



United States International Trade Commission

Budget Justification

Executive Summary
Fiscal Year 2019



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Introduction

Mission

Investigate and make determinations in proceedings involving imports claimed to injure a domestic industry or violate U.S. intellectual property (IP) rights; provide independent analysis and information on tariffs, trade, and competitiveness; and maintain the U.S. tariff schedule.

Responsibilities and Goals

We are an independent, quasi-judicial federal agency with specific responsibilities in the adjudication and enforcement of certain U.S. trade laws; providing independent, objective, and analysis of trade and competitiveness issues to Congress and the Administration; and, maintaining the Harmonized Tariff System of the United States. The investigations we conduct to carry out these responsibilities are guided by two strategic goals:

Our first strategic goal: Produce sound, objective, and timely determinations in trade remedy proceedings. These investigations fall into two major classes:

- **Antidumping and countervailing duty (AD/CVD) investigations and reviews** that are conducted under Title VII of the Tariff Act of 1930, and **global safeguard investigations**, which are conducted under section 201 of the Trade Act of 1974
- **Investigations into unfair practices in import trade**, usually based on violations of IP rights, which are conducted under section 337 of the Tariff Act of 1930

In AD/CVD investigations, we determine whether certain imports that are alleged to be dumped or subsidized are causing, or threatening to cause, material injury to a U.S. industry. If we find actual or threatened injury, and the U.S. Department of Commerce has also found that those imports are being dumped and/or subsidized, Commerce orders the imposition of extra duties on these imports— antidumping duties that offset the dumping and/or “countervailing” duties that offset subsidies.

We also review existing antidumping and countervailing duty orders every five years. Within these reviews, the Commission determines whether an order can be revoked without resulting in continued or recurrent injury to a domestic industry. If Commerce or the Commission determine that revocation is appropriate, the U.S. Department of Commerce will revoke the order.

The Commission also has sole responsibility to conduct investigations under section 201 of the Trade Act of 1974. If the Commission determines that an imported article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing an article like or directly competitive with the imported article, it recommends one or more remedies to the President. The President makes the final decision on whether to provide a remedy to the U.S. industry, and if so, the type and duration of the remedy.

Section 337 investigations examine unfair practices in import trade. Most often, we investigate and rule on allegations that imported goods infringe the rights of a U.S. IP rights holder. If a violation is found, the Commission issues remedial relief provided that the public interest does not preclude the issuance of such relief. Relief may take the form of exclusion orders barring entry of unfairly traded imports or “cease and desist” orders prohibiting unfair acts in the United States.

We typically initiate trade remedy proceedings in response to complaints and petitions filed by domestic industries seeking protection from unfairly traded imports. Given the rapid evolution of trade in the U.S. and world economies, this work is important in several ways:

- Our investigations of unfair trade practices help U.S. firms compete more effectively in an integrated global marketplace.
- Our issuance of sound and timely decisions in import injury investigations helps ensure that U.S. companies and workers can compete on a fairer and more level playing field in the domestic market.
- Our speedy resolution of complex IP disputes is economically critical to holders of U.S. IP rights, especially where innovation drives technologies to change frequently and become outdated rapidly.

In enforcing U.S. trade laws, we conduct our investigations under the pertinent statutes, regulations, and case law as interpreted by the federal courts. Our determinations in both Title VII and section 337 investigations are subject to review by U.S. courts.

Our second strategic goal: Provide independent, objective, and timely analysis and information on tariffs, trade, and competitiveness. By law, whenever requested, we must present the President, the U.S. Trade Representative, the House Committee on Ways and Means, and the Senate Committee on Finance with information and original analysis on any matter related to international trade and industry competitiveness. Federal decision makers can use our analyses to help inform decisions on trade policy and international trade negotiations.

Our staff of trade experts enables us to offer our requestors leading-edge insights that inform the development of sound U.S. trade policy. In our industry and economic reports, we examine, analyze, and estimate two subjects in particular:

- The many ways that changes in trade and competitiveness affect the U.S. economy and U.S. workers
- The effects of policy changes (past or proposed) on producers, consumers, employment, wages, and the U.S. economy as a whole

Although most requests for both analytic investigations and informal assistance come to us from the House Committee on Ways and Means, the Senate Committee on Finance, and the U.S. Trade Representative, some of the investigations are required by statute or are self-initiated. Our requestors recognize that as a result of our economic and trade expertise, we can generate primary data, analyze specific industries, and provide insights unavailable elsewhere. To improve our analyses, we also regularly develop new tools, such as our economic models that measure the effects of trade on specific U.S. industries and on U.S. companies operating abroad.

In fiscal year (FY) 2017, we responded to a number of requests requiring us to develop new information and analysis on a variety of topics. For example, we issued reports examining global competitiveness in the aluminum industry, foreign barriers to global digital trade, and trade barriers affecting global supply chains. In preparation for potential future requests, we updated our models to better estimate the effects of policies affecting U.S. workers, U.S. regions, and the U.S. trade deficit. Significant advances were made on understanding the effects of trade agreements on services trade and on sales by U.S. affiliates abroad. As a vital part of our second goal, we maintain and analyze the Harmonized Tariff Schedule of the United States (HTS). The HTS is the official document that sets out the classifications of imported goods and the U.S. tariffs that apply to each category. We make sure that the tariff schedule is up to date and accurate by reflecting all the trade agreements and programs the U.S. has implemented. Maintaining an

accurate HTS serves the tariff and trade information needs of U.S. exporters and importers, U.S. Customs and Border Protection (CBP) staff, and decision makers in Congress and the executive branch.

In 2016, the American Manufacturing Competitiveness Act (AMCA) introduced a new process for the consideration of miscellaneous tariff bills. We are now responsible for accepting and analyzing petitions and comments regarding the temporary suspension or reduction of duties for specific products. U.S. firms typically seek this temporary relief for imported materials that are not available from domestic manufacturers. In accordance with specific statutory deadlines, we must submit preliminary and final reports on received petitions to the House Committee on Ways and Means and the Senate Committee on Finance for their use in developing a comprehensive miscellaneous tariff bill for Congress to consider.

To meet our mission, we must maintain the staff, analytic tools, and other resources needed to conduct fair and efficient investigations, as well as provide high-quality and objective information and analysis on a wide array of issues. We need to continue to invest in the development of highly skilled analysts, economists, and lawyers; create new databases and data systems; collaborate with other organizations to enhance our own research; and acquire or upgrade advanced analytic tools.

Our management goal: Efficiently and effectively advance the agency's mission.

The first management objective that relates to efficient and effective operations is to attract and develop a skilled, diverse and flexible workforce, which is essential to meet varying workload and new mission requirements that the agency often encounters. For example, the USITC implemented successfully AMCA requirements due, in part, to the agency's capacity for flexible staffing. Our ability to attract, develop, and maintain a skilled, diverse and flexible workforce is reflected in our Federal Employee Viewpoint Survey scores in global satisfaction and employee engagement indices, as well as questions relating to hiring practices and career development. We have consistently met or exceeded our performance goals for those indices during the last several years. Additionally, in 2017, OPM's Federal Employee Viewpoint Survey ranked the Commission as the second best small federal agency to work for, continuing a steady improvement from prior year's results. Further, the USITC consistently meets its performance measures for hiring.

