



United States International Trade Commission

Budget Justification

Fiscal Year 2015



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ALPHABETICAL LISTING OF ABBREVIATIONS

AD	Antidumping	IP	Intellectual Property
AGOA	African Growth and Opportunity Act	IT	Information Technology
ALJs	Administrative Law Judges	ITDS	International Trade Data System
CAFC	U.S. Court of Appeals for the Federal Circuit	MTBs	Miscellaneous Tariff Bills
CBP	U.S. Customs and Border Protection	NAFTA	North American Free Trade Agreement
Census	U.S. Census Bureau	NTMs	Nontariff Measures
CIT	U.S. Court of International Trade	OGC	Office of the General Counsel
Commerce	Department of Commerce	OIG	Office of the Inspector General
Commission	U.S. International Trade Commission	OUII	Office of Unfair Import Investigations
CVD	Countervailing Duty	SMEs	Small and Medium-Sized Enterprises
DataWeb	Interactive Tariff and Trade DataWeb	The Byrd Amendment	Continued Dumping and Subsidy Offset Act
FTAs	Free Trade Agreements	TTIP	Transatlantic Trade and Investment Partnership
FY	Fiscal Year	TPP	Transpacific Partnership
GSA	General Services Administration	UEPs	Used Electronic Products
GSP	Generalized System of Preferences	USAGE	U.S. Applied General Equilibrium
HTS	Harmonized Tariff Schedule of the United States	USTR	U.S. Trade Representative
HTSA	Harmonized Tariff Schedule of the United States Annotated	WCO	World Customs Organization
		WTO	World Trade Organization

INTRODUCTION

General Statement

The U. S. International Trade Commission (Commission) is an independent, quasi-judicial Federal agency with broad investigative responsibilities on matters of international trade. The Commission investigates the effects of dumped and subsidized imports on domestic industries and conducts global safeguard investigations. The Commission adjudicates disputes involving imported goods that are alleged to infringe U.S. 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 analyses are provided to the President, the Office of the U. S. Trade Representative (USTR), and the Congress to facilitate the development of sound and informed U.S. trade policy. The Commission makes most of its information and analyses available to the public to promote understanding of competitiveness, international trade issues, and the role that international trade plays in the U.S. economy.

Mission

Consistent with its statutory mandate, the Commission makes determinations in proceedings involving imports claimed to injure a domestic industry or violate U.S. intellectual property rights; provides independent tariff, trade and competitiveness-related analysis and information; and maintains the U.S. tariff schedule.

Activities in Brief

As the role of international trade has expanded, the work of the Commission has had a broader impact on the U.S. economy. The Commission recognizes the importance of excellence in all aspects of its mission, particularly objectivity, thoroughness, clarity of analysis, and timeliness in the performance of its investigative duties. The Commission continuously monitors its investigative functions to meet more effectively the needs of policymakers in both the legislative and executive branches, parties to Commission proceedings, and the general public.

The Commission has two strategic goals that guide its programmatic activities.

The first goal is to produce sound, objective, and timely determinations in investigations. In most Section 337 intellectual property-based import investigations, the Commission investigates alleged infringement of U.S. patent rights. In antidumping and countervailing duty import injury investigations, the Commission determines whether unfairly traded imports cause or threaten material injury to a U.S. industry or whether the revocation of existing relief would lead to recurrence of material injury. The Commission generally conducts these investigations in response to complaints brought by companies or domestic industries, and they are conducted in accordance with statutory requirements and relevant case law (e.g., patent law as established by the Federal courts) and are subject to judicial review.

The second goal is to produce objective high-quality, responsive tariff, trade and competitiveness-related analysis and information. This work supports congressional and executive branch policymakers by developing and providing industry and economic analysis, nomenclature expertise, and data to inform international trade negotiations and policy decisions. Under 19 U.S.C. §1332, the Commission is required to put at the disposal of the President of the United States, the Committee on Ways and Means of the U.S. House of Representatives, and the Committee on Finance of the U.S. Senate, whenever requested, “all information at its command...” in any matter related to international trade and industry competitiveness. The Commission is also charged with maintaining the Harmonized Tariff Schedule (HTS) of the United States and keeping it accurate and updated to meet the demands for trade and tariff information that come from Customs and Border Protection, U.S. exporters and importers, and trade policy decision makers in the Administration and Congress.

Analytical investigations and informal assistance are typically requested by the USTR, the Senate Finance Committee, or the House Ways and Means Committee. Investigations may also be required by statute or self-initiated by the Commission. Requestors recognize the Commission’s expertise and unique capabilities to generate new primary data and synthesize knowledge to provide objective insights that are unavailable elsewhere. For example, in fiscal years (FY) 2013 and 2014, requests were made seeking new data and analysis about digital trade, India trade barriers, the effects on small and medium-sized businesses of the U.S.-Korea free trade agreement (FTA) and existing European Union trade barriers, proposed changes to rules-of-origin affecting North American Free Trade Agreement (NAFTA) trade, the probable effects of entering into the Transatlantic Trade and Investment Partnership (TTIP) and the Transpacific Partnership (TPP), and trade with countries benefitting from the African Growth and Opportunity Act (AGOA).

To meet its mission, the Commission must develop and maintain an infrastructure that supports the ability to provide high-quality, objective, and timely data and analysis for a wide array of issues, thousands of industries, and well over a hundred countries. To accomplish this, the Commission invests in developing highly-skilled analysts, economists, and lawyers; creates new data and databases; collaborates with other organizations to leverage research; and acquires or upgrades analytical tools (e.g., economic models, databases, and techniques for measuring the impact of non-tariff barriers).

A management goal of the Commission is to achieve agency-wide efficiency and effectiveness to advance the agency mission. More detail for each strategic goal, the management goal, and information about FY 2015 requirements are provided below. Detailed performance goals for programmatic and management activities are presented in the United States International Trade Commission Fiscal Year 2014 and 2015 Performance Plan.

BUDGET HIGHLIGHTS

For FY 2015, the Commission requests \$86.5 million to carry out its statutorily mandated functions. The FY 2015 request represents a \$3.2 million, or 3.8 percent, increase over the FY 2014 available resources of \$83.3 million. The request is driven by the need to fill critical staffing shortages and make essential investments in our human capital, information technology (IT), and security resources following several years of static or decreasing appropriations.

Proposed personnel costs account for approximately \$2.4 million, or 75 percent, of the increase over FY 2014. The primary focus of the FY 2015 human capital strategy is to build upon the critical staffing gains expected to be made during FY 2014. As the Commission's caseload remains at high levels and the Administration and Congress increasingly rely on our staff expertise to support U.S. trade policy and negotiations, we must close the high vacancy rates in the Office of Operations. In addition, IT staffing shortfalls must be addressed to provide adequate support to the agency's mission-critical offices and to comply with government-wide cybersecurity requirements. Also included in the personnel cost increase is the proposed one percent pay raise effective January 1, 2015, normal costs for anticipated promotions and within-grade increases, and increased health care costs.

Proposed non-personnel expenses account for approximately \$800 thousand, or 25 percent, of the increase over FY 2014. These expenses include investments in: (1) IT infrastructure, equipment, and cyber security to ensure a secure and efficient IT network; (2) economic research to enable us to support trade negotiations and trade policy studies; and (3) systems to improve human resources (HR) support to the agency.

Program Overview

SECTION 337 (INTELLECTUAL PROPERTY) AND ANTIDUMPING/COUNTERVAILING DUTY INVESTIGATIONS

The Commission's trade remedy investigations caseload remains high and continues to grow in complexity. The agency provides a venue for private sector firms to bring allegations of unfair trade practices involving imports before an independent and objective adjudicative government body.

Intellectual property caseload remains high

The Commission section 337 process provides a highly desired venue for resolving disputes involving imports accused of infringing U.S. intellectual property (IP) rights. The process provides relatively quick resolution to what can be expensive and protracted litigation in District Court. In addition, the section 337 process provides unique relief in the form of exclusion of goods at the border. IP-intensive industries account for a large number of high wage jobs in industries in the United States that generate a trade surplus. The section 337 workload increased significantly during the last five years and is expected to remain at elevated levels. These investigations mainly involve patent infringement allegations by private firms, but the number of investigations based on trade secrets, an area of heightened concern for U.S. companies, the Administration, and Congress, is increasing. The range of technologies covered is quite broad, including smartphones and other wireless devices, such as wireless base stations, semiconductors, and GPS devices, as well as products such as windshield wiper blades and tires. The average number of patents at issue per investigation and the number of respondents per investigation has increased, further contributing to the increased workload.

The Commission continues to address the section 337 workload increase to better ensure matters are completed in a timely manner, in line with congressional intent. After several years of focusing on ensuring that the Commission had the necessary resources in place to handle the section 337 workload, the Commission now has specific efforts underway to make the section 337 process more efficient and less costly for both the agency and litigants. These efforts include rules changes, procedural pilot programs, and substantial investments over the past few years in the agency's Electronic Document Information System. The system has enhanced both the Commission's management of the large volume of investigation-related materials and the transparency of its investigative process. Continued funding of these types of improvements will assist the Commission to address the challenges of resolving 337 matters in a timeframe that will benefit both the Commission and parties.

Antidumping and countervailing duty investigations increase and involve a broader range of countries

New petition filings under Title VII increased in FY 2013. The product mix returned to the more traditional steel and chemical cases, in contrast to the year before, when the agency saw increases in cases involving never before investigated energy-related and consumer-oriented products. While a number of the new filings in FY 2013 involved imports from China, the majority of cases were multi-country cases involving imports from many other countries, including India, Korea, Oman, Thailand, the United Arab Emirates, and Vietnam, which represented a shift from the prior year's filings. Over the next two years the Commission will continue to improve its data collection and verification processes; the agency has already made significant progress in enhancing the efficiency and effectiveness of its business processes. The Commission plans to reduce the burden of investigations on participating parties and its own staff through improved electronic processing of investigation-related data and the use of automated databases. These efforts require investment in both new technologies and in employees with the necessary skills to develop and manage the improved databases.

