United States International Trade Commission

Budget Justification

Fiscal Year 2020
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## Alphabetical Listing of Abbreviations

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<tr>
<td>AD</td>
<td>Antidumping</td>
<td>HSPD-12</td>
<td>Homeland Security Presidential Directive 12</td>
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<td>ALJs</td>
<td>administrative law judges</td>
<td>HTS</td>
<td>Harmonized Tariff Schedule of the United States</td>
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<td>AMCA</td>
<td>American Manufacturing Competitiveness Act of 2016</td>
<td>IP</td>
<td>intellectual property</td>
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<td>Byrd</td>
<td>Continued Dumping and Subsidy Offset Act (CDSOA)</td>
<td>ISCM</td>
<td>information security continuous monitoring</td>
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<td>Amendment</td>
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<td>CBP</td>
<td>U.S. Customs and Border Protection</td>
<td>ITBs</td>
<td>miscellaneous tariff bills</td>
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<td>CDM</td>
<td>continuous diagnostics and mitigation</td>
<td>MTBPS</td>
<td>Miscellaneous Tariff Bill Petition System</td>
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<td>CVD</td>
<td>countervailing duty</td>
<td>OIG</td>
<td>Office of Inspector General</td>
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<td>DHS</td>
<td>Department of Homeland Security</td>
<td>SCA</td>
<td>security controls assessment</td>
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<td>DLP</td>
<td>data loss prevention</td>
<td>USITC</td>
<td>U.S. International Trade Commission</td>
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<td>DMS</td>
<td>data management system</td>
<td>WCO</td>
<td>World Customs Organization</td>
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<td>EDIS</td>
<td>Electronic Document Information System</td>
<td>WTO</td>
<td>World Trade Organization</td>
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<td>ERM</td>
<td>enterprise risk management</td>
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<td>FY</td>
<td>fiscal year</td>
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Introduction

Mission

The mission of U.S. International Trade Commission (USITC or Commission) is to 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

The Commission is an independent, quasi-judicial federal agency with specific responsibilities in the adjudication and enforcement of certain U.S. trade laws; providing independent, objective, and timely analysis of trade and competitiveness issues to Congress and the Administration; and, maintaining the Harmonized Tariff System of the United States (HTS). 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**, which 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 (USDOC or Commerce) also finds 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 “sunset” reviews, we determine whether an order can be revoked without resulting in continued or recurrent injury to a domestic industry. If Commerce or the Commission determines that revocation is appropriate, the U.S. Department of Commerce will revoke the order.

We also have sole responsibility to conduct investigations under section 201 of the Trade Act of 1974. If we determine 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, we 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, on 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. Intellectual Property (IP) holder. If a violation is found, we issue remedial relief provided that the public interest does not preclude the issuance of such relief. Relief typically takes the form of exclusion orders, which bar 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 rapid technology change.

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. Policy makers 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 our 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) 2018, 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 on recent developments in U.S. trade and investment with sub-Saharan Africa, possible modifications to the Generalized System of Preferences, and advice on modifications to duty rates for certain motor vehicles under the U.S.-Korea Free Trade Agreement. 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. As a result of a number of Administration trade policy initiatives, in FY 2018, we issued 13 supplemental revisions to the annual edition of the HTS compared to only 2 revised versions of the annual edition in FY 2017. Maintaining an accurate HTS in a period of rapid change 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. To further U.S. competitiveness, we ensure that changes in the international Harmonized System for goods classification, which is administered by the World Customs Organization, reflect the interest of U.S. companies.

In 2016, the American Manufacturing Competitiveness Act (AMCA) introduced a new process for the consideration of miscellaneous tariff bills, under which we are responsible for accepting and handling petitions and comments regarding the temporary suspension or reduction of duties on specific products. U.S. firms typically seek this temporary relief for imported materials when the materials are not available from domestic manufacturers. The AMCA mandated two petition cycles. During the 2016 cycle, we received about 3,200 petitions and 2,500 comments on those petitions. We produced preliminary and final reports on these petitions for the House Committee on Ways and Means and the Senate Committee on Finance (Committees), in which we recommended 1,686 products for inclusion in a miscellaneous tariff bill. In accordance with the AMCA, we will begin accepting petitions for the second cycle in October 2019; after analyzing the petitions and comments we have received, we will deliver preliminary and final reports to the Committees in June and August of 2020, respectively.

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 the varying workload and new mission requirements we often encounter. For example, we successfully fulfilled AMCA requirements due, in part, to our capacity for flexible staffing. Our ability not only to attract but also to retain a high-quality 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 2018, we ranked toward the top (no. 2 of 29 small agencies) in “Best Places to Work in the Federal Government.” The Office of Personnel Management (OPM) collected the data through its Federal Employee Viewpoint Survey, which showed continuing a steady improvement from prior years’ results.

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 2018, the Office of the Chief Financial Officer (OCFO) launched a robust budget formulation process that directly ties resource requests to projected workload metrics and specific outcomes. The Director of Procurement continued to review the timeliness of contract activity and achieved real-time reporting of the status of procurement actions. Finally, the Director of Finance regularly reviewed the agency’s accounting processes each quarter to ensure that key financial controls were identified and are functioning as documented. These financial process and control evaluations supported the achievement of our eighth consecutive unmodified financial audit opinion during FY 2018.

Our third management objective is to identify, deliver, and secure reliable enterprise information systems. In recent years, we have made tangible progress toward meeting our information technology (IT) management objective, which aims to ensure that IT resources support our mission. Our IT performance goals for FYs 2019 and 2020 quantify how the Office of the Chief Information Officer (OCIO) intends to support this objective. The CIO, as the leader for this management objective, will also ensure that critical IT systems are continuously available at a high level so that we can conduct our operations with little to no loss of efficiency and capability. Additionally, the OCIO will continue to ensure our IT security by complying with federal cybersecurity priorities.
In particular, we will address government-wide priorities and initiatives, including:

- Ensuring all our systems have a valid Authority to Operate.
- Implementing and verifying security configuration baselines for 100% of servers and workstations.
- Retiring non-baseline servers.
- Migrating appropriate applications and services to a cloud-based architecture.

Our fourth management objective is to increase our operational effectiveness by evaluating and improving processes and communication.

Operational effectiveness means that we are continually improving functional performance. To accomplish this, managers lead and control the functional activities within the agency, and continually measure and improve the processes for which they are responsible.

Examples of our continuing efforts in this area include:

- Implementation of a system of internal rules.
- Expanded use of business intelligence software to provide our managers with increasingly useful management reports.
- Continuous improvements to our web presence, including use of evolving technologies that benefit our customers and lead to improvements in user satisfaction.
- Continuing the use of Enterprise Risk Management to identify risks and establish priorities to inform decision makers.
- Refocusing available resources to support agency-wide policy development.
- Investing and modernizing our IT infrastructure and management systems.

We recognize that resource constraints, unexpected external requirements, and other developments may slow our efforts to fully accomplish our planned initiatives in the near term. However, we believe that recent progress—in particular expanded IT capabilities both within and outside of the OCIO, and increased managerial focus on these issues—may mitigate these constraints.
Detailed performance goals for program and management activities are presented in our Annual Performance Plan, FY 2019–2020, and Annual Performance Report, FY 2018, which can be found at https://www.usitc.gov/strategic_plan.htm.
Budget Highlights

For FY 2020, the Commission requests $101.0 million to carry out our statute-mandated functions. The request represents an increase of $3.5 million, or 3.6 percent, over our FY 2019 budget request of $97.5 million. This level of funding will sustain the personnel and non-personnel investments we made in FYs 2018 and 2019 to manage continued high investigative caseloads and modernize our IT infrastructure. Further, the request includes the resources we will need to conduct the 2019–20 cycle of petition receipt and analysis required by the American Manufacturing Competitiveness Act of 2016 (AMCA), which is discussed below in more detail.

Proposed FY 2020 personnel costs are about $5.3 million higher than in FY 2019. They reflect the resources required to fully staff the Offices of Operations and of the General Counsel, which are heavily impacted by high investigative caseloads. The Office of Operations will also need temporary staffing increases in FY 2019–20 to successfully meet AMCA requirements. Further, the budget request will fund the cost of the anticipated 1.9 percent pay raise effective January 1, 2020; normal costs for promotions and within-grade increases; and higher benefits costs.

Proposed non-personnel expenses are about $1.8 million less than in FY 2019. This budget supports several projects to maintain and upgrade our IT systems and infrastructure. For example, continued migration of various services and applications to the cloud. Taking advantage of cloud resources provides optimal availability and performance, offers better continuity of operations in the event of a catastrophe, improves reliability, and secures the highest long-term value for our users and taxpayers. Another significant cost involves the Miscellaneous Tariff Bill Petition System (MTBPS), which is the web portal required by the AMCA. This complex and heavily used system will need significant support resources for the next filing cycle in FY 2020. Our request also supports added capabilities in both research and economic analysis so we can better investigate proposed changes in trade policy, as well as important developments in U.S. competitiveness.