Our second management objective is to ensure good stewardship of taxpayer funds. To achieve this objective we:

- Ensure that our financial management reports are timely and provide the data that enable our managers to manage efficiently and effectively.
- Ensure that our contract award processes and contract files meet the needs of customers in a timely way, and that the files are accurate and complete.
- Ensure that financial controls are documented, implemented, and reviewed and refined on a regular basis to maintain an annual unmodified audit opinion.

During FY 2017, the Office of the CFO (OCFO) continued to expand its financial management reporting capabilities, refined the existing budget line item report and reduced the time necessary to generate it. Staff from OCFO and the Office of the Chief Information Officer worked together to create a prototype budget line item report using the business intelligence software purchased in 2016. At the same time, the Director of Procurement continued to review the timeliness of contract activity, and continued to provide weekly reports on the status of, and the activity on, each outstanding procurement request. Finally, the Director of Finance regularly reviewed the agency's accounting processes each quarter to ensure that key financial controls were identified and are working as documented. These financial process and control evaluations supported the achievement of our seventh consecutive unmodified financial audit opinion during FY 2017.

Our third management objective is to identify, deliver, and secure reliable enterprise information systems. In recent years the Commission has made tangible progress toward meeting its IT management objective. It looks to continue that momentum by finalizing several key initiatives on additional modernization projects in FY 2018 and beyond which advance the agency's cybersecurity posture and improve its operating efficiency. Of particular note are those initiatives recently completed or undertaken which address government-wide cybersecurity priorities, including:

- Deployment of Trusted Internet Connection
- Deployment of HSPD-12 (both internally and remotely)
- Ensuring all our systems have a valid Authority to Operate
- Implementing and verifying security configuration baselines for 100% of new enterprise-wide operating systems

Detailed performance goals for program and management activities are presented in our *Annual Performance Plan, FY 2018–2019*, and *Annual Performance Report, FY 2017*, which can be found at https://www.usitc.gov/strategic_plan.htm.

Budget Highlights

For FY 2019, the Commission requests \$97.5 million to carry out our statute-mandated functions. The request represents an increase of \$5.7 million, or 6.2 percent, over the anticipated FY 2018 budget of \$91.8 million. This level of funding will sustain the personnel and non-personnel investments we made in FYs 2017 and 2018 to manage historically high investigative caseloads and modernize our information technology infrastructure. Further, the request includes the resources necessary to conduct the 2019 petition cycle required by the American Manufacturing Competitiveness Act of 2016 (AMCA), which is discussed below in more detail. Finally, the Commission's rent increase of \$5.3 million reflects its return to a normal level following a period of rent abatement included in the agency's new 15-year lease. However, this increase is partially offset by efficiencies gained in other non-personnel expense categories.

Proposed FY 2019 personnel costs account for about \$2.0 million of the increase over FY 2018. They reflect the level of resources required to maintain staffing levels in the Offices of Operations and the General Counsel, which are heavily impacted by historically high investigative caseloads. The Office of Operations will also require temporary staffing increases in FY 2019 to successfully meet AMCA requirements. Further, the budget request will fund the cost of the anticipated 1.9 percent pay raise effective January 1, 2019, normal costs for promotions and within-grade increases, and higher benefits costs.

Proposed non-personnel expenses account for about \$3.7 million of the increase over FY 2018. Our non-personnel budget supports several IT system and infrastructure maintenance and upgrade projects. Most notably, we plan to migrate our primary data center offsite to secure our data and systems, provide optimal availability and performance, better facilitate continuity of operations in the event of a catastrophe, improve reliability, and provide the highest long-term value for our users and taxpayers. Additionally, we plan to improve the Miscellaneous Tariff Bill Petition System (MTBPS), which is the web portal required by the AMCA for public submission of petitions and comments concerning temporary duty suspension and/or reduction. Further, our request supports added research and economic analysis capabilities we will need to conduct investigations on proposed changes in trade policy and on developments in U.S. competitiveness.

American Manufacturing Competitiveness Act of 2016 (P.L. 114-159)

In the past, the House Committee on Ways and Means and the Senate Committee on Finance periodically requested the USITC to provide technical drafting assistance and reports on miscellaneous tariff bills (MTBs)—bills to temporarily reduce or suspend tariffs on specific products. In response to these requests, our staff have supplied advice on tariff nomenclature and estimates of likely customs revenue losses to the Congressional Budget Office. The American Manufacturing Competitiveness Act of 2016 (AMCA), enacted in May 2016, introduced a new process for the consideration of MTBs, in which potential beneficiaries file petitions for duty suspensions or reductions directly with the USITC. A multi-office working group collaborated to develop the Miscellaneous Tariff Bill Petition System (MTBPS) for the intake of all petitions and comments on those petitions. In accordance with statutorily mandated deadlines, we deployed the MTBPS on October 14, 2016. Before the AMCA was passed, the number of MTBs presented to the agency never exceeded 1,350 in any given year. As a result of the AMCA, we received a total of 3,162 petitions and 2,491 comments and staff from the Office of Industries and the Office of Tariff Affairs and Trade Agreements analyzed and made recommendations to the commissioners on these submissions. The Commission delivered its final MTB report on August 8, 2017, and in the report recommended 1,686 products for inclusion in the omnibus MTB legislation.

The cost of the AMCA program through FY 2017 was \$4.1 million. To provide adequate resources for AMCA implementation and the 2016 petition cycle, several important IT projects were postponed, as were efforts to provide staff to offices facing historically high investigative caseloads. Postponed IT projects include upgrades to our Electronic Document Information System, DataWeb re-engineering, HTS Data Management System improvements, 337Info database improvements, and creation of a data system for Title VII information. These projects continue to face delays in FY 2018 because of the funding uncertainty resulting from multiple continuing resolutions. In FY 2019, we expect to fund improvements to the MTBPS, hire a significant number of temporary staff for the MTB process, and train a broader group of permanent staff in order to prepare for processing a very large number of MTB petitions in the next cycle that will begin in the first quarter of FY 2020. Thus, our FY 2019 budget request contains the resources necessary to fund planned investments in IT projects that were postponed due to investments necessitated by the AMCA implementation and the initial petition cycle, as well as to adequately fund the next petition cycle.

Program Overview

Antidumping/Countervailing Duty Investigations and Unfair Import Investigations (Section 337)

Our agency provides a venue for private sector firms to bring allegations of certain unfair and/or injurious trade practices involving imports before an independent, objective, and expert quasi-judicial government body. The Commission's trade remedy investigations caseload continues to grow in volume and complexity. In FY 2017, the number of antidumping/countervailing duty (AD/CVD) investigations exceeded the 10-year high previously set in FY 2016; this caseload is expected to remain at comparable levels in FYs 2018 and 2019. In FY 2016, new unfair import matters under section 337 exceeded the previous peak in FY 2011; this caseload is expected to remain elevated in FYs 2018 and 2019.

AD/CVD and Safeguard Caseload Grows

In FY 2017, 21 new petitions were filed under Title VII of the Tariff Act of 1930, the highest level in over a decade. These new filings, combined with ongoing investigations and reviews, resulted in 66 proceedings instituted and 62 completed, also the highest levels in more than a decade. As in FY 2016, more than half of the new petitions involved imports from multiple countries (as many as 10), with China being listed in 9 of the 21 new petitions. Domestic industries filing petitions in FY 2017 produced a range of products, including aircraft; various steel, aluminum, and metal products; chemicals and fuels; agricultural products; textiles; and wood forest and paper products. Several of the resulting investigations were particularly notable because they either involved large volumes of trade, complex markets or novel products for volume of trade, complexity of the market, or novelty of the product, including softwood lumber (Canada); biodiesel (Argentina and Indonesia); and 100- to 150-seat large civil aircraft (Canada). In addition to new investigations, the Commission instituted 28 reviews of existing orders. The Commission also conducted 2 global safeguard investigations, the first such investigations to occur in over 15 years; safeguard investigations are burdensome as they have short deadlines and often involve a large volume trade and many countries.

During FY 2017, we continued ongoing efforts to increase transparency and lessen the burden on participating parties and our staff. In FY 2018, we plan to develop and manage a data system for more complete, timely, and accessible reporting of Title VII investigation information.

Unfair Import Investigations Caseload Remains Elevated

In FY 2017, our section 337 workload remained at elevated levels as parties continue to find that our proceedings offer an attractive forum to resolve disputes involving unfair acts in the importation of goods, including imports that allegedly infringe U.S. intellectual property (IP) rights. Our proceedings provide a relatively quick resolution of matters that would usually involve more drawn-out litigation in the U.S. district courts. In addition, section 337 authorizes 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 U.S. industries that generate a trade surplus. The range of technologies covered in these investigations is quite broad, encompassing, among other things, various electronic devices, pharmaceutical and medical devices, transportation products, and consumer goods such as hand dryers, height-adjustable desks, beverage brewing capsules, bulk containers, sheets, and air mattresses. Although section 337 investigations typically involve patent infringement allegations, the Commission also investigates allegations of trade secret misappropriation (which is an area of heightened concern for U.S. companies, the Administration, and Congress).

We continue to work to ensure that section 337 investigations are completed expeditiously, in line with congressional intent. After several years of building the necessary staff and courtroom resources to handle the section 337 workload, we are now focusing on making the section 337 process more efficient and less costly for both litigants and the agency. Our efforts include improvements to our rules of procedure, procedural pilot programs, and substantial investments over the past few years in our Electronic Document Information System (EDIS). Further, in FY 2018, we plan to implement electronic service of documents in EDIS. We also plan to improve 337Info, which provides more detailed information to the public about investigations instituted since October 1, 2008. 337Info offers information on scheduling, staffing, parties, and counsel for all these investigations, as well as information about the unfair acts alleged for each investigation, how the investigations were disposed of with respect to each party, and appeals.

EDIS and 337Info have helped us better manage our large volume of investigation-related materials while making our investigative process more transparent. These systems also comply with government Open Data rules, furthering our efforts to improve the accessibility and usability of our data to other agencies and the public. Continued funding of these types of improvements will help us address the challenges of resolving section 337 matters expeditiously and will keep the public informed as to these matters.

Analysis and Information on Tariffs, Trade, and Competitiveness

Our agency supplies the executive branch and Congress with objective analyses of significant trade issues of the day. We provide industry and economic research, tariff and trade information, and trade policy support through formal investigations and informal expert advice. Given our unique economic and trade expertise, we are able to offer leading-edge insights that support the development of sound U.S. trade policy.

We also maintain and update the Harmonized Tariff Schedule of the United States (HTS). U.S. Customs and Border Protection (CBP) relies upon the HTS in collecting tariff revenues on imported goods, and private firms use it to learn the current and future tariff amounts they will pay on imported goods. U.S. exporters and importers depend on our work in the World Customs Organization to ensure that global tariff product classification (“nomenclature”) is up to date and takes into account industry interests and changing patterns of trade.

We Continue to Develop New Approaches in Our Industry and Economic Analysis

International trade touches nearly all sectors of the U.S. economy. As with section 337 and Title VII investigations, we must constantly develop and refine our capabilities to meet requests for increasingly complex analyses in emerging areas of international trade, trade policy, and competitiveness. We gather primary data to provide unique insights into emerging issues, assembling this information via a variety of instruments, including carefully crafted industry surveys.

Our staff also develops new methods or approaches to produce high-quality economic analysis. For example, in estimating the costs and benefits of trade agreements, we have found it increasingly important to account for nontariff issues and concessions. Assessing the impact of such changes is considerably more challenging than examining the effects of tariff concessions. During FY 2017, we applied new modeling approaches to assess global competitiveness in the aluminum industry and the effects of trade barriers affecting global supply chains. We also developed new capabilities by collaborating with other organizations, including academic institutions. For example, in our recent investigation of U.S. import restraints, we applied a specialized database and economic model that drew from the work of external experts in order to improve our analysis.

Our work in industry and economic analysis spans a wide variety of issues. A few examples include:

- The evolution and implications of agricultural policies
- The interactions of global and regional value chains
- How trade and investment barriers, rules of origin, and standards affect U.S. firms, workers, and consumers
- The promise—and pitfalls—of new technologies, industries, and business models
- The integration of goods and services in production and trade
- The impact of offers made by foreign countries in negotiations involving the United States

To support effectively the interests of trade policy makers, we must maintain a staff with expert knowledge and skills to provide relevant and timely insights on trade, investment, and the international competitiveness of U.S. companies in the global marketplace.

Tariff and Trade Information Services will Benefit from New Technology and Improved Business Processes

The HTS provides the foundation for the U.S. trade data maintained by the U.S. Census Bureau and enables CBP to manage its trade and enforcement activities. We ensure that the HTS is both accurate and up to date so that it meets the demands for trade and tariff information from the Census Bureau, CBP, U.S. exporters and importers, the Administration, and policy makers in 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. Its more than 10,700 tariff lines must be updated and maintained throughout the year to reflect changes from trade agreement implementation and other congressional and Administration actions. Redesigned in FY 2013, this system was developed as an electronic database in FY 2014 and was made available to the public at the beginning of the fourth quarter of FY 2015. We are now redesigning the DataWeb, the trade data system we both use for our own work and provide to the public, and expect to make a beta version available in the third quarter of FY 2018.

As these developments show, we've been able to take advantage of new technologies to make tariff and trade information far more accessible and usable, both for our own analyses and for many essential public uses. In planning to maintain and build on these improvements, however, we face resource gaps now and in the near future. Our appropriation request includes funding to address these issues. The skills needed to support various components of tariff and trade information services (e.g., HTS maintenance, HTS classification, and miscellaneous tariff bill assessments) are unique and can take years to develop. Moreover, many of the agency

experts that we rely on for tariff and trade information services are now or soon will be eligible for retirement. We therefore expect human capital planning and recruitment to be a priority over the next few years.

Trade Policy Support May Face Resource Constraints

We draw heavily on staff in all agency program areas to respond to informal quick-turnaround requests on trade policy support from Congress and the Administration. In FY 2017, we supplied over 160 rapid responses on a broad array of issues and topics, ranging from litigation support in international tribunals to assessments of specific industry and economic issues. Our staff often provides technical support to negotiators working on proposed trade agreements or adjustments to existing agreements. We supply information, expertise, and software-based tools to support U.S. negotiating teams.

We are also seeing increasing interest from our customers on nontariff-related trade matters, as well as the significant emerging tradable sectors such as services and digital trade. Moreover, behind-the-border issues related to regulation and services trade require us to refocus our resources, apply new analytic techniques, and develop new trade-related databases. Additionally, we regularly detail staff members to our main customers' offices, where they can support our customers' work while broadening their skills and experience.

Our customers place a high value on our staff's ability to produce objective and independent information and analysis on their most urgent issues. To the extent that we face heavier workloads, more complexity, and staffing challenges in various areas, our ability to respond to these requests could be curtailed. Staff development is thus a pressing need for us.

Efforts to Strengthen Information Technology Security

At the Commission in the past year, we demonstrated our commitment to improving our IT security by carrying out Homeland Security Presidential Directive 12 (HSPD-12) as it pertains to remote access. This directive establishes a government-wide standard for authorized remote access to federally controlled facilities and networks. Additionally, we deployed a data exfiltration solution as part of our new data loss prevention program by adding software to prevent the inadvertent release of personally identifiable information via email and web postings.

In FY 2018, we will continue to strengthen our security posture by investing in new technologies, processes, and capabilities to meet the requirements of the Federal Information Security Modernization Act (FISMA) of 2014. Planned improvements include the following:

- Expanding our information security continuous monitoring (ISCM) efforts to monitor our network security, for which we will leverage resources of the Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation Program
- Continuing independent security and privacy controls assessments of our systems to ensure that security controls are applied correctly, operating as intended, and producing the desired outcome for security requirements
- Ensuring timely detection and reporting of cyber incidents

In addition, we will devote necessary resources to our cybersecurity needs and focus on completing migration of our data center to an offsite location, as described below.

House Report 115-231: Cybersecurity Resources

House Report 115-231 instructs the Commission to “prioritize efforts to improve its cybersecurity posture,” and “encourages ITC to work with other relevant Federal agencies to inform its actions.” Our FY 2019 budget request contains approximately \$1.4 million for cybersecurity resources. It assumes we will largely use existing commercial products and tools to prevent, detect, and respond to security threats and vulnerabilities. About half of the cybersecurity budget will be used to acquire contractor support for safeguarding personally identifiable information, providing intrusion detection expertise, and implementing a common control catalog to advance our FISMA program. The other half of the cybersecurity budget will be used to prevent malicious cyber activity by investing in (1) security controls assessments, via interagency agreement with the Department of Health and Human Services, and (2) ISCM, via the DHS Continuous Diagnostics and Mitigation program. We are also coordinating with DHS for yearly use of their Risk and Vulnerability Assessment service, which includes penetration testing and email phishing assessment. We are currently implementing an enterprise business intelligence tool to eliminate numerous older legacy applications, reducing security risk as well as the cost of maintaining the older applications.

Relocation of Headquarters Data Center Capabilities Offsite

Given the constraints of our building’s power, telecommunications, and HVAC infrastructure, relocating the data center from headquarters is critical. In June 2015, we began upgrading our disaster recovery facility to a full second data center. We recently achieved 80 percent replication of our data to the second data center, and are pursuing the midterm goal of 100 percent capability in 2018. This will be accomplished by combining essential equipment from our headquarters with the upgraded equipment at our second data center, at which point this second location will become the Commission’s primary remote data center, leaving only a compact core telecommunications center at headquarters. The Commission is working toward a longer-term goal of a hybrid cloud solution and a potential move to a shared data center; reaching this goal would further improve redundancy, availability, and accessibility while at the same time reducing long term costs and carbon footprint. This strategy is considered a best practice both in private industry and government.

To further augment our disaster recovery capacity, we are enhancing our telework capability, including a modernized remote access solution; a capacity for videoconferencing with remote collaboration; and a mobile device contract to modernize our handheld wireless devices. In 2018, we plan to migrate email and associated functions to the cloud to both improve availability as well as further reduce our dependence solely on private data centers. Based on the expected success of this implementation we plan to further migrate more of the user desktop to the cloud later in 2018 and into 2019; this migration will not only improve availability but also strengthen the security posture of remote users.

Risk Management and Planning

The Commission has an enterprise risk management (ERM) process to establish, maintain, monitor, evaluate, and report on agency risks and its system of internal controls. ERM is an integral part of strategic planning, performance management, budget, information technology, and human capital functions and activities.

The Commission maintains an ERM database, which supports categorization, documentation, and evaluation of risks. Management performs ongoing assessments to identify, manage and update risks in this database. The risk profile is developed from the risk database and ranks risks from an agency-wide perspective. The profile is discussed, prioritized, and reviewed by the Commission’s Performance Management and Strategic Planning Committee. The primary purpose of this risk profile is to provide a thoughtful

assessment of the risks the agency faces arising from its operations and mission-support activities.

OMB provides agencies with guidance related to risk management in some specialized areas, one being cybersecurity. OMB Memorandum M-17-25, Reporting Guidance for Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure (EO 13800) directs agencies to assess their cybersecurity risk and, to manage the cybersecurity component of enterprise risk, and to adopt the Framework for Improving Critical Infrastructure Cybersecurity. The Commission manages risk commensurate with the magnitude of harm that would result from unauthorized access, use, disclosure, disruption, modification, or destruction of a Federal information system or Federal information. The Commission conducted a cybersecurity risk assessment as required by EO 13800 and submitted a risk management report to Congress on July 14, 2017. This report contained the following:

- The mitigation and acceptance risk choices made by the Commission including strategic, operational, and budget considerations. Any accepted risks were documented
- A description of the agency's plan to implement the NIST Cybersecurity Framework