TARIFF, TRADE, AND COMPETITIVENESS-RELATED ANALYSIS AND INFORMATION

The Commission provides industry and economic analysis, tariff and trade information services, and trade policy support. The Commission provides the Administration, Congress, and the public with objective and independent information and analysis that support U.S. trade negotiations, assess trade agreements, and identify trends in competition. This work is performed through formal investigations and/or informal expert advice. The Commission also maintains and updates the U.S. Harmonized Tariff Schedule (HTS). U.S. Customs and Border Protection (CBP) relies upon the HTS to collect tariff revenues on imported goods; private sector firms use it to reference the current and future amount of tariffs they will pay on imported goods. U.S. exporters and importers rely on the Commission's work in the World Customs Organization (WCO) to ensure that global tariff nomenclature is up-to-date and takes into account U.S. industry interests and changing patterns of trade. Over the next two years, the main challenge for the Commission in the trade information and analysis area will be to rebuild its human resource capabilities, as they have been heavily affected by retirements and budget-related hiring constraints.

Complexity of the Commission's industry and economic analysis continues to increase

International trade touches nearly all sectors of the U.S. economy. As with its section 337 and Title VII investigations, the Commission must constantly develop and refine its capabilities to respond to requests for increasingly complex analysis that focuses on emerging areas of international trade, the economy, and policy development. This compels a continued need to improve and enhance the collection and application of a vast array of data that are required for analysis, and where the data are often not yet available. In some cases, these requests trigger investigations that result in formal reports. For example, the Commission is currently conducting investigations to examine the role of digital trade (commerce in products such as software, digital media, and services over digital networks) in the U.S. economy. The agency is sampling the numerous sectors of the U.S. economy for which digital trade is vital to develop a comprehensive understanding of the importance of this sector in terms of U.S. economic activity and trade, including identifying the barriers faced in digital trade. Other current studies examine the effect of trade barriers in India on U.S. exports and how preferential trade policies for sub-Saharan countries have affected U.S. and African businesses and trade flows.

In other instances, Commission staff provide targeted information to assist policymakers with specific issues. Commission staff are increasingly involved in supporting negotiators working on the Information Technology Agreement, Transpacific Partnership, the Transatlantic Trade and Investment Partnership, and the Trade in Services Agreement. Ongoing development of trade-related databases by the Commission is vital in enabling the agency to respond quickly and comprehensively.

The Commission's industry and economic analysis work spans a wide variety of issues such as agricultural policies; global and regional value chains; the effects of trade and investment barriers, rules of origin, and standards on U.S. businesses, consumers, and trade flows; how government policies differentially affect small and medium-size businesses; analysis of emerging or non-traditional industries; examining the integration of goods and services in production and

trade; and evaluating offers made by foreign countries during trade negotiations. To effectively support the interests of trade policymakers, the Commission must maintain a staff that possesses expert qualitative knowledge and quantitative skills; thus the agency is focused on rebuilding its human resources to ensure it has the capability to provide unique, relevant, and timely insights on new and fast-evolving sectors of the U.S. economy in the global market place.

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

The Commission must keep the HTS accurate and updated to meet the demands for trade and tariff information that come from CBP, U.S. exporters and importers, and trade policy decision makers in the Administration and Congress. Due to the size and openness of the U.S. economy and the volume of U.S. trade, the HTS is the most heavily-used tariff schedule in the world. The HTS has over 10,700 tariff lines, and must be updated and maintained throughout the year based on changes due to trade agreement implementation and adjustments due to other congressional and Administration actions. The HTS underlies U.S. trade data maintained by the U.S. Census Bureau (Census) and enables CBP to manage its trade and enforcement activities. The Commission is in the midst of completely reworking the IT system underlying the HTS and its business processes for updating, searching, and providing information to all users. This system was completely redesigned in FY 2013 and requires a significant investment in FY 2014 and 2015 to implement and further enhance access and searchability.

The Commission must address changing technology requirements for the tariff and trade information area as well as current and anticipated resource gaps; its appropriation request provides funding to address these issues. The skills required to support various components of tariff and trade information services (e.g., HTS maintenance, HTS classification, rules of origin assessments, and miscellaneous tariff bill (MTB) assessments) are unique and can take years to develop. Moreover, many agency staff who contribute to tariff and trade information services are eligible, or soon will be eligible, for retirement. To address these challenges the Commission expects human capital planning and recruitment will be a priority over the next few years.

Trade policy support may face resource constraints with ambitious U.S. negotiating agenda

The Commission's trade policy support activities draw heavily on staff in all agency programmatic areas to answer short turnaround requests from the Congress and the Administration. In the past year, the agency provided rapid responses on a broad array of issues and topics, ranging from technical reviews of proposed legislation to intellectual property rights and technical barriers to trade. The Commission expects increasing interest from customers on nontariff-related trade matters as well as the numerous emerging tradable sectors, such as digital trade, and behind-the-border issues related to regulation and services trade. In addition, Commission staff often perform developmental details to support the agency's main customers. Commission customers place high value on the agency's capability to produce objective and independent information and analysis on their most pressing issues. To the extent that the other areas of the Commission face increased workload, more complexity, and staffing challenges, the ability of the agency to respond to such requests will be limited.

Efforts to Strengthen Information Technology Security

In FY 2015, the Commission will continue to focus on strengthening IT security and broadening the use of technology to improve its business and financial procedures.

In FY 2014, the Commission expects to complete its work on transitioning to the Trusted Internet Connection program, thereby improving its security and incident response capabilities on external network connections. Additionally, significant milestones associated with deployment of technology necessary for enforcing strong authentication through government-issued personnel identity verification cards (HSPD-12) will be achieved. During FY 2014, the Commission will continue its transformation of the HTS database which will allow HTS tariff information to be more easily updated, accessed, and verified. In addition to more open data, the system will incorporate logical validation that will improve information security of the system and ensure the availability and integrity of tariff information.

In FY 2015, the Commission will continue to enhance its security posture by investing in new technologies, processes, and capabilities consistent with the requirements established for Information Security Continuous Monitoring and other security requirements.

Internal Controls Efforts

The Commission is committed to establishing and maintaining an effective system of internal controls. These internal controls are the plans, policies, procedures, and organizational environment that managers use to ensure their programs and operations are achieving the intended results through the effective use of public resources.

The driving force behind the agency's financial management reform was the creation of the Office of the Chief Financial Officer and recruitment of staff with the requisite skills in procurement, budget, financial accounting systems, and internal controls. Under this leadership, during FY 2013, the Commission continued its proactive, aggressive, and comprehensive financial management reform process. Those efforts resulted in an unqualified audit opinion for the third consecutive year after receipt of a qualified opinion for FY 2010. Further, the Independent Auditor's Report on Internal Control did not cite any material weaknesses or significant deficiencies; the one material weakness and one significant deficiency remaining from the FY 2012 audit were eliminated.

Building upon the identified progress, in FY 2014, as part of the agency's commitment to internal controls, the Chairman approved the creation of an Internal Control and Risk Management Division. The division will work with the Chairman, Commissioners, members of the Senior Executive Service team, and other key managers to (1) establish and maintain an internal control and risk management culture; (2) create an internal control plan based on

risk assessments in alignment with the Commission's strategic plan and performance goals; (3) provide internal control technical support throughout the agency; and (4) facilitate the preparation of the agency's annual Statement of Assurance.

In FY 2015, the Commission will continue to identify, review, and test key internal controls to maintain the success the agency has achieved. It will also build upon the gains it has already realized in certain offices to ensure that the practices of effective internal controls are implemented more uniformly across the agency, even though such initiatives can be considerably challenging for a small agency to fund.

Building Space

The Commission's current lease expires in 2017 and we are working with the General Services Administration (GSA) to develop prospectus-level lease requirements for a new 15-year lease. Those requirements should be finalized by the Commission and GSA in 2014. GSA's goal is to get the Commission to the target level of less than 200 square feet per person absent a compelling justification for a higher amount. That target level reduces the Commission's overall space footprint by about 40 percent, resulting not only in less staff office space, but also potentially fewer courtrooms. Uncertainty over the agency's future office space poses a challenge for current operations.

Since 1987, the Commission has occupied space at 500 E Street, SW, that was built to meet the agency's requirements, including courtrooms and a main hearing room in which to conduct the Commission's formal adjudication proceedings (section 337 and Title VII) and factfinding proceedings. As the section 337 workload grew significantly and a lack of courtroom space became a bottleneck in adjudicating investigations, the Commission sought, and Congress approved in FY 2010, an appropriation for the agency that included funds to acquire additional space at the current location for new courtroom space to support the increased section 337 caseload. Any potential reduction in courtroom space would reverse the efficiencies gained by adding the third courtroom and undermine the agency's timely mission accomplishment.

The Commission's goal for the prospectus-level lease process is to retain or acquire adequate space to accomplish its mission at a reasonable cost to the taxpayer. Mission accomplishment would be impaired if a lack of hearing room or courtroom space led to delays in Commission investigations or missed deadlines. Mission accomplishment would also be impaired if space constraints allowed the risk of inadvertent disclosure of sensitive business or national security information materials.

Enhanced Efficiency

Senate Report 113-78, relating to the Consolidated Appropriations Act, 2014 (Public Law 113-76 (January 17, 2014)), requires agencies covered in the Act to develop and submit to the Senate Appropriations Committee a plan to achieve a 10 percent savings in FY 2014 in the areas of “non-essential travel, office supply, rent, and utility costs.” In sum, those costs totaled approximately \$135 thousand for the Commission in FY 2013; the Commission intends to reduce them by at least \$14 thousand in FY 2014, primarily through reductions in rent costs. The Commission will provide a detailed response to that report under separate cover.

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REQUESTED APPROPRIATION LANGUAGE

Salaries and Expenses

“For necessary expenses of the U.S. International Trade Commission, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. § 3109, and not to exceed \$2,250 for official reception and representation expenses, \$86,459,000 to remain available until expended.”

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TRADE REMEDY INVESTIGATIONS

The Commission plays an important role in the administration and application of U.S. trade remedy laws regarding subsidized and dumped imports that injure a domestic industry, surges of fairly-traded imports that injure a domestic industry, and imports that infringe domestic intellectual property (IP) rights and other unfair acts that injure a domestic industry. The Commission's strategic goal is to produce sound, objective, and timely determinations in these proceedings. The application of U.S. trade remedy laws has remained an important mechanism for ensuring that U.S. firms can compete on a level playing field. The Commission's provision of sound and timely import injury determinations is critical to maintaining the confidence of U.S. companies and workers in a fair and impartial international trading system that supports their ability to compete in the global economy. The Commission's timely resolution of complex intellectual property disputes can be of paramount economic importance to holders of valid intellectual property rights in the United States.

Import Injury Investigations

The Commission conducts statutory investigations to determine whether unfairly traded imports cause or threaten material injury to a U.S. industry, pursuant to Title VII of the Tariff Act of 1930¹. The Commission also conducts five-year reviews of outstanding antidumping/countervailing duty (AD/CVD) orders. The Commission has independent legal authority to defend its decisions in import injury investigations in appeals to the U.S. Court of International Trade (CIT) and the U.S. Court of Appeals for the Federal Circuit (CAFC), and in proceedings under the North American Free Trade Agreement (NAFTA); it provides extensive assistance to the U.S. Trade Representative (USTR) in dispute resolution before the World Trade Organization (WTO).

Unfair subsidization or dumping can distort trade and have an adverse impact on companies in the marketplace. Congress enacted trade remedies laws to provide companies the opportunity to level the playing field with foreign competitors that are determined to have benefited from unfair trade practices. The laws are therefore valued by U.S. manufacturers of a wide range of products. The laws provide for remedies, in the form of AD/CVD duties equivalent to the dumping margin and subsidy rate found for foreign producers by the Department of Commerce (Commerce), to be put in place following affirmative determinations by the Commission and Commerce. The Commission's role in import injury investigations is to determine whether U.S. industries are

¹ Under Section 201 of the Trade Act of 1974, the Commission conducts global safeguard investigations and makes determinations as to whether increased imports are a substantial cause of serious injury to the domestic industry producing the subject product. The Commission has also been responsible for conducting China safeguard investigations to determine if increased imports from China are causing market disruption to the domestic industry producing the subject product. No global safeguard investigations have been conducted since 2001 and the China safeguard provision expired on December 11, 2013.

materially injured (or threatened with material injury) by the unfair imports; the Commission therefore plays a fundamental role in assessing and remedying the effects of unfairly-traded imports on U.S. industries.

Historically, a broad range of products representing numerous sectors of the economy have been subject to AD/CVD investigations, with a fairly significant portion of investigations involving intermediate products such as steel and chemicals. During FY 2012, new petitions deviated from this trend with an increase in filings by energy-related and consumer product firms. In FY 2012, energy-related industries filed AD/CVD cases on solar panels, wind towers, and large power transformers, while consumer end-product industries filed cases on bottom-mount refrigerators, large residential washers, and flooring products. However, many investigations filed in FY 2013 involved steel (or steel-related products) such as oil country tubular goods, steel concrete-reinforcing bar, grain-oriented electrical steel, and chemical products such as chlorinated isocyanurates and monosodium glutamate. Of the 13 petitions filed in FY 2013, more than one half (eight) involved products previously investigated by the Commission, with six of those investigations involving products currently subject to AD/CVD orders. In addition, in FY 2013, there was a shift from investigations involving one or two countries to investigations involving numerous countries. While a number of the new filings in FY 2013 involved imports from China, the majority of cases were multi-country cases involving imports from countries such as India, Korea, Oman, Thailand, the United Arab Emirates, and Vietnam. Collectively, AD/CVD investigations conducted in FY 2013 involved approximately \$16.3 billion of U.S. consumption, \$4.9 billion of subject imports, and almost 14,900 U.S. production employees.

The Commission's investigation processes and procedures are fair and transparent. The Commission ensures that investigative records are complete and contain information from all parties so that it can make sound determinations that can withstand judicial scrutiny. In fact, one of the agency's strategic objectives for this area is to conduct expeditious, efficient, and technically sound investigative proceedings. While maintaining timeliness and meeting all statutory deadlines in FY 2013, the Commission has set goals to continue to improve its investigative process to increase efficiency, reduce burdens and costs for industry participants, and to improve accessibility of import injury investigation data and information. Specifically, the agency has undertaken an effort to complete its migration to electronic data collection and processing and to provide investigation-related information to interested parties and the public in an expeditious manner.

To conduct import injury investigations, multi-disciplinary teams of Commission staff compile information from a number of sources, including questionnaire responses from firms in the domestic and foreign industries, plant tours, testimony at staff conferences and Commission hearings, and legal briefs from parties. Agency staff prepare a fact-based report upon which the Commission relies to make its determinations. The Commission's process of conducting import injury investigations is transparent, with interested parties' representatives having access to all the information examined by the Commission. All hearings and votes are open to the public and public versions of reports and opinions are available on the agency's website, thus providing useful information to companies and individuals.

Workload in import injury investigations is a function of both the number of new filings and reviews of existing orders. Estimating the number of new investigations is more difficult than estimating the number of review investigations. For FY 2014 and 2015, the Commission projects a slightly higher overall caseload for import injury investigations (new filings and reviews), anticipating 46 investigations will be instituted in each of those years. Overall caseload fluctuates from year to year and over the last five years has ranged from a low of 32 (FY 2010) to a high of 43 (FY 2011). In the past five years, new filings have fluctuated significantly but were significantly higher in FY 2013 than in the three preceding years. Review caseload has both cyclic and permanent elements to it, driven by transition (i.e., orders in place before January 1, 1995) and non-transition reviews. While there has been and will likely continue to be some decline in the number of transition reviews as orders are revoked, the overall number of review investigations instituted will remain steady in FY 2014 and 2015 due to the number of new orders put into effect since 2000.

Another significant portion of the Commission's workload related to import injury investigations is litigation concerning Commission determinations at the CIT, the CAFC, and binational review panels under NAFTA. In addition, Commission staff assist USTR in disputes brought before the WTO involving the Commission's import injury determinations.

Based on an average for the three most recent fiscal years, parties to AD/CVD investigations (original investigations and reviews) have appealed a Commission determination 25.6 percent of the time. Furthermore, a party has been more likely to appeal the determination in an original investigation (an average of 54.5 percent) than in a review (an average of 15 percent). At the close of FY 2013, there were 37 Commission import injury litigation matters pending, including cases challenging the actions of the Commission and U.S. Customs and Border Protection (CBP) under the Continued Dumping and Subsidy Offset Act (the "Byrd Amendment").

For FY 2014 and 2015, the Commission projects the number of new appeals challenging the Commission's import injury determinations will be at levels similar to recent years, reflecting the historical rate of appeals and the projected number of new petitions and five-year reviews.

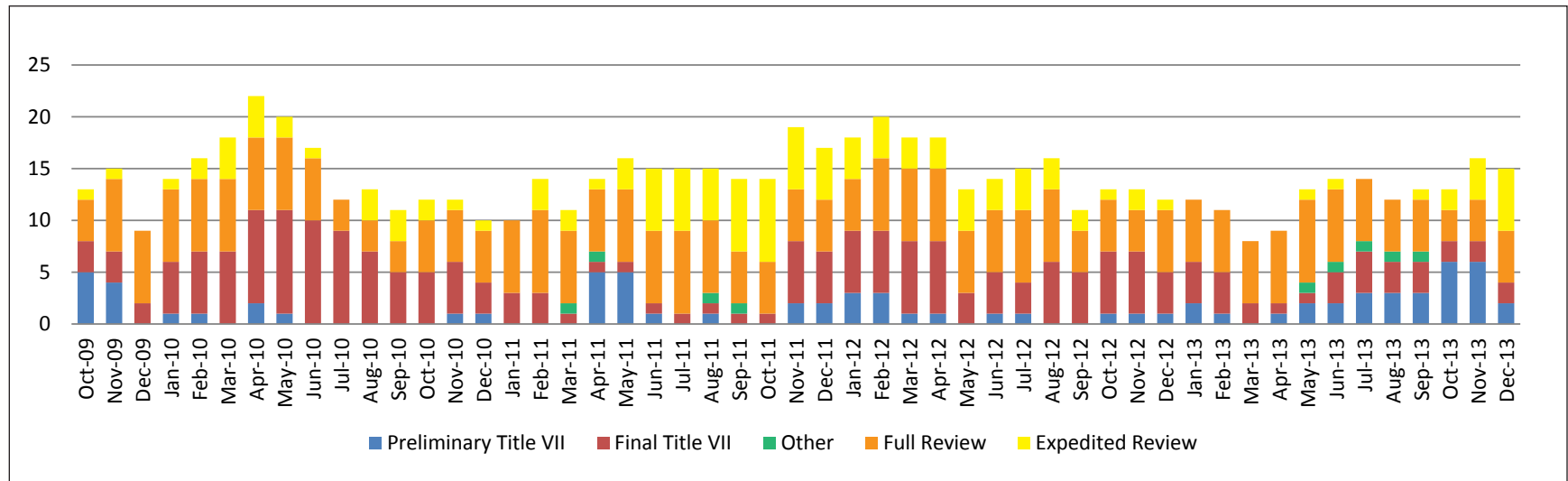
Trends in the investigative caseload and caseload estimates for FY 2014 and 2015 are shown below.

IMPORT INJURY INVESTIGATIONS CASELOAD

Summary of Import Injury Investigations, FY 2009-2015

Import Injury Investigations	Instituted							Completed						
	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Preliminary Title VII	15	3	8	8	13	10	10	10	8	8	7	9	14	10
Final Title VII	8	12	2	12	5	15	10	13	11	6	8	7	9	14
Other	2	0	2	0	1	1	1	3	0	2	0	1	1	1
Full Review	8	9	12	7	10	7	10	5	10	9	9	10	8	8
Expedited Review	3	8	19	9	9	13	15	4	8	12	17	3	19	11
Total	36	32	43	36	38	46	46	35	37	37	41	30	51	44

Import Injury Investigations, by month, for October 2009 through December 2013



Unfair Import Investigations

The Commission investigates unfair methods of competition and unfair acts involving imported articles pursuant to section 337 of the Tariff Act of 1930. These investigations typically involve alleged infringement of statutory IP rights, primarily patent rights. Intellectual property is a key driver of the U.S. economy and the Commission has an important role in protecting it. Section 337 investigations provide benefits to U.S. intellectual property rights owners that are not available elsewhere. For example, the primary relief available at the Commission, exclusion of goods at the border, is not available in the United States courts. Moreover, the Commission has earned a reputation as a forum for the fair and speedy adjudication of complex intellectual property disputes, resolving cases on average at least a year more quickly than do the federal district courts. The Commission is also known for its expertise in resolving IP-related disputes. As a result, many IP rights holders, particularly in industries where the product life cycle is very short, have come to regard the Commission as an important forum for the redress of IP infringement. This interest is reflected in the substantial increase in unfair import investigation filings in recent years and in the high percentage of the patent trials held in the United States that are conducted at the Commission. While there has been a decline in new filings from the peak in FY 2011, the Commission expects that the unfair import investigation caseload in FY 2014 and 2015 will remain at the elevated levels of the last several years and that the hearings in these proceedings will continue to account for a substantial share of the patent infringement trials conducted in the United States in both FY 2013 and 2014.

To adjudicate section 337 complaints, the Commission's Administrative Law Judges (ALJs), with the assistance of their staff, conduct conferences and trials, issue initial determinations, and facilitate settlement agreements. The Office of Unfair Import Investigations (OUII) conducts pre-institution review of complaints, advises the Commission on institution of investigations, and participates (when appropriate) as a party to the proceedings. The determinations of the ALJs are subject to discretionary review or adoption by the Commission and the Commission's final determinations regarding alleged section 337 violations are appealable to the CAFC. The Office of General Counsel (OGC) provides advice to the commissioners during the review process and defends the final Commission decision during any subsequent appeal.

Although the spectrum of products and intellectual property rights at issue in section 337 investigations is quite broad, the docket has been and will likely continue to be dominated by investigations involving the importation of sophisticated electronic devices. For example, in recent years the Commission has been a central forum in the global "smartphones wars." There is substantial overlap between the industries that dominate the Commission's intellectual property docket and the four industries determined in a recent Department of Commerce study to be the most patent-intensive industries in the United States.² The study found that these four industries account for about 850,000 U.S. jobs. Additionally, the study found that the wages of private sector work-

² Department of Commerce. *Intellectual Property and the U.S. Economy: Industries in Focus*, March 2012. The top four patent intensive-industries are computer and peripheral equipment, communications equipment, semiconductor and other electronic components, and other computer and electronic products.

ers in IP-intensive industries were 42 percent higher than workers in non-IP-intensive industries, with the difference even higher for workers in patent-intensive industries. The Commission's IP enforcement efforts may thus contribute to strengthening the United States economy and U.S. employment.

In FY 2012 and 2013, the Commission also witnessed an increase in the number of investigations involving alleged misappropriation of trade secrets in connection with imported goods. This increase will likely continue into FY 2014 and 2015. The recent focus in both the executive and legislative branches on the protection of trade secrets highlights the importance of this part of the Commission's docket.

The Commission's strategic goal is to investigate and decide unfair import investigations and produce sound, objective and timely determinations in the investigative proceedings. The rapid resolution of section 337 disputes is particularly important to patent holders because the duration of patents is limited and speed is particularly important when disputes involve high-technology products that tend to have shorter commercial product life cycles. Thus, in accordance with congressional intent, the Commission attempts to conclude its unfair import-based investigations as expeditiously as possible. This has been a challenge in recent years because these investigations often involve many respondents and five or more asserted patents. One-third (13 of 39) of new investigations commenced in FY 2013 involved five or more patents, and more than half of those new investigations involved seven or more patents. In FY 2014, the Commission has set out to analyze the factors that may contribute to the length of section 337 investigations to determine whether certain investigations are more complicated than others. The Commission will also examine how to shorten the length of investigations to provide more expeditious resolution.

The Commission has taken steps toward making its section 337 investigations more expeditious, efficient, and cost-effective (for both itself and for litigants) and is continuously considering additional initiatives. During FY 2013, the Commission established a pilot program in which appropriate investigations would have certain dispositive issues, such as a domestic industry or importation allegations, decided by the ALJ within the first 100 days of the investigation. This pilot program attempts to address and resolve quickly those section 337 investigations brought by private parties that may lack sufficient basis for proceeding. The Commission will ensure that this expeditious process meets statutory requirements, provides due process to litigants, builds sufficient factual records, and maintains quality decision-making.

The Commission promulgated rules in FY 2013 to promote electronic filing and place certain limits on discovery in section 337 investigations. The purpose of these procedural changes is to reduce the costs of and potential for abuse of discovery in those investigations. To further pursue these goals, the Commission has launched an initial case management pilot program whereby the parties are required to produce certain information early in an investigation. The Commission will evaluate the effectiveness of all these programs in FY 2015. In addition, the Commission is assessing ways to improve the effectiveness of the exclusion orders it issues. As part of this process, it is conducting a periodic survey of exclusion order holders.

To relieve the shortage of Commission courtrooms, which has hampered the scheduling of evidentiary hearings in recent years as the caseload has grown and the ALJ corps has expanded, the Commission acquired additional space in its building and completed construction of a third courtroom in the first quarter of FY 2013. Hearings are now being held in this new courtroom, which is specially equipped to handle the complex cases that account for much of the section 337 investigation docket.

The Commission continues to foster settlements in its section 337 investigations, which reduce the number of investigations in which the Commission makes final determinations. Thus, the number of final determinations is most relevant to understand the resource requirements for subsequent litigation.

Below is a table containing data on the number of section 337 determinations and appeals. Based on an average for the four most recent fiscal years, the appeal rate for intellectual property-based investigations was 62 percent. At the close of FY 2013, there were 11 section 337 litigation appellate matters pending. This litigation absorbs a significant portion of OGC employee resources.

	FY 2010	FY 2011	FY 2012	FY 2013
# of Final Determinations	25	18	22	21
# of Appeals	14	9	17	13

For FY 2014 and 2015, the Commission projects the number of new appeals challenging section 337 determinations will continue to be at levels similar to recent trends, reflecting the historical rate of appeals and the projected filings.

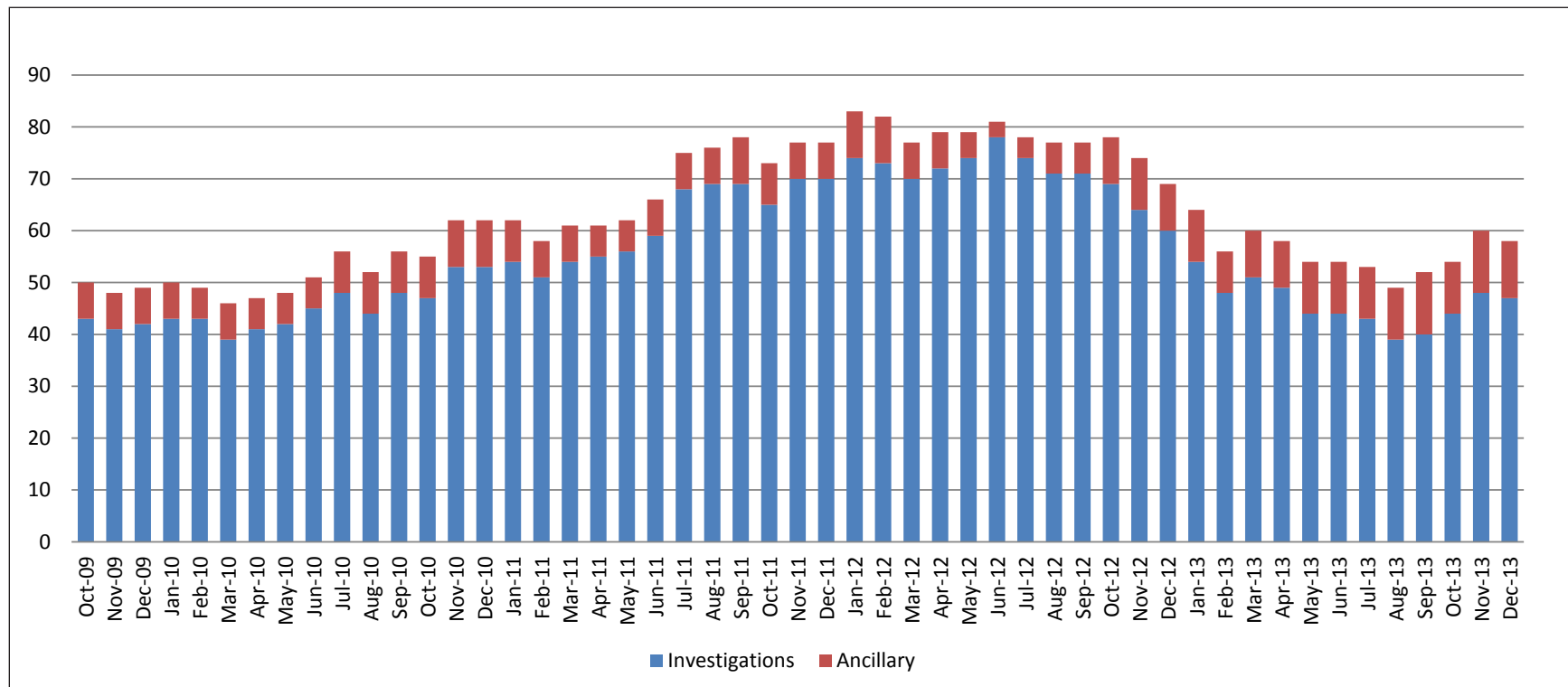
Trends in the investigative caseload and caseload estimates for FY 2014 and 2015 are shown below.

UNFAIR IMPORT INVESTIGATIONS CASELOAD

Summary of Unfair Import Investigations and Ancillary Proceedings, FY 2009-2015

Status	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Instituted	37	58	78	56	52	52	52
Completed	43	52	58	57	72	55	52

Active Unfair Import Investigations, by month, for October 2009 through December 2013



TARIFF, TRADE, AND COMPETITIVENESS-RELATED ANALYSIS AND INFORMATION

To fulfill its mission, the Commission must independently provide the highest caliber of information and analysis to U.S. policymakers in a timely manner to assist them when they are securing benefits to the United States in trade negotiations and when they enact legislation or take other policy actions that affect the U.S. economy and industry competitiveness. The Commission's second strategic goal is to produce objective, high-quality, and responsive tariff, trade, and competitiveness-related analysis and information.

