4,496 |

Non-Personnel Cost Changes

(Dollar Amounts in Thousands)

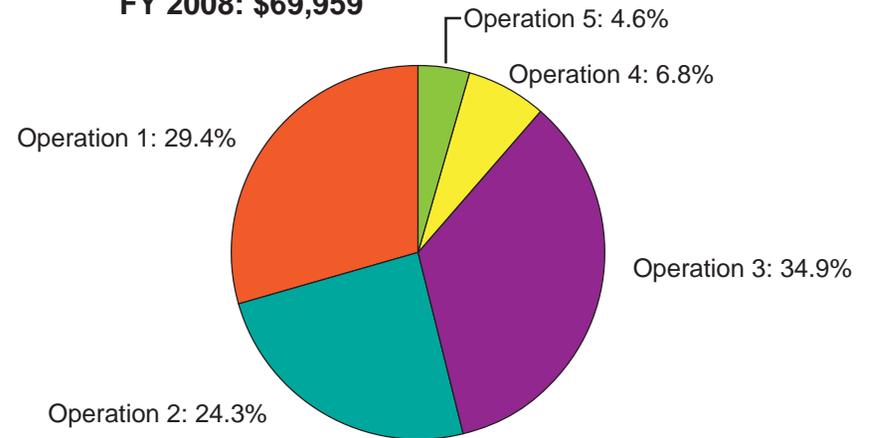
| | |
|---|---------------|
| Rent | +2,200 |
| Rent will increase by 25 percent as a result of the anticipated acquisition of additional space to support the intellectual property caseload. | |
| Services | -980 |
| Services will decrease due to the completion of two major IT initiatives and a reduction of temporary contractors. | |
| Supplies | +76 |
| Supplies costs will increase marginally. | |
| Equipment | +225 |
| Equipment costs will increase by 14.8 percent to cover security and infrastructure upgrades that have been deferred and to furnish the newly acquired courtrooms. | |
| Travel | +45 |
| Travel will increase marginally. | |
| Training | +60 |
| Training will increase by 12.2 percent to accommodate additions in staff. | |
| Communications and Equipment Rental | +17 |
| Communications will increase marginally. | |
| Land and Structures | +1,200 |
| Land and structures will increase by 600 percent to cover expenses associated with the acquisition and renovation of the second floor and the renovation of existing offices to accommodate additional staff. | |
| Printing and Reproduction | -60 |
| Printing and Reproduction will decrease due to the consolidation and reduction of print plant contracts. | |
| <hr/> | |
| Net Non-Personnel Cost Changes | +2,783 |
| Total Adjustment to Base | +7,278 |

Dollar Cost: Comparison by Operation, Fiscal Years 2008, 2009, 2010

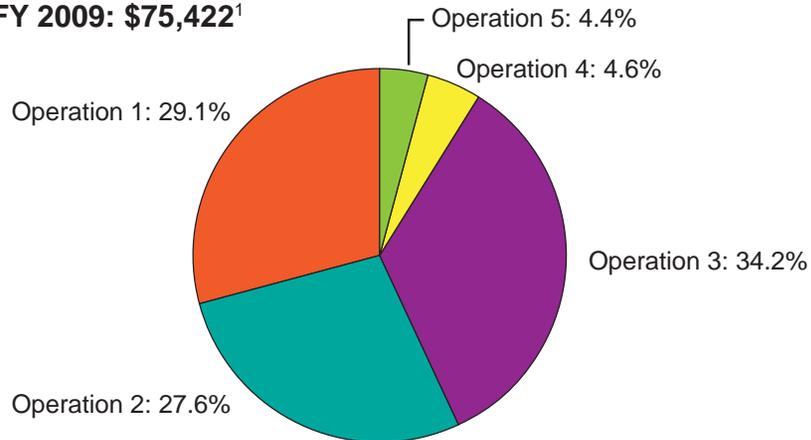
(Dollar Amounts in Thousands)

- Operation 1: Import Injury Investigations
- Operation 2: Intellectual Property-Based Import Investigations
- Operation 3: Industry and Economic Analysis
- Operation 4: Tariff and Trade Information Services
- Operation 5: Trade Policy Support

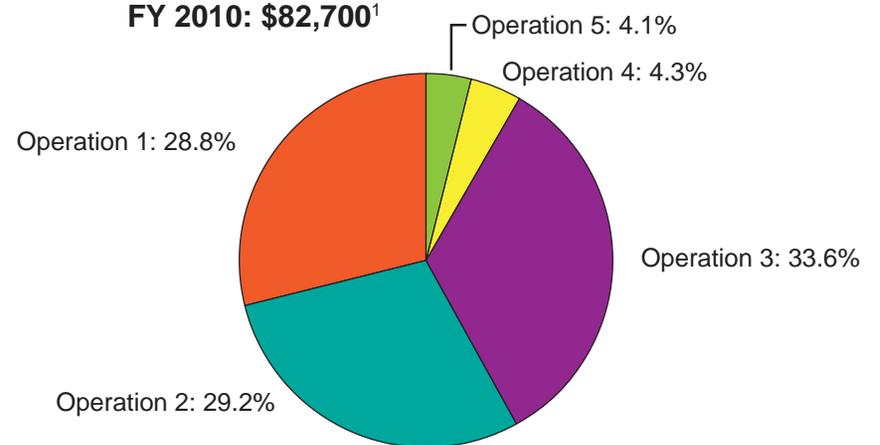
FY 2008: \$69,959



FY 2009: \$75,422¹



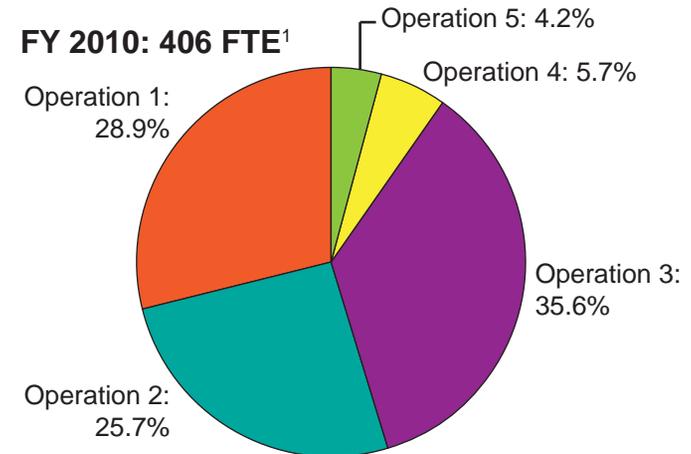
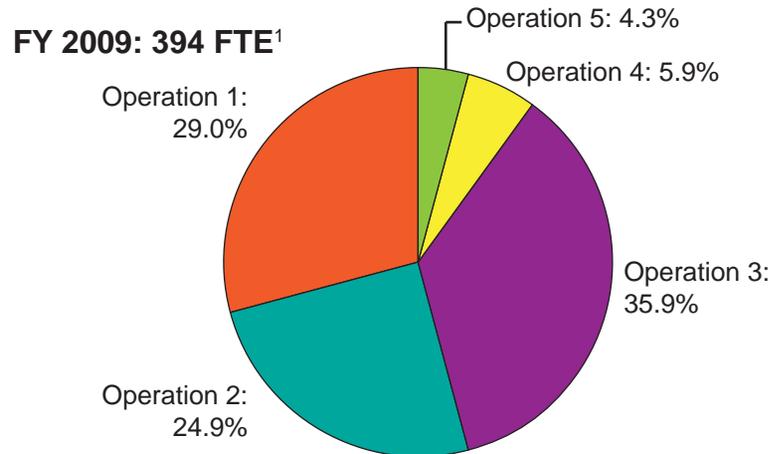
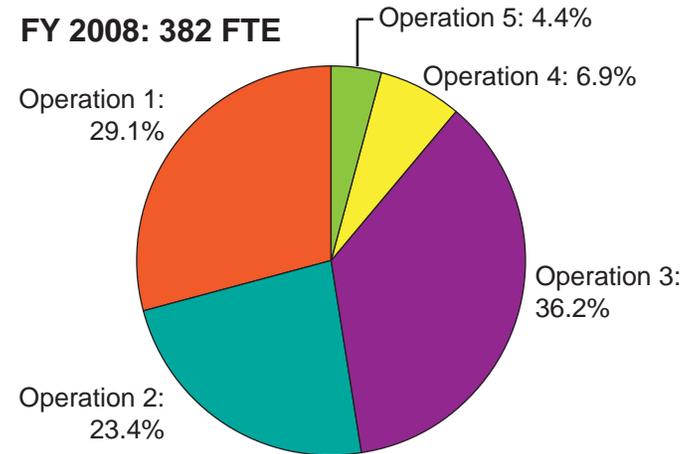
FY 2010: \$82,700¹



¹ Estimate

Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Mangers and Office Directors.

Workyears: Comparison by Operation, Fiscal Years 2008, 2009, 2010



¹ Estimate

Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and Office Directors.

Budget Summary by Operation, Fiscal Years 2008, 2009, 2010

(Dollar Amounts in Thousands)¹

| Operation | FY 2008 Actual | | FY 2009 Estimate | | FY 2010 Estimate | | FY 2009-10 Change | |
|--|----------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|----------------|
| | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars | Workyears | Dollars |
| A. Direct Costs² | | | | | | | | |
| 1: Import Injury Investigations | 77 | \$11,884 | 79 | \$12,777 | 81 | \$13,924 | 2 | \$1,147 |
| 2: Intellectual Property-Based Import Investigations | 58 | 9,354 | 64 | 11,751 | 68 | 13,880 | 4 | 2,129 |
| 3: Industry and Economic Analysis | 90 | 13,045 | 92 | 13,954 | 94 | 15,124 | 2 | 1,170 |
| 4: Tariff and Trade Information Services | 17 | 2,572 | 15 | 1,742 | 15 | 1,768 | 0 | 26 |
| 5: Trade Policy Support | 11 | 1,797 | 11 | 1,865 | 11 | 1,885 | 0 | 19 |
| Subtotal | 254 | \$38,654 | 261 | \$42,089 | 269 | \$46,581 | 8 | \$4,492 |
| B. Indirect Costs³ | | | | | | | | |
| 1: Import Injury Investigations | 34 | \$8,700 | 35 | \$9,207 | 36 | \$9,915 | 1 | \$708 |
| 2: Intellectual Property-Based Import Investigations | 31 | 7,636 | 34 | 9,043 | 36 | 10,253 | 2 | 1,210 |
| 3: Industry and Economic Analysis | 48 | 11,340 | 49 | 11,860 | 50 | 12,648 | 1 | 788 |
| 4: Tariff and Trade Information Services | 9 | 2,213 | 8 | 1,740 | 8 | 1,786 | 0 | 46 |
| 5: Trade Policy Support | 6 | 1,417 | 6 | 1,483 | 6 | 1,517 | 0 | 34 |
| Subtotal | 128 | \$31,304 | 132 | \$33,333 | 136 | \$36,119 | 4 | \$2,786 |
| C. Total Costs | | | | | | | | |
| 1: Import Injury Investigations | 111 | \$20,584 | 114 | \$21,984 | 117 | \$23,839 | 3 | \$1,855 |
| 2: Intellectual Property-Based Import Investigations | 89 | 16,990 | 98 | 20,794 | 104 | 24,133 | 6 | 3,339 |
| 3: Industry and Economic Analysis | 138 | 24,385 | 141 | 25,814 | 144 | 27,772 | 3 | 1,958 |
| 4: Tariff and Trade Information Services | 26 | 4,785 | 23 | 3,482 | 23 | 3,554 | 0 | 72 |
| 5: Trade Policy Support | 17 | 3,214 | 17 | 3,348 | 17 | 3,402 | 0 | 54 |
| Total | 382 | \$69,959 | 394 | \$75,422 | 406 | \$82,700 | 12 | \$7,278 |

¹ Totals may not add due to rounding.

² Direct costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commissioner's Strategic Plan.

³ Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all non-personnel such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and Office Directors.

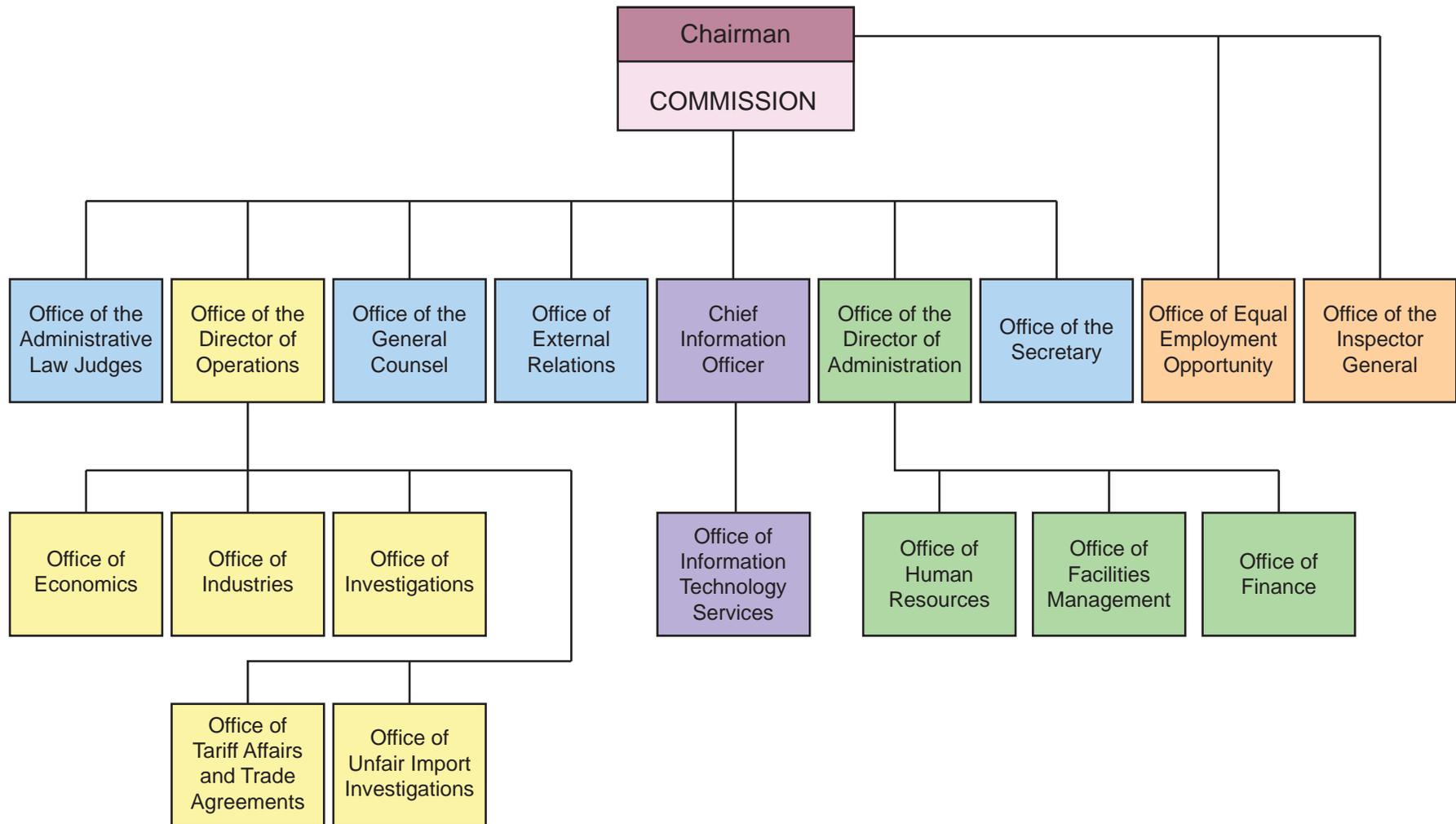
Workyears by Activity and Office, Fiscal Year 2008