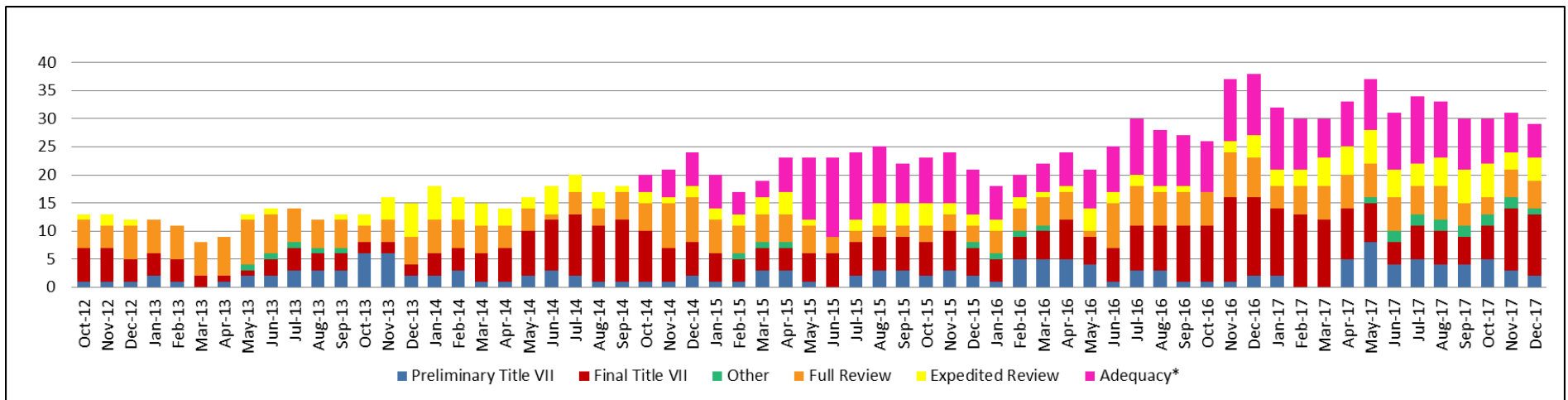
Agency managers actively integrate risk management principles into performance planning and budget formulation. There is now a more direct link between decision making, the weighing of risks and the attainment of strategic goals.

Import Injury Investigations Caseload

Instituted and Completed Investigations

	Instituted							Completed						
	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate	FY 2013 Actual	FY 2014 Actual	FY 2016 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Preliminary Title VII	13	9	12	18	21	18	18	9	13	11	19	17	21	18
Final Title VII	5	15	10	16	15	22	18	7	9	12	13	19	18	19
Other	1	0	1	1	2	4	4	1	0	1	1	0	4	4
Full Review	10	7	8	11	8	7	10	10	7	9	6	11	9	7
Expedited Review	9	11	16	11	20	11	15	3	15	14	12	15	16	17
Total	38	42	47	57	66	62	65	30	44	47	51	62	68	65

Monthly Active Caseload



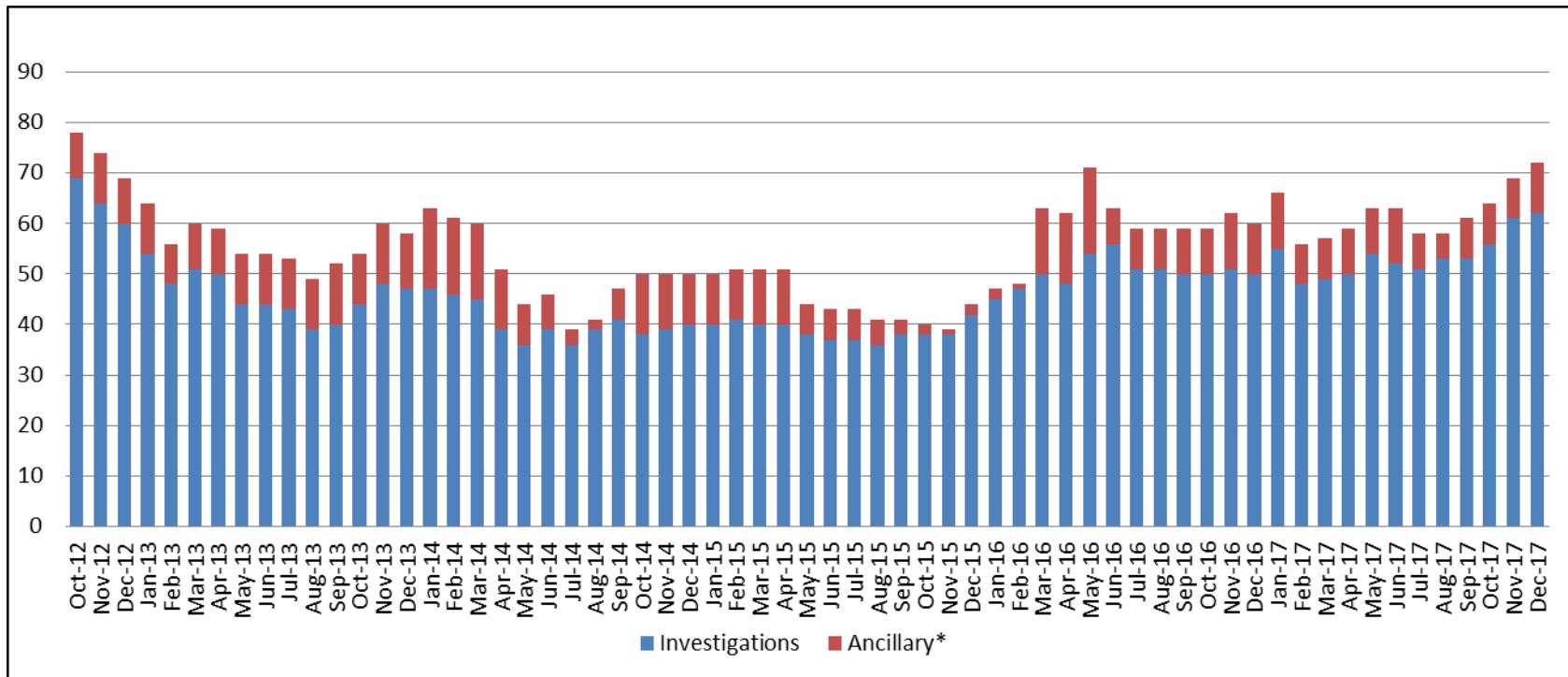
*The agency realigned its workload for five-year reviews in FY 2015, shifting a substantial portion of work to the adequacy phase of these proceedings, which precedes a determination to conduct a full or expedited review. In this chart, beginning in FY 2015, active five-year reviews in their adequacy phase are presented separately and designated "Adequacy."

Unfair Import Investigations Caseload

Instituted and Completed Investigations

Status	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Instituted	52	49	47	79	64	70	60
Completed	72	59	50	64	61	62	60