The Commission has statutory responsibilities to provide advice, analysis, data and other information, and reports to the Congress, the President and USTR. In response to U.S. policymakers' requests, the Commission and its staff provide objective, independent information and analysis on numerous topics, both through formal investigations (industry and economic analysis investigations) and informal expert advice (trade policy support). To ensure the development and maintenance of requisite technical expertise to fulfill its statutory requirements, the Commission also identifies priority research areas related to international trade, industry competitiveness, and the U.S. and global economies. With the exception of requested confidential studies, industry and economic analysis, along with research information, is available to the general public and provides trade professionals and the public with valuable trade-related information.

The Commission also publishes and maintains the Harmonized Tariff Schedule of the United States (HTS), which serves as the basis for the collection of customs duties, the compilation of trade data, and the formulation of many trade actions, and plays a significant role in the development of the international nomenclature for goods in trade.

Industry and Economic Analysis

INVESTIGATIONS

The Commission conducts investigations on a wide range of international trade and competitiveness issues that are of interest to U.S. policymakers and affect U.S. firms, industries and consumers. Industry and economic analysis investigations conducted by the Commission may be provided to requestors as

either confidential or public reports. Authority for such investigations is granted in section 332 of the Tariff Act of 1930, various specific trade agreement implementation statutes, and several general trade statutes. These investigations primarily fall into three broad categories:

- General factfinding and analytical investigations
- Investigations examining the probable economic effect of proposed trade policy changes
- Assessments of negotiated trade agreements

External events that impact international trade and domestic competitiveness affect the timing and scope of requestors' requirements and interests. Consequently, the nature and timing of requests for these investigations are unpredictable. The number and complexity of requested industry and economic analysis investigations reflect the interests of trade policymakers and depend on such factors as the number and status of trade negotiations, global competition in specific sectors or with certain trading partners, the international economic environment, or emerging issues and industries about which little public information is available. The interplay of these factors makes accurate forecasting of future workloads uncertain.

The Commission's industry and economic analysis is widely viewed as expert and objective and is routinely cited by parties representing all sides of any trade debate. The agency's ability to collect, compile, and assess unique data is widely sought after by industry and policymakers. Trade policymakers rely on the Commission for authoritative information on a wide spectrum of trade-related issues to support informed decision making.

Commission studies frequently focus on issues that affect U.S. trade or important parts of the U.S. economy. Examples include the following:

- Examining the effect of adding Japan to the Transpacific Partnership (TPP)
- Analyzing the impact of the U.S.-Korea free trade agreement (FTA) on small and medium-sized enterprises (SMEs) (Overall, SMEs provide about 44 percent of domestic value-added.)
- Investigating the growing area of digital trade (U.S. cloud computing exports, a small part of digital trade, are estimated at roughly \$1.5 billion.)

Moreover, the Commission's customers rely on the agency to develop unique primary data, often for industries or activities for which little or no data exist, e.g., used electronics, digital trade. These industries or activities often account for a sizeable share of economic activity in the United States. For instance, the Commission estimated that U.S. sales of used electronic products (UEPs) amounted to \$19.2 billion and exports of UEPs at \$1.45 billion in 2011 (the most recent year for which data are available). During FY 2014, the Commission will deliver its second report on Digital Trade in the U.S. and Global Economies, which will include the results of a survey of U.S. firms which will estimate the value of this trade.

Customers also rely on the Commission to provide expert information regarding the effect of policy changes such as changing rules of origin or inclusion of tariff preference programs on specific, often narrowly-defined products. The agency also provides customers with analyses of the global competitiveness of a wide range of U.S. industries and sectors. Recently completed or ongoing examples of such work include olive oil, environmental and related services, and renewable energy services.

Requested investigations often overlap with each other and with mission-critical work in other investigative areas. Moreover, requests often require new analytical methods; collection and analysis of unique primary data obtained through sector-specific questionnaires; or research and analysis of new industries, competitive conditions, or trade barriers. During FY 2013, Commission employees simultaneously handled multiple industry and economic analysis projects, as well as other statutory requirements (import injury investigations, trade policy support, tariff and trade information services), dedicating nearly 41 workyears, or approximately \$5.6 million, in personnel costs to these areas. This reflects an increase of approximately 25 percent over FY 2012. For FY 2014 and 2015, the Commission anticipates devoting a similar number of workyears to industry and economic analysis work. A list of FY 2013 economic and analysis publications is included in the Commission's *FY 2013 Annual Performance Report*.

WORKLOAD EXPECTATIONS IN FY 2014 AND 2015

In FY 2014 and 2015, the Commission expects the number of active investigations to remain at levels similar to the past year given the active trade policy agenda of the executive and legislative branches, as well as the increasing scope and complexity of certain requests. In both fiscal years, at least three requests are likely to require development, administration, and analysis of questionnaires, an activity that requires a relatively large amount of agency resources. The Commission will continue to advance its use of electronic survey tools, which have contributed to productivity gains in recent questionnaire-based investigations. In addition, during both FY 2014 and 2015, the Commission will produce multiple recurring reports. Commission staff periodically discuss these reports with the requestors to ensure their continued interest in the information provided or to provide additional information to meet emerging needs.

For FY 2014, the Commission already knows it will respond to requests for at least ten reports providing unique data and analysis either to inform policy-makers' efforts in international trade negotiations or the development of domestic policy. These ten reports are either already completed or underway, and deal with competitive or trade issues related to:

- Modifications to NAFTA Rules of Origin
- The Economic Effects of Significant U.S. Import Restraints
- Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union
- Trade, Investment, and Industrial Policies in India: Effects on the U.S. Economy

- AGOA: Trade and Investment Performance Overview
- AGOA: Economic Effects of Providing Duty-Free Treatment for Imports
- Digital Trade in the U.S. and Global Economies
- U.S. AGOA Rules of Origin: Possible Changes to Promote Regional Integration and Increase Exports to the United States
- EU-South Africa FTA: Impact on U.S. Exports to South Africa
- Textile and Apparel Imports from China

The Commission anticipates a robust analytic workload in FY 2014 and has a performance goal of expanding its capability to anticipate and address new areas of economic and industry analysis. To achieve this goal, related research and data development will be focused in high-interest areas such as (1) global modeling, including analysis of differential household effects³; (2) economic and trade effects of energy markets, technologies, and related services; (3) nontariff measures (NTMs) such as trade facilitation and customs issues, technical barriers to trade, and standards; (4) supply chains; and (5) analysis of the effects of integration within the North American markets. Such preparatory work expands the Commission's resident expertise and can assist in responding effectively and efficiently to requests for analytic investigations, while also contributing to Commission work in import injury, tariff, and trade policy support activities. These high-interest areas tend to require information that is not readily available. Moreover, such work often requires significant human capital resources to refine existing, or develop new, analytic tools. The Commission's research agenda has kept the agency at the forefront of emerging analytic areas, such as supply chain analysis, quantification of NTMs, developing expertise in trade-reliant industries, and the impacts on trade of government policies such as intellectual property regimes. An increased commitment of resources to support such work will be necessary to maintain the world-class quality of products the Commission delivers to its customers. External factors that are likely to influence the scope and number of requests for analytic investigations in FY 2015 include:

- The negotiation/conclusion/implementation of several trade agreements (e.g., additional countries joining the Transpacific Partnership initiative, ongoing negotiations regarding a European Union-United States Trade and Investment Partnership, possible renewal of Trade Promotion Authority, and the Trade in Services Agreement)
- Interest by trade policymakers in new technologies, industries, and business models (e.g., digital trade, advanced manufacturing, the effects of changing energy markets on U.S. competitiveness, the evolving interplay of services and manufacturing activities)

³ Differential household analysis involves the disaggregation of households into several groups distinguished by size, income level, and occupation. This provides for a more realistic modeling of the relationship between incomes and consumer demands and improves the overall workings of the model.

- Shifting trade patterns and relationships with countries such as China, Brazil, and Organisation for Economic Co-operation and Development (OECD) partners will present challenges and opportunities (e.g., competitive pressures in specific industries)
- Miscellaneous Tariff Bills (two-year cycle) and nomenclature work

To respond to these requests effectively and efficiently, the Commission must recruit, develop, and maintain a high level of industry, regional, and economic expertise. Skilled personnel are the single most important Commission resource. An important aspect of developing these capabilities is staff research and external communication and collaboration to help develop information and methodological tools that the Commission expects to be useful in customer-requested investigations. These activities are conducted under the broad authority of sections 332(a) and (b) of the Tariff Act of 1930 and often result in publication of articles, presentations at international meetings of experts, and multilateral institutions. Expertise is also developed and research is made available through collaboration with many international and domestic government agencies, at academic gatherings, and with private sector associations. These activities provide an important forum for external technical review of new analytical approaches and often suggest new, relevant areas of potential interest. Although the Commission is pursuing expanded videoconferencing capabilities as a more cost-effective and efficient communication and collaboration tool, it is often necessary for personnel to travel to share and gather knowledge from domestic and international experts. In addition to supporting industry and economic analysis investigations, this staff expertise is also applied in other areas of Commission work such as import injury investigations and miscellaneous tariff bill evaluations.

The Commission also invests funds to ensure its capability to respond efficiently and effectively to customer requests through the continuous acquisition, development, and improvement of analytical tools, information resources, and research methods, including survey methods and statistical, econometric, and simulation analyses. These funds are primarily spent on information databases, expert consulting services, and specialized software. In particular, Commission staff work with outside experts to continue to refine and further develop the Commission's simulation model of the U.S. economy—the U.S. Applied General Equilibrium (USAGE) model—and its underlying database. Using the most updated and advanced version of the USAGE model is essential for the Commission to accurately quantify the economic effects of changes in trade policy, including the objective estimates of the effects of changes in trade policy on key indicators like wages and employment. During FY 2014 and 2015, the Commission will work to ensure such tools accurately capture the effects of trade policy changes by supplementing in-house expertise with specialized contract resources.