1 The Commission received it FY 2019 appropriation of $95.0 million on February 15, 2019. Currently, we are working to reconcile our appropriation level to our requested amount through our expenditure plan.
American Manufacturing Competitiveness Act of 2016 (P.L. 114-159)

The American Manufacturing Competitiveness Act of 2016 (AMCA), enacted in May 2016, directed the US to conduct two petition cycles for the consideration of miscellaneous tariff bills (MTBs), in which potential beneficiaries file petitions for duty suspensions or reductions directly with the USITC. We successfully completed the first cycle on August 8, 2017, delivering a final MTB report recommending 1,686 products for inclusion in the omnibus MTB legislation. The omnibus Miscellaneous Tariff Bill Act of 2018, Public Law 115-239, was enacted on September 13, 2018, and became effective on October 13, 2018. The tariff reductions and eliminations under the act are temporary and will expire on December 31, 2020.

The AMCA provides that the second cycle must begin no later than October 15, 2019. In FY 2019, we funded improvements to the MTBPS, which are continuing. We are also developing plans to hire temporary staff for the MTB process and to train a larger number of existing permanent staff to prepare for processing a very large number of MTB petitions in the second cycle. Our FY 2020 budget request contains the resources needed to fully staff the process and to keep the MTBPS secure and available to staff and petitioners, so that we can meet our statutory mandate and deliver a final MTB report to the Committees in August 2020.

General Statement

In addition to the continued heavy workload described below in antidumping and countervailing duty and unfair import investigations, we have been devoting considerable resources to conducting or supporting other investigations and Administration initiatives. For example, we conducted two global safeguard investigations in 2017 under sections 201–204 of the Trade Act of 1974, and are now conducting midpoint reviews. We have also had to amend the HTS a number of times in recent years to incorporate the changes brought about by Administration initiatives. One initiative was the U.S. Trade Representative’s investigation of acts, policies, and practices by the government of China under section 301 of the 1974 Trade Act. The other initiatives were the Department of Commerce’s two investigations (on steel and then aluminum) under the national security provisions of section 232 of the Trade Expansion Act of 1962.
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. Our trade remedy investigations caseload continues to grow in volume and complexity. In FY 2018, the number of antidumping/countervailing duty (AD/CVD) investigations was consistent with the continuing record levels in recent fiscal years, and the caseload is expected to stay at comparable levels in FYs 2019 and 2020. In FY 2016, new unfair import matters under section 337 exceeded the previous peak in FY 2011; this caseload remained high in FYs 2017 and 2018 and is expected to remain high in FYs 2019 and 2020.

AD/CVD Caseload Maintains High Levels

In FY 2018, 18 new petitions were filed under Title VII of the Tariff Act of 1930, a slight decline over the prior fiscal year. These new filings, combined with ongoing investigations and reviews, resulted in 52 proceedings instituted and 62 completed, continuing the trend of high levels of active investigations in recent fiscal years. In FY 2018, about half of the new petitions involved imports from multiple countries (as many as six), with China being listed in 16 of the 18 new petitions. Domestic industries filing petitions in FY 2018 produced a range of products, including various steel, aluminum, and metal products; chemicals; and final consumer products. A relatively large number of investigations covered steel products. Some investigations were particularly notable because of the large volumes of trade or complexity of the market, including large diameter welded pipe (Canada, China, Greece, India, South Korea, and Turkey), quartz surface products (China), and mattresses (China). In addition to new investigations, we instituted 17 reviews of existing orders. Because existing orders are reviewed every five years, the recent increases in new investigations will result in an increased number of reviews going forward. We continued working on the two global safeguard investigations initiated in FY 2017. Although we initiated no new safeguard investigations in FY 2018, the Commission continues to receive public inquiries regarding global safeguard investigations.
During FY 2018, we continued ongoing efforts to increase transparency and lessen the burden on participating parties and our staff. In FY 2019, we plan to continue development of a data system for more complete, timely, and accessible reporting of Title VII investigation information. Also, we will survey external stakeholders on potential improvements to processes and procedures.

**Unfair Import Investigations Caseload Remains Elevated**

In FY 2018, our section 337 workload remained at elevated levels. 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 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 significant exports. The range of technologies covered in these investigations is quite broad, encompassing, among other things, various electronic devices, pharmaceutical and medical devices, transportation-related products, and consumer goods such as LED lighting, height-adjustable desks, packaging for fresh produce, fuel pumps, intraoral scanners, beverage containers, amorphous metals, gaming consoles, and jump ropes. Although section 337 investigations typically involve patent infringement allegations, we also investigate allegations of trade secret misappropriation, which is an area of heightened concern for U.S. companies, the Administration, and Congress.

Work is ongoing to ensure that section 337 investigations are completed expeditiously, in line with congressional intent. We continue to build the necessary staff and courtroom resources to handle the section 337 workload and focus 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 2019–2020, we plan to implement electronic service of documents in EDIS. We also plan to improve our search application, 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. Other information is about the unfair acts alleged and disposition with respect to each party, and appeals.

Recent improvement to 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. Private firms use the HTS 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. During 2018, we revised the HTS 13 times after issuing the 2018 basic edition, compared to 2 or 3 revisions in a typical year. These revisions were made to incorporate tariff rate changes implemented during the year due to tariff increases on steel and aluminum for national security, for safeguard actions on solar panels and large residential washers, and on thousands of products to address issues with China.

**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 economic effects of proposed 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 2018, we applied new modeling and survey research approaches to assess global competitiveness of U.S. businesses
supplying business-to-business digital products and services. We also continue to develop new capabilities by collaborating with other organizations, including academic institutions. During FY 2019 and 2020, we plan to focus our research on areas such as improving our ability to model the connection between international trade and investment; assessing industry competitiveness; examining the effects of trade and trade policy on U.S. workers; and supply chains.

Our work in industry and economic analysis spans a wide variety of issues, and responds to particular request from the President and the Congress. A few examples include:

- The performance of U.S. companies global and regional value chains.
- The promise—and pitfalls—of new technologies, industries, and business models.
- The integration of goods and services in production and trade.
- Economic analysis of proposed and completed U.S. free trade agreements, as well as technical support to policymakers during trade negotiations.

To effectively support 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 Benefits 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 implementing trade agreements, 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. In FY 2018,
we completed the redesign of the DataWeb, the trade data system we use both for our own work and provide to the public. We deployed a beta version of the redesigned DataWeb in FY 2018 and released the final version in the first quarter of FY 2019.

As these developments show, we have 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. Maintaining and building on these improvements requires resources. Our appropriation request includes funding to address these issues. The skills needed to support many of these 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 approaching eligibility for retirement, so we 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 for trade policy support from Congress and the Administration. In FY 2018, we supplied 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 trade policy 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. As budget and statutory workload permits, we 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 timely, objective and independent information related to 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 recruitment and development is thus a pressing need for us.
Efforts to Strengthen Information Technology Security

We continue to demonstrate our commitment to improving our IT security by complying with and implementing mandates, directives, and best business practices pertaining to IT security. We continue to expand and improve upon our data exfiltration solution, as well 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 2020, 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.

House Report 115-704: Cybersecurity Resources

House Report 115-704 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 2020 budget request contains approximately $1.9 million for cybersecurity, of which $1.5 million will be used for personnel and $0.4 million for tools and products. We will largely use existing commercial products and tools to prevent, detect, and respond to security threats and vulnerabilities. Our cybersecurity budget will be used to safeguard personally identifiable information, providing intrusion detection expertise, and implementing a common control catalog to advance our FISMA program. The budget also will be used to prevent malicious cyber activity by investing in security controls assessments, via interagency agreement with the Department of Health and Human Services, and ISCM, via the DHS Continuous Diagnostics and Mitigation program. We continue to coordinate with DHS for yearly use of their Risk and Vulnerability Assessment service, which includes penetration testing and email phishing assessment.
Remote and Cloud Computing
We plan to further augment our disaster recovery capacity and telework capability in FY 2020 by maintaining a modernized remote access solution; adding additional capacity for videoconferencing with remote collaboration; and ensuring improved levels of availability and accessibility via our remote data center. In FY 2019, we completed our migration of email to the cloud and commenced the migration of other desktop-based applications and associated functions to the cloud. These migrations will improve availability, reduce our dependence solely on private data centers, and strengthen the security posture of all users. Based on the expected success of these implementations we plan to migrate additional key components of our IT infrastructure to the cloud in FY 2020.

Risk Management and Planning
We have 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.

As part of this effort we maintain 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 our Performance Management and Strategic Planning Committee. The primary purpose of this risk profile is to provide a thoughtful assessment of the risks we face arising from our operations and mission-support activities.

The Office of Management and Budget (OMB) provides agencies with guidance related to risk management in some specialized areas, one being cybersecurity. OMB 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. We manage risk commensurate with the size of the harm that would result from unauthorized access, use, disclosure, disruption, modification, or destruction of a federal information system or federal information. We comply with all cybersecurity reporting requirements.