Monthly Active Caseload



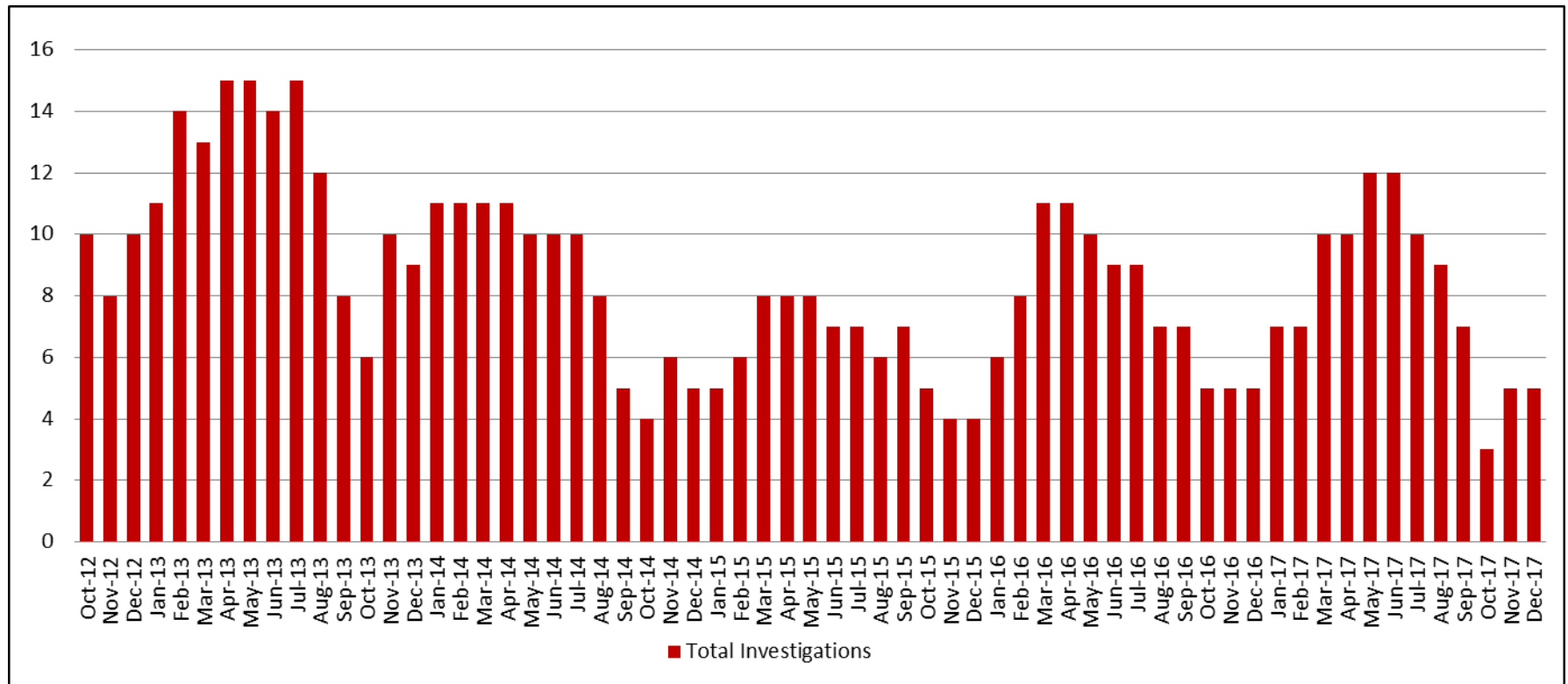
*Ancillary investigations include petitions for modifications and/or rescissions of remedial orders, requests for advisory opinions, Federal Circuit remands, and enforcement proceedings.

Industry and Economic Analysis Investigations Caseload

Instituted, Completed, and Active Recurring Investigations

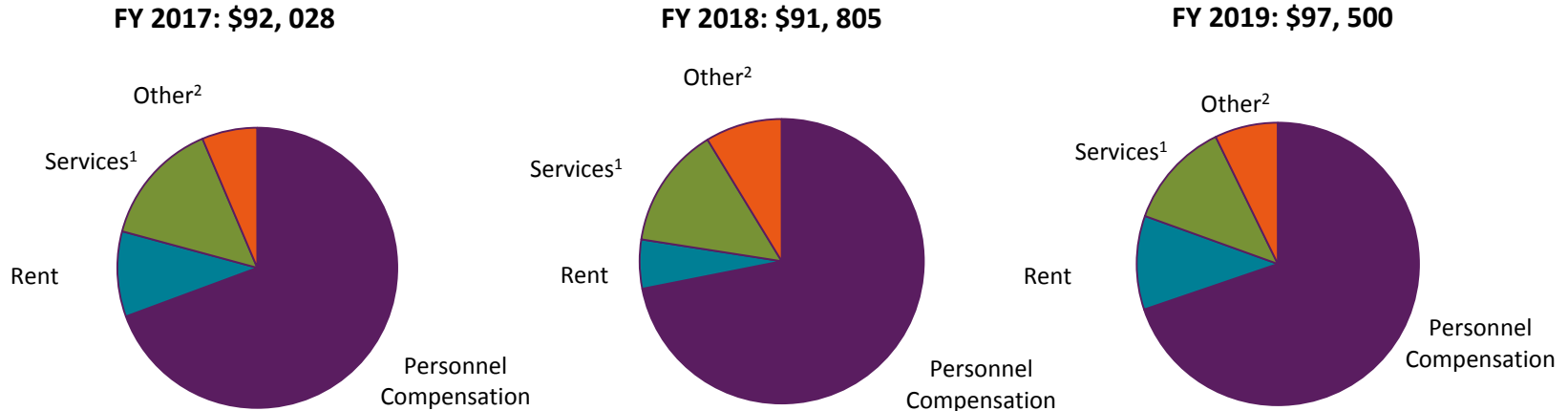
Status	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Instituted	10	8	5	7	5	7	7
Completed	12	10	9	9	5	4	9
Active Recurring	8	7	6	6	7	6	6





Monthly Active Caseload



Dollar Cost: Comparison by Object Classification, Fiscal Years 2017–19

(dollar amounts in thousands)



CATEGORY OF OBLIGATION	FY 2017 Actual		FY 2018 Estimate		FY 2019 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Personnel Compensation 	\$63,830	69.4%	\$66,000	71.9%	\$68,043	69.8%
Rent 	9,060	9.8%	5,118	5.6%	10,455	10.7%
Services 	13,247	14.4%	12,670	13.8%	11,949	12.3%
Other 	5,891	6.4%	8,017	8.7%	7,053	7.2%
TOTAL	\$92,028	100.0%	\$91,805	100.0%	\$97,500	100.0%

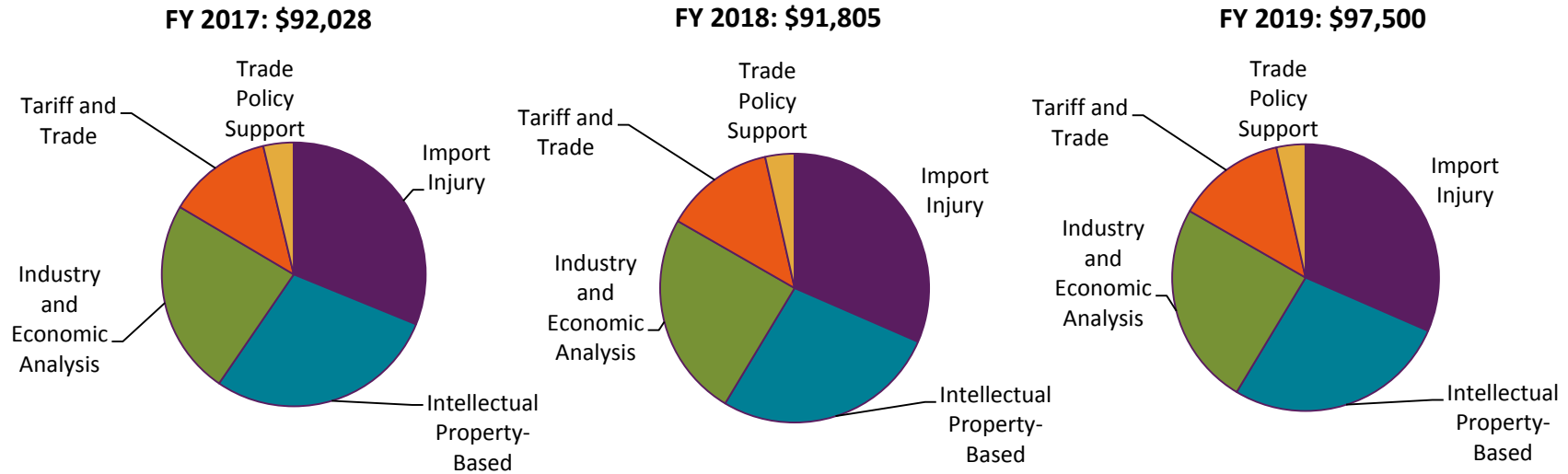
Note: Dollars may not add due to rounding in this and subsequent charts.