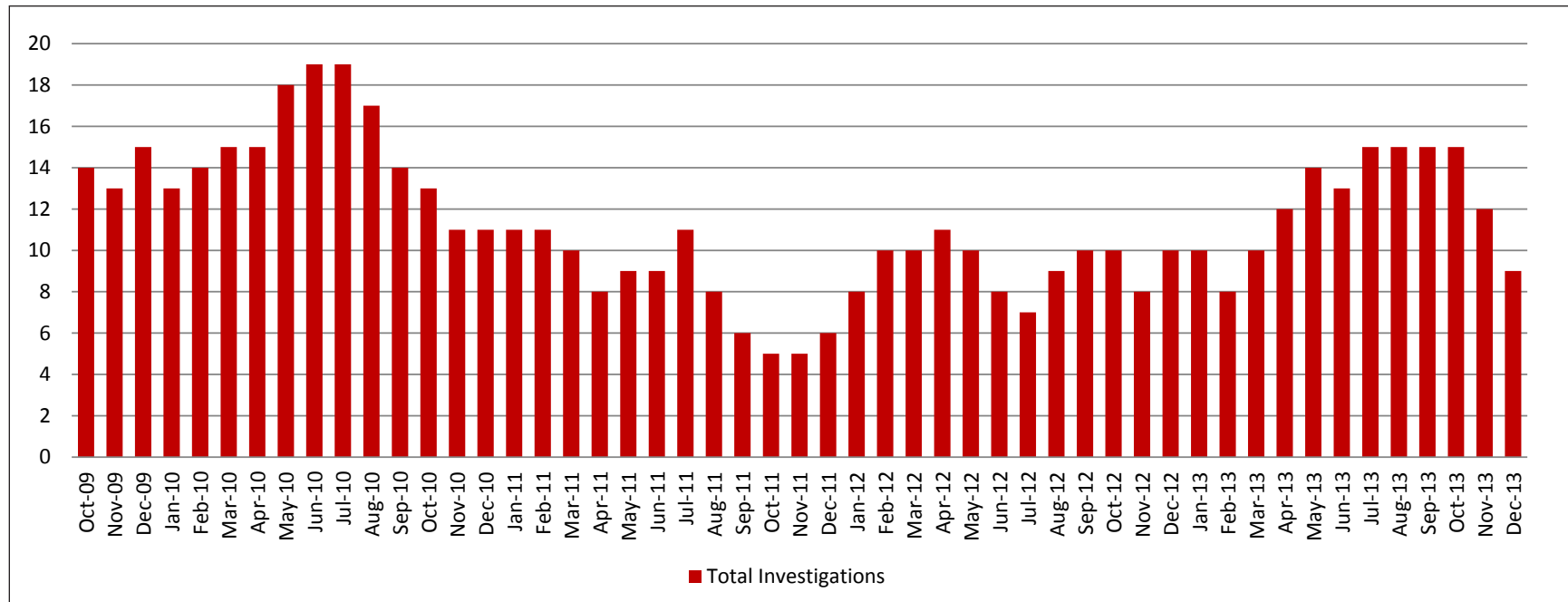
Trends in the investigative caseload and caseload estimates for FY 2014 and 2015 are shown below.

INDUSTRY AND ECONOMIC ANALYSIS INVESTIGATIONS CASELOAD

Summary of Industry and Economic Analysis Investigations, FY 2009-2015

Status	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Instituted	9	16	8	9	10	11	10
Completed	10	13	11	6	12	11	10

Active Industry and Economic Analysis Investigations, by month, for October 2009 through December 2013



Tariff and Trade information Services

The Commission maintains and publishes the Harmonized Tariff Schedule (HTS) of the United States under the Tariff Act of 1930 and Section 1207 of the Omnibus Trade and Competitiveness Act of 1988. In support of this activity, the Commission maintains online interactive and in-house databases and an online HTS search tool; chairs the interagency Committee for Statistical Annotation of the Tariff Schedules; conducts section 1205 studies to propose to the President certain amendments to the HTS; and participates in the U.S. Delegation to the World Customs Organization (WCO). Staff expertise developed in these areas contributes to the Commission's investigative work as well as to trade policy support provided to the agency's congressional and executive branch customers. The Commission also provides technical reports to Congress on miscellaneous tariff legislation and advises the U.S. Trade Representative (USTR) on aspects of the trade agreements program. The Commission's strategic goal for tariff and trade information services is to improve the availability of and access to high-quality and up-to-date tariff and international trade information and technical expertise to support the executive and legislative branches, the broader trade community, and the public. For FY 2014, the Commission has set performance goals that contribute to this goal and further the Commission's ability to effectively carry out its responsibilities.

MAINTENANCE OF THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

Maintaining and providing an accurate and up-to-date tariff schedule is of critical importance to the U.S. Government and private sector. U.S. Customs and Border Protection (CBP) relies upon the Commission's HTS for collecting all tariff revenues, estimated to be more than \$30 billion on more than \$2.2 trillion in U.S. imports in FY 2013. The public relies upon the HTS for accurate information for importing all goods into the country. The HTS is the most heavily-used tariff schedule in the world based upon the volume of trade covered. The HTS underlies U.S. trade data maintained by the Department of Commerce's Census Bureau (Census) and enables CBP to manage all of its trade enforcement activities. The Harmonized Tariff Schedule of the United States Annotated (HTSA) consists of the HTS, its statistical annotations, and other related information. In addition to updating the HTSA to reflect changes in tariff rates and nomenclature information, the Commission chairs the interagency Committee for Statistical Annotation of the Tariff Schedules in coordination with CBP and Census and participates in or leads the U.S. Delegation to various committees of the WCO. Continued funding for staff to attend WCO-related meetings is a priority for the agency to assist in U.S. Government efforts to ensure the international tariff nomenclature takes into account U.S. economic interests.

During FY 2013, the Commission invested in developing a state-of-the-art database management system to update the electronic system in place for maintaining the HTS. This system will serve as the foundation for improving all HTS services during FY 2014 and later years. During FY 2015, the Commission expects to electronically update the online version of the HTS and prepare the hard copy publication of the 2015 HTS effective January 1, 2015. In addition, the Commission may have to publish HTS supplements, depending on the timing and extent of amendments arising from the annual

Generalized System of Preferences (GSP) review and implementation of trade agreements, particularly the Transpacific Partnership (TPP). The Commission plans to prepare these supplements and revisions with the modernized HTS system. Ongoing support to USTR in developing and analyzing rules of origin for negotiations and implementation of agreements is an additional responsibility that will require significant staff time, particularly in connection with the TPP and existing free trade agreements (FTAs). As noted in the following section, Commission staff also assists USTR in preparing the final versions of the implementing proclamations for FTAs and other actions affecting the HTS.

LEGISLATIVE REPORTS

The House Committee on Ways and Means and the Senate Committee on Finance periodically ask the Commission for technical drafting assistance and reports on miscellaneous tariff bills (MTBs). The Commission's experts provide tariff nomenclature advice and customs revenue loss estimates for the Congressional Budget Office. Commission MTB-related activity is dependent on the level of congressional consideration of MTBs, which is normally conducted on a two-year cycle.

During FY 2012, the Commission streamlined its process for analyzing and developing reports for over 2,000 separate bills to reduce or eliminate tariffs on a wide variety of products introduced during the 112th Congress, resulting in more than 1,325 reports. During FY 2013, there were no active bill reports as it was the non-active year in a two-year cycle. It is anticipated that the 113th Congress will require assistance from the Commission to analyze and prepare reports on additional bills to reduce tariffs in FY 2014 or early FY 2015, requiring eight or more workyears of effort, or at least \$1 million, in personnel costs. Under legislation pertaining to MTBs introduced in each of the last four Congresses, the Commission would have additional responsibilities and will likely require additional resources.

OTHER ONLINE TARIFF-RELATED SERVICES

The Commission also provides online trade services, such as the USITC DataWeb, a valuable tool used both by Commission staff and by external customers to organize U.S. import and export data for analysis, and the HTS tariff database, which reflects not only normal ("column 1-general tariff rates"), but also various preferential rates applicable under FTAs, the GSP, and other preferential duty programs. Commission staff also maintain an online reference tool for searching the HTS which is frequently used by the public. The new system for preparing the official HTS is compatible with these other systems and will be used to update them. Further development of the HTS system will form the basis for upgrading all Commission HTS online services. Approximately 74 percent of all internet queries to the Commission in FY 2013 concerned tariff information. This equates to over 4.65 million visits for the year, or nearly 12,750 visits per day. Several workyears of Commission staff time are currently required to manage the HTS functions of the Commission.

It will take additional resources in FY 2015 to develop, support, and use the upgraded capability; however, once completed, the agency expects the new system will allow for greater efficiencies in maintaining the HTS.

INTERNATIONAL TRADE DATA SYSTEM (ITDS)

The Commission actively participates in a U.S. Government multi-agency initiative to develop a comprehensive, harmonized port documentation system that will provide for the electronic collection, use, and dissemination of international trade and transportation data. ITDS will also benefit the trading public by providing a “single window” for reporting foreign trade transactions to the U.S. Government. The Commission consulted with the ITDS working group in developing its new HTS system, and several suggestions made by ITDS agencies were taken into account to ensure that agencies accessing HTS information from the Commission would be able to do so in formats that are compatible with their systems. The increased efficiencies and ease of use for all agencies, businesses, and the public at large are a great benefit of developing the new HTS system.

Trade Policy Support

The Commission leverages statutory work and research from within the organization to respond to trade policymakers' requests for "rapid-response" technical expertise and data that support the development of well-informed U.S. international trade policy. This trade policy support is provided under section 332 of the Tariff Act of 1930, and includes (1) information and analysis on current issues related to trade and competitiveness; (2) technical advice on draft legislation; (3) drafting tariff legislation and annexes for Presidential proclamations, memoranda, executive orders, and final decisions by various agencies; (4) providing information and advice in briefings and meetings; (5) temporary details of staff to the U.S. Trade Representative (USTR) and the Commission's oversight committees; and (6) assistance to trade delegations and negotiating teams.

The Commission provides technical assistance in conjunction with more formally requested work and has a strategic objective to produce objective, responsive tariff, trade and competitiveness-related analysis and information. Regular communication and formalized feedback mechanisms are used to seek information to help the Commission anticipate policymakers' needs and proactively develop expertise to meet anticipated requests for assistance.