Our 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.
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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, $101,000,000 to remain available until expended.”
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Trade Remedy Investigations

Our agency plays an important role in administering and applying U.S. trade remedy laws by conducting several types of investigative proceedings. These proceedings focus on allegations that subsidized and dumped imports are injuring a domestic industry; that surges of imports are injuring a domestic industry; or that imports are infringing domestic IP rights or are entering the United States as a result of other unfair acts that injure a domestic industry.

Our first strategic goal is to produce sound, objective, and timely determinations in trade remedy proceedings. Our work supports U.S. companies and their workers’ efforts to compete in the global economy. Moreover, our timely resolution of complex IP disputes (section 337 disputes) can be of paramount economic importance to persons and companies holding U.S. IP rights.

Import Injury Investigations

We conduct investigations to determine whether unfairly traded imports cause or threaten material injury to a U.S. industry, or materially retard an industry’s establishment, in accordance with Title VII of the Tariff Act of 1930. Under this law, unfair imports can be remedied through antidumping or countervailing duty (AD/CVD) orders on the goods in question. These orders are administered by the U.S. Department of Commerce. We conduct five-year reviews of existing AD/CVD orders to decide whether their revocation would be likely to cause material injury to a U.S. industry to continue or recur. We have independent legal authority to defend our decisions in appeals to the U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit, as well as in proceedings under the North American Free Trade Agreement (NAFTA). We also give extensive assistance to the U.S. Trade Representative in resolving disputes before the World Trade Organization (WTO).

Unfair imports, whether subsidized by a foreign government or “dumped” for sale at prices below the foreign market price or the cost of production, can injure U.S. companies. Congress enacted the AD/CVD laws to give U.S. producers and labor unions a way to obtain remedies when we find material injury or threat of material injury by reason of imports that the U.S. Department of Commerce has determined to be unfairly traded. The remedies take the form of AD/CVD duties on imported merchandise equivalent in value to the dumping margin or subsidy rate found for foreign producers by the Department of Commerce.
Historically, AD/CVD petitions have covered a broad range of products representing many sectors of the economy. These petitions can cover finished goods or intermediate products such as steel and chemicals. In FY 2018, we instituted investigations covering eight iron, steel, and fabricated metal products, of which six were non-tubular products (forged fittings, steel wheels, trailer wheels, propane cylinders, racks, and kegs) and two were forms of tubular products (large diameter welded pipe and cast iron soil pipe). In addition, we instituted investigations covering three different chemicals, as well as others covered final consumer goods including plastic decorative ribbons, rubber bands, laminated woven sacks, quartz surface products, and mattresses. In FY 2018, we matched the 2017 record high of 62 completed investigations, including cases on softwood lumber, large civil aircraft, citric acid, forged steel fittings, and uncoated groundwood paper (mainly newsprint).

In FY 2018, almost half of the 18 petitions filed involved imports from multiple countries, ranging from two to six countries, with China being the predominant import source (16 of 18 petitions). Collectively, AD/CVD investigations resulting from petitions filed in FY 2018 involved about $17.4 billion in U.S. consumption, $5.8 billion in imports, and more than 28,700 U.S. production employees.

In FY 2018, we completed two section 201 (i.e., global safeguard) investigations initiated in FY 2017, but did not initiate any new safeguard investigation. Under section 201 of the Trade Act of 1974, we conduct global safeguard investigations and determine whether increased imports are a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing the subject product. Public inquiries regarding new safeguard petitions, including the receipt of a petition in FY 2019, (subsequently withdrawn), remain relatively active.

To conduct import injury investigations, we assemble multidisciplinary teams that compile information from a number of sources, including questionnaire responses from domestic and foreign firms, publicly available information, plant tours, testimony at USITC conferences and hearings, and legal briefs from parties. Our investigative teams prepare fact-based reports upon which the Commissioners rely to make their determinations. Interested parties’ representatives have access to all the information we examine. All hearings and votes are open to the public, and public versions of reports, party submissions, and opinions are available on our website, providing timely and useful information to companies and individuals.

Our investigative processes are fair and transparent. We ensure that investigative records are complete and contain information from all parties so the Commissioners can make sound and objective determinations that can withstand judicial scrutiny. We continually seek to improve our processes in terms of speed, efficiency, and technical soundness. In FY 2018, we advanced ongoing
electronic data collection and processing efforts and implemented process improvements that reduced processing time for investigation-related documents. In FY 2017, we issued a survey to outside counsel to gather suggestions for improving how we conduct preliminary phase investigations, including data and information collection. We used information from the survey to implement and advance staff conference processes that will increase efficiency and enhance transparency of our investigative activities.

Throughout FY 2018, we continued to make more content available on the internet and continued our efforts to emphasize transparency. In FY 2019, we also plan to increase focus on the technology and staff skills needed to develop and manage a data system for more complete, timely, and accessible reporting of trade remedy investigation information, and to issue a survey to external stakeholders on ways to improve effectiveness of processes and procedures.

Our workload in import injury investigations is a function of both new filings and reviews of existing orders; estimating the number of future filings is more difficult than estimating the number of future reviews. Overall caseload (new filings plus reviews) fluctuates from year to year and was as low as 32 in FY 2010. Since then, the number of investigations and reviews instituted has steadily increased: there has been a notable upswing in the past several years, with cases increasing from 42 in FY 2014 to a record 66 cases in FY 2017 and a sustained high level of 56 cases in FY 2018. In part, this increase was driven by 18 new petitions received in FY 2018, a slight decline from FY 2017 but consistent with the then-record level of 18 new cases in FY 2016. The growth in annual institutions in recent years has also been driven by a lack of order revocations, either at the Commission or at the Department of Commerce. For FYs 2019 and 2020, we project a sustained high overall caseload for import injury investigations and reviews, estimating 66 investigations and reviews instituted in FY 2019 and 62 instituted in FY 2020. The overall number of reviews instituted is projected to increase in FYs 2019 and 2020, reflecting in part the number of new orders put into effect since 2000.

Another significant portion of our workload in this area is defending our determinations in litigation challenging them. This litigation is conducted at the U.S. Court of International Trade (CIT), the U.S. Court of Appeals for the Federal Circuit, and binational review panels under NAFTA. We are typically successful in defending our determinations in these venues. In addition, our staff assists the U.S. Trade Representative in WTO disputes involving either our import injury determinations or injury determinations made by other WTO members that affect U.S. exports.
In FY 2017, 11 groups of determinations by the Commission were appealed to the CIT, and three decisions by the CIT affirming Commission determinations were appealed to the U.S. Court of Appeals for the Federal Circuit. At the close of FY 2017, there were 10 Commission import injury matters pending in domestic litigation, and four challenges involving Commission determinations pending under the dispute settlement procedures of the WTO. In addition, there were eight other active WTO disputes involving trade remedies in which Commission staff provided trade policy support to the U.S. Trade Representative. These other cases involved disputes in which the U.S. government was either the complainant or a third-party participant. No matters were pending under NAFTA.

For FYs 2019 and 2020, we project that the number of new appeals challenging our import injury determinations will continue to increase, reflecting the high number of projected new petitions and the number of active investigations that will be completed in FY 2018.

Trends in the investigative caseload and caseload estimates for FYs 2019 and 2020 are shown below.
### Import Injury Investigations Caseload

#### Instituted and Completed Investigations

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<tr>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>62</strong></td>
<td><strong>62</strong></td>
<td><strong>63</strong></td>
<td><strong>67</strong></td>
</tr>
</tbody>
</table>

#### Monthly Active Caseload

*We realigned our 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

The USITC investigates unfair methods of competition and unfair acts involving imported articles under 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 a critical element in U.S. competitiveness, and we play an important role in protecting it. The primary relief available under section 337—exclusion of goods at the border—is unique; it is not available in the U.S. district courts. Moreover, we have earned a reputation for the fair, speedy, and expert adjudication of complex IP disputes.

As a result, many IP rights holders, particularly in industries where the product life cycle is short, have come to see the Commission as a vital forum for the redress of IP infringement. This interest is reflected in the number of filings for unfair import investigations in recent years and in the significant percentage of the patent trials held in the United States that are conducted at the USITC. Since 2004, there has been an overall upward trend in new investigations filed year over year (as illustrated in the chart below). FY 2018 was no exception, and we expect the trend to continue in FY 2019 and FY 2020. For instance, in FY 2018, we instituted 61 new section 337 investigations. This number is 24 percent higher than the total instituted in FY 2017 and 11 percent higher than the total instituted in FY 2016. The investigations instituted in FY 2018 will continue to have an impact in FYs 2019 and 2020, as the settlement rate for the fiscal year was at 52 percent and the average length of an investigation on the merits in FY 2018 was 15.85 months. Furthermore, any resulting appeals could last for another several years.
In addition to patent-focused investigations, since at least FY 2006 a steady number of investigations (two–three each year) has involved alleged misappropriation of trade secrets in connection with imported goods. This trend continued in FY 2018 and will likely continue in 2019. The recent focus in both the executive and legislative branches on the protection of trade secrets highlights the importance of this part of our docket. In addition, in FY 2018, we continued to see an increased number of investigations involving unfair acts and methods of competition other than patent infringement and misappropriation of trade secrets, including claims based on trademarks, trade dress, false advertising, false designation of origin, and antitrust.