| Office/Division | COMM | ER | IG | GC | SE | ALJ | EEO | OP | INV | OUII | EC | TATA | ID | CIO | AD | TOTAL |
|---|-------------|------------|------------|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Operation 1: Import Injury Investigations | 17.5 | 0.3 | 0.0 | 13.8 | 2.8 | 0.0 | 0.0 | 0.0 | 22.2 | 0.0 | 8.1 | 0.1 | 3.8 | 8.4 | 0.0 | 77.0 |
| Title VII Investigations | | 0.1 | | 4.8 | 2.8 | | | | 15.6 | | 6.7 | 0.1 | 2.7 | 0.8 | | 33.4 |
| Sunset Investigations | | | | 2.0 | | | | | 5.1 | | 1.4 | | 0.8 | | | 9.4 |
| Other Investigations | | | | 0.1 | | | | | | | | | | | | 0.1 |
| Litigation | | | | 5.5 | | | | | 0.1 | | | | | | | 5.6 |
| Operational Support | | 0.2 | | 1.4 | | | | | 1.5 | | | | 0.2 | 7.6 | | 11.0 |
| Executive Direction | 17.5 | | | | | | | | | | | | | | | 17.5 |
| Operation 2: Intellectual Property-Based Investigations | 4.4 | 0.3 | 0.0 | 11.3 | 0.6 | 12.4 | 0.0 | 0.0 | 0.0 | 18.5 | 0.0 | 0.0 | 0.0 | 10.8 | 0.0 | 58.3 |
| Section 337 Investigations | | | | 5.6 | 0.6 | 12.4 | | | | 18.1 | | | | | | 36.8 |
| Section 337 Litigation | | | | 5.3 | | | | | | | | | | | | 5.3 |
| Operational Support | | 0.3 | | 0.3 | | | | | | 0.4 | | | | 10.8 | | 11.8 |
| Executive Direction | 4.4 | | | | | | | | | | | | | | | 4.4 |
| Operation 3: Industry and Economic Analysis | 5.8 | 0.1 | 0.0 | 0.5 | 0.1 | 0.0 | 0.0 | 6.9 | 0.9 | 0.0 | 16.6 | 0.0 | 49.8 | 9.4 | 0.0 | 90.1 |
| Statutory Investigations | | 0.1 | | 0.5 | 0.1 | | | 0.7 | 0.7 | | 10.5 | | 37.5 | 1.1 | | 51.3 |
| Other Industry and Economic Analysis | | | | | | | | 0.8 | 0.2 | | 6.0 | | 11.9 | 0.2 | | 19.0 |
| Operational Support | | | | | | | | 5.4 | | | 0.1 | | 0.4 | 8.1 | | 14.0 |
| Executive Direction | 5.8 | | | | | | | | | | | | | | | 5.8 |
| Operation 4: Tariff and Trade Information Services | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.6 | 5.1 | 2.2 | 0.0 | 16.8 |
| Harmonized Tariff Schedule | | | | | | | | | | | | 6.3 | 0.3 | | | 6.6 |
| Legislative Reports | | | | | | | | | | | | 1.5 | 4.4 | | | 5.9 |
| Trade Database Management | | | | | | | | | | | | | 0.2 | 0.8 | | 1.0 |
| Operational Support | | | | | | | | | | | | 0.8 | 0.2 | 1.4 | | 2.4 |
| Executive Direction | 0.9 | | | | | | | | | | | | | | | 0.9 |
| Operation 5: Trade Policy Support | 0.6 | 1.2 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.3 | 0.4 | 0.0 | 2.3 | 1.3 | 3.1 | 0.9 | 0.0 | 10.8 |
| Technical Assistance to Congress | | 0.7 | | 0.2 | | | | | | | 0.1 | 0.2 | 0.9 | | | 2.1 |
| Technical Assistance to Executive | | 0.5 | | 0.4 | | | | 0.1 | | | 0.5 | 1.0 | 0.9 | | | 3.4 |
| Operational Support | | 0.1 | | 0.1 | | | | 0.1 | 0.4 | | 1.6 | 0.1 | 1.3 | 0.9 | | 5.9 |
| Executive Direction | 0.6 | | | | | | | | | | | | | | | 0.6 |
| Leave/ Holidays | 1.1 | 1.2 | 0.3 | 8.3 | 1.2 | 1.7 | 0.4 | 3.1 | 5.9 | 3.5 | 7.5 | 2.3 | 14.4 | 5.5 | 5.4 | 61.8 |
| Administrative Overhead | 0.0 | 1.8 | 1.8 | 6.3 | 1.7 | 0.7 | 2.2 | 4.7 | 3.6 | 0.9 | 8.0 | 1.1 | 10.6 | 1.9 | 22.2 | 67.7 |
| Total¹ | 30.3 | 4.9 | 2.2 | 41.1 | 6.4 | 14.8 | 2.6 | 15.0 | 33.0 | 23.0 | 42.5 | 13.4 | 86.8 | 39.1 | 27.6 | 382.4 |

¹ Totals may not add up due to rounding.

Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Mangers and Office Directors.

Fiscal Year 2009 U.S. International Trade Commission Organization



Commission Staffing Plan, Fiscal Years 2008, 2009, 2010

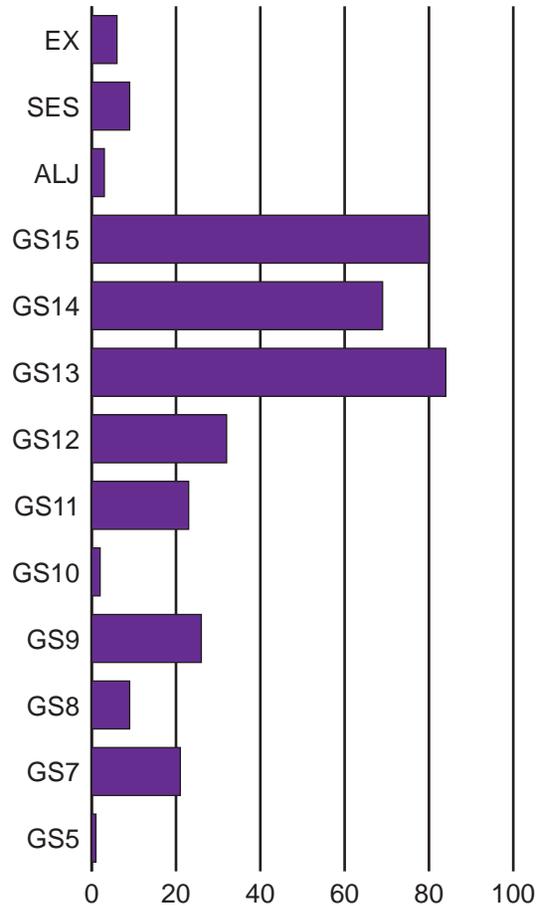
| Allocated Position | FY 2008 Approved | | | | FY 2009 Proposed | | | | FY 2010 Proposed | | | |
|-------------------------------------|--------------------------|-----------|--------------------|------------|---------------------------|-----------|--------------------|------------|---------------------------|-----------|--------------------|------------|
| | Commission Staffing Plan | | | | Office Director's Request | | | | Office Director's Request | | | |
| Office | Perm. | Term(s) | Temp. ¹ | Total | Perm. | Term(s) | Temp. ¹ | Total | Perm. | Term(s) | Temp. ¹ | Total |
| Commissioners' Offices | 31 | | | 31 | 31 | | | 31 | 31 | | | 31 |
| External Relations | 5 | | | 5 | 5 | | | 5 | 5 | | | 5 |
| Inspector General | 4 | | | 4 | 3 | | | 3 | 3 | | | 3 |
| General Counsel | 43 | 1 | | 44 | 44 | | | 44 | 45 | | | 45 |
| Secretary | 7 | | | 7 | 7 | | | 7 | 7 | | | 7 |
| Administrative Law Judges | 16 | 4 | | 20 | 18 | 4 | | 22 | 18 | 4 | | 22 |
| Equal Employment Opportunity | 2 | | 1 | 3 | 2 | 1 | 1 | 4 | 3 | | 1 | 4 |
| Subtotal Independent Offices | 108 | 5 | 1 | 114 | 110 | 5 | 1 | 116 | 112 | 4 | 1 | 117 |
| Operations, Director | 15 | | | 15 | 15 | | | 15 | 15 | | | 15 |
| Investigations | 37 | 1 | | 38 | 36 | 1 | | 37 | 36 | 1 | | 37 |
| Unfair Import Investigations | 21 | | | 21 | 24 | 1 | | 25 | 28 | 1 | | 29 |
| Economics | 45 | 3 | 5 | 53 | 45 | 4 | 5 | 54 | 45 | 4 | 5 | 54 |
| Tariff Affairs and Trade Agreements | 14 | | | 14 | 14 | | | 14 | 14 | | | 14 |
| Industries | 100 | | | 100 | 95 | | | 95 | 95 | | | 95 |
| Subtotal Operations | 232 | 4 | 5 | 241 | 229 | 6 | 5 | 240 | 233 | 6 | 5 | 244 |
| Chief Information Officer | 5 | | | 5 | 5 | | | 5 | 5 | | | 5 |
| Information Technology Services | 35 | 4 | | 39 | 38 | 4 | | 42 | 39 | 4 | | 43 |
| Subtotal Chief Information Officer | 40 | 4 | 0 | 44 | 43 | 4 | 0 | 47 | 44 | 4 | 0 | 48 |
| Administration, Director | 5 | 1 | | 6 | 6 | 1 | | 7 | 6 | 1 | | 7 |
| Finance | 5 | | | 5 | 6 | | | 6 | 6 | | | 6 |
| Human Resources | 7 | | 1 | 8 | 8 | | 1 | 9 | 8 | | 1 | 9 |
| Facilities Management | 11 | | | 11 | 11 | | | 11 | 11 | | | 11 |
| Subtotal Administration | 28 | 1 | 1 | 30 | 31 | 1 | 1 | 33 | 31 | 1 | 1 | 33 |
| Commission Total | 408 | 14 | 7 | 429 | 413 | 16 | 7 | 436 | 420 | 15 | 7 | 442 |

¹ Temporaries are part-time positions.

Total Labor Cost/Workyears by Office, Fiscal Year 2008

(Dollar Amounts in Thousands)

FTE on Board by Grade (as of 9/30/2008)



| Office | FY 2008 Actual | | | |
|-------------------------------------|---------------------------------------|------------------------|------------------------------------|------------------------------------|
| | Commission Staffing Plan ¹ | Workyears ² | Salaries and Benefits ³ | Average Cost Salaries and Benefits |
| Commissioners' Offices | 31 | 30.1 | \$4,700.9 | \$156.1 |
| External Relations | 5 | 4.7 | 697.0 | 149.9 |
| Inspector General | 4 | 2.2 | 359.5 | 166.2 |
| General Counsel | 44 | 42.3 | 6,221.3 | 147.1 |
| Secretary | 7 | 6.2 | 699.1 | 112.4 |
| Administrative Law Judges | 20 | 14.0 | 1,832.4 | 130.4 |
| Equal Employment Opportunity | 2 | 2.0 | 263.7 | 130.1 |
| Operations, Director | 15 | 14.1 | 1,610.6 | 114.6 |
| Investigations | 38 | 32.6 | 4,034.3 | 123.9 |
| Unfair Import Investigations | 21 | 22.1 | 3,560.5 | 161.2 |
| Economics | 48 | 40.6 | 5,510.8 | 135.6 |
| Tariff Affairs and Trade Agreements | 14 | 13.5 | 1,643.9 | 122.1 |
| Industries | 100 | 85.9 | 10,282.0 | 119.7 |
| Chief Information Officer | 44 | 36.3 | 3,936.0 | 108.3 |
| Administration | 29 | 26.3 | 2,939.9 | 111.9 |
| Commission Total | 422 | 372.8 | \$48,292.0 | \$129.5 |

¹ The Commission Staffing Plan includes permanent (408) and term (14) positions.