After a steady increase in the number and variety of requests for technical assistance in recent years, the number of requests declined from 192 in FY 2012 to 164 in FY 2013. These requests still covered a wide range of topics and issues, reflecting policymakers' interest in areas such as intellectual property rights and technical barriers to trade, value chain issues, environmental and information technology goods trade, the participation of emerging economies in the global trading system, and services trade. The variety of such requests underscores the complexity of trade policy issues, as well as recognition of the Commission's unique capabilities and expertise. In FY 2013, the Commission committed slightly over 7 workyears, or approximately \$1.2 million, in personnel costs to providing trade policy support.

The Commission anticipates FY 2014 and 2015 efforts will remain at high levels given the high level of U.S. activity in various trade negotiations (e.g., Transpacific Trade Partnership, Transatlantic Trade and Investment Partnership, Trade in Services Agreement) and resource requirements are expected to increase somewhat in FY 2014 given multiple resource-intensive requests in support of negotiating teams. Congressional interest in obtaining "real-time" assistance with draft legislation is expected to continue, as will executive branch interest in support before WTO bodies and with trade agreement negotiations. In some instances, it has been determined that the most effective way to meet the requestors' requirements is to provide a personnel detail to the USTR or the Commission's oversight committees. As budget and statutory workload permit, the Commission will likely continue to provide a limited number of personnel details to such customers, at their request.

OFFICE OF THE INSPECTOR GENERAL

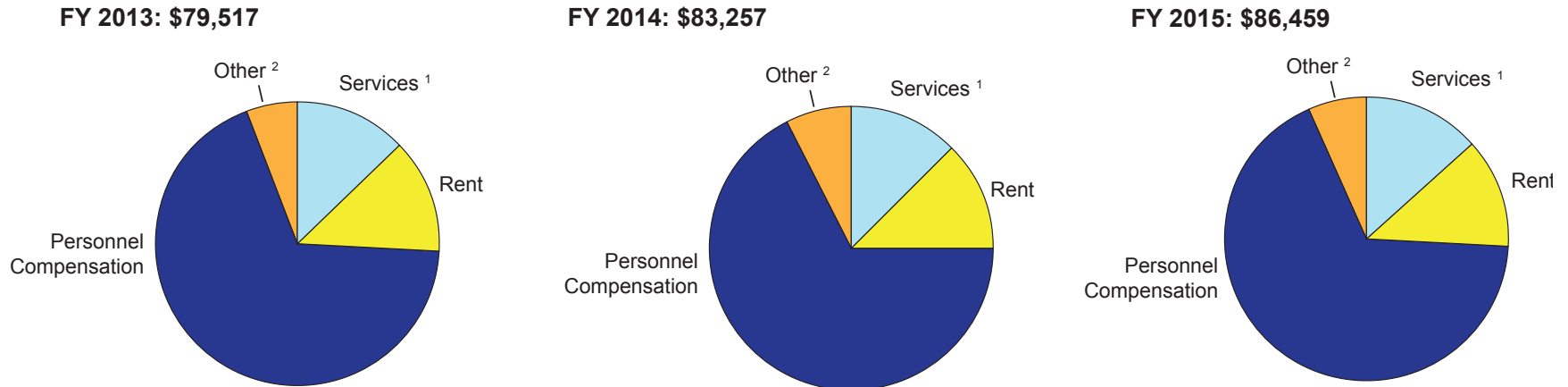
The Office of the Inspector General (OIG) provides audit, inspection, and investigative support services covering all Commission programs and strategic operations. The mission of the OIG is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. The OIG is required by statute to conduct reviews of two annual reports prepared by the Commission: (1) the financial statements describing financial activity for the year and performance statements describing goals and associated measures for the year and (2) the information security program and practices in accordance with provisions of the Federal Information Security Management Act (FISMA). In addition to the above two mandatory reviews, and based on available resources, the OIG has identified 15 potential areas for review in the FY 2014 Annual Audit Plan.





The OIG non-personnel budget request for FY 2015 is \$193 thousand and reflects a decrease of \$10 thousand (4.9 percent) from the FY 2014 available resources of \$203 thousand. Included in the FY 2015 request is \$165 thousand for contract audit services for the audit of the Commission's financial statements, \$25 thousand for technical equipment and supplies to conduct IT security related reviews (reflecting the \$10 thousand decrease from FY 2014), and \$3 thousand for the annual contributions to the Counsel of the Inspectors General on Integrity and Efficiency. The budget request also includes \$8 thousand for travel and \$12 thousand for training to meet the continuing professional education requirements for leadership, technical knowledge, and skills. The agency's budget request contains sufficient resources to support four full-time members of the OIG staff in FY 2014 and 2015.

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Dollar Cost: Comparison by Object Classification, Fiscal Years 2013-2015

(Dollar Amounts in Thousands)



CATEGORY OF OBLIGATION	FY 2013 Actual		FY 2014 Estimate		FY 2015 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
1. Personnel Compensation 	\$54,467	68.5%	\$56,070	67.4%	\$58,472	67.7%
2. Rent 	10,336	13.0%	10,599	12.7%	10,805	12.5%
3. Services ¹ 	10,256	12.9%	10,419	12.5%	11,613	13.4%
4. Other ² 	4,458	5.6%	6,169	7.4%	5,569	6.4%
TOTAL	\$79,517	100.0%	\$83,257	100.0%	\$86,459	100.0%

Note: Dollars may not add due to rounding in this and subsequent charts.

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

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

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Analysis of Change by Object Classification, Fiscal Years 2013-2015

(Dollar Amounts in Thousands)

	FY 2013 Actual Obligations	FY 2014 Estimate	FY 2015 Request	FY 2014-2015 Change	Percentage Change
Personnel Compensation	\$54,467	\$56,070	\$58,472	\$2,402	4.3%
Non-personnel Obligations					
Rent	\$10,336	\$10,599	\$10,805	\$206	1.9%
Services	10,256	10,419	11,613	1,194	11.5%
Supplies	1,625	1,792	1,839	47	2.6%
Equipment	1,022	2,111	1,488	-624	-29.5%
Travel	393	415	533	118	28.3%
Training	371	596	468	-128	-21.4%
Communications and Equipment Rental	401	743	889	146	19.6%
Transportation	18	17	17	0	0.3%
Postage	41	69	69	0	0.0%
Land and Structures	353	100	0	-100	-100.0%
Printing and Reproduction	233	325	267	-58	-17.8%
Subtotal Non-personnel Obligations	\$25,050	\$27,187	\$27,987	\$801	2.9%
Total Obligations	\$79,517	\$83,257	\$86,459	\$3,202	3.8%

Summary of Increases/Decreases from the FY 2014 Estimate

Personnel Cost Change

(Dollar Amounts in Thousands)

Personnel Costs. +\$2,402

Personnel costs are expected to increase by \$2.4 million, or 4.3 percent, as a result of hiring seven full-time staff (net increase after replacing departures), the proposed one percent pay raise effective January 1, 2015, the normal cost of promotions and within-grade increases, and benefits and health insurance cost increases.

Non-Personnel Cost Changes

Rent. +\$206

Rent costs are expected to increase marginally by 1.9 percent to accommodate escalations in real estate taxes and operating costs included in the leases.

Services +\$1,194

Services costs are expected to increase by \$1.2 million, or 11.5 percent, to support several critical investments including a database for improved management of import injury investigations, continuation of the upgrade to software the agency uses to integrate international trade statistics with complex tariff and customs treatment (DataWeb), economic consulting services, the recent government-wide Information Security Continuous Monitoring cyber security requirement, improvements to the agency's financial reporting system, and a document management system.

Supplies **+\$47**

Supplies costs are expected to increase by \$47 thousand, or 2.6 percent, primarily for data purchases to support research requirements.

Equipment **-\$624**

Equipment costs are expected to decrease by \$624 thousand, or 29.5 percent, because of one-time equipment replacement purchases that will be completed in FY 2014.

Travel **+\$118**

Travel costs are expected to increase by \$118 thousand, or 28.3 percent, to accommodate workload increases and increased staff, the Administration's ambitious trade agenda, and continued congressional interest in trade issues.

Training **-\$128**

Training costs are expected to decrease by \$128 thousand, or 21.4 percent, primarily as a result of increased investment in long-overdue training in FY 2014. Emphasis will be placed on licensing, certification, and professional education requirements for new and existing staff. The agency also plans to invest in management, SES, and leadership training and will continue those efforts in FY 2015.

Communications **+\$146**

Communications costs are expected to increase \$146 thousand, or 19.6 percent, primarily for investments in the agency's disaster recovery site.

Postage **\$0**

Postage costs are expected to remain constant.

Land and Structures **-\$100**

Land and structures costs are expected to decrease by \$100 thousand, or 100 percent, as a result of one-time building modifications expected to be made in FY 2014.

Printing and Reproduction **-\$58**

Printing and reproduction costs are expected to decrease \$58 thousand, or 17.8 percent, as a result of one-time expenditures in FY 2014.