¹Services 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.

²Other 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.

Dollar Cost: Comparison by Strategic Goal, Fiscal Years 2017–19

(dollar amounts in thousands)



CATEGORY OF OBLIGATION	FY 2017 Actual		FY 2018 Estimate		FY 2019 Request	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Trade Remedy Investigations (Strategic Goal 1)						
Import Injury	\$28,681	31.2%	\$28,944	31.5%	\$30,739	31.5%
Intellectual Property-Based	26,127	28.4%	24,890	27.1%	26,434	27.1%
Tariff, Trade, and Competitiveness-Related Analysis and Information (Strategic Goal 2)						
Industry and Economic Analysis	22,039	23.9%	22,639	24.7%	24,044	24.7%
Tariff and Trade Information Services	11,758	12.8%	12,101	13.2%	12,852	13.2%
Trade Policy Support	3,423	3.7%	3,231	3.5%	3,431	3.5%
TOTAL	\$92,028	100.0%	\$91,805	100.0%	\$97,500	100.0%

Analysis of Change by Object Classification, Fiscal Years 2017–19

(dollar amounts in thousands)

	FY 2017 Actual Obligations	FY 2018 Estimate	FY 2019 Request	FY 2018—19 Change	Percentage Change
Personnel Compensation	\$63,830	\$66,000	\$68,043	\$2,043	3.0%
Non-personnel Obligations					
Rent	\$9,060	\$5,118	\$10,455	\$5,338	104.3%
Services	13,247	12,670	11,949	-721	-5.7%
Supplies	1,714	1,874	1,913	39	2.1%
Equipment	1,155	1,432	1,220	-212	-14.8%
Travel	424	560	504	-56	-10.0%
Training	494	527	411	-116	-21.9%
Communications and Equipment Rental	810	2,490	2,541	50	2.0%
Transportation	14	17	17	0	0.0%
Postage	38	54	54	0	0.0%
Land and Structures	947	778	100	-678	-87.1%
Printing and Reproduction	292	272	277	5	2.0%
Official Reception and Representation	2	13	15	2	17.5%
Subtotal Non-personnel Obligations	\$28,198	\$25,805	\$29,457	\$3,652	14.2%
Total Obligations	\$92,028	\$91,805	\$97,500	\$5,695	6.2%

Summary of Changes from the FY 2018 Estimate

(dollar amounts in thousands)

Personnel Cost Change

Personnel Costs +\$2,043

Personnel costs are expected to increase by about \$2.0 million. This level of funding will sustain the human capital investments we made in FYs 2017 and 2018 to manage historically high investigatory caseload. The request also includes the resources necessary to conduct the 2019 petition cycle required by the American Manufacturing Competitiveness Act of 2016 (AMCA). Further, this funding level will cover the anticipated 1.9 percent pay raise effective January 1, 2019 and pay for the normal cost of promotions, within-grade increases, and higher benefits.

Non-Personnel Cost Changes

Rent..... +\$5,338

FY 2019 rent obligations are expected to increase by \$5.3 million to reflect the standard annual rate, about \$10.0 million, in our new 15-year lease agreement.

Services.....-\$721

Services obligations are expected to decrease by \$721,000, reflecting one-time costs anticipated in FY 2018; for example, the fee to our financial services provider for assessing the implementation of a new contract writing system.

Supplies +\$39

Supplies obligations reflect an inflationary \$39,000 increase.

Equipment-\$212

Equipment obligations are expected to decrease by \$212,000, reflecting one-time costs anticipated in FY 2018. In FY 2018, we will be replacing our court room infrastructure, much of which is 30 years old and is not compliant with the Americans with Disabilities Act.

Travel-\$56

Travel obligations are expected to decrease slightly but travel will be sufficiently funded to support statutory investigations, anticipated studies, knowledge development in emerging trade issues and priority areas, representational travel for international organization meetings, litigation support, and multilateral and regional agreement negotiation support.

Training.....-\$116

Training obligations are expected to decrease by \$116,000, in part reflecting initial training requirements for newly hired staff in FY 2018. Training will be sufficiently funded to support advancing staff skills, licensing, certification, and professional education requirements.

Communications and Equipment Rental..... +\$50

Communications and equipment rental obligations reflect an inflationary \$50,000 increase.

Land and Structures.....-\$678

Land and structures obligations are expected to decrease by \$678,000 due to one-time costs anticipated in FY 2018. In FY 2018, we will be funding building security enhancements consistent with best practice guidelines of the Interagency Security Committee, which was created by Executive Order 12977. Additionally, we will be modernizing the IT infrastructure in our two oldest court rooms and main hearing room to provide improved functionality, similar to that found in our newest court room.

Printing and reproduction..... +\$5

Printing and reproduction obligations reflect an inflationary \$5,000 increase.

Official Reception and Representation..... +\$2

Official reception and representation funds are expected to increase by \$2,250, which has been the level of funding provided in the last several annual appropriations.