To adjudicate section 337 investigations, our administrative law judges (ALJs), in accordance with the Administrative Procedure Act, conduct hearings, issue initial determinations, and facilitate settlement of disputes. Our Office of Unfair Import Investigations reviews complaints before investigations are instituted, advises the Commissioners on institution determinations, participates (when appropriate) as a party to proceedings, and aids in facilitating settlements. The ALJs’ initial determinations are subject to review by the Commissioners, and the Commission’s final determinations in section 337 investigations can be appealed to the U.S. Court of
Appeals for the Federal Circuit. Our Office of the General Counsel provides advice to the Commissioners during each investigation and defends the agency’s final decision during any subsequent appeals.

The spectrum of products and IP rights at issue in section 337 investigations is quite broad. The docket has included many investigations involving the importation of sophisticated electronic devices, such as smartphones, tablets, laptops, and memory devices, and this will likely continue. In FY 2018, we also adjudicated investigations involving pharmaceuticals and medical devices, transportation-related products, and products such as LED lighting, height adjustable desks, packaging for fresh produce, fuel pumps, intraoral scanners, various types of beverage containers, amorphous metals, gaming consoles, and jump ropes. There is a substantial overlap between the industries that dominate our IP docket and the top industries found in a Department of Commerce study to be the most IP-intensive in the United States. The study found that these IP-intensive industries represent 29.8 percent of all jobs in the United States; that wages of private sector workers in IP-intensive industries were 46 percent higher than those of workers in non-IP-intensive industries; and that wages for workers in patent-intensive industries were over 74 percent higher than those of workers in non-IP-intensive industries. The study also found that the value added by IP-intensive industries amounts to more than 38 percent of the U.S. GDP. The Commission’s IP enforcement efforts therefore contribute to strengthening the U.S. economy and employment.

As mentioned earlier, one of our strategic goals is to produce sound, objective, and timely determinations in our investigative proceedings. The rapid resolution of section 337 disputes is particularly important to patent holders because the duration of patents is limited. Speed is even more crucial when disputes involve high-technology products that tend to have short commercial life cycles. Thus, in accordance with congressional intent, we strive to conclude our unfair import-based investigations as quickly as possible. This goal has been a challenge in recent years because of the volume and complexity of investigations. We continue to examine various options to shorten the length of investigations. For instance, after piloting a 100-day early disposition program (under which, in selected investigations, the ALJ decides a potentially case-dispositive issue within the first 100 days of the investigation) for several years, in FY 2018, we promulgated rules incorporating this pilot into our procedures. We also continue to evaluate our initial case management pilot program (under which the parties are required to produce certain information early in an investigation), as

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well as a program using an eDiscovery case management approach. The purpose of the latter two programs is to reduce costs and curb the potential for abuse of discovery.

In addition to working to make our section 337 investigations more expeditious, we regularly take steps to make them more efficient and cost-effective, both for litigants and for the agency. During FY 2018, we promulgated new rules. Besides codifying the early disposition program discussed above, we introduced rules regarding the severing of investigations with unrelated patents and technologies into multiple investigations. These new rules will meet statutory requirements, provide due process to litigants, allow us to build sufficient factual records, and maintain quality decision making. We also promulgated rules that would better align our section 337 subpoena practice with that of the federal courts.

We are also assessing ways to improve the effectiveness of the remedial orders we issue. One issue frequently raised in this area is whether new and redesigned products are covered by an existing USITC exclusion order, cease and desist order, or consent order. U.S. importers, would-be importers, and IP rights holders have all expressed concern in recent years about how they can obtain timely, transparent, and binding decisions in this regard. In response, in FY 2015 we announced a pilot program to test the use of expedited modification and advisory opinion procedures to evaluate and rule on redesigned and new products that are potentially covered by our remedial orders. While modification and advisory opinion procedures have been available for years, we have set performance goals to streamline them to better meet the needs of those who may be affected by remedial orders. We tested this pilot in eight investigations since FY 2016, including three this past year. In general, this pilot decreased the length of time for these redesign proceedings.

In addition, we have been working to improve our ability to report data involving section 337 investigations and improve the transparency of our data to the public. At the end of FY 2014, we launched 337Info, a searchable database providing data on investigations instituted since October 1, 2008.3 Accessible from our website, 337Info offers members of the public easy access to information on scheduling, parties involved, patents at issue and unfair acts alleged, staff assigned, disposition of the investigation, and any appeals. We use information captured in this system to generate statistics to respond to internal and external inquiries about section 337. Since FY 2016, we regularly report statistics regarding section 337 through an enhanced website interface that

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3 For information regarding investigations instituted prior to October 1, 2008, the Commission converted its legacy system into a searchable Microsoft Excel file.
includes average length of investigations, number of exclusion orders issued, types of accused products, types of unfair act allegations, number of patents at issue, and settlement rates. We are in the process of improving this system to capture additional information and to automate some of our reporting processes.

We continue to foster party settlements in our section 337 investigations in several ways. These include ALJs requiring settlement discussions throughout the investigation, some ALJs requiring formal mediation, efforts made by our investigation attorneys in those investigations in which they participate, and access to our mediation program. Settlements reduce the number of investigations in which we must make final determinations and conserve the resources of both litigants and the agency. As mentioned above, the settlement and withdrawal rates decreased this past fiscal year.

Appellate litigation pending at the Court of Appeals for the Federal Circuit stemming from section 337 investigations absorbs a significant share of employee resources in our Office of the General Counsel. We are typically successful in defending our determinations before the Federal Circuit. The table below displays the number of pending appeals at the end of each fiscal year, FYs 2012–18.

<table>
<thead>
<tr>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
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<tr>
<td>Number of appeals</td>
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<td>17</td>
<td>16</td>
<td>17</td>
<td>15</td>
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</table>

This is only a snapshot of the appellate litigation challenging section 337 determinations handled by the Office of the General Counsel. During FY 2018, there were 36 active section 337 litigation appellate matters. There were no petitions for certiorari pending during the year.

For FYs 2019 and 2020, recent data indicate that there will be an increase in the number of new appeals challenging section 337, based on the historical rate of appeals and the projected filings.

Trends in the investigative caseload and caseload estimates for FYs 2019 and 2020 are shown below.
Unfair Import Investigations Caseload

### Instituted and Completed Investigations

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<tbody>
<tr>
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</tr>
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</table>

### Monthly Active Caseload

*Ancillary investigations include petitions for modifications and/or rescissions of remedial orders, requests for advisory opinions, U.S. Court of Appeals for the Federal Circuit remands, and enforcement proceedings*
Tariff, Trade, and Competitiveness-Related Analysis and Information

To fulfill our agency’s mission, we must give timely, objective, high-caliber information and analysis to federal policy makers to help them in negotiating trade agreements and in evaluating the effect of legislation or other trade policy actions on the U.S. economy and industry competitiveness.

We have statutory responsibilities to provide information at our disposal to Congress and the President, who has delegated request authority to the U.S. Trade Representative. In response to these policy makers’ requests, we supply independent research on numerous topics, both through formal “investigations” (industry and economic analysis investigations) and informal expert advice (trade policy support). To ensure that we develop and maintain the technical expertise needed for this work, we also identify and research priority areas in international trade, industry competitiveness, and the U.S. and global economies. With the exception of requested confidential studies, we offer our industry and economic analysis and research freely to the public.

Industry and Economic Analysis

Investigations

We conduct investigations on a wide range of international trade and competitiveness issues that are of interest to U.S. policy makers and that affect firms, industries, and consumers. Authority for most of our investigations is granted by section 332 of the Tariff Act of 1930, but also by various implementation statutes for specific trade agreements and by several general trade statutes. Most investigations fall into three broad categories:

- General fact-finding and analytic investigations.
- Investigations examining the probable economic effect of proposed trade policy changes.
- Assessments of the probable effects of negotiated trade agreements.
External events that impact U.S. international trade and domestic competitiveness shape our requestors’ requirements and interests. Consequently, the nature, timing, and complexity of requests for these investigations are unpredictable and lead to wide variations in the level of resources required to complete any specific investigation. Resource needs depend on such factors as the state of global competition in specific sectors or with certain trading partners, emerging interests of policy makers in the White House and on Capitol Hill, the scope and scale of policy makers’ requests, and the level of public information available related to the request. The interplay of these factors, as well as their uncertainty, makes accurate forecasting of future workloads challenging.