² Total workyears include overtime.

³ Salaries and Benefits total does not include workers' compensation or commuter subsidy costs.

Source: Labor Cost Reporting System.

United States International Trade Commission Fiscal Year 2009 and 2010 Performance Plans



The following presents the elements of the Commission's final Performance Plan for fiscal year (FY) 2009 and the initial Plan for FY 2010 that are not addressed in the body of the agency's Budget Justification. Together, the justification and the plans form the Commission's Performance Budget. The Commission's performance planning is carried out in accordance with the provisions of the Government Performance and Results Act (GPRA or Results Act). The Plans are based on the sixth edition of the agency's Strategic Plan, which was issued in September 2006.

Mission statement

The mission of the Commission is to: (1) administer U.S. trade remedy laws within its mandate in a fair and objective manner; (2) provide the President, the United States Trade Representative (USTR), and Congress with independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness; and (3) maintain the Harmonized Tariff Schedule of the United States.

In so doing, the Commission serves the public by implementing U.S. law and contributing to the development of sound and informed U.S. trade policy.

Strategic Goal

The Commission has one strategic goal, which is to effectively conduct five strategic Operations:

- Operation No. 1: Import injury investigations
- Operation No. 2: Intellectual property–related import investigations
- Operation No. 3: Industry and economic analysis
- Operation No. 4: Tariff and trade information services
- Operation No. 5: Trade policy support

Introduction

The Commission has one program activity set forth in the Budget of the United States, but has, for the purposes of its Strategic Plan and Performance Budget, divided the agency’s functions into the five Operations listed above. The organization of the Budget along operational lines shows how the agency’s goals relate to the costs of achieving targeted levels of performance. The Performance Plan portion of the Budget sets out what the agency intends to accomplish in the coming years by establishing goals to define the level of performance to be achieved by each Operation in FY 2009 and 2010. As encouraged by the Results Act, the Commission has sought to express those performance goals in an objective, quantifiable, and measurable form. To the extent practicable, the Commission has established outcome–oriented goals. Output–oriented goals appear in the Plans only if they constitute appropriate and significant measures of performance. The Performance Plans reproduce the general goals that are set out in the Commission’s Strategic Plan, as revised, and establish FY 2009 and 2010 performance goals corresponding to each general goal.

The Performance Plans also set out for each performance goal one or more performance indicators that the Commission will use in measuring the relevant outputs and outcomes of each Operation and that provide a basis for comparing actual program results with the performance goals. Consistent with the E–Government Act of 2002, the Plans include performance measures that demonstrate how electronic government enables progress toward agency objectives, goals, and mandates. The Plans also discuss the agency’s performance during FY 2005, 2006, 2007, and 2008. The Budget Justification describes, with respect to each Operation, the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals.

The Commission performs an annual verification and validation of measured values. For each Operation, a senior agency manager serves as Operation Coordinator. Among the duties of the Operation Coordinators is the responsibility to coordinate that verification and validation, under the general oversight of the Strategic Planning Committee. That process involves review of the logs and reports generated by staff offices as set out in the performance indicators, and such other procedures as the Operation Coordinators determine to implement, including the use of existing record keeping processes, and automated systems such as the Electronic Document Information System (EDIS).

The Commission made progress in FY 2005, 2006, 2007, and 2008 toward the achievement of the goals set out in the Performance Plans for those periods. The Operation Coordinators developed a variety of customer surveys and logs to measure the agency's success at meeting those goals. The Commission issued an FY 2008 Performance and Accountability Report in November 2008.

The Strategic Plan

In September 2006, the Commission issued the sixth edition of its Strategic Plan. As noted above, these Performance Plans are based on that edition. The current Strategic Plan covers the period FY 2006-2011, and has been updated and enhanced on the basis of the Commission's past experience in strategic planning.

Guide to abbreviations used in the Plans

| Abbreviations | Meanings |
|---------------|---|
| ACE | Automated Commercial Environment |
| AD | Antidumping |
| ALJ | Administrative Law Judge |
| APO | Administrative protective order |
| Blue Book | Antidumping and Countervailing Duty Handbook |
| CVD | Countervailing duty |
| EDIS | Electronic Document Information System |
| EC | Office of Economics |
| ER | Office of External Relations |
| GC | Office of the General Counsel |
| HR | Office of Human Resources |
| HTS | Harmonized Tariff Schedule of the United States |
| ID | Initial determination by an ALJ |
| IND | Office of Industries |
| INV | Office of Investigations |
| IO Accounts | Input-Output Accounts |
| ITS | Information Technology Services |
| NAICS | North American Industry Classification System |
| NTM | Non-tariff measure |
| OAD | Office of Administration |
| OMB | Office of Management and Budget |
| OP | Office of Operations |
| OUII | Office of Unfair Import Investigations |
| Red Book | An Introduction to Administrative Protective Order Practice in Import Injury Investigations |
| SE | Office of the Secretary |
| TATA | Office of Tariff Affairs and Trade Agreements |
| TEO | Temporary exclusion order |
| URAA | Uruguay Round Agreements Act |
| USTR | United States Trade Representative |
| WCO | World Customs Organization |
| WTO | World Trade Organization |

OPERATION NO. 1: Import Injury Investigations

In FY 2009 and 2010, the Commission will seek to improve its performance in conducting import injury investigations by increasing public access to information about the process. The Commission will also monitor and, if necessary, modify its procedures to ensure that they continue to be fair and properly implemented, and will continue to complete proceedings on time. To those ends, the Commission plans to update informational materials and, as appropriate, develop new ones, seek feedback from participants and promptly provide them with investigative data, perform internal reviews of draft investigation and litigation documents, meet deadlines, and undertake regular reviews and assessments of the import injury program or its components to identify areas for potential improvement. External factors affecting performance within Operation No. 1 include industry decisions on whether to file cases, Commerce Department determinations, judicial and panel review, and changes in legislation. The Commission will continue to consult as necessary with the Department of Commerce on the two agencies' distinct roles in the antidumping and countervailing duty investigative process.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 1. The general goal is to:

Facilitate a rules-based international trading system by producing high quality and timely import injury determinations based on:

- an effective exchange of information between the Commission and interested persons,
- an appropriate investigative record, and
- fair and equitably-implemented procedures.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|--|---|---|---|
| 1.(a) Conduct appropriate internal review of draft investigation and litigation documents. | a. Commissioner comments on sufficiency of the information in the record (INV/GC). | a. 80% positive response. | a. 80% positive response. |
| | b. Draft staff reports to investigative teams and senior staff for review (INV). | b. 100% of draft reports circulated. | b. 100% of draft reports circulated. |
| | c. Drafts of legal issues memoranda and opinions to teams for comment on factual accuracy and confidentiality, and draft briefs to Commission for comment (GC). | c. 100% of draft documents circulated. | c. 100% of draft documents circulated. |
| | d. Team participation in opinion-writing process (INV). | d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation. | d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation. |
| 1.(b) Meet statutory, court, and administrative deadlines. | a. Reports and determinations (INV) and memoranda and draft opinions issued, and briefs (GC) submitted, on time. | a. 100% on time. | a. 100% on time. |

See note at end of table.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|---|---|--|--|
| 2. Effectively develop investigative records and provide information on investigations to participants and the public. | a. More effective information management methods adopted (INV/ITS). | a. Progress is made on improving methods of gathering and processing investigative data. | a. Progress is made on improving methods of gathering and processing investigative data, taking into account results of biannual survey regarding investigative procedures. |
| | b. Review of Web site and revision of content as appropriate (INV); level of satisfaction reported by users of ITC import injury web pages (ITS). | b. (1) Semi-annual reviews and revisions completed. b. (2) 1% improvement over FY 2008 level. | b. (1) Semi-annual reviews and revisions completed. b. (2) 1% improvement over FY 2009 level. |
| | c. Prompt entry of documents into EDIS after filing, and improvements adopted (ITS). | c. (1) 75% of documents filed are made available on EDIS within 24 hours. | c. (1) 80% of documents filed are made available on EDIS within 24 hours. |
| | | c. (2) 85% of documents filed are made available on EDIS within 48 hours. | c. (2) 90% of documents filed are made available on EDIS within 48 hours. |
| | | c. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. c. (4) 99.5% availability rate for EDIS. | c. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. c. (4) 99.5% availability rate for EDIS. |
| 3. Undertake regular independent reviews and assessments of the import injury investigations program, or its components, to identify areas for potential improvement. | a. Independent, objective review identifies areas for potential improvement (INV). | a. Obtain Commission approval of subject area to be covered by first independent review. | a. Develop plan for conducting independent review, and seek approval for putting plan into effect in FY 2011. |