Net Non-Personnel Cost Changes +3,652

Total Adjustment to Base (\$91,805) +\$5,695

Total Budget Request..... \$97,500

Commissioners

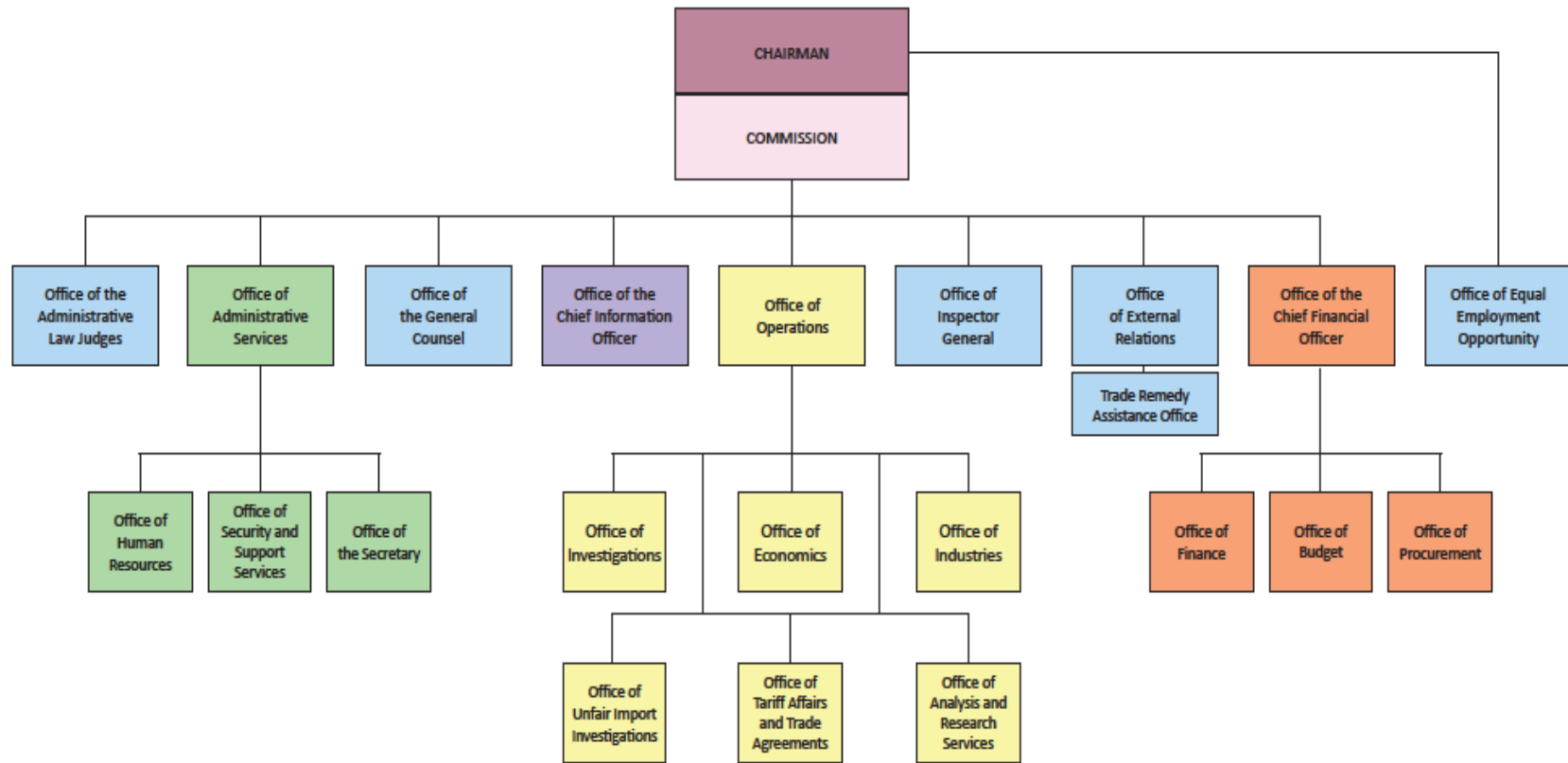
The USITC is headed by six commissioners, who are nominated by the President and confirmed by the Senate. Rhonda K. Schmidlein, a Democrat, is serving as Chairman; David S. Johanson, a Republican, is serving as Vice Chairman. Commissioners currently serving are, in order of seniority, Rhonda K. Schmidlein, David S. Johanson, Irving A. Williamson, and Meredith M. Broadbent. As of February 2018, there are two vacant seats on the Commission.

Each of the six commissioners serves a term of nine years, unless appointed to fill an unexpired term. The terms are set by statute¹ and are staggered so that a different term expires every 18 months. A commissioner who has served for more than five years is ineligible for reappointment. A commissioner may, however, continue to serve after the expiration of his or her term until a successor is appointed and qualified.

No more than three commissioners may be members of the same political party. The Chairman and the Vice Chairman are designated by the President and serve for a statutory two-year term. The Chairman may not be of the same political party as the preceding Chairman, nor may the President designate two commissioners of the same political party to serve as the Chairman and Vice Chairman. As of February 2018, two Democrats and two Republicans serve as commissioners.

¹ 19 U.S.C. § 1330, Organization of Commission

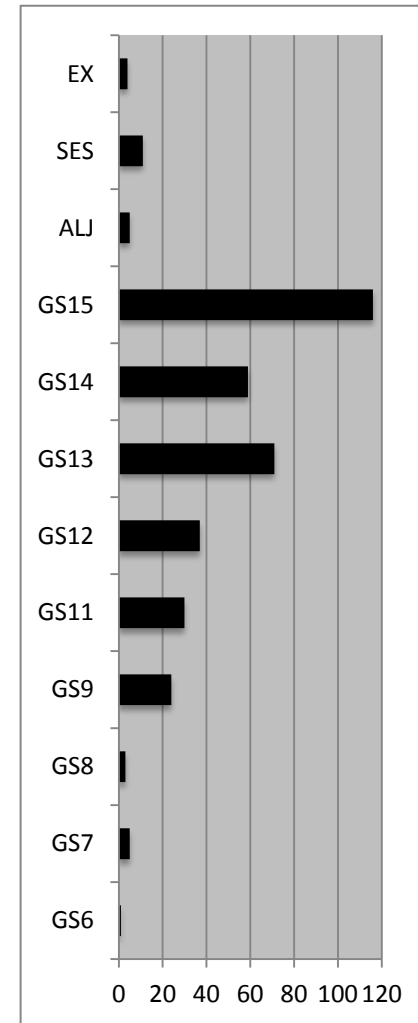
U.S. International Trade Commission Office-Level Organization Chart



Revised December 2017

Current Permanent and Term Staffing Plan with Onboard and Gaps

Office	FY 2018		
	Permanent and Term Positions in Staffing Plan	Permanent and Term On Board (as of 2/4/18)	Gap
Commissioners' Offices	32	25	7
External Relations	5	4	1
Inspector General	4	4	0
General Counsel	44	41	3
Administrative Law Judges	24	24	0
Equal Employment Opportunity	2	2	0
Chief Information Officer	32	26	6
Subtotal Independent Offices	143	126	17
Operations	7	7	0
Analysis and Research Services	24	19	5
Investigations	27	21	6
Unfair Import Investigations	21	22	-1
Economics	43	42	1
Tariff Affairs and Trade Agreements	14	11	3
Industries	81	54	25
Subtotal Operations	217	176	39
Chief Financial Officer*	6	7	-1
Budget*	3	3	0
Finance	6	6	0
Procurement	6	5	1
Subtotal Chief Financial Officer	21	21	0
Administrative Services*	5	6	-1
Human Resources*	9	10	-1
Security and Support Services	11	11	0
Secretary and Dockets	20	16	4
Subtotal Administrative Services*	45	43	2
Commission Total	426	366	58



*We are constantly evaluating our workload and align resources to meet emergent needs. In the short term, the Commission may approve requests for staffing that exceed office allocations to meet workload challenges. If those workload challenges persist, the Commission may make the adjustment permanent by shifting positions, subject to the total staffing constraint of 426 permanent and term positions.

The End.



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