Our industry and economic analysis is widely considered to be expert and objective, and is routinely cited by parties representing all sides in trade debates. Our ability to collect, compile, and assess unique data is widely sought by policy makers. Trade policy makers rely on us for authoritative information on trade- and competitiveness-related issues to support informed decision making.

Our studies often focus on issues that affect U.S. trade or important parts of the U.S. economy. Recently completed reports have analyzed market opportunities and foreign barriers to trade in global digital services; the economic effects of modifications to the U.S.-Korea Free Trade Agreement regarding the staging of duty treatment for motor vehicles from South Korea; and opportunities for growth in U.S. trade and investment with sub-Saharan Africa.

Our customers rely on us to produce expert analysis of the global competitiveness of U.S. industries or U.S. trade with specific countries or regions. For instance, the first of three global digital trade investigations, completed in FY 2017, identified policy measures that could negatively impact U.S. firms that are developing or providing digital products and services in key foreign markets. Such measures include data localization requirements in China, data protection rules in Europe, software source code disclosure requirements in Russia, investment restrictions in Brazil, local technology sourcing requirements in Indonesia, and others. The second global digital trade report, completed in November 2018, examined the impact of these foreign measures on market access, investment, exports, and the competitiveness of U.S. businesses supplying business-to-business digital products and services abroad. The third report, which will be delivered later in FY 2019, will focus on business-to-consumer digital products and services. These studies will use a variety of qualitative and quantitative approaches, including a survey of more than 13,000 U.S. firms, a series of in-depth case studies covering multiple countries and industries, and economic modeling of the effects of foreign barriers.

Customers also rely on us to provide expert information about how narrowly focused policy changes—such as those affecting rules of origin or tariff preference programs—may affect specific, often narrowly defined products. Recently completed or ongoing
Examples of such work include reports on changes to the Generalized System of Preferences program, analyzing the impacts of modifying the staging of duty treatment under the U.S.-Korea FTA, and examining the probable economic effects of removing duties on U.S. imports from Japan, the European Union, and the United Kingdom.

The schedules for requested investigations often overlap with each other and with mission-critical work in other investigative areas. Moreover, requests often require us to develop or apply new analytic methods; collect and analyze unique primary data obtained through sector-specific questionnaires; and/or research and analyze new industries, competitive conditions, or trade barriers. During FY 2018, our employees handled multiple industry and economic analysis projects in tandem with other work projects required by statute (import injury investigations, trade policy support, tariff and trade information services, and petitions for temporary duty suspension or reduction).

**Workload Expectations in FY 2019 and FY 2020**

In FYs 2019 and 2020, we expect the number of new investigations to return to levels similar to those of FYs 2015 and 2016, given the active trade policy agenda of the executive and legislative branches. In both fiscal years, one to two requests are expected to require us to develop, administer, and analyze responses to questionnaires, drawing a relatively large amount of agency resources. We will continue to advance our use of electronic survey tools and methods, which have contributed to productivity gains in recent questionnaire-based investigations.

Our staff periodically discusses recurring reports with the requestors to ensure their continued interest in the information provided or to learn if we should furnish additional information to meet emerging needs. During both FYs 2019 and 2020, we will enhance the online user interface of recurring reports, such as *The Year in Trade*, *Shifts in U.S. Merchandise Trade*, and *Recent Trends in U.S. Services Trade*.

For FY 2019, in addition to the recurring reports, we anticipate responding to requests or statutory direction for new reports providing unique data and analysis. The reports will inform federal policy makers’ efforts in international trade negotiations or in developing domestic policy. Ongoing reports in FY 2019 include the following:
We anticipate a robust analytic workload in FYs 2019 and 2020 and have a performance goal of expanding our capability to anticipate and address new areas of economic and industry analysis. To achieve this goal, we will focus our research and data development work in high-interest areas like the following:

- Advancing our modeling capabilities in areas such as the connection between international trade and investment, and expanding the scope and flexibility of partial equilibrium and sector-specific analysis.
- Expanding analysis of issues in areas such as assessing industry competitiveness; effects of trade and trade policy on U.S. workers; trade in digital goods and services; behind-the-border nontariff measures affecting goods and services (e.g., technical barriers to trade, regulatory practices, conformity assessment, and standards); and supply chains.
- Increasing our capabilities and knowledge concerning trade-related agreements and U.S. trade relationships.

Such preparatory work expands our expertise and can help us respond effectively and efficiently to requests for analytic investigations, while also contributing to our work in import injury cases, tariff schedule maintenance, and trade policy support. These high-interest areas tend to require information and tools that are not readily available. Moreover, such work often requires significant staff effort to refine existing analytic tools or develop new ones. Our research agenda has kept us at the forefront of emerging analytic areas, such as quantifying a wider variety of nontariff measures; assessing trends in trade-reliant industries; analyzing the growth of digital trade and its impact on a growing range of industries; and evaluating the impacts of government
policies, such as intellectual property regimes, on trade. Consistent dedication of resources to support such work is needed to maintain the world-class quality of our products.

External factors that are likely to influence the scope and number of requests for analytic investigations in FYs 2019 and 2020 include the following, among others:

- The trade policy focus of the executive and legislative branches.
- Interest by trade policy makers in new technologies, industries, and business models, as well as interest in sector-specific U.S. industry competitiveness.
- Challenges and opportunities presented by shifting trade patterns and economic relationships between the United States and major trading partners.

To respond to these requests effectively and efficiently, we must recruit, develop, and maintain a high level of industry, regional, and economic expertise. Skilled personnel are our single most important resource. Staff research and external communication and collaboration are vital to honing staff skills, as well as developing information and analytic tools for use in customer-requested investigations. We conduct these activities under the broad authority of sections 332(a) and (b) of the Tariff Act of 1930, often publishing our findings as articles or in presentations at international meetings of experts and multilateral institutions. We also develop expertise and make our research available through direct interaction with many international and domestic agencies, at academic gatherings, and with private sector associations. These activities offer us an important forum for external technical review of new analytic approaches and often suggest new, relevant areas of potential interest. Staff travel is often necessary to share and gather knowledge from domestic and international experts, as well as to conduct critical field research for investigations.

We also invest funds to ensure we can respond efficiently and effectively to customer requests through the continuous acquisition, development, and improvement of analytic tools, information resources, and research approaches, 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, staff collaborate with outside experts to update models so that we can better estimate the impact of policies affecting U.S. workers, sales by U.S. affiliates abroad, energy markets, and commodity supply chains. Significant advances also continue to be made in understanding nontariff measures affecting both goods and services trade, as well
as trade agreements such as the North American Free Trade Agreement. During FYs 2019 and 2020, we will continue to invest in both our human capital and other resources to ensure we can provide high-quality tariff, trade, and competitiveness-related analysis and information to policy makers in both the legislative and executive branches. Trends in the investigative caseload and caseload estimates for FYs 2019 and 2020 are shown below.
## Industry and Economic Analysis Investigations Caseload

### Instituted, Completed, and Active Recurring Investigations

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Instituted</td>
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<td>7</td>
<td>5</td>
<td>5</td>
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<td>9</td>
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<tr>
<td>Completed</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>5</td>
<td>4</td>
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<td>9</td>
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<tr>
<td>Active recurring</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

### Monthly Active Caseload

![Bar chart showing monthly active caseload from Oct-13 to Dec-18](chart.png)

- **Total Investigations**
Tariff and Trade Information Services

The USITC maintains and publishes the Harmonized Tariff Schedule of the United States (HTS) under the Tariff Act of 1930 and section 1207 of the Omnibus Trade and Competitiveness Act of 1988 (1988 Act). In line with this mission, we strive to improve access to high-quality, up-to-date tariff and international trade information and to reinforce our technical expertise in these areas to support the executive and legislative branches, the broader trade community, and the public. We maintain online interactive and in-house databases and an online HTS search tool; chair the U.S. interagency Committee for Statistical Annotation of the Tariff Schedules; conduct investigations under section 1205 of the 1988 Act to propose certain HTS amendments to the President to meet our international obligations; and participate in the U.S. delegation to the World Customs Organization (WCO). Staff expertise in these areas strengthens our investigative work as well as the trade policy support we give to our legislative and executive branch customers. We also provide technical reports to Congress on miscellaneous tariff legislation and advise the U.S. Trade Representative on aspects of the trade agreements program. For FY 2019, we have set performance goals that further our ability to effectively carry out these responsibilities. We anticipate launching a new investigation under section 1205 of the 1988 Act in FY 2019 to evaluate the modification to the HTS that will be necessary to meet U.S. obligations to the WCO for incorporating the international Harmonized System changes for 2022 into the U.S. tariff schedule.

Maintenance of the Harmonized Tariff Schedule of the United States

Maintaining and ensuring access to 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 on the HTS in collecting all tariff revenues and fees, which were estimated to be $40.1 billion assessed on $2.4 trillion in imports in FY 2017. U.S. importing firms rely on the HTS for accurate information in importing all goods into the country. In fact, as noted earlier, the HTS is the most heavily used tariff schedule in the world, based on the volume of trade covered. The HTS underlies the U.S. trade data maintained by the Department of Commerce’s Census Bureau, enables anyone interested in trade information to find tariff codes and rates, and enables CBP to manage all of its trade enforcement activities.

The Harmonized Tariff Schedule of the United States Annotated consists of the HTS, its statistical annotations, and other related information. In addition to its tariff schedule management responsibilities, the Commission chairs the interagency Committee for
Statistical Annotation of the Tariff Schedules in coordination with CBP and the Census Bureau. The committee administers statistical breakouts for tracking specific goods, if certain criteria are met. We also participate in or lead the U.S. delegation to various committees of the WCO. Continued funding for staff to attend WCO-related meetings is an agency priority as part of U.S. government efforts to ensure that the international tariff nomenclature takes U.S. economic interests into account.

During FY 2018, our staff used the HTS Data Management System (DMS) to efficiently prepare and publish the annual edition and an unprecedented 13 additional revisions of the HTS to effectuate numerous tariff rate changes. It allows staff to incorporate legal modifications to the HTS proclaimed by the President, such as tariff rate increases on national security grounds or otherwise approved changes. The DMS also increases efficiency by automatically revising yearly staged rate reductions for products entering the United States under various free trade agreements. In each of its free trade agreements, the United States and its trading partner(s) commit to eliminate tariffs on trade between them on a staged schedule (typically 5, 10 and 15 years, depending on the import sensitivity of the products). These tariff rate reductions occur at the beginning of each calendar year and are included in the annual Basic Edition of the HTS.

The DMS has received substantial positive feedback from the trade community and other agencies. Users particularly welcomed the system’s ability to allow access to HTS data in machine-readable format, as required by the Open Data initiative. In FY 2019, we plan to improve the operational and reporting capabilities of the system, including adding a directory of new search terms to better assist users who may not have much experience with the HTS. With these improvements, we expect the DMS to serve as the backbone for issuing accurate and timely updates to the HTS for many years to come.

Our ongoing support to the U.S. Trade Representative in developing and analyzing rules of origin for negotiating and carrying out agreements is another responsibility that will require significant staff time, particularly in connection with the evaluation of existing and new free trade agreements. Our staff also helps the U.S. Trade Representative prepare the final versions of the implementing proclamations for trade agreements and other actions affecting the HTS.

**Legislative Reports on Duty Suspensions/Reduction Petitions**

The American Manufacturing Competitiveness Act of 2016 (AMCA), enacted in May 2016, introduced a new process for the consideration of MTBs, in which likely beneficiaries file petitions for duty suspensions or reductions directly with the USITC. In
accordance with statutorily mandated deadlines, the Miscellaneous Tariff Bill Petition System (MTBPS) was deployed on October 14, 2016. Commissioner staff used this system, developed entirely in-house, to analyze all petitions and comments received. The Commission delivered its final MTB report on August 8, 2017, recommending 1,686 products for inclusion in the omnibus MTB legislation. Congress passed, and the President signed into law, the omnibus MTB bill in September 2018. In FY 2020, we will begin the second cycle, accepting and analyzing what is expected to be a very large number of petitions, ultimately delivering our final report on received petitions to the Committees in August 2020.

**Other Online Tariff-Related Services**

Our agency also provides online trade services, such as the USITC DataWeb and the HTS tariff database. The DataWeb is a valuable tool used by our staff, external customers, and the public to organize U.S. import and export data for analysis. To improve functionality and address customer feedback, the USITC began re-engineering the DataWeb application in FY 2016 to modernize and enhance it using state-of-the-art web technologies. A beta version of this modernization effort was deployed in FY 2018, and the final version was released in first quarter FY 2019. The HTS tariff database reflects not only normal duty rates (“column 1-general tariff rates”) but also various preferential rates applicable under free trade agreements, the GSP, and other preferential duty programs. Additionally, the web interface began integrating certain tariff information contained in our HTS Data Management System (described above) to provide seamless and efficient sharing of data.

Our HTS Search function is heavily relied upon by visitors to the agency website. In 2018, nearly 2,000,000 visitors (1,995,075) conducted over 25 million searches (25,010,856) for tariff information. On a daily basis, nearly 21,000 active users (20,978) conduct over 71,000 tariff searches (71,256). The unique content offered by the Commission as the official manager of the Harmonized Tariff Schedule ensures that we will continue to be a “go-to” source for the business community, domestic and foreign government agencies, and taxpayers.
Trade Policy Support

We draw on knowledge gained from our statutory investigations and other research to respond to rapid-response requests for technical expertise and data that trade policy makers can use to inform the development of U.S. international trade policy. This trade policy support, provided under section 332 of the Tariff Act of 1930, includes:

- Providing information and analysis on current issues related to trade and competitiveness.
- Providing technical comments on draft legislation.
- Preparing draft tariff legislation and annexes for presidential proclamations, memoranda, executive orders, and final decisions by various agencies.
- Providing information and analysis in briefings and meetings.
- Temporarily detailing staff to our oversight committees and the U.S. Trade Representative.
- Assisting trade delegations, negotiating teams, and Administration-led litigation teams in international dispute settlement forums.

Providing trade policy support allows us to fulfill our strategic goal of producing objective, high-quality, and responsive analysis and information on tariff, trade, and competitiveness questions. We use regular communication and formalized feedback mechanisms to seek out information that will help us foresee policy makers’ needs and proactively develop expertise to meet a high volume of requests for assistance.

In FY 2018, trade policy support requests covered a wide range of topics and issues. The resources we devoted to this activity increasingly supported trade negotiations as well as general policy making. The variety of these requests underscores the wide scope of current trade policy issues, as well as recognition of our unique capabilities and expertise. We anticipate that trade policy support requests for FYs 2019 and 2020 will remain high. Congressional interest in obtaining real-time assistance with draft legislation and emerging policy issues is expected to continue, as is executive branch interest in our support of negotiation teams and appearances before the World Trade Organization. In some instances, we have effectively met our requestors’ requirements by detailing our staff members to oversight committees or to the U.S. Trade Representative. As budget and statutory workload permit, we may continue to detail a limited number of personnel to these customers, upon their request.
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Information Technology

General Statement

The Commission is committed to leveraging the power of information technology (IT) to transform agency operations, improve the customer experience, and safeguard our computer networks and information. Our IT program is critical to achieving our strategic goals and objectives, managing risk, and creating value for our stakeholders. Our FY 2020 budget request of $101 million includes $12.9 million to operate and maintain existing systems, infrastructure, and security; supply the resources needed to enhance systems that support our research and investigative missions; accommodate increased cybersecurity requirements; and modernize our data center and disaster recovery capabilities by increasing our use of cloud-based technologies.

Supporting the Agency’s Mission

Our IT budget contains the resources to operate and maintain, as well as develop, modernize, and enhance, a complex suite of essential systems. These systems support our antidumping/countervailing duty and unfair import investigations and the tariff, trade, and competitiveness-related analysis and information we provide the public and our stakeholders.

Miscellaneous Tariff Bill Petition System (MTBPS): In response to the May 2016 enactment of the American Manufacturing Competitiveness Act of 2016, we developed and deployed the electronic portal to support the agency’s mandate to receive, analyze, and make recommendations regarding petitions from the public for temporary duty reductions or suspensions on imported products. During the 2016 cycle, the system successfully received approximately 3,200 petitions and 2,500 comments on those petitions. Additionally, the system supported our internal analysis of those petitions and comments and the production of preliminary and final reports to Congress, in which 1,686 products were recommended for inclusion in an Omnibus Miscellaneous Tariff bill. After delivery of our final report in August 2017, we surveyed both internal and external stakeholders, seeking feedback on the Miscellaneous Tariff Bill (MTB) program and the MTBPS. As a result of this feedback, for FY 2019 IT resources are devoted to develop certain system enhancements in preparation for the next MTB cycle, which is statutorily mandated to begin no later than October 15, 2019. For FY 2020, we will be required to secure, maintain, and ensure the availability of the MTBPS while we comply
with our mandate to receive, analyze, and make recommendations regarding petitions from the public for temporary duty reductions or suspensions on imported products.

**Harmonized Tariff Schedule of the United States (HTS):** Maintaining and ensuring access to 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 on the HTS in collecting all tariff revenues; and, U.S. import firms rely on the HTS for accurate information in importing all goods into the country. The current HTS data management system (DMS), which was deployed at the beginning of the fourth quarter FY 2015, continues to receive positive reviews by the trading community and other agencies. User sessions continue to increase, from 4.9 million sessions in FY 2016, to 6.1 million in FY 2017, and 7.6 million in FY 2018. We expect usage to continue increasing throughout FY 2019 and FY 2020, which will require continued system maintenance to ensure availability and requested enhancements to search capabilities.

**Electronic Document Information System (EDIS):** EDIS is the repository for all documents filed in connection with the investigations we conduct. EDIS provides the capability to file documents for an investigation as well as search for documents already submitted. It also supports the processing and review of documents by internal staff. In FY 2018, we released a modernized version of EDIS to improve usability, incorporate updated technology, and add automated tracking of orders issued in response to motions filed in an investigation. In FY 2019 and into FY 2020, we will continue to modernize EDIS’s capability to electronically serve documents (eService) to external users under an administrative protective order (APO) for an investigation by allowing secure electronic access to designated documents containing business proprietary or confidential business information.

EDIS eService will provide the capability to electronically serve public and confidential documents to parties in a Commission investigation who are authorized to see those documents under APO, a function currently done via courier delivery of compact discs. New functionality implemented in EDIS will include the capability to create and maintain public and confidential APO service lists for each investigation, to allow for the selection and review of documents to be served for an investigation, and to execute the service of those documents to approved users through secure electronic means. These functions will significantly enhance our contingency capabilities by eliminating the need to copy and deliver the documents on physical media. In FY 2019, EDIS will allow for public eService, and in FY 2020 will allow for confidential eService.
Consolidated Case Management System (CCMS): Through the CCMS project, the Commission is reviewing all of its investigations, and assessing the data needs of each type, including status monitoring, daily execution tasks, general reporting needs, opportunities to standardize shared or similar data points, and improved accessibility of data internally and to the public. The new CCMS system will facilitate the intake, management, and sharing of investigation data, initially focusing on data related to Title VII and section 337 investigations. By standardizing and centralizing its investigative data into one consolidated system, the USITC expects to improve the level of services provided, and to reduce ongoing maintenance costs. CCMS will not only improve investigative data management, but also improve system security by providing more extensive auditing. Additionally, it will add information about remands, provide access to relevant documents from EDIS, and be a modernized record of Commission votes and determinations. CCMS will replace multiple legacy systems. Development of CCMS is scheduled to begin in FY 2019 and continue into FY 2020.

Information Security

We will continue to strengthen our security posture in FY 2020 by investing in new technologies, processes, and capabilities in line with the Federal Information Security Modernization Act of 2014 and government-wide best practices.

Continuous Diagnostics and Mitigation (CDM): We have internally implemented the four technical capabilities identified within Phase 1 of the CDM program of the Department of Homeland Security (DHS): (1) hardware asset management, (2) software asset management, (3) vulnerability management, and (4) configuration settings management. We use these capabilities to maintain our awareness of information security vulnerabilities and threats and to manage organizational risk. In FY 2019 and FY 2020, we will continue to refine these capabilities internally while working with DHS to implement cloud-based continuous monitoring as a service solution created for small and micro federal agencies. Since the solution will integrate with DHS CDM dashboards, it will greatly improve the efficiency of the agency’s cybersecurity reporting to DHS.

Security Controls Assessments: We have established an interagency agreement with the Department of Health and Human Services to conduct Security Controls Assessments (SCAs) on all of our IT systems. An SCA is a due-diligence exercise that uses a comprehensive, documented process to evaluate the extent to which an agency’s security controls are implemented correctly, operating as intended, and meeting the security requirements for an information system. These assessments are needed to issue an
Authority to Operate (ATO) for each defined system and are required to be re-certified every three years. In FY 2020, we will continue to re-certify our ATOs for our mission essential systems.

**Homeland Security Presidential Directive 12 (HSPD-12):** HSPD-12 was implemented at USITC in FY 2016, enforcing two-factor authentication (i.e., a personal identification card plus a password) for system access. We will continue to integrate this capability with numerous USITC subsystems and applications to reduce the number of application-based login systems. We are also evaluating the usefulness of adopting a similar protocol to enhance the security of the agency’s mobile devices.

**Data Loss Prevention (DLP):** We are currently able to detect the transmission of personally identifiable information (PII) via a scanner system that monitors all network transmissions in real time for certain PII patterns (primarily Social Security numbers) and a forensic network packet recorder that records all network transmissions for later retrieval and analysis. This recorder can also search for arbitrary text patterns such as PII keywords. Additionally, we implemented a DLP solution that reviews data in emails sent externally from an internal agency address (i.e., email exfiltration) to prevent email containing PII such as Social Security numbers and date of birth from being transmitted outside the agency’s network. This solution quarantines such messages for review and potential sanitization before retransmitting them. To complement and refine these capabilities, in FY 2020 we plan to deploy a dedicated DLP appliance to detect and prevent potential data breaches or exfiltration by monitoring, detecting, and blocking the movement of sensitive data. We also plan to significantly increase our audit data retention capabilities to allow for enhanced trend analysis and compliance with record disposition schedules.

**Privacy Program:** We will continue to improve the agency’s privacy program as it continues to mature in FY 2020. We will continue to revise privacy policies that define how we manage and protect the PII we collect, use, and maintain, and will continue to optimize our Privacy Impact Assessment process. These assessments are designed to evaluate the risks to PII used by an agency. Maintaining a robust privacy program will ensure we continually comply with all relevant privacy requirements, such as the Privacy Act of 1974, the E-Government Act of 2002, and Office of Management and Budget policies, and will minimize the risk to individuals whose PII we use in our work.
The Office of Inspector General

The USITC’s Office of Inspector General (OIG) provides audit, inspection, and investigative support services covering all of our programs and strategic operations. Its mission is to promote and preserve the agency’s effectiveness, efficiency, and integrity. By statute, the OIG is required to perform six reviews in FY 2019. The OIG will use contractor support to perform the independent audit of our annual financial statement, and in-house staff will perform the remaining five reviews. In addition to these reviews, and based on available resources, the OIG has identified 11 potential areas for review in its FY 2019 Annual Audit Plan.

At $215,448, the OIG’s non-personnel budget request for FY 2020 is a slight increase in the amount of funding received in FY 2019. Included in the FY 2019 request is $151,347 for contractual services, $29,400 for technical equipment and supplies, and approximately $2,328 for OIG’s annual contribution to the Council of the Inspectors General on Integrity and Efficiency. The OIG request also includes $15,000 for travel and $15,000 for training to meet the office’s continuing requirements for professional education in leadership, technical knowledge, and other skills. The Commission’s budget request contains enough resources to support OIG’s four full-time staff members in FYs 2019 and 2020.
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### Dollar Cost: Comparison by Object Classification, Fiscal Years 2018–20

(dollar amounts in thousands)

<table>
<thead>
<tr>
<th>CATEGORY OF OBLIGATION</th>
<th>FY 2018 Actual</th>
<th>FY 2019 Request³</th>
<th>FY 2020 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollars</td>
<td>Percent of Total</td>
<td>Dollars</td>
</tr>
<tr>
<td>Personnel Compensation</td>
<td>$64,702</td>
<td>68.0%</td>
<td>$67,715</td>
</tr>
<tr>
<td>Rent</td>
<td>8,360</td>
<td>8.8%</td>
<td>6,817</td>
</tr>
<tr>
<td>Services</td>
<td>14,618</td>
<td>15.4%</td>
<td>15,116</td>
</tr>
<tr>
<td>Other²</td>
<td>7,477</td>
<td>7.9%</td>
<td>7,870</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$95,157</td>
<td>100.0%</td>
<td>$97,518</td>
</tr>
</tbody>
</table>

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.

³The Commission received its FY 2019 appropriation of $95.0 million on February 15, 2019. Currently, we are working to reconcile our appropriation level to our requested amount through our expenditure plan.
## Dollar Cost: Comparison by Strategic Goal, Fiscal Years 2018–20

(dollar amounts in thousands)

### FY 2018: $95,157

<table>
<thead>
<tr>
<th>Category of Obligation</th>
<th>FY 2018 Actual</th>
<th>FY 2019 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Remedy Investigations (Strategic Goal 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import Injury</td>
<td>$31,301</td>
<td>$32,816</td>
</tr>
<tr>
<td>Intellectual Property-Based</td>
<td>$28,273</td>
<td>$26,787</td>
</tr>
<tr>
<td>Tariff and Trade Information Services</td>
<td>$4,702</td>
<td>$4,215</td>
</tr>
<tr>
<td>Industry and Economic Analysis</td>
<td>$25,026</td>
<td>$29,075</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$95,157</strong></td>
<td><strong>$97,518</strong></td>
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### FY 2019: $97,518

<table>
<thead>
<tr>
<th>Category of Obligation</th>
<th>FY 2018 Actual</th>
<th>FY 2019 Request</th>
<th>FY 2020 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff and Trade Information Services</td>
<td>$32,816</td>
<td>$32,919</td>
<td></td>
</tr>
<tr>
<td>Intellectual Property-Based</td>
<td>$26,787</td>
<td>$27,287</td>
<td></td>
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<tr>
<td>Industry and Economic Analysis</td>
<td>$29,075</td>
<td>$27,776</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$97,518</strong></td>
<td><strong>$101,044</strong></td>
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</table>