¹ In performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2005, 2006, 2007, and 2008 the Commission generally met the performance goals of its Performance Plans:

- In FY 2005, the Commission enhanced the design and content of its Web site, providing a separate page for each active and recently completed import injury investigation, showing key dates of interest to the public, contact information for assigned staff, and links to all relevant ITC and Commerce notices, questionnaires, transcripts, service lists, news releases, and public reports, available for downloading and printing. Also added were information pages on the major types of import injury investigations and the Byrd Amendment, and links to resources such as relevant sections of trade statutes, the Commission's Rules of Practice and Procedure, statutory timetables, historical import injury case statistics, Commerce's Import Administration, the Sunset Reviews Web site, outstanding AD/CVD orders, ITC publications on import injury cases, EDIS, the Blue Book, and the Red Book. The Commission also released an enhanced search tool for EDIS in FY 2005. This tool provides improved access to public documents, including multiple search options, faster retrieval, and more user-friendly results. In addition, the Commission updated the Blue Book; conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time.
- In FY 2006, pursuant to comments submitted by the trade bar in connection with its fourth user survey, the Commission reviewed procedures related to the issuance of questionnaires and access to documents on EDIS and took steps toward process improvements in those areas. The Commission conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time. Semi-annual reviews were conducted related to the content of the import injury web pages, and a baseline was established for the level of satisfaction reported by users of those pages. System modifications to EDIS were implemented to allow for the electronic acceptance of confidential documents.
- In FY 2007, pursuant to comments submitted by the trade bar in connection with its fourth user survey, the Commission began on a regular basis to issue import injury questionnaires in MS Word format for ease of use by responding parties. The Commission created templates of questionnaires in MS Word using form fields so that respondents could enter data into those fields electronically and staff could block-copy data into spreadsheets and other formats, thereby reducing data entry errors. In addition, the Commission began developing a means by

which respondents could file questionnaires electronically through EDIS as Word documents; the questionnaires would be sent to a secure site behind the firewall where they could be accessed by staff and, at the same time, automatically converted to PDF and filed in EDIS in the same manner as other documents. In FY 2007, the Commission updated the Blue Book; conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time. Semi-annual reviews were conducted related to the content of the import injury web pages, and significant enhancements were made to the design and content of those pages.

- In FY 2008, the Commission published a notice in the Federal Register seeking comments on proposed changes to the conduct of five-year reviews, specifically shortening the period available to interested parties to respond to questions in the notice of institution, seeking additional information from interested parties through the notice of institution and, in certain circumstances, seeking information from purchasers during the adequacy phase of five-year reviews. A decision on implementation of these changes is expected in FY 2009. In addition, the Commission conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time. Semi-annual reviews were conducted related to the content of the import injury web pages, and significant enhancements were made to the design and content of those pages. The Blue Book will be updated in FY 2009.
- In terms of technology improvements as described above, in FY 2008, the Commission made publicly available a means by which respondents can file questionnaires electronically through EDIS as Word documents. The Commission also began making extensive use of a content management system to allow appropriate staff to easily and efficiently manage Web page content. In particular, content management workflows were implemented allowing import injury investigation documents and related information to be regularly posted to the import injury Web pages in order to keep content up-to-date. Finally, the Commission released a new EDIS Coding Manual to all users of EDIS to define more clearly the guidelines for describing the documents being submitted, thus reducing the number of errors associated with document submissions. The Commission expects to make significant advances during FY 2009 with the release of a re-engineered version of EDIS during the first quarter of the year. Both the Commission and practicing parties will see improvements in overall performance and reliability through the implementation of a new hardware architecture and an updated software suite which is more user friendly and maintainable. Usability will be enhanced through implementation of an intuitive central home page for all EDIS functions, improvements in the electronic submission

and document intake processes, and allowing external users to receive electronic notification of document submissions via a web feed. The software also aligns closely with the Commission's adoption of a case management system for docketing which will lead to more efficient document intake and more timely availability for import injury investigation documents. The Commission will also be deploying a new public Web site in FY 2009 designed to facilitate better ease-of-use and navigation by all citizens looking to the Commission for information, including information related to import injury investigations. The Commission will continue to expand the use of its content management system to more of its Web site to allow for even greater flexibility and improve timeliness for keeping Web site content up to date.

OPERATION NO. 2: Intellectual Property–Based Import Investigations

The Commission plans to undertake activities during FY 2009 and 2010 to measure and enhance performance with respect to three central concerns in the section 337 area: the expeditious completion of proceedings, the effectiveness of the agency's orders, and the provision of information to the public about the section 337 process. The Commission will collect and analyze data regarding the length of investigations and ancillary proceedings and the Commission's compliance with key statutory and administrative deadlines. The Commission will also ensure that new filings are entered into EDIS in a timely manner and that additional types of information are made available to the public. During FY 2000, the agency surveyed complainants who obtained exclusion orders regarding whether imports subject to exclusion had stopped and then developed recommendations in light of survey results. This survey was repeated in late FY 2005 in order to obtain further feedback from the public, and during 2006 a Commission working group compiled and analyzed the responses. A goal providing for semiannual meetings with members of the Intellectual Property Rights (IPR) Branch of U.S. Customs and Border Protection (Customs) was added in 2006 to facilitate communications between Commission and Customs personnel regarding enforcement of section 337 remedial orders. External factors affecting performance of this function include the size and complexity of the section 337 docket, which is dependent on the decisions of businesses to file cases; judicial review; legislative changes; and Customs enforcement of orders.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 2. The general goal is to:

Facilitate a rules-based international trading system by conducting intellectual property-based import investigations in an expeditious and transparent manner and providing for effective relief when it is warranted.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|---|--|--|--|
| 1. Meet statutory and key administrative and court deadlines, conclude section 337 investigations expeditiously, and reduce the average time to conclude ancillary proceedings. | a. Investigations are instituted, target dates are set, and court briefs are filed, on time (OUII/GC). | a. 100% of actions occur on time. | a. 100% of actions occur on time. |
| | b. Final IDs and final determinations are issued on their target dates (GC). | b. 100% of actions occur on time. | b. 100% of actions occur on time. |
| | c. In TEO proceedings, TEO IDs and determinations are issued on time (GC). | c. 100% of actions occur on time. | c. 100% of actions occur on time. |
| | d. Length of investigations into alleged section 337 violations (OUII/GC). | d. Conclude investigations in time frames that are consistent with the URAA. | d. Conclude investigations in time frames that are consistent with the URAA. |
| | e. Length of ancillary proceedings (OUII/GC). | e. Average length of proceedings is: (1) modification – 6 mos. (2) advisory – 12 mos. (3) enforcement – 12 mos. (4) consolidated ancillaries – 15 mos. | e. Average length of proceedings is: (1) modification – 6 mos. (2) advisory – 12 mos. (3) enforcement – 12 mos. (4) consolidated ancillaries – 15 mos. |

See note at end of table.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|---|--|--|--|
| 2. Effectively provide information regarding investigations to the public as well as to investigative participants. | a. Review of Web site and revision of content as appropriate (OUII/GC); Level of satisfaction reported by users of ITC intellectual property infringement web pages (ITS). | a. (1) Semi-annual reviews and revisions completed. (2) 1% improvement over FY 2008 level. | a. (1) Semi-annual reviews and revisions completed. (2) 1% improvement over FY 2009 level. |
| | b. Prompt entry of documents into EDIS after filing, and improvements adopted (ITS). | b. (1) 75% of documents filed are made available on EDIS within 24 hours. | b. (1) 80% of documents filed are made available on EDIS within 24 hours. |
| | | b. (2) 85% of documents filed are made available on EDIS within 48 hours. | b. (2) 90% of documents filed are made available on EDIS within 48 hours. |
| | | b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. b. (4) 99.5% availability rate for EDIS. | b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. b. (4) 99.5% availability rate for EDIS. |
| 3. Actively facilitate enforcement of exclusion orders. | a. Timely seizure and forfeiture notices resulting from Customs letters (GC). | a. Issue seizure and forfeiture orders approximately 60 days after receipt of notification letters from Customs. | a. Issue seizure and forfeiture orders approximately 60 days after receipt of notification letters from Customs. |
| | b. Improve communications regarding enforcement of remedial orders (OUII/GC). | b. (1) Enforcement working group meets at least semi-annually to discuss remedy and enforcement-related issues. | b. Enforcement working group meets at least semi-annually to discuss remedy and enforcement-related issues. |
| | | b. (2) Scheduling information regarding section 337 proceedings is provided to Customs on a quarterly basis. b. (3) OGC and OUII representatives meet with IPR Branch of Customs semi-annually to discuss enforcement-related issues. | b. (2) Scheduling information regarding section 337 proceedings is provided to Customs on a quarterly basis. b. (3) OGC and OUII representatives meet with IPR Branch of Customs semi-annually to discuss enforcement-related issues. |

¹ Under performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2005, 2006, 2007, and 2008 the Commission generally met the performance goals of its Performance Plans:

- During FY 2005, the section 337 workload increased again, with the number of matters active during the year more than 25 percent above that of FY 2004. The Commission continued to meet deadlines and issue virtually all documents on time. During the year, the Commission did not meet its goals regarding electronic access to filed documents and determined that organizational realignment of the Office of the Chief Information Officer and continued system enhancements to EDIS were necessary. The Commission completed a reorganization of the Office of the Chief Information Officer, whereby the dockets function, formerly a service maintained by Office of the Secretary, became the Docket Division of the Office of Information Technology Services. The intent of this realignment was to accelerate the transformation of the docket function to a predominantly electronic service. System modifications were implemented to enhance access to public documents, including faster retrieval, and more user-friendly search results. The Commission sent out survey questionnaires regarding the effectiveness of outstanding exclusion orders in the last quarter of FY 2005.
- During FY 2006, the section 337 caseload continued to climb, with new matters increasing by nearly 40 percent as compared to the prior year and the total number of matters active during the course of the year increasing by more than 20 percent. Nevertheless, the Commission continued to meet deadlines and issue virtually all documents on time. During the year, the enforcement working group collected and analyzed responses to the exclusion order survey and prepared recommendations for the Commission's consideration in view of the survey results. The working group also began providing section 337 scheduling information to Customs on a quarterly basis. System modifications to EDIS were implemented to allow for the electronic acceptance of confidential documents.
- During FY 2007, the section 337 area was again extremely active, with the number of investigations before the Commission during the year exceeding the record level experienced in FY 2006. Overall, the number of active cases in FY 2007 was nearly 80 percent higher than the number of active cases four years earlier. Moreover, the Office of ALJs not only shouldered an exceptionally heavy workload, but also had to adjust to the retirement of two ALJs and the extended absence of another during the year. Although the Commission continued to meet its deadlines for the institution of new investigations and the issuance of final decisions, interim

deadlines for the establishment of target dates and the issuance of initial determinations regarding violation were missed in a handful of investigations. Also, the average length of time taken to reach a final decision on the merits increased to 16.6 months as compared to an average length of investigations of less than 15 months in the preceding four years. Members of the enforcement working group met with representatives from the IPR Branch of Customs to discuss matters relating to exclusion order enforcement, and the enforcement working group continued to provide section 337 scheduling information to Customs on a quarterly basis. System modifications to EDIS were implemented during FY 2007 to allow for the electronic notification of document submissions to internal users and to allow search results to be viewed in a tabular format and sorted more easily.

- During FY 2008, the number of new section 337 complaint filings and the number of section 337 matters active during the year reached new record levels. In total, the number of new investigations and new ancillary proceedings rose by nearly 50 percent as compared to FY 2007, and the number of matters active during the course of the year was nearly 20 percent higher than in FY 2007. To meet its record-high caseload, the Commission hired two new ALJs to bring the total to five ALJs. The Commission also appointed a Chief Administrative Law Judge.
- The Commission continued to meet its deadlines for the institution of new investigations and the issuance of final decisions, and to meet interim deadlines for the establishment of target dates. The ALJs also met their deadlines for the issuance of initial determinations regarding violation. However, deadlines for the establishment of target dates were missed in a few instances. As in FY 2007, the average length of time taken to reach a final decision on the merits was between 16 and 17 months. Members of the enforcement working group continued to meet with representatives from the IPR Branch of Customs to discuss matters relating to exclusion order enforcement, and the enforcement working group continued to provide section 337 scheduling information to Customs on a quarterly basis. The goals regarding the availability of documents on EDIS were also met this year. Additionally, the Commission released a new EDIS Coding Manual to all EDIS users to define more clearly the guidelines for describing the documents being submitted, thus reducing the number of errors associated with document submissions.

OPERATION NO. 3: Industry and Economic Analysis

The Commission supports ongoing analysis of international trade issues to sustain its ability to provide information and expert analysis to the Executive Branch and the Congress in both formal reports and informal technical assistance. The Commission's goal is to provide sound, objective, value-added analytical products in a timely manner that lead to more informed public debate on trade policy issues. While it is not possible to measure directly the effects of the Commission's analysis on the U.S. economy, individual industry sectors, or U.S. trade policy, it can be observed that Commission experts are repeatedly called upon for information and analysis on current and future trade issues and proposed trade legislation, and are in frequent demand as technical experts to Congressional staff, interagency policy committees, and trade negotiating teams. External factors affecting the performance of this operation include the number of requests for studies and legislative initiatives.

Our historical methods of measuring client satisfaction with the delivered product have not been particularly insightful. Thus, in 2008 the Commission began using a phone survey to primary statutory report clients, asking for insights on client satisfaction, and developed a baseline. The Commission will use this year's data as a benchmark for analysis of future growth.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 3. The general goal is to:

Continually enhance and improve the program of industry and economic analysis that provides the legislative and executive branches, and public, with timely research products that are widely recognized for their contribution to sound and informed trade policy formulation.

The table below sets out the strategies relating to that general goal, and the performance indicators and goals corresponding to those strategies.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|--|---|--|--|
| 1. Continually improve and develop efficient and effective research methods. | <ul style="list-style-type: none"> a. Public statutory reports are mentioned as useful by customers such as USTR and Congress (EC). b. section 332 reports to requesters on time (OP). c. Level of satisfaction reported by users of ITC Industry and Economic Analysis web pages (ITS/EC). d. Customers request new types of analysis or new subject areas (EC). | <ul style="list-style-type: none"> a. 2% improvement over the FY 2008 baseline on clients categorizing delivered statutory reports as useful. b. 100% of reports on time. c. 2% improvement over FY 2008 level. d. 2 requests that involve new areas or types of analysis. | <ul style="list-style-type: none"> a. 2% improvement over the FY 2009 baseline on clients categorizing delivered statutory reports as useful. b. 100% of reports on time. c. 2% improvement over FY 2009 level. d. 2 requests that involve new areas or types of analysis. |
| 2. Identify emerging areas and issues, and develop relevant staff expertise. | <ul style="list-style-type: none"> a. Numbers of self-initiated articles, working papers, research notes, and presentations at professional meetings/ conferences (OP). | <ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. | <ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. |
| | <ul style="list-style-type: none"> b. Number/type of enhancements in information management and analytical methods (EC). | <ul style="list-style-type: none"> b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2009 include working with the CIO's office to develop the USITC web site for industry and economic analysis. | <ul style="list-style-type: none"> b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2010 include broadcasting Commission industry and economic analysis and highlighting independent research more widely on the Web site. |

See notes at end of table.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|--|--|---|--|
| | | <p>b. (2) Expansion of economic modeling and analytical capabilities. Focus for FY 2009 will be: (a) continuation of implementation of model validation process to monitor USITC general equilibrium model performance, expansion of the ongoing non tariff measure (NTM) data and analysis efforts; (b) analysis of factors faced by U.S. industries that affect their international competitiveness and impact long term sectoral investment flows; (c) expanded efforts to develop and use new tools/ databases related to services and foreign direct investment to inform trade policy activities; and (d) completion of the USAGE investment add-on module.</p> | <p>b. (2) Expansion of economic modeling and analytical capabilities. Focus for FY 2010 will be: (a) continuation of model validation process to monitor USITC general equilibrium model performance; (b) continued expansion of the development and use of new tools/ databases related to NTMs and services and foreign direct investment to inform trade policy activities; (c) extend the USAGE dynamic data base beyond 2002; and (d) completion of the USAGE add-on module for household break outs.</p> |
| | | <p>b. (3) Semi-annual reviews of Web site and revisions completed.</p> | <p>b. (3) Semi-annual reviews of Web site and revisions completed.</p> |
| <p>3. Undertake regular independent reviews and assessments of the Industry and Economic Analysis program, or its components, to identify areas for potential improvement.</p> | <p>a. Process developed and executed for the conduct of independent, objective reviews and assessments; identify areas for potential improvement in the program and products, by relying on external and peer review (EC).</p> | <p>a. Develop standardized procedures in 2009, to secure timely, constructive and expert reviews of a sample of our products by appropriate external reviewers.</p> | <p>a. Continue (1) engaging appropriate external reviewer of a sample of our products, and (2) securing timely, constructive and expert reviews.</p> |

¹ Under performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2005, 2006, 2007, and 2008, the Commission generally met the performance goals of its Performance Plans:

- In FY 2005, the Commission established a baseline for satisfaction of its web users for Operation 3. The Commission continued to focus on improving delivery of its reports via the web site. During FY 2005, the Commission delivered a number of innovative and updated reports to Congress and USTR such as *The Impact of Trade Agreements Implemented Under Trade Promotion Authority*; *Foundry Products: Competitive Conditions in the U.S. Market*; *Logistic Services: An Overview of the Global Market and Potential Effects of Removing Trade Impediments*; *U.S. Trade and Investment with Sub-Saharan Africa: Fifth Annual Report*; *Remediation and Nature and Landscape Protection Services: an Examination of U.S. and Foreign Markets*; and *U.S.-Bahrain Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*.
- In FY 2006, the Commission initiated e-mail subscription lists to provide customers with automatic updates and information about its reports. Relative to the 2005 benchmark, the web satisfaction survey indicated that the agency have improved in 10 out of 11 surveyed areas. The Commission also made significant progress toward its corporate research agenda: research focusing on U.S. foreign direct investment resulted in one staff paper on the topic; research continued on Chinese trade and development, resulting in a paper on U.S.-China trade and another on the impact of Chinese demand on world commodities; and ongoing research on NTMs resulted in a paper regarding the price effect of banking NTMs, as well as the use of this research in statutory reports on Colombia and Korea. In addition, the Commission delivered four studies on future and potential FTAs to USTR (*U.S. Korea Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-Free Treatment for Imports*; *U.S.-Malaysia Free Trade Agreement: Advice Concerning the Probably Economic Effect of Providing Duty-Free treatment for Imports*; *U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*; *U.S.-Peru Trade Promotional Agreement: Potential Economywide and Selected Sectoral Effects*). Other special accomplishments in 2006 include delivering innovative reports (*Economy-wide Simulation Modeling: Technical Analysis of the Doha Round*; *Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market*; *NAFTA: Woven Cotton Boxers and Shorts: Probable Effect of Modifications on NAFTA Rules of Origin for Goods of Canada and Mexico*; *Probable Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin*).

- In 2007, the Commission spent considerable energy on its corporate research agenda, in addition to its increased statutory work load. On foreign direct investment, staff made considerable progress on deepening in-house knowledge by publishing two papers (“Competitive Conditions of Foreign Direct Investment in India”; and “Inbound and Outbound U.S. Direct Investment with Leading Partner Countries”). On model validation, staff incorporated data on trade in new varieties. These data are the foundation for ongoing work on understanding the extent to which tariff reductions and FTAs resulted in new trade in previously nontraded goods that are not addressed in our current models. In addition, the Commission delivered three studies to USTR on trade agreements: *U.S.-Colombia Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*; *U.S.-Panama Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*; and *U.S.-Korea Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*. Other special accomplishments in 2007 include delivering innovative reports (*Medical Devices and Equipment: Competitive Conditions Affecting U.S. Trade in Japan and Other Principal Foreign Markets*; *Certain Textile Articles: Probable Effect of Modification of NAFTA Rules of Origin for Goods of Canada and Mexico and for Goods of Canada*; *Sub-Saharan Africa: Factors Affecting Trade Patterns of Selected Industries, First Annual Report*; and *U.S. Agricultural Sales to Cuba: Certain Economic Effects of Restraints*). In FY 2007, Congress amended the African Growth and Opportunity Act to create a new statutory requirement with respect to the commercial availability of fabrics and yarns in beneficiary Sub-Saharan African countries. As a result, the Commission issued interim rules and conducted an investigation on *Commercial Availability of Fabric and Yarns in AGOA Countries: Certain Denim*.
- In 2008, the Commission experienced a heavy statutory workload and delivered innovative reports to Congress and USTR such as: *Industrial Biotechnology: Development and Adaptation by the U.S. Chemical and Biofuel Industries*; *Sub-Saharan Africa: Factors Affecting Trade Patterns of Selected Industries: Second Annual Report*, *Global Beef Trade: Effects of Animal Health, Sanitary, Food Safety, and Other Measures on U.S. Beef Exports*, and *Wood Flooring and Hardwood Plywood: Competitive Conditions Affecting the U.S. Industries*. In addition, the Commission made significant progress with its industry and economic analysis research agenda and updating various analytical tools. The Commission spent significant efforts developing its models, especially the USAGE model by including more detailed industry specification, in particular in the sweetener and ethanol sectors. One major model development was redefining the data base using NAICS-based I-O accounts, permitting consistency with future national income data. These model enhancements will be used for the latest update of the Import Restraints study requested by USTR. In addition, the China trade project continues to examine

issues in U.S.-China bilateral trade, making use of highly disaggregated data from China, United States and Hong Kong. Three important papers were completed this year on China: the first developed an analytical approach to estimate the use of imported and domestically produced intermediate inputs in Chinese exports; the second estimated vertical specialization of China's exports; the third examines the role of tax and tariff erosion and money laundering in explaining the U.S.-China trade data discrepancy. The model validation project continues work in two separate efforts: one project looks at the implications of tariff rates on nontraded and newly traded varieties of goods to more accurately reflect the restrictiveness of tariffs; the other effort uses the USAGE model to generate historical forecasts for detailed U.S. commodities and compares these forecasts to actual outcomes. Finally, Commission staff expanded its NTM research efforts, incorporating into a Congressionally-mandated study of the U.S.-Korea Free Trade Agreement new methods of connecting price data with policy data to assess the market impact of particular NTMs.

OPERATION NO. 4: Tariff and Trade Information Services

During FY 2009 and 2010, the Commission plans to enhance its performance in providing tariff and trade information services by increasing the utility of various services for its customers and by providing timely and effective nomenclature and other services to Congress and the Administration. Central to this Operation is the publication of the HTS and various types of tariff and trade information which are available on the Commission's web site. The Commission actively seeks feedback on customer satisfaction, and has established goals and indicators to account for such feedback. External factors affecting performance of this function include legislative changes and customer requests for assistance.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 4. The general goal is to:

Provide effective technical expertise and advice on the implementation of U.S. trade policy and related administrative decisions; enhance the availability of high-quality and up-to-date tariff and international trade information to the executive and legislative branches, as well as the broader trade community and the public; and increase the ability of customers to use and understand such information.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|---|---|---|---|
| 1. Increase the utility and improve the dissemination of tariff and trade information services to customers. | a. Level of use, as appropriate: (1) Trade DataWeb | a. (1) 5% increase in number of Trade DataWeb reports provided. | a. (1) 5% increase in number of Trade DataWeb reports provided. |
| | (2) Tariff Database (TATA). | a. (2) 5% increase in number of Tariff Database reports provided. | a. (2) 5% increase in number of Tariff Database reports provided. |
| | b. More effective information management methods adopted (TATA). | b. Modernization of data and tariff publication process implemented. | |
| | c. Level of use of HTS page of ITC Web site; review and revision of content (TATA). | c. 5% increase in usage over previous year; semiannual reviews and revisions completed. | c. 5% increase in usage over previous year; semiannual reviews and revisions completed. |
| | d. Results of feedback from users of ITC's tariff and trade web pages (ITS). | d. 2% improvement over FY 2008 baseline level. | d. 2% improvement over FY 2009 level. |
| | e. Number of e-mail requests for tariff advice. | e. 100% timely and accurate responses. | e. 100% timely and accurate responses. |
| 2. Provide timely, effective, and responsive nomenclature and related technical services to customers. | a. Results of product feedback assessments (TATA). | a. 95% positive results. | a. 95% positive results. |
| 3. Undertake regular independent reviews and assessments of the tariff and trade information program, or its components, to identify areas for potential improvement. | a. Independent, objective review identifies areas for potential improvement (TATA). | a. Recommend to the Commission major program component(s) for review. | a. Determine scope of review and solicit possible review participants. |

¹ In performance indicators, the offices in parentheses are the staff offices responsible for measurement.

Performance

During FY 2005, 2006, 2007, and 2008 the Commission generally met the performance goals of its Performance Plans:

- In FY 2005, the 2005 edition of the HTS and a mid-year supplement were published in hard copy, and the electronic version on the Commission Web site was updated accordingly. Work continued on streamlining the production of the HTS in order to facilitate updating the Dataweb, the Automated Commercial Environment database and other databases employing HTS codes. The Commission Web site was reconfigured to make it simpler to access the HTS, Dataweb and other tariff-related web pages. The report on Inv. No. 1205-6 (Preliminary), *Proposed Modifications to the Harmonized Tariff Schedule of the United States*, was submitted to USTR. An ITC staff member chaired two separate committees of the WCO and was re-elected to chair the Harmonized System Committee sessions to be held during FY 2006. Commission representatives led or participated in the U.S. delegations to the WCO, and many U.S. proposals and positions, vetted with U.S. industry and other Government agencies, were accepted by our trading partners. More than 600 miscellaneous tariff bills were introduced in the FY by the 109th Congress, and by the end of the FY, the Commission had approved factual reports on more than 200 of them and forwarded them to the Congress. Communications with USTR, Congressional Committees, and the private sector all indicated positive feedback on the ITC's activities in their behalf during the FY.
- In FY 2006, the 2006 edition of the HTS and a mid-year supplement were published in hard copy and made available on-line. In addition, four electronic revisions were posted to the Commission Web site to reflect implementation of certain free-trade agreements and Congressional tariff legislation. The ITC also generated and published, on USTR's behalf, appendices to Presidential Proclamations implementing free-trade agreements between the United States and Morocco, Bahrain and certain Central American countries. The final report on Inv. No. 1205-6 was submitted to USTR and, subsequently, to Congress for a statutory layover period, which was still ongoing at the end of FY 2006. In this connection, the ITC worked closely with USTR and Customs to update staged-duty-rate-reduction tables and rules of origin for existing free trade agreements, as well as for certain pending FTAs. Commission staff led and/or participated in three separate committees of the WCO. One staff member chaired both sessions of the Harmonized System Committee (HSC) during the fiscal year and was re-elected to chair the HSC sessions scheduled during FY 2007. During FY 2006 the Commission prepared an

unprecedented number (nearly 900) of reports on miscellaneous tariff bills and forwarded them to Congress. About 260 provisions were enacted in P.L. 109-280, the Pension Protection Act of 2006, and the rest were set aside for Congressional consideration in early FY 2007. During FY 2006, a Memorandum of Agreement was signed between Customs and the ITC. Under this data exchange agreement, the ITC will provide tariff data to Customs in exchange for trade transaction data needed for AD/CVD investigations. During the fiscal year, significant advancements were made in the proposed re-design of the process for preparing, updating and publishing the HTS in a manner intended to accelerate and streamline the transfer of tariff information from the HTS to the ITC Tariff Database, the ACE database and other external databases employing HTS-based tariff information. In addition, automated programs were being developed by Customs and the ITC to expedite the preparation and upload into Customs border systems of annual staged rate reductions for FTAs and the introduction of new FTAs as they are implemented. Communications with USTR, Congressional Committees and the private sector all revealed positive feedback in the Commission's activities under Operation 4 during the fiscal year.