Net Non–Personnel Cost Changes **+\$801**

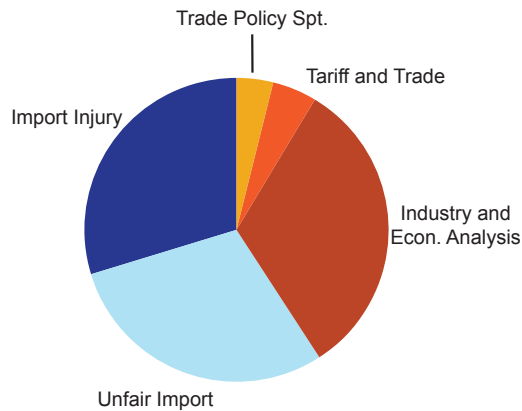
Total Adjustment to Base (\$83,257) **+\$3,202**

Total Budget Request **\$86,459**

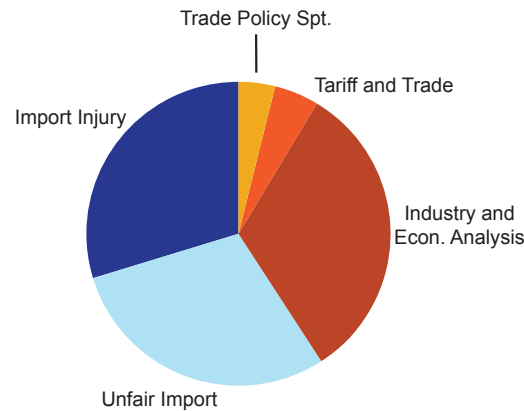
Dollar Cost: Comparison by Strategic Goal, Fiscal Years 2013-2015

(Dollar Amounts in Thousands)

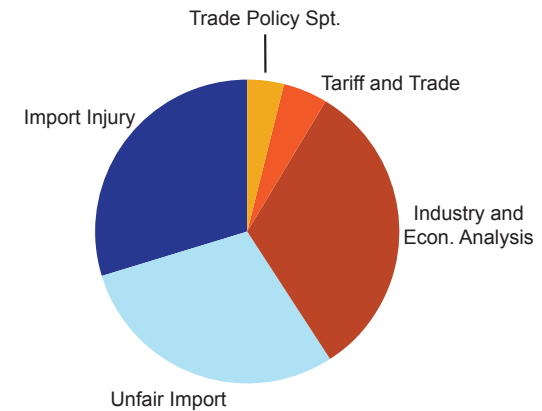
FY 2013: \$79,517



FY 2014: \$83,257



FY 2015: \$86,459



CATEGORY OF OBLIGATION	FY 2013 Actual		FY 2014 Estimate		FY 2015 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Trade Remedy Investigations (Strategic Goal 1)						
Import Injury	\$23,421	29.5%	\$24,536	29.5%	\$25,482	29.5%
Unfair Import	23,542	29.6%	24,656	29.6%	25,608	29.6%
Tariff, Trade, and Competitiveness-Related Analysis and Information (Strategic Goal 2)						
Industry and Economic Analysis	25,679	32.3%	26,860	32.3%	27,887	32.3%
Tariff and Trade Information Services	3,780	4.8%	3,966	4.8%	4,118	4.8%
Trade Policy Support	3,095	3.9%	3,239	3.9%	3,364	3.9%
TOTAL	\$79,517	100.0%	\$83,257	100.0%	\$86,459	100.0%

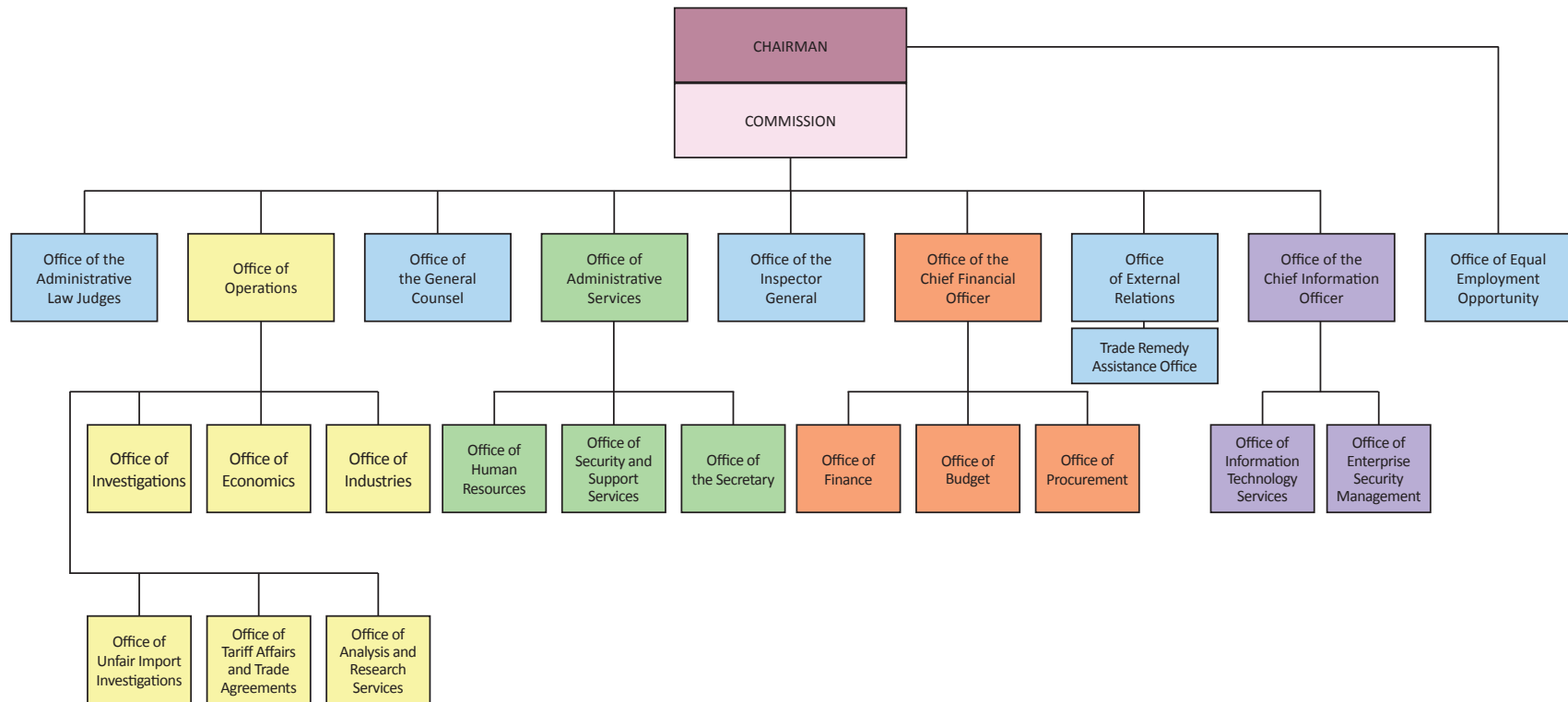
Budget Summary by Strategic Goal Components, Fiscal Years 2013-2015

Operation	FY2013 Actual		FY2014 Estimate		FY2015 Request		FY2014-15 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs ¹								
1: Import Injury Investigations	59	\$8,684	60	\$8,961	63	\$9,356	3	\$395
2: Unfair Import Investigations	57	9,205	59	9,498	61	9,916	3	418
3: Industry and Economic Analysis	65	9,260	67	9,489	70	9,907	3	418
4: Tariff and Trade Information Services	10	1,368	10	1,413	10	1,476	0	62
5: Trade Policy Support	7	1,217	8	1,252	8	1,307	0	55
Subtotal	199	\$29,734	203	\$30,613	212	\$31,962	9	\$1,349
B. Indirect Costs ²								
1: Import Injury Investigations	55	\$14,737	56	\$15,575	58	\$16,126	2	\$551
2: Unfair Import Investigations	52	14,337	54	15,158	56	15,692	2	535
3: Industry and Economic Analysis	59	16,419	60	17,371	63	17,980	3	609
4: Tariff and Trade Information Services	9	2,412	9	2,553	9	2,642	0	89
5: Trade Policy Support	7	1,878	7	1,987	7	2,057	0	70
Subtotal	181	\$49,783	186	\$52,644	194	\$54,497	8	\$1,854
C. Total Costs								
1: Import Injury Investigations	113	\$23,421	116	\$24,536	121	\$25,482	5	\$946
2: Unfair Import Investigations	110	23,542	112	24,656	117	25,608	5	952
3: Industry and Economic Analysis	124	25,679	127	26,860	133	27,887	6	1,027
4: Tariff and Trade Information Services	18	3,780	19	3,966	19	4,118	1	152
5: Trade Policy Support	14	3,095	15	3,239	15	3,364	1	125
Total	380	\$79,517	389	\$83,257	406	\$86,459	17	\$3,202

¹ Direct costs include personnel and travel costs directly attributed to the five strategic operations including the commissioners.

² Indirect costs include personnel costs such as general administration and IT support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel, training and leave/holiday pay. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

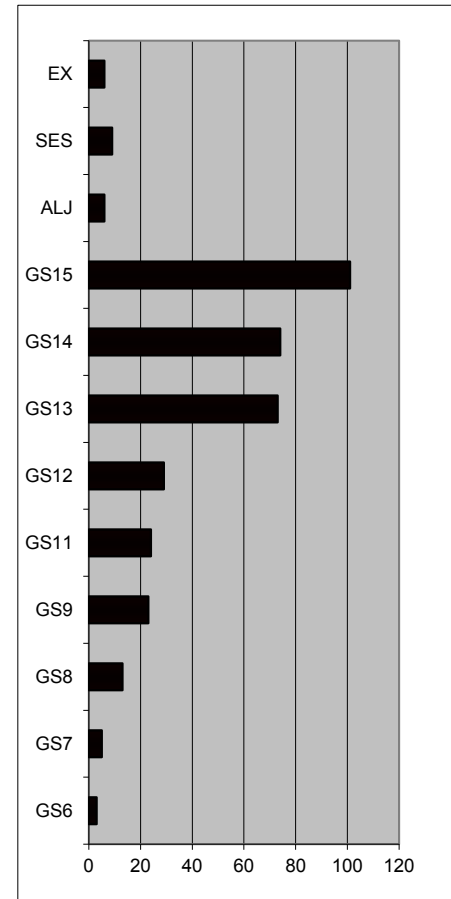
U.S. International Trade Commission Office-Level Organization Chart



Current Permanent and Term Staffing Plan with Onboard and Gaps

Office	FY 2014		
	Permanent and Term Positions in Staffing Plan	Permanent and Term On Board (as of Feb. 21, 2014)	Gap
Commissioners' Offices	32	32	0
External Relations	5	5	0
Inspector General	4	3	1
General Counsel	44	41	3
Administrative Law Judges	24	23	1
Equal Employment Opportunity	2	2	0
Chief Information Officer	31	30	1
Subtotal Independent Offices	142	136	6
Operations	7	5	2
Analysis and Research Services	16	12	4
Import Injury Investigations	31	27	4
Unfair Import Investigations	21	20	1
Economics	42	31	11
Tariff Affairs and Trade Agreements	14	12	2
Industries	84	66	18
Subtotal Operations	215	173	42
Chief Financial Officer	4	4	0
Budget	2	2	0
Finance	9	8	1
Procurement	6	5	1
Subtotal Chief Financial Officer	21	19	2
Administrative Services	5	5	0
Human Resources	8	8	0
Security and Support Services	12	9	3
Secretary and Dockets	16	16	0
Subtotal Administrative Services	41	38	3
Commission Total	419	366	53

Onboard Staff by Grade (as of Feb. 21, 2014)





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Washington, DC 20436