### FY 2020: $101,044

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<th>FY 2019 Request</th>
<th>FY 2020 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import Injury</td>
<td>$32,919</td>
<td>$32,919</td>
<td></td>
</tr>
<tr>
<td>Intellectual Property-Based</td>
<td>$27,287</td>
<td>$27,287</td>
<td></td>
</tr>
<tr>
<td>Tariff and Trade Information Services</td>
<td>$27,776</td>
<td>$27,776</td>
<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$101,044</strong></td>
<td><strong>$101,044</strong></td>
<td></td>
</tr>
</tbody>
</table>

1The Commission received its FY 2019 appropriation of $95.0 million on February 15, 2019. Currently, we are working to reconcile our appropriation level to our requested amount through our expenditure plan.
## Analysis of Change by Object Classification, Fiscal Years 2018–20

(dollar amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018 Actual</th>
<th>FY 2019 Request¹</th>
<th>FY 2020 Request</th>
<th>FY 2019—20 Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel compensation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$64,702</td>
<td>$67,715</td>
<td>$73,000</td>
<td>$5,285</td>
<td>7.2%</td>
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<tr>
<td><strong>Non-personnel obligations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>$8,360</td>
<td>$6,817</td>
<td>$10,256</td>
<td>$3,439</td>
<td>50.4%</td>
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<tr>
<td>Services</td>
<td>14,618</td>
<td>15,116</td>
<td>11,090</td>
<td>-4,026</td>
<td>-26.6%</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,644</td>
<td>1,849</td>
<td>1,512</td>
<td>-338</td>
<td>-18.3%</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,957</td>
<td>2,496</td>
<td>1,814</td>
<td>-682</td>
<td>-27.3%</td>
</tr>
<tr>
<td>Travel</td>
<td>519</td>
<td>607</td>
<td>617</td>
<td>10</td>
<td>1.6%</td>
</tr>
<tr>
<td>Training</td>
<td>575</td>
<td>485</td>
<td>484</td>
<td>-1</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Communications and equipment rental</td>
<td>1,432</td>
<td>1,487</td>
<td>1,394</td>
<td>-94</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Transportation</td>
<td>11</td>
<td>19</td>
<td>19</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Postage</td>
<td>45</td>
<td>51</td>
<td>18</td>
<td>-33</td>
<td>-64.7%</td>
</tr>
<tr>
<td>Land and structures</td>
<td>1,038</td>
<td>525</td>
<td>500</td>
<td>-25</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>253</td>
<td>337</td>
<td>326</td>
<td>-10</td>
<td>-3.1%</td>
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<tr>
<td>Official reception and representation</td>
<td>1</td>
<td>14</td>
<td>15</td>
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<tr>
<td><strong>Subtotal non-personnel obligations</strong></td>
<td>$30,455</td>
<td>$29,803</td>
<td>$28,044</td>
<td>-$1,759</td>
<td>-5.9%</td>
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<tr>
<td><strong>Total Obligations</strong></td>
<td>$95,157</td>
<td>$97,518</td>
<td>$101,044</td>
<td>$3,526</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

¹The Commission received its FY 2019 appropriation of $95.0 million on February 15, 2019. Currently, we are working to reconcile our appropriation level to our requested amount through our expenditure plan.
Summary of Changes from the FY 2019 Request

(dollar amounts in thousands)

Personnel Cost Change

Personnel Costs .......................................................... +$5,285
Personnel costs are expected to increase by approximately $5.3 million. This level of funding will sustain the human capital investments we made in FYs 2018 and 2019 to manage historically high investigatory caseload, reflects the necessary staff funding needed for the Miscellaneous Tariff Bill process, and supports the staffing of key IT positions. Further, this funding level will cover the anticipated 1.9 percent pay raise effective January 1, 2020 and pay for the normal cost of promotions, within-grade increases, and higher benefits.

Non-Personnel Cost Changes

Rent ................................................................................. +$3,439
FY 2020 rent obligations are expected to increase by $3.4 million to reflect the annual rent—about $10.2 million—in our new 15-year lease agreement.

Services........................................................................... -$4,026
Services obligations are expected to decrease by $4.0 million, reflecting nonrecurring costs in FY 2019 and the shifting of some costs from Services to Personnel. FY 2019 includes a one-time cost of implementing a new contract-writing system that integrates with the Commission’s financial system, and costs associated with the development and upgrade of IT programs related to our trade mission and our IT infrastructure that need not be repeated in FY 2020.

Supplies.......................................................................... -$338
Supplies obligations reflect a decrease of $338,000 reflecting one-time purchases in FY 2019.
**Equipment**

Equipment obligations are expected to decrease by $682,000, reflecting one-time, long overdue costs anticipated in FY 2019 related to updating the IT equipment and infrastructure in the Commission’s main hearing room, court rooms, and conference rooms. Much of the equipment is 30 years old and is not compliant with the Americans with Disabilities Act.

**Travel**

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

**Training**

Training obligations are expected to remain relatively flat, decreasing by $1,000. Training will be sufficiently funded to support advancing staff skills, licensing, certification, and professional education requirements.

**Communications and Equipment Rental**

Communications and equipment rental obligations reflect a slight decrease of $94,000, reflecting our ongoing efforts to upgrade infrastructure and equipment in FY 2019.

**Land and Structures**

Land and structures obligations are expected to decrease by $25,000 due to one-time costs that were incurred in FY 2018 and FY 2019. In FY 2018 and FY 2019, we funded building security enhancements consistent with best practice guidelines of the Interagency Security Committee, which was created by Executive Order 12977. Additionally, we continue to modernizing the IT infrastructure in our two oldest courtrooms and main hearing room to provide improved functionality, similar to that found in our newest courtroom.

**Printing and reproduction**

Printing and reproduction obligations reflect a small $10,000 decrease due to shifting needs and efficiencies.

**Official Reception and Representation**

Official reception and representation funds are expected to marginally increase by $750.
Net Non-Personnel Cost Changes ................................................................. -$1,759
Total Adjustment to Base ($97,518) .......................................................... +$3,526

Total Budget Request .................................................................................. $101,044
Commissioners

The USITC is headed by six Commissioners, who are nominated by the President and confirmed by the Senate. David S. Johanson, a Republican, is serving as Chairman; no Commissioner has been designated as Vice Chairman. Commissioners currently serving are, in order of seniority, David S. Johanson, Irving A. Williamson, Meredith M. Broadbent, Rhonda K. Schmidtlein, and Jason E. Kearns. As of March 2019, there is one vacant seat 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 statute 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 March 2019 three Democrats and two Republicans serve as Commissioners.

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4 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

<table>
<thead>
<tr>
<th>Office</th>
<th>FY 2019 Staffing Plan</th>
<th>Current Onboard</th>
<th>End of FY 2019 Target</th>
<th>End of FY 2020 Target</th>
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</thead>
<tbody>
<tr>
<td>Commissioners' Offices</td>
<td>32</td>
<td>23</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>External Relations</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Inspector General</td>
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<td>3</td>
<td>4</td>
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<tr>
<td>General Counsel</td>
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<td>49</td>
<td>49</td>
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<tr>
<td>Administrative Law Judges</td>
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<td>Equal Employment Opportunity</td>
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<td>Chief Information Officer</td>
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<td><strong>Subtotal Independent Offices</strong></td>
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<td><strong>130</strong></td>
<td><strong>144</strong></td>
<td><strong>147</strong></td>
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<tr>
<td>Operations</td>
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<tr>
<td>Analysis and Research Services</td>
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<td>Investigations</td>
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<td>Unfair Import Investigations</td>
<td>21</td>
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<tr>
<td>Economics</td>
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<td>39</td>
<td>42</td>
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<tr>
<td>Tariff Affairs and Trade Agreements</td>
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<td>13</td>
<td>17</td>
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<tr>
<td>Industries</td>
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<td>70</td>
<td>81</td>
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<tr>
<td><strong>Subtotal Operations</strong></td>
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<td><strong>194</strong></td>
<td><strong>208</strong></td>
<td><strong>223</strong></td>
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<td>Chief Financial Officer</td>
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<td>Budget</td>
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<td>Finance</td>
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<td>Procurement</td>
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<tr>
<td><strong>Subtotal Chief Financial Officer</strong></td>
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<td><strong>21</strong></td>
<td><strong>21</strong></td>
<td><strong>21</strong></td>
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<tr>
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<td>Human Resources</td>
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<td>12</td>
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<td>Security and Support Services</td>
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<td>Secretary and Dockets</td>
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<td>19</td>
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<td><strong>Subtotal Administrative Services</strong></td>
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<td>Commission Total</td>
<td><strong>426</strong></td>
<td><strong>393</strong></td>
<td><strong>420</strong></td>
<td><strong>440</strong></td>
</tr>
</tbody>
</table>

Note: We are constantly evaluating our workload and align resources to meet emergent needs. In the short term, we may approve requests for staffing that exceed office allocations to meet workload challenges. If those workload challenges persist, we may make the adjustment permanent by shifting positions. Furthermore, end of Q1/beginning of Q2 staffing level typically reflects the lowest point for staffing due to yearend retirements.