- In FY 2007, a preliminary version of the 2007 edition of the HTS, effective January 1, 2007, was posted on line to indicate changes in staged duty rates under various free trade agreements. An electronic revision, effective January 5, 2007, was posted to reflect the implementation of several hundred duty suspensions and duty reductions enacted by P.L. 109-432, the Tax Relief and Health Care Act of 2006. Amendments arising from Inv. No. 1205-6 could not be implemented before February 3, 2007, because of the Congressional layover required before such implementation. At that point, the "final basic" version of the 2007 HTS was published in hard copy and posted on line. The usual mid-year supplement was delayed in anticipation of the implementation of the U.S.-Oman Free Trade Agreement. However, that implementation was not proclaimed by the President before the end of the fiscal year; as such, a second electronic revision to the 2007 HTS was posted on the Commission Web site to reflect mid-year GSP amendments and 484(f) Committee changes. TATA staff continued to work with NAFTA partners to update the rules of origin for that agreement. Commission staff led and/or participated in three separate committees of the WCO. One staff member chaired both sessions of the Harmonized System Committee during the fiscal year. During the FY, substantial advancements were made in the proposed re-design of the process for preparing, updating and publishing the HTS in a manner designed to accelerate and streamline the transfer of tariff information from the HTS to the ITC Tariff Database, the ACE database

and other external databases employing HTS-based tariff information. Communications with USTR, Congressional Committees and the private sector all revealed positive feedback in the Commission's activities under Operation 4 during the fiscal year.

- In FY 2008, the 2008 edition of the HTS and a mid-year supplement were published in hard copy and made available online. In addition, two electronic revisions were posted to the Web site, and a possible third revision was being contemplated near the end of the fiscal year. There was also substantial progress on the development of an online, interactive HTS reference tool designed for import brokers and Customs officers, but which will be available for public access on the ITC Web site. Further progress was also made on developing a more streamlined approach to updating and preparing the HTS for publication. Both these projects are targeted for full implementation in FY 2009. Commission staff led and/or participated in three separate committees of the WCO. During the latter half of FY 2008, the Commission prepared some 775 reports on miscellaneous tariff bills and forwarded them to the House of Representatives; as of the end of the fiscal year, the Senate had not yet begun entertaining new bills for the 110th Congress. Staff also assisted in updating rules of origin for existing FTAs (including NAFTA) in order to reflect changes in the international HTS, which became effective in 2007. Communications with USTR, Congressional Committees and private sector all revealed positive feedback in the Commission's activities under Operation 4 during the fiscal year.

OPERATION NO. 5: Trade Policy Support

During FY 2009 and 2010, the Commission plans to improve its performance in the provision of expert knowledge and analysis regarding trade related issues to the Congress and the executive branch. The Commission will work to improve the timeliness, complexity, and scope of support provided to Congress and the Administration, to seek improved feedback from customers, and to deliver new products and services that meet the situational needs of its customers. External factors affecting performance of this function include customer requests for assistance, staffing levels and legislative changes.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 5. The general goal is to:

Contribute to the development of sound and informed U.S. international trade policy by providing efficient and effective access to Commission expertise. Since many policy decisions are made under tight time frames and in fluid circumstances, the Commission makes its expertise available through technical support and analysis for the executive branch in various international trade fora and directly to the legislative branch in response to inquiries from congressional staff and Members.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

| Strategies | Performance Indicators ¹ | FY 2009 Performance Goals | FY 2010 Performance Goals |
|---|--|--|--|
| 1. Provide real-time, efficient, and effective technical analysis and support to organizations involved in trade policy formulation. | <ul style="list-style-type: none"> a. Number of trade policy issues supported by ITC analysis. (ID) b. Number of complex requests from customers. (ID) c. Enhancements to program adopted based on results of tracking system. (ID) | <ul style="list-style-type: none"> a. 85 trade policy issues supported.² b. Establish baseline and definition of complex request. c. Implement new electronic tracking system. | <ul style="list-style-type: none"> a. 85 trade policy issues supported.² b. Increase complex requests by 5 percent over FY 2009 baseline. c. Analyze information collected by tracking system to identify and implement potential quality and efficiency improvements. |
| 2. Undertake regular independent reviews and assessments of the trade policy support program, or its components, to identify areas for potential improvement. | <ul style="list-style-type: none"> a. Results of feedback from outreach efforts to customers on their needs and knowledge of Commission capabilities. (ID) | <ul style="list-style-type: none"> a. Implement new customer outreach program and establish baselines for product satisfaction. | <ul style="list-style-type: none"> a. 5 percent improvement in positive feedback over FY 2009 baseline. |

¹ In performance indicators, the offices in parentheses are the staff offices responsible for measurement.

² Requests for support will be influenced by the annual trade policy agenda set by the Administration as well as by Congressional activity; ability to respond to all requests for support will be dependent on staffing levels and the level of other, higher priority statutory work in Operation Nos. 1, 3, and 4.

Performance

During FY 2005, 2006, 2007, and 2008 the Commission generally met the performance goals of its Performance Plans:

- In FY 2005, there was a significant increase in the number of trade policy issue areas upon which the executive and congressional committees sought support from the Commission. In FY 2005, staff regularly sought targeted branch feedback from clients; staff was able to conduct briefing/feedback meetings with USTR in connection with most studies. Feedback was overwhelmingly positive from both USTR and Congress, with some suggestions of how lessons learned in successful studies could be applied in the future. The primary means of feedback from Congress was by telephone and e-mail, and was more product-specific. Hill staff in particular expressed appreciation for timely and quick-turnaround responses.
- In FY 2006, the Commission demonstrated its wide ranging expertise by responding to requests from congressional oversight Committees and USTR which involved well over 100 discrete trade, legal, or competitiveness issues. Efforts to better serve these primary customers have resulted in more timely analysis, as staff seeks opportunities to provide information using streamlined procedures that minimize bureaucratic steps. These improvements were shaped by staff initiatives to seek timely product-specific feedback from customers. The Commission also dedicated staff to focusing on areas USTR has identified as having significant ongoing need, including the Generalized System of Preferences, negotiation support in the Services and Non-Agricultural Market Access sectors, and trade capacity building. The Commission also significantly increased its commitment of resources to aid USTR's litigation requirements in international fora.
- In FY 2007, agency staff continued to respond to requests from USTR and the Commission's Congressional oversight committees for information to support decision-making on a wide variety of trade policy issues. Despite declining staffing levels during the year in the offices primarily responsible for Operation 5 activities, the Commission again responded with information on over 100 different trade issues. Efforts to provide more substantive pre-decisional products through this Operation led to the development of complex work products examining issues such as post-FTA shifts in trade, the historical and projected impact of preferential duty programs, trade in environmental goods and services, and market access concerns. A pilot program to develop an electronic repository for trade negotiation documents wrapped up efforts for the Malaysian FTA negotiations and was demonstrated to USTR staff. Based on their interest, a

second phase of the pilot, involving NAFTA documentation, was initiated to develop a broader basis for USTR to evaluate the system's usefulness and their long term interest in the effort. The Commission continued to provide dedicated personnel to support USTR and the oversight committees, balancing the contributions in this Operation with competing demands brought on by high levels of work in other operations, especially Operation 3.

- In FY 2008, Operation 5 work again included both more complex products and more limited, quick turnaround products. Some of these more complex products involved follow-on work associated with reports delivered pursuant to statutory requests under Operation 3, such as additional information on Chinese trade policies, detailed information on the performance of the GSP program, ongoing activities concerning the U.S.-Peru FTA and several other potential trade agreements including the ongoing Doha Round negotiations. In addition, staff provided support of the negotiating team for the discussions on the U.S.-Israel Agreement on Trade in Agricultural Products. Specific complex tasks included providing information on the European Union/Sub-Saharan Africa Partnership Agreements, information to support deliberations on the New Partnership for Development Act, information on state-level employment effects of the proposed U.S.-Colombia FTA, and simulation modeling to support USTR trade negotiators. The Commission continued to provide dedicated personnel to support USTR and Congress, but high workloads in other Operations limited this type of activity. In order to more efficiently and effectively address requests, the Commission formed a small cross-office team to coordinate Operation 5 activities.