

Office of the Chair



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

July 15, 2020

The Honorable José Serrano  
Chairman  
Subcommittee on Commerce, Justice, Science,  
and Related Agencies  
House Committee on Appropriations  
H-310, The Capitol  
Washington, D.C. 20515

The Honorable Robert Aderholt  
Ranking Member  
Subcommittee on Commerce, Justice, Science,  
and Related Agencies  
House Committee on Appropriations  
1203 Longworth House Office Building  
Washington, D.C. 20515

Re: Continuing Resolution Anomaly Request to Implement the United States-Mexico-Canada Agreement Implementation Act (USMCA)

Dear Chairman Serrano and Ranking Member Aderholt:

Faced with the prospect in FY 2021 of a continuing resolution at our FY 2020 funding level of \$99.4 million, I am writing to request a continuing resolution anomaly on behalf of the U.S. International Trade Commission (USITC or Commission). The USITC seeks a \$2.75 million increase to its FY 2020 baseline of \$99.4 million to implement the United States-Mexico-Canada Agreement Implementation Act (USMCA), Pub. L. 116-113 (codified at 19 U.S.C. § 4501 note), enacted on January 29, 2020.<sup>1</sup> Absent this increase, the USITC faces a high risk of failing to

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<sup>1</sup> Our cost estimate is based, in large part, on the number of staff hours devoted to the investigation we completed in December 2017 under Sec. 201 of the Trade Act of 1974 (safeguard action), concerning imports of large residential washing machines. In addition, we have also estimated the likely number of long-haul trucking

successfully carry out the USMCA. Further, the Commission risks not meeting its other statutory responsibilities in FY 2021, due to a historic increase in workload for all investigative areas.

As background, the USMCA requires the USITC to investigate whether the U.S. long-haul trucking industry is materially harmed by an increase in cross-border trucking services provided by Mexican suppliers. An investigation may be commenced on the basis of a petition filed by an interested party which is representative of the U.S. long-haul trucking services industry; at the request of the President or the Trade Representative; or upon the resolution of the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate. The USITC has 120 days to conduct such an investigation and if it makes an affirmative determination, it must then recommend a remedy to the President within 60 days thereafter.

As mentioned in our February 2020 budget briefings with your staff, our FY 2021 budget request of \$105 million was based on the pre-USMCA level of resources necessary to maintain existing staffing levels to address the expected workload and to restore funding for critical IT system, infrastructure, and other projects that have been deferred to fund personnel. As you are aware from the USMCA cost estimates provided to your staff in April, the resources necessary to address the USMCA's requirements were not included in the \$105 million budget request. This was primarily a function of the timing of our budget formulation and the submission of our request vis-à-vis the USMCA's enactment.

International trade has never been a more important part of the U.S. economy, and the debate over how to shape it has never been more robust or wide-ranging. This focus is reflected in a dramatically higher workload at the USITC. Despite this, the Commission has worked hard to meet its statutory deadlines and short-term requests for analysis related to the rapidly changing economic conditions and the COVID-19 pandemic.

In the months since our budget briefings, we have experienced an exponential increase in the workload that informed our FY 2021 budget request. Our FY 2021 budget request was based on estimates of projected petition filings and institutions for antidumping and countervailing duty investigations in FY 2021 (16). As of June 30, 2020, with one full quarter remaining in the fiscal year, the Commission has already received 20 petitions, matching the recent record high for an entire fiscal year. Based on this unprecedented level of filings, even if we were to receive no additional filings in FY 2020, we will reach 70 institutions for the year – surpassing our previous modern-era peak of 66 institutions in FY 2017.

Similarly, unfair import investigations (*i.e.*, those filed under section 337 of the Tariff Act of 1930) have remained at historically high levels. The volume of general fact-finding investigations has also been extremely high, with institutions already at a level that is almost double that of FY 2019. Finally, trade policy actions have resulted in a substantial number of revisions to the U.S. Harmonized Tariff Schedule (HTS). Commission staff have already completed 22 revisions to the HTS in FY 2020 as a result of section 301 exclusions under the

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petitions based on (1) the number of major border crossing points in the United States and (2) the number of cases brought by U.S. trucking industry groups against Mexican truckers during a U.S. Department of Transportation pilot program (which ended in 2014).

Trade Act of 1974; the entry into force of USMCA on July 1, 2020; and statistical breakouts of categories of goods, including those related to the COVID-19 pandemic. For context, the Commission has historically revised the HTS only two to three times annually, a number significantly lower than the most recent three years.

For the foregoing and significant increases in the Commission's workload under existing statutory mandates, coupled with its new unfunded mandate under the USMCA, the USITC's budget request of \$105 million will be insufficient for the Commission to meet its responsibilities in FY 2021. This lack of resources would be further exacerbated by a continuing resolution. Therefore, on behalf of the USITC, I respectfully request a continuing resolution anomaly of at least \$2.75 million, which the Commission needs to implement the USMCA.

If you need further information, please contact me or the USITC Congressional Relations Officer, Laura Bloodgood, at 202-205-3151.

Thank you for your time and attention to this request. I look forward to continuing to work with you. The Vice Chair, Randolph Stayin, and I also hope to coordinate a follow-up meeting with you and your staffs on these and other matters.

Sincerely,



Jason E. Kearns  
Chair  
U.S. International Trade Commission

cc:

The Honorable Richard Neal, Chairman, House Committee on Ways and Means

The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

July 15, 2020

The Honorable Jerry Moran  
Chairman  
Subcommittee on Commerce, Justice, Science, and  
Related Agencies  
Senate Committee on Appropriations  
Room S-128, The Capitol  
Washington, D.C. 20510

The Honorable Jeanne Shaheen  
Vice Chair  
Subcommittee on Commerce, Justice, Science, and  
Related Agencies  
Senate Committee on Appropriations  
506 Hart Senate Office Building  
Washington, D.C. 20510

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Jason E. Kearns  
Chair  
U.S. International Trade Commission

cc:

The Honorable Chuck Grassley, Chairman, Senate Committee on Finance

The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance